JIPEL

NYU Journal of Intellectual Property
& Entertainment Law

The Interview:

John Koegel & Barton Beebe

VOLUME 4 NUMBER 1

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Cite as N.Y.U. J. INTELL. PROP. & ENT. L.

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NEW YORK UNIVERSITY

JOURNAL OF INTELLECTUAL PROPERTY AND ENTERTAINMENT LAW

VOLUME 4 WINTER 2014 NUMBER 1

THE INTERVIEW:

JOHN KOEGEL & BARTON BEEBE

John Koegel is an attorney and founder of the law firm The Koegel Group LLP. Since 1982 Mr. Koegel has specialized in Art Law, exclusively representing artists, galleries and others involved with visual art in most areas of the law. Mr. Koegel attended Fordham Law School and initially joined the law firm Rogers & Wells. After a two-year appointment as counsel to a national commission appointed by President Carter, Mr. Koegel served as General Counsel and Secretary at the Museum of Modern Art. Over the years Mr. Koegel has been actively involved in the development of intellectual property rights including the drafting of the Visual Arts Rights Act of 1990 and representing Jeff Koons in the landmark fair use cases Rogers v. Koons and Blanch v. Koons.

Barton Beebe is the John M. Desmarais Professor of Intellectual Property Law at NYU School of Law.

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BB: My first question is how did you become involved in the practice of art lawyering?

JK: I began in 1973 when I first represented an artist in a pro-bono matter. I was at a large law firm Rogers & Wells, and I thought it was really gratifying to help a marvelously creative person. Then I got involved with the City Bar Association and with writing legislation. Going to the Museum of Modern Art (MoMA) as its general counsel in 1979 was the legal turning point for me that set me down the path that I have been on. After leaving MoMA, I simply started representing only artists and galleries.

BB: And what is it like representing artists now?

JK: It's terrific. It's the thing I missed the most at MoMA because I had very little involvement with artists. Even today when I represent a lot of other arts businesses—such as Artforum Magazine and other arts related businesses like that—it's the artists that are always the heart and soul of what I do.

BB: Is it possible to say the practice has changed over the years? I realize it's a broad question, but are there thematic changes you noticed in general and in the business of art lawyering?

JK: I would say that there is more understanding that law is involved. In 1982 when I began practicing art law full time, there were no contracts with galleries and very little other documentation, regardless of the size of the transaction. Since there is more money involved now, you see more paperwork and more concern on the part of collectors. There are more lawyers involved now which brings more contentiousness to everything. Since legal fees have not evolved to become a significant or reliable profit center for large law firms, you do not see those firms pursuing this business. So there are few that do. But even for those that do, I doubt it is at the heart of any of those firms. Art law still has more PR value to law firms than substantial economic value.

BB: Do the artists have good business sense when they come to you?

JK: There's an amazing range, from those who are incredibly businesslike to those who are completely un-businesslike. So there really is a wide variety. And that's one of the things that I find so interesting, you never know where the new artist client is going to be on that spectrum.

BB: Are artists more attuned nowadays to intellectual property than they used to be?

JK: Yes.

BB: Do they know, for instance, copyright versus trademark or do they just sort of know that they've got rights?

JK: Attuned was the word you used, and to me attuned means aware that copyright is an issue. Because copyright infringement claims have received a certain amount of visibility, artists are aware that copyright law is a potential problem. Art schools now have courses that cover copyright and a lot of outreach from various sources trying to educate every segment of the art community through numerous forums. The word is spreading out there to artists that this is something that intellectual property laws are something that they need to take into account.

BB: Do you think that art is viewed almost more like a business now than it was before?

JK: People become artists not because of the business angle; they mostly do it out of a passion. While it is hard to generalize among this incredibly disparate group, I think people become artists because that's what they want to be and they feel like they have something to say. That said, it does feel as if business is more a part of being an artist than when I started in 1982.

BB: Is it fair to say that as they become more and more successful, they might become more and more attuned, and also more and more sophisticated about intellectual property issues?

JK: Mmm, no. As artists get more successful, they become more of a target. Maybe they also begin to spend a little bit more time on business matters and start becoming more businesslike. If you're not making any money and all you're doing is making art, business concerns are quite secondary.

