

# Recalibrating Copyright – Blockchain, NFTs and Creative Properties

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# New Technology: The Disruptor



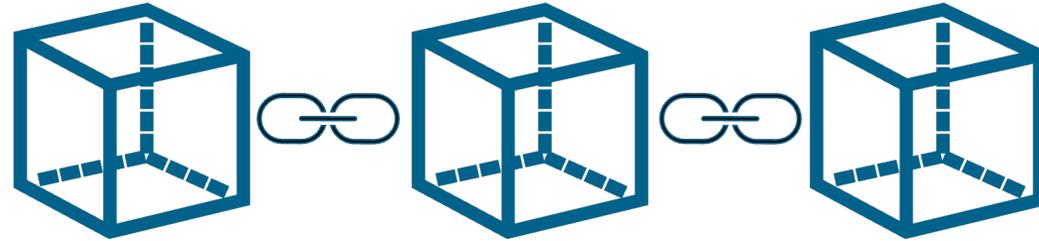
- Blockchain technology and NFTs have disrupted the creative marketplace and provided new methods of distribution and revenue generation for creative properties, including . . .
  - Art
  - Music
  - Film and TV
  - Video games
  - Journalism

# New Technology: The Disruptor



- Exploitation of copyright is fundamental to use of these technologies in the creative industry
- **Blockchain** and **NFTs** provide new platforms and methods for creators to:
  - Control distribution, performance and display of creative works
  - track transfers of creative works
  - license creator's copyrights
  - capture a revenue stream from transfer
- Technology provides an opportunity for creators to shift control of the marketplace away from galleries, auction houses, publishers and rights aggregators

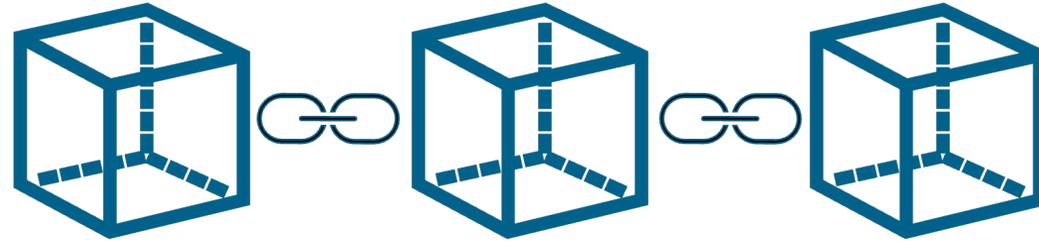
# Blockchain Technology



A **Blockchain** consists of a distributed group of **connected computers** that programmatically **reach agreement** with respect to the status of, or changes to, certain **shared data**.

- Type of shared database that stores information in blocks linked together via cryptography.
- Information is storage electronically in digital format.
- As new data comes in, it is entered into a fresh block. Once the block is filled with data, it is chained onto the previous block, which makes the data chained together in chronological order.

