

**“I’LL TELL YOU WHAT I WANT, WHAT I REALLY REALLY WANT”**  
**RIGHTS MANAGEMENT In AUSTRALIAN FILMS**  
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Film is collaborative - a collaboration of people contributing a mix of ideas and skills. The producer’s skill is to combine and manage the creative mix.

A critical part of the producer’s task is managing the mosaic of intellectual property rights to ensure that each contributor is comfortable with the way that their contribution is used in the film without compromising the creative integrity of the film, as well as ensuring that each contributor grants the producer all relevant rights in their contribution required by users of the film for a fee that is consistent with the budget of the film.

The producer’s challenge is to manage intellectual property rights in an environment where users are insisting on more extensive rights for new media and delivery platforms, new rights are being created around the world, and contributors are increasingly alive to the value of intellectual property and only willing to grant limited rights to the producer with a noticeable trend towards collective administration of rights.

This paper analyses a film project as a bundle of rights, highlights risk areas and identifies trends in rights management in the film industry. In particular, this paper will analyse the rights in the central ideas of the film, the title of the film, the script, the film itself and the elements of the film.

## **1 The Idea**

### **1.1 Copyright**

Copyright will not necessarily subsist in the ideas of a film, such as the plotlines, scenarios and characters. There are a number of reasons for this.

First, copyright only subsists if the work or other subject matter has material form.<sup>2</sup> There is no copyright in an idea which is not in a material form, such as a verbal pitch.

Second, even if there is a written description of the idea, the written description of the idea may be pithy and insubstantial and not satisfy the originality threshold of being a literary work, that is, a work intended to afford either information, instruction or pleasure in the form of literary enjoyment.<sup>3</sup>

Even if the written description of the idea satisfies the originality threshold so that copyright subsists, it will be difficult to demonstrate that another idea is infringing copyright in the original idea. This is because copyright grants the author of a work or maker of other subject matter the exclusive right to reproduce or authorise the reproduction of the particular *expression* or adaptation of the particular expression, or a substantial part of the expression or adaptation.<sup>4</sup> It is difficult to demonstrate that one

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<sup>2</sup> See Lahore “Copyright and Designs” Butterworths [6035]

<sup>3</sup> Exxon Corporation v Exxon Insurance Consultants International Ltd [1982] Ch 119 at 140

<sup>4</sup> section 14, 31, 36, 85, 86 and 87 of the Copyright Act, 1968 (Cwlth) (“Copyright Act”) available at [http://www.austlii.edu.au/au/legis/cth/consol\\_act/ca1968133/index.html](http://www.austlii.edu.au/au/legis/cth/consol_act/ca1968133/index.html)

idea substantially reproduces the particular expression of another idea if the words and images used are different and the only similarity is the underlying idea.<sup>5</sup>

However, the more detailed and worked out the idea is, the more likely that copyright will subsist in the idea, and the more likely that a copyright owner can demonstrate that another idea is infringing that idea. In *Universal Studios v Zeccola*, the Full Federal Court noted that “In general, there is no copyright in the central idea or theme of a story or play however original it may be; copyright subsists in the combination of situations, events and scenes which constitute the particular working out or expression of the idea or theme ... Originality lies in the association, grouping and arrangement of those incidents and characters in such a manner that presents a new concept or a novel arrangement of those events and characters.” Universal was granted interlocutory injunctions on the basis that it had made out a strong prima facie case that Zeccola’s film “Great White” infringed Universal Studio’s copyright, either as a substantial copy of the film “Jaws”, or a substantial reproduction of the original novel or the screenplay, because it copied the combination of situations, events and characters of a killer shark menacing a land based community with central characters of a local politician who initially downplays the risks, an injured child and a Scottish professional fisherman who slays the shark.<sup>6</sup>

## 1.2 Confidential Information

Even if an idea is not protected by copyright, the producer cannot assume that he/she is able to use the idea. It may be that the idea was communicated in confidence to the producer or the person providing the idea to the producer.

In Australia, confidential information is not protected as property. Instead, the courts consider both the nature of the information, that is, whether it is relatively confidential<sup>7</sup> sufficiently defined<sup>8</sup> and more than tittle tattle,<sup>9</sup> and analyse the context in which the information was provided, whether it was disclosed in circumstances where a reasonable person would be aware that the idea was being communicated in confidence such that the conscience of the recipient would be affected by an equitable obligation of confidence.<sup>10</sup> For example, the producer may have been sent a script incorporating the idea which included a cover note that the script was confidential, or could have met with someone who started the meeting alerting the producer that their pitch was confidential.

## 1.3 Risk Management

If a producer is presented with an idea, he/she needs to satisfy themselves that they can use the idea. First, they should ask direct questions of the person presenting the idea such as the person’s inspiration for the idea. Second, they should include warranties in any contract with the person presenting the idea that the person warrants that the idea (1) has originated with the person and has not been copied from previously existing materials; (2) was not communicated to the person in confidence, or communicated to the person in breach of confidence, and (3) the person owns all rights in the idea.

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<sup>5</sup> for example in *Aristocrat Leisure Industries Ltd v Pacific Gaming Pty Limited* (2000) 105 FCR 153 Justice Tamberlin held that even if the poker machine second screen features were cinematograph films, the Pacific reels did not infringe the Aristocrat reels because the only similarity was the idea of a race - one was a car race and one was a space expedition race.

