



mla

# Arts Brief

A Publication of Maryland Lawyers for the Arts: Left-Brain Support for Right-Brain People

VOLUME 4 | ISSUE 3

FALL 2011

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## Artists Sue Auctions For Resale Royalties

Artists Chuck Close and Laddie John Dill sued Sotheby's, Christie's, and eBay in federal court in California Oct. 18, claiming that they violated the California Resale Royalties Act of 1977 by not paying the plaintiffs royalties on works sold in California and at auction by California residents.

An oft-repeated story traces the origins of the act to complaints by artists like Robert Rauschenberg, who shoved collector Robert Scull after a 1973 Sotheby's auction in which Scull sold a 1958 Rauschenberg work that he had purchased for \$900 for \$85,000.

Rauschenberg, who did not share in that profit, allegedly yelled at Scull words to the effect of "I didn't work my ass off for you to make a profit."

According to the California State Arts Council, the Resale Royalties Act provides that, with a few exceptions, the seller must pay the artist (or, in some cases, a deceased artist's estate) 5 percent of the resale price. If the gallery or auction house cannot find the artist, the royalty payments are sent to the California Arts Council to distribute to the artists, if it can find them. Monies where the artists cannot be found are used for Art in Public Places.

The two artists plus the estate of artist Robert Graham filed three virtually identical lawsuits on behalf of a class of artists and artists' estates they claim will number in the hundreds.

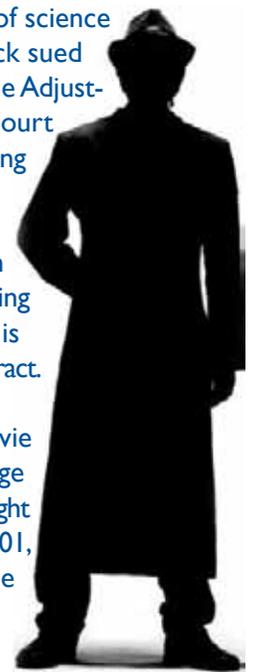
(continued on page 2)

## Philip K. Dick Estate Sues Filmmakers

Attorneys for the estate of science fiction writer Philip K. Dick sued the makers of the film "The Adjustment Bureau" in federal court in California Oct. 27, seeking a judicial declaration that the short story on which the film was based is not in the public domain and asking for the money they claim is owed under an option contract.

According to the suit, movie director and writer George Nolfi agreed that the copyright chain of title was valid in 2001, when he first optioned the short story for \$25,000 per year. Despite the fact that the option agreement stated that the short story "Adjustment Team" was not in the public domain, the defendants now claim that the story was first published in 1954, putting it squarely in the public domain.

The Philip K. Dick Testamentary Trust claims that the first authorized publication of the story — and therefore the first publication requiring copyright notice and registration — occurred in 1973, in a collection titled "The Book of Phillip K. Dick." The book was registered with the Copyright Office on Feb. 9, 1973, the suit states, and a valid renewal registration in the names of the deceased author's children was made on Jan. 2, 2002.



(continued on page 3)

Founded in 1985, Maryland Lawyers for the Arts provides pro bono legal assistance to income-eligible artists and arts organizations, and educational workshops and seminars on topics affecting artists. MLA is funded by the Harry L. Gladding Foundation; the Goldsmith Family Foundation; PNC Bank; the Miles & Stockbridge Foundation, and by an operating grant from the Maryland State Arts Council, an agency dedicated to cultivating a vibrant cultural community where the arts thrive. MLA also gratefully acknowledges the support of the Maryland Institute College of Art.

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MLA Arts Brief aims to educate and inform Maryland artists about legal issues affecting them. It is not intended as a substitute for legal advice. Artists with legal issues should seek legal counsel to address specific questions.

Executive Editor: Marcia Semmes  
Design Director: Gina Eliadis  
Board of Editors:  
Cynthia Sanders, Esq., Ober|Kaler;  
Michael S. Yang, Esq.  
Law Student Liaison: Adam Holofcener

Maryland Lawyers for the Arts  
113 West North Avenue | Baltimore, MD 21201  
Phone: 410-752-1633 | Fax: 410-752-1090  
Email: [info@mdartslaw.org](mailto:info@mdartslaw.org) / [www.mdartslaw.org](http://www.mdartslaw.org)

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*(Artists Sue Auctions from page 1)*

The artists claim the auctioneers willfully and systematically failed to pay the royalties owed to class members, or to apprise them when a fine art sale occurred that would entitle class members to the royalty due.

