New Museum Incubator
231 Bowery, 2nd Floor
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TO: ` United States Copyright Office
Library of Congress
Washington, DC

RE: Notice: Copyright Protection for Certain Visual Works
Agency/Docket Number. 2015-01
Document Number 2015-09575

FROM: Kevin McCoy, CEO of Monegraph
Chris Tse, CTO of Monegraph
Carlos Mendez, Investor/Advisor to Monegraph
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We, the officers and advisors of Monegraph, Inc., welcome the opportunity to respond to the US Copyright Office's notice, *Copyright Protection for Certain Visual Works* (April 24, 2015). Our comment reflects the mission and experience of our company, whose goal is to create a fair, efficient marketplace for visual images based on the adoption of a universally-acknowledged registry of ownership for digital assets.

INTRODUCTION: USES OF DISTRIBUTED LEDGERS (E.G. THE BLOCKCHAIN)

Our main message is that new distributed ledger technology can revolutionize the marketplace for visual works and other digital assets, and overcome the obstacles to ownership inherent in a world where replication is cheap and easy. Distributed ledgers are computer-based records of ownership (i.e. ledgers) that are protected from corruption and forgery by processes that replicate (i.e. distribute) the ledger in computers around the world. The integrity of the system is protected by an overwhelming number of ledger copies and a self-policing transaction-entry process.

The best known and perhaps best example of a distributed ledger is the Blockchain, which is the ledger upon which Bitcoin is built. The Bitcoin Blockchain ensures the integrity of financial transactions for Bitcoin. It is the main reason that major financial institutions around the world are currently considering how Bitcoin can improve payment and transaction processes.

WHO WE ARE AND WHAT WE PROPOSE

Our company, Monegraph, Inc., was founded to help creators and other legitimate owners of visual images. It protects owners' rights and helps creators retain commercial control of their work, achieving many of the objectives cited in the *Copyright Protection for Certain Visual Works* notice. Monegraph is a for-profit business, founded by artists and digital media professionals.

Monegraph uses the Blockchain—the robust, distributed and indisputable asset registry behind Bitcoin—to register and confirm the ownership claims of image

creators, collectors, licensees and publishers. We believe Monegraph not only protects commercial participants in the visual content market, but also facilitates commerce in ways that benefit creators and publishers. The open, transparent marketplace built on the foundation of the Monegraph registry carries benefits often associated with e-commerce-based markets in other industries:

- Reduced piracy
- Lower operational costs
- Lower transaction costs
- Lower legal costs and simplified legal proceedings
- Searchable inventories of assets
- Fewer delays
- Fewer mistakes, and
- More accurate data

Given our experience, we think it will be useful to describe the Monegraph ecosystem, highlighting features that may be useful to the USCO. We believe that Monegraph itself may be a powerful alternative to many existing USCO processes, such as the eCO Registration system, so we will also propose ways for Monegraph to work with the USCO and suggest pilot programs to test such partnerships.

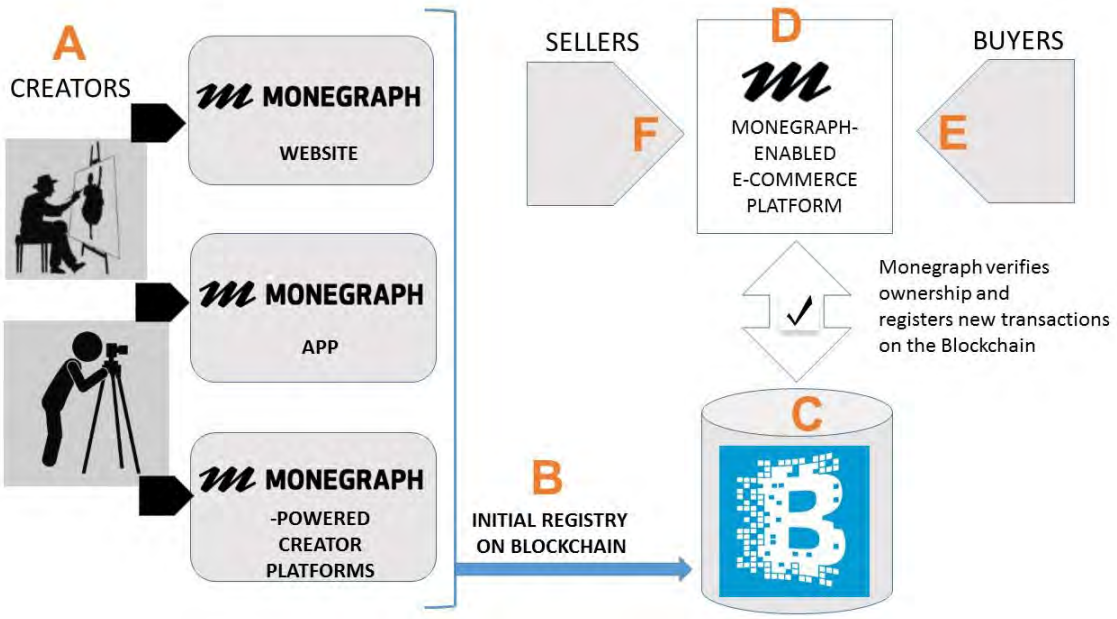
HOW MONEGRAPH WORKS

Monegraph offers a quick, easy process for registering ownership of an image or video (see "**A**" in the diagram below). In the most basic use case, the creator follows these steps:

1) Log onto monegraph.com or the Monegraph app (as an authenticated user)
2) Upload the image to be registered into the Monegraph "Add a Work" window
3) Enter identifying information (title, creator name, date, comments)
4) Enter types of license and pricing being offered (e.g. "outright for $100," or "three month unlimited use for $50"). An image can also be registered but not offered for sale
5) Confirm registration

At that point, the registration is entered into the Blockchain's electronic ledger by matching the details of the registration to an actual Bitcoin transaction—a tiny transfer of funds (see "**B**"). The Bitcoin transaction is the mechanism that carries the registration details onto the Blockchain. The registration details are preserved, just as the entry in the Memo section of a paper check is preserved in the bank's record of the check: as additional information, irrelevant to the currency transaction. With Monegraph, the Bitcoin transaction that carries the registration information has a trivially small monetary value—the equivalent of a fraction of a cent.

