

# Recalibrating Copyright – Blockchain, NFTs and Creative Properties

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## LYNNE GRAYBEAL

**Partner**  
**Chair, Arts & Entertainment Group**  
Perkins Coie LLP  
Seattle  
Intellectual Property (Trademark, Copyright,  
Internet & Advertising)

[LGraybeal@PerkinsCoie.com](mailto:LGraybeal@PerkinsCoie.com)

+1.206.359.6485

# New Technology: The Disruptor



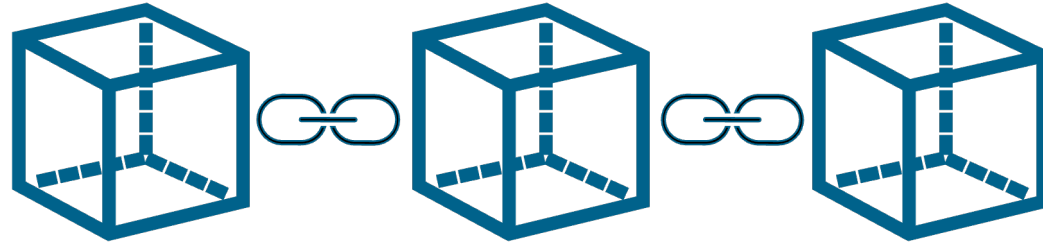
- Blockchain technology and NFTs have disrupted the creative marketplace and provided new methods of distribution and revenue generation for creative properties, including . . .
  - Art
  - Music
  - Film and TV
  - Video games
  - Journalism

# 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

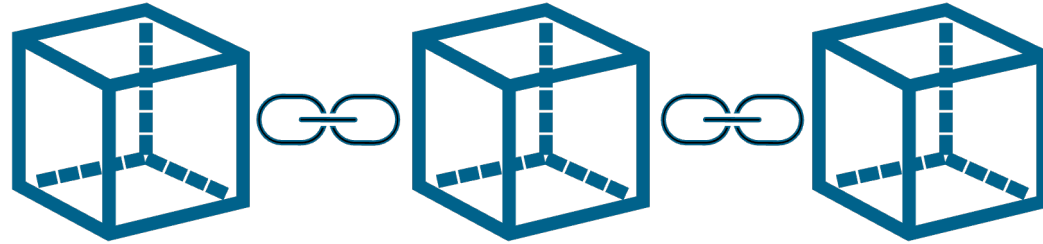


A **Blockchain** consists of a distributed group of **connected computers** that programmatically **reach agreement** with respect to the status of, or changes to, certain **shared data**.

