Copyright and Intellectual Property Issues
eric swetsky

I want someone here to tell me what they think copyright is. The lady there said it is the ownership of work and ideas. You're half right. The half of what you said that is right is ownership of work. The half that was wrong is the ownership of ideas. A fundamental part of copyright law is there is no ownership of ideas. All ideas are public domain. The underling theory of copyright law is that the law should protect what you own but not prevent continued learning and building on what has already been thought through.

There is an old expression that nothing is new in the world, and it's true. But there is no ownership of ideas in the world. What you own is the expression of an idea. The example I like to use is someone could write a novel and it could include love in it and all that sort of stuff and you cannot protect the idea of love only your expression, or that author's expression, of the idea of love. Under these circumstances, you cannot own an idea. You can only own the expression of that idea.

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Let's say you go into a presentation and you pitch an idea. How do you prevent someone from ripping off the idea. It's very, very difficult because there is no ownership of the idea. What I suggest is that you put your presentation into written form and hand it out. You now have the expression of that idea. Now if someone does try to rip off your idea, you can come to me and I, as a lawyer, send them a fancy lawyer's letter saying you ripped off the copyright. What they have done is take your expression of the idea on the piece of paper. And that is very important. If you walk out of here with only a few pearls of wisdom, one of those pearls is when you go into a pitch, make sure that it's not just an oral pitch but that you have handed something out with the expression of your ideas in it.

To answer my original question, "What is copyright?" Copyright is the right to copy a work in whole or in part. Which is exactly what the word copyright means. The right to copy. The owner of the copyright has the right to copy and only that person has the right to copy.

Let me then ask the question who owns copyright? The way the copyright act reads, it is the author. The creator of the work is the first owner of the copyright in that work. Now the owner of that copyright - the author - may sell that work, in which case the purchaser of the work is now the owner of the copyright and the author owns nothing. Hopefully the author is reasonably compensated.

How long does copyright last? It lasts 50 years following the death of the author. So if you were to create a work today and you were to die tomorrow the copyright would expire in 2052. Once work that has copyright has expired, it falls into the public domain and anyone can use it. So, if after the author has been dead for 50 years and you use the work, you cannot be found guilty of copyright infringement. Unlike trademarks, which I'll get to in a moment, there are no formalities required to establish copyright. (Under trademark law, it is worthwhile to register your trademarks at the trademarks office in Ottawa.) You do not have to register the copyright of your work with the copyright office. Copyright comes into existence the moment of creation. The moment that work is created, copyright comes into effect. Remember, I said the author owns the copyrighted work therefore you don't have to go through any formalities. So, if somewhere along the line, you want to assert your copyright over a piece of work it is not necessary for you to go through any formalities to get that work registered.

Are there benefits to registering your copyright? If you were to go to court, there would be, because the level of damages is higher with registered copyright than it is with unregistered copyright. This is why, in the United States where the level of damages is obviously always higher, it is always worthwhile registering your copyright. It's not that expensive actually, and if someone does steal your copyright, your level of damages is going to be higher.

Let's get into the notion of what copyright infringement is. The copyright act, which is the basis of copyright law, says that copyright infringement occurs when two works are substantially similar. You take a look at the original work and you take a look at the reported copy, and a

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judge has to ask him or herself if that second work is substantially similar to the original work. Now the key word here is substantially. You take away that word substantially, and all you're left with is similar. Two works can be similar as long as they are not substantially similar. I hope everyone understands that subtley. The definition of copyright infringement is substantial similarity. And if two works are not substantially similar, if two works are only similar, there is no copyright infringement. And I see many legal cases where a person has admitted outright in court before the judge that he or she did in fact copy, but they assert that the two works are not substantially similar.

Does this mean you can go out and start ripping off other people's work and hope that the two works are not substantially similar? If you were to do that, you are taking a very dangerous risk because you never really know if two works are substantially similar until a judge actually says yes they are or no they are not. The best rule of thumb is to come up with your own creations because then there is no chance they are going to be substantially similar.

