

Copyright and Licensing

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This chapter on copyright and licensing is an appropriate introduction to the section on rights. This section tries to cover the most important intellectual property issues that the graphic designer may confront. Copyright is the foundation for many of the rights created by the designer in the course of doing work. Whether on behalf of the designer or client, the designer must understand the attributes of copyright and how to protect and deal with copyrights. Licensing is the best way to be paid for creating copyrights—that is, to license and be paid for many pieces of a copyright rather than simply selling the entire copyright. The designer’s perplexity as to when copying the work of others is a forbidden infringement is addressed in chapter 23, “Infringement, Influence, and Plagiarism,” while chapter 24 on “Fair Use and Permissions” explains the guidelines for when designers may use the work of other creators without having to obtain permission. The next three chapters delve into trademarks, another important form of intellectual property which the designer may create for clients. How to avoid trademark infringement is explored in chapter 25, “Other People’s Trademarks—Using Them Without Problems.” Chapter 26, “Trademark and Trade Dress,” offers guidance not only to the laws pertaining to trademarks but also the closely related doctrines that apply to trade dress. Finally, chapter 27, “Trademarks in Cyberspace,” reviews some of the issues that the vast corporate migration to the Web has been causing in the trademark realm.

Copyright and the Graphic Designer

I have found that a significant number of graphic designers seem less interested in copyright and licensing than photographers, illustrators, and authors. While some designers feel they are not adequately compensated and are concerned about the protection of copyrights that they create, other designers believe that they are creating client-specific work

that has no other potential application. If they are paid well enough, they assume that the client should own the copyright and that is the end of the matter. This is an unfortunate attitude, because it discourages understanding the ways in which copyright may be of value to graphic designers and their clients. If some designers are paid extremely well for work that only their client could use, these designers may be satisfied to transfer the copyright to the client. However, other designers may be creating designs that can only be used by a particular client but not receiving fees sufficient to compensate for unlimited uses. In this situation, or for designs that have obvious reuse potential in other markets, the designer would be wise to license limited rights and retain rights that the client does not immediately need. If the client later wants to make additional uses, the contract between designer and client can provide for reuse fees. On the other hand, if the designer wants to license the design to other markets, such as merchandising, the designer has retained the rights and is free to do this. And, of course, what designers transfer to clients are copyright licenses. Copyright gives the designer the power to bargain; it gives the client the power to protect the client's designs.

So copyright is, in fact, immensely important for the graphic designer. While many designers seldom consider copyright, the designs they license to clients are protected under the copyright law. It is copyright that allows a designer to control whether or not a work may be copied. If the designer permits a work to be copied, it is the copyright that gives the designer the right to negotiate for fees or royalties. If the client of a designer is to be protected from the theft of designs by competitors, it is because the copyright law gives such protection. Also, an understanding of copyright is necessary if the designer is to obtain for the client appropriate licenses of copyright from suppliers such as photographers, illustrators, and authors.

What is Copyrightable?

Pictorial, graphic, and sculptural works are copyrightable. Included in these categories are such items as two- and three-dimensional works of fine, graphic, and applied art; photographs; photographic slides not intended to be shown as a related series of images; prints and art reproductions; maps; globes; charts; technical drawings; diagrams; and models. Audiovisual works form another category of copyrightable work and include works that consist of a series of related images intended to be shown by the use of a machine, such as a projector or a viewer, together with any accompanying sounds. A motion picture is an audio-

visual work that also imparts an impression of motion, something the other audiovisual works don't have to do.

Work must be original and creative to be copyrightable. Originality simply means that the designer created the work and did not copy it from someone else. If, by some incredible chance, two designers independently created an identical work, each work would be original and copyrightable. Creative means that the work has some minimal aesthetic qualities. A child's painting, for example, could meet this standard. Although the Copyright Office has sometimes shown a limited understanding of the artistry of graphic design, especially when uncopyrightable elements are arranged to create a new design, most graphic design should be copyrightable.