- 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

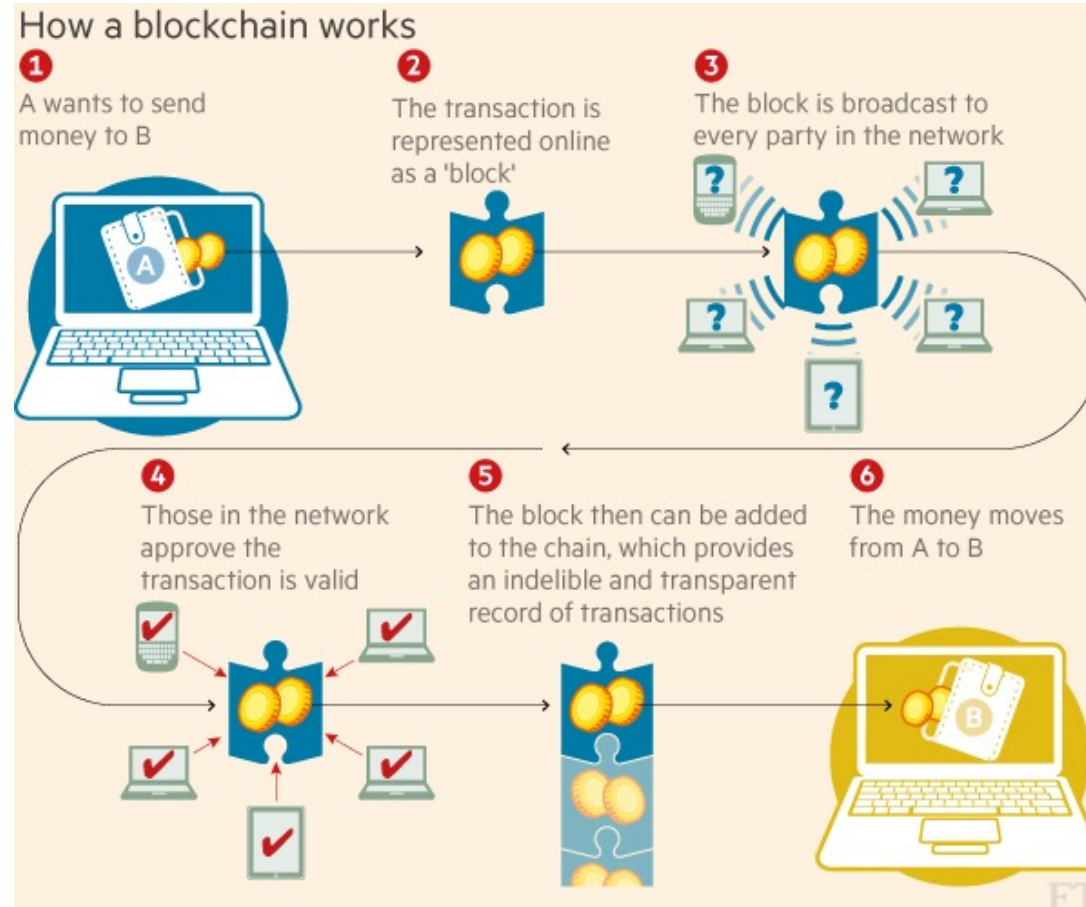


Goal of **Blockchain** technology: Allows digital information to be recorded and distributed, but not edited, making it a foundation for records of transactions that cannot be altered, deleted or destroyed.

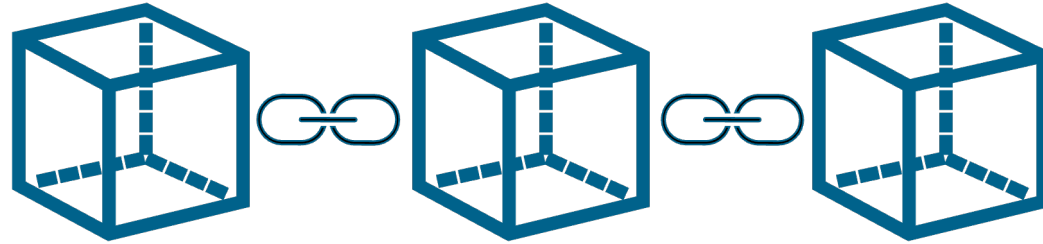
- Provides a decentralized way so that no single person or group has control—rather, all users collectively retain control.
- Different types of information can be stored on a blockchain, but the most common use so far has been as a ledger for transactions.
- Blockchain technology is best known for its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