Worse still, the plaintiffs alleged, the auctioneers engaged in a pattern of conduct intended to conceal from class members the fact of a seller's California residence, or the fact that a sale took place in California. For example, the complaint said, Sotheby's' auction catalogs generally conceal from the reader the state of residence of a seller of fine arts and Sotheby's will refuse to answer questions about it when asked. "None of these practices is necessary to maintain the anonymity of a seller of Fine Art, since Sotheby's could — but refuses to — identify the state of residency (and not the identity) of a Fine Art seller, or could otherwise denote by the inclusion in its catalog materials (as Sotheby's does for other circumstances) that the lot is one for which the artist will be entitled to the royalty due under California law."

Specifically, California Civil Code Section 986 provides that an artist is entitled to a royalty upon the resale of his/her work of art if:

- the artist at the time of the sale is a United States citizen or has been a California resident for at least two years;
- the seller resides in California or the sale takes place in California;
- the work is an original painting, drawing, sculpture or original work of art in glass;
- the work is sold by the seller for more money than she or he paid; the work is sold for a gross price of more than \$1,000 or is exchanged for one or more works of art or for a combination of cash, other property, and one or more works of fine art with a fair market value of more than \$1,000;
- the work is sold during the artist's lifetime or within 20 years of the artist's death.

The Resale Royalty Act does not apply if:

- the sale is the initial sale of the work and the legal title of the work at the time of such initial sale is vested in the artist.
- the resale of fine art is by an art dealer to a purchaser within 10 years after the initial sale by the artist to an art dealer, provided that all intervening sales are between art dealers.

- the sale consists of a work of stained glass artistry permanently attached to real property and it was sold as part of the sale of the real property to which it was attached.

As the California Arts Council explains, the California law giving artists a share in the appreciated value of their works when they are resold is unique in the United States, although it is a well-established legal right in places like France, where it is known as the “droit de suite.”

These suits may provide one of the first real tests of the California law, which some observers believe conflicts with the first sale doctrine of the Copyright Act. Under that doctrine, a creator has no right to control the subsequent disposition of copies of works after they are sold.

Other observers see a conflict with the Takings Clause of the Fifth Amendment of the U.S. Constitution, which prohibits the government from taking private property for public use without compensation. ■

*(Philip K. Dick Estate from page 1)*

“Defendants exploited the work of plaintiff Philip K. Dick Testamentary Trust by making a film called ‘The Adjustment Bureau’ that centered on shadowy figures who ‘adjust’ lives and events when things don’t go according to plan, the complaint states.

“Now, motivated solely by greed, defendants seek to establish themselves as a de facto ‘Adjustment Bureau of Hollywood.’ Using heavy handed means, they seek to ‘adjust’ agreements entered into long-ago, ‘adjust’ determinations made long ago by the U.S. Copyright Office and even ‘adjust’ history so as to hoard any and all monies rightfully earned by the estate of the man whose genius inspired what is indisputably a highly successful film.”

The lawsuit alleges that the film, which cost \$62 million to make and was released worldwide in early 2011, took in more than \$128 million at the box office, and an additional \$10 million in U.S. DVD sales.

Under the 2001 option agreement, the plaintiffs said, Nolfi agreed to pay \$1 million for the short story rights if the movie was budgeted at less than \$50 million, \$1.5 million for a budget between \$50 million and \$75 million, and \$1.85 million for a budget of more than \$75 million.

In addition, if the movie achieved breakeven, Nolfi was to pay an additional \$100,000, plus an additional \$100,000 for each additional \$10 million in worldwide gross receipts in excess of breakeven, up to the point the trust received a total of \$2 million in payments.

Only after the movie had been in theaters for a month did the defendants — Nolfi, producer Michael Hackett, and MRC II Distribution Co. — discover an issue with the copyright, the plaintiffs said.

