"From The Virtual Gallery to the Legal Web", (4-part series) by Barbara T. Hoffman
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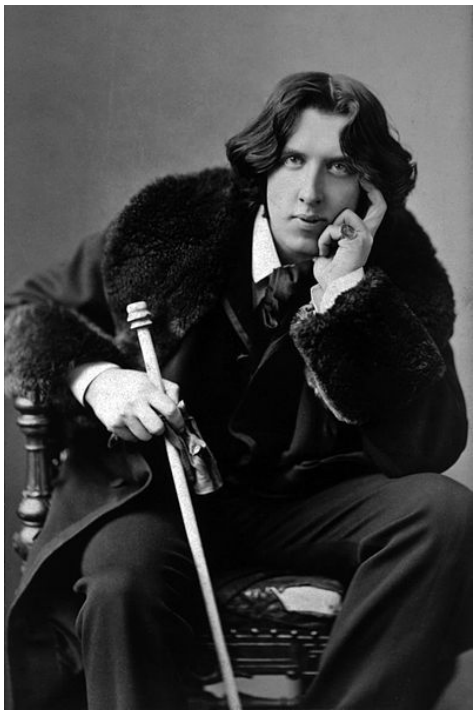
Beyond the micro issues, this paper and my presentation look beyond the legal issues to the artistic, philosophical and ethical issues surrounding photography as a tool and an art form in the twenty-first century going forward. To understand where we are going, it is useful to see from where we came.

For that purpose, I enclose a four part article authored by me which first appeared in the New York Law Journal on March 15, 1996, "From the Virtual Gallery to the Legal Web." What is interesting is how many of the issues had already been identified and how the law has evolved in response to these issues.



Photograph taken in 1882 by Napoleon Sarony

The Legal Web and the Virtual Gallery – Part I

In a lawsuit settled out court, Newsday agreed to pay a stock-photography agency $20,000 as a retroactive licensing fee for what the agency called digital plagiarism. The stock agency originally sought $1.4 million for copyright infringement based on the digital scanning and electronic manipulation by a Newsday illustrator of a surrealist image created by photographer James Porto to create a computer generated montage for its front page.

CD-ROMs were marketed with images of Georgia O'Keeffe and Edward Hopper in a catalogue in which a stock photographer claimed that its, 3,000 stock image files were royalty-free and compiled through exclusive licensing agreements with some of the world's most prestigious museums. Include in a clip art sampler of the stock house was edward Hopper's "The Lighthouse" owned by the dallas Art Museum, and bearing its copyright notice. Neither the O'Keeffe Foundation nor the Dallas Art Museum have been successful in contacting Planet Art. The company that published the photographer, however, on receiving a cease and desist letter from the lawyer for the museum, destroyed the approximately 350 CD-ROMs in its warehouse and informed purchasers of the sold CD-ROM's that the works were protected by copyright. The images had apparently been digitally scanned from catalogues.

Museum's racing to get online are rethinking concepts basic to their operations as "stewardship" and "exhibition," as well as copyright, connoisseurship and control. The World Wide Web, which transforms sites on the Internet into a graphical interface, has been incorporated by museums like the Warhol, the Dallas Art Museum, the Smithsonian, the Whitney, Montreal's Museum of Fine Arts, the Dia Foundation and the Los Angeles County Museum as a medium to make exhibitions, curatorial and archival material available globally.

Le Web Museum in Paris, with images pirated from galleries around the world, sends out over 3 million pages of electronic information each week. Originally called Le Web Louvre, it was obliged to change its name ny lawyers for the Louvre Museum (based on the equivalent of U.S. trademark law) even though most of the works on the web site are images in the public domain, those images which may be accessed freely because they were never protected by copyright, or because copyright has expired. The French artists' rights collecting societies like SPADEM and ADGIP have not yet authorized a royalty free display of copyrighted images on the various web sites although no action has been taken against such displays.

One of the hottest art markets todays is the pursuit by software companies of digital rights to paintings, sculptures and other objects. Ownership of those rights allows a company to post works of art on electronic bulletin boards or to incorporate them in CD-ROMS and other multimedia products. Bill Gates of Microsoft Corp. and Corbis, its publishing subsidiary, have as a strategic goal to compile a massive archive of art images in the digitalized form that computers can display and manipulate. More than 25,000 images in its collection are fine art.

The purchase of the Bettmann photo archive by Corbis last October is by far its biggest step toward building a huge library of digitally stored images. Although many of these images are in the public domain, access to and control of unique images is as important a source of value as copyright. Purchase of the archive includes a grant to Corbis of the archive's proprietary rights, including copyrights.