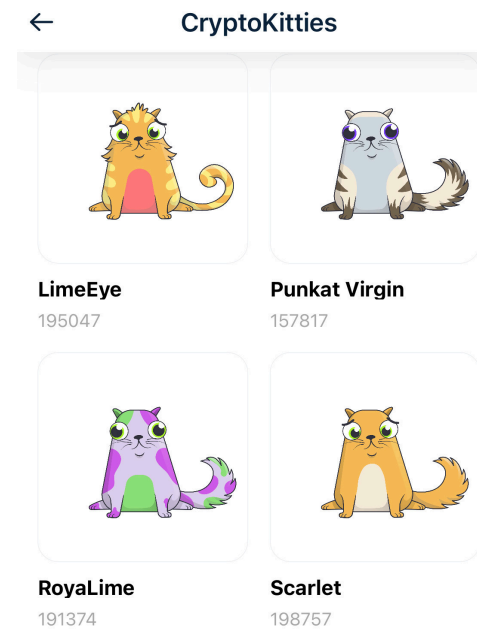
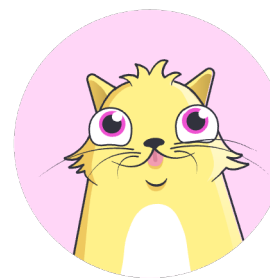
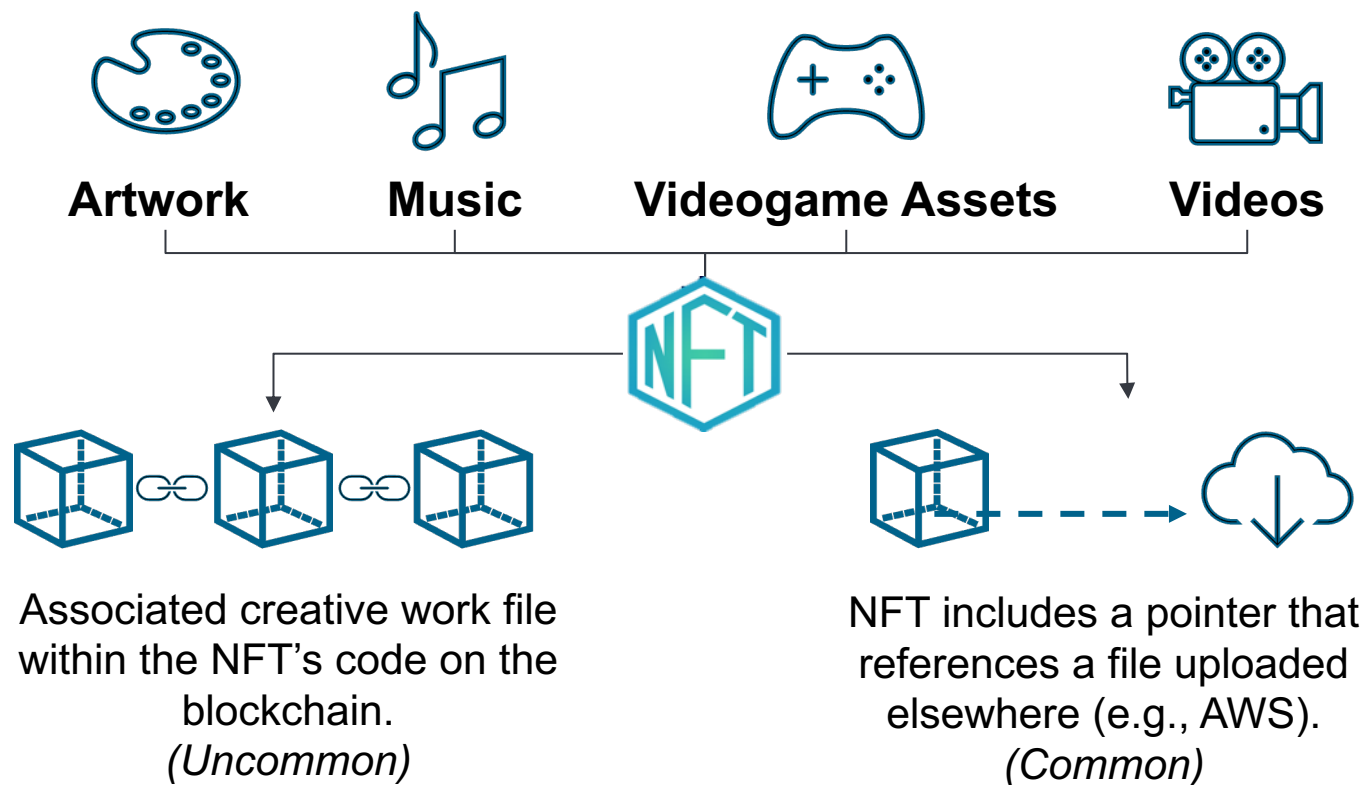
**Non-fungible tokens (or “NFTs”) are unique blockchain-based digital assets.**



- 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:**