# Blockchain Technology



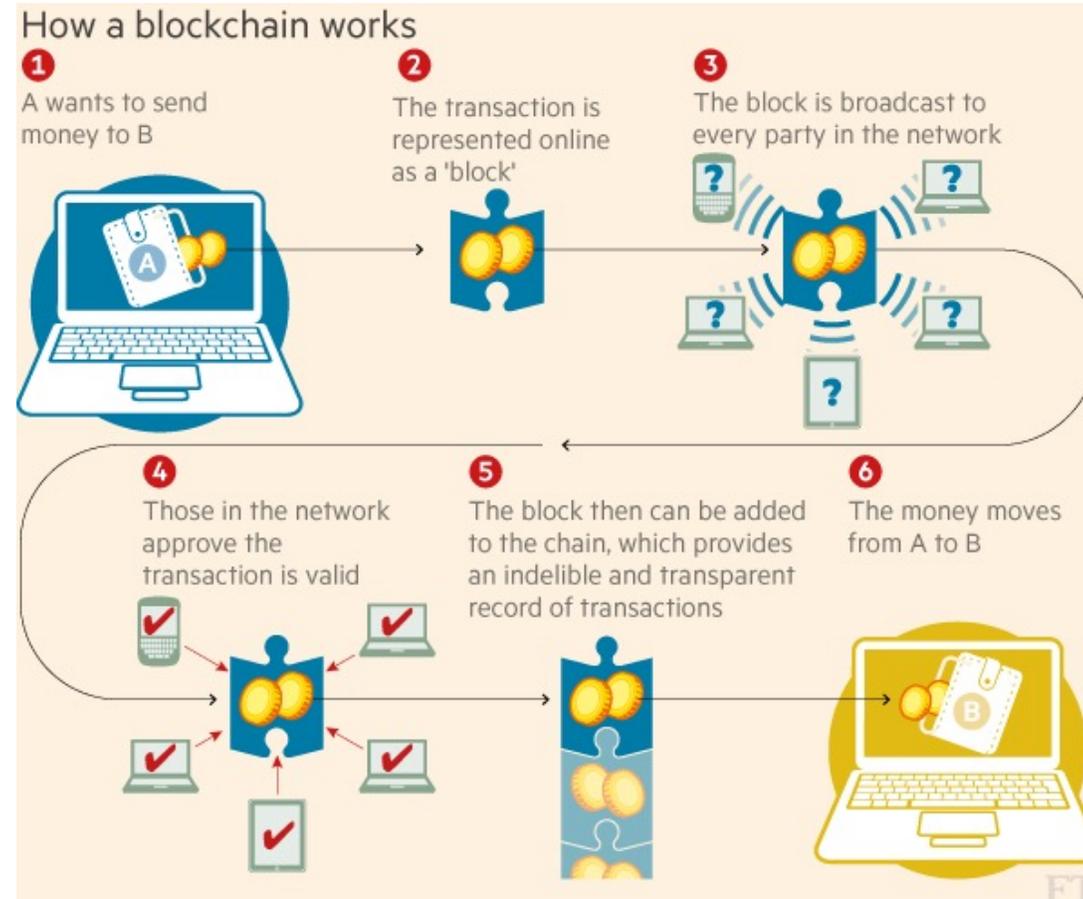
Goal of **Blockchain** technology: Allows digital information to be recorded and distributed, but not edited, making it a foundation for records of transactions that cannot be altered, deleted or destroyed.

- Provides a decentralized way so that no single person or group has control—rather, all users collectively retain control.
- Different types of information can be stored on a blockchain, but the most common use so far has been as a ledger for transactions.
- Blockchain technology is best known for its crucial role in cryptocurrency systems, providing for a secure, immutable and decentralized record of financial transactions

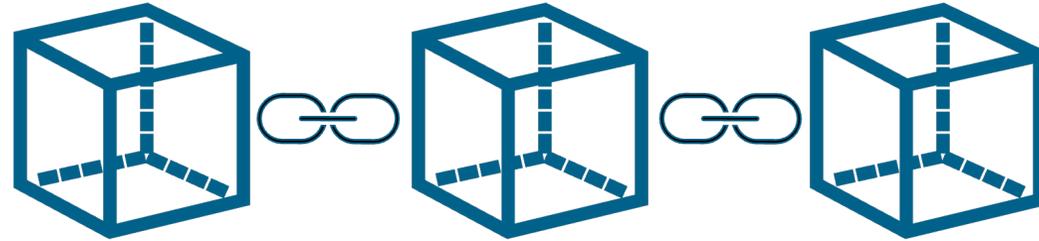
# Blockchain Technology



It started with Bitcoin



# Blockchain Technology



**Blockchain** technology has a wide range of applications in the arts and entertainment industries.

- Other blockchains have evolved largely to change consensus mechanisms for different use cases.
- Applications in the arts and entertainment industries have provided new platforms for owners of creative works to distribute and exploit their rights

# Blockchain Technology



- **Blockchain** technology used to track provenance in art auction
- 2018 Auction of Barney Ebsworth's art collection by Christie's
- Largest privately owned collection of American Modernist art ever to come to market
- Auction sales total \$317M
- All sales tracked on Artory blockchain ([www.artory.com](http://www.artory.com))



Edward Hopper, Chop Suey

# What are Smart Contracts?



- Digital contract stored on a blockchain that is automatically executes when predetermined terms and conditions are met without any intermediary's involvement.
- Follow “**if/when...then...**” statements that are written into code on a blockchain.
- Network of computers executes the actions when predetermined conditions have been met and verified.
- The **blockchain** updates when the transaction is completed.
- Transaction cannot be changed, and only parties who have been granted permission can see the results.