<sup>6</sup> *Zeccola v Universal City Studios* 1982 46 ALR 189

<sup>7</sup> *Franchi v Franchi* [1967] RPC 149

<sup>8</sup> *O’Brien v Komisaroff* (1982), 50 LLR 310

<sup>9</sup> *Coco v A.N. Clark (Engineers) Limited* [1969] RPC 41

<sup>10</sup> *ibid*

## 2 The Title

A distinctive title is critical to effective marketing of the film, and any products related to the film. For this reason, many distributors require that the producer grants the distributor the exclusive right to use the title of the film as a trade name or business name. Therefore, the producer needs to confirm that the proposed title of the film is available.

### 2.1 Copyright

Copyright may subsist in the title. However, copyright rarely subsists in the collocation of a few common English words<sup>11</sup> or an invented word<sup>12</sup> as it fails to satisfy the threshold test of originality of a literary work.

Even if copyright does subsist in the title, the only right this gives the producer is that others cannot *copy* the title - it does not grant the producer a monopoly right to exclusive *use* of the title to prevent others who have not copied the producer's title from using the title.

### 2.2 Infringing Other Intellectual Property Rights

Even if copyright does subsist in the title and the creator assigns all copyright to the producer, this does not grant the producer the positive right to use the title where to use the title may be infringing a third party's intellectual property rights.

In particular, if the words in the title are independently being used by someone else, the producer may be exposed to claims that the producer is engaging in trade or commerce that is misleading or deceptive or likely to mislead or deceive,<sup>13</sup> or is infringing a registered trade mark by using as a trade mark a sign that is substantially identical with or deceptively similar to the registered trade mark in relation to goods or services in respect of which the trademark is registered,<sup>14</sup> or is liable for the tort of passing off by misrepresenting an association between the film and the person who has developed a reputation in the words in the title.<sup>15</sup>

### 2.3 Risk Management

The producer should obtain an assignment of the rights in the title from the person who presented the title to the producer. However, this is not sufficient to protect the producer.

The producer should also undertake a number of simple searches, including

- \* a title search from one of the major international title clearance specialists such as Thomson and Thomson <http://www.thomson-thomson.com>.
- \* an Australian business name search and company names search <http://www.asic.gov.au/gns001.html>.
- \* an Australian trade mark search <http://www.ipaustralia.gov.au>

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<sup>11</sup> Francis Day and Hunter Limited v Twentieth Century Fox Ltd [1940] AC 112

<sup>12</sup> Exxon supra n3

<sup>13</sup> section 52 of the Trade Practices Act 1974 (Cwlth) available at <http://www.austlii.edu.au>

<sup>14</sup> section 120 of Trade Marks Act 1995 (Cwlth) available at <http://www.austlii.edu.au>

<sup>15</sup> Pacific Dunlop Ltd v Hogan (1989) 14 IPR 398. Note that it is critical that there is a misrepresentation - it is not sufficient if there is a misappropriation of reputation without any misrepresentation McIlhenny Co v Blue Yonder Holdings Pty Ltd ("Tabasco" case) (1997) 39 IPR 187

The producer should check classes that are relevant to the particular film. For example, if the film has opportunities for children's merchandising, the producer should check class 28 relating to toys and class 25 relating to clothing.

\* a domain names search <http://www.geektools.com/cgi-bin/proxy.cgi>

In addition, if the title has been provided to the producer from someone else, the provider should warrant that the title is original to them. The warranty is critical because the producer cannot assume that just because there are no similar registered names or trade marks that it will be entitled to use the title - a person may be able to make out the claim of passing off by demonstrating to the court that they have a reputation associated with the words in the title even though they have not registered the words in the title as a trade mark.

### **3 The Script**

#### **3.1 Copyright**

The screenplay of a film is usually a written work, so copyright would subsist in the script either as a "literary work"<sup>16</sup> that is, a work intended to provide information, instruction or pleasure in the form of literary enjoyment,<sup>17</sup> or as a "dramatic work",<sup>18</sup> that is, a work capable of performance by characters.<sup>19</sup> The first owner of copyright in the script will be the author of the script, unless he/she is an employee making the employer the owner of copyright.<sup>20</sup>

The owner of copyright in a literary work and dramatic work has the exclusive right to exercise or authorise the exercise of the right to reproduce the work in a material form, to publish the work, to perform the work in public, and to communicate the work to the public in or outside Australia,<sup>21</sup> or exercise those rights in relation to an adaptation of the work,<sup>22</sup> or a substantial part of the work.<sup>23</sup>

In addition, the author of a work and the copyright owner of the work may be entitled to "secondary use" rights. For example, in the countries of European Union the author of the script may be entitled to equitable remuneration from the rental or lending of a film which incorporates their work,<sup>24</sup> and may be entitled to royalties from the cable retransmission of a film which incorporates his or her work. In Australia, the owner of copyright in the script is entitled to royalties from copying by educational institutions of broadcasts of a film which incorporates their work<sup>25</sup> and will shortly be entitled to

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<sup>16</sup> "literary work" section 10 of the Copyright Act

<sup>17</sup> Exxon supra n3

<sup>18</sup> "dramatic work" section 10 of the Copyright Act

<sup>19</sup> Aristocrat v Pacific Gaming supra n 5; see also Norowzian v Arks Limited, Guinness Worldwide Ltd and Guinness plc (No 2) 4 November 1999 where Nourse LJ in the English Court of Appeal said that "a dramatic work is a work of action... which is capable of being performed before an audience"

<sup>20</sup> section 35 of Copyright Act

<sup>21</sup> The right of communication to the public was introduced in the Copyright Amendment (Digital Agenda) Act 2000 and will replace the right to broadcast and the right to transmit by cable to subscribers to a diffusion service from 4 March 2001

<sup>22</sup> section 31 of the Copyright Act

<sup>23</sup> section 14 of Copyright Act

<sup>24</sup> Article 4, European Union Rental and Lending Rights Directive, European Committees Council Directive 92/100/EEC 19 November 1992

<sup>25</sup> Part VA of the Copyright Act - Copying of Broadcasts by Educational and other Institutions

royalties from the cable retransmission of free-to-air broadcasts of a film which incorporates their work.<sup>26</sup>

The producer would ideally obtain an assignment of all copyright including all secondary use rights from the author. This is because the investors usually require the producer to seek an assignment of all rights so that the investors have more avenues to recoup their investment.