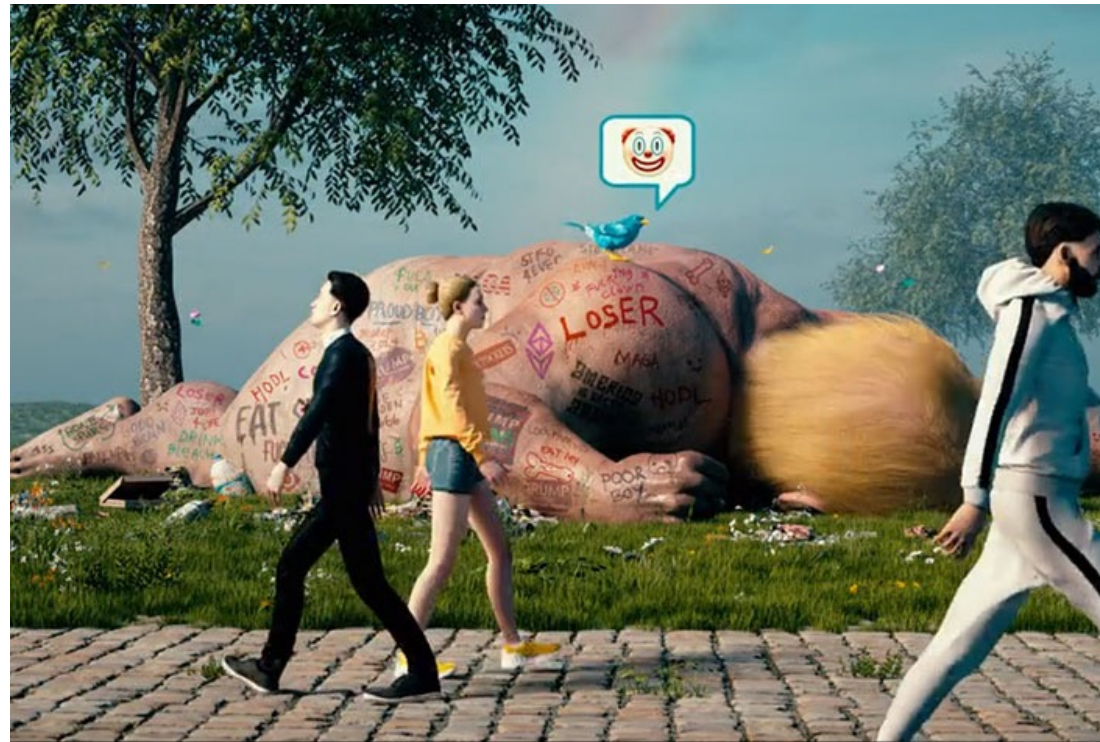
**CryptoKitties** was the first popular NFT application, which allowed users to generate unique digital kitties that could be bred with one another creating additional NFTs as unique digital kitties.