# What are NFTs?



**Non-fungible tokens (or “NFTs”) are unique blockchain-based digital assets.**

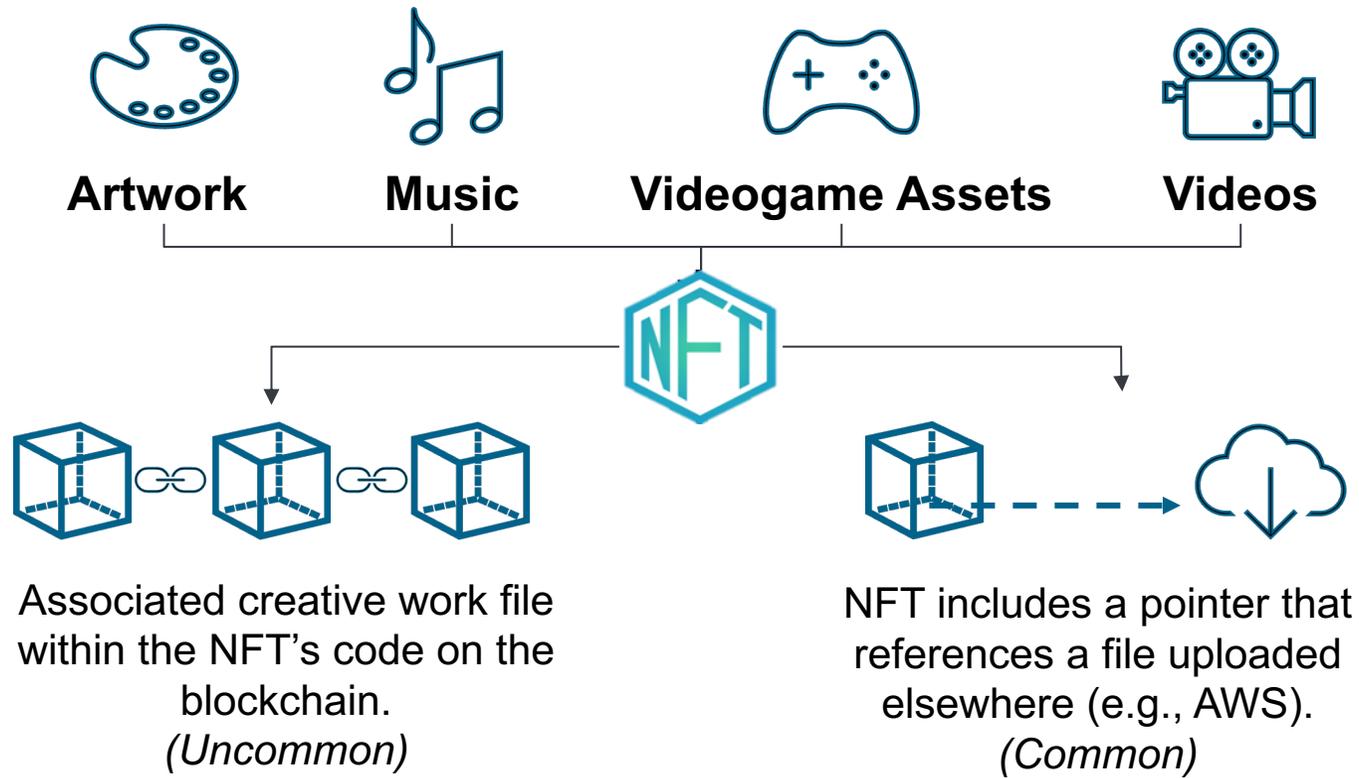


- NFTs are distinguishable from *fungible* digital assets, such as Bitcoin and Ether, which are uniform units and therefore interchangeable.
- Each NFT has its own unique token identifier (and often, associated reference metadata).
- Often NFT does not include the creative work itself, but rather includes a pointer that references a file uploaded elsewhere.
- Use of NFT linked content is governed by smart contract terms.
- NFTs are transferred via smart contracts which determine the terms of transfer, including any revenue stream to the creator.
- Through the incorporation of automated, self-executing smart contracts, an NFT creates “downstream” monetization opportunities that are unique to NFTs.