BB: Now a very broad sort of academic kind of question, which a lot of people always wonder about. Does copyright law, in your view, incentivize anything in the art world?

JK: No. Absolutely not. But I'll make a distinction. I do think that in the text world, for authors, copyright law is an incentive and especially regarding the all-important subject of derivative uses, speaking of that horrible term in the copyright law.

BB: Why are the problems you see with derivative uses?

JK: Copyright capitalists seek to use the definition of a derivative work to restrict fair use because the word "transformed" happens to be in the statutory definition. This unfortunate confluence of concepts has become problematic as transformation has taken on such a significant role in determining fair use. In my view, the reach of the derivative use right should extend only to adaptive uses that the author would have likely or plausibly pursued as part of the incentive to create and distribute for the public good.

BB: You mentioned earlier that copyright is more important in a medium like writing. Can you elaborate?

JK: Well, it's a point that comes up whenever someone is advocating a resale royalty for visual art. There is a real difference between the way a book and music are distributed. The author receives a royalty based on multiple copies of the work. Multiple copies are rewarded by copyright. So, fundamentally, when you have a certain product with the potential for wide distribution through multiple copies, copyright allows the author to exploit the product commercially. This is different than a single work of art that is

sold for a full retail purchase price and whoopee on to the next sale of another work.

BB: And is it the practice that most visual artists will retain the copyright in the work even though they sell the physical version of it?

JK: Absolutely. Absolutely. Although with commissioned work, the bigger the commissioning party, the more aggressive they are about owning the copyright. But you fight back, as hard as you possibly can.

BB: Have you seen a change in the way artists approach IP law or the way that art lawyers approach IP law given the internet and things now being more accessible and easier to copy?

JK: When I think about the internet I think about two things. First, I think about the sensitivity and fear on the part of someone who has created a work that once it is published digitally, it's out there and there's no going back. I don't think that gets anybody to hold back because artists really want their work to be seen. It's just a matter of being more aware of how, puff, there goes your work out to the world. The other side of the thought is how important the internet is as source material, and in turn why fair use is so important.

BB: Has the role of an artist changed over the years as a result of the internet and this new access to material?

JK: Role is the wrong word. I don't think the role of the artist has changed. Certainly the subject matter and the direction has changed to some extent. But the endeavor is still a devotion to visual expression. Marcel Duchamp is a good example of a significant shift in direction based on new material followed by many artists after him, he did not produce any shift or change in the role of the artist.

BB: But now artists are working with a lot more subject matter, like images from popular culture, that is already propertized.

JK: That's right. And copyright was also narrower way back when. Now, everything is subject to copyright protection, which is why fair use is so important, because copyright protection is so much easier to obtain. It is automatic, it is forever, and it keeps expanding.

BB: So let's talk about the case law then. What do you think of the *Cariou v. Prince*[1] outcome?

JK: Great. Excellent. As you know, there are some problems. I worry a little bit about taking the law too far, causing future case outcomes to cut back. For example, the 7th Circuit recently said "We're skeptical of *Cariou*'s approach, because asking exclusively whether something is 'transformative' not only replaces the [other fair-use factors] but also could override 106(2), which protects derivative works."[2] When you go really far out taking away the four factors and turning the determination into one analysis, that may be going a little bit too far. I'm thrilled that the pendulum has moved in favor of fair use, but I worry.

BB: You accept that the pendulum has shifted then from the old days of *Rogers v. Koons*?[3]

JK: Are you kidding? Huge. And, it's all due to *Campbell.*[4] *Campbell* was the change.

BB: *Campbell* was 1994 and *Rogers v. Koons* came before it in 1992.

JK: Absolutely. *Campbell* however was a parody case. Coincidentally one of the confusing things about *Rogers v. Koons* is the parody argument that was made and the response of the Court to this argument. Since *Campbell*, Souter's analysis has been modified so that there is no longer any satire/parody distinction.

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[1] Cariou v. Prince, 714 F.3d 694 (2d Cir. 2013).
[2] Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 758 (7th Cir. 2014).
[3] Rogers v. Koons, 960 F.2d 301 (2d Cir. 1992).
[4] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1993).

BB: After *Campbell*, it did seem that people could read *Campbell* as establishing this pretty clear distinction that parody is okay and satire is not, so you've got to fit your work into the parody box.

