

DITHERING OVER DIGITIZATION: INTERNATIONAL COPYRIGHT AND LICENSING AGREEMENTS BETWEEN MUSEUMS, ARTISTS, AND NEW MEDIA PUBLISHERS

*"There has never been a doubt in my mind that law is an art. Now I find myself more well-equipped to appreciate the creativity involved in a contract. The relationship to painting is much closer than I ever imagined."*¹

I. INTRODUCTION AND SCOPE

Museums around the world are besieged with requests to include their holdings in new media² art compilations published on CD-ROM (compact disk - read only memory) by a variety of software firms and electronic publishers.³ CD-ROM is fast becoming the staple of personal and library computing, but museums are hesitant to join this artery on the information superhighway for fear of losing control: control over the lucrative licensing system in place and control over the integrity of the artwork.⁴ These disks, the physical twin of compact disks in the music industry, can bring the Russian National Museum, the Louvre, or the National Gallery into your home. The acquisition of such images by new media publishers raises complex questions for museums and artists regarding licensing agreements and copyright protection, questions which may require creative new solutions.

The scope of a new media project is better understood if imagined as a continuum, a vector linking preproduction contractual arrangements through the production process to the use of the product in homes and offices. Preceding the vector would be a museum's acquisition of a physical object for its collection. This acquisition may or may not include some or all of the elements of copyright's bundle.⁵ At the beginning of the vector, a CD-ROM publisher negotiates with a museum to acquire the necessary "rights" to include a

1. J.S.G. Boggs, *Who Owns This?*, 68 CHI.-KENT L. REV. 889, 910 (1993).

2. New media refers to the combination of video, audio, and text in a computerized setting. For a fuller discussion of technology and terms, see *infra* text accompanying notes 50-60.

3. See Suzanne Muchnic, *Technoarts; In Cyberspace, Can Anyone Really Appreciate Art? CD-ROMs Are Giving Home Computer Users Access to Museum and Private Collections. But Some Institutions are Holding Back From the Digital Age For Fear of Losing Control—And Dollars*, L.A. TIMES, Apr. 3, 1994, at Calendar 4 [hereinafter Muchnic, *Cyberspace*]; Suzanne Muchnic, *Art World Meets the Techno World; The Arts: An International Group of Museum Directors is Gathering in Seattle to Ponder the Technological New Age and the Impact on Institutions*, L.A. TIMES, June 1, 1994, at F 1 [hereinafter Muchnic, *Art World*]; and Phil Patton, *The Pixel and Perils of Getting Art on Line*, N.Y. TIMES, Aug. 7, 1994, at § 2, 1.

4. Muchnic, *Cyberspace*, *supra* note 3.

5. 17 U.S.C. § 106 (1976) (specifying reproduction, derivative works, distribution, performance, and display as divisible elements of copyright's bundle).

museum's collection in its database. The result of this negotiation is a licensing agreement. Further along the continuum, the database becomes a separate entity, perhaps entitled to copyright protection.⁶ Toward the end of the continuum, the artwork may become subject to the perils of unauthorized reproduction and alteration in homes, offices, libraries, or even local museums.⁷

This paper will examine the implications of new media technology for the relationship between publishers, artists, and museums. The production of a CD-ROM database hinges on the acquisition of materials,⁸ and that acquisition depends on the availability of those materials under international copyright through licensing agreements. First, the old system of acquisition of rights, a one-time use license, will be shown to have problems and limitations in the context of new media technology. Second, new media technology tends to emphasize the role of museums in licensing negotiations, highlighting their fiduciary duties to the public and to the artists they represent, duties which will be examined in detail. A primer on new media technology and its uses for museums will provide additional context for an analysis of the legal problems considered here. Third, the limitations of copyright protection for artists and museums in dealing with new media publishers will be examined. U.S. and

6. For an analysis of copyright protection for computer databases, see Dennis J. Karjala, *Copyright Protection for Computer Databases, CD-ROMS and Factual Compilations: Copyright and Misappropriation*, 17 U. DAYTON L. REV. 885 (1992); Priscilla A. Walter, *Databases: Protecting an Asset; Avoiding a Liability*, THE COMPUTER LAW., Mar. 1991, at 10.

7. It is beyond the scope of this paper to discuss artists' moral rights in the protection of their artwork against unauthorized alterations once it is part of the database. See Note, *Visual Artists' Rights in a Digital Age*, 107 HARV. L. REV. 1977 (1994); Carl H. Settlemeyer, Note, *Between Thought and Possession: Artists' "Moral Rights" and Public Access to Creative Works*, 81 GEO. L. J. 2291 (1993); Don E. Tomlinson & Christopher R. Harris, *Free-Lance Photojournalism in a Digital World: Copyright, Lanham Act and Droit Moral Considerations Plus a Sui Generis Solution*, 45 FED. COM. L.J. 1 (1992); Russ VerSteeg, *Federal Moral Rights for Visual Artists: Contract Theory and Analysis*, 67 WASH. L. REV. 827 (1992); and John Gastineau, Note, *Bent Fish: Issues of Ownership and Infringement in Digitally Processed Images*, 67 IND. L.J. 95 (1991). It is also beyond the scope of this paper to discuss artists' rights in the resale of their work. See Marilyn J. Kretsinger, *Droit de Suite: The Artist's Right to a Resale Royalty*, 15 HASTINGS COMM. & ENT. L.J. 967 (1993); William A. Carleton, III, Note, *Copyright Royalties for Visual Artists: A Display-Based Alternative to the Droit de Suite*, 76 CORNELL L. REV. 510 (1991).

8. New media publishers can also acquire content by commissioning its creation, but reliance on such works for hire unnecessarily limits the range of material that could be made available through new technologies. This paper focuses on the acquisition of extant material as content for new media compilations, and it is beyond the scope of this paper to address the range of questions associated with creating content for new media products. See William A. Tanenbaum, *Current Multimedia Patent, Copyright, Work Made for Hire, and Rights Acquisition Issues*, in MULTIMEDIA AND THE LAW 1994, at 95 (PLI Patents, Copyrights, Trademarks, and Literary Property Course Handbook Series No. G4-3918, 1994).

international copyright protections vary, raising questions of conflicts of law and jurisdiction which must be considered in reshaping licensing relationships. Finally, this paper will examine new systems for revising the international licensing process for the acquisition of rights, suggest ways in which liability may be avoided, and propose a new method of regulating the relationship between publishers, museums, and artists. Regulating the relationship involves striking a balance between protecting the rights of creators and meeting the needs of new media producers without compromising museums' fiduciary duties to control and protect the artwork in their possession.

II. LICENSING AGREEMENTS FOR ACQUISITION OF RIGHTS TO USE ARTWORK

The traditional method for publishers to acquire rights to merchandise products using images of artwork is through a one-time use license for a set fee payable to the holder of the copyright. The holders of copyright are either museums or the individual artists or their estates, and under the one-time use system, publishers could deal easily with individual artists to obtain permission to reproduce an image on a poster, note card, or tee-shirt. New media publishers, faced with acquiring massive numbers of images as content for one compilation, realize the limitations of this one-time use license. New media publishers, therefore, favor dealing with museums because they are single entities holding the reproduction rights to thousands of items. Otherwise, the publisher must not only determine what rights are needed but who owns those rights, necessitating extended negotiations with many people or organizations.⁹ Museums, furthermore, are also sources of public domain works, and this may provide a publisher with less expensive material for new media products. The need to acquire large quantities of material to fill the huge capacity of new media products reveals the limitations of the old system of licensing for one-time use.

A. *The Old System of Acquisition of Rights: One-Time Use*

Museums hold copyrights to photographic images of many, but not all, works of art in their collections; works with expired copyrights (i.e. in the public domain) and pieces whose copyrights are held by artists or their estates are the two major exceptions.¹⁰ Ownership of the object must be conceived

9. Richard Raysman & Peter Brown, *Multimedia Licensing*, N.Y. L. J., July 13, 1993, at 3.

10. Muchnic, *Cyberspace*, *supra* note 3.

of as separate from ownership of copyright: "[e]ven if the museum owns a painting, bought at great expense, it does not hold the copyright on the painting unless it is specifically transferred by the artist."¹¹ When the financial stakes were smaller—the occasional postcard or tee-shirt—artists were less reluctant to convey copyright with the canvas, but with the burgeoning market for new media products, artists are becoming more sensitive to copyright as a separate item for negotiation in the sale of a piece of art.¹²

Publishers who wish to reproduce artists' or museums' copyrighted images—or the museums' photographs of works in the public domain—must request and receive permission from the copyright holder and pay for one-time publication rights, at an average cost of \$200 to \$500 per image.¹³ This traditional system generates income for museums and allows them to maintain quality control over the use of the images through a limited license to manipulate the image of the artwork.¹⁴ Museums need to exercise control in order to protect their reputation and that of the artist, and to fulfill their recognized fiduciary duty to the public regarding suitable display of the image or the object itself.