There are cases of unconscious copying. A great example is George Harrison and his song "My Sweet Lord". Back in the 60's, the Chiffons did the song, "He's so fine", and the Chiffons sued George Harrison suggesting that the two works were substantially similar and George Harrison had copied the song by the Chiffons. George Harrison, I read the case in-depth, said on the witness stand that he did not copy but the judge did find that copying had taken place. The judge said it was unconscious copying. The judge did say he believed Harrison when he said he did not copy the work. But the judge believed that there was unconscious copying going on, that the Chiffons song was so big, and received so much air play, that George Harrison just picked it up. Now I want to get into moral rights, which is a sub-section of copyright but before we do that let's take a few brief questions on copyright law.

Q: We have a client that we're actually trying to get rid of for all kinds of reasons. The client has come back and said that they are not going to pay the bills until we give them all our Photoshop layered documents.
ES: I get that question all the time. Let me give you the nutshell answer. There are two ways to approach it. Remember I said earlier that the author of the work is the first owner of the copyright in the work. That is the core answer. I would then go on and ask you another question. Is there any documentation between you and your client from the outset of the relationship stating how ownership and intellectual property is going to be handled? Because contract law trumps copyright law. A contract could be as simple as a standard letter: Dear Harry, thank you very much for hiring us. We are looking forward to working with you. If you pay us a thousand dollars at the end of six months... That sort of thing. That is a contract. If in the letter there is a statement that says the client will own the copyright, then the answer is that your client is going to prevail here. Now if, in the whole relationship with you and your client, there is total silence on the topic of intellectual property and ownership, then the copyright act comes into play. And you, as author of the work, are owner of the copyright of the work and you do not have to hand over the files, electronic or otherwise, to your client. But you can't cut off your nose to spite your face. You still want to get paid. If client is not going to pay you until you hand over the files, you have to look at it from a practical standpoint. Is it really worth enforcing your rights? What are you going to do with that copyright after the client goes away? You may use it again; you may not. If you're not going to use it again, you just don't cut off your nose to spite your face. If the relationship between you and your client has broken down, yeah definitely get rid of the client, all you really want is to get paid. And when you have $50,000 on the line, as sometimes happens, it really isn't worth standing on your rights. It's better to get the $50,000 and have it in your pocket. Other questions?

Q: Just sort of a follow-up to that, if you have a contract worker who has created or authored work for you while they are your employee, who owns the copyright?
ES: This is critical, because it relates to the last question. Let's say that you did have a contract

with your client. That one-page letter. And let's say that in the letter all you want to say is that upon payment the client will own the copyright. You have no problem with that; all you want is to get paid. And that client cuts you that check for $50,000. You now have to assign all that copyright to the client. Well you can't assign what you don't own. Which goes to your question, because the independent contractor is not an employee, therefore the independent contractor owns the copyright in the work that they did for you. When you hire an independent contractor, you have to enter into a contract. I'm not talking about some 20-page document. It can be a standard letter of retainer that says you hereby assign all your copyright to us, ABC Advertising Inc. And now you can assign the copyright to your client because you now own the copyright. You are going to be in one tough pickle if your independent contractor holds you ransom. The independent contractor can ruin the relationship you have with your client. The bottom line is that when you hire an independent contractor, you must get an assignment of copyright to, as well as, a waiver of moral right.

Q: Is it true with employees as well?
ES: No it isn't. The copyright act says that when an employee creates work, it is the employer who owns copyright. You don't have to enter into an assignment of copyright with your employees. But you do have to enter into a confidentiality agreement. Let's say you're doing graphic design for an annual report. You are going to get a lot of confidential information. Perhaps you are doing a report on what Sun Life earned last year, which they don't want to get into the marketplace until they release their annual report. You should get your employees to sign confidentiality agreements, and I suggest when you hire employees, among other things, that you have, in your standard letter, you say that they are going to keep all information that you bestow upon them confidential.

Q: Is it possible to copyright a style?
E: No, not really, because that is more of an idea. All artists have their own style, and I appreciate that. But style really borders on the idea of notion. A designer in the United States went in to show Tiffany & Co. a certain way he had encrusted a diamond setting. This jewellery designer sued Tiffany & Co and lost. Tiffany's designers told the judge that they had independently, with their own somewhat similar style, created the technique themselves. It was a jury trial. We don't have civil jury trials in Canada but they do in the US. The jury found that there was no copyright infringement. It was the same sort of thing, style. If a style really is similar, and you have it on paper, I can write a nice letter to sort of scare somebody. But I don't want to leave the impression that you're going to be able to protect your styling per se. It's like the air miles programs, great idea and everyone runs it, but it's only your unique air miles program that's going to be protected.

