

# A Horse of a Different Color: Art, Film and Entertainment Mediations

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## INTRODUCTION

### What makes disputes over artistic works unique?

**Emotions:** Artists/writers/filmmakers/directors – all “authors” who make creative works – often have a great ego investment / emotional attachment to / personal identification with their works

Listening and looping (reflecting back to the speaker what has been heard and checking for complete understanding) are extremely important

**Unique legal rules:** Applicable federal and state laws can be counter-intuitive and contradictory to normal legal standards re personal property and contracts (and sometimes, common sense or sense of fairness)

## COMMON ISSUES

### 1. Collaboration Dissolution / Ownership Disputes

#### Copyright law

Copyright bundle of **exclusive rights**: 17 U.S.C. § 106

- reproduce
- adapt (prepare derivative works)
- distribute
- perform
- display

Re **artistic expression** comprising works fixed in tangible media – literary, musical, dramatic, pantomimes / choreographic, motion picture/audiovisual, sound recordings, & architectural works; compilations, collective works. 17 U.S.C. § 102(a); 103.

No copyright authorship for “any **idea**, procedure, process, system, method of operation, concept, principle, or discovery.” 17 U.S.C. § 102(b)

*But see* Cal.Civ.C. § 980 - protects ideas; also common law implied contract to pay for idea

No copyright ownership for names, titles, short phrases, typography, common shapes (logos)

Copyright ownership: vests with originating individual author(s)

Duration (generally): life + 70 years. 17 U.S.C. § 302 (*see* § 303 et seq for older works; works made for hire)

**Assignments:** copyright ownership cannot be transferred without a writing signed by the copyright owner – 17 U.S.C. § 204(a)  
*But see:* 15 U.S.C. § 7001 (contracts cannot be invalidated because of an electronic signature); email / online click-through may count as signed writing transferring copyright)

**Joint authors** = each person intended to contribute creative expression to single work

Default rules for joint authors:

- each joint author can exploit separately
- no co-author has veto over others' exploitation
- must share profits equally

Signed written contract required to change defaults upon dissolution

*See generally* 17 U.S.C. § 201 & case law

### **Trademark law**

15 U.S.C. § 1051 et seq. (Lanham Act)

Single source rule = co-owners of trademark must **jointly control** use of the mark

Use without quality control = **abandonment**

No splitting of trademarks: one party must own trademark upon dissolution

**License** back to 2d party with quality control

or

**Co-existence** agreement:

- create two different versions; explicit distinction between the marks
- explicit rationale for avoiding confusion
- cooperation to remedy confusion if it occurs

## **2. Commissioned Works / Ownership & Usage Disputes**

### **Copyright law**

**Work made for hire:** limited applicability: 17 U.S.C. §§ 101, 201(b)

Employees

Independent contractors ONLY if written explicit "work made for hire" agreement

AND qualifies as:

1. contribution to a collective work
2. part of a motion picture or audiovisual work
3. translation
4. supplementary work (e.g., preface, index)
5. compilation
6. instructional text
7. test
8. answer material for a test; or
9. atlas

**Contracts:** assignments/transfers not effective without signed writing by transferor. 17 U.S.C. § 204(a)

Paying client without written agreement receives **non-exclusive license** only

Delivery/ownership of tangible work does not transfer copyright. 17 U.S.C. § 202

No transfer of copyright with delivery of tangible work. 17 U.S.C. § 202

Presumption that artist retains property and intellectual property rights. Cal.Civ.C. § 988

Transfer of rights must be explicitly conditioned on payment;  
otherwise, non-payment = contract claim only | no infringement claim

### **Trademark law**

Owned by *use in commerce* as a brand for goods/services | not by creation. 15 U.S.C. § 1127  
(i.e., client owns, not artist)

Assignment not required (tension with copyright law, but see above - no copyright for many logos)

### **3. Moral Rights**

17 U.S.C. § 106A; Cal.Civ.C. §§ 987-988

In the U.S., for works of *fine art* only (includes limited edition prints/photos)

