

Goodmans^{LLP} Update

Drive By (Mural) Shooting: Mercedes-Benz USA Takes Mural Artists to Court

In a typical copyright infringement lawsuit, an artist who created and owns a copyrighted work sues the party that uses their work without permission or compensation. But what happens when, instead, the party using the work pre-emptively brings the artist to court, seeking a declaration that it did not violate any of the artist's intellectual property rights? This was the exact scenario in a series of three separate lawsuits filed in Detroit on March 29, 2019, by Mercedes-Benz USA against four mural artists, Canadian Daniel ("Denial") Bombardier, a prominent street artist from Windsor, Ontario, and Americans Jeff Soto, Maxx Gramajo and James ("Dables") Lewis.¹

Background

In January 2018, murals created by the four artists as part of the Detroit "Murals in the Market" festival appeared in a series of photos, since deleted, on Mercedes's Instagram account in an ad for its then newly-launched G500 Series SUV. Specifically, the photos depict the G500 driving through the Eastern Market area of Detroit where the backdrop is the murals which the artists created. According to the company's court filings, in January of 2018, Mercedes obtained a permit from the Detroit Film Office to photograph its vehicles in the Eastern Market area after it showcased the G500 at the North American International Auto Show.²

Mercedes did not seek permission from the artists to depict the murals in the photos, nor were the artists compensated by Mercedes for the reproduction of the murals. The Instagram post was captioned, "*This off-road legend is always ready for some urban exploration to mix things up*".³ True to the post, Mercedes mixed things up — in the courtroom.

Legal Proceedings

Mercedes claims that, in March 2019, the artists, who were represented by Jeffrey Gluck, a Los Angeles-based intellectual property litigator, threatened to file a copyright infringement lawsuit, which Mercedes characterized in its court filings as an "*aggressive shakedown effort*".⁴ According to Mr. Gluck, the artists contacted Mercedes through him, demanded that the company stop using their artwork and invited the company to discuss potential compensation.

Instead of waiting to be sued and preparing to defend, Mercedes took a novel approach. The luxury car company removed the Instagram post, allegedly as "*a courtesy*" to the artists, and filed three separate lawsuits against the artists at the federal courthouse in Detroit, in each case, seeking a judge's declaratory ruling that the use of the murals did not constitute copyright infringement.⁵ This pre-emptive strike strategy by Mercedes was so unique that District Judge Avern Cohn said that he may "*realign the parties*" to have the artists acting as

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¹Mercedes Benz USA LLC v. Bombardier, Michigan, E.D. Mich, 2:19-cv-10951 [Bombardier]; Mercedes Benz USA LLC v. Soto et al., Michigan, E.D. Mich, 2:19-cv-1094; Mercedes Benz USA LLC v. Lewis, Michigan, E.D. Mich, 2:19-cv-10948.

Note: Each of the three lawsuits and their respective proceedings describe nearly identical facts and claims. For simplicity, the footnotes that proceed reference the Bombardier lawsuit.

²Bombardier, supra note 1, para 2.

³Ibid, para 4.

⁴Ibid, para 8.

⁵Ibid, para 6.

plaintiffs, suing for misappropriation and damage.⁶

Rather than submit a statement of defense, the artists moved to have the case dismissed. They argued that Mercedes failed to set out a justiciable claim for non-infringement because the murals were not registered with the U.S. Copyright Office; a prerequisite for a copyright infringement claim based on recent U.S. case law.⁷ However, District Judge Avern Cohn was not persuaded that a copyright registration was a prerequisite to a declaratory judgment action and ultimately the artists' motion to dismiss was denied. The parties now await a trial.⁸

Mercedes's Claims

Mercedes seeks declaratory relief that (1) it made fair use of the artists' murals under the *Copyright Act of 1976 (Copyright Act)*;⁹ (2) the artists' murals are exempt from protection under the *Architectural Works Copyright Protection Act (AWCPA)*;¹⁰ (3) it did not violate the prohibition under the *Digital Millennium Copyright Act* against falsifying or intentionally removing or altering copyright management information;¹¹ and (4) the photographs and Instagram post did not violate any of the artists' other alleged rights.¹² Essentially, Mercedes requests declaratory relief from the court saying it did nothing wrong. Mercedes also requests an award of the costs of the suit.¹³