Moving on to moral rights. Moral right is a new notion, introduced to the Canadian copyright act in 1988. There are two types of moral right: the moral right of paternity and the moral right of integrity. You can sell the copyright of your work, or assign the copyright of your work, and still retain moral rights. The moral right of paternity is the right to be associated with the work or the right to remain anonymous. Let's say that you are an artist and someone buys a copy of your painting and they buy the copyright at the same time. You still want the public to know that you are the creator of that particular painting. And so you would assert your moral right to paternity - the right to be associated with that work, the right to have your name on the work. The moral right of integrity is the right to ensure that your work is not distorted, mutilated or otherwise modified to your prejudice, or honour or reputation. That happened to Michael Snow. Michael Snow created the Canada geese that are in the Eaton Centre. Once, at Christmas time back in the 80s, the Eaton Centre put red ribbons around the necks of the Canada geese. Michael Snow was very upset. He sued for infringement of the moral right. He said that these red ribbons around the necks of the Canada geese made a naturalistic composition look ridiculous - that it was no different than putting earrings on the Venus de Milo - and he was able to show that this distorted his work. You have to show that, not only has your work been distorted or mutilated or otherwise modified, but also that it has been done so to your prejudice or dishonour. And sometimes that is very difficult to do. If you're a young, starving artist, you really don't have much of a reputation so how can you show that your reputation has been damaged. I do appreciate that everyone has a very close relationship with their work. And no one likes to see their work changed in any way. Let's say you came up with the design of a logo for a corporation. You feel that blue is the proper colour for the logo, and they change it from blue to violet. That doesn't necessarily mean that they are infringing on your moral right or integrity. Any questions on that?

Q: Did Michael Snow win the case?
ES: Yes, hands down. In fact it's a 20-year old case; it's a wonderful case. A classic example of the moral right infringement scenario. But the thing is Michael Snow, as we all know, he is a famous artist. He has the money to go to court. It's expensive to go to court today.

Q: What about copying work based on parody?
ES: Unfortunately there is no parody law in Canada. There is no protection in relationship to a parody. Just so you now what a parody is. A parody is taking a work and making fun of it, holding it up to ridicule. To hold a work up to ridicule, you have to use the original work to some extent, because you are recreating the original work in doing your take on it. And that is infringement of copyright. I'm glad you asked the question, because it's a good example of what copyright infringement is, and what you can and cannot do. I say unfortunately because I do believe that there is a legitimate place in the art world for parody. We see a lot of this going on in the United States with the parody of songs, and it's a legitimate art form. Unfortunately Ca-

nadian copyright does not allow it. I'm using the word unfortunately because I really do feel that there should be a place in Canadian copyright law for parody. As long as it's well-defined. I can't just rip off any piece of work and claim it is a parody. In United States case law, it get into what is and what is not a legitimate parody. But here in Canada, we are under British Commonwealth legal tradition. In the British Commonwealth legal tradition, there is no concept or notion of parody.

Q: Are moral rights automatic?
ES: Yes, moral rights are automatic. You can waive them. When you have an independent contractor, you have to get the copyright and also you have to get them to waive moral rights to the work.

Moving on to trademark law. I am going to spend half of my session on trademark law. I'm doing that on purpose because trademark law is very important for reasons that I am going to describe. If you're creating a logo for someone, that logo has two things in it. It has copyright because of the graphic design and it also has trademark.

Now what is a trademark? I'm going to use Nike as an example, because aside from the fact that it has its trademark all over the place, it is great when it comes to trademark. The word Nike is a word mark. The Nike swoosh is a design mark. Not only is the Nike swoosh a design mark, it is a trademark, I'm using the word mark as a short form for trademark. Not only is it a design trademark, but it is also copyrighted. That design swoosh has two forms of intellectual property law. Trademark can also be an expression, if you were to come up with a tagline, the tagline is going to have trademark properties too. An example of the tagline could be, "American Express membership has its privileges" or "Nike just do it!" Let me summarize: a trademark can be in the word, a design, a phrase or a combination of any two.

"The word Nike is a word mark. The Nike swoosh is a design mark. Not only is the Nike swoosh a design mark, it is a trademark."

