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Copyright claims involving large, one-of-a-kind sculptural works involve distinctive challenges

ENFORCING COPYRIGHTS in sculptural works of fine art entails elements shared with other works of authorship eligible for protection under federal copyright law as well as issues peculiar to the nature of fine art. In the first instance there are established shared standards, including the statutes of limitations, proper notice and registration of copyright, the different types of infringement (e.g. direct, vicarious, etc.), and measures of damages. However, even within these broad categories claims for infringement of copyright in sculptural works of fine art encounter special nuances in copyright law. Some of the unique legal issues that arise in connection with these claims include the size of the work and the tendency of sculptures to be published in limited editions or as one-of-a-kind pieces. Recently, a pair of related cases, *Wakefield v. Olenicoff*¹ and *Raimondi v. Olenicoff*,² have highlighted the issues involved in copyright infringement of large-

scale sculptural works of fine art.

In *Wakefield*, the plaintiff Don Wakefield is a professional artist and sculptor who creates one-of-a-kind works of sculptural and mixed media fine art. In *Raimondi*, the plaintiff John Raimondi is a professional sculptor who fabricates monumental sculptures in limited editions. The named defendant in each case, Igor Olenicoff, has been reported as both a billionaire real estate developer on the Forbes 400 list³ and a “notorious tax cheat” who pled guilty to hiding over \$200 million offshore from the IRS.⁴ The other defendant, Olen Properties Corp. (Olen), is a company founded by Olenicoff that owns, manages, and leases commercial real estate throughout California, Florida, and Illinois, as well as numerous residential apartment communities.⁵

In 2014, both cases were tried before juries in the Central District of California. In *Wakefield*, the jury found the defendants

liable for direct, vicarious, and contributory copyright infringement of the sculpture *Untitled* and awarded the plaintiff \$450,000 in actual damages.⁶ In *Raimondi*, the defendants admitted infringement of the sculptures *Ceres* and *Dian*, and the case was tried solely on the issue of damages; the jury similarly awarded the plaintiff \$640,000 in actual damages.⁷ Some of the contested issues were the statute of limitations, actual damages, and indirect damages. Although these issues are currently on cross-appeal to the Ninth Circuit in *Wakefield*, the application of copyright law in these cases is exemplary of some of the particular legal challenges faced in

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attempting to protect and enforce copyrights in sculptural works of fine art.

Sculptural Works and Copyright Act

Protection under U.S. copyright law for sculptural works can be traced back as far as 1865,⁸ with works of fine art being afforded specific protections under the omnibus revision of the Copyright Act of 1870.⁹ Sculptural works were then incorporated into Section 5 of the Copyright Act of 1909,¹⁰ which still provides the governing law for pre-1978 claims.¹¹ At present, Section 102(5)(a) of the 1976 Copyright Act (the Copyright Act) includes “pictorial, graphic and sculptural works” as a specific category of works of authorship eligible for copyright protection.¹² This category includes two- and three-dimensional works of fine, graphic, and applied art.¹³

In a claim for the infringement of a copyright in a sculptural work of fine art the plaintiff must prove two essential elements: 1) the plaintiff’s ownership of a valid copyright and 2) copying of the elements of copyrighted work that are capable of being afforded protection under the Copyright Act.¹⁴ The Ninth Circuit has held that the word “copy” is a term of art encompassing any activity that may infringe any of the copyright owner’s exclusive rights.¹⁵ While these elements are no different than those needed to prove infringement in any other category of authorship, there are some unique aspects when dealing with fine art that has been published in limited editions or as a one-of-a-kind piece.