However, as the current legal battle over distribution rights to existing works in the new media between freelancers and publishers shows, the answer to the question of who owns the electronic rights to pictures and images created over the past 40 years is far from simple. Moreover, images in archives may have multiple layers of authorship, i.e. and underlying copyrighted work and the photograph.

Is the image in the public domain? The complex nature of copyright duration, the difficulty of determining what constitutes published or unpublished works particularly with reference to slides or photographs of art works, and recent law recapturing from the public domain, foreign works of art, make the determination of the copyright status of images and rights in image archives and collections particularly difficult.

Assuming the underlying image may have fallen into the public domain, does the placing of a public domain image in electronic form create a derivative work entitled to copyright protection? Mr. Gates is betting a lot of money that it does. What happens if a public domain image is downloaded from an electronic file?

Once an image is digitalized and reduced to "pixels" or picture elements, which are binary computer information, it can be placed in a computer's memory and transmitted instantly from any point on the globe to any other at near zero cost. The digital image can be replicated in infinite perfect reproductions at marginal cost and can be fundamentally and undetectably manipulated. A PC owner may be artist, publisher or infringer almost simultaneously. The essential interactive quality of the new technologies and the possibility of simultaneous authors

in real time creating works in perpetual evolution changes relationships among author, audience and process. a visual culture of scan, digitize, delete, broadcast and copy, questions core concepts of copyright such as "author" and "originality."

Thus, as the above examples show, at the same time the digital technologies provide significant opportunity to artists, museums, galleries and archives to explore innovative ways to create, display, and store visual images on-line and in CD-ROM, they pose a challenge to the application of intellectual property law – copyright and trademark. Further, although most recent discussion about digital technology has focused concerns on the ethics of altering photos, particularly news and documentary photos, the distortion and manipulation of visual images may implicate an artist's "moral rights," which include an artist's personal, non-economic internet in receiving attribution for a work and in maintaining the integrity of the work even after the work has been transferred by sale or lease. Such rights in the United States are given limited protection under the Visual Artist rights Act of 1990, which amends Sec. 106 of the Copyright Law.

Integrity issues are especially important to museums and image rights holders because the quality of digital images is of paramount concern. A poor photocopy that is still legible may not lend itself to further reproduction but still conveys the complete intellectual content of a text, but a poor quality reproduction of an image fails to convey the impact of the original

The Legal Web and the Virtual Gallery – Part II

Proprietary concerns and copyright uncertainty both about rights in and to their collections, fair use and image control have made licensing an attractive model for archives and museum collections. Several such projects are under way, such as the Getty Museum Site Licensing Project and the DACS licensing scheme in England.

Licensing strategies can be viewed as a kind of intellectual property protection. Licensees may be less inclined to seek other distribution channels or make pirated copies. As one museum director stated:

Limitations on photography, contracts with publishers stipulating one-time use, restrictions on the resolution of digital images made available on the internet or compact discs are all strategies available to museums who want to control the use of its images.

Mr. Gates initially attempted to purchase exclusive digital rights from museums and was quickly rebuffed by the museum world. Corbis, Microsoft's publishing subsidiary, however, has successfully negotiated digital rights deals with the Seattle Art Museum, the Barnes Foundation and the National Gallery in London. Corbis now uses a non-exclusive license agreement which provides museums with approval and control over the use of images licensed to third parties, and is in the process of developing such devices as watermarks and encryption technology to prevent unlawful downloading and replication of images.

CD Rom licensing agreements to a museum collection may often run from 30 to 60 pages. While provisions vary as a function of whether the museum supplies a substantial portion of the art work or only a few images or acts only as a licensor or as a joint producers/developer, museums now normally seek to retain copyrights in museum-supplied digitized images, documentation and related text particularly where they are a major contributor to the CD Rom project and when the museum's name is used in connection with the marketing of the project.

To be protected under current U.S. copyright law, a work must be an original work of authorship fixed in a tangible medium of expression. Works of visual art - a painting, a photograph, a sculpture - are protected by copyright, ideas or facts are not. The creator of the work is considered its author, unless the work is a work for hire. The copyright law grants to the author exclusive rights of use and control, including the right to control the making of copies, the right to make derivative works based on the original work (which includes the right to recast, transform or modify), the right to authorize or prohibit the initial distribution of the work and the right to display the work publicly. This bundle of exclusive rights can be sold, licensed or transferred according to the use, media, (i.e., film, video, electronic) temporal or geographic use. An artist may sell a painting or transmit a digital image without transferring any right to copy that image. A collector or museum that owns an artwork does not necessarily control the right to reproduce it.