The license, "a right amounting to a less-than-complete ownership interest in a work," may be exclusive or non-exclusive.¹⁵ That is, if the grantor agrees to convey that right to no one else, it is exclusive, but if the grantor retains the right to convey it to another party, then it is non-exclusive.¹⁶ Under United States Copyright law, an exclusive license, as a transfer of copyright interest, must be in writing; a non-exclusive transfer need not be, but a written instrument is strongly indicated.¹⁷

B. *Problems and Limitations*

The one-time license method of acquiring rights to reproduce images is outmoded in an age of rapidly advancing technology. Two major problems adversely affect the parties to such a licensing agreement: negotiating with numerous artists is expensive for publishers, and the resulting license usually

11. Rhoda L. Berkowitz & Marshall A. Leaffer, *Copyright and the Art Museum*, 8 COLUM. J. ART & L. 249, 258 (1984). The same consideration holds for photographs, sculptures, and other artwork whose image is reproducible.

12. *Id.* at 258.

13. Muchnic, *Cyberspace*, *supra* note 3.

14. *Id.*

15. RALPH E. LERNER & JUDITH BRESLER, *ART LAW: THE GUIDE FOR COLLECTORS, INVESTORS, DEALERS, AND ARTISTS* 368 (1989).

16. *Id.*

17. *Id.* (referring to 17 U.S.C. §204(a)). See also Sherri L. Burr, *Introducing Art Law*, COPYRIGHT WORLD, Feb. 1994, at 25.

fails to protect a copyright holder's rights adequately in the context of new technology due to the lack of standardized definitions for "electronic rights," new media, and multimedia.

First, one-time licensing is an expensive and cumbersome system of acquiring image reproduction rights for publishers, which adds to the complexity and expense of obtaining content for new media products.¹⁸ Creating a new media product requires negotiations with many individual owners possessing proprietary rights to the desired components.¹⁹ As one example of the costs associated with producing a new media product, Microsoft recently paid approximately \$500,000 in licensing fees to obtain the rights to use photographic images in its Encarta Multimedia Encyclopedia, reportedly ten percent of Microsoft's entire budget for the project.²⁰ The costs of such a project are so high in part because the new media industry and copyright holders have not yet established a standard payment scale, and fees "can range from free to hundreds of thousands of dollars—if permission can even be obtained."²¹ The new technological context is what shapes new media publishers' preference for negotiating with museums rather than individuals.

Museums are potential sources, not only of the copyrighted images they hold, but of the public domain artwork that may be less expensive to license. The use of public domain works, however, will not guarantee publishers' freedom from liability. An object that is in the public domain could be there for one of two reasons. The copyright could have expired; or, under the 1909 U.S. copyright statute,²² the artist could have failed to copyright the object and with first publication it entered the public domain. In either case, the image of the object may not be available to the publisher either because the museum holds copyright to an image of the object, or because the title is protected by trademark law.²³ Liability can be avoided or at least minimized by "distinguishing clearly the multimedia product and its source, either by indicating that the product is produced by a source other than the original

18. Allen R. Grogen, *Acquiring Content for New Media Works*, THE COMPUTER LAW., Jan. 1991, at 2.

19. *Id.*

20. Raysman & Brown, *supra* note 9, at 3.

21. John Eckhouse, *Rigors of Trying to Obtain Rights*, S.F. CHRON., Aug. 30, 1993, at D5.

22. Act of March 4, 1909, 35 Stat. 1075 (1909) (requiring registration or the work entered the public domain upon first publication), *repealed by* Copyright Act of 1976, 17 U.S.C. § 104.

23. Thomas F. Smegal, Jr. & Caroline Mead, *By Taking Precautions, Sellers of CD-ROMs and Multimedia Products Can Minimize the Liability Risks Involved in Using Public-Domain Works*, THE NAT'L L. J., July 4, 1994, at B5. A trademark "is a word, phrase, symbol or device that identifies the source of the product for which it is used." *Id.* See also *infra* text accompanying note 49.

creator of the public-domain work or by using an express disclaimer."²⁴ If these problems are identified and precautions taken, public domain works can be a cost-efficient source of content for new media companies.²⁵

The second problem with one-time licensing agreements for copyrighted or public domain artwork is that contracts under the old system were probably negotiated and signed without considering electronic exploitation. Many such agreements do not adequately define the rights of each party with respect to new technologies emerging today,²⁶ much less those barely imagined for tomorrow.²⁷ The courts may ultimately be final interpreters of "electronic rights" as distinguished from more traditional forms of display, including television, motion picture, and video cassette.

Thus, a bare bones agreement for one-time use cannot adequately protect museums or artists as the rights' holders against unauthorized use of digital images of artwork that can be downloaded, reproduced, or even altered without permission. The language in a typical license specifies that the artwork is furnished "for the purpose of one-time reproduction but must not be loaned, syndicated or used for advertising or other purpose without prior written permission from Artist."²⁸ Once a piece of art becomes part of a new media compilation, however, neither the grantor nor the licensee can guarantee that unauthorized duplication or alteration will not occur in the hands of home, library, or museum users.

Technology could provide several forms of protection: a watermark could be encoded on the image to provide copyright information during home printing;²⁹ printing of a particular image could be prevented if a grantor agreed only to inclusion in the compilation but wanted an absolute guard against further reproduction;³⁰ and new media products could be interactive on the screen, allowing for a temporary alteration but preventing printing if the image has been distorted.³¹ Technological protections, however, are unreliable and subject to counter-technological end runs.³² A more reliable protection today would be promulgation of industry wide standard contracts for licensing the

24. *Id.*

25. *Id.*

26. Allen R. Grogen, *Licensing for Next Generation New Media Technology*, THE COMPUTER LAW., Nov. 1993, at 4 [hereinafter *Licensing*].

27. Janet Ibbotson & Nainan Shah, *Interactive Multimedia and Electronic Publishing*, COPYRIGHT WORLD, Oct. 1993, at 29.

28. WILLIAM R. GIGNILLIAT, III, CONTRACTS FOR ARTISTS 67 (1983).

29. Jennifer D. Choe, Note, *Interactive Multimedia: A New Technology Tests the Limits of Copyright Law*, 46 RUTGERS L. REV. 929, 986.

30. Patton, *supra* note 3, at 31.

31. Ibbotson & Shah, *supra* note 27, at 30.

32. Choe, *supra* note 29, at 987.

use of artistic images in new media products.³³ Artists and museums must play an active role in the process of defining the relationship between rights holders and publishers in the world of changing technology. Understanding the role of the museum and the potential for new technology is therefore essential for analyzing the limitations of the current system and proposing better solutions.

III. THE SETTING: MUSEUMS AND TECHNOLOGY

A. *The Museum's Role and Fiduciary Duty*

An examination of the definition and role of museums, in the United States and internationally, raises the question of whether a museum can fulfill its fiduciary duties while participating in the mass marketing of artwork through CD-ROM and other new media products. A museum, according to U.S. and international standards, is responsible for the appropriate use of the images of the artwork it controls. A distinction between ownership of the object and an image of that object, either of which may or may not be copyrighted, will clarify the duty of a museum to its artists. Finally, a survey of the use of new technology by museums will illustrate the explosive growth in the application of new media technology and the importance of clarifying these issues.

1. *Definition*

Museums around the world can be categorized as either private or public (authorized by statute), but both types operate with a common mission: to preserve and display the artwork they hold. While museums internationally have varying degrees of success carrying out this mission, U.S. museums are representative of the organization and goals of such institutions worldwide. A museum in the United States is defined by statute as a "public or private nonprofit agency or institution organized on a permanent basis for essentially educational or esthetic purposes, which, utilizing a professional staff, owns or utilizes tangible objects, cares for them, and exhibits them to the public on a regular basis."³⁴ Most museums in the United States are classified as charitable corporations that hold artwork in trust.³⁵

33. Ibbotson & Shah, *supra* note 27, at 28.

34. 20 U.S.C. § 968 (1978) (Museum Services Act of 1976).

35. MARIE C. MALARO, A LEGAL PRIMER ON MANAGING MUSEUM COLLECTIONS 4-5 (1985). A museum is a corporation pursuing a charitable purpose, acting in trust as a fiduciary by holding property and administering it for the benefit of others. *Id.*

The beneficiaries of this trust are the public, but the museum has a duty to the artists to assure that the artwork held in trust is used and displayed in accordance with the museum's mission.³⁶ Museums have a responsibility to protect the artwork, to supervise how licensed pieces are used, and must be wary of selling exclusive rights that prevent their exercise of control over quality.³⁷

Museums face a double challenge as a result of their status as charitable corporations. If CD-ROM and similar technology will allow the display of the fine arts to a greater number of people in a more educationally rewarding manner, then museums have a duty to explore this new technology. But if the technology that will allow for greater exposure to artwork will put the integrity of the artwork in jeopardy, then the duty becomes less clear. What is clear is that if museums do not participate in the evolution of the licensing framework for the acquisition of the rights to reproduce artwork, then they will be less able to fulfill their fiduciary duty to the public and the artists who produce the work.

