

TYPES NOT MAPPED YET February 23, 2023 | TTR not mapped yet | Brendan M. Bement, Matthew I. Hafter

Mural copyrights: Yes, it's a thing! Don't end up with paint on your face

The recent decision in *Petersen v. Diesel Power Gear*^[1] highlights the risks to executives and owners of any business that engages in advertising.

The plaintiff in *Petersen* is an artist who creates large and dramatic murals on building walls, including commissioned murals for his clients. One of his murals is called "Godlike." The defendant, Diesel Power Gear, is in the business of promoting diesel trucks and related apparel through various social media outlets. Petersen also sued three individuals who were part owners of Diesel Power Gear.

In 2017, a Diesel employee photographed a truck in front of the Godlike mural, with a portion of the mural as a backdrop. Diesel posted the image of the truck with the partial image of the mural in the background on its social media posts on Instagram and Facebook. Petersen became aware of these posts, reached out to Diesel, and Diesel immediately removed the posts.

Between 2017 and 2020, Diesel experienced significant employee turnover, including its photographer and social media team. According to the court's description, in 2020 its new photographer was driving around the Salt Lake City area looking for a good photo backdrop for Diesel's then-current giveaway campaign. While driving, the photographer noticed the Godlike mural and decided to use a small section of it as a backdrop for a photo of the giveaway truck. Diesel posted the image of the truck on Instagram and Facebook. And, again, Petersen complained and Diesel immediately removed the posts.

Plaintiff then sued Diesel as an entity for direct copyright infringement, and also sued the individual owners of Diesel for direct copyright infringement, vicarious copyright infringement and contributory copyright infringement. Diesel admitted to direct copyright infringement, which left the court to focus on the infringement claims against the three individual defendants.

As owners of Diesel Power Gear, the individual defendants can be held liable for the infringing acts of Diesel if they personally participated in the acts constituting infringement. Something more than merely being a director of an entity that commits copyright infringement, however, is required for liability (see the recent ruling in *Big Thirst v. Donohd*^[2]). In *Big Thirst*, a copyright infringement claim against a director was dismissed for failing to allege any facts that the director was personally involved in the infringement. According to that court, it does not follow that directors of a company must have committed copyright infringement solely because the company committed copyright infringement.

In *Petersen*, Plaintiff's motion for summary judgment on direct infringement was denied because of material fact disputes as to whether the individual defendants personally participated in the infringement. The court noted that while none of the individual defendants had taken the photographs, there were factual disputes regarding whether the defendants published the images online. Similar fact disputes could further subject them to liability for indirect copyright theories, including contributory infringement, which requires control over the underlying acts of infringement, and vicarious liability.

To be vicariously liable for copyright infringement, a person must have the right and ability to supervise the infringing act and a direct financial interest in the infringing activity. Because there was no causal relationship between the infringing activity and financial benefit to the individual defendants in this case, the court denied plaintiff's summary judgment motion.

Diesel's three individual owners fared well on summary judgment in *Petersen*; but they are not off the hook yet, as they are still at risk of being held liable at trial. This case highlights the risks to owners and executives of businesses around the use of copyrighted materials. Where the facts show that an owner or investor has

involvement and a direct financial interest in the infringing activity, the presence of an otherwise well-capitalized corporation or similar entity that follows appropriate formalities may not provide the customary shield of limited liability.

Takeaways from *Petersen* include:

- A photograph taken in 2017 became no less infringing when a substantively identical photograph was taken in 2020. We say this somewhat “tongue-in-cheek,” but this illustrates the importance of keeping employees informed of legal issues that have an impact on their jobs, despite turnover in the workforce.
- It is not just murals: any type of copyrighted work, including photographs, images on t-shirts, music (for videos), and other works used in promotional material can jeopardize an advertising campaign.
- Business owners and marketing teams should take steps to ensure that promotional materials are properly vetted so those materials do not improperly include intellectual property owned by others. Promotional photos and videos are particularly susceptible to accidental violations of intellectual property rights. The risk of potential liability can be limited through the consistent application of clear intellectual property practices and policies.
- We typically associate veil-piercing arguments with tort claims and similar liabilities involving undercapitalized entities or entities that do not follow minimal formalities. But executives and owners should be aware that copyright law provides a basis to disregard the entity – even where there is a viable company between the plaintiff and individual defendants – and impose personal liability if warranted by their conduct.

Please feel free to reach out to your contacts in our Corporate & Securities or Intellectual Property Practice Groups for further information.

[1] *Petersen v. Diesel Power Gear, LLC et al.*, No. 1:21-cv-08827, 2022 U.S.P.Q.2d 1252 (S.D.N.Y. Dec. 21, 2022).

[2] *Big Thirst, Inc. v. Donoho et al.*, No. 1:22-cv-00467-RP, 2023 WL 2111343 (W.D. Tex. Feb. 17, 2023).



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