# A PRACTICAL GUIDE ON COPYRIGHT CLEARANCE FOR MULTIMEDIA PRODUCERS

## INTRODUCTION

This practical guide to clearing copyrights on existing works is a tool intended primarily for producers working in multimedia, but it could also be useful to anyone interested in the production and exploitation of multimedia products.

Multimedia is a new form of expression made possible by digital technology. With multimedia technology, graphics, video, animation, text, still images, sound and data can simultaneously appear on a computer screen and the user can interact with the content. Examples of multimedia content include distance learning, virtual visits to historic sites, and interactive games for children. Frequently offered on CD-ROM or on the Internet, multimedia presentations have become an innovative and efficient means for communicating information and for storytelling or entertainment.

Since this new technology offers an attractive showcase for our cultural heritage, a number of multimedia products incorporate existing works – for example, virtual contemporary visual arts museums on CD-ROM, or pop music websites. Most of these works (music, photos, paintings, texts, film extracts, etc.) are of course protected by copyright. To exploit them in an interactive multimedia product, it is first necessary to clear the rights. Clearing the rights simply means obtaining authorization from the owner of the rights to exploit the work or parts thereof in a multimedia product, and negotiating how much that will cost. This authorization is generally in the form of a user licence in writing granted by the owner of the rights.

Because of the great storage capacity of the new digital media, the same multimedia product can incorporate hundreds of works from the four corners of the world. When the Internet is used as a means of distribution, exploitation instantly becomes planet-wide. This leads to a number of problems.

In a paper on laws and practices involving multimedia published in 1995, an American writer[1] described five primary sources of concern to multimedia producers in clearing rights:

1. No one knows what its worth is and the asking price is the same as for the traditional media, which turns out to be exorbitant in the multimedia context.
2. Provisions of applicable laws are unknown.
3. There are no licensing standards in this domain.

---

[1]Scott, Michael D., *Multimedia Law & Practice,* Aspen Law & Business, Aspen Publishers Inc., 1995 Supplement

4. The difficulties outlined above increase the transaction costs independent of the cost of the licence itself.
5. There are concerns that digitization will remove control from the rights holders and facilitate unauthorized reproduction.

The situation has evolved in several ways since that paper was published. Information technologies have given us attractive means for distributing our cultural riches that we cannot ignore and, consequently, efforts are being made to facilitate access under conditions that are advantageous to all stakeholders. Collectives representing various copyright owners are becoming increasingly active in helping with the clearance procedure.

This Guide is intended to remedy, at least in part, any lack of knowledge of copyright provisions and other applicable rules or of associated business practices in the multimedia field. Obviously, this Guide will not provide concrete solutions to all the specific cases that might arise. Nor is it intended to establish a list of prices for the various uses in the context of this new market. Since multimedia production is a young industry, some time must pass before stable business models will emerge and concerted efforts should be made by all interested parties so that some standardization of applicable rates will eventually be arrived at.

In this Guide, we will first take the reader through the process of clearing rights. We will subsequently explain the basic principles of copyright in Canadian law and some other related legal provisions such as rights to the image. We will show who in practice are the owners of copyright and how collectives or agencies can facilitate the procedure for clearing rights in certain domains. We will close with an inventory of the essential elements of a contract aimed at clearing copyright.

We recommend that you use this Guide in order to gain a better understanding of these issues. To obtain informed legal counsel on specific situations, we suggest you consult a lawyer who specializes in copyrights and multimedia or a professional specialized in the clearance of rights.

Good luck! Follow the Guide!

***f f f***

## Clearing copyright – Summary

**Please note: We present this section as a preliminary, to familiarize you with the procedure for copyright clearance. We recommend that you reread this section once you have finished the Guide.**

Before incorporating an existing work or an extract from it into a multimedia product, the various rights have to be cleared, which involves the following stages:

- **U** Identify the category or categories of works in question. A single product can incorporate works from several categories.

- **U** In the case of the reproduction of an extract from a work, determine whether the extract constitutes a substantial part of the reproduced work within the meaning of the law. If it is a substantial part, continue the procedure.

- **U** To learn whether the work is still protected, check whether the owner of the rights and the date of publication of the work or any other relevant information are indicated on the work.

- **U** Starting with that information, establish whether the term of protection has expired with respect to all its components. If the information does not permit you to draw conclusions in this respect, continue the procedure.

- **U** Depending on the type of work and the use you intend to make of it, check the appended list of collectives in Canada and/or abroad who are likely to represent the owner of the rights, and contact them.

- **U** If no collective or agency represents the owner in question, but the owner has been identified, contact him directly.

- **U** If, after making all possible efforts to locate the owner of the rights, you are still unsuccessful, either choose not to use the work, or file an application with the Copyright Board for a licence upon presentation of evidence to the effect that the owner cannot be located. In the latter instance, make sure you have kept all copies of the documents you used for tracing the owner of the rights.

- **U** After locating the owner of the rights or the collective that represents the owner, and after establishing that the work is still protected, apply for authorization to incorporate the work into the multimedia product giving the owner of the rights the following information:

- a description of the work or the extract from the work that you wish to incorporate into the multimedia product and, if possible, include a copy of the page or the file of the multimedia product that visually represents the work or the extract from the work in its new multimedia environment;

- a description of the multimedia product into which the work is to be incorporated (e.g. educational game, encyclopaedia on CD-ROM, e-business Internet site for the sale of goods, bank transactions, etc.);

- a description of the ultimate purpose (for example, to illustrate text on an educational CD-ROM on history, to enhance the visual aspect of a site, to create a fictional character for a game, etc.).

**U** Image banks and some owners or collectives have established set prices for the use of their work. Find out whether the price is negotiable. If the price is negotiable or has not been established, continue the procedure.