Fair Use Defense

Mercedes submits that the photos which depicted the artists' murals did not infringe their copyright in the murals because Mercedes made "fair use" of the artwork. If substantiated, this is a valid legal defense against copyright infringement under U.S. copyright law.¹⁴ Section 107 of the *Copyright Act* provides the statutory framework for determining whether the reproduction of a copyrighted work without permission is a "fair use" and identifies certain types of uses — such as criticism, comment, news reporting, teaching, scholarship, and research — as examples of activities that may qualify as fair use.¹⁵ In evaluating the question of fair use, section 107 specifies the following four factors: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion taken; and (4) the effect of the use on the potential market.¹⁶ Mercedes asserts that its use of the photos of the murals qualifies as a fair use based on these statutory factors. Specifically, Mercedes asserts that the photos focus on the car, as opposed to the murals; that the post "transformed" the murals as they conveyed a changed message from that conveyed by the murals themselves; that the murals in the photos are often blurred, obstructed, and viewed at an angle; and that the use of the photos in the Instagram ad campaign for the Mercedes vehicle did not hurt the market for the muralists' artwork.¹⁷

Exemption from Copyright Protection

Mercedes further submits that the reproduction of the murals in its photos is exempt from copyright protection under the *AWCPA*, which, according to Mercedes, permits taking photos of architectural works, such as buildings, from a visible public place.¹⁸ To make out the claim

⁶Omar Abdel-Baqi, "Detroit artist: Mercedes-Benz 'defamed' my Eastern Market mural", *Detroit Free Press* (11 September 2019), online: <freep.com>

⁷*Mercedes Benz USA LLC v. Bombardier*, Michigan, E.D. Mich, 2:19-cv-10951, (Motion to Dismiss), at 7.

⁸*Mercedes Benz USA LLC v. Bombardier*, Michigan, E.D. Mich, 2:19-cv-10951, (Memorandum and Order Denying Defendants' Motions to Dismiss), at 18.

⁹17 U.S.C. § 107 (*Copyright Act*).

¹⁰17 U.S.C. § 120(a) (*Architectural Works Copyright Protection Act*).

¹¹17 U.S.C. § 1201 (*Digital Millennium Copyright Act*).

¹²*Bombardier*, *supra* note 1, para 9.

¹³*Bombardier*, *supra* note 1, at 16.

¹⁴*Bombardier*, *supra* note 1, para 54; *Copyright Act*, *supra* note 9.

¹⁵*Copyright Act*, *supra* note 9.

¹⁶*Ibid*.

¹⁷*Bombardier*, *supra*, note 1, para 25.

that the murals formed part of architectural works, Mercedes states that the murals serve a function inherently embedded in them through the “Murals in the Market” festival that they were originally created for; they contribute to promoting tourism, economic development and safety in the area; and they are an “integral design element” of the buildings on which they are painted and are part of the cityscape.¹⁹

Mercedes relies on the *AWCPA* as both a weapon and a shield. As a weapon against the artists, Mercedes states that because of the legislation’s pictorial representation exemption for architectural works, any artwork or photo on any building is not protected by copyright law and the artists do not own the copyright in the murals they created. As a shield against the artists’ copyright infringement claims, Mercedes insists that the legislation protects its right to photograph publically visible buildings, which in this case ostensibly embed the murals.

The Artists’ Defense

The artists have yet to file statements of defense to Mercedes’s claims. Based on press interviews given by Mr. Gluck, they are expected to challenge the “fair use” defense asserted by Mercedes as well as its submission that the reproduction of the murals without consent or compensation was permitted under the *AWCPA*. At trial, the artists will undoubtedly argue that the murals are not “part and parcel of the architecture”;²⁰ rather, they are distinct from the buildings and warrant copyright protection as distinct works of art. According to Mr. Gluck,

*“[t]hese artists are not saying that a tourist can’t come by and photograph their mural for personal enjoyment, or share with their friends and so forth... That’s quite different than a private corporation coming along and using the mural for their own commercial purposes and their own financial gains”.*²¹

How Would This Play out in Canada?

If the same fact pattern arose in a Canadian context, under Canada’s *Copyright Act*, Mercedes could also file a suit for declaratory relief. The claim, however, would be relatively harder to establish than in the U.S. because of notable differences in copyright law between the two jurisdictions.