Notice and Registration

Contrary to other types of copyrighted works, when dealing with sculptural works that were published before March 1, 1989, there is an increased risk that these works have been unwittingly thrust into the public domain and lost all copyright protection by failing to comply with notice requirements.¹⁶ Proper copyright notice for works reproduced in three-dimensional copies requires “a notice affixed directly, durably, and permanently to: [a]ny visible portion of the work; [or a]ny base, mounting, or framing or other material on which the copies are durably attached.”¹⁷ If an author finds it impractical to affix the notice to the sculpture in this manner, “a notice is acceptable if it appears on a tag or durable label attached to the copy so that it will remain with it as it passes through commerce.”¹⁸

A sculpture’s date of publication is vital to determining whether it is protected by copyright. The Copyright Act defines publication as

the distribution of copies...of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies...to a group of persons for pur-

poses of further distribution, public performance, or public display, constitutes publication. A public performance or display of a work does not of itself constitute publication.¹⁹

For a sculpture that was first published prior to January 1, 1978, failure to include the proper copyright notice would mean that the work was thrust into the public domain, permanently losing all copyright protection therein.

The notice requirement also applies to sculptures published between January 1, 1978, and March 1, 1989,²⁰ with the caveat that an omission or error in the notice requirements could be corrected if the work was registered before it was first published without proper notice or if the work was properly registered with the Library of Congress within five years after the date of publication without proper notice.²¹ In addition, no corrective steps needed to be taken if such omission “violated an express written requirement that published copies...bear the prescribed notice” or proper notice was omitted from a small number of copies distributed to the public.²² However, the latter safeguard does little good for authors of sculptural works, who often only produce sculptures in limited editions or as one-of-a-kind pieces.

For a sculpture first published on or after March 1, 1989, the omission of proper notice does not affect copyright protection because the implementation of the Berne Convention essentially makes copyright notice optional.²³ However, authors would be wise to continue to place proper copyright notices on all sculptural works since the notice can play a factor in determining damages in an infringement action by limiting a defendant’s ability to assert a defense of innocent infringement.

In addition to potentially correcting an omission of proper notice and maintaining copyright protection, the Copyright Act provides significant benefits to having a timely registered work. Registration is a prerequisite to a prevailing copyright plaintiff’s recovering attorneys’ fees.²⁴ Attorney’s fees in these cases are often substantial and easily reach six figures. In addition, statutory damages may be elected at any time before judgment is entered in the case. These damages range from \$750 to \$30,000 for each infringement, and may be increased up to \$150,000 in cases of willful infringement.²⁵ More importantly, actual damages may be difficult to prove with sculptural works of fine art, and statutory damages provide a safety net in not having to prove any actual damages. In order to receive these benefits, however, an unpublished work must have been registered before infringement occurs, and in the case of published works, it must have been registered within the earlier of 1) three months of publication of the work,

or 2) one month after the copyright owner has discovered the infringement.²⁶

Statute of Limitations

Sculptural works of fine art face unique statute of limitation challenges. Under the Copyright Act the statute of limitations is three years from the time the claim accrued.²⁷ A claim of copyright infringement accrues when a prospective plaintiff knew or should have known that his or her work was infringed.²⁸ In a claim for infringement, it is a question of fact²⁹ whether the plaintiff will be charged with knowledge (i.e. should have known) of a claim if the plaintiff had information that would prompt a reasonable person to perform an investigation that would lead to discovery of the infringement.³⁰ Depending upon the facts, knowledge of one infringement or potential infringement may place a duty on the plaintiff to search for other infringements.³¹

When dealing with sculptural works, the determination of when a claim accrues for multiple infringing copies may be difficult, especially when the original sculpture was created in a large scale, like the monumental sculptures in *Raimondi*, or in a medium that is difficult to work with, like the granite sculpture in *Wakefield*. If the sculpture is of a scale or medium that is unlikely to be mass-produced, the discovery of one copy may not lead a copyright holder to believe that there are other copies in existence. Unlike with consumer goods such as CDs, DVDs, and T-shirts, or even works of fine art such as paintings or prints, a particular sculpture may not be the type of work that can easily be reproduced at all, let alone multiple times.