Specifically, the defendants claimed to have discovered that Dick’s short story first appeared in the September-October 1954 issue of “Orbit Science Fiction.” According to the plaintiffs, “Orbit” was a short-lived, fly-by-night publication that was managed through pseudonyms and lasted only five issues.

The plaintiffs allege that sale to “Orbit” was a “sham” that Dick didn’t know about or approve. “Made without authorization, the ‘Orbit’ appearance did not trigger any copyright in his story, and likewise did not trigger any need to renew a 1956 registration,” they argued. ■

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# Village People Composer Seeks to Recapture Copyright

The lead singer of the Village People urged a federal court in California Sept. 26 to dismiss a suit by two music companies arguing that his attempt to recapture copyright in the hits he wrote for the group — including disco favorites like “Y.M.C.A.,” “In the Navy,” and “Go West” — is invalid.



Image courtesy of Village People

The Village People — a police officer, an Indian chief, a G.I., a construction worker, a cowboy and a biker — were icons of the disco era, whose songs provided background music for a million popper-fueled hookups.

Victor Willis, the original lead singer (and cop) of the Village People, notified Scorpio Music and Can't Stop Products in January that he would be terminating the copyrights he granted them in 33 musical compositions.

Section 203 of the Copyright Act gives “authors” the right to “terminate” post-1977 grants of copyright after 35 years, “recapturing” the ownership interest conveyed in the copyrighted works for their remaining copyright terms.

According to Willis’s motion to dismiss, Congress enacted this statutory termination right to protect authors “who may have entered into unfavorable agreements, at a time when

they had little bargaining leverage, by providing the author with an opportunity to enter a new agreement once the true value of the copyrighted work has been established.”

The music company plaintiffs filed suit against Willis in July, arguing that he can’t terminate the copyright because the compositions are “joint works,” which the Copyright Act requires a majority of the authors to terminate.

They also argued that because Willis was a “writer for hire,” he had no copyright interests in the compositions that could be terminated. Finally, the plaintiffs argued that Willis should be barred from contesting his status as a worker for hire simply because he waited too long and made too much money under the grants to do so.

Willis, on the other hand, argued that Section 203(a)(1) explicitly states that in the case of a grant executed by one author, “termination of the grant may be effected by that author.” Since Willis was the sole grantor, he argues that he can now serve notice of termination of the grants that he made.

Willis also rejected the plaintiffs’ contention that he was an employee or a writer for hire. Each of the grants refer to Willis as one of the authors of the composition and make no claim that they were works for hire, he argued.

Finally, Willis told the court, the plaintiffs failed to produce any evidence that should be barred from asserting his rights because he slept on them for the last 30 years. His statutory rights under the termination provisions of the copyright did not even vest until he served the termination notice in January, the songwriter argued. ■

## Billion Dollar Hot Dog Stand

A woman who claims the Travel Channel failed to get her permission to film her at a Chicago hot dog stand with famously abusive staff has filed a billion dollar class action under the Illinois Right of Publicity Act.

The right of publicity varies from state to state, but in general it gives individuals — both public and non-public — the right to control how their names and likenesses are used, as well as the right to stop others from using them without permission.

No matter what the outcome of the suit, there’s a lesson for anyone filming in public places. Artists whose work features individuals’ names or likenesses should take measures to ensure that right of publicity issues are resolved before completing a work, and preferably contemporaneous with the creation of a work. Failure to do so

could, in a worst case scenario, prevent the work from being viewed or distributed, and possibly even subject one to suit for damages.

Jennifer Zglobicki claimed that television production company Sharp Entertainment filmed her while she was a customer at the Wiener's Circle in the Lincoln Park neighborhood of Chicago.

The Travel Channel, which filmed the restaurant for its series *Extreme Fast Food*, describes the Wiener's Circle as "a hole-in-the-wall hot dog joint whose workers are infamous for hurling insults at their customers. The curses are so insulting, so rude and so downright dirty, they would make sailors and truck drivers blush with modesty," the Travel Channel web site says.