**U** In many cases, the commercial value of exploiting an existing work in a multimedia product is not established in advance and will depend on circumstances. The conditions must then be negotiated by the interested parties on a case-by-case basis. For the purposes of this negotiation, in addition to the information mentioned above, it may be useful to provide the following information to the owner of the rights:

- an overview of the relationship between the work or the extract to be used and the product as a whole (for example, two photos out of 500, a 30-second extract of a film in a 60-hour game, one paragraph from a book out of 100 pages of text, etc.), and its position within the work;

- the types of exploitation planned (Internet distribution or distribution on CD-ROM, etc.);

- if possible, the size of the run, the territories of exploitation, the financing, the number of visits expected in the case of an Internet site, an estimate of revenue. Since this information is rarely available in advance for multimedia products, provide an explanation of why it is unavailable;

- any other information you may deem useful to show the owner of the rights why it is in his interest to authorize the use of his work in a multimedia product and to establish the commercial value for such use.

**U** Write a contract for the licensing or assignment of rights spelling out the conditions regarding the use of the work (see suggestions under the heading "*Elements to be negotiated during copyright clearance*").

## The Copyright Act – In Summary

*The Copyright Act*[2] (the *Act*) provides a protective legal framework with the following essential principles:

- **U** The system of protections set out in the *Act* applies to original works such as literary, dramatic, musical, artistic works and compilations of such works.

- **U** The originality required for a work to qualify for protection under the *Act* means that it cannot be the result of reproducing someone else's work.

- **U** The protection of a work is automatic in the sense that, as soon as the work has been created and fixed on any kind of medium such as a manuscript, a record or a server, the work is protected with no obligation to register it in an official register. Registration with the Canadian Intellectual Property Office (CIPO) is optional.

- **U** The system of protections does not apply to ideas. It protects the expression of those ideas. This applies to all categories of works protected by the *Act*. Accordingly, a game is protected by the *Act* only because it represents one or more categories of works and not because of its rules or the way it works.

- **U** The author of a protected work is the first owner of the copyright (also known as the economic or pecuniary rights) thereof and also enjoys moral rights.

- **U** Economic rights are exclusive rights that give owners the power to authorize or prohibit the use of their works and to negotiate remuneration for their use. Their applications include publication, reproduction, adaptation, communication to the public by broadcasting, and the public performance of a work or a substantial part thereof. They can be held by the author or by anyone to whom they have been transferred.

- **U** The *Act* contains very specific provisions regarding ownership and transfer of economic rights. It is not sufficient to obtain a verbal authorization to incorporate a work or a substantial part thereof into your product.

- **U** The *Act* provides that in some cases the rights of authors will be administered by collectives (the collective management mechanism). In this connection it provides that the user fees (royalties) for works thus administered will be approved by the Copyright Board.

[2] R.S.C. 1985, c. C-42

But be careful! Though the *Act* establishes a legal framework for negotiations, it does not establish the price to be paid! The laws of supply and demand and the comparative weights of the negotiating parties will determine the price.

- Moral rights relate to the authorship and the integrity of the work, as well as the right to use it in association with a product or a cause. Since they are seen as an extension of the personality of the author, they cannot be transferred. In Canada, however, the author can waive moral rights.

- Since 1997, the *Act* has recognized the rights of record producers in their sound recordings, of performers in their performances, and of broadcasters in transmissions by electromagnetic waves (these are also known as "neighbouring rights"). Only the first two categories are of interest to the multimedia producer.

- The *Act* provides for a certain number of civil and criminal remedies in cases where copyrights are infringed, such as injunction, damages, punitive damages and fines.

- By virtue of Canada's membership in international conventions, more particularly the Berne Convention on copyrights and the Rome Convention on neighbouring rights, most of the fundamental principles in these matters are common to all treaty countries. In order to determine applicable rights under the national treatment rule, we refer to the protective laws in effect in the country where protection is sought. If you plan to exploit your multimedia product worldwide, you will have to make sure that you comply with the maximum protection provisions in all countries when you seek to clear rights.

- In certain cases, the user does not have to be concerned with clearing rights on a work when its use falls under one of the exceptions provided for by the *Act*, or when it is a question of "fair dealing," or if the work falls in the public domain – that is to say, when the term of protection under the *Act* has expired.

***f f f***

The following chapters will explain in greater detail the principal notions summarized above.

## 1. What categories of works are protected by copyright?

### – Literary works

*Text, more text and even more text... but also software!*

This category includes all forms of written documents. The protection extends to all types of text and is not limited to “great literature” or fiction. The protection is in effect whenever the work has a literary aspect without regard to its merit or status. Because of this, protection applies to correspondence, definitions, memorandums and newspaper articles. Also included are tables, computer programs (software) and compilations of literary works.
Thus, software that is incorporated, in whole or in part, into multimedia products (2D and 3D graphics software, multimedia integration software, database management software, etc.) falls under the category of literary works within the meaning of the *Act*.

### – Artistic works

*From visual art to simple graphics...*

This category includes, among others, paintings, drawings, sculptures, architectural works, engravings and photographs, artistic handicrafts, as well as graphics, maps, plans and compilations of artistic works.

### – Musical works

*Careful! Not the disk but the song...*

This category includes musical compositions – with or without lyrics – whether set down in scores or in sound recordings, and all compilations thereof. This category of works should not be confused with the category of sound recordings that incorporate musical works. They will be discussed below.

### – Dramatic works

*Maybe not as dramatic as all that...*

This category includes plays, operas, musical comedies, choreographic works where the stage arrangements or the staging are set down in writing or otherwise, cinematographic works (films and audiovisual works) and compilations of dramatic works.

## – Compilations

As we have seen, each category of protected works also includes compilations of works in the same category. The compilation can also include works from other categories. A compilation is defined as follows:

> A work resulting from the selection or arrangement of literary, dramatic, musical or artistic works or of parts thereof, or a work resulting from the selection or arrangement of data.

The category of compilations thus includes data banks, computerized or not, and most multimedia products. In fact, in Canada, it is generally accepted that, as compilations of various works and of data, multimedia products are protected by the *Copyright Act*.