However, an assignment of all rights may not be possible. For example, if the script is based on a previously published work, such as a novel, the print publisher of the novel may have restricted the author of the work from allowing the print publication of an adaptation of the work on the basis that the print publication of the screenplay may be competitive with the novel. As such, the producer may have to carve out from the assignment of rights any print publication of the script as a script, or any novelisation of the script.

Alternatively, the scriptwriter may negotiate to reserve certain rights in adaptations of the script such as the rights to prepare and exploit any stage play or radio play based on the script. Alternatively, the scriptwriter may assign the rights in any adaptation to the producer while reserving for himself/herself a first option to be the writer of any adaptation such as the writer of the novelisation of the script, or the writer of any sequel, prequel or remake, on no less favourable terms.

The producer may also not be able to secure the secondary use rights. First, the scriptwriter may not be entitled to the secondary use rights if the relevant foreign legislation does not grant the rights to authors on a national treatment basis but only on a reciprocal basis so the only persons entitled to the rights are nationals of countries which grant the relevant country's authors similar rights. Second, the rights may be framed as being non-assignable non-waivable rights granted to authors.<sup>27</sup> Third, the foreign collecting society administering the secondary use royalties may refuse to distribute persons who are not authors. Fourth, the writer may have already granted the rights to a collecting society such as the Australian Writers Guild Authorship Collecting Society.

### 3.2 Moral Rights

The writer of the script may also be entitled to moral rights in the script and in any film based on the script. Moral rights were introduced into the Australian Copyright Act through the Copyright Amendment (Moral Rights) Act 2000.<sup>28</sup>

Moral rights are distinct from economic rights.<sup>29</sup> Moral rights vest in the author and remain with the author even if the author assigns all rights to another person. Moral rights are intrinsically personal rights and cannot be assigned.

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<sup>26</sup> Part VC of the Copyright Act - Retransmission of free-to-air broadcasts, introduced by the Copyright Amendment (Digital Agenda) Act 2000

<sup>27</sup> For example, Article 4 of the Rental Rights Directive provides that the author's right to equitable remuneration cannot be waived.

<sup>28</sup> Copyright Amendment (Moral Rights) Act 2000 available at <http://www.aph.gov.au>. For a summary of moral rights in Australia, see Copyright Council Information Sheet G43 "Moral Rights" January 2001 available at <http://www.copyright.org.au>

<sup>29</sup> Outline, para 1, Copyright Amendment (Moral Rights) Bill Explanatory Memorandum available at <http://www.aph.gov.au>

In Australia, moral rights consist of the right to be identified as the author of the work or cinematograph film,<sup>30</sup> the right to object to false attribution of a work or cinematograph film,<sup>31</sup> and the right of integrity of authorship not have a work or cinematograph film subjected to derogatory treatment.<sup>32</sup> The author of a script will have moral rights in the script, as well as being considered as one of the makers of a film based on that script and having moral rights in such film.<sup>33</sup>

The Copyright Act allows for the possibility of the makers of the film, that is the director, the producer and the screenwriter, entering into a co-authorship agreement to regulate how the makers will exercise their moral rights in the film and to prevent any of the makers unilaterally exercising their moral rights.<sup>34</sup> In addition, the Copyright Act allows for the possibility of an author of a work that is incorporated in a film cinematographor maker of a cinematograph film consenting to changes to their work or to the cinematograph film, which includes a work or film that does not exist at the time the consent is given.<sup>35</sup>

The producer must obtain consent to the changes to the script and the film that the investors may require the producer to make pursuant to the production and investment agreement, and/or any changes that sales agents or licensees will require in each licence agreement or sales agency agreement, such as cutting rights for censorship or inserting commercial breaks. If the producer has not obtained these consents, it needs to negotiate changes to the production and investment agreement and any sales agency or licence agreements to ensure that it is not in breach of those agreements. Otherwise, the licensee may infringe the author's rights<sup>36</sup> and the licensee may claim damages from the producer for any damages it incurs in relation to the author's claim.

It is important to note that even if moral rights do not exist in Australia, they do exist in Europe and may be able to be exercised by an Australian author in those countries.<sup>37</sup> A foreign court may consider that, because the rights under the court's local law cannot be waived or changes consented to, an author may still be able to exercise the moral rights notwithstanding that they have waived their moral rights under Australian law or consented to changes under Australian law.

