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February 2020



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The February 2020 issue of Sterne Kessler's MarkIt to Market® newsletter discusses a landmark decision regarding the Visual Artists Rights Act (VARA), the release of the 2020 International IP Index, Prince Harry and Meghan Markle's exit from the British royal family, and the new gTLD sunrise period now open.

Sterne Kessler's [Trademark & Brand Protection practice](#) is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact [Monica Riva Talley](#) or [Tracy-Gene G. Durkin](#).

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By: [Ivy Clarice Estoesta](#)

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Last week, the Second Circuit issued a landmark decision clarifying the types of work protectable under the federal Visual Artists Rights Act (VARA) in *Cohen v. G&M Realty L.P.* The decision confirms that graffiti art is a form of art that deserves protection, and is a victory for graffiti artists.

What is VARA?

VARA is a [copyright statute](#) that provides an artist the right to control a work of visual art that has been incorporated into a building with the consent of a building's owner. Under VARA, such an artist may prevent the building owner from removing the work from the building if the work is of "recognized stature" and cannot be removed without being destroyed or modified—unless the artist previously waived the right to do so in writing.

If the work can be removed and remain intact, VARA requires that the artist be informed in writing that the work must be removed at the artist's expense within 90 days. If the artist fails to do so, the building owner may remove the work without consequence, even if removal results in destruction or modification of the work.

The absence of a written waiver of the artist's VARA rights or failure to follow VARA's notice requirements can result in an award of the same damages that are available for copyright infringement—including statutory damages in the range of \$750 - \$30,000, and up to \$150,000 in cases of willful conduct.

What is notable about the *Cohen* decision?

Because VARA does not define what qualifies as a work of recognized stature, the main issues in *Cohen* were whether the 45 works of graffiti art adorning defendants'/building owners' [5Pointz](#) buildings were protected under VARA, and whether defendants'/building owner's act of whitewashing their buildings and effectively destroying the adorning graffiti art were liable under VARA.

In its decision, the Second Circuit determined that all 45 works were of "recognized stature" and therefore protected by VARA. According to the Second Circuit, the ephemeral nature of some of the adorning graffiti artwork at issue is not a bar to being art "of recognized stature" protectable

under VARA. Instead, “a work is of recognized stature when it is one of high quality, status, or caliber that has been acknowledged as such by a relevant community.” In laying out its test for the types of works protectable under VARA, the Second Circuit noted that “expert testimony or substantial evidence of non-expert recognition will generally be required to establish recognized stature.”

The Second Circuit also determined that the defendants/building owners had not previously obtained the artists’ written waivers of their VARA rights, and that the defendants’/building owners’ act of whitewashing the works adorning the 5Pointz buildings was a flagrant disregard of VARA’s notice requirements. Thus, the Second Circuit upheld the lower court’s finding that the defendants/building owners were liable for \$6.75 million in statutory damages for destroying all 45 works.

How can real estate owners/developers and artists best prepare to address or assert VARA claims?

Given the trend of incorporating art to humanize or up the wow-factor of commercial buildings and spaces (like the [citizenM New York Bowery Hotel](#) and the [Wynwood Walls in Miami](#)), real estate owners and developers that commission artwork for their buildings/spaces would be wise to obtain written waivers from artists upfront, to avoid the issues raised by VARA altogether. Because VARA does not cover a “work made for hire,” commissioning parties might alternatively consider obtaining from the artist a written agreement that memorializes the commissioned work as a work-made-for hire contribution to a “collective work.” Otherwise, VARA could apply to the commissioned work, thereby subjecting commissioning parties to VARA’s notice requirements, and if not followed, potential liability.

On the other hand, artists wishing to preserve their VARA rights should closely review any written agreement with a commissioning party, to ensure that it does not waive the artist’s VARA rights or include language designating the commissioned work a work made for hire. Artists should also take steps to register their works with the Copyright Office, and routinely record any changes in their mailing address with the Copyright Office. Though a copyright registration is not required to bring suit under a VARA action (unlike a copyright infringement suit), having a registration and a current mailing address on file with the Copyright Office can improve enforcing VARA rights by making it harder for a building owner to escape VARA’s notice requirements.