For example, *Wakefield* concerned a large-scale work sculpted out of a single piece of granite. It took Wakefield five months of full-time work to create the piece, which was eventually completed and shipped to a resident in Chicago as a gift in 1992. In 2008, Wakefield discovered what he believed to be his original sculpture in Newport Beach, California. Wakefield was surprised it had been moved from Chicago and went to see it at what turned out to be defendant Olen’s headquarters. While photographing the sculpture for his portfolio, Wakefield had a brief discussion with an Olen employee, who disputed that Wakefield was the author. Wakefield disagreed with him and left convinced that it was his original work. It was not until 2010, when he discovered six further infringing copies among several of Olen’s commercial properties, that he realized that the Newport Beach sculpture was also a copy. Wakefield filed suit in 2012.

The District Court held that Wakefield’s claim of infringement in connection with the Newport Beach sculpture was barred by the three-year statute of limitations. While the

District Court accepted that Wakefield did not believe that the Newport Beach sculpture was an infringing copy until 2012, the District Court ruled that Wakefield should have known earlier. The District Court reasoned that Wakefield has sufficient knowledge to prompt further investigation because he knew the original had been initially shipped to Chicago and not Newport Beach, coupled with the dispute Wakefield had with the Olen employee about its authorship.

However, the District Court held that the claims of infringement in connection with the six later-discovered copies were not time-barred because the original was a large unique work, not the type of art that is normally mass-produced, and Wakefield should not have been charged to scour the defendants' many properties located in multiple states in search of infringing copies. Both holdings are the subject of cross-appeals to the Ninth Circuit, whose decision will likely be instructive on the accrual of claims in these types of sculptural works. In the meantime, sculptural copyright holders and their counsel would be well advised to diligently investigate any potentially infringing activity they discover.

Proving Damages

The Copyright Act expressly provides for a plaintiff to recover both actual damages and a defendant's profits from the infringement that are not included in the calculation of actual damages.³² "Actual damages are usually determined by the loss in the fair market value of the copyright, measured by the profits lost due to the infringement or by the value of the use of the copyrighted work to the infringer."³³ There is no presumption that actual damages are a "natural and probable result" of infringing activity.³⁴ Instead, the plaintiff bears the burden of establishing a causal nexus between the infringement and actual damages.

To obtain actual damages, a plaintiff must prove "the extent to which the market value of a copyrighted work has been injured or destroyed by an infringement."³⁵ A plaintiff may establish this by evidencing either lost profits or a "hypothetical lost license fee."³⁶ Lost profits may be available, for example, for an artist who sells multiple editions of sculptures and experiences lost sales as the result of infringing activity. For one-of-a-kind or limited edition works of fine art, however, it may often be the case that the infringement takes place after the author has sold the work or placed it in a museum or gallery. This was the case in *Wakefield*, in which the sculpture was a one-of-a-kind original work, was given as a gift, and Wakefield testified that he had no intention of producing other copies or editions.

If lost profits are unavailable, a plaintiff

may still establish a hypothetical lost license fee.³⁷ In the Ninth Circuit, this is demonstrated through "the amount that a willing buyer would have reasonably been required to pay a willing seller at the time of the infringement for the use made by the defendants of the plaintiff's work."³⁸ Typically, a "license price is established through objective evidence of benchmark transactions, such as licenses previously negotiated for comparable use of the infringed work, and benchmark licenses for comparable uses of comparable works."³⁹

In *Wakefield*, the District Court held that the fair market value of the finished sculpture at the time of infringement did not sufficiently evidence a hypothetical lost license fee. Instead, the court found that Wakefield should be required to demonstrate the value of a license fee for the copyright itself, separate and apart from its embodiment within the sculpture, to create an exact copy (both in size and medium) as the original for public display. Further, despite case law to the contrary in the context of other copyrighted works, the court held that Wakefield's testimony was insufficient to evidence the value of his own copyright.⁴⁰

Thus, the District Court made it clear that expert testimony is required to value the copyright in such works. However, even the use of expert testimony may be problematic for sculptors who have no sales history or create only one-of-a-kind works for which there is no comparable license fee. Ultimately, proving any actual damages may be an uphill battle for a copyright plaintiff, which underscores the importance of registering the work early to make statutory damages available.

