

ALL CLEAR?

A producer's guide to intellectual property clearances.

By Thomas A. CroweJ, Esq.

Many producers spend countless hours setting up shots and editing, but spend too little time taking care of the legal aspects of their productions. They often learn the hard way that a distributor can't sell their project unless all of the necessary rights and permissions have been secured. In fact, if they don't obtain the right clearances, producers may be surprised to find out that they may not even own their own projects.

You don't need an attorney to tell you that you are vulnerable to lawsuits if you use somebody's intellectual property in your film or video without permission. Even small productions may not fly under the radar of a media giant's ever-vigilant legal department. As the recent spate of recording industry lawsuits shows, media companies are quite willing to sue little guys over copyright violations.

To make matters worse, the producer isn't the only one who gets sued. Everybody in the distribution chain can be hauled into court - the distributor, the broadcaster, the cable casters, and the home video company. If the broadcaster is hit with a copyright infringement claim because the producer failed to secure the proper permissions, it's a sure bet that same broadcaster will add its name to the list of plaintiffs suing the producer.

When a film or video is cleared, all of the necessary intellectual property (IP) rights associated with it-the copyrights, trademarks, and rights of publicity-have been granted, and it then may be distributed and shown to the public without undue fear of costly IP infringement suits. However, getting clearances can be time-consuming: IP law controls virtually every aspect of a motion picture-the soundtrack, the screenplay, an actor's appearance, a corporate logo, stock footage, etc. The best tactic is to know what clearances are needed before production starts and to work with a staff trained in securing the proper permissions.

Copyright clearance letters and licensing

From literary characters to stock footage to musical recordings, some form of copyright license will be used in almost every stage of a production's legal housekeeping.

The license and the request letter are the transactional workhorses of the production attorney. The two are often combined into one form: a letter agreement that asks the owner's permission to use the copyrighted material and offers the owner licensing terms for the requested material's use. To accept the terms, the rights owner countersigns the letter and sends it back to the producer. The request letter should be specific about how the producer intends to use the material, where the producer intends to exhibit the finished film or video, and the format of the film or video. Alternatively, depending on

who the owner is, the producer may be sent the copyright owner's contracts and terms on a "take it or leave it" basis. The U.S. Copyright Office Web site (www.copyright.gov) is a helpful resource for locating a copyright's owner.

Each stage of a production has its own clearance issues. The following road map isn't a comprehensive list of all of the clearance issues a producer will face; instead, it provides a guideline to some of the critical clearance areas most looked at by distributors.

Preproduction: Literary clearances

During preproduction, producers should be concerned with acquiring any literary rights needed to produce a film or video. Although optioning a short story, acquiring the film rights to a comic book, or commissioning an original screenplay all require different kinds of contracts, from a clearance perspective, they're very similar: the producer must control the copyright to the film or video that is about to be produced. A producer typically wants exclusive rights to a script and thus will acquire that script's copyright either through a "work made for hire" agreement or through a copyright assignment.

Intellectual Property Law

Three branches of IP law are especially important when clearing film or video elements:

Copyright Law

Protecting creative works like books and screenplays, musical compositions, photographs, and audiovisual works, copyright law is, without a doubt, the most important branch of intellectual property law for filmmakers. Copyright infringement is the unauthorized copying of another person's copyright-protected work.

In the United States, copyright law generally protects an author's original works of expression for up to 70 years after the author's death, or in the case of a work made for hire, 95 years from the date of first publication or 120 years from the date of creation, whichever expires first.

Trademark Law

A trademark or service mark is a source indicator: It tells consumers who manufactures a good (i.e., Honda) or provides a service (i.e., FedEx). Trademark tarnishment occurs when the unauthorized use of a famous trademark associates the famous trademark with unwholesome or shoddy products or services, thereby causing consumers to believe that the products or services marked by the famous trademark were also unwholesome or shoddy.

The lifespan of a trademark is potentially infinite - it lasts as long as it is being used in commerce.

Right of Publicity

An offshoot of privacy law, the right of publicity is a person's right to benefit from the commercial exploitation of his or her own identity.

Misappropriation of the right of publicity occurs from the unauthorized use of a person's identity (or likeness, voice, name, etc.) for commercial purposes (i.e., labeling goods and services with the unauthorized likeness or using the unauthorized identity in commercials and advertisements).