# What are NFTs?

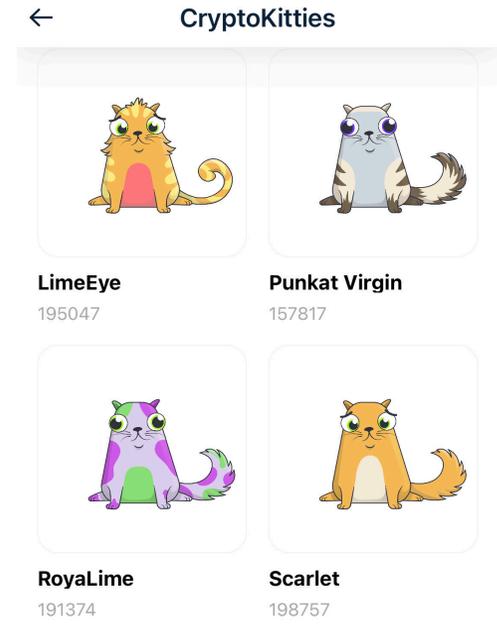


**NFTs are often associated with, but not limited to:**



Associated creative work file within the NFT's code on the blockchain.  
*(Uncommon)*

NFT includes a pointer that references a file uploaded elsewhere (e.g., AWS).  
*(Common)*

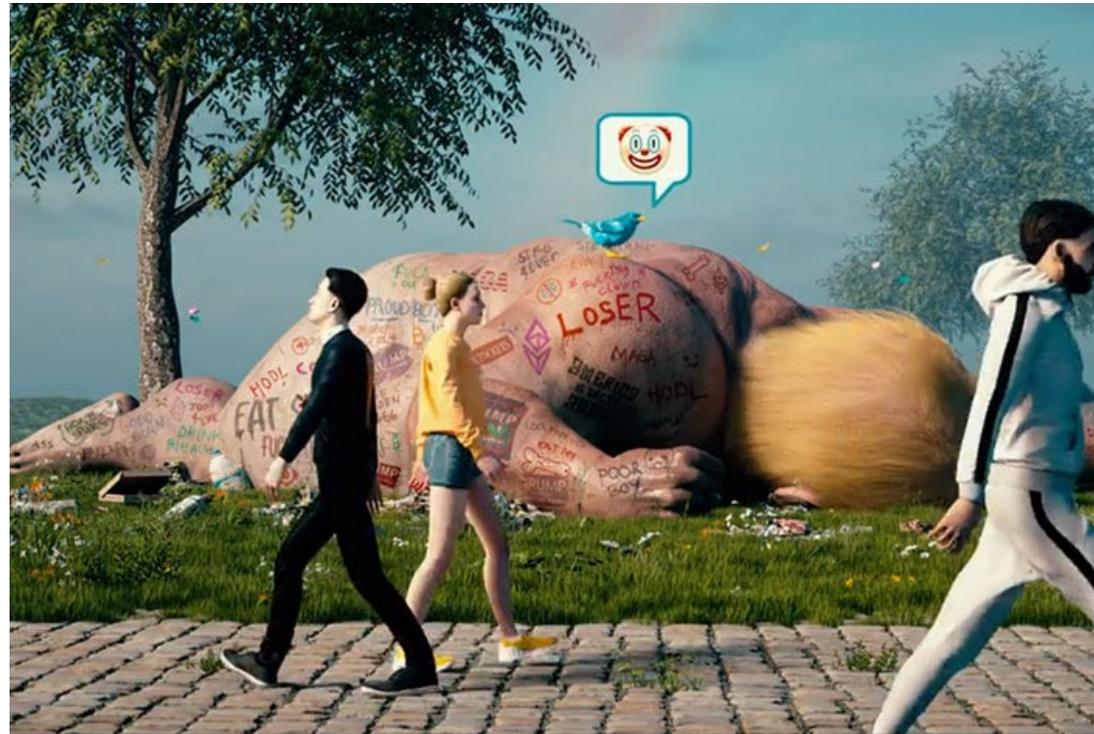


**CryptoKitties** was the first popular NFT application, which allowed users to generate unique digital kitties that could be bred with one another creating additional NFTs as unique digital kitties.