#### ***Rights:***

- attribution (right to be credited | discredited if work is altered)
- integrity: prevent intentional mutilation / destruction
- exceptions re works affixed to buildings – notice before removal/destruction
  
- cannot be assigned
- can be waived
- are not transferred with copyright

#### ***Remedies:***

- injunction
- damages
- + under California law:
- punitive damages
- attorneys' fees

### **4. Gallery Sales**

**Consignment** of fine art. Cal.Civ.C. § 1738 et seq.

- statutory security interest for artist
- fiduciary duty / trust property – artist entitled to sales proceeds from bona fide purchaser
- loss/ damage – voids gallery attempts to waive liability

Sales of fine art *prints*

Cal.Civ.C. § 1740 et seq. : full disclosure by dealer: size of edition, provenance

## 5. Copying / Infringement

### Copyright law

**Infringement** = **actual copying** + substantial similarity of copyrightable expression

No infringement of same idea (see examples)

No infringement for independently created similarity

**Derivative works:** 17 U.S.C. § 103

- add new creative expression
- require permission
- new copyright only in new material

**Registration** = pre-requisite before filing suit. 17 U.S.C. § 411

**Remedies:** 17 U.S.C. § 501 et seq.

- injunction
- destruction of infringing copies
- damages
- infringer's profits

Early registration (before infringement or within 3 mos. of publication). 17 U.S.C. §§ 504-505

Required for:

- statutory damages
- attorneys' fees

### Trademark law

**Infringement** = likelihood of consumer confusion. 15 U.S.C. §§ 1114, 1125

Can be infringed **unknowingly** without actual copying

Several factors evaluated, e.g.,

- similarity of marks
- relatedness of goods/services
- channels of trade
- sophistication of customers
- strength of mark (arbitrary, fanciful, suggestive – descriptive, generic)
- dilution/crowded field of similar marks in same industry
- actual confusion
- intentional copying

**Remedies:**

- injunction
- damages
- infringer's profits
- treble damages, attorneys; fees only in exceptional cases

**Dilution** = commercial use of **famous** marks only. 15 U.S.C. § 1025(c)

- blurring (diffusion of unique association with one owner)
- tarnishment (association with offensive goods/services)

Primary **remedy:** injunction

- damages only if willful

## **Rights of publicity / privacy**

Cal. Civ. C. § 3344 et seq. (and common law)

**Infringement** = commercial use of individual's name, likeness, other identifying characteristics (voice, famous auto) to sell/endorse goods/services

### **Remedies:**

- injunction
- damages
- punitive damages
- attorneys' fees

## **6. Fair use**

### **Copyright law**

Four factors evaluated. 17 U.S.C. § 107

1. purpose and character of defendant's work – commercial | educational
2. nature of copyrighted work – fictional | factual
3. amount & substantiality of portion used
4. effect on potential market or value

Transformative (different character & purpose; e.g., collages)

Parody (comment at least in part on original)

### **Trademark law**

No likelihood of consumer confusion

Nominative use (e.g., incidental appearance in a cityscape)

Parody (mocks anything; comment not required)