To obtain a defendant's profits, a plaintiff need only show a defendant's gross revenue earned from the infringement.⁴¹ The plaintiff must demonstrate a causal nexus between the infringements and the defendants' gross revenues.⁴² The burden then shifts to the defendant to evidence expenses that should be deducted,⁴³ but if infringing sculptures are merely displayed (i.e. not sold), the damages will not be available as direct damages. This was the case in *Wakefield* and *Raimondi*; the defendants displayed multiple copies of infringing works among several commercial properties located throughout Southern California but never sold the copies. In such instances a plaintiff may seek to recover indirect damages.

The Copyright Act provides that a plaintiff may recover indirect damages attributable to an infringement in addition to actual damages,⁴⁴ and these damages can be substantial. For example, a plaintiff whose copyrighted music made up a small portion of a musical revue at a Las Vegas casino was able to recover a portion of the defendant's profits

earned from sales of tickets for that show and a smaller portion of profits earned by the entire gaming facility, including the casino and hotel, during the time that the copyrighted music was used.⁴⁵

Similar to obtaining a defendant's profits, to prove indirect damages a plaintiff first has the burden of establishing a causal nexus between the infringement and the defendant's gross revenue.⁴⁶ This causal nexus must be supported by evidence that the gross revenue is related to the infringement in a legally significant manner,⁴⁷ and speculative evidence is insufficient.⁴⁸ As this sort of knowledge is generally outside the experience of the average person, an expert witness should be sought to provide this evidence. It is imperative that the expert directly address the amount of revenue generated by the infringement, since the courts will not deduce this amount from mere evidence of the total profits earned by a defendant.⁴⁹ Once this causal nexus is established, the burden shifts to the defendant to show what part of the revenue did not result from their infringement.⁵⁰

In *Wakefield* and *Raimondi*, the plaintiffs' indirect damages expert opined that a certain percentage of the defendants' gross revenue from leasing its commercial properties in which the infringing sculptures were located was attributed to the infringing sculptures. On summary judgment, however, the District Court held that the expert's opinions were too general, and thus the plaintiff had not met his burden in establishing the causal nexus between the infringing works and the defendants' leasing revenues. This holding is currently on appeal to the Ninth Circuit in *Wakefield* but is instructive as to the level of specificity judges look for before allowing the issue of indirect damages to proceed to a jury.

As exemplified by the issues encountered in the *Wakefield* and *Raimondi* cases, the nature of sculptural works of fine art presents unique and challenging issues when attempting to protect and enforce their copyrights. These challenges are amplified when dealing with works that have only been published in limited editions or as one-of-a-kind pieces. Accordingly, in addition to the timely proper registration of their copyrights, authors and copyright practitioners should be diligent in both policing and enforcing their intellectual property. ■

¹ *Wakefield v. Olenicoff*, No. 12-2077, 2015 U.S. Dist. LEXIS 43274 (C.D. Cal. Mar. 30, 2015).

² *Raimondi v. Olenicoff*, No. 12-2094, 2015 U.S. Dist. LEXIS 174961 (C.D. Cal. July 7, 2015).

³ See <http://www.forbes.com/profile/igor-olenicoff>; see also <http://www.forbes.com/forbes-400> (last visited Mar. 14, 2016).

⁴ Janet Novack, *10 Notorious Tax Cheats: Billionaire Olenicoff Still Battling UBS Over \$200 Million Offshore Stash*, FORBES, Apr. 14, 2015, available at <http://www.forbes.com>.

⁵ *Id.*

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⁶ Wakefield, No. SACV122077AG (RNBx), 2015 U.S. Dist. LEXIS 43274, at *4.

⁷ Raimondi, No. 8:12CV02094, 2015 U.S. Dist. LEXIS 174961, at *2-3.

⁸ 2 PATRY ON COPYRIGHT §3:122 (2016).

⁹ *Id.* at §3:98.

¹⁰ *Id.* at §3:99.

¹¹ 2 NIMMER ON COPYRIGHT §OV (2015).

¹² 17 U.S.C. §102(a)(5).

¹³ 17 U.S.C. §101.

¹⁴ Feist Publ'ns v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991); *see also* Swirsky v. Carey, 376 F. 3d 841, 844 (9th Cir.2004).