**Basic rule to remember:**

**The *Act* contains specific provisions regarding the level of originality required to protect the compilation: this originality is assessed in relation to the selection and arrangement of the works or the data that constitute the compilation.**

The *Act* includes a recent provision to the effect that the compilation of works from different categories is presumed to constitute a compilation in the category that represents the most substantial part. The *Act* also provides that the incorporation of a work into a compilation does not alter the protection conferred on this work by the *Act* in respect of copyright and moral rights.

This provision is particularly relevant when determining the system of protections applicable to a multimedia product, because the category of works to which it belongs will depend on the reply to this question. In other words, will the final multimedia product be considered an artistic, literary, dramatic or musical work?

The *Act* does not give any guidance on how "substantial part" is to be determined. Is it in terms of the physical space the work occupies on the disk, the number of files in each category, the potential real use of each file or their commercial value? This rule is significant for the protection of multimedia products.

## 2. What are the protected rights that have to be cleared?

In addition to the rights the *Act* confers upon existing works, the multimedia producer will also have to deal with certain rights resulting from collective agreements, private contracts and the provisions of common law or civil law.

### 2.1 COPYRIGHT

Authors are granted exclusive rights in their works empowering them to authorize or prohibit certain actions specified in the *Act*. These rights consist of two types: rights of an economic kind, and what are known as moral rights. Let us look at the principal rights that concern multimedia producers.

#### 2.1.1 Economic rights

Economic rights bear on, among other things, publication of an unpublished work, or the reproduction, adaptation, communication to the public by broadcasting and public performance of a work, or a substantial part thereof. Legal precedent has established that this substantial part is assessed not only in terms of quantity but also in terms of the qualitative significance of the part used in relation to the total work. For example, the reproduction of a short extract taken from a scene in a famous film can constitute a copyright infringement.

– **Reproduction rights**

Since the *Act* applies to the reproduction on some medium or other, even the transfer from one medium to another constitutes reproduction in all cases. Transfer of a song from a CD to a cassette tape constitutes reproduction. The multimedia producer who incorporates a work or a substantial part of it into a CD-ROM or a DVD is making a reproduction, which constitutes an infringement of the rights reserved for the owner of the rights.

In the Internet context, a work can be reproduced several times: when the work is transferred from an analog medium to a digital medium; during caching or downloading and uploading, whether it be on the server of the Internet site where it is located, in the memory of the server of the Internet service provider, in the random access memory of the computer of the Netsurfer, on the hard drive of his computer, on a diskette or on any other storage medium and, finally, on paper when it is printed out. When the multimedia producer clears reproduction rights, he does not have to describe in detail each of these various procedures. However, if he intends to exercise rights other than the reproduction of the work as such, these will have to be spelled out.

– **Adaptation rights**

Adaptation includes all changes that have to be made so that the work will be recognizable in the adaptation. It includes the translation of a literary work into another language, as well as the transposition of a literary work into a cinematographic work.

In practice, adaptation rights cover derivative products. For example, a game on CD-ROM may be derived from a television program.

– **Right to communicate to the public by telecommunication**

According to the *Act*, telecommunication includes any "transmission of signs, signals, writing, images or sounds or intelligence of any nature by wire, radio, visual, optical or other electromagnetic system".

This definition is sufficiently broad to include distribution via the Internet, in spite of the different infrastructures used to convey the contents. The distribution in question must be made to "the public." Thus, the transmission of a work via an Internet site constitutes a communication to the public; whereas, simple transmission by e-mail to one or more recipients does not necessarily constitute communication to the public by telecommunication. It should be noted, however, that, if such were the case, reproduction rights would apply. The producer of an Internet site would have to obtain clearance from the owner, either by stating his intention explicitly or by stating that the work will be distributed via the Internet.

– **Right to execute or perform in public**

The execution, performance or presentation of a work in public means the presentation of the work in a place accessible to the public. For example, the presentation of the contents of an encyclopaedia on CD-ROM in the classroom, the distribution of multimedia works via the Internet in a "cybercafe" and the distribution of a video on the big screen during a festival constitute presentations in public.

### 2.1.2 Moral rights

Moral rights can be grouped into three categories:

– **The right to preserve the integrity of the work**

By reason of this right, an author can prevent any deformation, mutilation or other modification of his work that might be prejudicial to his honour or his reputation. To exercise this right, an author must be able to show that he enjoys a certain reputation and how it might be harmed by a modification of his work. Even though an author may not be very well known when the contract to exploit the rights is signed, one cannot presume that this will always be the case.

If a multimedia producer plans to make changes to the original work in order to avoid infringement proceedings, it would be to his advantage to take the exercise of this right into consideration, either by prior consultation with the author, by way of prior agreement in the contract or by obtaining from the author a written total or partial waiver of his moral rights.

– **The right to the authorship of a work**

The exercise of this right enables an author to lay claim to the creation of a work even under a pseudonym, and the right to anonymity, taking reasonable practices into consideration. This right has two facets: the right to be associated with the work and the right to have the author's name on the medium of the work. In the light of the fact that the exercise of this right involves reasonable practices, the right cannot be claimed if the producer can show that a certain business practice exists. For example, film credits always show the names of the authors; whereas, the statement of a corporation's corporate policy rarely gives the authors of the document. Consequently, the authors of films would have the right to require that their names be mentioned; whereas, authors of corporate policy statements would hardly be in a position to do so.

– **The right to determine subsequent use**

This right enables an author to prohibit the use of his work in connection with a cause, a service or an institution in ways that prejudice his honour or his reputation. Thus, the author of a photograph could prevent it from being used in a document promoting cigarettes or products manufactured using child labour, etc.

## 2.2 "NEIGHBOURING RIGHTS"

A system of specific protections has been set up to protect the rights of performers in their performances, the rights of producers of sound recordings in their sound recordings and the

rights of broadcasters in their signals. These rights are said to be “neighbouring rights” to copyrights, because the three categories of beneficiaries do not create works; rather, they use the works of others as raw material for the purpose of communicating by various means. Take music, for example. Performers sing and play it; sound recording producers record it, and broadcasters broadcast it. For the purposes of this Guide, we will focus on the first two categories of neighbouring rights, since the third is not relevant to multimedia production.