#### **4 Elements of the Film**

Even if the producer is the owner of copyright in the script, the producer will need to carefully scrutinise the content of the script to confirm there is nothing which may jeopardise the producer's ability to exploit any film based on the script. The producer

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<sup>30</sup> section 193 of the Copyright Act

<sup>31</sup> section 195AC of the Copyright Act

<sup>32</sup> section 195AI of the Copyright Act

<sup>33</sup> section 189 of the Copyright Act "maker" and "author"

<sup>34</sup> section 195AN(4) and (5)

<sup>35</sup> section 195AW of the Copyright Act

<sup>36</sup> see *Gilliam v American Broadcasting Co's Inc* (1976) 538 F2d14. The members of Monty Python successfully claimed that the US television broadcaster ABC misrepresented their work thereby infringing the US Lanham Act, and had infringed Monty Python's copyright in the script by drastically re-cutting and re-assembling episodes of Monty Python Flying Circus in circumstances where the writers of the scripts of the episodes had only granted the BBC, the original licensee, the right to make minor changes

<sup>37</sup> The French courts have characterised moral rights as fundamental human rights which were able to be exercised by the estate of the director of a film, notwithstanding that the director was a US citizen, the country of origin of the film was US, and the director's agreement was governed by US law - see *Huston's Case*.

may use a script clearance service<sup>38</sup> to identify risk items. However, as many clearance services are US based, some additional checks need to be made to cover any Australian specific risks.

In addition, the producer will need to scrutinise any proposals to incorporate material into the film so as to ensure that the material can be used, for a fee consistent with the budget.

In particular, the producer will need to consider pre-existing copyright works such as literary works, artistic works or musical works, or other subject matter such as sound recordings, broadcasts and other cinematograph films; copyright works and other subject matter specially commissioned or created for the film; characters, businesses and products which appear or are referred to in the film; tobacco products or tobacco references; performances; special and visual effects; and locations which appear in the film.

#### 4.1 Pre-Existing Copyright Works or Other Subject Matter

The film may incorporate pre-existing copyright works or other subject matter. The producer will need to secure a licence for works if the author of the work died less than 70 years ago, and will need to secure a licence for other subject matter if it was made less than 70 years ago.<sup>39</sup>

The producer will have to secure a licence even if the whole work or other subject matter is not used - it will need to secure a licence to the extent that a substantial part of the work is used.<sup>40</sup> Substantial is assessed both in terms of the amount of the work taken and the quality of the work taken.<sup>41</sup> A practical guide is whether the copyright owner's commercial interests in its whole work has been harmed by someone using a substantial part of the work.<sup>42</sup> The producer should be aware that there is no general exception to this rule - there is no Australian equivalent to the general US "fair use" exception<sup>43</sup> or the UK incidental inclusion of a work in a film, broadcast or cable program<sup>44</sup>. The only generally applicable exceptions are specific exceptions for fair dealing for the purpose of research or study, for the purposes of criticism or review, for reporting news, or for judicial proceeding or professional advice.<sup>45</sup>

The rights in the licence must include all the rights that the producer is required to grant any distributor. For example, if a producer grants the distributor the right to release the film on video but the owner of the rights in a poem incorporated into the film has not

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<sup>38</sup> for example Warner Bros Production Clearance and Permissions Dept and Thomson and Thomson Clearance Service <http://www.thomson-thomson.com>.

<sup>39</sup> In general terms, the term of copyright in Australia is the author's life plus 50 years for copyright works, and 50 years for other subject matter such as broadcasts, sound recordings and cinematograph films. However, in general terms, in Europe, the term of copyright is life plus 70 years for copyright works and 70 years for other subject matter. As such, if the producer intends to exploit the film in Europe it will need to secure the rights in works even if the works are or will be in the public domain in Australia.

<sup>40</sup> section 14 of the Copyright Act

<sup>41</sup> *Hawkes & Son (London) Ltd v Paramount Film Service Ltd* [1934] 1 Ch 593 where the newsreel only played half a minute of "Colonel Bogey's March" where performance of the whole work would have taken four minutes.

<sup>42</sup> *TCN Channel Nine v Network Ten ("The Panel" case)* (2001) 108 FCR 235.

<sup>43</sup> section 107 Copyright Act 1976 (US)

<sup>44</sup> section 31 Copyright Designs and Patents Act 1988 (Eng and Wales). The Australian equivalent in section 67 of the Copyright Act only applies to incidental inclusion of *artistic* works. See Justice Conti's analysis of fair dealing in "*The Panel*" case supra at n 42.

<sup>45</sup> sections 40, 41, 42, and 43 (copyright works) and 103A, 103B, 103C and 104 (other subject matter) of the Copyright Act

granted the producer the right to release a film incorporating that poem on video, both the producer and the distributor will be exposed to legal action by the owner of copyright in the poem. The term of the licence should at least be for the term of the longest distribution agreement term and any possible extensions, options and renewals.

(a) **Literary Works / Dramatic Works**

The film may include a recital of the whole or a substantial part of existing literary works or dramatic works, such as a poem or a play. The producer will need to secure a licence from the person who controls copyright in the literary work.<sup>46</sup>

In addition, the scriptwriter may have used a copyright work as part of their research material. There is no copyright in facts. However, the producer will need a licence if the scriptwriter has used a compilation of research material which has involved skill, labour and investment rather than undertake independent research from the primary sources.<sup>47</sup>

(b) **Artistic Works**

The film may include images of existing artistic works such as artworks or photographs. The Australian collecting society Vi\$copy administers the rights in the artistic works of a number of Australian visual artists, particularly indigenous artists, as well as administering the rights in works controlled by its affiliate collecting societies around the world.<sup>48</sup>

However, copyright in an artistic work may not be infringed by including the work in a film if its inclusion is incidental to the principal matters represented in the film,<sup>49</sup> so the producer may not need to secure a licence.