2. *Acquisition of Materials*

Museums acquire materials for their collections through gift, bequest, purchase, exchange,³⁸ or loan.³⁹ The completeness of title must be considered with any transfer of an object. Title to the object may be obtained, but this transaction may be separate from the acquisition of copyright, trademark rights, and specific interests reserved by the creator or seller.⁴⁰ Each right desired by a museum should be specifically negotiated and included in the licensing agreements. With the increased profitability of merchandising the fine arts, courts should not interpret a contract's silence on electronic rights as an intentional and knowing relinquishment of those rights.⁴¹ The quality of title transferred must be considered also, as it determines the freedom of a museum to resell or license an object's image by assuring that the object acquired is as represented.⁴²

The details of a standard contract for the sale of an art object can be rather limited. A piece of art initially sold for less than two hundred dollars (\$200.00) can be transferred with a simple bill of sale. At most, an artist may delineate the reservation of reproduction, derivative rights, merchandising

36. *Id.*

37. Muchnic, *Cyberspace*, *supra* note 3.

38. MALARO, *supra* note 35, at 46.

39. *Id.* at 49.

40. *Id.* at 57.

41. *See infra* notes 125-36 and accompanying text.

42. MALARO, *supra* note 35, at 57.

rights, publication rights, and the use of the title.⁴³ A simple bill of sale may include further protection against "intentional destruction, damage or modification."⁴⁴ Perhaps more importantly, a bill of sale for works sold for more than two hundred dollars (\$200.00) is not much more detailed. In addition to the delineated rights in the simple bill of sale, this slightly more complex contract may contain a guarantee that the work is in full compliance with the United States Copyright Act as codified at 17 U.S.C. section 101 et. seq., and that the artist reserves the following rights:

all right, title and interest in and to the copyright, the common law copyright, the right to apply for copyright registration, and any extensions and renewals, common law and statutory copyright in all publication, reproduction or other derivative rights of the work, including merchandising rights, use of title rights, publication rights, foreign edition rights, reproduction rights, derivative work rights. This sale is not intended to transfer any rights of copyright to the Purchaser. . . . Purchaser will not permit any intentional destruction, damage or modification of the Work of Art, including any removal of the copyright notice.⁴⁵

This contractual language is clearer on the traditional uses of a work of art after purchase: the artist retains his or her financial and, in effect, moral interest⁴⁶ in the display, reproduction, and merchandising of the artwork. The question remains: what protection does the artist retain when a museum enters a licensing agreement with an electronic publisher for the effective display, reproduction, and merchandising of the image of his or her artwork through digital technology?

3. *Ownership of the Copyrighted Object Versus the Copyrighted Image*

Most copyright systems in the world distinguish between ownership of the object and ownership of the copyright to that object, with the corollary that "alienation of the chattel that constitutes the material form of a copyrighted

43. GIGNILLIAT, *supra* note 28, at 13

44. *Id.*

45. *Id.* at 15.

46. Moral rights protect a creator from unauthorized alterations of his or her creation that would devalue the original or harm the reputation of the artist. Moral rights are common in Europe, but only a few jurisdictions in the U.S. offer such protections through state law. See *infra* note 108.

work does not carry the copyright with it.⁴⁷ Sale of a painting, therefore, does not constitute an automatic transfer of copyright, even though it is the only copy available. Variation in national copyright laws, and in international conflicts of law, clouds the determination of who, between artist and purchaser, owns the copyright.⁴⁸

Three distinct situations may arise in the discussion of ownership of an object versus ownership of the copyrighted image. First, a museum may hold a piece of art in its collection while the artist or his or her estate retains ownership of the creation and the accompanying copyright. Second, a museum may hold or own a physical piece of art with or without the accompanying copyright. Third, a museum may hold or own an art object that has entered the public domain due to expired copyright. Even the use of a title to a piece of artwork in the public domain may cause difficulties. If it is covered by trademark, publishers may have to pay a fee for the use of that alone.⁴⁹ Assuming the museum is located in a different country from the CD-ROM publisher, or the museum and the artist are domiciliaries of different countries, each of the above situations presents a different set of considerations when negotiating a licensing agreement. Alleged copyright infringements must be judged under the international rules of copyright, contracts, and conflicts of law.

B. *CD-ROM Technology and Uses in an Art Museum*

1. *Essential Terms and a Primer on Process*

New media refers to technology that combines sound, video, and text,⁵⁰ with CD-ROM as a popular example. CD-ROM "[c]ombines different media to produce educational, entertainment and productivity programs."⁵¹ An

47. Jane C. Ginsburg, *Conflicts of Copyright Ownership Between Authors and Owners of Original Artworks: An Essay in Comparative and International Private Law*, 17 COLUM.-VLA J.L. & ARTS 395 (1993) (explaining that under 17 U.S.C. § 202 (1988), ownership of copyright is distinct from ownership of "any material object in which the work is embodied," and that under the Code de la Propriete Intellectuelle (Fr.), art. L. 111-3, "[t]he incorporeal property right is independent of the property right in the material object").

48. *Id.* at 395.

49. Smegal & Mead, *supra* note 23.

50. New media is a more accurate term than multimedia because multimedia can refer to low-tech combinations of media as well. For example, a painter could use oil paint and coffee grounds or mud for color and apply it to cardboard and canvas for a multimedia creation. See *supra* text accompanying note 2.

51. MAXWELL L. ANDERSON ET AL., ART MUSEUMS ON THE INFORMATION SUPERHIGHWAY: INFORMATION TECHNOLOGY PRIMER, Association of Art Museum Directors 1994 Annual Meeting, June 1-4, 1994, Seattle, glossary 24.

inexpensive option for the early phases of building an imagebase is photo-CD, a digital system for storing up to 150 color slides.⁵² CD-i, Compact Disk-Interactive, differs from the above technologies in that it combines multimedia applications on a single CD and can be plugged into a television and controlled by a joystick or trackball.⁵³

Getting a piece of artwork onto a CD-ROM database is a multi-step project. The object is photographed, and this image is then passed through a computer scanner for digitization; the digital signal is then reassembled into a precise reproduction.⁵⁴ Transforming a museum's holdings into marketable new media products is not as simple as dumping a catalog onto CD-ROM.⁵⁵ The technology may not be adequate yet, as fine details may not be picked up, objects may flatten out, and images may "dither" or begin to "pixelate" into a gridlike pattern "not unlike what one would expect if a snapshot were taken through a screen door."⁵⁶

For example, Rogier van der Weyden's "St. George and the Dragon" has been one of the most difficult images for the National Gallery to scan.⁵⁷ Behind the knight and the monster is a walled city, and so finely detailed is the background that it pixelates.⁵⁸ Better scanning techniques will soon be available, but museums will continue to dither over the use of new technologies such as CD-ROM databases.⁵⁹ Some consider them the St. George of the modern world, slaying the dragon of ignorance by bringing art to more people, and some consider them the beast itself, "inherently hostile to the uniqueness and power of art."⁶⁰

2. *Uses of New Technologies by Museums*

Museums may make use of new media technologies in several ways: free-standing computer work stations where visitors can find out more about collections, photo-CDs of their collections made available on networks, and CD-ROM databases sold to off-site users. Each of these present their own perils for the holders of copyright, and a brief overview of the first two will aid in an understanding of the third.

52. *Id.* at 26.

53. *Id.* at 25.

54. Muchnic, *Cyberspace*, *supra* note 3. Digitization is the conversion of an image into electronic signals in a series of ones and zeros, i.e. digits. *Id.*

55. Patton, *supra* note 3, at 1.

56. *Id.*

57. *Id.*

58. *Id.*

59. *Id.*

60. *Id.*

Many museums⁶¹ have computerization projects planned or near completion that include the introduction of networked⁶² or non-networked⁶³ computer stations where visitors will be able to call up, for example, an image, a biography of the artist, and an explanation of the techniques used. The Scholar's Workstation at the *Centre Canadien d'Architecture* in Montreal will go further, allowing researchers to move from one medium to another to retrieve even more information about objects and books more easily and seamlessly:

Vendor-provided systems will be combined with tools to locate and explore ancillary material in an attempt to make the scholar's task one of scholarly examination of material instead of one focused upon the laborious search for relevant material. We expect that this system will serve as a model of what commonplace access to cultural information will look like by the middle of the next decade.⁶⁴

More dramatically, the Michael C. Carlos Museum at Emory University in Atlanta will use interactive multimedia at seven kiosks linked to a hypermedia authoring station,⁶⁵ allowing the average visitor "to make cross-cultural links and comparisons usually impaired by gallery walls."⁶⁶

The Indianapolis Museum of Art is searching for an image-based collections management system which has a public interface. A photo-CD has been developed, and the Museum plans to try new "writable" disks⁶⁷ soon which will allow library users to search computer managed photo-CDs and make prepackaged collections available to teachers for use in the classroom.⁶⁸ The use of stand alone computer stations, photo-CD cataloging, hypertext, and interactive new media are just some of the possibilities for museums willing to hop on the information superhighway.

61. ANDERSON, *supra* note 51, at tab 6 (outlining technology goals of museums in the United States, Canada, Central America, South America, and Europe).