### 2.2.1 Exclusive rights of producers of sound recordings and performers

In Canada and in most countries, the sound recording producer has the exclusive right to reproduce his sound recordings – that is to say, only the producer can authorize reproduction, on any medium, including CD-ROMs and Internet sites.

Canada’s *Copyright Act* also grants rights to performers, but they are limited. Among others, performers have the exclusive right to prevent the reproduction of their performance for purposes other than those authorized in the initial recording contract. They also have rights in relation to the unauthorized broadcast and the unauthorized transmission of their live performances and to the distribution of pirated recordings.

**Important note:** Canada has signed a new international convention that once ratified by Parliament, will in effect mean that the rights of performers extend to every aspect of reproduction.

*Performances by performers in cinematographic works*

The *Copyright Act* does not provide any rights to performances of performers in cinematographic works (audiovisual); their rights are embodied in contracts (individual contracts or collective agreements). Thus, when a performer’s performance is incorporated into a film or an audiovisual production (a cinematographic work), the rights of the performer are limited by the Act to those negotiated in the contract with the producer. The *Act* does, however, provide a mechanism whereby anyone who subsequently acquires the rights to this work will have to respect the producer’s obligations to the performer, even if he was not party to the contract between the performer and the producer.

Consequently, when a multimedia producer wishes to incorporate a film or an extract of a film or a television program into a product, whether on CD-ROM or for distribution via a website, he should check whether the contract between the performer and the producer includes a remuneration clause for use of the performer's performance in a multimedia context.

Otherwise, the performer could launch infringement proceedings against him for non-payment of the fees stipulated in the contract.

In addition to the rights provided in the Act, the multimedia producer must take into account any rights contained in the collective agreements negotiated by artists' unions (ACTRA or UDA). We will deal with this issue under the heading "Contractual rights".

### 2.2.2 Right to remuneration of the record producer and the performer

Since 1997, sound recording producers and performers also enjoy the right to remuneration when sound recordings are communicated to the public by telecommunication – that is to say, when they are played on radio or on the Internet. This right to remuneration is administered by collectives who get royalty rates approved by the Copyright Board on behalf of their members and who undertake the collection of these royalties and their distribution to their members. When multimedia producers create websites, they must take into account these fees that are payable to sound recording producers and to performers through the collectives that represent them.

## 2.3 OTHER TYPES OF RIGHTS

### 2.3.1 Contractual rights

In addition to the exclusive rights recognized in the *Act*, performers, through membership in professional associations and unions, are parties to collective agreements that govern their working relations with producers in various domains like films and records. Such agreements typically cover performers' appearance fees, working hours and conditions and in some cases stipulate that "royalties" are to be paid in the event that a performer's performance is used in derivatives of the original product.

### 2.3.2 Right to the image

In Quebec, courts have recognized the individual's "right to the image," which flows from the right to privacy under the Quebec Civil Code and from the Charter of Rights and Freedoms. Rights of this type are recognized in the rest of Canada and in most industrialized countries, but in the other Canadian provinces the scope of the right to the image has not yet been tested before the courts. This right allows an individual to prohibit the unauthorized commercial use of his image, and particularly of a photograph in which he is recognizable. Consequently, it

would be in the interest of the multimedia producer to get a guarantee from the person from whom he obtained a photograph to the effect that the photograph can be exploited in a multimedia product.

### 2.3.3 Characters and unfair competition

Without getting too deeply into this issue that so fascinates the legal profession, let us briefly mention that the provisions regarding the use of a character in a film or a book relate in part to copyright and the theory of unfair competition. This issue has a significant practical implication because famous fictional characters can take on personalities of their own, to the point that they can be detached from the original story from which they have been drawn and incorporated into a new product with the ensuing profits. The legal principle here is that using a character without authorization constitutes unfair competition with the individual who created the character and invested considerable sums of money to develop it. Consequently, if a multimedia producer plans to use such characters in a context other than the original work, he should make sure he has clear right to do so.

## 3. Is use of the work exempted by the *Act* and is the work in the public domain?

### 3.1 FAIR DEALING

The *Act* says that, in certain situations, the use of a work without prior authorization from the owner of the rights does not constitute a copyright infringement because it is considered "fair dealing."

The *Act* specifies however that use will only be fair if it is made for purposes of private study or research or for criticism or review, if the source and the name of the author or copyright owner are indicated. In this regard, it must be understood that the notion of fair dealing comes into play only in cases where the use of the work would have otherwise been considered a copyright infringement. Such use would be considered an infringement only if a substantial portion of the work is used.

Thus, the reproduction of an entire chapter of a book on art history with a view to incorporating it into a CD-ROM on the same subject for commercial purposes is not considered fair dealing since it is not use for research purposes. However, if this same chapter had been reproduced for the purpose of doing research with a view to making the CD-ROM and if only information

or brief extracts drawn from the chapter were incorporated into the CD-ROM, rather than the text of the entire chapter, use of the work would have been considered fair dealing within the meaning of the *Act*.

The concept of “fair use” as used in the United States, is sometimes confused with the concept of “fair dealing” as used in Canadian law. The American concept is broader and covers criteria defined in American law, like the purpose of the use, the effect on the potential market and the value of the work, criteria that are not necessarily considered in Canada.

## 3.2 EXCEPTIONS

The Act provides for a certain number of exceptions covering situations in which the owner of the rights cannot exercise his rights. Multimedia producers are generally not covered by these exceptions, which benefit, among others, educational institutions, libraries, museums and archives, persons with perceptual handicaps and broadcasters. The purpose of these exemptions is to balance the sometimes divergent interests of users and owners of rights.

## 3.3 TERM OF PROTECTION

### 3.3.1 General rule

In Canada, the term of a copyright extends through the life of the author up to the end of the 50th year following the year of his death. Moral rights have the same term of protection as the copyright on the work.

