



Assigning & licensing rights

July 2006

In this information sheet, we give a brief overview of the ways in which copyright may be transferred from person to person and the ways in which a copyright owner may give permission to another person to use his or her work.

This information is mainly for owners of copyright who intend to give other people the right to use their material. It also gives information to people who are asking copyright owners for licences (permission).

We give more detailed information in our book *A Users Guide to Copyright*. Many of our practical guides also give more detail on different licensing and ongoing rights within specific contexts.

For information about our other information sheets, publications and training program, see our website <http://www.copyright.org.au> or contact us (see contact details at the bottom of the page).

The purpose of this information sheet is to give general introductory information about copyright. If you need to know about how the law applies in a particular situation, please get advice from a lawyer.

A Copyright Council lawyer may be able to give you free legal advice about an issue not addressed in an information sheet. This service is primarily for professional creators and arts organisations but is also available to staff of educational institutions, governments and libraries. Note we do **not** provide assistance with drafting contracts or licences.

For further information about the service, see <http://www.copyright.org.au> (click the Advice button).

We update our information sheets from time to time. Check our website to make sure this is the most recent version.

Key points

- Copyright owners can choose to assign or license their rights in copyright material.
- Assignments and exclusive licences of copyright **must** be in writing and signed by the copyright owner before they are legally effective. It is also a good idea to put the grant of a non-exclusive licence in writing.

Ways of dealing with copyright rights

Copyright is not a single “right”, but rather a “bundle” of rights. For all material which is protected by copyright, the copyright owner has the exclusive right to reproduce or make copies. Depending on the type of material, the copyright owner usually has other rights as well—for example, to perform or play the material in public and to broadcast or to communicate it to the public (for example, by radio or TV, or over the internet). For information about what material is protected by copyright and what rights copyright owners have, see our information sheet *Copyright in Australia: an introduction*.

Copyright rights may be **assigned** (which means transferred or sold) or **licensed**. When copyright is assigned or licensed, it may be divided in any number of ways, including by territory, time and type of use.

Assignment

An assignment must be in writing and signed by or on behalf of the owner of copyright to be legally effective. Where copyright is assigned, the person to whom the copyright is transferred becomes the new copyright owner. For example, it is common for film production companies to get an assignment of copyright in a screenplay from the screen writer. The film production company then becomes the owner of copyright in the screenplay.

Licences

Exclusive licence

For the purposes of copyright, an “exclusive licence” is a licence which is in writing and signed by the copyright owner. Under an exclusive licence, the licensee is the only person who can use the work in the way or ways covered by the licence. It is common, for example, in book publishing agreements for a writer to grant the publisher an exclusive licence to print and publish the writer’s novel. The writer is not entitled to license another publisher to publish the same book during the period of the licence. An exclusive licensee has similar rights to the owner of copyright, and may take legal action for infringement by third parties. In the example above, if copyright in the novel is infringed, both the publisher and the writer may take legal action.

Non-exclusive licence

A licence may also be non-exclusive. If you grant someone a non-exclusive licence to do something with your work, you may continue to use your work in that way, and you can also grant other people non-exclusive licences to use your work in that way. For example, if you grant a non-exclusive licence to a publisher to reproduce your illustration in a book, you may also grant other publishers the same non-exclusive licence, and you may reproduce the illustration yourself.

Implied licences

In some cases, permission from a copyright owner to use copyright material may be implied from all the circumstances.

For example, when a person sends a letter which comments on current events to the editor of a newspaper, it is likely that the newspaper will have an implied licence to publish that letter on its letters page. Similarly, when copyright material is commissioned or prepared for a particular purpose, it is likely that the person or organisation for which the material is created will have an implied licence to use that material for that purpose, unless there is something to indicate otherwise.

However, the nature and scope of an implied licence, and who can rely upon it, will always depend on all the circumstances. It can often be difficult to work out whether a licence can be implied for someone to use copyright material. This is why, if permission is needed, it is generally best to get express permission, rather than rely on implied licences.

The effect of the Digital Agenda amendments

Amendments to the Copyright Act which came into operation on 4 March 2001 contain provisions which deal with who owns aspects of the communication right where there was an arrangement, agreement, contract or assignment entered into before 4 March 2001.

If you are trying to establish rights in relation to “communication” under an arrangement, agreement, contract or assignment which was entered into before 4 March 2001, you will generally need specific advice from a lawyer with the relevant expertise.

Some points about contracts

A contract is essentially a bargain between parties that the law will enforce. A contract generally involves the parties agreeing to do certain things.

Dealings with copyright do not have to be by way of contract. A copyright owner, for example, can transfer ownership of his or her copyright to someone else merely by signing a piece of paper which records the transfer. Likewise, a copyright owner can grant someone an exclusive licence to use their copyright material by signing a piece of paper to this effect. A non-exclusive licence may be given merely by saying that a person can use the copyright material, or by putting a statement on a website.