(c) **Music and Sound Recordings**<sup>50</sup>

The soundtrack of the film usually includes existing music and sound recordings.<sup>51</sup> The lyrics and music are protected by copyright as “works”, namely

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<sup>46</sup> For example the film “Four Weddings and A Funeral” included a recitation of one of WH Auden’s poems

<sup>47</sup> In *Harman Pictures NV v Osborne* [1967] 1 WLR 723 the writer of the book “The Reason Why” about the Crimean War successfully claimed against the producer of the film “The Charge of The Light Brigade” who used the book as source material for the script. See also *Ravenscroft v Herbert & New English Library Ltd* [1980] RPC 193; *Elanco Products Ltd v Mandops (Agrochemical Specialists) Ltd* [1980] RPC 213; *Autocaps (Aust) Pty Ltd v Pro-Kit Pty Ltd* (1999) 46 IPR 339;

<sup>48</sup> For more information, see the Vi\$copy website <http://www.viscopy.com>

<sup>49</sup> section 67 of the Copyright Act. Film credits provide guidance to what is considered “incidental” - in the British film “Notting Hill” the credits include a credit to Chagall’s estate for the painting that Julia Robert’s character gives Hugh Grant’s character, and also a credit to Kandinsky’s estate for the poster that appears on Hugh Grant’s stairwell.

<sup>50</sup> see Copyright Council Information Sheet G47 “Music: Use In Film and Multimedia” available at <http://www.copyright.org.au>

<sup>51</sup> see *Phonographic Performance Company of Australia Limited v Federation of Australian Commerical Television Stations* (1998) 72 ALJR 924 for a discussion how rights in a sound recording continue to be exercised even after the sound recording has been incorporated into the soundtrack of the film, notwithstanding section 23 of the Copyright Act



literary works and musical works<sup>52</sup>, and the sound recording is protected by copyright as “other subject matter”<sup>53</sup>.

The producer will not usually be able to secure a licence in the performing rights in existing music and existing sound recordings. This is because the right to publicly perform or broadcast music or transmit music by cable is often assigned by composers and lyricists to APRA,<sup>54</sup> and the right to publicly perform or broadcast commercial sound recordings is often controlled by PPCA.<sup>55</sup> The producer will not need to secure these performance rights because the user of the film, such as the cinema exhibitor or television broadcaster will usually have a blanket licence in the rights direct from APRA and PPCA or their international affiliates.<sup>56</sup> The producer should make clear in any distribution agreement that it does not have these rights, and in some cases should also require a warranty from the licensee that the licensee has or will obtain the relevant rights from the appropriate collecting society.

However, the producer will need to obtain a synchronisation licence, that is, a licence of the right to reproduce the music and copy the sound recording, and synchronise that reproduction of the music and copy of the sound recording with the images in the film, and may need to secure a licence for internet rights to the extent that these rights are required by licensees, and are not controlled by APRA or PPCA. The rights in the music are controlled by the music publisher, and the rights in the sound recordings are often controlled by the record company that made the recording. The producer should carefully consider the conditions in the synchronisation licence. For example, the licensor may require that the music or sound recording is only used as background music rather than feature music, or only allow 30 seconds of the music or sound recording to be used, or only allow a particular recording of the music to be used.

## **4.2 Original Copyright Works or Other Subject Matter**

This includes copyright works or other subject matter created during production, or commissioned by the producer for the film.

### **(a) Crew**

The crew of the film may create copyright works and other subject matter during production of the film. For example, the costume designer may create costume designs<sup>57</sup> and the set designer may create set designs which may both be protected as artistic works.

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<sup>52</sup> section 31 Copyright Act

<sup>53</sup> section 85 Copyright Act

<sup>54</sup> Australasian Performing Right Association Limited

<sup>55</sup> Phonographic Performance Company of Australia Limited

<sup>56</sup> For an explanation of the APRA and PPCA collective licensing system, see Copyright Council Information Sheet I20 “Music: Playing Music, APRA & PPCA” available at <http://www.copyright.org.au>, the PPCA website <http://www.pcca.com.au>, and the APRA website <http://www.apra.com.au>

<sup>57</sup> In *Shelley Films Ltd v R Features Ltd* [1994] EMLR 134, Martin Mann QC sitting as a deputy judge of the English High Court held that a film set for the film “Mary Shelley’s Frankenstein” was an “artistic work” as a work of artistic craftsmanship. However, this may depend on the nature of the set. The case was distinguished in *Creation Records Ltd v News Group Newspapers Ltd* (1997) 39 IPR 1 where Lloyd J held that an arrangement of “Oasis” band members and various objects at a particular site assembled for a photograph for the band’s album cover was not an “artistic work” as it was not a work of artistic craftsmanship as there was no

The producer must ensure that all crew members are engaged on written agreements which include an assignment of copyright. This is because the producer may not be the employer of each crew member because it does not exercise the requisite control over the crew member.<sup>58</sup> Therefore it may not be able to rely on section 35(6) of the Copyright Act which provides that an author's employer owns copyright in their employee authors' works, so it will need an assignment from the crew member, and will need a *written* assignment to satisfy the assignment provisions of the Copyright Act.<sup>59</sup>

In addition, the producer should obtain a consent to changes to each crew member's work to ensure that it can be added to, deleted from, or otherwise changed as part of the producer producing the film. This will give the producer the ability to create a final cut of the film which satisfies the terms of the production and investment agreement and each distribution agreement.