Ideas, titles, names, and short phrases are usually not copyrightable because they lack a sufficient amount of expression. Ideas can sometimes be protected by an idea disclosure agreement. Likewise, style is not copyrightable, but specific designs created as the expression of a style are copyrightable. Utilitarian objects are not copyrightable, but a utilitarian object incorporating an artistic motif, such as a lamp base in the form of a statue, can be copyrighted to protect the artistic material. Basic geometric shapes, such as squares and circles, are not copyrightable, but artistic combinations of these shapes can be copyrighted. Typeface designs are also excluded from being copyrightable. Calligraphy would appear to be copyrightable if expressed in artwork, especially insofar as the characters are embellished, but not to be copyrightable if merely expressed in the form of a guide, such as an alphabet. Computer programs and the images created through the use of computers are both copyrightable.

Federal Copyright Duration

The copyright law enacted in 1978 ended the often confusing dual system of state and federal copyright protection. Designers now have federal copyright as soon as a design is created—without putting copyright notice on it or registering it with the Copyright Office. Copyrights created after January 1, 1978, as well as those already existing in work not published or registered, will last for the designer's life plus fifty years. If the designer is an employee, the copyright term will be seventy-five years from the first publication of the design and will, of course, belong to the employer. Legislation has been proposed to increase the duration of the copyright term.

Exclusive Rights

The graphic designer, as the copyright owner, has the exclusive rights to reproduce work; license work; prepare derivative works, such as a poster copied from a design; perform work; and display work (the owner of a copy of the work can also display it). Anyone who violates these rights is an infringer whom the designer can sue for damages and prevent from continuing the infringement. If the designer would have trouble proving actual damages, which include the designer's losses and the infringer's profits, the law provides for statutory damages that are awarded in the court's discretion in the amount of \$500 to \$20,000 for each infringement. The infringer can also be required to pay attorney's fees. However, to be eligible for consideration for statutory damages and attorney's fees, designs must be registered with the Copyright Office prior to the commencement of the infringement.

Fair Use

Fair use is a limited exception to the exclusive power of the designer, or client, if the designer has transferred rights to the client, to control the uses of designs. Fair use permits someone to use work without permission for a purpose that is basically not going to compete with or injure the market for the work, such as using a design in an article about the designer's career. The test for whether a use is fair or infringing turns on the following factors: (1) the purpose and character of the use, including whether or not it is for profit; (2) the nature and character of the copyrighted work; (3) the amount and substantiality of the portion used, not only in relation to the copyrighted work as a whole, but also, in some cases, in relation to the defendant's work (and this can be a qualitative as well as quantitative test); and (4) the effect the use will have on the market for, or value of the copyrighted work.

Transfers and Terminations

The copyright law explicitly states that copyrights are separate from the physical design, such as a mechanical or, more recently, a digital storage medium. Selling the physical design would not transfer the copyright, because any copyright or any exclusive right of use of a copyright must always be transferred in a written instrument signed by the designer. Only a nonexclusive right can be transferred verbally, such as when the designer sells a design to one client, such as a wallpaper company, but doesn't make the transfer exclusive so that it can also be sold to another client, such as a placemat company. Both exclusive transfers of copyrights or parts of copyrights and nonexclusive licenses of copyrights can be ter-

minated by the designer during a five-year period starting thirty-five years after the date of publication or forty years after the date of execution of the transfer, whichever period ends earlier. This right of termination is an important right, but it does not apply to works for hire or transfers made by will.