62. Networked computers are linked to each other through a central server (a computer dedicated to managing a local area network of computers) and allow sharing of information between stations. Networks can be linked to other networks, as in the Internet.

63. Non-networked computers are freestanding, unlinked units. A personal computer without a modem is an example of a non-networked computer.

64. ANDERSON, *supra* note 51, at tab 6 (*Centre Canadien d'Architecture* statement).

65. Hypertext consists of "randomly connected pieces of information through machine-supported links that allow you to touch a screen or indicate a highlighted word with a mouse for a definition or connection to other avenues of information." *Id.* at glossary 25.

66. *Id.* at tab 6 (Michael C. Carlos Museum statement).

67. A writable disk is a laserdisc whose data not only can be read but altered, added to, or deleted by the user, like standard memory disks.

68. ANDERSON, *supra* note 51, at tab 6 (Indianapolis Museum of Art statement).

The production of CD-ROM databases is a more troubling possibility, given the potential for loss of control over the image. The image is no longer on site, and the possibility of piracy of images increases because even home laser printers can produce copies, albeit of low quality, from the data on the CD. Due to this potential loss of control and the conflict with their fiduciary duty, museums today hesitate to allow more than a printout of an image from Mosaic, "the client based multimedia avenue *du jour*, which permits you *free* access to the World Wide Web⁶⁹ and [*sic*] retrieve text, images, sound, and quick-time video⁷⁰ from the Internet⁷¹."⁷² Such printouts are low quality and do not pose a reproduction threat to copyright holders. With rapidly improving technology, however, museums are more reluctant to grant a publisher a license to use copyrighted images in its collections because the possibility of easily produced reproductions, with and without alterations, conflicts with their fiduciary duty to the artwork itself and/or the artists or their estates. Yet the educational potential of such new technology is equally undeniable, forcing a museum to balance educational and proprietary interests. Museums should not ignore this new technology simply because it is hard to control; rather, museums should actively participate in its development and use in order to fulfill their fiduciary duty to the public to display artwork.

IV. LIMITATIONS OF COPYRIGHT PROTECTION FOR ARTISTS

The problems for museums and artists inherent in the old system of licensing arise, in part, out of the limitations of international copyright protections for artists and their works. The acquisition of new media content from museums can occur in a number of ways, raising issues relating to the doctrines of international copyright, conflicts of law, and contracts. Because new media technology is dominated by a few corporations located in the United States, while the sources of artwork are global, a copyright infringement problem may occur under the law of the situs of the publisher, artist, or museum. The use of international copyright conventions may facilitate a publisher's

69. The World Wide Web is the "cyberspace home of huge volumes of technical data, electronic dailies, scientific and educational programs, available at present through Mosaic." *Id.* at glossary 28.

70. Quick time video can display moving images digitized from sources such as video tape.

71. The Internet is a "free, self-governing, global web of computer networks. Begun in the [19]60s as a Department of Defense network for its research projects, it was set up for academic institutions doing work for them. Non-DOD academics found it easy to get on the system once their institutions were signed on. Permits file-sharing, electronic mail, and access to news groups for an estimated 20 million users. See SHARON FISHER, RIDING THE INTERNET HIGHWAY (1994); Anderson, *supra* note 51, at glossary 25-6.

72. *Id.* at glossary 26 and tab 2 at 4.

return to U.S. courts if no law is designated as controlling in the pertinent contracts. Designation of controlling law is vitally important, as many European countries provide greater protections for their artists, especially regarding moral rights and resale rights.⁷³

An examination of U.S. copyright law, including the 1909 and 1976 Codes, and the influence of the Berne Convention for the Protection of Literary and Artistic Works⁷⁴ on the 1976 Code is necessary to set the stage for a discussion of international infringement and the choice of law and contracts questions so tied to transactions in the digital age. The date of creation and/or purchase of the art object determines which version of the U.S. Copyright Code controls if the museum is located in the United States. If the artist or museum is a foreign national, the date of creation and/or purchase will determine whether protection under United States copyright law can be claimed.

The conclusion that emerges from an overview of international and U.S. law is that artists and museums have limited protections. Foreign artists may not have as much protection under U.S. law as under their own, and U.S. software companies may find it difficult to return to U.S. courts in a diversity suit with a foreign domiciliary. Museums could face similar problems in defending their rights and the artwork they are bound to protect. Reliance on statutory protections in litigation should be a last resort, as evidenced by the inherent difficulties of protecting artists' rights under international copyright standards. Furthermore, U.S. copyright law needs to be revised to reflect the rapidly changing technological context of copyright disputes, revisions which are unlikely in the near future.⁷⁵ By recognizing these limitations, artists and museums may be quicker to take an active role in shaping the future forms of licensing agreements with new media publishers.

73. Burr, *supra* note 17, at 24.

Moral rights derive from the codes of civil law countries, where they are recognised [*sic*] as, for example, *droit d'auteur* in France and as *derecho de autor* in Spain and Mexico. According to Professor Marshall Leaffer, 'the civil law tradition views the author's work as an extension of his personality which springs into existence by a personal act of creation.' 'In the civil law world,' he continues, 'an author is deemed to have a moral entitlement to control and exploit the product of his intellect. Under a principle of natural justice, the author . . . is given the right to publish his work as he sees fit, and to prevent its injury or mutilation.'

Id.

74. The Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886 [hereinafter The Berne Convention]. The Berne Convention was completed at Paris on May 4, 1896, revised at Berlin on November 13, 1908, completed at Berne on March 20, 1914, and revised at Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971; it was amended on October 2, 1979. See *infra* text accompanying notes 88-89.

75. See Choe, *supra* note 29, at 993.

A. *Protection Provided Under United States Copyright Law*

Copyright is the “legal recognition of special property rights which a creator may have in his work,”⁷⁶ and the U.S. Copyright Code specifically distinguishes ownership of copyright from the right to ownership of the object.⁷⁷ Copyright is a bundle of rights, including the rights to reproduction, derivative works, distribution, performance, and display.⁷⁸ A museum may acquire an object with some or all or even none of the rights in the bundle, as these exclusive rights are divisible. Therefore, for objects acquired after January 1, 1978, the copyright law presumes that copyright is not automatically acquired along with the object.⁷⁹ For an object acquired before January 1, 1978 without mention of copyright interests, the copyright law presumes that the museum obtained the available copyright along with the object.⁸⁰

In the acquisition of content from museums for new media works, it is disputable which of the five rights in copyright’s bundle should be considered. One theory is that all five rights are involved “since such an application may involve the copying of images, the distribution to the public of such images, the derivation of images through animation, detailing, and other forms of manipulation, the broadcast of images as both “performance’ and ‘display’”;⁸¹ but it is disputable whether the digital manipulation of images constitutes performance as contemplated by the U.S. Copyright Code.

B. *Copyright Protection Through International Treaties*

To determine the rights of foreigners in a particular country during a copyright dispute, two questions must be asked: first, whether the foreigner can claim protection under one of the international conventions to which the country is a party; second, if not, whether the foreigner can claim protection under the section of the national law of the country delineating the rights of foreigners.⁸² An examination of the general copyright principles adhered to in the major conventions, and their relation to conflicts of law, is necessary

76. MALARO, *supra* note 35, at 113.

77. 17 U.S.C. § 102 (1976).

78. 17 U.S.C. § 106 (1976).

79. MALARO, *supra* note 35, at 114-15.

80. Burr, *supra* note 17, at 22.

81. Anderson, *supra* note 51, at tab 2, page 5.

82. STEPHEN M. STEWART, *INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS* 35 (2d ed. 1989).

for a later examination of the copyright implications of licensing artwork from museums around the world for inclusion in new media compilations.⁸³

1. *Principles and Conflicts of Law*

The phrase "international copyright protection" is a bit misleading, as no single international rule, law, or principle protects a holder's rights abroad.⁸⁴ Protection, if offered at all, is through individual countries, and while most countries do offer some protection, it varies as to object covered and protection provided.⁸⁵ Increases in the international trade of copyrighted works has stimulated a growing consensus on certain fundamental principles, forged through the adoption of international copyright treaties guaranteeing a core group of rights to which signatory nations must conform their domestic laws.⁸⁶ Therefore, individuals do not have extensive private rights under international copyright treaties,⁸⁷ such as the Berne Convention for the Protection of Literary and Artistic Works (the Revised Berne Convention)⁸⁸ or the Universal Copyright Convention. These treaties mandate that nations conform their laws to international standards, but if a member fails to do so, most treaties have no effective enforcement mechanism to compel compliance.⁸⁹ Nonfulfillment of an obligation under such a treaty would be an infringement on that agreement, and other member states could take a claim to the

83. Copyright can attach under the theory of *lex loci* (or *lex originis*) where the work is treated like a person, with its nationality determined by that of its creator at the time of its birth if unpublished or at the time of its first publication. *Id.* at 37-38. *Lex loci contractus* may denote "the law of the place where the contract was made, and at other times . . . denote[s] the law by which the contract is to be governed (i.e. place of performance), which may or may not be the same as that of the place where it was made." BLACK'S LAW DICTIONARY 911 (6th ed. 1990). Alternatively, under *lex fori*, copyright attaches when the person protected by the convention claims the same protection in another country as that country's nationals would receive. STEWART, *supra* note 82, at 37-38. *Lex fori* is the "law of the forum, or court; that is, the positive law of the state, country, or jurisdiction of whose judicial system the court where the suit is brought or remedy sought is an integral part. Substantive rights are determined by the law of the place where the action arose, 'lex loci,' while the procedural rights are governed by the law of the place of the form [*sic*], 'lex fori.'" BLACK'S LAW DICTIONARY, at 910.