The duration and extent of right of publicity protection differs from state to state.

Production: Cast, crew, and onscreen IP

During the production phase, clearance issues usually pop up with cast and crew contracts, location releases, and the photography of intellectual property used in a scene's set or props.

Although it's beyond the scope of this article to discuss the kinds of contracts that secure cast and crew members, one necessary element that they all must share is an assignment to the producer or production company of all intellectual property rights in their work. In the case of a director, a work made for hire/copyright assignment will usually suffice, but cast member contracts will require additional clauses dealing with their rights of publicity.

Most states protect a person's right to decide how his or her identity is used for commercial purposes. You would be in deep trouble if you slapped Elvis's likeness on a candy bar or used his image in a commercial without first getting permission from his estate. Although documentary filmmakers and news reporters have a bit more leeway under privacy law, especially when their subjects are in public areas like city streets or parks, it's always advisable to get signed consent from anyone who can be distinguished in a scene. You may need to get consent if you want to use that person's likeness in a commercial or advertisement for the film. And because many films are dependent upon crosspromotional and ancillary marketing, a performer's consent is also required for any merchandising that utilizes that performer's likeness.

Producers must also be concerned with potential defamation claims. These lawsuits arise when a person who is distinguishable on camera claims that he or she was portrayed in a false and unflattering light. Even newsmakers are not exempt from this one. Some years ago, the American Broadcasting Company was successfully sued for defamation. In a news story on prostitution, the producers used B-roll featuring closeups of a black woman walking down the street as the voice-over commented on the number of black prostitutes who cruise for white johns. The woman featured wasn't a prostitute, but an ordinary pedestrian, unaware that she was being photographed for the story.

A comprehensive photographic consent form, sometimes referred to as a Model Release, will give the producer broad rights, such as the right to use the person's likeness in any medium, the right to use the person's likeness for commercial and advertising purposes, a waiver of the person's right to sue for libel and defamation, and an assignment to the producer of any intellectual property rights in that person's performance.

In addition to rights of publicity, onscreen IP should also be cleared. All it takes is one suddenly inspired art director to use an uncleared Nagel print on the wall of the hero's apartment or the Coca-Cola logo on the mirror the drug-addicted villain uses to cut his cocaine. Unless the producer has the permission of all of the respective copyright and trademark owners, photography can lead to infringement.

Licensing Terms

Although copyright licenses differ depending upon the type of material to be licensed, most licensing agreements share some common terms:

The Grant

The grant is the critical clause of any licensing contract. It establishes exactly which material is being licensed and whether or not the license is exclusive. Because copyright is actually a bundle of rights—the right to reproduce a work, create derivative works, distribute copies of a work, perform a work publicly, or publicly display a work—a comprehensive license must outline the extent to which the licensee may exercise any of these rights.

The Territory

The territory is a description of where the film or video containing the copyrighted material can be performed or distributed.

The Term

The term is the duration of the license. Most filmmakers want to have a license to use the material for the life of the copyright, including renewal terms, if any.

Payments

Payments describe the rate of payment to the copyright holder and how it is calculated.

Credits

Credits detail how the copyright owner is to be credited in the film.

Warranty

A warranty is a statement by the copyright owner that he or she has the right to enter into the license agreement.

Termination

Termination is a statement that if the producer fails to pay the agreed-upon rate, or if the producer breaches the agreement in any other way, all rights granted revert back to the copyright owner.

Some other common terms include the right to audit a production company's accounts, a copyright owner's right to free samples of the finished work, and whether the licensee may, in turn, assign the rights it has been granted.

Copyrighted materials appear everywhere: posters, sculptures, product labels, makeup designs, even the tinny music playing over the radio held by an extra. All of these should be cleared for use.

Indeed, copyright is the bane of the conscientious art director. Don't fall into the trap of thinking that just because you have a valid location release from a homeowner that you also have the right to photograph any of the copyrighted materials in his or her home. The homeowner may no more have the right to authorize the photography of the Nagel print than the art director does.

It's a sign of the breadth of the global economy that some trademarks, such as Coca-Cola or the Nike swoosh, are among the most recognized symbols in the world. With a trademark's fame comes tremendous legal power to control its use. Unauthorized trademark use can often bring the unwelcome attention of the trademark owner's lawyer—especially when the trademarked goods are shown in a bad light. Famous trademarks may be tarnished if they are placed in a vulgar or slanderous context, and the trademark owner can sue. One such case arose when the Dallas Cowboys Cheerleaders successfully sued the makers of the adult film *Debbie Does Dallas* for using the cheerleader's trademarked uniforms in the context of a pornographic movie.

