

# New York Law Journal

## Creative Approaches to Fighting Art Forgery

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Joseph C. Gioconda

For centuries, forged works of art have made their way into circulation, creating a host of problems for museums, artists, collectors, brokers and dealers. Forgeries always presented danger to commercial transactions in the art community, but repeat players maintained their reputation by managing the risk of inauthenticity through representations and warranties in standardized sale agreements. Contracts also typically provide for provenance, a detailed account of the work's ownership history, and this information gave buyers and sellers relative confidence in the art work's authenticity.

Capitalizing on the meteoric rise of the online art marketplace and rapid expansion of the global economy, art forgery is now booming.<sup>1</sup> Similar to the counterfeit products infecting other commercial industries, forged art has become increasingly pervasive and now poses a serious threat to the art economy at large. Because the global and online art market has few barriers to entry and is difficult to regulate through contract law, fraud and forgery have increased on an unprecedented scale. These illicit activities can substantially devalue authentic works of art by eroding consumer confidence in the art trade itself.

Modern technology has also presented a double-edged sword in dealing with art forgeries. It serves as an asset to legitimate artists and authenticators, enabling them to identify, market and sell genuine works with greater ease, but the same technology simultaneously enables art forgers to sharpen their skills, and makes it more difficult for authorities to identify and prosecute them as they evade detection across jurisdictions. Online auction sites present criminals with unique opportunities to peddle their imitations to unassuming buyers around the world. Advanced forgers use cutting-edge software to mimic an artist's every brush stroke with precision and then sell their phony merchandise through fluid online distribution networks where quality control procedures are often lacking or non-existent. These sophisticated procedures of reproduction and distribution can make it next to impossible for buyers to detect forged works of art before making a purchase.

One forger - a lawyer - bragged in his autobiography that he "tricked people out of sizable sums of money in exchange for worthless works of art" on eBay.<sup>2</sup> Even sophisticated collectors can become victims of these con artists, and eventually can become skeptics of the art community at large. Those who have purchased fine art on pleasure cruises attest that nagging concerns about authenticity quickly lead to buyer's remorse once that ship has sailed.<sup>3</sup>

Unfortunately, some victims are left with little effective legal recourse if they are duped by sophisticated forgeries. Civil litigation usually forces individual plaintiffs to become mired in Uniform Commercial Code disputes and fraud claims. Class action litigation has rarely been successful.<sup>4</sup> Consequently, current legal theories do little to stem the rising tide of art forgeries and protect consumers on a global scale. The art community and law enforcement officers worldwide are becoming increasingly disillusioned with the limited options they have for combating this criminal activity through the current legal regime.<sup>5</sup> Unfortunately, the best they can do is to remind art purchasers of what to do in an unregulated economy: "Caveat Emptor."

Short of throwing up its hands, the art community can learn from the actions taken by the luxury goods and consumer products industries as they face a similar threat from counterfeiters. These industries respond by demanding stricter penalties for offenders and stronger federal anticounterfeiting laws. They utilize these laws to fight aggressively against the growing epidemic of counterfeit auto parts, pharmaceuticals, DVDs and luxury goods. They collaborate on advancing aggressive theories of

trademark liability. Members of the art community can begin to combat forgers using some of the same federal anticounterfeiting laws, but to date they have not done so effectively.

### Strengthened Trademark Laws

Historically, trademark laws evolved to protect consumers in the commercial marketplace by helping them distinguish between similar but competing brands.<sup>6</sup> But as the threat of counterfeit brands grew, further action was necessary. In response, Congress has strengthened trademark laws time and again, criminalizing the counterfeit use of registered brands. For example, to address concerns about lack of coordination, on Sept. 26, 2008, the Senate unanimously passed a bipartisan bill that would create a new cabinet-level position in the Executive Office of the President to coordinate enforcement of intellectual property rights across federal agencies and departments.<sup>7</sup>

The consumer products and luxury goods industries continue to press for stronger and more effective laws to curb counterfeit goods. In contrast, the art community has been relatively slow to participate in - or benefit from - legal developments in trademarks and anticounterfeiting. In fact, only comparatively recently did the art community successfully urge the courts and the Trademark Office to treat an artist's name as a trademark.<sup>8</sup>

Several respected art law commentators have observed that trademark laws are underutilized in the art world. They note that such laws are "not normally looked to for recourse by copyright holders of visual art,"<sup>9</sup> and "much less attention (and litigation) has been devoted to trademarks in the art world than to other areas of intellectual property."<sup>10</sup>

One notable example of how the art community has failed to adapt to the evolving intellectual property regime is the continued use of the artist's own signature to identify works. Artists rarely use a federally registered trademark as a personal brand but instead usually use a quirky handwritten signature. Unlike a registered trademark, an artist's personal signature provides very limited legal protection, yet art schools still teach students that this outdated method is the preferred means of identification. In fact, most abstractionists never sign their work at all.