JK: That is what I tried to do in *Rogers v. Koons*. Unfortunately at that time I was dealing with precedent that was not very helpful. The two Supreme Court decisions were *Sony*[5] and *Harper Row.*[6] And they were bad cases for defending Jeff's work, even though *Sony* ruled in favor of fair use. I was trying to get the judge to understand Jeff's artistic expression as something that ought to be within the safe harbor that the parody decisions provided. Transformation was not a factor or consideration in *Rogers*. Transformation wasn't part of the lexicon. That did not come until later, until *Campbell*. Judge Leval's article[7] was June 1990, and so we didn't have that article to cite to Judge Haight in the district court. We cited it to the Second Circuit on appeal. But it was only a law review article, even if the author was a judge. Souter made it important in *Campbell*.

BB: And what about in *Prince*?

JK: Prince was incredibly fortunate on his appeal to the Second Circuit. He got hammered in the district court. Possibly reacting to the lower court's dismissiveness, the panel decided that it did not matter that Prince wasn't commenting. Judge Parker almost entirely relied upon transformation as the decisive determination.

BB: Judge Parker found, in essence, that the fact that Prince did not provide any explanation of what he intended by his work was not dispositive.[8] Prince doesn't have a good story to tell about what he intended his work to mean, about how he might have intended to comment on Cariou's work, but we don't care about that. We're just going to look at Prince's work to assess transformativeness.

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[5] Sony Corp. of America v. Universal City Studios, 464 U.S. 417 (1984).
[6] Harper & Row v. Nation Enterprises, 471 U.S. 539 (1985).
[7] Pierre N. Leval, *Towards a Fair Use Standard*, 103 Harv. L. Rev. 1105 (1990).
[8] *Prince*, 714 F.3d at 707.

JK: Yes. One of things that has always been important to me ever since *Rogers* is that Judge Cardamone said that I argued that a mere change in medium was sufficient to exempt a work from being infringing. This demonstrates the hazard of trying to get a nuance across sometimes. I was simply trying to say that changing the medium was significant especially for visual expression. This change made the sculpture a very different work. I've gone back and forth on this. Was that a good argument or bad idea. If you make that point too big a deal, you then run the risk of going in a bad direction, as opposed to just strictly discussing the four fair use factors as they then existed. But I thought it was important for the court to realize that these were very different expressions—and remember, this was pre-*Campbell*. Once you take a work from two dimensions and make it three-dimensional, you really change the expression of the subject. I often think about a sculpture I once saw that was derived from a famous photograph of a girl following the 1970 Kent State tragedy with her arms spread out over a dead student's body. The sculpture was just the girl, a three-dimensional sculpture, Duane Hanson-like, and naked. It was an exact look-alike. I said to myself, I really need to have this example of what should be fair use. The artist took heart out of the photograph, but the sculpture is a completely different expression. And it's an amazingly powerful statement. So changing medium should be significant, but not absolute.

BB: Does the *Prince* approach then invite aesthetic discrimination by judges?

JK: I hope not. I don't think it requires differentiation on the basis of artistic merit. I don't think judges are in a position to do that. Necessarily, decisions are made by human beings who have tastes, prejudices and experiences. That's not going to change. But artistic merit should not be part of the assessment. Therefore it should not matter whether a judge has some artistic sensibility or not. Experts should not matter, although having said that, I'm going to almost take back my statement because I do think that experts can instruct on some of the messages and meanings in the work. In *Rogers v. Koons* we had affidavits of three leading experts in the contemporary art world. Kathy Halbreich , currently the Associate Director

of the Museum of Modern Art, John Caldwell then a highly regarded expert at SF MoMA, and the eminent Robert Rosenblum from NYU. These were all leading people and they were all explaining the Koons sculpture to Judge Haight and to the Second Circuit. But poof, the judges could care less about what experts had to say. A decade later in In *Blanch,* [9] not a single expert was offered, just Jeff saying what his work was all about.

BB: So the parody analysis could allow the court to avoid making a decision on whether the art is meritorious. The artist could voice his or her opinion. So if you have Jeff Koons talking about the transformative nature of the *Blanch* piece, then it allows the judge not to have to step in and make an aesthetic judgment or rely on an expert's opinion.

