

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 822
HOUSE BILL 1343

AN ACT TO PROTECT ARTISTS' RIGHTS IN ARTWORK ON CONSIGNMENT.

The General Assembly of North Carolina enacts:

Section 1. A new Chapter is added to the General Statutes to read:
"Chapter 25C.

"Artwork on Consignment.

"§ 25C-1. Definitions.—As used in this Chapter unless the context clearly requires otherwise:

- (1) 'art dealer' means an individual, partnership, firm, association, or corporation that undertakes to sell a work of fine art created by someone else;
- (2) 'artist' means the creator of a work of fine art;
- (3) 'on consignment' means delivered to an art dealer for the purpose of sale or exhibition, or both, to the public by the art dealer; and
- (4) 'work of fine art' means an original art work that is:
 - a. a visual rendition, including a painting, drawing, sculpture, mosaic, or photograph;
 - b. a work of calligraphy;
 - c. a work of graphic art, including an etching, lithograph, offset print, or silk screen;
 - d. a craft work in materials, including clay, textile, fiber, wood, metal, plastic, or glass; or
 - e. a work in mixed media, including a collage or a work consisting of any combination of works included in this subdivision.

"§ 25C-2. Interest of art dealer who accepts works of fine art on consignment.—If an art dealer accepts a work of fine art on a fee, commission, or other compensation basis on consignment from the artist:

- (1) the art dealer is, with respect to that work of fine art, the bailee of the artist;
- (2) the work of fine art is bailment property in which the art dealer has no legal or equitable interest until the work is sold to a bona fide third party; and
- (3) the proceeds of the sale of the work of fine art are bailment property in which the art dealer has no legal or equitable interest until the amount due the artist from the sale, minus the agreed commission, is paid.

"§ 25C-3. Status of works of fine art subsequently purchased by art dealer for his own account.—Notwithstanding the subsequent purchase of a work of fine art by the art dealer directly or indirectly for the art dealer's own account, a work of fine art that is

bailment property when initially accepted by the art dealer remains bailment property until the purchase price minus the agreed upon commission, is paid in full to the artist.

"§ 25C-4. Creditors of art dealer may not reach works of fine art on consignment with art dealer.—Property that is bailment property under this Chapter is not subject to the claims, liens, or security interests of the creditors of an art dealer.

"§ 25C-5. Risk of loss; insurable interest.—Nothing in this Chapter shall affect any provision of law pertaining to the risk of loss between or among the parties to a consignment agreement under this Chapter or pertaining to the insurable interest of any such party."

Sec. 2. This act shall become effective October 1, 1983, and shall apply to works of fine art placed on consignment on or after that date.

In the General Assembly read three times and ratified, this the 19th day of July, 1983.