By Mark Litwak

GETTING THE GOODS FOR MULTIMEDIA

Part 2: Licensing Images & Software

This two-part article explores some of the legal ramifications of producing multimedia programming. In the August/September Independent, *some of the issues regarding the licensing of text-based materials were reviewed. This article continues with a look at the licensing of film and video footage.*

Motion Pictures

When a multimedia producer wants to incorporate existing footage into a new work, many of the same copyright, character, trademark, title, and defamation issues discussed in last month's article on licensing text-based materials apply. The matter becomes even more tangled when there are multiple owners of rights in a motion picture.

For example, the film may be based on a copyrighted book, or it could incorporate music, the copyright to which is jointly held by a composer, musician, and record company. Permissions may be needed from actors and from owners of rights to special effects, animation, and works of art. And what if the film utilizes stock footage? This footage probably was licensed only for use in the original film.

Sometimes film clip owners may only agree to license the footage on a "quit-claim basis"—that is, without any warranties as to ownership of the various rights needed. It can be arduous for the producer to determine the identity of all the copyright owners and license the appropriate rights. This may prove impossible if the film clip owner won't reveal the contents of its contracts or if the contracts have been lost or destroyed.

If the film is based on a book, the studio probably bought the movie rights from the author but not necessarily any derivative rights, such as electronic publishing. Also, the right to use the book may have expired unbeknownst to the film clip owner. Recall that under federal copyright law prior to 1978, a copyright lasted 28 years and could be renewed for an additional 28 years. If the author of a book licensed movie rights to a producer and died before the second copyright term began, his estate would own the copyright to the second term. The producer may find that rights to the work can end abruptly if the estate refuses to relicense it, which it can do even if the author agreed to assign the second term to the producer.

Another potential problem arises when distribution rights to a film clip are shared by several parties, as when a studio owns domestic rights and foreign rights have been sold to other distributors. Can the owner of such foreign distribution rights prevent a multimedia producer from distributing a program with the clip in foreign territories? The answer is unclear.

If a film has been designated as culturally, historically, or aesthetically significant under the National Film Preservation act of 1988 and added to the national registry, other restrictions may apply. This act was passed in response to the movement to colorize old black-and-white movies. Under the act, 23 films a year can be added to the registry. While modification of these films is not prohibited, a disclaimer must be added.

Another issue arises when a multimedia producer wants to incorporate footage of a crowd scene in his or her work. While filming a person in a public place is usually not an invasion of their privacy, incorporation of a recognizable person's identity in a film may be an infringement of their right of publicity, which allows a person to control the use of his or her image, name, and likeness (including voice and signature) in a commercial setting. In the case of *Daily Times Democrat v. Graham*, for instance, publication of a photograph of a person whose underwear was exposed in public was held an invasion of privacy.

IN WORKING WITH UNIONS AND GUILDS, THE MULTIMEDIA PRODUCER SHOULD RECOGNIZE THAT A SYSTEM OF FEES AND ROYALTY PAYMENTS IS JUST DEVELOPING.

Whether a use is infringing depends upon whether the image is used in a commercial context, such as on a product, or in a newsworthy context, such as in a magazine or documentary program. The latter use is protected under the First Amendment. Thus producers should avoid incorporating a person's image in a purely commercial program or in advertising for such a program unless a release has been obtained.

Remember that the right of publicity is not limited to a person's image. Performances and objects closely associated with one's identity may also be protected. In *Motschenbacher v. R.J. Reynolds Tobacco Co.*, the appropriation of a photo of a race car with distinctive markings for use in a cigarette ad was held to be an infringement of the driver's identity, even though he was not shown.

Of course, a person's right to restrict the use of his or her name, likeness, and voice has to be balanced against the rights of journalists and filmmakers under the First Amendment. Suppose a newspaper publisher wants to place a picture of a sports figure in its paper. Is permission required? What if *60 Minutes* wants to broadcast an exposé of a corrupt politician? What if Kitty Kelley wants to write a critical biography of Frank Sinatra?

In each of these instances, a person's name and likeness is being used on a "product" sold to consumers. Products such as books, movies, and plays, however, are also forms of expression protected by the First Amendment. The First Amendment allows journalists and writers to write freely about others without their consent. Otherwise, subjects could prevent any critical reporting of their activities. When one person's right of publicity conflicts with another person's rights under the First Amendment, the First Amendment rights often prevail.