### 3.3.2 Specific cases

The term of protection is not the same for all works. For some works, it is independent of the life of the author. This is the case with photographic works, cinematographic works, anonymously and/or pseudonymously published works, works of joint authorship and works of the Crown.

– **Photographic works**

Depending on who is the first owner, the term of protection for photographic works will vary. If the owner is an individual, the general rule is the life of the author plus 50 years. If the owner is a corporation, the protection subsists until the end of the fiftieth year following the year in which the original negative or plate used to create the photograph directly or indirectly was made or in which the original photograph was made, if there is no negative or plate. If one person who is considered to be the author holds a majority of the corporation shares, the term of protection extends through the life of the author plus 50 years.

– **Cinematographic works and compilations of cinematographic works**

In the case of cinematographic works, the copyright extends for a period of 50 years following the year of initial publication. If the acting form or the combination of incidents represented gives the work a dramatic character, the general rule that applies is the life of the author plus fifty years. If the work has not been published, the copyright subsists for 50 years following its creation.

– **Anonymous and pseudonymous works**

The anonymous and pseudonymous works of an author, or of joint authors in the case of a work of joint authorship, enjoy a term of protection of 50 years following initial publication or 75 years following the year of creation, whichever term ends first.

– **Works of joint authorship**

The general rule applies to works of this type. The term of protection extends through the life of the last surviving author to the end of the 50th year following his death.

– **Works of the Crown**

Copyrights owned by the Crown are protected for 50 years following the initial publication of the work.

3.3.3 <u>“Neighbouring rights”</u>

The protection of neighbouring rights is subdivided into three parts and expires at the end of the 50th year, as the case may be:

- **Rights in the performance:** from first fixation by means of a sound recording or its execution

- **Rights in a sound recording:** from first fixation

- **Rights in a communications signal:** from broadcast.

**Important note:**

It should be noted that, since several categories of works can be incorporated into one multimedia product, the applicable protections could vary from one element to another. Here are some examples:

*A recent photograph of a very old painting.* The photograph (artistic work) is protected, whereas the painting (another artistic work) is no longer protected. The rights in the photograph will have to be cleared.

*The recording of a recent musical arrangement of a symphony from the last century.* The new musical arrangement constitutes an adaptation protected by copyright (new musical work) of a work in the public domain. Performances by performers are also protected (rights of performers). The sound recording of the new work is also protected (rights of the producer of sound recordings). The rights will have to be cleared with the sound recording producer, and with the performers, if the contract between them does not transfer relevant rights to the sound recording producer.

*A sound recording made in 1945, incorporating songs by authors and performers who are still alive.* The sound recording is no longer protected (50 years after fixation); the songs, however, still are (life of the author + 50 years). Like the sound recording, the performances of the performers are no longer protected (50 years after fixation). Clearance will therefore have to be obtained from the owners of the rights in the music.

*A magazine page that contains photographs, text and drawings.* Separate rights adhere to the magazine page as a whole (compilation of various works), the photographs (artistic works), the drawings (artistic works) and the text (literary works). It will be necessary to contact the owner of the rights in the magazine to find out what rights he acquired in each of the components from their respective owners and whether he is in a position to grant the relevant clearances. If not, it will be necessary to contact each owner directly or other rights holders.

## 4. Who owns the rights?

### 4.1 PROVISIONS RESPECTING FIRST OWNERSHIP

– **The principle:**

The author is the first owner of the rights on his work. Performers are the first owners of the rights on their performances and sound recording producers are the first owners of the rights on their sound recordings.

– **The exceptions:**

The copyright on a work created by an employee in the exercise of his employment belongs to the employer, unless otherwise stipulated in the contract between them.

If the work is an article or another form of contribution to a newspaper, a magazine or a periodical, in the absence of any agreement to the contrary, the author has the right to prohibit its publication outside a publication of the same type.

In the case of engravings, photographs and portraits executed to order, the person who issued the order is the first owner of the copyright.

Photographs are covered by special provisions. The owner of the original photograph, negative or any other original product, at the moment it was made, whether it is an individual or a corporation, is considered to be the author.

– **Provisions respecting joint authorship:**

Works produced by the collaboration of two or more authors in which the contribution of one author is not distinct from the contribution of the other author or authors are "works of joint authorship" within the meaning of the *Act*. In such cases, the various joint authors are joint first owners of the rights.

The *Act* defines a "collective work" as any work written in distinct parts by different authors, or in which works or parts of works of different authors are incorporated. This category includes, among others, encyclopaedias, dictionaries and yearbooks, newspapers, reviews, magazines and other periodical publications. The person who compiled the works contained in the collective work owns the rights in the compilation; whereas, the rights in the various works that it contains are owned by their respective authors, unless they have been assigned.

## 4.2 PROVISIONS RESPECTING THE TRANSFER OF RIGHTS

Copyrights may be transferred by assignment or by exclusive or non-exclusive licence. These concepts are relatively complex. In simplified terms, assignment is to some extent equivalent to a sale while a licence is similar to rental or right of use.

Consequently, with the exception of moral rights, rights that are assigned by an author no longer belong to him. They are henceforth the property of the person who acquired them. This person can exploit them and control their use by others, subject obviously to the conditions negotiated between the parties. In the case of a licence, ownership of the rights remains in the hands of the person who granted the licence but, in the case of an exclusive licence, only the owner of the licence can exploit the product, even to the exclusion of the person who granted the licence. In practice, an exclusive licence is very similar to an assignment. The granting of non-exclusive licences makes it possible for several people to exercise the same rights simultaneously within the same territories.

The *Act* stipulates that the person who has obtained an assignment or an exclusive licence may institute proceedings if the rights he has acquired are infringed.

**Take care, however! The *Act* specifically states that only assignments and licences in writing, signed by the owner of the rights, are valid.** This is why a producer who wishes to incorporate a work into his multimedia product must acquire the right to do so in writing. It is also important to pay attention to the wording of this document because assignments and licences can be restricted in many ways.

As a matter of fact, the rights on a work are divisible by territory, term, medium, market sector and the scope of the assignment.