84. Beryl R. Jones, *Legal Framework for the International Protection of Copyrights*, in GLOBAL INTELLECTUAL PROPERTY SERIES 1993: PROTECTING TRADEMARKS AND COPYRIGHTS; SUCCESSFUL STRATEGIES, at 169-196 (PLI Patents, Copyrights, Trademarks, and Literary Property Course Handbook Series No. G4-3906, 1993).

85. *Id.* at 169.

86. *Id.* at 170.

87. *Id.*

88. *See supra* note 74.

89. *Id.* at 174.

International Court of Justice.⁹⁰ At the same time, however, the Revised Berne Convention includes provisions that “create immediate rights for all or certain nationals of the contracting states” which are designated as *ius conventionis* or convention law.⁹¹

Conflicts of law between the convention and a country’s domestic regulations are avoided because it is necessary for a contracting country to adopt specific domestic law which will determine the scope and content of legal protection actually afforded.⁹² If a contracting country adopts a convention’s minimum rights, for example, then an individual would have standing to invoke those rights as binding law.⁹³

The question of precedence of international law over domestic law confuses

90. WILHELM NORDEMANN ET AL., INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS LAW: COMMENTARY WITH SPECIAL EMPHASIS ON THE EUROPEAN COMMUNITY 16 (Gerald Meyer ed. & R. Livingston trans., 1990) [hereinafter NORDEMANN].

91. *Id.* at 16 (referring to the Berne Convention; arts. 10, 13, and 14 of the Rome Convention). The term “convention law,” in its narrow sense, refers to certain principles embodied in the treaty, such as national treatment and assimilation under the Universal Copyright Convention and the Berne Convention; minimum rights as well are guaranteed under the Berne Convention. *Id.* Reservations may be made to avoid the grant through minimum rights of greater protection to aliens than nationals. *Id.* For example, the comparison term of protection, also called substantive reciprocity, provides that “no contracting state is obligated to grant longer terms of protection to nationals of another contracting state (or to a copyright owner assimilated to such national of the other contracting state) than such other contracting state grants to nationals of the first contracting state.” *Id.* at 18. Reservations and the application of the principle of reciprocity weaken convention law even while facilitating accession for countries with domestic law standards below those set by the convention. *Id.* at 17.

92. *Id.* at 20.

93. *Id.* at 21. This is a separate issue from whether *ius conventionis* derogates from other domestic law or has equal standing with it, and the question whether *ius conventionis* derogates from other domestic law or has equal standing is of particular importance in three conceivable situations. *Id.* First, if prior domestic law differs from subsequent convention law, under the principle “*lex posterior derogat legi anteriori*,” (“[a] later statute takes away the effect of the prior one. But the later statute must either expressly repeal, or be manifestly repugnant to, the earlier one.” BLACK’S LAW DICTIONARY, *supra* note 83, at 912.) convention law would prevail over domestic law even if they are judged of equal standing. NORDEMANN, *supra* note 90, at 21. Second, if more recent domestic law diverges from prior convention law, then one of three options exist: (1) the more recent domestic law would be interpreted in light of the convention law; (2) if wording and legislative history makes this reconciliation impossible, then it may be held that different law applies to domestic nationals and to nationals of contracting countries; or (3) convention law could be interpreted in light of domestic law. *Id.* at 21-22. Third, if more recent domestic law expressly repeals prior convention law, then one of two situations could occur: convention law would prevail only if treaty law is specifically accepted, constitutionally, as taking precedence over domestic law; or a foreign judge, called upon to apply the domestic law of another country, could not do so if it would violate convention law, for doing so would violate the principle of *ordre public* (public policy) as recognized by all countries. *Id.* at 22-23. See Ginsburg, *supra* note 47, at 4B for a discussion of *ordre public*.

the major tenet espoused by such treaties: after a convention is integrated into domestic law, the treaty formally becomes part of domestic law, but substantively it takes precedence over that law, with interpretation of domestic law in light of convention law and that interpretation sanctioned by the even higher ranking international law.⁹⁴

Article 234 of the European Economic Community Treaty anticipates possible conflicts of European and convention law by establishing a rule of interpretation to prevent an incompatibility of convention law with European Community law:

The rights and obligations resulting from conventions concluded prior to the entry into force of this Treaty between one or more Member States, on the one hand, and one or more third countries, on the other hand, shall not be affected by the provisions of this Treaty.

In so far as such conventions are not compatible with this Treaty, the Member State or States concerned shall take all appropriate steps to eliminate any incompatibility found to exist. Member States shall, if necessary, assist each other in order to achieve this purpose and shall, where appropriate, adopt a common attitude.

Member States shall, in the application of the conventions referred to in the first paragraph, take due account of the fact that the advantages granted under this Treaty by each Member State form an integral part of the establishment of the Community and are therefore inseparably linked with the creation of common institutions, the conferring of competences upon such institutions and the granting of the same advantages by all other Member States.⁹⁵

European Community law serves a special function in the creation of the Community, and *subsidiarity* (the principle that no state relinquishes more sovereignty than necessary) does not apply to its interpretation.⁹⁶ Member states of the European Community signed revised convention agreements with knowledge of Community law and must consider them in harmony.⁹⁷ Therefore, copyright interpretation should not be at the expense of Community law, but as a result of careful balancing; if doubt remains, Community law

94. NORDEMANN, *supra* note 90, at 23.

95. *Id.* at 24-25.

96. *Id.* at 26.

97. *Id.*

should prevail.⁹⁸ This line of reasoning has been followed in the copyright cases decided so far by the European Court of Justice, leaving author's rights untouched in principle but subjecting them to Community law principles.⁹⁹

2. *Under the Berne Convention*

The purpose of the Berne Convention is to establish international relations in the field of copyright by dealing with situations in which the laws of more than one country could apply and by furthering the uniformity of copyright protection.¹⁰⁰ For example, copyright protection under the Berne Convention extends over the life of the author plus fifty years.¹⁰¹ This conflicted with U.S. copyright protection of fifty-six years until the 1976 U.S. Copyright Code revision; this harmonization of terms allowed the U.S. to sign the Berne Convention in 1989.¹⁰² The goals of the Berne Convention are achieved through the use of national treatment, minimum rights, reciprocity, automatic protection, and reservations.¹⁰³ The history of the Berne Convention includes a number of additions between 1886 and 1971,¹⁰⁴ further confusing conflicts of law questions. Such specifics must be analyzed in the context of a particular infringement, and as a result, only general principles from the 1971 Paris Revision, the most recent version of the convention,¹⁰⁵ are outlined below.

The Berne Convention provides a number of minimum rights, commonly known as moral rights, which includes the exclusive right to authorize reproductions¹⁰⁶ and protection from unauthorized "distortion, mutilation or other modification of, or other derogatory action in relation to" the creative work.¹⁰⁷ These minimum rights exceed those available to artists under federal law in the United States. State copyright laws providing for moral and resale rights are available in a small number of jurisdictions in the United States.¹⁰⁸ Limited exceptions to moral and resale rights, including fair use, are available

98. *Id.*

99. *Id.*

100. STEWART, *supra* note 82, at 99.

101. The Berne Convention, *supra* note 74, art. 7, sec. 2.

102. 17 U.S.C. 101-1010 (1976).

103. STEWART, *supra* note 82, at 99-100.

104. *See supra* note 74.

105. STEWART, *supra* note 82, at 101.

106. The Berne Convention, *supra* note 74, art. 9.

107. *Id.* art. 6bis.

108. Burr, *supra* note 17, at 24 (specifying California, Connecticut, Louisiana, Maine, Massachusetts, Nevada, New Jersey, New Mexico, New York, Pennsylvania, and Rhode Island as states with rights of paternity and integrity guaranteed by state statute; furthermore, Utah, Montana, and Georgia have enacted legislation for limited moral rights protection). *See supra* text accompanying note 46.

under the Berne Convention.¹⁰⁹ Each Berne country, however, may legislate the nature of fair use agreements, the extent of fair use protection, and limits of permissible fair use purposes.¹¹⁰

Protection under the Berne Convention applies both to nationals of Berne Convention signatory countries and to authors who either first publish their works in a Berne country or who simultaneously publish their works in a non-Berne and a Berne country.¹¹¹ Each member state must provide national treatment to the owners of foreign copyrights.¹¹² National treatment means that a country extends the same protection to a foreigner that it extends to its own citizens. For example, in a copyright dispute between a French national and a U.S. national in a French court, the U.S. national would be able to claim the protections of moral and resale rights under France's copyright law protection.