This flawed approach puts artists in a precarious position. Federal trademark laws generally frown upon the use of a word that is "primarily merely a surname" as a trademark.<sup>11</sup> Under the Lanham Act, a surname is a protected trademark only if strict evidentiary conditions are met.<sup>12</sup> For the law to protect a name from unauthorized use, consumers must readily recognize an association between the artist's name and the artist's work, thereby giving the name "secondary meaning."<sup>13</sup>

It is very difficult for artists to overcome these legal hurdles unless they are well-known. Courts have held that Pablo Picasso, Andy Warhol and others of their caliber have established secondary meaning in their surnames.<sup>14</sup> However, the less-established artist or the artist with little or no resources to invest in the legal process will not be able to retain survey experts to demonstrate such acquired distinctiveness during litigation, or in the trademark application process.

The artist with a common surname faces an even tougher challenge when trying to meet this evidentiary standard. John Castagno, one of the world's leading experts in the analysis and verification of artists' signatures, says that "many hundreds of artists share common surnames."<sup>15</sup> Since 1980 he has compiled more than 55,000 signatures and monograms, and published them in over a dozen volumes.<sup>16</sup> His personal belief is that "unquestionably, registering a trademarked artists' logo is a good idea, since it also protects the artists' heirs."<sup>17</sup>

Artists who sell their work to the public (and their exclusive dealers) do not have to settle for inadequate legal protection against forgery. They can design and federally register a distinctive, stylized logo or unique monogram to identify their art and services, in addition to using their own signature. The more creative and "fanciful" the logo, the better, as creative marks are typically deemed inherently distinctive and are automatically entitled to protection because they naturally serve to identify a particular source of the product.<sup>18</sup>

Some artists, steeped in tradition, might object to this seemingly commercial approach and view it as a capitulation to the relentless forces of modern-day greed and commerce. But the practice of using unique artistic logos and monograms is actually firmly established in the East, widely accepted in the West, and evident throughout history in the world of art.

For example, in the 16th century, Albrecht Dürer used a distinctive monogram inside an Egyptian-style cartouche as his signature on his woodcuts.<sup>19</sup> The famous American painter, James McNeill Whistler, often used a combination of his name and a butterfly for his personal brand.<sup>20</sup> Many established artists use a diverse array of monograms including distinctive plants, fish, cranes, weather vanes, musical instruments as well as unique abstract symbols.<sup>21</sup>

Designing a distinctive monogram or logo is a creative act unto itself and contributes to the unique style and message of every artist. But more important, when an artist uses this method to identify his creative works with an inherently distinctive logo, he is entitled to seek federal trademark registration, and in turn is able to utilize effectively the legal protection that federal trademark laws can afford him.<sup>22</sup> If a forger then uses a logo identical to (or confusingly similar to) the artist's registered logo, he may be civilly and even criminally liable under federal trademark law.<sup>23</sup> Copying an artist's signature alone does not trigger the same potential liability under the trademark laws.

### Benefits of Registration

Artists benefit in countless ways from registering a distinctive logo. For example, border patrol agents operating under the U.S. Customs Service can stop unauthorized imports bearing a federally registered trademark.<sup>24</sup> U.S. Customs has the power to seize and ultimately destroy counterfeit art bearing a registered trademark.<sup>25</sup> Federal Customs agents can also heavily scrutinize artwork imported from countries known for forgeries before allowing their goods to enter the United States. The U.S. Customs Service cannot take the same action against art bearing an unregistered trademark or signature.

Further, plaintiffs bringing standard fraud claims had to prove the subjective fraudulent intent of the seller. This requirement was their greatest evidentiary challenge. However, in civil trademark cases, a lower legal standard applies: Intent to cause confusion or deception at the point of sale is not a prerequisite for a finding of trademark infringement.<sup>26</sup> If an artist has a trademarked logo and a party uses it without the artist's permission, the party is in violation of federal law and cannot legally sell or advertise that art object. An artist can even stop innocent sellers from using registered logos that are similar enough to their own to confuse buyers.

Other industries have taken creative and aggressive positions under federal trademark laws, and the art community would be wise to take advantage of some of the theories that have been advanced. For example, some fashion designers have employed the theories of vicarious and contributory liability with great success against landlords whose tenants continue to sell counterfeit goods on Canal Street and Broadway in New York City after receiving repeated warnings.<sup>27</sup> Such theories of contributory and vicarious liability could help the art community combat shady art brokers, dealers and galleries who repeatedly sell forged works of art. Also, in light of the recent *Tiffany v. eBay* decision in the Southern District of New York, artists would be wise to take advantage of eBay's Verified Rights Owner Program when they encounter forgeries of their work being sold on the popular site.<sup>28</sup>

Federal trademark laws can assist the art community against the rapid influx of forgeries, but only if artists and their legal counsel aggressively use them. The art world has the unique privilege of creating a rich visual history of our culture and preserving it for generations to come. With this privilege comes a responsibility to combat forgery and maintain the integrity of works in circulation. Utilizing existing trademark law against forgers, collaborating with other industries affected by counterfeit goods, and keeping abreast of new developments in intellectual property law are some of the most effective ways for them to do so.