Zglobicki contends that neither Sharp nor the Travel Channel obtained her previous written consent to use, air, broadcast, or share her image or likeness, and that she specifically asked Sharp employees not to use her image in any way.

Zglobicki says nothing was posted or displayed at the restaurant to indicate to her that she might be filmed. Further, she claims, Sharp's policy is to film individuals without obtaining their prior written consent.

According to the complaint, the program has been aired up to 20 times since it was first broadcast in May 2009, reaching millions of individuals worldwide. The Illinois right of Publicity Act provides for monetary damages of either \$1,000 per violation or actual damages, or profits derived from use, as well as punitive damages in the case of the kind of willful conduct alleged in this case.

Zglobicki asked the court to certify a class of all individuals whose image or likeness was filmed or otherwise captured and aired, disseminated, broadcast or used in any way for commercial purposes by either defendant during the relevant statutory period.

There are some exceptions to an individual's ability to make a right of publicity claim. The First Amendment provides that publication of an individual's image for "newsworthy" purposes does not infringe the individual's right of publicity. For example, an image of a crowd of people at a public event in a public setting published in a newspaper is permissible. [For more about the right of Publicity, see Vol. 1, Issue 3, p. 4, Summer 2008]. ■

NEA study finds artists better educated, more entrepreneurial than workforce as whole: see [www.arts.gov/news/news/1/Research-Note-105.html](http://www.arts.gov/news/news/1/Research-Note-105.html).

## Copyright Office to Study Solution for Small Claims

The Register of Copyrights released a list of her current priorities for the next two years Oct. 25, and artists who don't have the hundreds of thousands of dollars it takes to bring or defend a copyright infringement suit should take note of a pending study on the feasibility of a small claims copyright court or circuit.

As the register noted, "Copyright law affords a bundle of exclusive rights to authors, including the rights to reproduce, distribute, publicly display, and publicly perform their creative works, or license others to do so. However, these rights are meaningless if they cannot be enforced."

In response to a request from Congress, the Copyright Office will study both the obstacles facing small copyright claims disputes and possible alternatives.

Specifically, the Office is charged with assessing the extent to which authors and other copyright owners are prevented from seeking relief from infringements due to constraints in the current system; and furnishing specific recommendations for changes in administrative, regulatory, and statutory authority that will improve the adjudication of small copyright claims and enable all copyright owners to more fully realize the promise of exclusive rights enshrined in the Constitution.

Initial public comments are due Jan. 16, 2012. More information can be found at [www.copyright.gov/docs/small-claims](http://www.copyright.gov/docs/small-claims). ■



# Superhero Copyright Fight to Second Circuit

The heirs of comic book great Jack Kirby are appealing a federal trial court's ruling that the superheroes he created while working for Marvel Comics were "works for hire" and that Marvel owns the copyrights in them.

While fanboys and girls dispute to this day who created the superheroes, the court made it clear that "this case is not about whether Jack Kirby or Stan Lee is the real 'creator' of Marvel characters, or whether Kirby (and other freelance artists who created culturally iconic comic book characters for Marvel and other publishers) were treated 'fairly' by companies that grew rich off the fruit of their labor. It is about whether Kirby's work qualifies as work-for-hire under the Copyright Act of 1909, as interpreted by the courts, notably the United States Court of Appeals for the Second Circuit."

Kirby's heirs are seeking to terminate his assignment of his copyright in a number of Marvel characters — including the Fantastic Four, the Incredible Hulk, and the X-Men — under Section 304(c) of the Copyright Act of 1976, which gives the families of deceased authors an opportunity to terminate a prior assignment of copyright at any time during a five-year period beginning on Jan. 1, 1978, or 56 years after the statutory copyright was originally secured. It does not, however, apply to works made for hire.