# The NFT Boom: New Gold Rush?



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





# The NFT Boom: New Gold Rush?

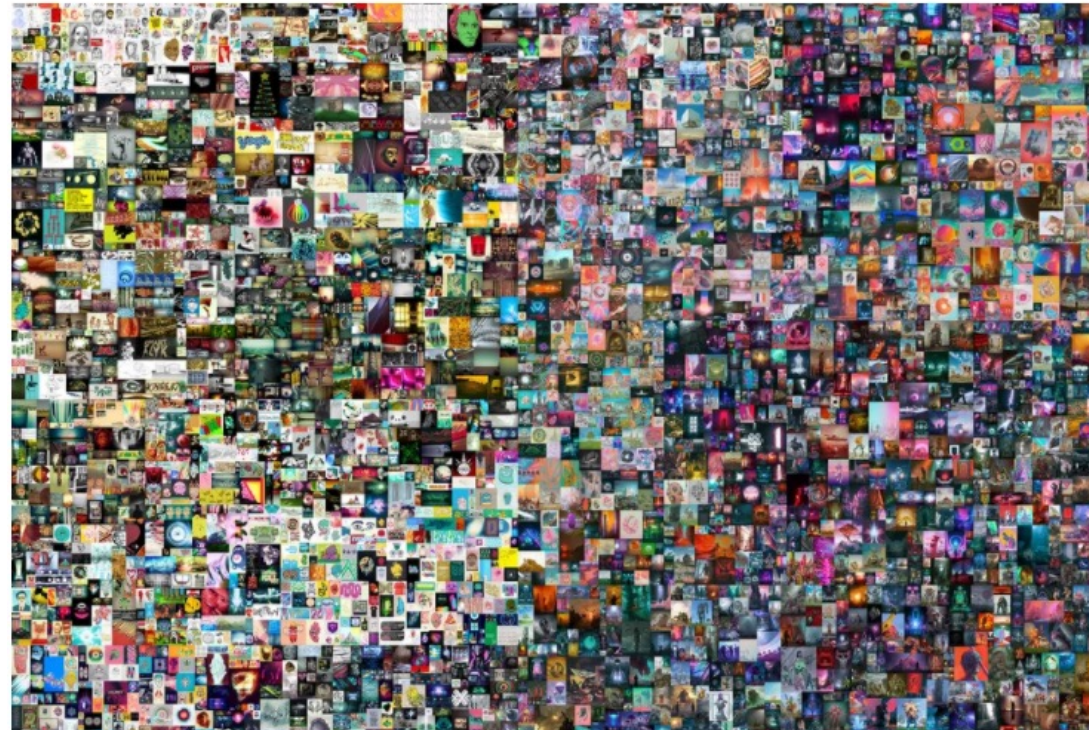


## Beeple sold an NFT for \$69 million

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