The copyright owner's rights are limited in several respects under existing law. The first sale doctrine permits the owner of a copy of a work to sell or otherwise dispose of the work. Thus, the owner of a CD-ROM of the Barnes Collection's masterpieces would be free to sell the CD-ROM, but not to copy the copyrighted images on the disk. Similarly, the owner of a work of visual art may display it to the public at the place where it is located.

The most significant and, perhaps, murky of the limitations on a copyright owner's exclusive rights is the doctrine of fair use. Fair use is an affirmative defense to an action for copyright infringement. It is potentially available with respect to all manners of unauthorized use of all types of works in all media. When it exists, the user is not required to seek permission from the copyright owner or to pay a license fee for the use. Determining fair use is not subject to a bright line test. It is considered an equitable rule of reason.

Sec. 107 of the Copyright Act of 1976 does not define fair use. Instead, the preamble to Sec. 107 sets forth certain illustrative examples such as teaching, scholarship criticism and research as examples of a fair use and instructs that this use be considered together with four interrelated factors to determine whether the use made of a work in any particular case constitutes fair use. The doctrine is based on the premise that every advance in knowledge or art builds on a prior advance. A key concept in determining fair use is whether the use is transformative, i.e., it must employ the quoted matter in a different purpose than the original.

Web operators, artists, galleries and museums in theory, enjoy the same copyright protection in cyberspace as in other media. Digital image files are equivalent to paintings, photographs and other works and, if displayed or copied without permission, implicate the right of reproduction and display.

For example, in *Playboy Enterprises Inc. v. Frena,* 839 F. Supp. 1552 (1993) the U.S. District Court in Florida found that a subscription computer bulletin board service infringed Playboy's rights to distribution and display by making Playboy magazine photographs available on the bulletin board. If this and other recent rulings reaffirm the premise that the principles of copyright apply to cyberspace, the nature of digital technology and the Internet, including its interactivity, and the worldwide linkage of 5 million computers, challenge the application of the concept.

What constitutes the making of a copy? Is the mere display of an image on a video monitor a technical violation of the copyright law? Is the transitory storage of an image in a computer memory a copy? What rights of adaptation and reproduction exist for users who download images? Does the right to display accompany transmission of a digital image. Must a subsequent appropriation or collage acknowledge its sources? Does the first-sale doctrine apply to a lawfully acquired digital transmission?

The authors of the recent White Paper issued by The Working Group on Intellectual Property Rights in the National Information Infrastructure (NII), chaired by Bruce A. Lehman, assistant secretary of Commerce and Commissioner of Patents and Trademarks, concludes that temporary storage of a computer file in memory constitutes copying for the purposes of copyright, as does browsing, scanning, uploading and downloading. The proposed amendment to Sec. 106(3) of the copyright law, which creates a right of distribution by transmission, blurs the distinction between the right of display, reproduction and performance. Thus, the copyright owner's exclusive rights to reproduce the work, to display a work publicly and to distribute the work by transmission, are implicated in many NII transactions.

Whether such acts are unlawful copying is a separate analysis, including application of concepts such as substantial similarity, fair use and implied consent to the copying and use. What is fair use in cyberspace? Will the law distinguish between a software publisher's creating a text book and a digitally appropriated and altered image incorporated in a new work of art? When is there sufficient added authorship to a public domain work to create a protected derivative work as in some digitization or photography processes? If the underlying image is protected, permission is needed to create copies and derivative works. If the digitized work is copyrightable, do museums need a transfer of rights back from the entity that digitizes the image (or risk authorizing creation of a derivative work in which copyright is owned by the digitizing entity? Could the fact that an artist agreed to digitalization be taken to give rise to a presumption that there has been an agreement to certain modifications of the artwork, raising issues not only of copyright but moral rights?

Moreover, in the online world, the concept of territoriality, at the base of copyright law application, is difficult to apply. Whose rules should apply to transmissions that defy national boundaries. If a U.S. auction house publishes an on-line catalogue of images for its sales, does U.S. or the stricter French *droit moral* apply? And if fair use of visual images has yet to be fully explored in either the print or digital medium in U.S. law, what is the effect of the use of such images under a claimed fair use in some countries. While the concept of fair or private use exists in most legal system, its scope and contours are vastly different from country to country.