When a use is newsworthy or in the context of a documentary, biography, or parody, the First Amendment will usually protect the producer. In *Hicks v. Casablanca Records*, Casablanca Records made a movie called *Agatha* about the well-known mystery writer Agatha Christie. The story was a fictionalized account of an 11-day disappearance of Christie. The film portrayed her as an emotionally unstable woman engaged in a sinister plot to murder her husband's mistress. An heir to Christie's estate brought suit alleging infringement of Agatha Christie's right of publicity.

The court held that Casablanca's rights under the First Amendment were paramount to the estate's rights. The court reasoned that the First Amendment outweighed the right of publicity here because the subject was a public figure, and the events portrayed were obviously fictitious.

If actors appear in a motion picture clip, contact the Screen Actor's Guild (SAG) or the American Federation for Television and Radio Artists (AFTRA) to seek permission to use the actor's image. If the performance was first recorded on film, contact SAG; if first recorded on videotape, contact AFTRA.

The unions will supply you with the name of the actor's agent, who can then be contacted to

obtain permission. When an actor's name is unknown, it may be difficult to match his or her image with the names listed in the credits. And if an actor is not a guild member or is deceased, this too can make it hard to locate the rights holder.

In working with unions and guilds, the multimedia producer should recognize that a system of fees and royalty payments for electronic publishing is just developing. Some guilds have been willing to sign One Production Only (OPO) deals with multimedia producers and not require them to become guild signatories for all of their productions. The Writer's Guild, for instance, allows a production company to become a Guild signatory for one production by signing a Letter of Adherence. This letter does not mandate minimum scale payments or compliance with most guild rules. The producer need only agree to make pension and health fund payments.

Photographs

Still images are copyrightable. The same copyright, trademark, character, and tort issues that arise with the use of motion pictures apply here as well. Likewise, copyright defenses predicated on fair use or the First Amendment can be invoked.

It can be especially difficult to determine whether a photo is copyrighted and who its owner is. Many photos are not registered with the copyright office. Even if registered, a search can be tiresome, since a photo may not have a name or the name may not accurately reflect the image. Permissions can sometimes be obtained from the Graphic Artists Guild or the American Society of Media Photographers.

Some photos are clearly in the public domain, such as those in the National Archives in Washington, D.C. For other photos, the licensee should request the licensor to warrant that the licensor has all rights to a particular photo, including releases from any identifiable persons in the photos, and indemnify the licensee if a claim should arise from a third party. The license should also include a waiver of moral rights.

Music

The same copyright, trademark, and tort issues that apply to use of motion pictures apply here as well. Determining copyright ownership can be particularly complex, as there may be several simultaneous copyright holders for one piece of music. For example, the composer may own the copyright to the composition, the lyricist the copyright to the lyrics, and the record company the copyright to a recording.

Right of publicity issues can also arise. The 1988 Bette Midler case prohibited the use of a sound-alike voice of a celebrity as an infringement of Midler's rights. An ad agency had asked Midler to sing the song "Do You Want To Dance" for a car advertisement. After she declined to participate, the ad agency hired one of Midler's former backup singers to record the song imitating Midler's voice and style. When the advertisements were run, many listeners thought the song was sung by Midler. The ad agency obtained permission to use the song from its copyright owner but did not have Midler's consent to imitate her voice.

The court held that this imitation of Midler's voice infringed upon her rights. The court reasoned that when a distinctive voice of a professional singer is widely known and is deliberately imitated in order to sell a product, a tort has been committed in California. (The court limited the holding to the facts, and cautioned that not every imitation of a voice to advertise merchandise is necessarily actionable.)

The multimedia producer will need to obtain a mechanical license if music is going to be used without an accompanying image. If the music is used in synchronization with a video image, then a synchronization (sync) license will be needed. If the program will be distributed on videograms (disks or tape) or CD-ROMs, the producer will need a license for those uses as well. When music is modified, an adaptation license may be needed.

The issue of digital sampling has become hot in the music industry. Some artists have borrowed portions of pre-existing musical works. The samplers reason that borrowing a single note or short excerpt from another work is not an infringement because 1) what has been taken is not an expression of an author (i.e., no more than an idea was taken), or 2) the taking is protected under the fair use doctrine, or 3) the use is protected under the First Amendment.