# The NFT Boom: New Gold Rush?



How a 10-second video clip sold for \$6.6 million



# The NFT Boom: New Gold Rush?

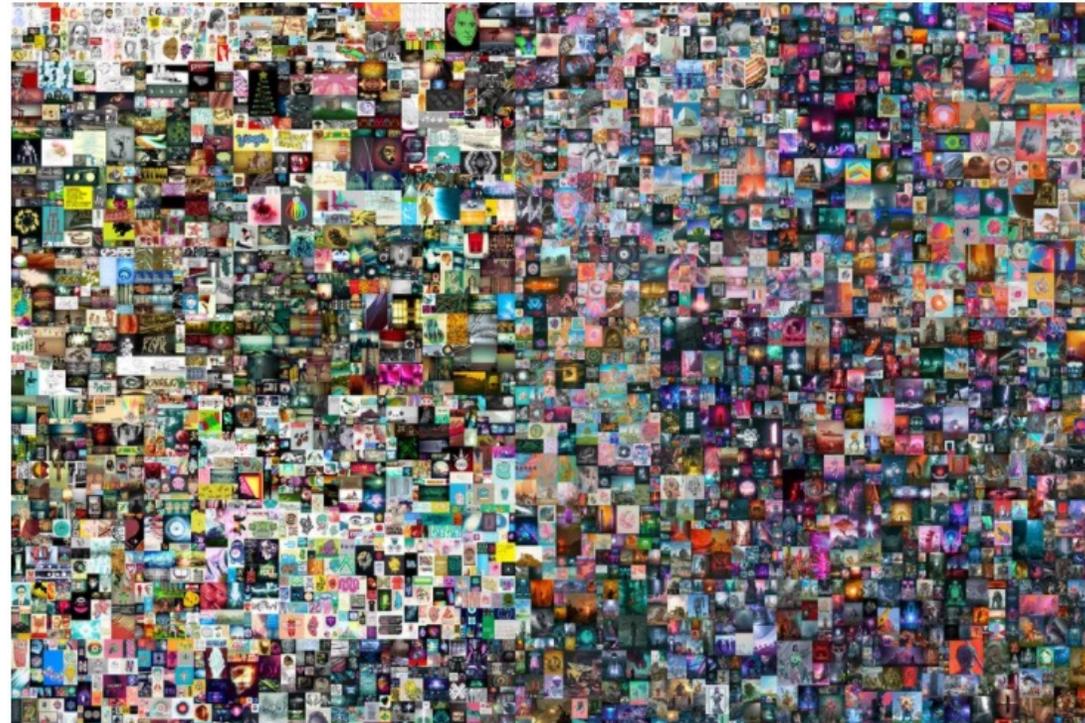


## Beeple sold an NFT for \$69 million

*Through a first-of-its-kind auction at Christie's*