Trademark law is important to you because when you come up with this great design, you have to know that you're not infringing upon someone else's trademark. That is the key thing. You can come up with the greatest logo in the world but if you are infringing upon someone's trademark rights, you've got a problem. It's going to cost you because you're going to have to redesign or recreate the trademark. To avoid this, you can do a trademark availability search on the web. This is great, but it's not worth the paper it's printed on. It's only a first step. If you do a search on the web and you get a direct hit, you know that your trademark is not available. But what if it's a close call? I tell my clients before they come to me to do trademark searches. Do your own individual searches on the web. But don't rely on these searches solely. If you don't get a direct hit, go to a lawyer, such as myself, to do a trademark availability search.

I had a blue-chip client - a Fortune 500 company - come and ask me to do a trademark availability search the day before it was to launch a new product. They had their artwork already done; they had gone to film, the whole ten yards. I start telling them that the trademark may not be available. They may have a problem. You have to do your trademark searches early. It's better

for me to give you a clean bill of health. To say you really don't have to worry because if you do have to worry, you really don't want those bags of potato chips on the grocery store shelves with that new logo you created. Do a trademark availability search as soon as you have done your creative, as soon as you have done your own thinking. You may have two or three concepts. Do a trademark availability search on all of them. One of them may not be available, you still have two to show the client.

"Copyright law is international. Trademark law is territorial. You might have a trademark that is available in Canada. That doesn't necessarily mean it is available in Australia."

More and more people - more and more businesses - are selling products internationally. It's not enough to do the trademark availability search in Canada only if a product will be sold, or even might be sold, in the United States. You have to do a United States trademark availability search as well because trademark law is territorial in nature. Unlike copyright law, which is worldwide because of international conventions. Copyright law is international. Trademark law is territorial. You might have a trademark that is available in Canada. That doesn't necessarily mean it is available in Australia.

Why do you register a trademark? You may recall that I said you don't have to register copyright for your work, although you may want to, because the level of damages can be higher with registered copyright. You register trademark to reserve your trademark in the trademark system. You may create a logo or a WordMark for a client six or eight months before they start using it. You want to have already reserved it for them in the system. Your priority date then becomes your filing date. If the trademark has already been used, and has been for the past 20 years, the first use, which may have been 20 years ago, Is the priority date. In a proposed use situation, or an intent to use situation, the priority date becomes the filing date. That's the date you're going to be protected from. So if you file today, and tomorrow someone starts using a similar mark, or makes a trademark application for a similar mark, you have priority over them.

Another reason to register trademark is the legal test of trademark infringement is easier with a registered trademark than an unregistered trademark. But I don't want to leave the impression that an unregistered trademark is not valuable, because it certainly is. There are trademark rights in an unregistered trademark too. It's just that there are certain benefits to filing a trademark application.

Here is an example of why you should register trademark. This is an actual legal case. I'm not making it up. In Winnipeg , there is a Mr. and Mrs. Brick, who have been operating a high-end furniture store called Brick Fine Furniture since the early 1960s. Well, we all know that The Brick is a national furniture chain that has a trademark for The Brick. They started operating the national chain in the mid-1970s, filed the trademark application and got the trademark registered. When the national chain wanted to open up a store in Winnipeg, they got their lawyers to send a letter to Mr. and Mrs. Brick telling them to stop using the word brick even though Mr. and Mrs. Brick had been using the name Brick Fine Furniture since the early 1960s. This was actual litigation that went to the Federal Court of Canada. Ongoing for five years, it cost Mr. and Mrs. Brick so much money that somewhere down the road they could no longer afford lawyers. They started representing themselves. In legal fees, I heard that well over two hundred and

fifty thousand dollars had been spent. In the end, a compromise was reached between Mr. and Mrs. Brick and the national furniture chain that the Bricks would coexist in Winnipeg. If Mr. and Mrs. Brick had filed a trademark application in the 1960s, when the lawyers for The Brick national furniture chain did a trademark availability search, they would have come across that trademark and would have advised the national chain to pick another name.

Q: What is the difference between a strong trademark and a weak trademark?
ES: The strongest form of trademark is the invented or coined word such as Exxon or Kodak. These are words that didn't exist until they were created. They're invented and the law loves inventiveness. It gives the broadest range of protection to an invented or coined word. The weakest form of trademark, which only provides a narrow right to protection, is a descriptive word. A good example of a descriptive trademark is golden oldies, which describes the type of music format for a particular radio station. That's going to be given a very narrow range of protection. If you are asked by a client to come up with a Wordmark, the client may want a descriptive word because they want to describe the products and/or services that they offer. Your job is to come up with a unique word or an invented word that will serve them much better in the long run.