**(b) Director**

Special care needs to be taken in the case of the director.

Directors do not currently own copyright in the film in Australia.<sup>60</sup> However, directors are one of the owners of copyright in the film in some countries.<sup>61</sup> In addition, directors may own copyright in elements of the film such as part of the script to the extent that the director makes changes to the script during pre-production or production. As such, the producer will need a specific written assignment of copyright to ensure that it can satisfy the terms of the production and investment agreement which require an assignment of all copyright to the investors, and each distribution agreements which require a licence of all copyright to each licensee.

Directors will be entitled to moral rights in the film in some countries.<sup>62</sup> In addition, the Copyright Act provides that the director will be entitled to moral rights in the film as one of the makers of the film.<sup>63</sup> The producer should ensure that the director agrees to exercise his/her rights in a way that will allow the producer to satisfy the terms of the production and investment agreement and each sales agency agreement and licence agreement relating to the film, and consent to additions to, deletions from, or other changes to the film to allow the producer to satisfy the terms of the production and investment agreement and each sales agency agreement and licence agreement. For example, if the

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exercise of any craftsmanship as it was merely the assembly of "objets trouves". Lloyd J also held it was not an artistic work as a sculpture as no element had been carved, modelled or made in any of the ways that a sculpture is made, and it was not a "dramatic work" because it was a static scene with no movement, story or action. Furthermore, the newspaper's photograph did not infringe copyright in the band's photograph because two works created from a common source do not involve copying one of the other.

<sup>58</sup> For example, the cast and crew may be creating a result rather than providing services. See generally *Stevens v Brodribb Sawmilling Co Pty Limited* (1986) 160 CLR 10.

<sup>59</sup> section 196 of the Copyright Act

<sup>60</sup> There are discussions to include the director as one of the owners of copyright in the film. See the Attorney General's terms of reference <http://www.law.gov.au/publications/ISSUESPAPERDIRSV21.htm> and the other chapters in this book

<sup>61</sup> for example, the United Kingdom, section 18 Copyright and Related Rights Regulations 1996 amending section 9(2)(a) of the Copyright, Designs and Patents Act 1988

<sup>62</sup> for example, the United Kingdom, section 77 and 80 of the Copyright Designs and Patents Act 1988

<sup>63</sup> section 189 of the Copyright Act "maker" and "author"

distributor requires the right to cut the film, the director must be willing to agree for cuts to be made to the film.

Directors may be entitled to secondary use rights such as rental rights. The producer will need to determine if the director is entitled to the rights, and whether they are able to be assigned to the producer. As stated above, the director may not be able to assign the rights to the producer because the rights are non-assignable and non-waivable, the director negotiates that the rights are reserved to the director, or the director has already appointed a collecting society such as Australian Directors Authorship Collecting Society to collect royalties relating to secondary use rights.

(c) **Music**

If the producer commissioned original music or commissioned an original sound recording of original music and/or existing music, the composer's agreement should include an assignment of the music publishing rights in the music and an assignment of all copyright in the sound recordings.

The producer should also confirm with the composer whether all of the music is original, or whether the composer has incorporated samples of other music in the composer's work. If the composer has sampled other music, the composer will need to identify the samples so that the producer can determine whether the composer has taken a substantial part of the existing musical work, and if so, secure a licence in the sample.

If the composer already has an exclusive music publishing arrangement, the producer will either need to negotiate an exception to the composer's music publishing arrangements with the composer's music publisher, or will need to obtain a synchronisation licence in the original music from the composer's music publisher.

4.3 **Characters/ Businesses / Products**

(a) **Fictitious**

If the script contains fictitious characters, businesses and products, the producer will need to confirm that they will not be mistaken for real people, businesses and products. This issue is more acute when the character, business or product is presented unfavourably.

For example, in relation to living people, there is a risk of defamation if a statement is capable of conveying a defamatory meaning, and the subject of the defamation can be identified from the statement. Electoral rolls and telephone directories should be checked, particularly telephone directories and electoral rolls of the area where the script is set if the script is set in an identifiable location. In addition, if the character has an identifiable occupation, it is prudent to check the relevant professional directory or business directory. As the character's name may be spoken, both the actual spelling and phonetic variations of the spelling should be checked. It is also important to note a person may be identified not just from their name, but by their position (such as the Minister for Transport) or identifying characteristics such as mannerisms, voices, typical idioms, physical appearance, or dress style.

(b) **Real**

If the script contains real people, businesses or products, then the producer should obtain a release from the person, business or product. The producer should fully disclose the context in which it is used - for example, the release could attach the relevant pages of the script. This will ensure that the person releasing the producer cannot later claim that it did not appreciate how their name, business or product would be used.

Many brand owners are more than willing for a producer to include their product in the film, particularly if the product is presented favourably and the film's target audience is the product's target market.<sup>64 65</sup> However, it is difficult to obtain a release if the person, business or product is presented unfavourably. Even if the person, business or product is positively presented, they may not wish to be associated with the film. There is a risk that if the producer does not obtain a release, the person, business or owner of the product may later object. They may claim that the producer has committed the tort of passing off because the use of the person, business or product's name or characteristics constitutes a misrepresentation that the film is associated with the person, business or product<sup>66</sup>, or the use of the person, business or product's name or characteristics is misleading or deceptive or is likely to mislead or deceive.<sup>67 68</sup> If the claimant is successful, not only may the producer be liable for damages, but there will be costs of re-shooting and/or re-cutting scenes, with delays in the production schedule and delivery date.