National treatment does not mandate the incorporation of all Berne Convention provisions into a signatory's domestic law. If a signatory country qualifies as "developing," it may reject or modify certain provisions by declaring in its instrument of ratification or accession to which article or articles it objects.¹¹³ Without such a declaration, ratification or accession "shall automatically entail acceptance of all the provisions and admission to all the advantages of this Convention."¹¹⁴

C. *Territorial Reach of United States Courts in International Copyright Disputes*

In many instances, U.S. citizens or corporations involved in an international copyright dispute may wish to use U.S. laws and courts, but the following factors, in addition to substantive law, must be considered: personal jurisdiction, venue, *forum non conveniens*, subject matter jurisdiction, choice of laws questions, and comity.¹¹⁵ Publishers incorporated in the United States especially would

109. The Berne Convention, *supra* note 74, arts. 10, 10bis. "It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose. . . ." *Id.* art. 10.

110. *Id.* arts. 10(2), 10bis.

111. *Id.* art. 3(1)(a)-(b).

112. *Id.* arts. 5-6.

113. *Id.* art. 28. *See also* The Berne Convention, art. VI(1) of the Appendix.

114. *Id.* art. 30(1).

115. JONES, *supra* note 84, at 185-89. First, personal jurisdiction in copyright claims litigated in federal court is not specifically provided for by Congress and must be determined by reference to the statutes or rules where the court sits. *See* Fed. R. Civ. P. 4(e) and *Stabilisierungsfonds Fur Wein v. Kaiser Stuhl Wine Distributors Pty. Ltd.*, 647 F.2d 200 (D.C.

want to remain in U.S. courts for convenience, familiarity, limited expense, and, most importantly, the less stringent protections afforded to artists and other rights holders. Foreign artists and museums, conversely, may wish to avoid U.S. courts for that very lack of protection. Some developing countries, such as the former Soviet republics, may have even less protection¹¹⁶ for artists and museums in a copyright dispute with U.S. publishers, and therefore all parties may wish the foreign parties to gain access to U.S. courts. The

Cir. 1981). State court jurisdiction is limited by the due process clauses of the Fifth and Fourteenth Amendments. See *Ashai Metal Indus. Co., Inc., v. Super. Ct.* 480 U.S. 102 (1987) and *GBM Marketing USA, Inc. v. Gerost*, 832 F.2d 763 (2d Cir. 1991). Second, venue must be established under the specialized statute for venue in copyright cases arising under United States law. See 28 U.S.C. §1400. The general venue provisions under 28 U.S.C. §1391 will apply where the plaintiff does not try to enforce a right under U.S. law but rather under the law of a foreign jurisdiction. Section 1391(a) dictates venue where all plaintiffs or all defendants reside or where the claim arose. Third, the analysis for *forum non conveniens* in intellectual property cases follows the traditional factors, such as whether the defendant is present in the forum, whether other forums are available, and whether relevant acts occurred in the forum. See *London Film Productions, Inc. v. Intercontinental Communications*, 580 F. Supp. 47 (S.D.N.Y. 1984); see also *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501 (1947); *Piper Aircraft v. Reyno Co.*, 454 U.S. 235 (1981); and *Update Art v. Maarin Israel Newspaper, Inc.*, 635 F. Supp. 228 (S.D.N.Y. 1986). Fourth, subject matter jurisdiction in copyright cases is determined by the statutory grant of subject matter jurisdiction and the extent of the Constitutional grant of power to Congress. Under 28 U.S.C. §1338, subject matter jurisdiction over copyright claims arising under federal law is granted to the federal courts, but the reach of this provision depends on whether Congress intended to cover the conduct in question and whether Congress' intended territorial reach is permissible under art. I, sec. 8, cl. 8 of the Constitution. Courts have interpreted the territorial reach of copyright statutes narrowly. If the copyright claim does not arise under U.S. law, then general diversity jurisdiction under 28 U.S.C. §1332(a) may provide for subject matter jurisdiction through the complete diversity of parties in cases involving foreign citizens. Fifth, the determination of whether U.S. or foreign law will control determines which statute provides the court with jurisdiction: Section 1338, if United States law is applied and Section 1332, if foreign law is applied. Sixth, even if the court can hear the claim, the availability of remedies must be considered. *Id.*

116. *U.S., Russia Meet on Copyright Protection Issue*, REUTER TEXTLINE, Feb. 24, 1994. Russia is a "huge potential market, 'but to freely engage U.S. business, there must be better enforcement of copyright protection'." *Id.* Russia has a copyright law, but it is not a member of the Berne convention that ensures protection of foreign copyrights. *Id.* Russia's law on Copyright and Related Rights was adopted by the Parliament on April 29, 1993. S. Viktorov & Ye. Medvedev, *Russia: New Copyright Law Adopted*, REUTER TEXTLINE, May 5, 1993. The law guarantees to protect the rights of citizens of any country who publish or show their works in Russia; to protect the rights of Russians who publish or show their works abroad; and to protect against unauthorized duplication. *Id.* The law protects "all literary works, works of art, scientific works, including those not yet revealed to the public, computer programs, data bases, audio recordings, and TV shows." *Id.* The term of protection is life of the author plus fifty years, and the law provides for confiscation of illegal copies and profits in case of infringement. *Id.*

limitations and restrictions in conflicts of law and jurisdiction must be considered carefully before a forum is selected.

Foreign authors can be protected under United States Copyright Code if certain conditions are met. Protection will be afforded to any unpublished work¹¹⁷ and published works if they fall under one of the following categories: if the author is a domiciliary of the United States at the time of publication;¹¹⁸ if the work is first published in the United States;¹¹⁹ if the author of the work is a national or domiciliary of a nation that has signed a treaty to which the United States is a party;¹²⁰ if the works were published in a country for which the President has issued a proclamation extending protection;¹²¹ if the works were published by the Organization of American States or the United Nations;¹²² or if the works were produced by nationals of countries that have signed the Berne Convention or were first published in a Berne country.¹²³ Protection is available under U.S. copyright law to foreign authors even if such protection is unavailable under the law of his or her domicile, even though the traditional rule in copyright cases is that the applicable U.S. law reaches activity involving foreign conduct only if the infringing act occurred in the United States.¹²⁴

All of these questions, whether of choice of law or of jurisdiction, must be considered carefully during the drafting phase of the licensing process so that parties can predict which court may have the power to adjudicate a copyright dispute, especially as the selection of the better forum may differ for each party. Litigation of copyright claims will be difficult and expensive even if a forum or dispute mechanism is specified in the contract. The best advice may be to avoid such disputes with a clear delineation and limitation of rights made available to publishers. The old system of one-time-use licenses clearly cannot keep pace with advancing technology, and international copyright law is limited in its protection of artists, even if they take advantage of it. The best protection for artists and museums is to take a pro-active role in the development of new licensing systems for artwork.

117. 17 U.S.C. § 104(a) (1988).

118. 17 U.S.C. § 104(b)(1).

119. 17 U.S.C. § 104(b)(2).

120. 17 U.S.C. § 104(b)(1), (2), (4).

121. 17 U.S.C. § 104(b)(5).

122. 17 U.S.C. § 104(b)(3).

123. 17 U.S.C. § 104(b)(4).

124. JONES, *supra* note 84, at 190 (referring to *Robert Stigwood Group Ltd. v. O'Reilly*, 530 F.2d 1096 (2d Cir. 1976), where "the court refused to extend the 1909 Copyright Act to Canadian performances of a work protected under United States copyright law").

V. PROPOSED NEW SYSTEMS

It is not a widely accepted proposition that the current licensing system needs to be overhauled. One theory holds that a complete overhaul is not necessary because technological advances are evolutionary and can be controlled with continuing small adjustments to contract language. An opposing theory provides that the technological leap involved in new media products is such that a more stringent licensing system, perhaps controlled by licensing organizations akin to those long used in the music industry, is the more complete safeguard for the creators and trustees of artwork. Finally, as an alternative to these sorts of licensing agreements, museums may proactively work with software companies in joint ventures, thereby sidestepping most of the pitfalls of licensing away rights to reproduction, especially loss of control over the images.

A. *Licensing Systems and the Acquisition of Rights Through Contracts: Is an Update Necessary?*

If the advent of new media technology is viewed as more evolutionary than revolutionary, then a full scale updating of the current licensing system may be unnecessary.¹²⁵ Technological advances in the past have forced earlier courts to interpret contractual grants of rights entered into before the invention of later media and technologies. The leading cases have examined grants of rights requiring a distinction between motion pictures and television,¹²⁶ transcriptions and video cassettes,¹²⁷ an examination of the meaning of exhibition,¹²⁸ and a determination of which phrase modifies which grant of rights.¹²⁹

This line of cases¹³⁰ leads to two identifiable approaches.¹³¹ Under

125. *Licensing, supra* note 26, at 2.