While there remains much legal uncertainty in cyberspace, it is clear that if the full potential is to be realized, artists, museums, and dealers must feel secure in putting their work on the Internet.

The Legal Web and the Virtual Gallery – Part III

One area of uncertainty for museums, picture archives and other users of images is the determination of whether a work of art is in the public domain. As a consequence of the Uruguay Round of the GATT TRIPs Accord, an author of an artwork originating outside the U.S. can recapture copyrights lost in the United States because of failure to follow copyright formalities prior to the U.S. adherence to Berne, if the author can show such rights are viable and extant in the source country. Thus, many works of modern and contemporary art in U.S. museums may be restored to copyright protection for a duration in some cases until 2064. That, a reliance party who incorporated such works of art in good-faith reliance on the belief that such works of art were in the public domain will be provided with a limited grace period for continued exploitation of the work may not provide comfort to museums racing to get on-line and that have yet to exploit the resources in their collections. Additional uncertainty is caused by the difficulty of determining whether the artwork was published (unpublished works are protected longer) and whether a photograph of an artwork in the public domain or a digitized artwork is itself a protected derivative work.

A similar expansion of artist's rights is occurring in Europe. An EC Directive (no. 93/98) on harmonization requires that for an artistic work in copyright in any of the countries of the European Union on July 1, 1995, the required copyright term will be the life of the author plus 70 years. A similar proposal is under consideration by the U.S. Congress and has the support of the Copyright office. In the European Union, the combined effect of the EU directive and the *Phil Collins* case in 1993 before the Court of Justice of the European Communities, which held that a national of any EU country can demand the same copyright protection in any other state of the EU as given to the citizens of that country (even if more extensive than provided in the home state), is that many old works, particularly old photographs will be recaptured from the public domain.

*W*hat happens when these photographs and artworks are recaptured from the public domain. As one U.K. solicitor, Robin Fry, queried with respect to implementation of the EC directive: Clearly there could be some advantage in carrying out many of the acts which, we know would later be an infringement of copyright, such as publishing limited edition prints, books, storage on a VDU, etc. - these acts may be permitted now but will their subsequent dissemination or dealing later become an infringement of copyright.

In this situation, it is not surprising that museums and picture archives are considering the doctrine of fair use more closely than previously applied to their publishing, distribution and education practices both in the analog and digital media. Museums have frequently argued for a narrow view of fair use with respect to others' use of artwork in their own collections, but have argued for a broad definition of fair use for museum uses.

The genius of U.S. copyright law is that it balances the intellectual property rights of authors, publishers and copyright owners with society's need for the free exchange of ideas. Taken together, fair use and other exemptions allowing certain uses of copyrighted works without permission, were incorporated in the Copyright Act of 1976 and constitute indispensable legal doctrines for promoting the dissemination of knowledge, while ensuring authors, publishers and copyright owners protection of their creative works and a return on their economic investments. Sec. 107 of the Copyright Act of 1976 does not define fair use. Instead, the preamble to Sec. 107 sets forth certain illustrative uses such as criticism, comment, teaching (including multiple copies for classroom use), scholarship or research as examples of a fair use and instructs that this use be considered together with four interrelated factors to determine whether the use made of a work in any particular case constitutes fair use.

The Legal Web and the Virtual Gallery – Part IV

The application of 107 of the Copyright Act of 1976, which does not define fair use, requires an analysis of its two paragraphs. The second paragraph lists four non-exclusive factors for determining whether a use is fair.

The four fair use factors are to be weighed together, in light of the objectives of copyright to promote the progress of science and the useful arts. There are few cases involving suits by artists, or their estates for copyright infringement against museums, publishers or other artists and only a few reported decisions on the use of artwork without the copyright owner’s authorization. Thus, it is useful to go through the analysis of the four factors, which are:

(1) the purpose and character of the use, including whether commercial or nonprofit education;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used, and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

As Judge Pierre N. Leval noted at a meeting of the College Art Association on the subject of appropriation of art in 1994:

> In my view (which is not necessarily shared by other judges and copyright scholars), a study of the pattern of decisions reveals that courts have placed great importance on the first factor - the purpose and character of the secondary use. An important question has been: Does this appropriation fulfill the objective of the Copyright Law to stimulate creativity for public instruction? Is the appropriation transformative?

Many other types of critique and commentary also fairly require quotation to communicate their message. An art historian or critic who seeks to make a point about an artist's work cannot effectively do so without showing illustrations.