However, in many cases assignments and licences of copyright are included in contracts which contain detailed provisions recording the obligations of each party. If you expect to get something in return for the rights you are granting, such as payment, you will generally be entering into a contract.

Most contracts don't need to be in writing to be legally binding. However, contracts which assign copyright or grant exclusive licences must be in writing and must be signed by the copyright owner before they are fully effective. It is also a good idea to have a written agreement when dealing with non-exclusive uses of copyright material. A written agreement has at least two benefits—it minimises the potential for arguments, and provides evidence of what was agreed.

The following four elements are needed for a contract to be binding:

1. An **offer**. For example, a publisher offers an artist \$200 for a licence to include the artist's work in a book.
2. An **unconditional acceptance** of the offer. If the artist asks for a free copy of the book in addition to the fee, this is regarded as a counter offer and the contract is not made until this or some later offer is accepted.
3. Some **"valuable consideration"** or benefit must pass between the parties. In this case, the publisher gets the benefit of using the work in the book, and the artist receives some money. Consideration does not, however, need to be financial – receiving a free copy of the book could be sufficient.
4. An **intention to be legally bound**. This will invariably be the case in commercial contexts.

Things to note

- Once a contract is final, neither party can vary it without the other party's agreement.
- Written contracts are presumed to contain all the terms of the agreement. If there is a written agreement, it is difficult to argue later that something that was discussed is part of the agreement if it is not in the written contract.
- A contract is only binding on the parties who made the agreement. Obligations or rights cannot usually be imposed on people who are not party to the contract.
- Only individuals, incorporated bodies (companies and associations) and partnerships can enter legally binding agreements.
- You should always obtain legal advice before finalising any agreement or signing any document. It is usually difficult to get out of a contract once it has been signed.
- All States and Territories have stamp duty legislation, and in some cases you may be liable to pay stamp duty on documents relating to copyright agreements. Generally, if there is a liability to pay stamp duty, only nominal duty is payable. If a document is liable to be stamped, it cannot be relied on in court proceedings until it has been properly stamped. Also, there are penalties for not paying stamp duty by the due date on documents that should be stamped. If you have any questions in relation to stamp duty, you should contact the relevant State or Territory revenue office or get detailed advice from a solicitor with the relevant expertise before signing and finalising the contract.

For further information on contracts generally, the Redfern Legal Centre publishes an easy to understand book called *The Law Handbook*. Copies of the book are available from Redfern Legal Centre Publishing (phone: 02 9664 0999) Alternatively, your local library may have a copy.

Granting copyright rights: things you should think about

If you grant copyright rights, you should consider dealing with the following matters in your document. As noted above, it is not essential for a grant of rights to take place within a written contract, but it is common.

We refer to the person granting the rights as the **grantor**, and to the person acquiring rights as the **grantee**.

Parties. The grantor and the grantee must be clearly identified. If one of the parties is trading as a business, you may need to include the name or names of the people or company behind the business – for example:

This contract is between John Moretti of 10 Seaside Drive, Flower Bay NSW 2222 and Maria and Tom Singer, trading as Great Aspirations, of 6/45 Riverview Terrace, Downtown, Vic 3333.

If either party is incorporated, you may need to include the Australian Company Number (ACN) or Australian Business Number (ABN). For more information, see www.asic.gov.au. In any case, it is a good idea to include the ACN or ABN.

Describe the material in which rights are being granted. The material for which rights are being granted should be clearly described or identified. If possible, you should attach a copy of the work to the agreement.

Copyright owner. The agreement should state the name of the owner of copyright in the material. This will usually be the grantor. In some cases, however, the grantor may be granting rights in another capacity—for example, as the copyright owner’s agent, or as an exclusive licensee.

Rights granted. The agreement should set out clearly what rights the grantor is granting to the grantee. In some cases, it may be a good idea to confirm what rights (if any) are retained by the grantor.

Duration. The agreement should state how long the rights are granted for.

Territory. The agreement should state where the rights may be exercised—for example, Australia and New Zealand. Generally, you should grant rights only for territories in which the grantee has the experience and expertise to exploit the work to your benefit.

Payment. There are different ways of being paid for copyright—for example, by an up-front fee, or by a percentage of income from sales of the work (royalties). In some cases, there are recommended rates or industry standards – for example, in relation to book publishing and music publishing. The agreement must also set out how payments are calculated and when they are to be made.

Obligation to publish & market. The grantee should undertake to publish and market your work within an agreed time frame, and to continue to do so, particularly if you are to be paid by way of royalties.