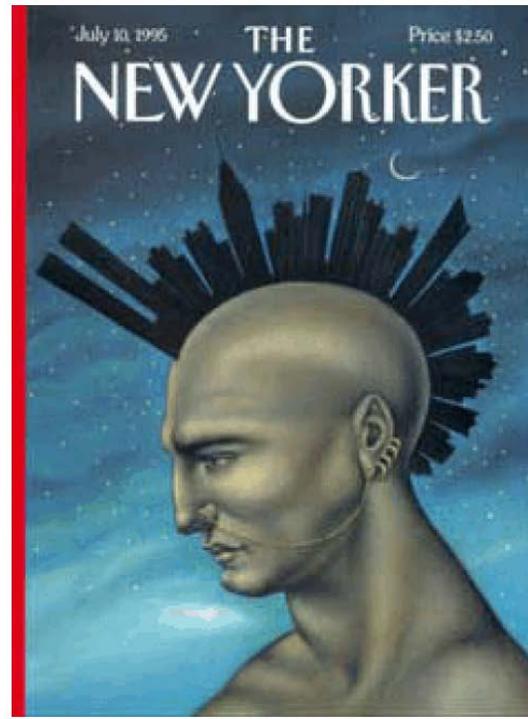
## **Rights of publicity / privacy**

Non-commercial use: editorial / public interest

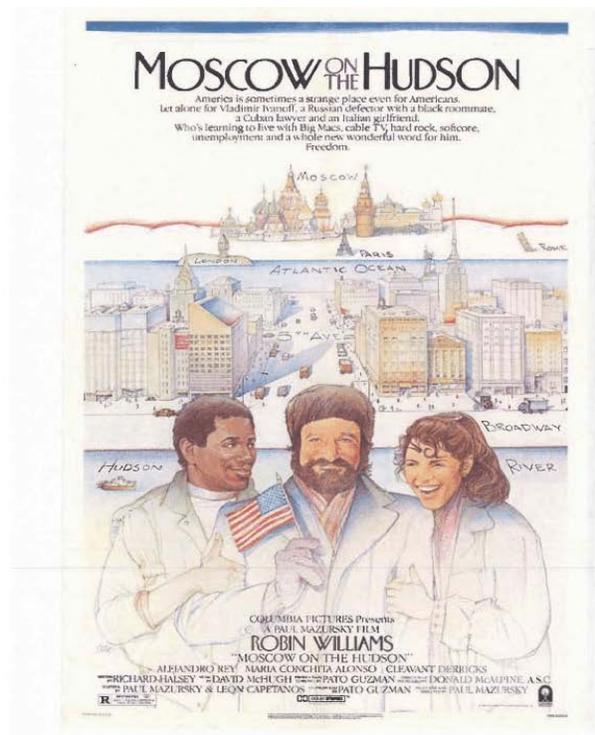
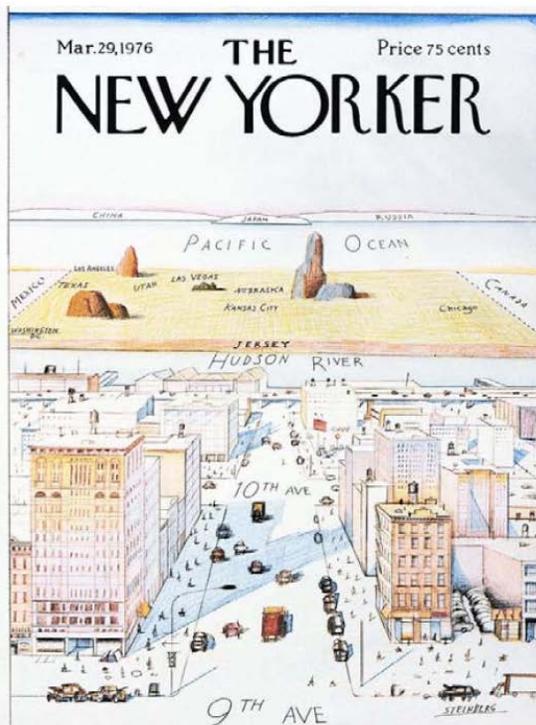
Transformative: does not trade solely on celebrity's popularity

**Copyright infringement: substantial similarity of artistic expression**

*Kerr v. The New Yorker*, 63 F.Supp.2d 320 (S.D.N.Y. 1999)  
(held: no infringement, no copying of expression)