If the person or business is unwilling to provide a release, the producer should seriously consider changing the name and characteristics of the people, business or products in the script to fictitious people, businesses or products, or obscuring the name or characteristics of the people, business or products,<sup>69</sup> or changing the name and characteristics to a "friendly" person, business or product,<sup>70</sup> particularly

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<sup>64</sup> For example, at the 2001 American Film Market, Mercedes Benz had a stand with contact details for product placement requests. In addition, the credits in the film "Space Cowboys" included a credit for clearances and a separate credit for product placement.

<sup>65</sup> However if the film is to be broadcast on television, product placement may be restricted by broadcasting legislation or broadcasting codes of conduct. In particular, the Australian Broadcasting Authority Children's Television Standard available at <http://www.aba.gov.au/tv/content/childtv/index.htm> provides in CTS22(1) that no material broadcast during C (primary school) or P (pre school) programs may contain an endorsement, recommendation or promotion of a commercial product or service by a principal personality or character from a C or P program. See the ABA's determination against ATN7 relating to the "Aggro" program which was rated G but actually watched by a C audience. In relation to United Kingdom commercial television, see the Independent Television Commission Code of Programme Sponsorship available at, click Regulating Commercial TV, click Advertising and Sponsorship Regulation. In relation to the United States see section 507 of the US Communications Act 1934.

<sup>66</sup> supra n 15

<sup>67</sup> section 52 of Trade Practices Act supra n 13

<sup>68</sup> Note that the producer will not infringe Australian trade marks law if it merely displays genuine goods where the trade mark has been applied to or in relation to goods by or with the consent of the registered owner of the trade mark (section 123 (1) of the Trade Marks Act 1995 and *R A & A Bailey & Co Ltd v Boccaccio Pty Limited* (1986) 6 IPR 279) or if the producer refers to genuine goods because the trade mark is not being used by the producer as a trade mark, to distinguish the producer's goods and services from the goods and services of other traders *Coca-Cola Company v All Fect Distributors Ltd* (1999) 47 IPR 481

<sup>69</sup> For example the producer of "Two Hands" cleverly obscured beer labels by ensuring that every can was in a stubbyholder

<sup>70</sup> For example, in the telemovie "Marriage Acts" which was broadcast on the ABC all television news bulletins which appeared during the the telemovie used the ABC masthead.

if the real person, business or product is not critical to the plot and has no creative significance.

#### 4.4 Tobacco

The Australian Tobacco Advertising Prohibition Act<sup>71</sup> provides that it is a criminal offence to publish or broadcast a tobacco advertisement in Australia. A tobacco advertisement is any writing, still or moving picture, sign, symbol or other visual image that gives publicity to or otherwise promotes or is intended to promote smoking, the purchase or use of a tobacco product or a range of tobacco products, the whole or a part of trade marks registered in respect of goods including tobacco products or the whole or part of the name of a person who is a manufacturer of tobacco products or whose name appears on the packaging of some or all of those products. Publish is defined as including the advertisement in a film, video, or television program that is intended to be seen or heard by the public. It is a defence if the publication is accidental or incidental to other matters.

The producer should limit images of smoking or cigarette packets, particularly if it is not critical to the plot and there is no creative significance.

#### 4.5 Special Effects and Visual Effects

The producer may desire the exclusive right to use material incorporated in the film, to preserve the uniqueness of the images in the film. Alternatively, the producer may desire a non-exclusive right to material incorporated in the film, so that it can use it in products related to the film, or in sequels to the film. However, intellectual property may not subsist in the material - copyright may not subsist in visual effects,<sup>72</sup> stage settings,<sup>73</sup> or sound effects.

In the case of computer generated visual effects, the producer's solution may be to seek an exclusive licence or non-exclusive licence in the software generating the effects rather than attempting to obtain rights in the effects itself. This is often difficult as the creator of the visual effects usually wants to retain copyright in the digital files that generate the digital effects, including the proprietary code, structural data and wire frames. This is because the creator of visual effects often regard the digital files as their "know-how" which is an asset separate and independent from the digital images contributed to the film.

An alternative solution is for the producer and the creator to agree to characterise the method of generating the effects or settings as confidential information. This way the creator cannot use or disclose the method for any other film.<sup>74</sup> Finally, the creator may contractually agree to create similar effects for the producer for related products, and may contractually agree not to create similar effects for any other film.

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<sup>71</sup> Tobacco Advertising Prohibition Act 1992 (Cwlth) available at <http://www.austlii.edu.au>.

<sup>72</sup> In *Nine Network Australia Pty Limited v Australian Broadcasting Corporation* (1999) 48 IPR 333, Hill J refused Nine's application for an interlocutory injunction to prevent the ABC broadcasting the Sydney Harbour New Years Eve fireworks display, in part because Hill J had "difficulty" in concluding that the scripted exploding fireworks display set to music was a "dramatic work". Contrast the German case "The Happening" 1985 Federal Court

<sup>73</sup> *Supra* n 57.

<sup>74</sup> The producer and creator can only characterise the *method* as confidential information. They cannot characterise the effects or setting as confidential information because the effects or settings are not confidential - they appear in the film.

## **5 Performers**

### **5.1 Copyright**

Performers do not currently have positive rights in their performance in Australia.<sup>75</sup> The Copyright Act only provides that the performer must have consented to the recording of their performance, and the broadcast of their performance.<sup>76</sup>

However, the performer may be entitled to positive rights in countries where the film may be exploited. In addition, the performer may create copyright works during the film, for example, improvised dialogue.