In the recent case of *Acuff-Rose Music, Inc. v. Campbell* these issues were raised. Here the group 2 Live Crew parodied the Roy Orbison song "Pretty Woman." The Sixth Circuit found that 2 Live Crew's use of the prior work was copyright infringement and not a fair use. The decision was reversed this year by the U.S. Supreme Court which held that 2 Live Crew may have a Fair Use defense.

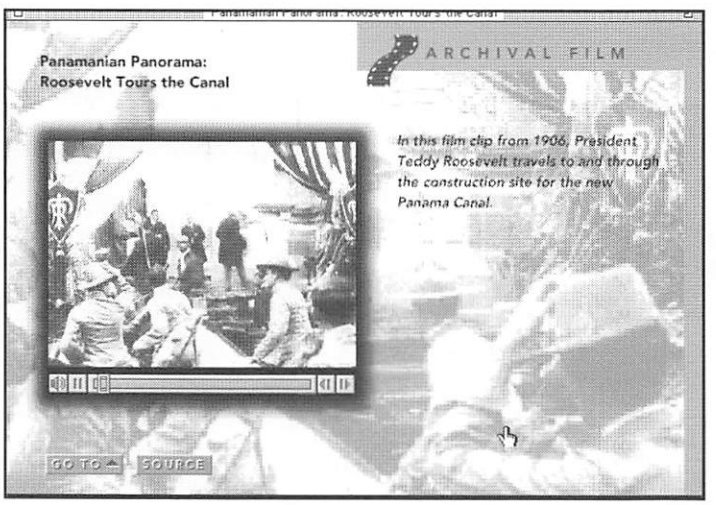
While it is doubtful that taking a few notes from another work could be deemed an infringement, there is no firm guideline that establishes how much can safely be taken. If the borrowed excerpt is recognizable to others, it is arguably an infringement.

The identities of copyright owners can be obtained through the performing arts guilds (SAG/AFTRA), the Songwriter's Guild of America (a trade association), or American Federation of Musicians (AFM). AFTRA covers singers; AFM covers instrumentalists.

Inexpensive music and sound effects can also be licensed from music libraries on a one-time, fixed-fee basis.

Architecture

Congress recently accorded copyright protection to architecture, placing it a separate category from pictorial, graphic, and sculptural works. The copyright in an architectural work is limited, however. The copyright owner cannot prevent others from publicly displaying pictures and photographs of buildings visible from a public place.



***Who Built America?*, an educational multimedia hypertext by the American Social History Project, makes use of numerous film clips and photos with differing licensing requirements.**
Courtesy Center for Media and Learning

Of course, even if a producer doesn't need permission to include a building's image in a program, that does not mean the producer can trespass on another's property to capture that image. Moreover, showing a recognizable image of a building in a defamatory context could harm the reputation of a company or individuals.

Fine Art

Pictorial, graphic, and sculptural works of art are copyrightable and displaying them in a program without permission could be an infringement. Suppose a piece of sculpture appears momentarily in the background of a scene. Is permission of the copyright owner necessary? Probably not. But if the artwork is featured in the foreground, a release should be obtained.

When Congress passed the Visual Artists

Rights Act of 1990, the United States expressly recognized certain moral rights that artists have in works of visual art, such as paintings, drawings, sculpture, and still photos. Moral Rights include the Right of Paternity, which is the right of an author to claim authorship to her work and prevent the use of her name on works she did not create, and the Right of Integrity, which prevents others from distorting or mutilating her work.

Moral rights differ from copyright. While the copyright to a work may be sold, the artist's moral rights may prevent the buyer of a piece of art from removing the artist's name or modifying the work. While the United States generally does not recognize moral rights, many of the moral rights granted artists in other countries are protected here as violation of our unfair competition and defamation laws.

A multimedia producer who incorporates art work in a program could be liable if the work is distorted, which may occur if the work is digitized and metamorphosed into a new form.

Computer Software

A multimedia work will contain computer software to operate the program. This software can be developed by the multimedia creator or licensed from another. Since software is copyrightable matter, it cannot be freely borrowed unless it is in the public domain.

Software can also be protected under patent law which protects the "Useful Arts," meaning any new and useful process or machinery. Thus multimedia software (the process) and the hardware (the machine) are patentable.

If software is developed by an outside contractor, the agreement between the parties needs to specify who will own the copyright and any patent to the work, and which rights are being licensed. The producer should have a written employment agreement with a covenant that the employee or independent contractor assigns all copyrights, inventions (whether patentable or not), and trade secrets developed in the course of employment to the employer.