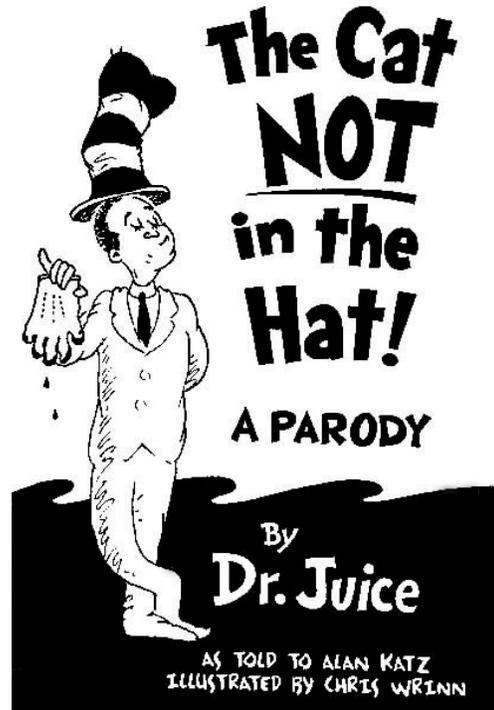
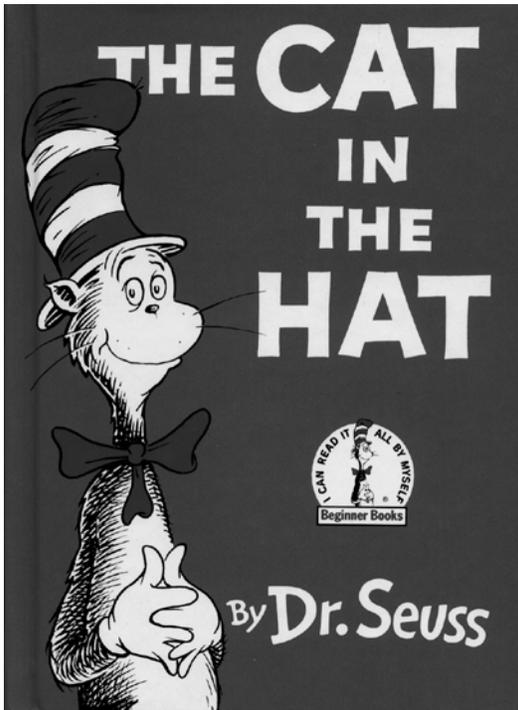


*Steinberg v. Columbia-Delphi Prod.*, 663 F.Supp. 706 (S.D.N.Y. 1987) (held: infringement)



**Fair Use**

*Dr. Seuss Ent., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir), cert. dismissed, 521 U.S. 1146 (1997) (held: infringement; parody defense failed: no comment on original)



*Seltzer v. Green Day, Inc.*, 725 F.3d 1170 (9th Cir. 2013) (held: fair use: transformative)



## **ROLE OF ARTS LAW IN MEDIATION**

### **Importance of ensuring both sides understand the law**

Unrepresented parties want mediator to explain the law and declare how it will apply

Parties (even counsel) often have *misunderstandings* / incorrect assumptions about IP law (e.g., copyright covers ideas; joint authors have veto over co-author's exploitation)

The more clearly parties see how law might control their options, the more empowered they are to make their own *better alternative*

E.g., *dissolving partnerships*: theater groups, co-authors, co-designers: all are better off agreeing to centrally controlled exploitation than default © rules  
- issues to be covered: splitting or assigning IP ownership; valuation of IP vs. other contributions; controlling/sharing money; controlling promotions; controlling exploitation; credits, derivative works; defamation / joint statements re dispute & its resolution

Each party should understand the legal rights of both parties to ensure an informed and thus less vulnerable settlement agreement

### **When and how to introduce the law?**

*Early* in the discussion, so it can work as a guideline / frame for the conversation  
Goal of mediation is to find a solution that works better for both sides than litigation

Discuss strengths and weaknesses of each side's legal position – avoid pronouncements re who would win (discuss uncertainties, possibilities that judge / jury won't understand the law or apply it correctly)

Compare what might happen in court to what parties could do on their own

Costs of litigation

Explore the *principles* behind the legal standards to find possible guidelines re fairness, justice – with freedom to understand how those goals might not be met by following the legal standards in this particular situation

### **Dealing with counsel who don't understand IP law**

Consider private caucus with lawyer / recess for more research

Ask opposing counsel to express alternate view