For example, the Canadian version of the U.S. *Copyright Act*’s fair use doctrine is the doctrine of fair dealing; a user’s right in Canadian copyright law which permits the use or “dealing” with a copyrighted work without permission or payment if (a) the dealing is for one of the “purposes” expressly set out in the *Copyright Act*, and (b) the dealing is considered to be “fair” as determined pursuant to Canadian case law.²² Regarding the latter, the leading Canadian case is the Supreme Court of Canada’s decision in *CCH v. Law Society of Upper Canada*.²³

In *CCH*, the Supreme Court identified a two-part test for determining fair dealing. First, the dealing of the work must be for one of the following allowable purposes, each of which is set out in the *Copyright Act*: research, private study, criticism, review or news reporting, education, satire and parody.²⁴ Second, the dealing must be “fair”, which will depend on the circumstances.²⁵ Whereas U.S. courts evaluate the four statutory factors to determine fairness, Canadian courts consider the following six factors: (1) the purpose of the dealing; (2) the amount of the dealing; (3) the character of the dealing; (4) alternatives to the dealing; (5) the nature of the work; and (6) the effect of the dealing on the original work.²⁶ The dealing in question need not meet every one of these factors to be fair and no one factor is determinative. Context drives a court’s

¹⁸ *Architectural Works Copyright Protection Act*, supra note 10.

¹⁹ *Mercedes Benz USA LLC v. Bombardier*, Michigan, E.D. Mich, 2:19-cv-10951 (Response to Motion to Dismiss), at 12.

²⁰ *Mercedes Benz USA LLC v. Bombardier*, Michigan, E.D. Mich, 2:19-cv-10951 (Defendant’s Reply to Motion to Dismiss), at 5.

²¹ Lindsay Charlton, “Mercedes-Benz sues artists after using Detroit murals on social media”, *The London Free Press* (13 September 2019), online: <lfpres.com>

²² *Copyright Act*, R.S.C. 1985, c-42, s. 29.

²³ *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13.

²⁴ *Ibid*, para 12.

²⁵ *Ibid*, para 52.

²⁶ *Ibid*, para 53.

analysis, weighing of the respective factors, and overall determination of whether the dealing was fair.²⁷

The Canadian fair dealing defense is more difficult to establish than the U.S. “fair use” defense because, unlike in the U.S. where the allowable purposes set out in the U.S. *Copyright Act* are non-exhaustive and illustrative, Canada’s *Copyright Act* requires the dealing to be for one of the allowable purposes specifically set out in the *Copyright Act* (i.e., the first-part of the *CCH* test).

Which of the enumerated purposes in Canada’s *Copyright Act* would Mercedes’s dealing with the murals fall into, if any? The reproduction of the murals in the Mercedes photos was clearly not for the purpose of research, private study, education, satire, or parody. Arguably, the most promising allowable purpose would be “criticism and review” (e.g., using the murals as part of the critiquing of the urban neighbourhoods in the ad) or “news reporting” (e.g., announcing the news regarding Mercedes’s launch of its new G500 series). But overall, Mercedes’s submission that its use of the murals constituted “fair use” for U.S. copyright law purposes would be relatively more difficult to successfully assert in Canada given the foregoing differences between “fair use” and “fair dealing”.

With respect to Mercedes’s submission in the U.S. that its reproduction of the murals was permitted under the *AWCPA*, a similar submission could be made in Canada based on section 32.2(1)(b)(i) of Canada’s *Copyright Act* which states “[it] is not an infringement of copyright... for any person to reproduce, in a... photograph an architectural work”.²⁸ Similar issues would arise in Canada regarding the interpretation of this provision, including whether the murals would be considered as “embedded” in the architectural works, as Mercedes argues in the U.S. case or, alternatively, would be separately protected as artistic works which are fixed in the medium of the architectural works (i.e., they are painted on the sides of the respective buildings and thereby “fixed” for copyright law purposes).

Future Implications

If Mercedes successfully obtains declaratory relief, any mural on the side of a building in the U.S. may be reproduced as part of an ad campaign without consent or compensation for its artist. This may have a chilling effect on artists who use outdoor spaces as their canvas in two ways: (1) by deterring artists from creating art open to the public for fear of the unauthorized reproduction of their art without compensation; and (2) by deterring artists from asserting their rights and suing for copyright infringement when their respective artistic works are copied without consent or compensation. On the other hand, if the judge denies Mercedes the declaration, this case will likely stand as a cautionary tale to any person or company that reproduces public art without permission or compensation.

The pending outcome of this case is relevant for anyone whose life or work touches street art. In the wake of one of the most unusual lawsuits in recent years, the Mercedes case has captured the attention of artists, advertisers, corporations and legal minds on both sides of the border. We will continue to follow this complicated case with interest.

For further information concerning these developments, please contact the authors or any other member of our [Entertainment Group](#).

²⁷ *Ibid*, para 60.

²⁸ *Copyright Act*, R.S.C. 1985, c-42, s. 32.2(1)(b)(i).