*Fac*tor two is a recognition of the fact that there are three types of copyrightable works: (i) creative or predominantly original works; (ii) compilations; and (iii) derivative works. 17 U.S.C. 103. Thus the Supreme Court has recently ruled in *Acuff Rose v. Campbell,* 114 S.Ct. 1164, that factor two calls for recognition that some works are closer to the core of copyright protection than others Copyright law affords greater protection to certain classes of works that embody more creativity, such as fiction, photographs, poetry and art images, compared with more factual materials. The more creative a work is, the greater it is protected. When it comes to works of art, factor two will almost always go against a finding of fair use for this reason.

The third and fourth factors require an analysis of how much of the work can be taken and whether the second use harms the value of the original work. The third factor - the amount and substantiality of the portion used in relation to the copyrighted work poses intriguing questions as applied to works of art. Normally courts look at both the quantitative and qualitative amount that is taken. The amount that can be copied as a matter of fair use is a function of the first two factors, the purpose of the use and the nature of the work. As the Supreme Court noted in *Sony Corp. v. Universal City Studios,* 464 U.S. 417 (1984) for private or personal use there may be occasions when the entire work may be copied. In determining the amount copied for fair use purposes, it is appropriate to subtract any unoriginal or uncopyrightable materials.

This conclusion follows from the Supreme Court in *Feist Publications v. Rural Telephone Service Inc.,* 499 U.S. 340 (1991). The use of an artwork will usually involve the whole work. Nevertheless, the Court in *Acuff Rose* held that this factor would not necessarily be determinative and must be considered in light of the purpose and use of the new work. The Court intimated that the extent of copying can provide an insight into the primary purpose of copying and cautioned that there was a need for more particularized inquiry about the amount taken. In addition, the taking of only a portion of an original artwork may raise issues with respect to the right of integrity protected under droit moral and the Visual Artists' Rights Act of 1990.

Also, the Court acknowledged in *Acuff Rose*the facts bearing on this third factor will also tend to address the fourth factor of market harm. As Judge Leval noted, That last factor has been seen as particularly important. It stresses the commercial nature of the copyright, which seeks to protect the ability of authors and artists to make a living from their work. Copying that interferes with that ability is disfavored; if the copies furnish the public with a substitute for the original artist's work, so that the public will buy the appropriation rather than the original, such copying is unlikely to be found fair use.

The Supreme Court also has stressed the need for evidence about markets for particularized licenses, noting for example in *Acuff Rose,* that there is rarely a market for licensing an artwork for parody or critical commentary. The allocation of the burden of proving market impact, as well as the issue of the definition of the market for derivative works (actual exploitation, future exploitation) are not resolved, although in *Rogers v. Koons,* 960 F.2d 301, the Court held that plaintiff Art Rogers' potential of licensing for sculpture to have been affected by Jeff Koons use

of Mr. Rogers' photograph to create a three-dimensional artwork. The notion, however, that fair use rights apply only when no licensing market exists is neither supported by the case law nor rights of free speech.

Fair use may be considered along a spectrum of uses. Copying and using copyrighted artwork for commercial purposes or broad distribution - such as replicating an image on a T-shirt or incorporating copyrighted images into multimedia products and distributing many copies or selling them, or simply displaying them on the World Wide Web or reproducing the original artwork as a poster or postcard - is much more likely to be considered a copyright infringement than using the same images or works in a classroom for teaching or in a critical, scholarly article about the artwork in question. Notably, in her April 1 opinion on a motion for a preliminary injunction in *Lebbeus Woods v Universal Studios Inc.,* 96 Civ. 1516 (S.D.N.Y.), U.S. District Judge Miriam Goldman Cederbaum stated:

> Universal does not argue that its commercial, science-fiction movie constitutes criticism, comment, news reporting, teaching, scholarship or research and thus, rightly does not contend that this infringement falls within the fair use doctrine.

This article is only able to scratch the surface of the complexity of intellectual property rights within the context of the new dissemination techniques. A lawyer who advises a client in this area must discuss trademark, rights of privacy and publicity and first amendment concerns. Given the uncharted waters, the lawyer might advise her clients who intend to package and sell copyrighted works to provide a clear understanding of how the user is expected to use the work. For example, consider some excerpts from Nicolas Pioch, WebMuseum:

> I made this private exhibit for my own pleasure. If you are intruding here, you do so at your own risk, and assume alone full responsibility for what you do, download, and whatever happens. If you think the law prevents you from viewing these exhibits, you should stop now and do something more interesting, such as flying to Paris and touring live!

and finally:

Lawyers section (*not* part of the legal agreement)

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