### **5.2 Industrial Agreements**

Even if a performer does not have intellectual property rights in their performance in Australia, there is a framework of Australian collective bargaining agreements that regulate how a performer's performance may be used. In particular the Australian Television Repeats and Residuals Agreement ("ATRRA")<sup>77</sup> provides that if the producer wishes to use the film incorporating the performer's performance in the media set out in the agreement, the producer must pay the performer the additional fee fixed by the agreement. For example, the producer must pay the performer a further 100% of the performer's basic negotiated fee if the producer intends to authorise the broadcast of the film on US network television.<sup>78</sup>

### **5.3 Risk Management**

The producer should engage each performer on a written agreement which confirms that the performer has consented to the recording of their performance and confirms which industrial agreement applies (if any), and which uses of the performance have been bought out under the industrial agreement. The ATRRA standard contract is useful for this purpose, and in any case must be used by all producers bound to ATRRA.

In addition, each performer's agreement should include a written assignment of rights.

## **6 Location**

The producer will usually negotiate a location agreement that provides that the producer has the right to enter the location. The producer should also secure the right to represent the location either as the actual location or a fictitious location. This is to protect the producer from the risk that the owner of the location claims that the producer is passing off the film as being associated or endorsed by the location without the owner's permission.

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<sup>75</sup> There are discussions to introduce positive copyright rights for audio-visual performers. See the Discussion Paper issued by the Attorney General and the Minister for Communications, Information Technology and the Arts "Performers Intellectual Property Rights" (December 1997) which is available at <http://www.dcita.gov.au>, the WIPO Phonograms and Performances Treaty proposal on protection of audio-visual performances to be presented at the WIPO Conference in Geneva in December 2000

<http://www.wipo.org/eng/meetings/2000/iavp/iavp-dc3.htm>, and the Copyright Council Information Sheet G22 "Performers and Copyright" available at <http://www.copyright.org.au>.

<sup>76</sup> section 248G of the Copyright Act

<sup>77</sup> Australian Television Repeats and Residuals Agreement 2000 between the Screen Producers Association of Australia and the Media Entertainment Arts Alliance available to SPAA members at <http://www.spaa.org.au>

<sup>78</sup> clause 7.1 of ATRRA

## 7 Contributor's Expectations

Some contributors may consider the exposure that they may receive for contributing to the film more valuable than their fee. The producer should discuss the contributor's expectations with the contributor and structure the contributor's expectations before committing to use the contributor's contribution in the film.

### 7.1 Use of the Contributor's Contribution

The producer should make clear to the contributor that the producer may not ultimately use their contribution in the film. The producer should include provisions in its agreement with the contributor that the producer is under no obligation to use the contribution and will not be liable for loss of opportunity for failure to enhance the contributor's reputation.

### 7.2 Credit<sup>79</sup>

The producer needs to confirm with the contributor whether the contributor's credit will be in the front credits or the end credits, a shared credit or sole credit, or a single frame credit or a rolling credit.

The producer must also ensure that the contributor's credit, including the relative order of the credit, is consistent with the producer's other obligations, such as the producer's agreements with all other contributors, applicable collective bargaining agreements, each distribution agreement,<sup>80</sup> and any applicable laws, both in Australia<sup>81</sup> and elsewhere<sup>82</sup>.

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<sup>79</sup> In *Prior v Sheldon* (2000) AIPC ¶91-549 Wilcox J awarded damages to the co-author of the theme music for the television series "The Great Outdoors" for failure to obtain a credit as part of calculating damages for copyright infringement. Wilcox J said "it is not easy to put a monetary value on the loss ..but I accept the loss is real and substantial. Reputation is critical to a person who follows a vocation dependent on commissions from a variety of clients. Success breeds success, but only if the first success is known to potential clients. To deprive a person of a credit to which he was justly entitled is to do him a great wrong. Not only does he lose the general benefit of being associated with a successful production; he loses the chance of using that work to sell his abilities. I accept that only a small minority of viewers are likely to be concerned with that subject: people such as film and television producers and directors. But there are the very people who matter to a person in Mr Prior's position. ... This amount [the APRA royalties of \$160,000 from 1993 to June 1999] ... does indicate that the loss, through the lack of appropriate acknowledgment, of even one further commission might have a substantial financial effect. I think it is reasonable to allow \$40,000 in respect of this item". However, see also *Zomba Music v Roadhouse Music* 31/10/2001 where Stone J held a person liable for authorising copyright infringement in a television series in part because the person received an executive producer on each episode of the series.

<sup>80</sup> US distributors may require that the order of credits is consistent with Article 8 of the Directors Guild of America Basic Agreement and the Writers Guild of America Credits Manual even though the producer is not a signatory to the WGA or DGA.

<sup>81</sup> For example section 41 of the Copyright Act provides that fair dealing with a work does not infringe copyright in the work if it is for the purpose of criticism or review provided sufficient acknowledgment of the work is made. In addition, the Copyright Act provides that author of a copyright work or cinematograph film has a right of attribution of authorship, and the right to object to false attribution (supra n 29 and 30) See Justice Conti's analysis of "sufficient acknowledgment" in "The Panel" case supra n 42.

<sup>82</sup> For example, section 30 of the English Copyright Designs and Patents Act 1988 provides that fair dealing with a work for purpose of criticism or review does not infringe copyright in the work if there is sufficient acknowledgment of the work and section 77 provides that the author of a copyright work and the director of a film has the right to be identified as the author or director