126. *Id.* (citing *Bartsch v. Metro-Golywyn-Mayer, Inc.*, 391 F.2d 150 (2d Cir. 1968)).

127. *Id.* (referring to *Peggy Lee v. Walt Disney*, No. S029681, 1992 Cal. LEXIS 6172 (Dec. 16, 1992)).

128. *Id.* (citing *Platinum Record Co., Inc. v. Lucasfilm, Ltd.*, 566 F. Supp. 226 (D.N.J. 1983)).

129. *Id.* (citing *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988) for the proposition that a protective phrase such as "by any means or method now known or hereafter devised" or "in any manner, medium, form, or language" must modify all relevant grants or a contrary interpretation may be reached by the courts.)

130. *See also* *Ettore v. Philco Television Broadcasting Corp.*, 229 F.2d 481 (3rd Cir. 1956); *Rey v. Lafferty*, 990 F.2d 1379 (1st Cir. 1993); *Bourne Co. v. The Walt Disney Co.*, 1992 CCH Copyright Law Decisions P26, 933 (S.D.N.Y. 1992); *Murphy v. Warner Bros. Pictures, Inc.*, 112 F.2d 746 (9th Cir. 1940); *Filmvideo Corp. v. Hastings*, 448 F. Supp. 725 (S.D.N.Y. 1978); *Rooney v. Columbia Pictures, Ind., Inc.*, 538 F. Supp. 211 (S.D.N.Y. 1982). *Licensing, supra* note 26, at 8-10.

131. *Licensing, supra* note 26, at 4.

an approach favored by the Second Circuit, the court will presume that "a grant of rights covers new uses or new media if the words are reasonably susceptible to that interpretation."¹³² The licensee is free to pursue any use which "may reasonably be said to fall within the medium as described in the license."¹³³ A distinction is possible "if the disputed use was not even intended at the time of contract."¹³⁴ Another approach, favored by the First, Third, and Ninth Circuits, presumes that "new uses or new media not contemplated at the time of contract are not included in the grant of rights."¹³⁵ A license would include only those uses that "fall within the unambiguous core meaning of the term . . . and excludes any uses which lie within the ambiguous penumbra," leaving reserved any rights not expressly and unambiguously granted.¹³⁶ Under either analytic approach, a clear intent evidenced by the contractual language of the parties regarding the new uses and the new media will overcome either of these presumptions.

This line of cases and the resulting analysis indicate that U.S. courts may be fully equipped to interpret vague language in licensing contracts signed before the advent of new media technology such as CD-ROM. Two questions remain: first, does the ability to alter and reproduce easily and without authorization remove CD-ROM, CD-i, and interactive new media from the range of technological transitions the courts envisioned in the past? Second, even if this kind of technological leap is permissible under the analysis U.S. courts have used in the past for less invasive types of technologies, is it equitable to force this leap on artists, a class of people perhaps nescient about such technology?

Copyright law is designed to promote creativity by rewarding it with protections against unauthorized duplication and alteration.¹³⁷ New media technologies seem more threatening to the fundamental premise of copyright than a transition from film to television or film to video cassette. The transition

132. *Id.* at 11.

133. *Id.* at 4 (quoting 3 NIMMER ON COPYRIGHT at 10-86).

134. *Id.* at 11.

135. *Id.*

136. *Id.* at 4 (quoting 3 NIMMER ON COPYRIGHT at 10-85).

137. "The Congress shall have power . . . [t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." U.S. CONST. art. I, § 8, cl. 8. Visual artist J.S.G. Boggs questions the practicality of copyright law:

It strikes me that the areas of law devoted to protecting intellectual property confront a strange dilemma. On the one hand, protection stimulates individual creative productivity. On the other hand, it can stifle the advances of a collective effort in a specific arena of human interest, or the "additive" refinements of an individual breaking new ground on an existing body of work.

Boggs, *supra* note 1, at 889.

from film to television broadcasts seems to fit squarely within the analytical constructs of earlier courts. They are both display technologies which provide no opportunity for alteration or reproduction by the viewer without authorization, and both can be efficiently policed. The advent of video cassette technology provided the opportunity to copy easily from television, but licensing contracts took that into account and provided for compensation.¹³⁸ The development of interactive technologies such as CD-ROM and CD-i presents the possibility of high quality reproductions of altered or unaltered artwork found on such databases. It is this difference in ease of alteration and duplication and the quality of the product that can then be circulated that distinguishes new media technologies from previous advances in electronics. This qualitative difference requires a more formal review and updating of contractual language for the licensing of artwork for new media products.

B. *The Intersection of International Copyright and Contract in Multimedia Licensing Agreements: Suggestions for Avoiding Liability*

A revision of the standard language used in licensing agreements will have several desirable effects. First, requiring clearer language will allow the grantor to consider the ramifications of granting rights to all specified and unspecified technologies and provide for a measured response to the issues presented by such a grant. Second, clearer language is produced by clearer thoughts and more resolute intent. Third, if parties do litigate a conflict, the court will have a better opportunity to divine intent and provide an equitable solution if pertinent issues have been negotiated or at least considered. The challenge for lawyers is to deal not only with "new industry" but to take into account future developments through fair and sensible licensing and royalty agreements.¹³⁹

The question then becomes whether the new language in the contracts should be precise, which would protect the artist, or broad, as publishers would desire. One attempt to address the complexities of new media is a broad definition of "electronic rights":

As used herein, 'electronic rights' shall mean the sole and exclusive right to adapt, and to authorize others to use or adapt, the Work or any portion thereof, for one or more electronic versions. As used herein, 'electronic versions' shall mean any and all methods of copying, recording, storage, retrieval, broadcast or transmission of all or any portion of the Work, alone or in combination with

138. Ibbotson & Shah, *supra* note 27, at 32.

139. *Id.* at 28.

other works, including any multimedia work or electronic book, by any electronic or electromagnetic means now known or hereafter devised including, without limitation, by analog or digital signal, whether in sequential or non-sequential order, or any and all physical media, now known or hereafter devised including without limitation, magnetic tape, floppy disk, CD-1 [*sic*], CD-ROM, laser disk, optical disk, integrated circuit card or chip and any other human or machine readable medium, whether or not permanently affixed in such media, and the broadcast or transmissions thereof by any and all means now known or hereafter devised, but excluding audio recording rights, video recording rights and all uses encompassed in motion picture rights and television rights (provided that the exercise of such rights shall not preclude the exercise of the electronic rights).

If publisher exercises the electronic rights under one of its own or its affiliated imprints, the royalty rate paid by publisher on electronic versions shall be the prevailing rate paid for similar uses. The parties shall negotiate in good faith to establish such rate. If publisher sublicenses a third party to publish an electronic version, publisher shall pay author 50 percent of the gross receipts from such sublicenses.¹⁴⁰

Publishers want a complete grant of rights, as indicated in the expansive sample language above, to preclude the risk that the grantor will be able to license the reserved rights to others. In addition to the language above, licensees can further reduce this risk by including a "right of first negotiation and a right of last refusal" clause in the contract.¹⁴¹

Additional concerns should be addressed in license agreements that are not unique to new media applications. The grantor should guarantee that it is the rightful holder of the rights purported to be transferred, that it has the authority to transfer said rights, and that the work does not infringe on another's copyright.¹⁴² An indemnification clause should be included in the contract to protect the licensee from any claim brought by third parties for breach of the right holder's warranty.¹⁴³

Rights holders have a different set of concerns, centered on the general unwillingness to agree to broad transfers of rights for fear of losing control over the work and access to revenues on future technologies.¹⁴⁴ Museums

140. Alan J. Hartnick, *Checklist for Lawyers for Multimedia Matters*, N.Y. L.J., Oct. 8, 1993, at 5. See also *supra* note 129.

141. Raysman & Brown, *supra* note 9, at 3.

142. *Id.*

143. *Id.*

144. *Id.*

will want to limit the scope of the grant by restricting the range of devices or formats the grant will apply to and by reserving certain key rights by using a narrower definition of product forms than the one quoted above.¹⁴⁵ Another tactic would be to limit the term of the license and to include a reversion clause for the return of the rights to the grantor if the licensee does not produce the new media product within a certain amount of time.¹⁴⁶ It was the broad and general grants of rights that survived judicial scrutiny in the line of cases analyzing contractual language to determine whether the original grant included future technologies.¹⁴⁷

Whether original creators receive any of the profits when electronic publishers purchase the rights to put major art collections into computer databases depends on the nature of the contract the artist has with the museum. Even if the original contract for the sale or loan of the work did not mention electronic rights, museums will usually give the artist or his or her estate a share of the proceeds.¹⁴⁸ When the original contract for the sale or loan includes electronic rights, an analysis of the scope of the grant will still be necessary. Museums are under no obligation to share profits, but when the work is on public display as part of the museum's holdings in the public domain, the museum will control and receive royalty on such artwork included in new media products—as a safety measure for software companies to avoid liability because of the trust responsibility a museum continues to have over the artwork.¹⁴⁹ It is vital to remember that museums hold works of art in trust and have the responsibility to protect the art by knowing how the material they license will be used. Problems arise when museums (or artists) sell exclusive rights¹⁵⁰ without adequate guarantees.