Joseph C. Gioconda is a partner at DLA Piper (US) specializing in trademark infringement litigation and anticounterfeiting strategy, resident in the New York office.

Endnotes:

1. See "Art Forgers: What Lies Beneath," *The Independent* (London), Sept. 3, 2008, available at: <http://www.independent.co.uk/arts-entertainment/art-and-architecture/features/art-forgers-what-lies-beneath-917067.html>; see also Frank Wynne, *I WAS VERMEER: THE RISE AND FALL OF THE TWENTIETH CENTURY'S GREATEST FORGER* 1-3 (Bloomsbury 2006).
2. Kenneth Walton, *FAKE: FORGERY, LIES, & EBAY* 295 (Simon Spotlight Entm't 2006).
3. Jori Finkel, "Art Auctions on Cruise Ships Lead to Anger, Accusations and Lawsuits," *THE N.Y. TIMES*, July 16, 2008 at E1.
4. *Id.*
5. Bradley Hope, "Art Forgeries Are on the Rise, Testing Dealers, Detectives," *N.Y. SUN*, Aug. 25, 2006, at 1, available at <http://www.nysun.com/article/38599>; see also Claire Babbidge, *Fighting Forgery in the Art World*, *BBC NEWS*, Nov. 23, 2006 (quoting British police saying "art crime is extensive and becoming more and more prolific.").
6. J. Thomas McCarthy, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION*, §23:110 (West Publ'g Supp. 2007).
7. Joelle Tesler, "Senate Passes Intellectual Property Bill," *BUS. WEEK*, Sept. 27, 2008, available at: <http://www.businessweek.com/ap/financialnews/D93EL7T00.htm>.
8. Roy S. Kaufman, *ART LAW HANDBOOK* 43-44 (Aspen Publ'g 2000); see also *In re Wood*, 217 USPQ 1345 (TTAB 1983).
9. Ralph E. Lerner and Judith Bressler, *ART LAW: THE GUIDE FOR COLLECTORS, INVESTORS, DEALERS & ARTISTS* 1180 (3d ed. Practising Law Institute 1998).
10. Kaufman, *supra* note 8, at 39.
11. 15 USC §1052(e) (2008). See also *Peaceable Planet Inc. v. Ty Inc.*, 362 F.3d 986 (7th Cir. 2004) (articulating the court's concerns for monopolizing a personal name as a trademark).
12. *Boston Beer Co. v. Slesar Bros. Brewing Co.*, 9 F.3d 175, 180 (1st Cir. 1993) ("Proof of secondary meaning entails vigorous evidentiary requirements.").
13. J. Thomas McCarthy, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* §§13:2-13:39 (West Publ'g Supp. 2008).
14. See, e.g., *Hughes v. Plumsters, Ltd.*, 1989 WL 418804, at \*1-2 (N.D. Cal. 1989); see also *Visual Art Galleries Ass'n v. Various John Does*, 80 Civ. 4487 (SDNY 1980).
15. Telephone interview with John Castagno, *Artists Signatures.com, LLC* (Sept. 28, 2008).
16. See, e.g., John Castagno, *ABSTRACT ARTISTS: SIGNATURES AND MONOGRAMS, AN INTERNATIONAL DIRECTORY* (Scarecrow Press 2007).
17. Castagno interview, *supra* note 15.
18. McCarthy, *supra* note 13, at §§11:4-11:91.

19. See, e.g., Small Horse (Engraving c. 1505) and Knight, Death and the Devil (Engraving c. 1514).
20. See, e.g., Village Shop, Chelsea (Painting c. 1883/1884).
21. Milton Esterow, "55,000 Signatures and Counting," ARTNEWS, December 2007.
22. 15 USC §1114(1) (2008).
23. *Id.*
24. 19 CFR Part 133, Subpart A (2008).
25. Section 42 of the Lanham Act (15 USC §1124) and §526 of the Tariff Act of 1930 as amended (19 USC §1526) prohibit the importation of goods that "copy or simulate" registered trademarks owned by U.S. citizens or corporations. Additionally, when art enters U.S. borders with entry documentation that is fraudulently and deliberately misstating the origin and value of the art, the importer is subject to penalties. 18 USC §542 (2008). The art object may also be seized and/or forfeited. 19 USC §1595a (2008).
26. McCarthy, *supra* note 6, at §23:110 ("liability [for trademark infringement] turns on the fact of likely customer confusion and not on the subjective mental state of the defendant. A mistaken, good faith belief will not excuse otherwise illegal infringement.") (emphasis in original).
27. See generally G. Roxanne Elings, "Landlord Liability and the City," WORLD TRADEMARK REVIEW, May/June 2008.
28. Tiffany (NJ) Inc. v. eBay Inc., F.Supp.2d, 2008 WL 2755787 (SDNY July 14, 2008).