JK: Well the judge should be able to ascertain whether there is really a new message, a new meaning, a purpose to it and hopefully without that silly business about explaining why the artist had to pick this particular source. That is one of the worst distractions that you get in these cases: the plaintiff arguing "you could have picked something else; you didn't have to pick this one." That said, if the artist can provide some insight, it does help the cause. Even though under *Prince v. Cariou* it doesn't matter anymore, if I were advising someone, and notwithstanding *Prince v. Cariou*, I would say it is worthwhile to explain your work, somewhat. Especially since some of the courts criticize the artist for an ad hoc explanation. For example in *Morris v. Guetta*[10] a case involving a photograph of Sid Vicious, the court rejected the artist's explanation saying "you're just making this up now." So even if the artist slips in some contemporaneous explanation as simple as "I thought I had to say something about Mickey Mouse because…", it could help. I wish the artist did not have to offer any justifications but it can help.

[9] Blanch v. Koons, 467 F.3d 244 (2d Cir. 2006).

[10] Morris v. Guette, No. LA CV 12-00684 JAK RZX, 2013 WL 440127 (C.D. Cal. Feb. 4, 2013).

BB: We have the case in trademark law in which the artist Tom Forsythe[11] explained exactly why we had chosen to photograph the Barbie doll. It was perfect.

JK: Great case, great outcome. Best part was the attorney's fees portion,[12] which I wish would still happen more often so that there would be fewer lawsuits.

BB: Do you think there should be more fee shifting in copyright and trademark litigation?

JK: I think that prevailing defendants should receive an award of attorney's fees more often as a disincentive to the litigation of meritless claims, especially those lacking any injury.

BB: What if the plaintiff is a small time figure though, and is dissuaded from suing a big artist because the plaintiff's worried about fee shifting.

JK: Well that's the American system and why we have it the way we have it. I think that the way it exists in copyright law is just right. In other words, you have to have a prior registration to get statutory damages and attorney's fees, which I believe is just right because it means you have to do something to indicate in advance that the work you have created has value to you regarding potential alternative uses. It's not automatic. Then if you have done that simple, inexpensive act, the system will reward you. And on the other hand, if you pursue a bogus case, you get hammered. And since it was a company like Mattel that brought the lawsuit, it was especially gratifying that it was severely punished for doing so. In *Blanch* we made a motion for attorney's fees, but we abandoned it because we really didn't think the judge was going to punish the plaintiff. But a huge award of attorney's fees would have been perfect in *Fairey v. The Associated Press*.[13]

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[11] Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792 (9th Cir. 2003).

[12] *Id*. at 816.

[13] Fairey v. The Associated Press, No. 09-CV-01123 (AKH) (S.D.N.Y. filed Feb. 9, 2009).

BB: How?

JK: AP should have lost big time in that case. They deserved to solely lose on the merits and to have had attorney's fees assessed against them.

BB: A lot of people didn't sympathize with Fairey because he lied to the court.

JK: That's how he was forced to abandon his defense of the case, and it did strip away much of the sympathy for him. But take that mistake out of it, Fairey's use was fair use pure and simple. And the fact that AP wasn't even the photographer was an embarrassment to the Associated Press in my opinion. The case also had another part of fair use that I have been very, very keen on seeing develop, but has fallen by the somewhat wayside. That is the idea of copyright being thin or fat. I strongly believe in the importance of that assessment. The copyright in the Garcia photograph was as thin as it gets.

BB: Low creativity?

JK: Absolutely. And especially when Fairey has painted it over and put a message on it. I think that the second fair use factor in the Fairey case should have weighed strongly in favor of Fairey. On the other hand, I believe that highly creative uses should have more protection.

BB: The harder the artist works, the more sweat of the brow she puts into something, the wider the scope of protection she should get?

JK: Absolutely, in terms of creativity.

BB: But does that work against artists who engage in very minimalist or conceptual art?

JK: I don't see why.

BB: The judge looks at a blank white canvas and says, "What's this"?

JK: Well, that's going to be a problem with judges and art generally. Judges can and will understandably look at art and like what they see or

dislike what they see. I don't think that cuts against my point about creativity.