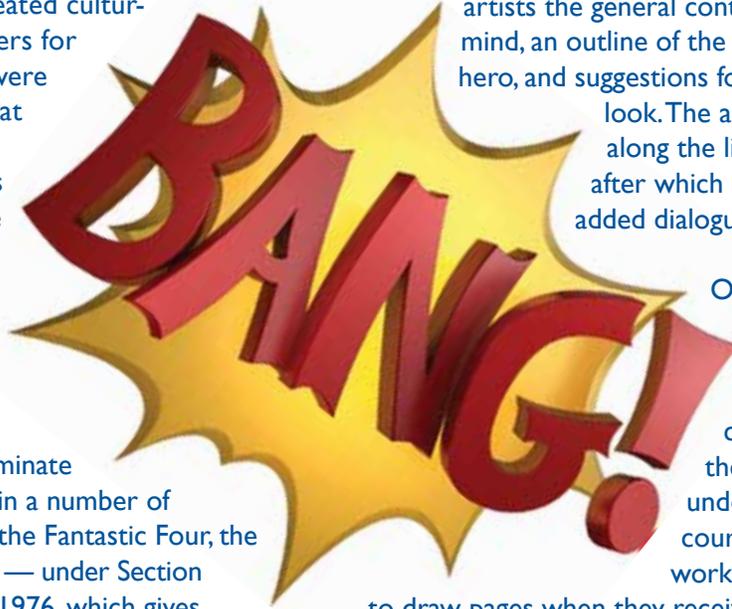
Marvel, now owned by the Walt Disney Company, sued the heirs in January seeking a declaratory judgment that the "Kirby Works" were "works made for hire" within the meaning of the Copyright Act of 1909, which conferred all federal copyright in a work made for hire in the employer.

Those characters were created between 1958 and 1963, when both Jack Kirby and fellow comic book legend Stan Lee were working for Marvel. In 1972, Marvel had Kirby assign to it all rights that he "may have or control" in any of the characters that he created.

The Second Circuit applies the so-called "instance and expense" test in deciding if a work was made for hire — that is the copyright belongs to the person at whose interest and expense the work was created.

A work is made at the hiring person's instance and expense when the employer induces the creation of the work and has the right to direct and supervise the manner in which the work is carried out and there is an almost irrefutable presumption that any person who paid another to create a copyrightable work was the statutory "author" under the work for hire doctrine.

Applying the "interest" test to the Kirby case, the trial court found that he did not create the artwork that is the subject of the termination notice until art director/editor Lee assigned him to do so. Under the so-called "Marvel Method" described by the court, Lee gave freelance artists the general contours of the story he had in mind, an outline of the plot, a description of the hero, and suggestions for how the story should look. The artist then drew the story along the lines of Lee's main theme, after which Lee edited the work and added dialogue and captions.



Obviously, the court said, the Marvel Method gave artists greater opportunity for input into the process of creating the characters and the stories. However, even under the Marvel Method, the court said, the artists did not work on spec, they only began to draw pages when they received an assignment and plot synopsis from Lee. The artists were always constrained by Lee's plot outlines, and he retained the right to edit or alter their work, or to reject the pages altogether.

The court concluded that the Marvel — through Lee — controlled and supervised all work published between 1958 and 1963 and that the Kirby works were created at Marvel's "instance."

Turning to the "expense" part of the test, the court found that during the years at issue all of Marvel's artists and writers, including Kirby, were paid flat per page rates for artwork and scripts they produced. Kirby never received any royalties for his work.

The court rejected the Kirby heirs' argument that the works were created at Kirby's expense because he provided his own tools, paid his own taxes and benefits, and used his own art supplies. These factors have no bearing on whether the work was made at the hiring party's expense, the court said. Rather, they are relevant only to the issue of whether a party worked as an employee and not an independent contractor.

In the Second Circuit, the expense requirement is satisfied where a hiring party simply pays an independent contractor a “sum certain” for his or her work. In contrast, the court said, where the creator of a work receives royalties as payment, that method of payment generally weighs against finding a work-for-hire relationship. The focus is on who bore the risk of the work’s profitability, the court noted.

Because it was undisputed that Kirby was paid a fixed per-page fee for all work that Marvel published, the court found no genuine issue of material fact that the works were created at Marvel’s expense. ■

## Photographer LaChapelle Settles Suit Against Rihanna

Photographer David LaChapelle has settled his suit alleging Rihanna appropriated images from eight of his photographs in her music video “S&M” for an undisclosed amount.