Copyright Notice

Copyright notice is now optional but not unimportant. The designer has a copyright as soon as a work is created and is not required to place copyright notice on the design at the time of publication. However, placing the copyright notice on the work, or requiring that it appear with the work when published, has certain advantages. The copyright notice is Copyright, Copr., or ©; the designer's name, an abbreviation for the name, or an alternate designation by which the designer is known to the public; and the year of publication. For example, notice could take the form of © Jane Designer 1998. If notice is omitted when a design is published, an infringer may convince the court to lower the amount of damages on the grounds that the infringement was innocent, that is, the infringer wasn't warned off by a copyright notice. In addition, copyright notice informs the public as to the designer's creative authorship of the work. The best course is simply to place the copyright notice on the design before it leaves the studio and make certain that copyright notice accompanies the design when published, even if, in some cases, the copyright notice on publication may be the client's rather than the designer's.

Work For Hire

Work for hire is a highly problematic provision of the copyright law. If a designer does work for hire for a client, or if a designer hires a supplier to do work for hire, the party doing work for hire loses all rights and can't even terminate the rights transferred after thirty-five years. A work for hire can come into existence in two ways: (1) an employee creating a copyright in the course of the employment; or (2) a freelancer creating a specially ordered or commissioned work if the work falls into one of several categories and both parties sign a written contract agreeing to consider the artwork as a work for hire.

This means, for example, that partners in design firms do not own the copyrights in what they create. Assuming the partners are employees, the firm owns those copyrights just as it owns the copyrights created by any other employee. If a partner wants rights to what he or she has created, a special contract will be necessary. Also, a salaried employee may

request a written contractual agreement that allows the employee to retain some copyright ownership.

For freelancers, the categories of specially ordered or commissioned works that can be work for hire include: a contribution to a collective work, such as a magazine, newspaper, encyclopedia, or anthology; a contribution used as part of a motion picture or other audiovisual work; and a supplementary work, which includes pictorial illustrations done to supplement a work by another author.

In my opinion, commissioned design rarely falls into a category that can be work for hire under the copyright law. Even if it did, I would advise designers against agreeing to it unless unusually generous compensation were being given (enough to cover all conceivable future uses in any medium whatsoever). Also, I believe that work for hire should almost never be used when designers are commissioning photographers or illustrators. Whether the designer is working for a client or is the client hiring a photographer or illustrator, work for hire demeans the creative process. It says, in effect, that the party who created the art is not the artist. It takes every conceivable right forever, when the value of these rights can hardly be ascertained and is almost never paid. It is a clumsy, antagonizing way to achieve usage rights. Corporate attorneys often rely on work for hire because they lack sophistication in parceling out the limited rights that their employers actually need. Or, in some cases, conglomerates may use work for hire with the intention of building inventories of stock images for resale.

Often the term work for hire is used loosely to mean a buyout or the transfer of all rights. It is important to understand that work for hire is defined in the copyright law, but neither buyout nor all rights have a universally agreed upon definition. For example, all rights might mean the transfer of all conceivable rights in every medium, or might simply mean the transfer of all rights in the first medium in which the design is used. Buyout might mean the transfer of all conceivable rights plus any physical objects incorporating the design, such as mechanicals or a digital storage medium, or might mean a lesser transfer of rights without ownership of any physical object. Because of these ambiguities, designers should spell out the rights transferred by type of use, media of use, duration of use, geography of use, and any other description that makes clear what the parties intend. Ownership of any physical objects contained in the work should also be clarified, and may have a bearing on whether sales tax has to be charged.

But, whether the contract refers to work for hire, a buyout, or all rights, the issue

facing the designer remains the same. Unless generous compensation is given to cover all conceivable future uses, the designer should seek to transfer only limited rights to the client. This will ease the designer's task in dealing with suppliers, since the designer won't have to negotiate for rights that may be considered too extensive. If the client demands extensive rights, obviously the designer will have to budget for acquiring extensive rights from any suppliers and should explain this cost to the client. Moreover, the designer might explain that such a cost is often unnecessary, since the client's desire for work for hire or all rights is often for the purpose of preventing the client's competitors from using the design or images in the design. The client can be protected against such competitive use by a simple clause in the contract stating, "The designer agrees not to license the design or any images contained therein to competitors of the client." This might be accompanied by the client's right of approval over some or any licensing of the design and incorporated images. The designer would then have to include similar restrictions in contracts with suppliers.

