

## CASE FILE #12: THE HOLLYWOODLAND DEAL

### LEARNING AIMS

- Understand who owns the copyright in a work
- Understand how a person makes money from their copyright work
- Be able to explain the difference between assigning your rights and licensing your rights

### KEY QUESTIONS

The following key questions should be discussed to address the learning aims:

- When an employee creates a work, who owns the copyright?
- Did the judge decide the case correctly?
- Does copyright law treat employees fairly?
- Should Joseph assign his rights or license them?

Students will be expected to use Case File information to analyse ideas, to give opinions, and to justify opinions. Other questions posed within the Case File can be used to generate further discussion.

### WHEN AN EMPLOYEE CREATES A WORK, WHO OWNS THE COPYRIGHT?

- See **TEXT BOX #2**
- In general, the author of a work will be the person who owns the copyright work.
- However, if the author is employed by someone else, their employer will **normally** own the copyright in the work.

### NOAH v SHUBA (1991): DID THE JUDGE DECIDE THE CASE CORRECTLY?

- See **TEXT BOX #5 and #6**
- We think the judge did decide the case **correctly**.

Even though Dr Noah made use of resources in the workplace to produce and publish his work, ultimately, what mattered was that he wrote pamphlet on his own time, and outside working hours.

- The decision is helpful for demonstrating that, even when a copyright work is created by an employee, the copyright in the work will not necessarily belong to her employer.

If the work was not created 'in the course of employment' the copyright will belong to the employee.

## DOES COPYRIGHT LAW TREAT EMPLOYEES FAIRLY?

- See **TEXT BOX #5 and #6**
- The law is trying to strike the right balance between the interests of employers and employees in saying that the copyright in some works created by employees should belong to their employer – that is, works that have been created in the course of their employment. For example, as a school teacher, you probably create copyright works all the time, when developing resources and exercises for your classroom. The copyright in these works will belong to your employer.

But, what if you wrote a children’s novel in your spare time? Should that work belong to your employer regardless of how and when you created it?

We don’t think it should. Moreover, decisions like *Noah v Shuba* (1991) suggest that you would own the rights in your novel, and not your employer. We think this is the right approach. Although you are a teacher who has written a children’s novel, you did not write it in the course of your employment.

- In what ways might the law strike a different balance?

The law could say that an employer owns all work created by all employees regardless of how and when the work was created. Would that be fairer? We don’t think so.

Alternatively, what if none of the work created by employees belonged to their employers? Would that be fair? Again, we don’t think so.

## SHOULD JOSEPH ASSIGN HIS RIGHTS OR LICENSE THEM?

- See **TEXT BOX #3 and #4**
- There are **pros and cons to both approaches.**
- With an assignment the key point to emphasise is that you are divesting yourself entirely of any rights in the work. The copyright will no longer belong to you, and you cannot control any future use of the work. All of the rights would now lie with the film-makers.
- With a licence you still retain some control over the economic rights in the work. For example, Joseph might agree to grant the filmmakers a licence to make use of his work to make a film, and to market and distribute that film worldwide. But, he would still retain rights to exploit his work in other ways, for example, the right to turn his creation into a stage play or a musical.
- Practically speaking, if you assign all your rights in your work to someone else, you would expect to receive more money in return than if you only licence certain types of use.

So, the question for Joseph is: does he want to take more money upfront and sell all his rights in one go? Or, should he take less money for a more limited licence, in the hope that he can exploit his work in other ways in the future?

**There is no correct answer here.**

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### 1. INTRODUCTION

Joseph explains to Holmes and Watson when and why the dreadful images of his beautiful, wonderful toy began to appear all over London. When 'some guys' from Hollywoodland approached him 'to option a movie' featuring his toy, Joseph decided to go along with the deal: after all, 'they offered lots of money'. But as soon as word got out about the deal, that's when the graffiti started.

This Case File #12 considers who owns the copyright in a work when it is first created, as well as different ways in which the copyright in a work can be commercially exploited, whether by assignment or by licence.

### 2. FIRST OWNERSHIP OF COPYRIGHT

The Copyright Designs and Patents Acts 1988 sets out that the author of a work is also the first owner of the copyright in that work. There is, however, one major exception to this basic rule: if you are employed by someone else, and you create work during the course of your employment, the copyright in that work will generally belong to your employer.