This means that the owner of the rights in a work can assign all his rights, in their entirety, to a single person for the entire world, or he can assign his rights or grant licences with respect to certain specific rights, under specific conditions and for specific territories.

For example, the author of a literary work could assign the right or grant a licence to one publisher to publish his work in French, in the form of a book, in all Francophone countries, and assign the right or grant a licence to another publisher to publish an English version in the rest of the world. Although the copyright is in effect for fifty years following the death of the author, an assignment or a licence may be in effect for only five years and may be renewable for the same period if, for example, certain sales figures are reached. The same author could grant or concede a separate license for a movie adaptation of his book to a film producer and cede the latter the right to grant licences to third parties for the manufacture of derivative products, such as an educational game on CD-ROM.

It should also be noted that an assignment in writing couched in very general terms that does not list specific rights will, as a general rule, be interpreted in favour of the person who assigned the rights, which would mean that modes of exploitation that could not have reasonably been foreseen at the time of assignment will probably be excluded from it.

**A golden rule you should keep in mind:** The copyright on a work always belongs to the author, whether he was working on his own, on commission, freelance, on contract, as a consultant or pro bono ~ with the exception of works created by an employee or consisting of a photograph, engraving or portrait made to order ~ unless the copyright has been transferred to someone else by means of a signed document.

## 4.3 OWNERSHIP OF RIGHTS IN PRACTICE, IN CANADA AND ABROAD (PUBLISHERS, COLLECTIVE SOCIETIES, ART BANKS, THE MAJORS, ETC.)

The exploitation of a work protected by copyright does not usually involve one person only. Each of the stakeholders who participated in the making, publication and distribution of a work acquires a portion of the rights, either by assignment or by licence. Each domain, whether it be music, film, literature, visual arts or informatics, has its own business practices in this respect. For each of these domains, we will summarize the practices in respect of ownership and administration of the rights. **A table listing the main collectives, including how to reach them and their activities by domain, is attached.**

– **Music:**

Ownership

In the music domain, the rights of various categories of owners overlap and there is a separate mechanism for administering each of the principal rights. The copyright for a song is first owned by the author and, if these are not one and the same person, the lyricist and the composer. In most cases, these persons will have assigned their rights to a collective. These rights may be shared with a music publisher. The sound recording producer, for his part, usually owns all the rights to the sound recording (the "master") that he has made but not the rights to the works that are included (i.e. music).

Performers, for their part, will have signed a production contract with the producer of the sound recording and, if the contracting parties are members of professional artists' and producers' unions respectively, the contract will reflect the terms and the conditions set out in the collective agreements negotiated with those unions.

Administration

Certain rights in the music domain are administered by collectives. In Canada, the Society of Composers, Authors and Music Publishers of Canada (SOCAN) administers rights in public performance and the communication to the public by telecommunication on behalf of music authors and publishers, for music played on radio and television, in discotheques, bars, restaurants, and in any other public place. This administration does not involve case-by-case negotiations. It consists in establishing general rates approved by the Copyright Board for each user category. In the case of music broadcast over the Internet, a rate proposal for royalties has been

submitted to the Copyright Board but the Board had not rendered its full decision on the issue when this Guide was being prepared.

In Canada, most of the time, administration of the right to reproduce musical works is under the jurisdiction of the Society for Reproduction Rights of Authors, Composers and Publishers in Canada (SODRAC) or the Canadian Musical Recording Right Agency (CMRRA). Owners of rights in musical works assign their rights to SODRAC. Where multimedia works are concerned, SODRAC, like SOCAN, has submitted a rate proposal for reproduction of music on the Internet. However, these rates would not apply to reproductions that involve an adaptation of the work or the synchronization of the work with other content, as in a multimedia product. In such cases, SODRAC acts as the intermediary to facilitate the negotiations between the owners of the rights and the users, and grants the final licence subject to the conditions negotiated by the parties. CMRRA acts as the agent for music publishers and does not have the power to grant licences on their behalf. It does, however, provide information on requests about the owners it represents.

For administration of their rights, sound recording producers are represented by the *Société collective de gestion des droits des producteurs de phonogrammes et de vidéogrammes du Québec* (SOPROQ), where most independent producers in Quebec are concerned, and by the Audio-Video Licensing Agency (AVLA), in the case of other producers, including the "majors." These agencies are authorized to grant user licences on behalf of their respective members.

## Cinematographic works

### Ownership

In the audio-visual sector, subject to certain conditions set out by creators, most of the stakeholders who participated in the creation of the work usually assign the right to exploit the film rights to the producer. In Quebec, the producer will have obtained an exclusive licence to exploit the work under the terms set out in the collective agreements of the *Société des auteurs, recherchistes, documentalistes et compositeurs* (SARDEC) and the Association des réalisateurs et réalisatrives du Québec. For any music he uses, he will have to deal with SOCAN, SODRAC or CMRRA.

### Administration

Rights in films are usually administered by the film producers themselves or authorized distributors.

– **Artistic works**

Ownership

Rights in paintings and other artistic works may be owned by the artists or be assigned to distributors, depending on the type of work.

In the case of artistic works, one must generally contact the original author (painter, sculptor, engraver, etc.). If the reproduction is made from a photograph of the artistic work, one must also contact the photographer.

Where photographic works are concerned, we have already seen that the ownership rights are complex. If the photograph has been ordered, the entity that ordered it has to be located. Otherwise, the photographer is the owner, unless he has assigned his rights to a publisher or a distributor. Photographers may delegate the management of their rights - or assign their rights - to image banks that provide interested parties with catalogues of photographs and illustrations whose rights can be cleared through purchase of a licence that authorizes certain types of uses. These catalogues may be available in hard copy only or in electronic form. Some image banks do not permit reproduction of their catalogues on the Internet because of the risk of unethical reproduction and degradation of quality.