In short, there is no standard contractual language for the sale or transfer of digital rights, forcing the parties to negotiate each deal separately. Publishers work with curators to select images and scan photographs provided by the museum, and museums generally receive a cash advance against royalties and a promise of future royalties if the product produces sufficient income.¹⁵¹ Museums, as rights' grantors, should strive to limit the scope of the agreement to certain specific tasks; to restrict the license to specific technologies and hardware and software platforms; to provide for quality control; to allocate ownership of the proprietary rights in the product; to provide for the use of proprietary markings; to provide for the reversion of rights for failure to market

145. *Id.*

146. *Id.*

147. *Id.* See also *supra* text accompanying notes 130-36.

148. See Ibbotson & Shah, *supra* note 27.

149. Muchnic, *Cyberspace*, *supra* note 3.

150. *Id.*

151. *Id.*

the product within a specified period of time; and to secure distribution details, including royalties.¹⁵² Compliance with licensing agreements comes through contract theory backed by international copyright protections.¹⁵³

Visual artists and museums have an option beyond one-on-one contractual negotiations: the use of blanket licensing through licensing organizations patterned on those used by composers and lyricists.¹⁵⁴ New technology has brought the visual arts to the "same watershed in licensing and rights administration which the creators of musical works faced with the advent of recording and broadcasting some 60 to 90 years ago."¹⁵⁵ Forms of collective administration of licenses could help ensure that artists receive the full benefit of new media technologies.¹⁵⁶ Blanket licensing through the establishment of such collecting societies would allow public display, downloading, use on networks, rentals, and home copying.¹⁵⁷ Collecting societies and rights owners could investigate methods of marking and tracking works to ensure payment for actual use for works transmitted through telecommunications networks.¹⁵⁸

This form of protection is not universally favored. A working group of representatives from visual artists collecting societies located in Europe, working on behalf of such organizations worldwide, advocates instead the licensing of works on the basis of key reproducing acts necessary to new media products.¹⁵⁹ Five key rights could be licensed: initialization, multiplication, public display, printout, and on-line access.¹⁶⁰ The initialization/fixation right would require a nominal charge per work to input a single visual work onto a master copy by digitization.¹⁶¹ This process would remind publishers and users that digitization is reproduction. Multiplication rights would require a fee for the reproduction of a visual work from the master copy onto a commercially produced CD-ROM, CD-i, Laserdisc, or similar new media product, with the fee structure tied to the number of discs produced and works included on those discs.¹⁶² The public display and consultation on screen rights would generate a fee for use based on the appearance of the image on

152. Raysman & Brown, *supra* note 9, at 3.

153. *Id.*

154. Ibbotson & Shah, *supra* note 27, at 31. See also Maralee Buttery, Note, *Blanket Licensing: A Proposal For the Protection and Encouragement of Artistic Endeavor*, 83 COLUM. L. REV. 1245 (1983).

155. Ibbotson & Shah, *supra* note 27, at 31.

156. *Id.* at 32.

157. *Id.*

158. *Id.*

159. *Id.* at 33.

160. *Id.* at 33-34.

161. *Id.* at 33.

162. *Id.*

screen being interpreted as a reproduction.¹⁶³ If an artist had the right to a fee for each printout, this could cover the cost of production of high quality printouts; with "audit trailing devices within their systems providing exact data on the number of copies of each individual work used."¹⁶⁴ The on-line access/communication networks right would require licensors to consider each request in order to meet the concerns for controlling on-line systems.¹⁶⁵

Jean Francois Verstryngne of the European Commission cautions against rushing toward collective licensing for the visual arts:

'If every time we can no longer enforce the exclusive nature of a right . . . if every time we react by creating a remuneration right only, we are gradually pushing copyright away from its nature as a fundamental right into a type of taxation system If this continues without a reaction, copyright will be dead in 30 years.'¹⁶⁶

The obvious reaction to the impending death of copyright is a revision of the codes to accommodate new media products.¹⁶⁷ Such revisions, however, will be slow in coming because of the nature of the political process through which copyright laws pass and the complexity of the issues. In the meantime, therefore, a balance must be found through licensing contracts between protecting the rights of creators and meeting the needs of new media producers and users. Such a balance would help create an efficient and cost effective licensing system that does not compromise the trust responsibilities of museums around the world.

While blanket licensing systems, collecting agencies, and newly created rights requiring fees may seem excessive, there is no denying the pressure artists face to give up their rights: "Fine artists and those whose work is held in libraries and collections are expected to make it available for the new media for little fee and even fewer safeguards."¹⁶⁸ Creators are best situated to protect their interests against the greed of publishers desperately searching for the rights to acquire content for new media productions, and strengthened copyright laws may be the best way to protect the interests of artists.¹⁶⁹ Artists have traditionally been at a disadvantage in their negotiations with publishers, "but the speed, and ease of storage, transmission and manipulation

163. *Id.* at 34.

164. *Id.*

165. *Id.*

166. *Id.* at 32.

167. *See* Choe, *supra* note 29, and the text accompanying note 73.

168. Ibbotson & Shah, *supra* note 27, at 34.

169. *Id.* at 34-35.

that the new technologies offer make it exceptionally unfair” for publishers to control the evolution of the licensing agreements.¹⁷⁰ Museums, to fully carry out their fiduciary duties as charitable corporations, must include the artist as they negotiate licensing agreements for the use of artworks in their collections or holdings in new media products.

C. *Joint Ventures*

If museums around the world wish to avoid the “cultural disaster” of artworks becoming “mere chattels (to be endlessly recycled and regurgitated) . . . choking the very life force from a community whose endeavors drive so much of our industry and commerce as well as our culture,”¹⁷¹ they could license only production and distribution rights. United States software companies are the major buyers of the rights to a digitize foreign museum’s collections and holdings. A creative solution is the joint partnership of a U.S. software firm with a foreign firm for distribution rights only. Roundbook Publishing, a fledgling operation in Scott’s Valley, California with only eleven employees, is a partner with the Russian firm that controls the rights to 90,000 slides of Russian artwork previously managed by the state of Russia.¹⁷² Roundbook negotiated an exclusive marketing and distribution agreement with a Russian group, the Laboratory of Optical Telemetry (LOT), seeking help with CD-ROM development.¹⁷³ These former military scientists declined an offer of greater money from software giant Microsoft to keep the slides in country and to avoid losing control over the use of the images.¹⁷⁴

Such an arrangement has multiple advantages. First, it keeps the artwork in the country of origin, and this provides an extra layer of protection against cultural expropriation by U.S. software firms of pieces of a country’s cultural identity. Second, copyright protections for artists are stronger in Europe, and in the case of an international copyright dispute, the artist whose works are part of a European based joint venture with a U.S. software publisher has a better chance of staying in his or her home court and benefiting from those greater protections. Third, partnerships spread the wealth: new media products are selling vigorously and a partnership between a foreign firm that has the artwork or the rights thereto and smaller software companies in the United States decentralizes the power over artwork that could be possible if giants like Microsoft developed a monopoly.

170. *Id.* at 35.

171. *Id.*

172. Sandy Reed, *Digitizing the Masters*, POPULAR SCIENCE, Aug. 1994, at 18.

173. *Id.*

174. *Id.* and interview with Dean Quarnstrom, President, Roundbook Publishing (Oct. 1994).

VI. CONCLUSION

Clearly, technology will continue to outpace law making. Despite the lack of clarity and certainty associated with fledgling regulation of a new industry, contract theory can protect the respective interests of artists, museums, and electronic publishers. This is not to say regulation should be left to the market, with individual contracts for each transaction reinventing the basic protections possible for each party. The key is drafting appropriate contracts that reflect the technological advances made and that could possibly be made in the future.

The internationalization of U.S. law due to the adoption of international copyright treaties provides some safeguards for foreign artists and museums in their contractual dealings with U.S. software companies, provided they can get into federal court over the jurisdictional and conflicts of law hurdles. A museum's trust relationship with the artwork in its control requires it to maintain control over the use of the artwork. The museum should not license artwork for use unless it is reasonably protected against unauthorized use. CD-ROM technology makes that guarantee nearly impossible, but the educational uses of putting artwork into easily accessible databases may force a compromise on this issue. Museums must now decide what risks are worth taking.

Joint partnerships between U.S. and foreign firms have advantages in allowing the artwork's country of origin to maintain cultural integrity by controlling the images and avoiding the buyout of their culture. Creativity in contracting for multimedia content is necessary because international copyright in its current form may not be capable of safeguarding national artworks, even though remedies are available through litigation.

*Kim L. Milone**

* J.D. Candidate, 1996, Indiana University School of Law—Indianapolis; B.A., Loyola University, New Orleans. The author thanks Professor Kenneth Crews, Dr. Carolyn Morillo, Professor Greg Huebner, and Dr. John Gennari for their insights and suggestions. The author also thanks Stephen Morillo for his encouragement and support.