Q: How long will the trademark last?
ES: A trademark lasts forever. It has to be renewed every 15 years, but as long as you renewed within a 15 year period, it can go on for in perpetuity. A good example of this is Kodak, which is a 125-year-old trademark still being used today.

Q: Even if it's registered but not implemented, does it still have protection?
ES: No, you cannot register trademark until after you have started using it. When you file a trademark application on proposals, or an intent to use, you will get a priority date, which is your filing date. The trademark office will not issue your certificate of registration until you file a declaration of use. Obviously you cannot file a declaration of use until the trademark is actually in use.

Q: What is the difference between a client telling you they want you to paint a picture of a sunflower and you painting a picture of a sunflower before they ask? Who owns copyright?
ES: As I said earlier, the author is the first owner of copyright in the work. Let's recall the question that a gentleman asked earlier, the client comes along and says they want all the electronic files because the relationship has broken down. And both parties had been silent on ownership of intellectual property. Keep in mind, there is no copyright on an idea. But the question was, if the client comes and says please paint a picture of a sunflower and you paint a picture of a sunflower, who owns the copyright. You are the creator. You are the author of the work. So you are the first owner of the copyright of the work and it really doesn't matter whether or not the assignment came from your client and he or she told you to paint a picture of a sunflower.

Q: Let's say you're participate in a design competition, where there is an honorarium if your work is selected for a particular project. You pitch the work but the client decides to take your work and give it to another firm that may have lower fee schedules in the take your work and implemented. Is there any way you can protect yourself?
ES: The answer to this question is multi-faceted. First you are entering into a contract or relationship with the company. Let us say they pay you a $10,000 honorarium, and you're agreeing to certain terms and conditions. That's a contract – a binding contract. It's probably barely visible somewhere in fine print. As lawyers say, the devil lies somewhere in the fine print. Somewhere. In the fine print it says that the company is going to own the copyright. So you are in hot water. But I can represent either side of the coin here. If you came to me, I would read over that fine print and make sure the company said that they own copyright. Then I would send the company a nice little demand letter saying that they are infringing on your moral right. Let's go back to what I said about moral rights. I can make my demand letter look real pretty. By that I mean real frightening. And that's what I would assert. I'm not talking about design competitions only. I'm talking about your regular client relationships too. You come up with a new design for a client and the client is not happy because you're charging $10,000; they feel it's only worth $5,000. So they give the project to another graphic design studio to do up. And you feel that you have been injured. Rightfully so. They should have to pay you.

Another pearl of wisdom is that it's better in the long run to have a contract with your clients up front, even if it's just a one-page letter of retainer, which will cover intellectual property ownership. You may do a logo and they may say they only want to use the logo in Canada, so you charge $5,000. But if you knew they were going to use the logo in the United States as well you would charge them $10,000, and if you knew they were going to use it worldwide, you would charge them $25,000. It's better for you in your letter to say I am assigning Canadian copyright to the client. I am retaining all other worldwide rights. Then when you see them putting your logo on their international goods, you can go after them and ask them to remove it. It's better in the long run. I don't believe in burying your head in the sand. If you put it in your retainer, you may not like what the counter offer is when they come back to you and say it's unacceptable. But at least you're going to have a healthy discussion with your clients. Everyone's going to know what the rules of the game are, and everyone's going to play by those rules. And that's where many relationships breakdown. The hard feelings are created after the fact. Because the client thought they would own all copyright, when in fact they own none. They say the heck with you, I'm not going to do business with you anymore. Where if you had that discussion with your client at the beginning and everybody knew what the rules of the game were, there aren't going to be those hard feelings at the end.

Q: Is the assignment of copyright the same for work for hire?
ES: The term 'work for hire' is an American term used in U.S. copyright law. It has a lot of legal baggage associated with it. In Canada, I would rather use the term 'independent contractor' because it is a concept that everyone in this room really knows now because either you are an independent contractor yourself or you hire them.

Q: Do you have a web site?
ES: I do. www.advertisinglawyer.ca

Q: Is the copyright the same in a pro bono situation?
ES: It's still the author.