Administration

There are collective societies that administer the rights on photographs – the Electronic Rights Licensing Agency (TERLA), and on artistic works – Canadian Artists Representation Copyright Collective (CARFAC), SODRAC and the *Société de droits d'auteur en arts visuels* (SODART). These agencies are all authorized to negotiate specific licences on behalf of their respective members.

– **Literary works**

Ownership

In most cases, all rights in literary works such as books are assigned to the publisher, except that in some cases the author reserves to himself film adaptation rights and the rights on derivative products produced on media other than the book.

Administration

In the Francophone market, COPIBEC and, in the Anglophone market, the Canadian Copyright Licensing Agency (CANCOPY) are collectives that administer the rights of authors and publishers of books. In addition to general licences that the agencies negotiate for the reprographic reproduction of works in their respective repertories in educational institutions, COPIBEC and CANCOPY may negotiate on behalf of their members and grant individual licences to applicants.

**Informatics**

Ownership

In the informatics domain, rights in software belong to the developers, unless they have been assigned elsewhere such as to the person or entity that had the customized software developed. They usually retain the rights themselves whenever the software is distributed by intermediaries.

Administration

As a general rule, the rights on software are exercised under non-exclusive licences that prohibit reproduction and adaptation of the software on all media (except for a backup copy), without the authorization of the producer. A multimedia producer who uses animation or other shrink-wrapped software sold under licence and purchased in a store or obtained as shareware off the Internet must merely respect the terms of the licensing agreement included with the software. If, however, he wishes to modify the software in ways not covered by the licensing agreement, he must obtain prior authorization from the owner of the rights.

## 5. How do you know who owns the rights?

Unless he uses works in the public domain or has himself employed the creator, the multimedia producer who wishes to use an illustration or another protected work must locate the owner of the rights. Depending on the nature of the work, in addition to the collectives referred to above, the copyright register and the medium itself may be sources of information on who owns the rights. Finally, there is a mechanism in the Act that might be of assistance when the owner of the rights cannot be located.

### 5.1 THE COPYRIGHT REGISTER

Canada has signed the International Convention for the Protection of Literary and Artistic Works (Berne Convention), under whose terms a copyright is automatically granted upon the creation of a work and need not be subject to any formalities such as registration. Since the procedure for registering copyrights with the Canadian Intellectual Property Office (CIPO) (http://cipo.gc.ca) is optional, the register may be consulted for copyright owners but the information it contains is incomplete. In fact, the rights may have been assigned after registration and, if this assignment itself was not registered, the information in the register is inaccurate or incomplete. You should note, however, that, in copyright infringement proceedings, the Act provides that the information in the register is assumed to be accurate until proven otherwise.

### 5.2 INFORMATION ON THE WORK AND RELATED PRESUMPTIONS

We often believe that the symbol "©" followed by the publication date and the name of the owner of the rights is mandatory. In fact, the symbol comes from a provision in another international convention, the Universal Copyright Convention (UCC), which was adopted in 1952, primarily to bring the United States into the international fold where copyright is concerned.

Unlike the Berne Convention, the UCC allows member states to impose formalities (filing, registration, certification, payment of fees, etc.) as conditions for obtaining a copyright. It does however stipulate that, when a copyright is sought in the context of publishing a work outside a member country, in a country of which the author is not a national, these formalities are considered to be fulfilled by the simple apposition of the symbol "©" followed by the date of publication and the name of the owner of the rights. Outside this context, there is no obligation to show this information on the medium on which the work appears.

However, in cases where the copyright has not been registered, the *Act* establishes the presumption that the name that is indicated in the usual manner on the work is presumed to be that of the author, until proven otherwise. The same provision applies when the name that appears to be that of the copyright owner is indicated in the usual manner. These presumptions induce the owners of rights to indicate their ownership correctly on the work's medium.

When rights are owned by several people, all their names should normally appear. If, for example, the rights are held under an exclusive licence, the name of the owner of the rights should appear, followed by the name of the licences and the statement "exclusive licences for Canada."

As for the statements "all rights reserved" and "any reproduction [in whole or in part] of this work is [strictly] prohibited without the [written] permission of the publisher," they are optional and are included for information purposes, since the copyright is obviously applicable whether these statements appear or not.

### 5.3 IF THE OWNERS OF THE RIGHTS CANNOT BE LOCATED

The Copyright Board has the power to grant licences for the Canadian territory to all applicants who wish to use a protected work and who can demonstrate that, in spite of all their efforts to locate the owner of the rights in the work, the owner cannot be located.

The applicant then pays the applicable fees, which are deposited in a trust account on behalf of the owner of the rights and are available to him for a period of five years.

## 6. What rights apply if the work is exploited abroad?

Several rules apply to the clearing of copyrights abroad. The clearing of copyrights on CD-ROMs will depend on the countries where the producer intends to exploit them. Of course, if the work in question is a multimedia product that will be exploited on an Internet site, the rights will have to be cleared worldwide.

### 6.1 WORKS PROTECTED BY COPYRIGHT

6.1.1 Berne Convention

– **Convention membership criteria**

The rules contained in the International Convention for the Protection of Literary and Artistic Works, signed in Berne (the Berne Convention), apply to the use of a work on the basis of the place of publication of the work and the nationality of the author. In brief, under this Convention, if the author of the work incorporated into the multimedia product is the citizen of a treaty country or if the work was published for the first time in such a country or simultaneously abroad and in such a country, the work enjoys the protection afforded by the Convention. Authors who are not citizens but whose habitual residence is in a treaty country have the same protection as the citizens of that country. Also, a work published in a non-treaty country is considered to have been published simultaneously if it is published in other countries within thirty days from the time it was first published, thereby enabling the author to enjoy the protection afforded by treaty countries.

Subsidiary criteria are provided for in the case of cinematographic works that are produced or co-produced. In the case of authors who are not citizens of a treaty country, the work will be protected under the Berne Convention if the producer or one of the producers has his headquarters or his habitual residence in a treaty country. Also protected are architectural works located in a treaty country, as well as works of graphic and plastic arts incorporated into a building located in a treaty country.