By [Jacob Kastrenakes](#) | [@jake\\_k](#) | Mar 11, 2021, 10:09am EST

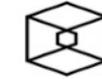
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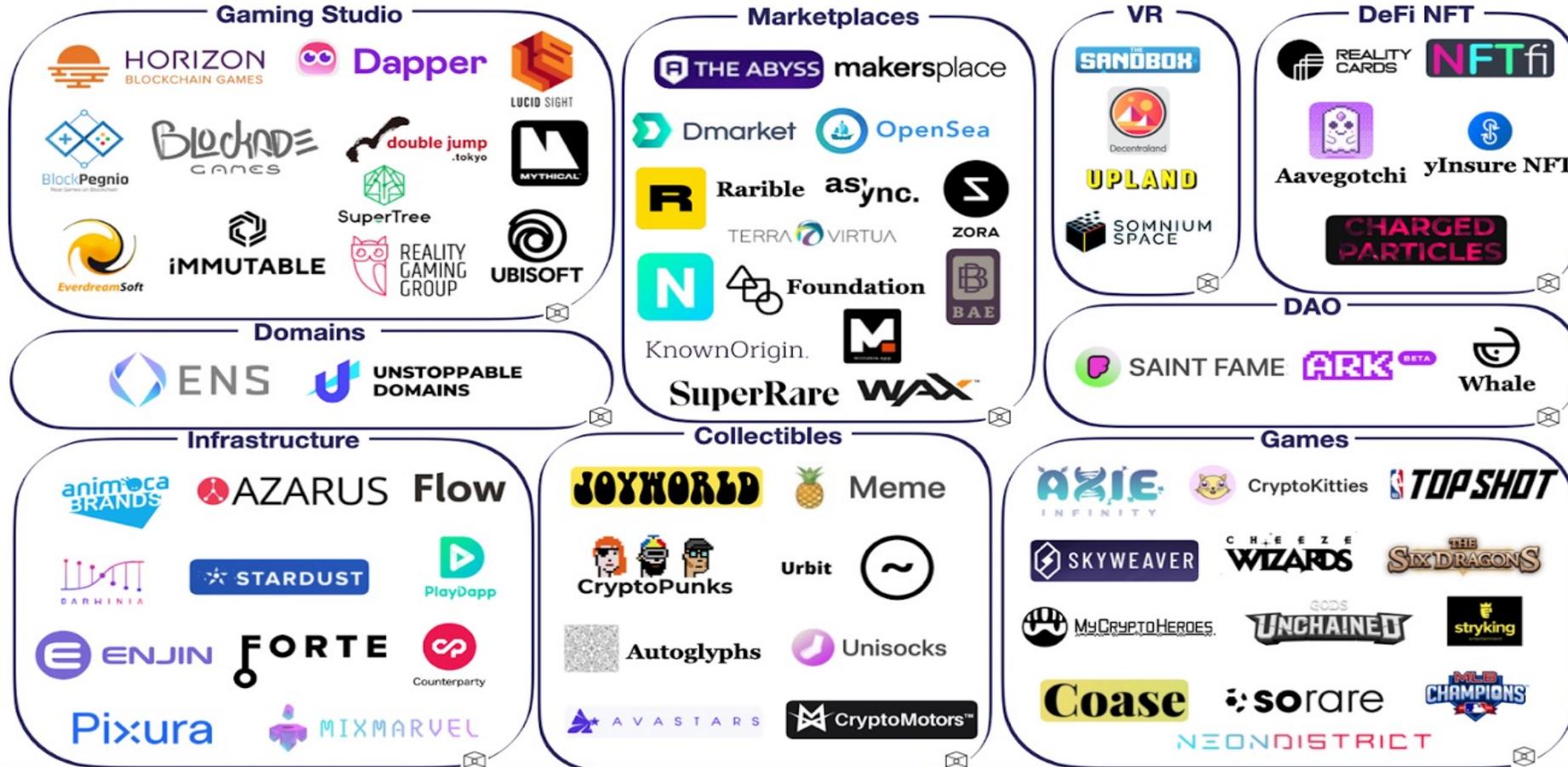
# The NFT Landscape