BB: Back to *Cariou v. Prince.* Judge Parker for the majority writes that we should use the reasonable observer standard to decide whether the defendant has transformed the plaintiff's work. Judge Wallace in his concurrence/dissent, applying the *Bleistein*[14] language, objects, asking, "who are we to say twenty-five of these are transformative but five of these have to be sent back?"

JK: Judge Wallace said that this factual question ought to be decided by the trier of fact in the first instance, under proper guidelines. I think he was being a purist about it. I believe that the majority was trying to get the case settled, which is why they split it the way they did. Cut the case down to five works and let them fight about those five.

BB: A criticism of the *Prince* majority opinion is that it overemphasized the idea that the defendant must have "usurped" the market for the plaintiff's work. In the court's analysis of the four-factor test, the court referred to the invitation list for one of Prince's art openings to determine the effect on the market. The court was basically saying to Cariou: "Prince is an art star. You're little people. Who do you think you are to suggest that you are in the same market as this guy?"

JK: That was bad. That was bad. I was really sorry to read that, and it taints the opinion unfortunately. That should be meaningless. While they did use this fact from the record to indicate or observe that there were two different markets, because of the references to those celebrities the important point becomes diminished.

BB: To shift gears, what do you think of the four-factor fair use test? Is it working?

JK: I think the factors are just fine. While [the third factor's] "amount and substantiality" never really factors in much, it's good to have it because

[14] Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903).

there could be a total taking and that would allow the court to heavily weigh that one fact. And the thought of Congress fritzing around with § 107 is a nightmare. I also believe the determination was lopsided when the fourth factor was said to be the most important consideration.

BB: The fourth factor, involving the effect of the defendant's use on the market for the plaintiff's work, is often criticized for being circular. To the extent that the defendant uses the plaintiff's work in some way, doesn't that imply that the plaintiff's work had value to the defendant for which the plaintiff could have charged a licensing fee?

JK: No, although the circularity is always there and frequently is problematic. I do not believe that the source work has economic value simply because an artist sees it as being useable to make the statement that the artist wants to make. That's why the "you should have picked another source" argument should be meaningless. You want to give a broad latitude to artists to make new works. Another very good feature of the decision in *Cariou v. Prince* is its focus on the actual market, not speculative markets. What are the actual markets that are being affected? And the answer in *Cariou* was none, and the answer in *Rodgers* was none, and the answer in *Blanch* was none. In most art cases the answer is none because there is no licensing market for what they call an art reference. If you look at some market instruction books even those published by the likes of the ASMP,[15] the fee for an "art reference" is two hundred dollars. And these organizations are trying to beef up licensing fees. The market is not a big one. Nor should it be.

BB: The Visual Artists Rights Act:[16] Does it make any difference? Does it do any good?

JK: Well it is a good law. But as for making a difference, not a huge one. I am glad that it's there. It's a matter of respect. It so happens, that it comes into play largely in the most problematic areas: with regard to site-specific sculpture. And it so happens, that site-specific sculpture was

[15] American Society of Media Photographer. *Available at*: http://asmp.org.
[16] Visual Artist Rights Act, 17 U.S.C. §106A.

intentionally left out of that new law exactly because it was too difficult or problematic to resolve. One particular situation was added, work incorporated into a building, but that is it. So the law does not reach or resolve the important matter of site-specific artworks.

BB: What's your view of the resale royalty right?

JK: Well fortunately it doesn't exist right now at least since a California court declared it unconstitutional. It's on appeal so we'll see. I've become opposed to it just because of the negative impact on the relationship between artists and collectors, and the fact that I do not believe it really has the justification that people posit. I think there is a fundamental difference between the way an artwork is sold and the way books or music are sold. With a single work of art, the purchaser pays a lot for it. She takes a risk. If it goes down, she loses her money. The artist doesn't compensate the collector for that. If the artist becomes more successful, the artist generally makes more money because of that success. To enforce this really aggressive and complicated law into the marketplace doesn't make sense. And it is not needed. It's not an incentive to create. So it's just another right. It is another manifestation of the property rights mantra that drives the advocates who are on the other side of fair use. Copyright not a natural right. More and more cases nowadays are talking about the purpose of copyright, "to promote the progress of science and useful arts," and this is most welcome. Copyright rights exist primarily to benefit the public, not to prevent new work.

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