Joseph is self-employed. As such he is the first owner of the copyright in the original drawings for his beautiful, wonderful toy. As the copyright owner, Joseph enjoys a bundle of exclusive economic rights such as the right to copy his work, the right to issue copies of his work to the public and the right to communicate the work to the public, for example, by posting it online. This means that Joseph can prevent others from doing any of these things without his permission, unless their use is otherwise permitted by law.

When he is approached by the businessmen from Hollywoodland about making use of his toy in their movie, Joseph has a choice: he can assign the rights in his work to them, or he can grant them a licence to make use of his work.

### 3. ASSIGNMENTS

An assignment of copyright involves a transfer of the ownership of the copyright from one person to another.

However, there is no need to assign the entire bundle of economic rights in a work at the same time to the same person. Indeed, assignments of copyright can be quite specific about what rights are being transferred (what you are allowed to do), for how long (a year, or ten years, or perhaps for the entire copyright term), and jurisdiction (where in the world you can make use of the work). For example, an author might assign the right to turn her work into a film to an American production company, while assigning the right to publish the work to a British-based publisher. The publisher, in turn, might assign the right to publish the work in a foreign language, whether in Europe, Asia or South America, to an overseas publisher.

Whatever the nature of the assignment, it is important to know that the assignment must be in writing and signed by or on behalf of the assignor (that is, the person making the assignment).

#### 4. LICENCES

A licence is essentially a permission to make use of a work in a way that, without permission, would constitute copyright infringement. In other words, the grant of a licence means the licensee (the person to whom the licence is granted) can make use of the work without infringing the copyright in the work.

When granting a licence the copyright owner retains an interest in the copyright; that is, unlike an assignment, with a licence no property interest passes from the copyright owner to the licensee.

As with assignments, licences can be quite specific in terms of the rights involved, and the duration and geographic reach of the permissions granted. You can read more about licensing and exploiting copyright works on the Copyright User website.

People often get the two different spellings of licence/license confused. To clarify:

- licence (spelt with a 'c') is the noun: 'I grant you a licence to make use of my work'
- license (spelt with an 's') is the verb: 'I license the use of my work to you'

#### 5. THE CASE: *Noah v Shuba* [1991] FSR 14

Dr Noah was a specialist medical practitioner who worked as a consultant in the Communicable Disease Surveillance Centre of the Public Health Laboratory Service (the PHLS). While he was working for the PHLS he wrote a medical pamphlet, *A Guide to Hygienic Skin Piercing*.

The PHLS claimed that, as Dr Noah's employer, it owned the copyright in the pamphlet. PHLS pointed to a number of factors in support of its claim: Dr Noah had discussed the content of the pamphlet with his colleagues in work; he made use of the PHLS library in preparing his manuscript; he asked his secretary to type up the manuscript; and, the PHLS had agreed with Dr Noah to cover the costs of printing and publishing the *Guide*. For all these reasons, PHLS claimed copyright in the work.

Dr Noah disagreed. Although he was PHLS's employee, he argued that the work had not been written in the course of his employment.

The judge agreed with Dr Noah. Of particular importance, in the judge's view, was that Dr Noah had actually written his manuscript at home in the evenings and at the weekends, and that he had done so on his own initiative and not at the request or on the direction of his employers.

#### 6. FOR DISCUSSION: WHOSE IS WHAT?

When considering copyright ownership disputes between employers and employees the courts often consider whether making the work falls within the normal type of activity that an employer could reasonably expect from or demand of the employee. That certainly seemed to be a relevant consideration for the judge in this case.

Do you think the judge came to the correct decision?

Do you think the law strikes the right balance between the interests of employers and employees in presuming that employers typically own the copyright in work created by their employees? Can you think of any professions in which the presumption should be that employees retain the copyright in their work?

What would your advice be for Joseph? Should he assign rights to the Hollywoodland film-makers, or grant them a licence?

## **7. USEFUL REFERENCES**

Noah v Shuba [1991] FSR 14 (unfortunately, this case is not readily available online)

The Copyright, Designs and Patents Act 1988 is available here: <http://www.legislation.gov.uk/ukpga/1988/48/contents>.

Section 11 sets out the basic rules on the first ownership of copyright. Also, sections 90-92 for relevant provisions on assignments and licences.

You can find lots of information about copyright licensing and managing your rights on various UK collecting society websites, such as [Authors Licensing and Collecting Society](#), [PRS for Music](#), [DACs](#), and others.