– **Applicable law: Canadian rights**

In principle, in order to identify the rights enjoyed by foreign authors, we must first of all determine which Canadian laws are applicable to them. The Berne Convention simplifies this task by stipulating that treaty countries must offer foreign authors the same protection they offer their nationals. To even out differences in national legislations, the Berne Convention provides minimums under which authors are guaranteed the rights accorded in the Convention in all treaty countries. It should be noted that more than one hundred and twenty countries have signed the Convention.

– **Term of protection**

The Berne Convention provides that the term of protection shall be determined by the laws of the country where the work is exploited. The duration cannot be less than the

minimum stipulated by the Convention; as a general rule, this is the life of the author plus fifty (50) years.

## 6.2 WORKS PROTECTED BY NEIGHBOURING RIGHTS

Neighbouring rights are protected under the Rome Convention, the North American Free Trade Agreement (NAFTA), the Agreement establishing the World Trade Organization (WTO) and various collective agreements. It would not be useful to go into much detail about the provisions of all these agreements since, in practice, most industrialized countries recognize that sound recording producers have exclusive rights to authorize or prohibit the reproduction of sound recordings they have made. Therefore, to use an extract from a sound recording, you must clear the rights with the producer and ensure that the performers who participated in the creation have signed over to him all relevant rights. If this is not the case, you must look at the neighbouring rights and/or the various conventions that apply in the countries where the multimedia product will be exploited. It should be noted that copyrights on musical works are usually not administered by the producer but rather by collectives.

## 7. What might the consequences of not clearing rights be?

A producer who incorporates a work into his multimedia product without first clearing the rights with the owner is infringing the copyright. Owners of rights may request an injunction to prevent the producer from continuing to use the work without the appropriate clearances and, in addition, can demand that the producer turn over to them all the profits he has made from the unauthorized use of the work.

Criminal proceedings may be launched. A producer who, for example, has distributed infringing copies of works for commercial purposes or in a manner that is prejudicial to the owner of the copyright may, if he is found guilty of copyright infringement by summary conviction, be fined a maximum of twenty-five thousand dollars and imprisoned for a maximum of six months.

If the producer is found guilty by indictment, he may be fined up to a million dollars and imprisoned for a maximum of five years. The law also stipulates that, if the producer is found guilty, the trial court may order him to destroy or surrender to the copyright owner all copies of the work, as well as the plates and the masters used to make the infringing copies.

The Canadian Copyright Act also contains provisions for statutory damages under which the plaintiff in infringement proceedings may, instead of damages and a portion of the profits, opt to claim from the defendant pre-established damages of not less than $500 and not more than $20,000 for each infringement, subject to certain conditions stipulated in the Act.

## Elements to be negotiated during copyright clearance – Summary

It should be remembered that the owners of rights may refuse or agree to permit the use of their work. Clearance therefore implies that the owner believes that using his work in the multimedia product is in his interest.

The scope of copyright clearance contracts will depend on the circumstances. The contract could be just one page and it could be much longer, depending on how extensive the rights are and what terms and conditions need to be negotiated.

The acquisition of an assignment covering all the rights to a work for the whole world on payment of a lump sum is the fastest, and also the most costly, way of doing it. When the producer wishes to use an existing work that is already being exploited, it is highly unlikely that he will obtain this type of assignment. The producer will therefore have to seek a partial assignment or, more usually, a licence to use the work.

The following list is not exhaustive and does not take into account all the specific situations that may need to be dealt with in greater detail. You will find below the principal elements that may be covered by the contract:

**T** Purpose of the contract

For example, acquisition of rights with a view to incorporating an extract of a musical work into a CD-ROM on the history of jazz.

**T** Assignment or user licence

The contract will stipulate whether an assignment or a user licence is sought. It should be noted that the owner of the rights cannot transfer more rights than he owns. If the producer wishes to obtain certain rights, he must clear them with the owner of those rights.

**T** Scope of the assignment or the user licence

The producer lists the rights he wishes to have included in the assignment or the user licence – for example, the right to reproduce and adapt an extract with a view to incorporating it in an interactive CD-ROM, communicating it to the public by telecommunication, distributing it and making derivative products.

**T** Territory and term

The producer should specify the territory where the incorporated work will be exploited – for example, Canada, the world, North America, Europe, etc. The term of the assignment or the user licence should be stated, as well as the renewal conditions, as the case may be. In this regard, it is of course a good idea to take into account the term of the protection that remains until the work falls into the public domain.

**T** Financial considerations

Since the cost of using the work in a multimedia context is not, in many cases, set in advance by any generally applicable convention or rate, it will have to be negotiated case by case. Things to be taken into account are the nature of the use, the size of the extract in relation to the original work and in relation to the other works incorporated into the multimedia product, the territory, the potential revenue to be gained from the exploitation, etc.

Depending on the circumstances, the financial consideration could be paid in a lump sum or as royalties representing a percentage established as a function of gross revenue, net revenue or the retail price, if copies of the product are to be sold. If net revenue is to be used as the basis for the calculation, eligible deductions should be specified. Payment of royalties must include a reporting requirement and access to financial records.

**T** Guarantees

The owner will have to guarantee that he owns the rights in respect of which the assignment or the licence will be granted and he undertakes to defend the producer in case of a challenge in this regard. The multimedia producer will also have to offer guarantees respecting the legitimate use of the work to be exploited.

**T** Contract termination

If the contract contains obligations that extend over time, such as payment of royalties, the contract could be cancelled for such causes as bankruptcy and failure to pay royalties.

## CONCLUSION

We hope that this Guide has helped to familiarize you with many of the provisions that govern copyright, as well as business practices in this domain. You should, however, not lose sight of the fact that this work is aimed at the layperson and therefore simplifies certain issues that are, in reality, much more complex. We urge you to be cautious. Although we are still far away from pre-established rates and a one-stop approach to clearing rights in the multimedia domain, collectives and agencies can nevertheless be of great assistance to you, either in negotiating relevant rights on behalf of their members or in locating the owners of the rights.