Once stored on the Blockchain, the image's registration information is accessible to the public (see "**C**" in the diagram). Every subsequent transaction of that image's rights will be tracked on the Blockchain as well. On monegraph.com and on partner sites with Monegraph functionality ("**D**"), viewers can see the image, its details, the image's license terms as defined by the creator, and its ownership history (provenance) as recorded permanently on the Blockchain. Buyers ("**E**") will also be able to transact on terms posted by the creator or current owner ("**F**"), and those transactions will also be recorded on the Blockchain.



BENEFITS

Many of the concerns raised in the USCO's inquiry are directly addressed by features of Monegraph's digital media rights system.

What are the most significant challenges related to monetizing and/or licensing photographs, graphic artworks, and/or illustrations?

- Ease of use. Owners and creators can quickly and indisputably establish image ownership and document legitimate licensing via Monegraph, discouraging piracy and incentivizing purchases of images.

- Direct transfer and monetization of use rights. Creators and owners can transact directly with licensees (including publishers), eliminating transaction costs imposed by intermediaries and leaving more profit for both buyer and seller.

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What are the most significant enforcement challenges for photographers, graphic artists, and/or illustrators?

- Universally verifiable ownership. The Blockchain registry employed by Monegraph provides a clear, public reference for claims of ownership.

- Mechanisms to track infringement of rights. Monegraph does not currently police piracy, but several technology partners are equipped to identify images that match Monegraph-registered images on the Blockchain. These technologies are well-established and in use by Google (YouTube and Google Goggles both flag potentially illegal reproduction) and by other online tools such as Shazam.

- Fraudulent ownership claims. It is theoretically possible that an initial fraudulent registration could take place—an unauthorized registrant could illegally claim ownership of a digital image—but Monegraph employs effective authentication techniques to verify registrants' identities and claims of ownership.

What are the most significant registration challenges for photographers, graphic artists, and/or illustrators?

- Reduced registration time. Once a user has created a Monegraph account and has become authenticated, the process of registering an image on Monegraph is a matter of a few clicks, often taking less than a minute.

- Reduced registration costs. Registering ownership of an image costs an authenticated Monegraph user pennies.

What are the most significant challenges or frustrations for those who wish to make legal use of photographs, graphic art works, and/or illustrations?

- Clear and legal acquisition of use rights. Publishers and collectors have no obvious reference source for images they find displayed in the public domain, forcing them to purchase images from a stock-house's limited selection at a high price. Ownership of Monegraph-registered images is tied to established contract forms that indisputably demonstrate transfer of ownership. These contracts can be executed with a series of clicks on any Monegraph-enabled site—not just a stock-house's gallery of inventory.

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CONTRASTING WITH PRIOR SOLUTIONS

It is important to note the differences between Monegraph and legacy solutions. Monegraph's philosophy is to unbundle the record of ownership from purchases and sales of ownership rights, and from enforcement of the owner's rights. The Monegraph-based record of ownership, though not explicitly acknowledged in the law, is much like the Copyright and can play a similar role.

By recording ownership in the Blockchain, Monegraph brings transparency and integrity to the task of verifying such ownership—a prerequisite for the transaction of any digital asset. Transactions and enforcement are handled with separate but compatible technologies.

Transactions: copyright and contracts distinct. Monegraph employs a streamlined set of online "smart contracts" for transacting assets and establishing title to an asset—but these contracts are distinct from Monegraph's ownership registry. The contracts benefit from the elements of the Blockchain registry, incorporating registry information by reference. Keeping these two elements of the ecosystem separate keeps the registry simple and clear, permits contractual flexibility as new ownership arrangements arise, and removes barriers to future innovation with respect to documenting transactions.

Enforcement: not DRM. Monegraph does not directly address enforcement. Instead, Monegraph provides asset registry access to enforcement tools, which can automatically compare copies of works to the registry's record of legitimate copies. Contrast this approach to historical Digital Rights Management (DRM) tools, which embed protections into the actual assets themselves, such as blocking use after a certain number of copies are made. The DRM approach has stifled commerce and drawn criticism from artists and consumers alike.

PROPOSAL

We would welcome the opportunity to discuss Monegraph further with the USCO. We would be happy to further explain the technology, the role of the Blockchain, and how Monegraph's processes address concerns in the market for online visual works.

Given the parallels between Monegraph's business and the USCO's goals, we would be open and eager to identify ways to work with the USCO to either replicate or adopt elements of Monegraph's ecosystem. Some possible projects would be:

- Upgrade the eCO capability to streamline the Copyright process along the lines of Monegraph's
- Enable simultaneous Monegraph registration and Copyrighting of an image
- Draft standardized, online "smart contracts" to match up with the transactions currently tied to Copyrighted assets
- Integrate reference to the Copyright registry with transactional e-commerce tools

- Build APIs to tie into the USCO's records and tools, allowing participants in the marketplace for visual images to experience a clearer, cheaper, more efficient way of doing business.

A near-term goal might be to craft a pilot project where Monegraph partners with the USCO on one of these options. Immediate improvements to the eCO system would seem to be a particularly promising pilot.

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