If software is licensed for use in a multimedia program, the license agreement needs to spell out what uses can be made of the acquired software. Can the software be used to develop a new product? Can it be incorporated into the final work? If a license fee is to be paid, is it a one-time fee for unlimited use or a per unit royalty? Does the owner of the borrowed software share in the copyright of the new work?

A multimedia producer will want to register his or her work with the copyright office to prevent infringement by others. The Copyright Office has taken the position that the screen display of a computer program is protected by the copyright in the program. Thus one need not register the

screen display separately as an audiovisual work.

A multimedia work comprising a series of images could be classified for copyright purposes as either a motion picture (if the images are moving) or an audiovisual work. Video games are considered audiovisual works. A virtual reality display might be considered a motion picture. To obtain forms and further information call the Copyright Forms hotline at (202) 707-9100 and ask for Circular 55, "Copyright Registration for Multimedia works." The circular is free.

Defensive Tactics

The multimedia producer is wise to consult an entertainment attorney with expertise in multimedia production to determine what licenses may be needed. This review should be undertaken early before a lot of time and effort are invested in developing a project. A competent attorney will suggest ways the producer can reduce costs and potential liability. For instance, the attorney could suggest that certain rights not be purchased if the producer is willing to fictionalize a story, rely on the fair use doctrine, change an individual's identity, or add disclaimers.

To protect oneself from potential liability, the multimedia producer should consider purchasing Errors and Omissions (E & O) insurance. E & O insurance will protect the insured from his or her own negligence when it gives rise to claims of defamation, invasion of privacy or publicity, copyright and trademark infringement, and breach of contract.

E & O insurance does not protect the insured from acts of intentional wrongdoing, such as deliberate infringement or fraud. Therefore the producer should be prepared to show he or she was acting in good faith. He or she should maintain records of releases and correspondence to secure rights and copies of letters from counsel regarding what licenses are necessary.

Insurers will typically require a producer to secure all necessary licenses and permissions. Also, a copyright report and title report will be needed, and all employment agreements must be in writing. If music is going to be used, synchronization and performance licenses will be necessary.

If the multimedia script is original, its origins must be determined to ensure that none of it has been copied from another work without permission. The insurer will then carefully review the project before issuing a policy.

E & O insurance will pay for any liability incurred as well as defense costs. Like other insurance policies there is a deductible, often $10,000 or more.

Recently American International Group (AIG), a large insurer, announced that it would offer Patent Infringement Liability Insurance. The

insurance includes coverage of expenses and damages including attorney fees incurred to defend any lawsuit alleging infringement of a U.S. patent. However, the minimum premium is $50,000 and the minimum deductible is $50,000. The insured also has to pay 10% of all damages and defense costs, and any punitive damages that may be awarded. The policy does protect you if you intentionally infringe on another's patent.

The multimedia producer will also want to take steps to ensure that his or her work is not pirated. Although copyright registration is not required, it is desirable. Registration for U.S. authors is necessary before instituting an infringement action, and only authors with registered works can recover statutory damages and attorney fees. While a copyright notice (© Jane Doe, 1994) is optional after March 1, 1989, placing a notice on all work is recommended. The notice will prevent infringers from claiming they did not know the work was copyrighted. The amount of damages recoverable from innocent infringers is less than from willful infringers.

The multimedia producer also may want to adopt a company or product trademark to distinguish his or her goods. A trademark search should be undertaken to ensure that there are no conflicting state or federal trademarks. Trademarks can be registered in a state where the mark is used or registered with the federal Patent and Trademark Office if the mark is used on goods or services in more than one state. Registration of a trademark is not required but entitles the holder to certain benefits. For example, federal registration makes the mark presumptively valid and incontestable after five years.

While technology permits producers to make innovative multimedia programs, the complex state of the law deters rapid development of the new medium. Many complex legal issues are likely to arise when a producer incorporates existing works.

Multimedia producers can minimize liability by creating programs entirely from scratch or by borrowing works that are clearly in the public domain or available under the Fair Use doctrine or the First Amendment. If the multimedia producer is planning to incorporate outside works, or is producing material that may infringe on another's rights, an attorney knowledgeable in multimedia legal issues should be consulted early and E & O insurance purchased.

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