By Jacob Kastrenakes | @jake\_k | Mar 11, 2021, 10:09am EST

f   SHARE



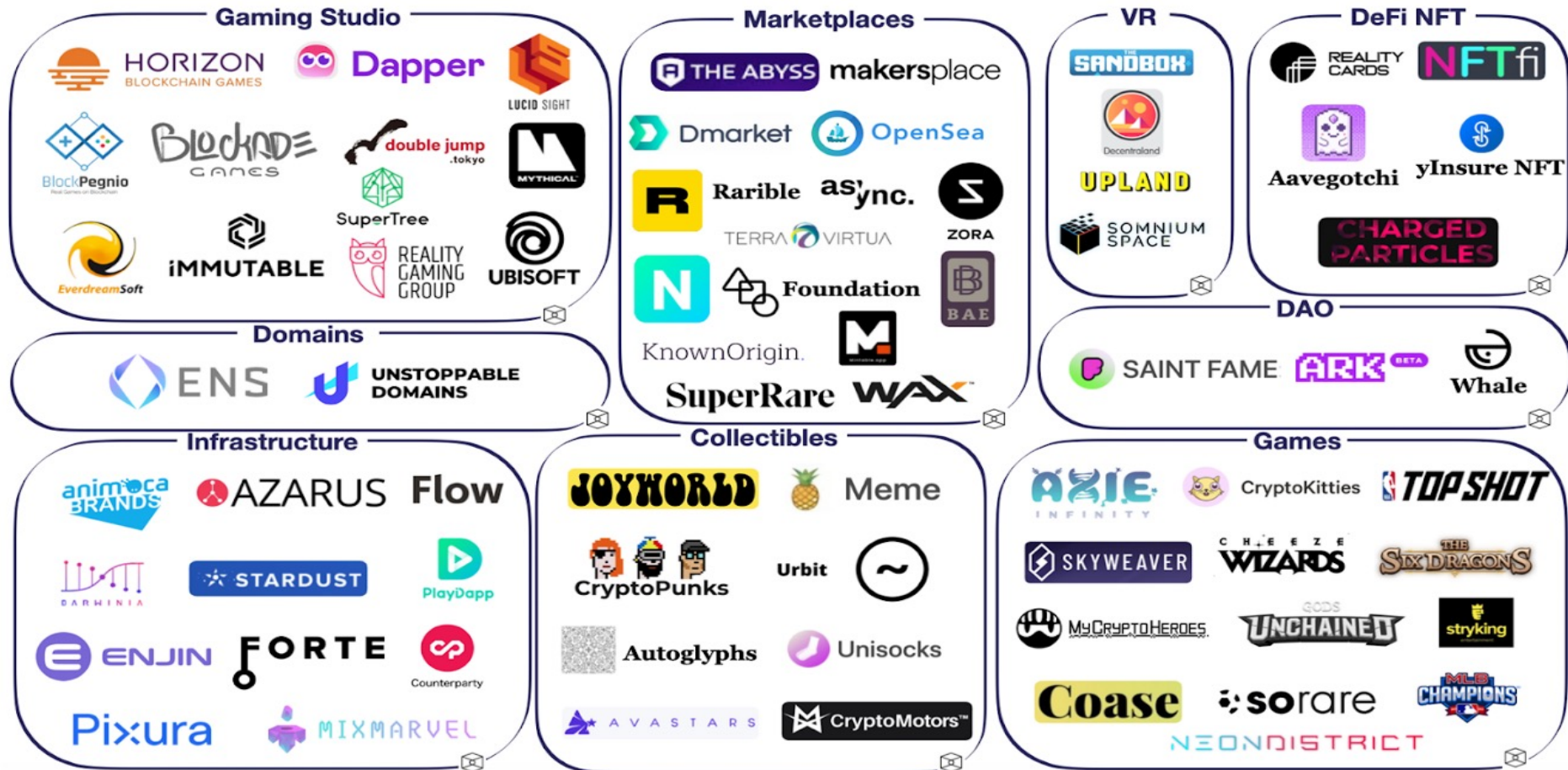


# The NFT Landscape

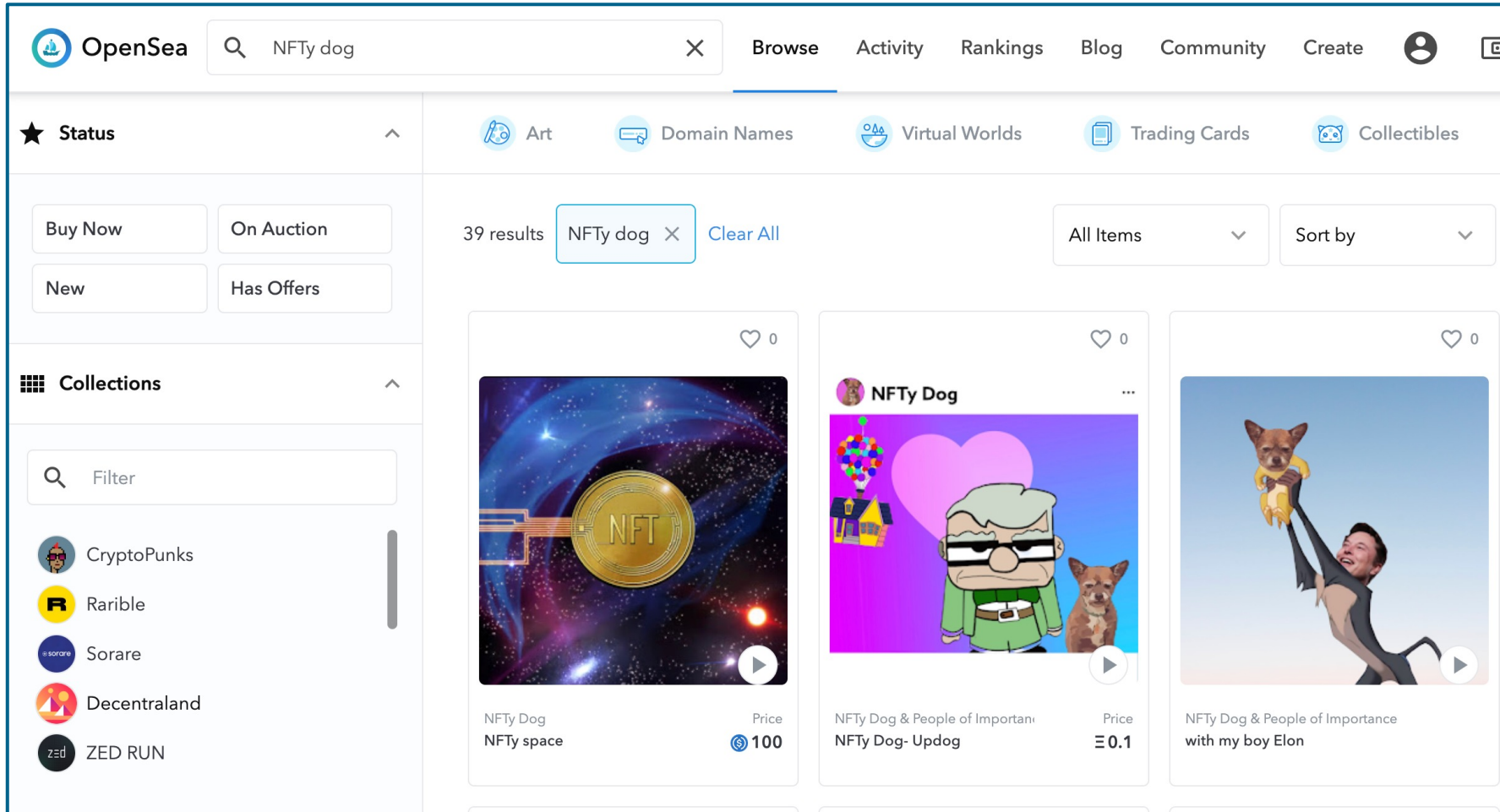
## The non-fungible token (NFT) ecosystem