LaChapelle sued the singer, Island Def Jam Music Group, director Melina Matsoukas, and Black Dog Films in February, alleging copyright and trade dress infringement under federal law, and unfair competition and unjust enrichment under New York common law.

In July, the U.S. District Court for the Southern District of New York handed him a win on the copyright infringement claim, denying a defense motion to dismiss it.

Judge Shira A. Scheindlin said that LaChapelle successfully showed both actual copying and substantial similarity between the video and protectable elements of the photographs. Both works “share the frantic and surreal mood of women dominating men in a hypersaturated, claustrophobic domestic space,” the court found, concluding that an ordinary observer could well overlook any differences between the photos and the video and regard the aesthetic appeal as the same.

Initially, the judge ruled that elements of leather- or latex-clad women, whips, ball gags, people in restraints, men on leashes, and other aggressive, sexually-charged motifs common to both the video and the photographs are not protectable elements.

The judge found, however, that the video embodied other protectable elements in the photographs. For example, she noted, both the video’s “Pink Room Scene” and LaChapelle’s “Striped Face” feature an S&M-inspired scene of women dominating men in a fanciful domestic space.

From this choice of subject it follows naturally that both works depict women in a living room with a man bound on the floor, the judge found. She found, however, that because these subjects flow naturally from the chosen idea, they are not protectable and are not probative of substantial similarity.

Other elements did not necessarily follow, and were protectable, the judge ruled, citing the fact that both works featured: hot pink and white striped walls; two single-hung windows in the middle of the back wall; windows with glossy hot-pink casings and interior frame-work, with opaque panes exhibiting a half-vector pattern of stripes against a yellow background; a solid hot-pink

ceiling; hot-pink baseboards; a hot-pink couch under the windows; women wearing frizzy red wigs; a woman posed on top of a piece of furniture; black tape wrapped around a man; and a generally frantic mood.

The judge rejected the defense argument that differences in the video — like the pattern on the walls, the shape of the room, the taped man’s clothing and positioning, and the focus on Rihanna over the rest of the subjects — preclude a finding of substantial similarity.

By definition, copying need not be of every detail so long as the copy is substantially similar to the copyrighted work, the judge said.

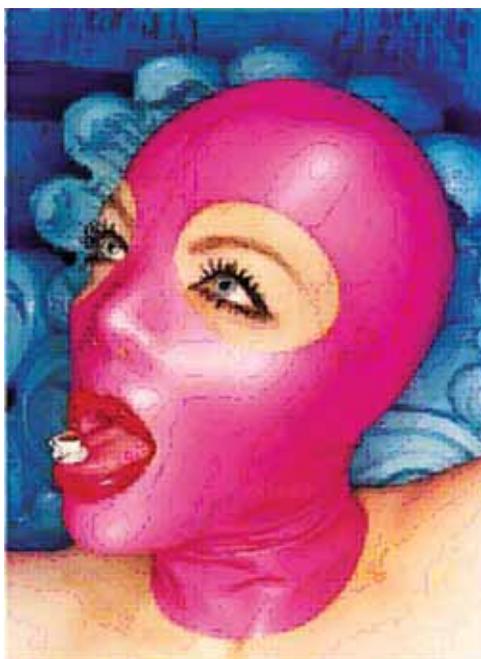


Image courtesy of Court

Further, although the protectability and nonprotectability of individual components of the copyrighted photograph must be considered by the court, ultimately originality may be determined by the total concept and feel of the photograph.

The court also rejected the defendants’ fair use defense, finding that commenting on and criticizing Rihanna’s treatment by the media is unrelated to the photographs and does not require copying protectable elements of LaChapelle’s work. ■

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present  
**LEGAL GUIDE TO THE GALLERY**  
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How do you protect yourself, and your work, when you hand it over to a gallery for sale? Find out from MLA volunteer attorney Walt Lehmann of Lehmann Strobel PLC, and MLA Board Member Ann Clark Priftis, a gallerist, appraiser, and corporate art consultant. Advance registration \$15, \$10 CA members. Walk-in \$20, \$15 members.

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Arts Brief is funded in part by an operating grant from the Maryland State Arts Council, an agency dedicated to cultivating a vibrant cultural community where the arts thrive.



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