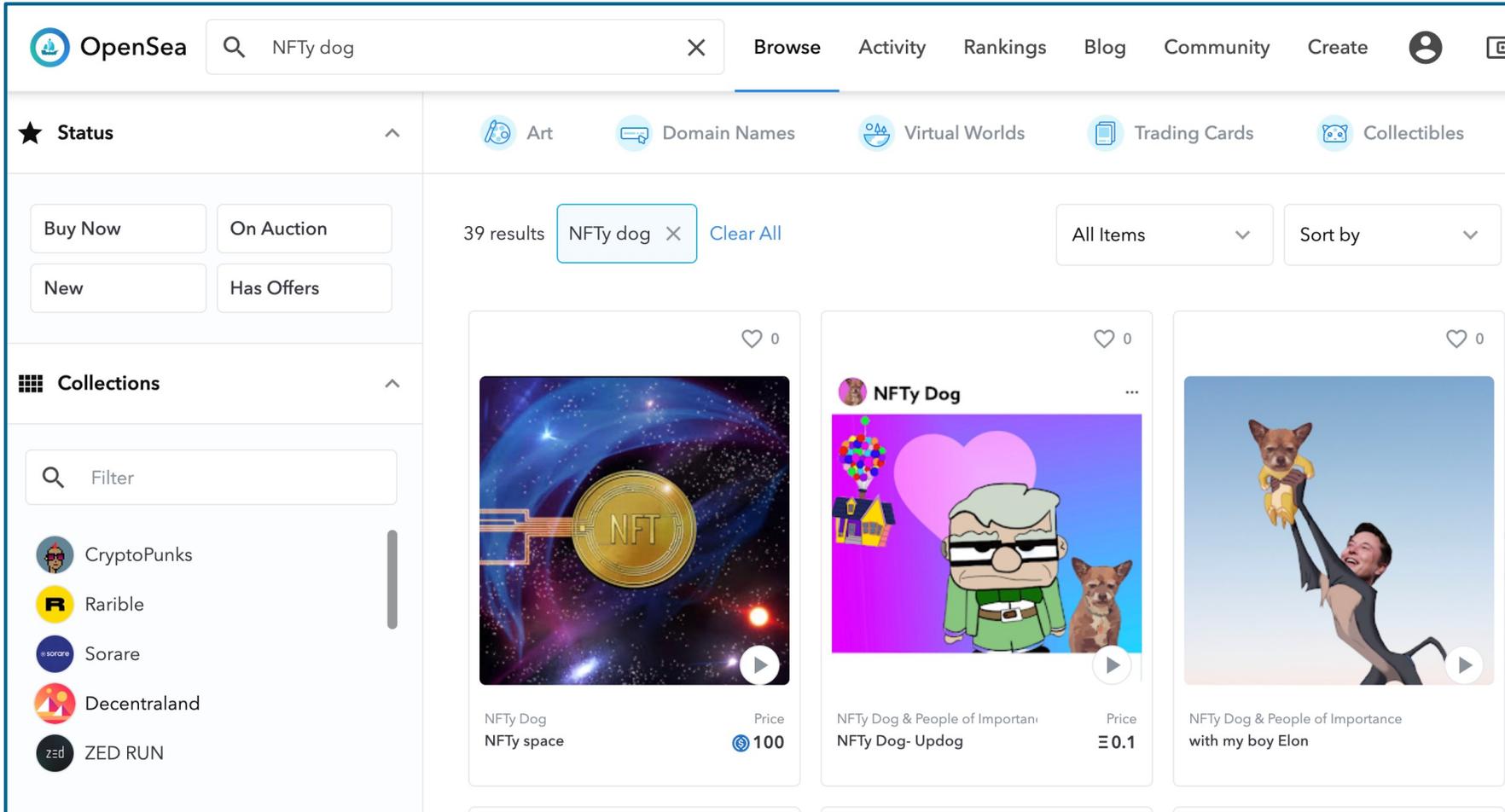
## The non-fungible token (NFT) ecosystem



## THE BLOCK



# NFT Marketplaces



## NFT Marketplaces:

- OpenSea
- Nifty Gateway
- Zora
- Rarible
- Foundation
- SuperRare

# NFTs and Music - Kings of Leon Album Release

- First major band to release an album via an NFT
- The band offered three different types of NFTs in connection with their new album *When You See Yourself*
- Developed with blockchain ticketing company YellowHeart

The screenshot shows an OpenSea marketplace listing for an NFT titled "NFT Yourself" by the collection "KINGS OF LEON x YELLOWHEART". The listing is owned by "YellowHeartFactories". The main image is a gold-colored album cover for "KINGS OF LEON WHEN YOU SEE YOURSELF" featuring silhouettes of the band members. To the right, there is a "Price History" chart showing the price of the NFT over time, with an "All Time Avg. Price" of 0.035. Below the chart, there are sections for "Listings" and "Offers". The "Offers" section shows three offers from users "ALRIGHT", "cake0all0day2473", and "QUEENPEN21" with prices of 0.120, 0.06, and 0.051 respectively.