But not every use of a trademarked good must be cleared by the good's manufacturer. Trademark law must yield to the First Amendment, thus using trademarks to convey information, news, or for comparative advertising is usually permitted.

If a producer is shooting a documentary about soft drinks and wants to feature a montage of the changing shape of the Coca-Cola bottle throughout the twentieth

century, it's unlikely the producer needs to seek the company's permission because his use is informational.

Keep in mind that even if you may have the right to use a trademark, you may not necessarily have the right to use the copyrighted material which embodies that trademark. In fact, many trademark designs are also protected by copyright.

For example, Spiderman is protected by both trademark and copyright. You might have the right to use the Spiderman trademark in a documentary on comic books, but you would not automatically have the right to reproduce pages from an entire comic book in your film, as these are also protected by copyright.

Postproduction: Music, editor, and footage

During postproduction, producers will probably also be using music, stock footage, animation, and the services of an editor or other artists. It's clearance time again.

The subject of music clearances was covered by Jay Rose in "Copy Rites" (Audio Solutions, Aug. '03 D V), so I won't address it in detail here. The important thing to remember about music licensing is that the work of seeking permissions is doubled. Any piece of recorded music actually contains two copyrights: a copyright in the musical composition and a copyright in the recording itself.

In order to use a piece of music, a producer must secure several licenses: a synchronization license from the music publisher, which allows the producer to use the musical composition in an audiovisual work; a master use license from the recording company, which allows the producer to use the particular recording in the film; and a videogram license from the publishing company, which allows the producer to make and sell video copies of the film that contains the publisher's composition. In addition, performance fees may have to be paid to the music publishing company.

Because of the bureaucratic and financial burden of clearing music, many producers opt to use stock music or royalty-free music instead. With this kind of music, the rights can be cleared in one phone call to the music company.

One frequent problem area is the use of preexisting footage. Even otherwise-savvy producers may make the mistake of assuming that just because they own the physical footage to a movie (i.e., in their personal DVD or VHS movie collection), they also own the copyright to it. Nothing could be further from the truth. The ownership of a legal copy of a movie merely gives you the right to watch that footage. It doesn't automatically give you the right to create another movie with it.

Although it's true that any copyrightprotected material may have some portion taken and used to create other works under the fair use doctrine, just how much can be taken, and for what purpose, is determined by the court-after the lawsuit has been initiated. At that point, you've probably already damaged your relationship with your distributor, who is looking to avoid a lawsuit in the first place. The solution? Our old friend, the copyright license.

Just like directors and actors, an editor has the potential of staking a claim to a film or video's copyright. To avoid this, a producer should take the same measures as with his other crew contracts: include in the editor's contract a work for hire/copyright assignment provision.

Publicity Rights: More Than Just a Pretty Face

A celebrity's likeness isn't the only part of their identity protected by their publicity rights. Singer Tom Waits successfully sued the Frito-Lay Co. for using a sound-alike singer who mimicked Waits's distinctive gravelly voice in a corn chip commercial. Johnny Carson won a suit against a company who was using the phrase "Here's Johnny" to advertise a toilet.

The producer and distributor relationship

If you've followed the clearance road map, you can see that clearing a film is challenging. Why not just skip the trip, roll the dice, and hope that you won't get sued? You may get away with it if you only plan on showing your film noncommercially to a limited number of people. But if you want to land a distributor, you can't abandon your quest for clearances.

A distributor needs to know it has a minimum chance of being sued when it sells the film to broadcasters. Accordingly, permissions and clearances are a central component of the producer-distributor agreement. As part of every distribution contract, the producer must guarantee to the distributor that all of the IP rights in the film or video have been cleared and that there are no pending or anticipated legal claims created by the film or video.

As a result, if the distributor is sued for IP infringement, the distributor now has the right to look to the producer of the allegedly infringing film or video to cover any money damages and costs that arise from such lawsuit. For example, if you shoot a scene inside a museum's sculpture garden without securing copyright licenses to photograph all of the sculptures, you and your distributor may be hit with a copyright infringement lawsuit from an irate artist. Because of the distribution contract, the producer would then have to cover both his own and the distributor's legal costs of defending against the suit.