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The IP Index 2020 is touted as a roadmap for policymakers who seek to support innovation, creativity, and economic growth through more robust IP policy. In particular, it illustrates how even smaller economies can leverage effective IP standards to foster development, attract greater foreign investment, and stimulate economic and global competitiveness.

The index encompasses a fascinating deep dive on the state of IP protection around the world. And, from a U.S. trademark perspective, it is nice to see the U.S. ranked at the top in the category of “Trademarks, Related Rights, and Limitations.” This category considers the relative strength of trademark protection available in different jurisdictions, and takes into consideration the proliferation of counterfeit goods in the online marketplace, which continue to create challenges for brand owners worldwide. And, for economies looking to develop, it underscores the importance of investing in stronger trademark enforcement mechanisms, including in the online space. For economies to advance, it is necessary to both encourage innovation and protect consumer confidence.

The IP Index can be downloaded [here](#).

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Fortunately not everyone has to contend with a petty queen, but there are still some important takeaways from the Sussexit trademark debacle. Even if you weren't born to the purple, when selecting a brand it is good to keep in mind that trademark clearance involves an evaluation of a number of different factors, not just availability of a mark on the trademark Register.

Common Law Use: First, in many jurisdictions rights in a trademark can arise from prior use of a mark in commerce. Just because the mark appears available from a search of the Register, the clearance evaluation should encompass a search to identify any prior use for the goods/services of interest. Similarly, use and registration can be precluded if your mark falsely suggests an association or relationship with a third party brand or individual (all those non-Harry and Meghan individuals filing SUSSEX ROYAL trademark applications in the U.S. should take heed).

Family Business: Second, just because a mark contains your name, it doesn't mean it is available for your use and registration. Prior rights may still be owned by someone else with your same name – or even someone without it. And, marks comprised of a surname alone are not considered inherently distinctive in the U.S., and are not initially registrable on the Principal Register without a showing of acquired distinctiveness.

Restrictions on Certain Kinds of Marks: Third, while it is unclear as to whether the queen could really ban Harry and Meghan from registering the term ROYAL as a trademark in the UK, many jurisdictions do limit registration of certain types of official insignia, such as flags, coats of arms, or other insignia of the United States (TMEP §1204), the Red Cross emblem (TMEP §1205), and others.

Public Relations Considerations: Fourth, as was the case with SUSSEX ROYAL, the optics of a brand may doom it before it gets off the ground. Even with the purest intentions, lack of a coordinated public relations strategy made it appear that Harry and Meghan were perhaps attempting to profit from their royal title.

Linguistics Search: Finally, while perhaps not a concern for SUSSEX ROYAL, brand launches can be kneecapped by a failure to consider a mark’s meaning in other languages; cautionary examples include Chevrolet’s failed South American launch of the NOVA racer (translation: “it will not go”) and Ford’s issues with its PINTO car in Brazil (translation: “tiny male genitals”). In addition, brand owners should consider any negative slang or cultural references relating to a proposed mark.

For trademark owners, a thoughtful trademark strategy allows for a coordinated launch poised to address any public relations issues – familial or otherwise – before investing in a new brand. And for all of the royals, perhaps it is time to consider whether excluding Harry and Meghan from the ROYAL “brand” was the most strategic PR move. Sometimes it is worth the extra effort to make nice with family.

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As of February 27, 2020, ICANN lists a new Sunrise period as open for the following new gTLD that may be of interest to our clients. A full list can be viewed [here](#).

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ICANN maintains an up-to-date list of all open Sunrise periods [here](#). This list also provides the closing date of the Sunrise period. We will endeavor to provide information regarding new gTLD launches via this monthly newsletter, but please refer to the list on ICANN's website for the most up-to-date information – as the list of approved/launched domains can change daily.

Because new gTLD options will be coming on the market over the next year, brand owners should review the list of new gTLDs (a full list can be found [here](#)) to identify those that are of interest.

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