From	Price	Expiration
ALRIGHT	0.120 (\$119.93)	in 6 days
cake0all0day2473	0.06 (\$102.40)	in 5 days
QUEENPEN21	0.051 (\$87.04)	in 5 days

# NFTs and Music - Kings of Leon Album Release



## 1<sup>st</sup> NFT Type: Special Album Package



What comes with the NFT:

1 - Digital album download

1 - Limited edition NFT Golden Eye Vinyl

1 - Digital collectible album artwork

All unsold limited edition NFTs will be burned after sale period ends.

### FAQ

1. If I did not buy the album in this sale, will I be able to buy it at a later date? [^](#)

No, this collection has closed and no more assets will ever be created. You can find people selling their albums on secondary markets such as OpenSea. \*Note: if you are purchasing from a collector, be sure to validate that the album has not already been redeemed before purchase.

# NFTs and Music - Kings of Leon Album Release



## 2<sup>nd</sup> NFT Type: Exclusive Audiovisual Art

		
Cherrysmoke #1	Cherrysmoke #2	Cherry Echo
216 total minted	200 total minted	194 total minted

		
Cherrybolt	ShadowS	NFT Yourself Album and Vinyl
580 total minted	146 total minted	6,486 total minted

# NFTs and Music - Kings of Leon Album Release



## 3<sup>rd</sup> NFT Type: Golden Ticket

- Four front row seats to one show of every tour for life
- Concierge service
- VIP reception
- Backstage access
- Merchandise



# NFTs and Music - Kings of Leon Album Release



## Results:

- Generated 766.4 ETH (~\$2 million)
- Golden Ticket “Bandit #2 Wave” sold for 89 ETH (~\$157,000)
- Auction extended by one day

### Kings of Leon Generates Nearly \$2 Million From NFT Album Sales

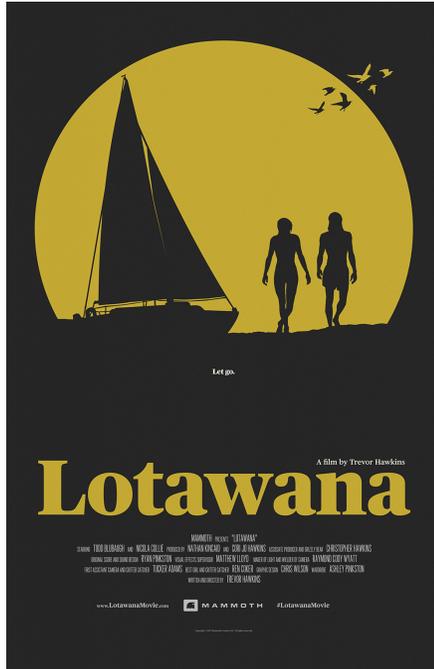
👤 Ashley King 🕒 March 10, 2021 💬 2



Photo Credit: NRK P3 / CC by 3.0

**The Kings of Leon have generated around \$1.45 to \$2 million in their NFT album sales.**

# NFTs and the Film & Television Industry



## Indie Film Lotawana Becomes First Ever Movie Sold As An NFT [EXCLUSIVE]

Exclusive: Independent film Lotawana, directed by Emmy winner Trevor Hawkins, has officially become the first movie to ever be sold as an NFT.

BY RACHEL LABONTE  
PUBLISHED MAR 19, 2021



## NFT Craze Enters Film World: 'Claude Lanzmann' Documentary is First Oscar Nominee to Be Released as Digital Token (EXCLUSIVE)

By Manori Ravindran



# What We Didn't Cover



- **Securities and Regulatory issues**
- **NFTs and IP Infringement**
  - As with any emerging technology, IP infringement is a significant concern.
  - Not uncommon to see NFTs incorporating iconic characters, images of celebrities, unlicensed music and so forth.
  - *Copyright infringement, trademark infringement* and *right of publicity misappropriation* are areas of particular concern for rights holders

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# Thank You!