Despite the potential for lawsuits, some producers prefer to wait until after they have landed a distributor before they try to secure the necessary clearances. After all, they reason, why spend the time and expense to clear rights if there's no distribution deal in place to help recoup the expense of licensing fees? The problem with this tactic is that distributors will often ask a producer to prove that certain rights are in place prior to entering into a distribution agreement. Distribution companies may require a copyright chain of title—an unbroken record of ownership of copyright elements from author to

producer. A producer must be prepared to provide a distributor with screenwriting agreements, music licenses, actor's agreements, etc.

Waiting until a distributor is interested before securing clearances is not only bad from a legal perspective, it's also bad for business. A screenwriter who hasn't assigned the rights in her screenplay to a producer may try to hold a production hostage for many times her usual and customary fee.

Experienced producers know the best way to make a distribution company feel secure about the underlying rights in a property is to take the initiative and to present the distributor with a well-organized book containing all of the required permissions and clearances.

Errors and Omissions insurance

What if something slips through the cracks? This is where Errors and Omissions insurance comes in handy. Errors and Omissions (E&O) insurance insures the policy holder and any additionally insured party against IP infringement suits. In an ideal situation, every link in the distribution chain—from producer to distributor to broadcaster should have an E&O policy.

As part of a distribution agreement, distributors will often require that a producer name as additional insureds the distributor and any broadcasters and cable casters that license the producer's film or video. Most cable casters and broadcasters will not pick up a film or video unless they are listed as additional insureds.

But not all producers carry E&O insurance. What then? For a producer without E&O insurance, it's very hard to sell the project directly to the broadcaster. Ivan Saperstein is an attorney who represents both film and television producers and distribution companies. Says Saperstein, "It's commonplace that the broadcaster will require E&O insurance from the filmmaker. Yet many producers fail to take out an E&O policy, usually for financial reasons—it can be very expensive.

"However, if the filmmaker licenses the rights to his or her film to a distributor, the distributor will usually have E&O insurance and the distributor can have the cable or television broadcaster named as an additional insured on the distributor's E&O policy. This is fine, in that it will cover the distributor and its acts, and it will cover the broadcaster and its acts, but it will not cover the producer at all. So that E&O policy, while it may be enough for the distributor to land a broadcaster, will not provide any insurance protection for the producer."

So not only is the producer still on the hook for potential infringement claims, but the producer may also have to pay to be on that hook. In fact, distributors frequently require the producer to reimburse them a portion of the cost for covering the producer's program under the distributor's E&O policy. In effect, to secure distribution and broadcasting, the producer may end up spending money to pay for insurance that doesn't protect the producer. The bottom line is, if you have the money, your own E&O policy is a good investment.

Fair Use

A certain portion of any copyrighted work may be taken without the author's permission, under the fair use exception. Typical examples of fair use include using a portion of a copyrighted work for criticism, comment, news reporting, teaching, scholarship, or research.

Even though your project may fall into one of these categories (e.g., news reporting), you still don't have a blanket license to appropriate copyrighted works with impunity. What is considered fair use is not always clear. Only a court can make the final decision that an unauthorized use of copyrighted material is fair use.

Courts will give weight to the following four factors in determining fair use: "the purpose and character of the use, including whether such use is of the commercial nature or is for nonprofit educational purposes; the nature of the copyrighted work; the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and the effect of the use upon the potential market for or value of the copyrighted work." Title 17, United States Code, section 107.

Are we all clear?

Clearing intellectual property can be tedious, tricky, and time-consuming. Securing the rights to a song doesn't give you the same rush as watching your first rough cut. But a lack of attention to clearance issues will almost always destroy a producer's relationship with his distributor; that is, if a producer is even able to land a distributor for an uncleared film.

To guard against potential lawsuits, the best practice for a producer is to establish a tight working relationship between his or her staff and a production attorney, keep a well-organized production book containing all of the project's clearances, take out E&O insurance, and when in doubt, seek permission.

(Thomas A. Crowell, Esq. (www.thomascrowell.com), concentrates his law practice in the areas of entertainment and intellectual property law. He is licensed to practice law in New York and New Jersey. Prior to becoming an attorney, Crowell produced television news and children's entertainment.

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