Designers must be careful to make certain that their contracts for rights with photographers and illustrators conform to the rights that the designers have contractually agreed to give their clients. Ideally, therefore, designers will resist clients that demand work for hire—both for themselves and for the allied creative professionals who will be asked to work on the design project. The designer will be wise to use a written limited rights contract so that both parties know exactly what deal is being agreed to.

Registration

Almost all designs can be registered, whether published or unpublished. But why would it be desirable to pay the \$20 fee if copyright protection already exists simply by creating the design? There are several reasons: (1) almost all designs must be registered in order to sue, except if the design is not of U.S. origin; (2) registration is proof that the statements in the Certificate of Registration are true, such as the designer is the creator of the design; and (3) registration is necessary for the designer to be entitled to the statutory damages and attorney's fees discussed earlier with respect to infringement.

Registration allows the artist to make a record of the design and have that record held by a neutral party—the Copyright Office. Since registration is so significant if a lawsuit is necessary, the deposit materials that accompany the application are especially important. It is these deposit materials that will show what the designer, in fact, created. Groups of unpublished designs can be registered for a single \$20 fee using an alternative form of de-

posit, such as slides or copies of the designs. This greatly reduces the expense of registration, since the designs will not have to be registered again when published.

The Copyright Forms

Most designs would be registered on Form VA (which stands for visual arts). If a designer wants to register a work with both text and design, Form VA should be used if the design predominates and Form TX if the text predominates. Since these classifications are only for administrative purposes, rights will not be lost if an error is made in choosing the correct classification.

Form VA is a simple two-page form with step-by-step directions explaining how to fill it out. A filing fee of \$20 and copies of the work being registered should be sent with the application form to the Copyright Office, Library of Congress, Washington, DC 20559. There is also a Short Form VA which is even simpler than Form VA and can be used when the designer is the only author, the design is not work for hire, and the work is completely new. Registration is effective as of the date when an acceptable application, deposit, and fee have *all* arrived at the Copyright Office. Although the certificate of registration will be mailed later, this will not change the effective date. If there is an error in a completed registration or if information should be amplified, Form CA for supplementary registration should be used.

Group Registration

Unpublished works may be registered as a group under a single title for a \$20 registration fee. This will dramatically reduce the expense of registration, and no copyright notice need be placed on unpublished work. The following conditions must be met to allow for group deposit: (1) the deposit materials must be assembled in an orderly form; (2) the collection must have a single title identifying the work as a whole, such as "Collected Designs of Jane Designer, 1998"; (3) the person claiming copyright in each work forming part of the collection must be the person claiming copyright in the entire collection; and (4) all the works in the collection must be by the same person or, if by different people, at least one of them must have contributed copyrightable material to each work in the collection. No limit is placed on the number of works that can be included in such a collection.

It is important that a work registered when unpublished need not be registered again when published. But, if new material is added to the work or it is changed into a new me-

dium—creating a substantially different work from that registered—it would be wise to register the work again to protect the changed version.

Deposit

One complete copy of an unpublished work or two copies of a published work must be sent to the Copyright Office with the registration form and fee. If a work is first published outside of the United States, only one complete copy of the work need be deposited. The Copyright Office regulations give details of the deposits required for different categories of art.

Sometimes an alternate deposit may be made in place of the actual work itself. Expense may be avoided by depositing something in place of copies of a work. For both published or unpublished works, generally only one set of alternate deposit materials needs to be sent in. Combining this with the group deposit provisions, the benefits of registration may be gained inexpensively. Alternate deposit is for pictorial or graphic works if: (1) the work is unpublished; (2) less than five copies of the work have been published; or (3) the work has been published and sold or offered for sale in a limited edition consisting of no more than three hundred numbered copies. If the work is too valuable to deposit, a special request may be made to the Copyright Office for permission to submit identifying material rather than copies of the actual work. Alternate deposit materials must be sent in for three-dimensional works and oversize works, which are those exceeding ninety-six inches in any dimension. If this mandatory requirement of alternate deposit would create a hardship due to expense or difficulty, a special request may be made to the Copyright Office to deposit actual copies of a work.