Accounting & inspection of accounts. If you are to be paid by way of royalties, the grantee should be required to give you information on a regular basis (for example, every three months) about how much income it has received, and how much is due to you. Where relevant, this information should include information about how many copies of the articles were manufactured and sold within the accounting period. The agreement should also require the grantee to allow you to inspect its relevant accounts on request.

Attribution & copyright notice. In most cases, if you remain the owner of copyright, the grantee should be required to make sure that you are properly attributed and the copyright notice appears with reproductions of your work. The copyright notice is the symbol “©” with the name of the copyright owner and the year of first publication. It is not necessary for protection in Australia, but operates as a notice that the work is protected by copyright and that you are the copyright owner. The notice can also provide useful evidence of your rights in the event you need to start legal proceedings for infringement.

Alterations. In most cases, the agreement should state that the grantee needs to get your permission before making any changes to the work.

Warranty. Many agreements include a warranty from the grantor that the work is original and does not infringe anyone else’s copyright.

Assigning rights. The agreement should prohibit the grantee from assigning the agreement itself or assigning or licensing the rights granted in the agreement to someone else without your consent. In some cases, it may be appropriate for the grantee to be entitled to authorise certain uses of your work by others (sometimes referred to as sub-licensing). For example, book publishers are commonly entitled, under publishing agreements, to authorise reproduction of extracts of a work in works published by other publishers.

Termination. If an agreement allows ongoing use of a work, it should set out the circumstances when you may stop further use of the work. If you are being paid royalties, you should be able to terminate the agreement if, for example, the grantee stops publishing or marketing the work, or if they breach any of the terms of the contract. In agreements with this sort of provision, you usually need to give notice of intention to terminate. It is also a good idea for the agreement to provide that the agreement and any rights granted under it will **automatically** terminate if, where the grantee is a company, it goes into liquidation, or, where the grantee is an individual, if he or she is declared bankrupt.

The agreement may also need to state what the grantee can do with stock made under the contract (for example, books or T shirts) which have been made but not sold. If the agreement allows the grantee to grant rights to others (to sub-license), the agreement may need to say what effect termination of the agreement has on these sub-licences.

Arbitration. You should consider a clause which provides for arbitration or mediation in the event of a dispute.

Sign & date the contract. The agreement should be dated, and signed by all parties.

Licensing without payment

An influential development in recent years has been the Creative Commons and Open Source movements. These projects promote standard licence formats under which copyright owners grant others a range of rights to use, remix and re-purpose their material. The licences are not granted to specific people with whom the copyright owner has a contractual relationship, but are available to anyone interested in using the material, or broadly within a particular field (such as education, under the AShareNet licences). Generally, the licences are offered without payment, although this may not always be the case.

While the idea of freely swapping and re-using content has some appealing aspects, it is important for creators and copyright owners to think carefully before offering these licences for their material. If you earn your income from creating copyright material, such licences are unlikely to be appropriate for you.

Some issues you should consider are set out below. Note that you may be able to address some concerns by choosing carefully and ensuring you set terms and conditions that meet your requirements.

- Do you have the right to grant the licence? (If you created the material as part of your job, even outside work hours, your employer probably owns the copyright).
- Do you earn any money from copyright in the material now, or is there a chance you may in the future? (even if you are not planning to exploit it actively, be aware that, if you are a member of a copyright collecting society, your granting a free licence over your material may prevent the society from collecting and distributing licence fees to you in relation to that material).
- If you don't want to exploit the material or earn money from it, would you be happy for someone else to do so?
- Do you want to be able to exercise any control over the use of your material? Would you want to be able to prevent or terminate the use of your material in a context or a manner you found offensive?

For more detailed discussion of the Creative Commons licences, see our information sheet *Creative Commons Licences*.

Further information

For further information about copyright, see our website—<http://www.copyright.org.au/> or contact us.

Information from the Arts Law Centre of Australia may also be of interest to you: see <http://www.artslaw.com.au/> or telephone (02) 9356 2566.

Reproducing this information sheet

You may download and print one copy of this information sheet from our website for your reference, or you may purchase a printed copy from our online shop—<http://shop.copyright.org.au/>—or direct from us.

Australian Copyright Council

The Australian Copyright Council is a non-profit organisation whose objectives are to:

- assist creators and other copyright owners to exercise their rights effectively;
- raise awareness in the community about the importance of copyright;
- identify and research areas of copyright law which are inadequate or unfair;
- seek changes to law and practice to enhance the effectiveness and fairness of copyright;
- foster co-operation amongst bodies representing creators and owners of copyright.



Australian Government



The Australian Copyright Council has been assisted by the Commonwealth Government through the Australia Council, its arts funding and advisory body, through its Policy, Communication and Planning Division.

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