¹⁵ S.O.S., Inc., v. Payday, Inc., 886 F. 2d 1081, 1085 n.3 (9th Cir.1989).

¹⁶ U.S. COPYRIGHT OFFICE, CIRCULAR 40, COPYRIGHT REGISTRATION FOR PICTORIAL, GRAPHIC, AND SCULPTURAL WORKS, *available at* <http://copyright.gov/circs>.

¹⁷ U.S. COPYRIGHT OFFICE, CIRCULAR 3, COPYRIGHT NOTICE, *available at* <http://copyright.gov/circs> [hereinafter CIRCULAR 3].

¹⁸ *Id.*

¹⁹ 17 U.S.C. §101.

²⁰ *See, e.g.*, Lifshitz v. Waller Drake & Sons, Inc., 806 F. 2d 1426, 1432-34 (9th Cir. 1986).

²¹ CIRCULAR 3, *supra* note 17.

²² *Id.*

²³ *See* U.S. COPYRIGHT OFFICE, CIRCULAR 38A, INTERNATIONAL COPYRIGHT RELATIONS OF THE UNITED STATES, §104(c) *available at* <http://copyright.gov/circs>.

²⁴ 17 U.S.C. §§412, 505.

²⁵ 17 U.S.C. §504(c).

²⁶ 17 U.S.C. §412.

²⁷ 17 U.S.C. §507(b).

²⁸ Roley v. New World Pictures, Ltd., 19 F. 3d 479, 481 (9th Cir. 1994).

²⁹ *See* Polar Bear Prods., Inc. v. Timex Corp., 384 F. 3d 700, 707 (9th Cir. 2004).

³⁰ Fahmy v. Jay-Z, 835 F. Supp. 2d 783, 790 (C.D. Cal. 2011) (citing Pincay v. Andrews, 238 F. 3d 1106, 1109-10 (9th Cir. 2001)).

³¹ *See, e.g.*, Fahmy, 835 F. Supp. 2d at 790 (holding that, upon learning that the song "Big Pimpin'" infringed plaintiff's song, plaintiff reasonably could have discovered that the acoustic version of "Big Pimpin'" and the explosive-free version of "Big Pimpin'" also infringed).

³² 17 U.S.C. §504.

³³ Polar Bear, 384 F. 3d at 708.

³⁴ Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 772 F. 2d 505, 513 (9th Cir. 1985).

³⁵ *Id.* at 512.

³⁶ Polar Bear, 384 F. 3d at 708-09.

³⁷ *Id.*

³⁸ 17 U.S.C. §504(b); Wall Data v. Los Angeles County Sheriff's Dept., 447 F. 3d 769, 787 (9th Cir. 2006).

³⁹ Oracle USA, Inc. v. SAP AG, No. C 07-1658 PJH, 2011 WL 3862074, at *7 (N.D. Cal. Sept. 1, 2011) (citing Jarvis v. K-2 Inc., 486 F. 3d 526, 533-35 (9th Cir. 2007); Polar Bear, 384 F. 3d at 709).

⁴⁰ *See, e.g.*, Universal Pictures Co. v. Harold Lloyd Corp., 162 F. 2d 354, 369 (9th Cir. 1947); Gusse v. Damon Corp., No. 05-1167, 2007 WL 4440891, at *3 (C.D. Cal. Jan. 22, 2007).

⁴¹ 17 U.S.C. §504.

⁴² Polar Bear, 384 F. 3d at 711.

⁴³ 17 U.S.C. §504.

⁴⁴ *Id.*

⁴⁵ Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc., 886 F. 2d 1545, 1550 (9th Cir. 1989).

⁴⁶ Polar Bear, 384 F. 3d at 711.

⁴⁷ *Id.* at 711-12.

⁴⁸ Mackie v. Rieser, 296 F. 3d 909, 915-16 (9th Cir. 2002).

⁴⁹ Bouchat v. Baltimore Ravens Football Club, Inc., 346 F. 3d 525 (4th Cir. 2003).

⁵⁰ Polar Bear, 384 F. 3d at 711.