For works that are pictorial or graphic, three-dimensional or oversize, the materials used for alternate deposit can be photographic prints, transparencies, photostats, drawings or similar two-dimensional reproductions, or renderings of the work in a form that can be looked at without the aid of a machine. The materials used for alternate deposit should all be of the same size, with photographic transparencies at least 35 mm (mounted if 3-by-3 inches or less, and preferably mounted even if greater than 3-by-3 inches) and all other materials preferably 8-by-10 inches (but no less than 3-by-3 inches and no more than 9-by-12 inches). For pictorial and graphic work, the materials must reproduce the actual colors of the work.

The Value of Copyright

The value of copyright for the designer is undeniable. Knowing how to register work enhances this value by strengthening the designer's position in the event of a lawsuit. If a designer feels a work will be so successful as to be a target for infringement, that work should undoubtedly be registered. Since group registration for unpublished works is easy and inexpensive, office procedures might well be structured to include registration in appropriate cases. To be knowledgeable about copyright is not to take an antagonistic stance with respect to clients, since clients will also benefit from the designer's care in protecting designs.

When client and designer enter into a contractual arrangement, whether verbal or, preferably, written, allocation of the copyright is one issue to be resolved. With respect to the rest of the world, that is, potential infringers, the designer and client both want the same result—maximum protection for the copyright. There is no conflict or competition here. Certainly neither client nor designer benefits if the copyright is not protected in the best possible way.

Licensing

The value of copyright leads to the concept of licensing. If the designer understands that his or her work consists of many different rights, only some of which are needed by the client, then the designer will often want to retain rights. In some cases only the client will have any interest in using the design again, in which case the initial contract could provide for reuse fees. On the other hand, if there are unrelated uses for the design, then the designer may be able to license rights to additional users.

A license defines exactly what rights are being transferred to the client. For example, the license might be to use the design as a poster in the United States for a period of five years. Payment might be by a flat fee or, more preferably, by an advance against royalties. Royalties allow the designer to share in the success of the product. If an advance is paid, the designer has a guaranteed income which may grow if royalties are earned beyond the amount of the advance. If royalties are to be paid, the licensing agreement should provide for accountings and the right of the designer to inspect the books and records of the client. The designer would want samples of the product and would also want to be able to ensure that certain quality standards are achieved. The client would be expected to make best efforts to promote the product and might even specify certain promotional steps or a budget. The designer would not want the client to be able to assign the agreement without the designer's

consent. Of course, the designer would want to reserve the copyright and all rights not granted.

Both the grant of rights to the original clients and the grant of rights to a subsequent client for the same design are licenses. By licensing, the designer honors the creativity that goes into the design and retains a future connection to the design. That connection may result in residual income. In *Business and Legal Forms for Graphic Designers* (Allworth Press) the Project Confirmation Agreement and the Licensing Contract to Merchandise Designs each deal with many of the typical issues arising from licensing rights and are worth reviewing in this context.

Sources of Copyright Information

Legal Guide for the Visual Artist (Allworth Press) contains an extensive discussion of copyright. The Copyright Office makes available free information and application forms such as Form VA for a work in the visual arts. To obtain this information, the designer should request the Copyright Information Kit for the visual arts. The application forms and Copyright Information Kit are available from the Copyright Office, Library of Congress, Washington, DC 20559. Forms from the Copyright Office can also be requested by calling a telephone hotline: (202) 707-9100. The public information number for the Copyright Office is (202) 707-3000. Also, the Copyright Office has a site on the Internet at lcweb.loc.gov/copyright. Designers with the proper software can download the copyright forms from this site.