## THE BLOCK



# NFT Marketplaces



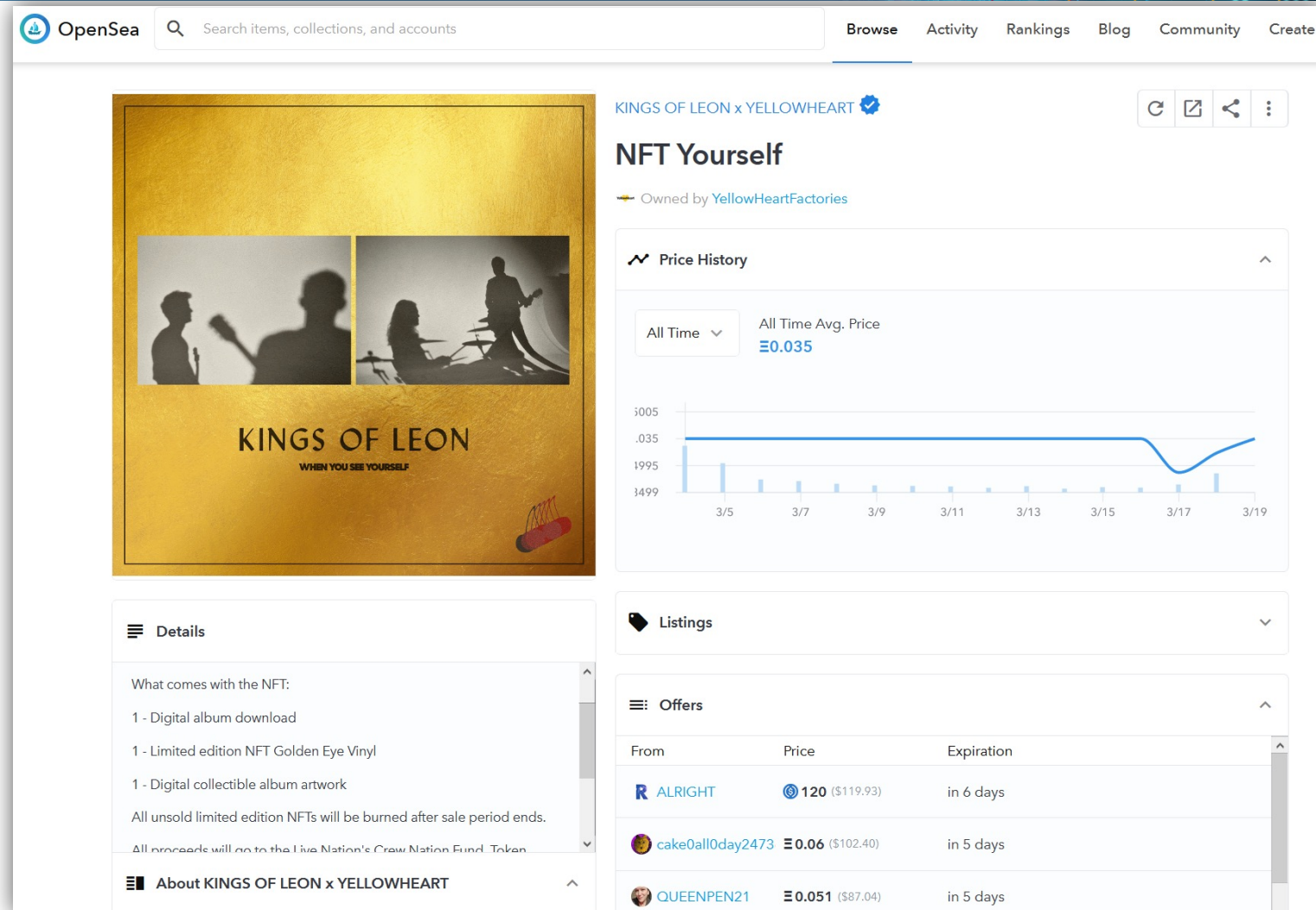
## NFT Marketplaces:

- 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





# 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.

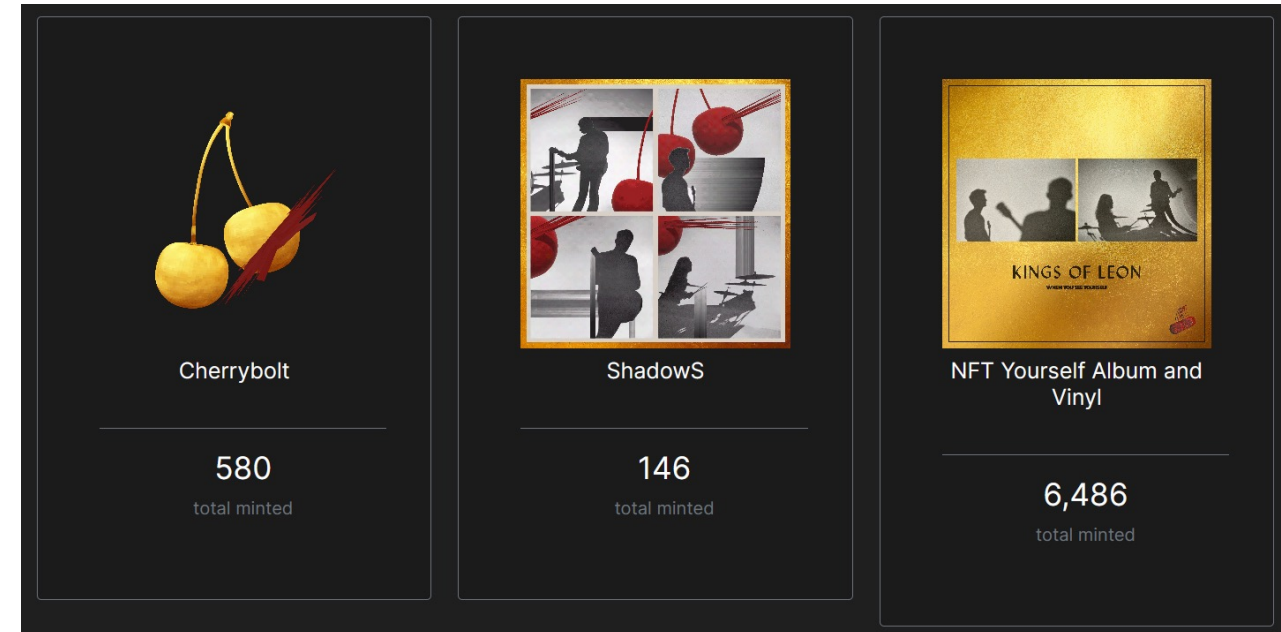
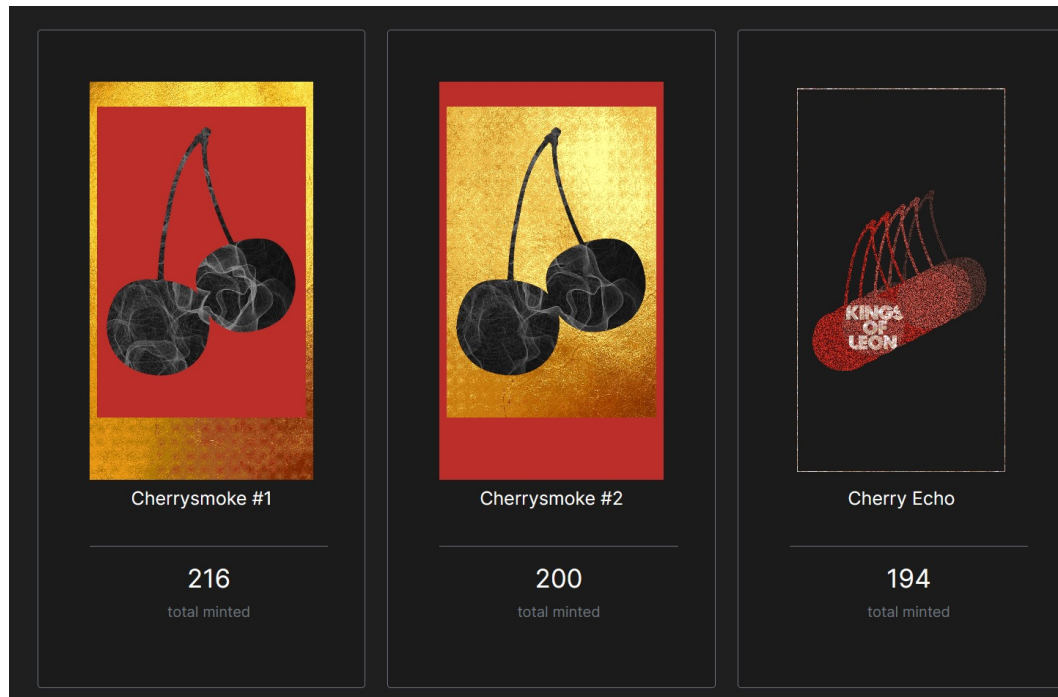
### FAQ

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





# 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

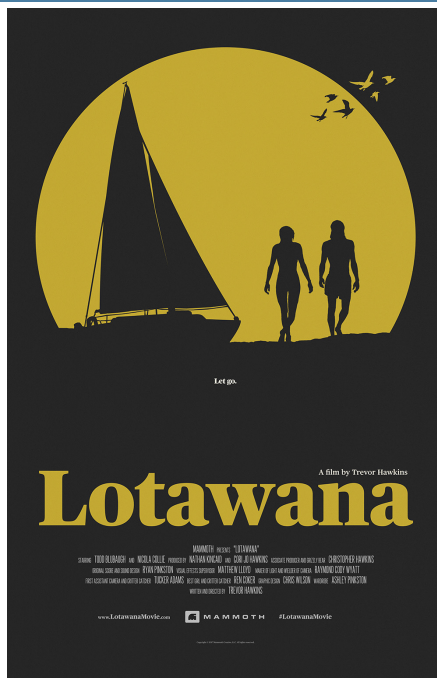


Photo Credit: NRK P3 / CC by 3.0

**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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**Chair, Arts & Entertainment Group**  
Perkins Coie LLP  
Seattle  
Intellectual Property (Trademark, Copyright,  
Internet & Advertising)

[LGraybeal@PerkinsCoie.com](mailto:LGraybeal@PerkinsCoie.com)

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# Thank You!