
Photographers don't deserve special treatment

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A recent discussion paper, instigated by commercial photographers, challenges the law relating to copyright and the commissioning of creative works.

By Owen Morgan

Copyright is probably the most valuable of all the intellectual property rights. I say this for two very good reasons: copyright arises simply and easily; and works range from the mundane to the highly valuable (copyright industries account for around 20 percent of the GDP of the United States). As the owner of copyright in a work can determine how it is exploited, it is critically important to determine who owns that copyright. Anyone who is familiar with copyright laws will know that the basic position regarding ownership is that the person who creates the work is the first owner of copyright in that work. This is the position under most copyright regimes, including New Zealand, Australia, and the United Kingdom.

There are exceptions. It's usual that where an employee makes a work in the course of employment, the employer will own the copyright in the work. The other major exception is the one that I'm interested in. Where a person commissions a work and it is made in pursuance of the commission, that person (the client) is the first owner of copyright. I should also mention, for the benefit of the copyright novice, that the basic position, and the exceptions, can be over-riden by an agreement between employer and employee, and between client and creator.



Dr. Owen Morgan

I believe that, in general, the provisions that govern the ownership of copyright are fair, reasonable and sensible—although the detail is overly complex. They recognise that copyright should belong to the person or organisation whose initiative and financial investment has made the creation of the work possible. If a work has come about because of the investment of somebody other than the creator, then it is desirable that the investor should own the copyright. The privileged position of the investor is recognised elsewhere in copyright legislation. In some countries, New Zealand and the United Kingdom, for example, the person who arranges for certain works to be made is the author and, therefore, the first owner of copyright. The ownership provisions also provide a balance because they also recognise that the creator should be able to negotiate to retain ownership of copyright.

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It's not surprising that the commissioning provisions have given rise to complaint and argument. The various models provide, to a greater or lesser extent, that the first owner of a work of copyright is the person who commissioned the making of the work and they deprive the creator of the ability to exploit the work. I do understand why a person who has been commissioned to create a work might feel aggrieved. They would argue that they have invested creative effort and I imagine that they feel they should be entitled to reap the

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benefits of what they created. The money that the client has to pay for the work, and the copyright that protects that work, should help assuage those feelings. And, if the creator is still unhappy, he or she can refuse the commission and walk away from the deal.

One group of creators, the commercial photographers, has always believed that the commissioning provisions should not apply to them. They have had some success in arguing their case in Australia and in some other countries. It was quite predictable, therefore, that photographers would be at the forefront of recent moves to amend the commissioning provisions in New Zealand in favour of the creator and, specifically, in favour of the photographer as a creator. Presumably, photographers believe that if they are the first owner of copyright in photographs that they are commissioned to make, it will put them in a stronger bargaining position with their clients. Or, perhaps, they hope that their clients will just forget about or overlook the ownership issue. While the latter is, unfortunately, all too likely, the market will not allow the former.

In New Zealand, the Ministry of Economic Development recently released a discussion paper, *The Commissioning Rule, Contracts and the Copyright Act 1994*. Submissions were invited on the difficult question of works being made available subject to contractual conditions, particularly in the digital environment; but it was made plain in the Discussion Paper that it was the concerns raised by photographers about the commissioning provisions, section 21(3) of the Copyright Act, that led to the development of the paper. I was particularly interested in the way the review of section 21(3) came about. The discussion paper appears to be a response to the photographers' strategy that, "if you complain long enough and loud enough, somebody will take notice".

The photographers must have convinced the Ministry that the commissioning provisions are so important they justified a review although, when one looks closely, it's clear that the review was to be conducted for the benefit of a small group of individuals, not for the benefit of the general public. Still, a precedent has been set; the Ministry has issued an open invitation to groups dissatisfied with some aspect of the copyright regime to lobby the Ministry in the expectation

that a discussion paper will be developed that will address their concerns. How much of a rod the Ministry has made for its own back will depend, of course, on whether the lobbying activities of other industries are as well-organised and as persistent as the photographers.

The logical approach to a commissioning provision is one that covers all works commissioned by a client. That way, both parties know where they stand. Unfortunately, section 21 (3) is one of the most poorly drafted provisions in the entire Copyright Act. The problem for both clients and photographers is the subject matter of the works covered by the commissioning provision. It is restricted to: "photographs, computer programs, paintings, drawings, diagrams, maps, charts, plans, engravings, models, sculptures, films and sound recordings." To the copyright novice, this may sound like an extensive list; but, be assured, it actually leaves out a lot more than it covers and leads to confusion as to just what is covered.

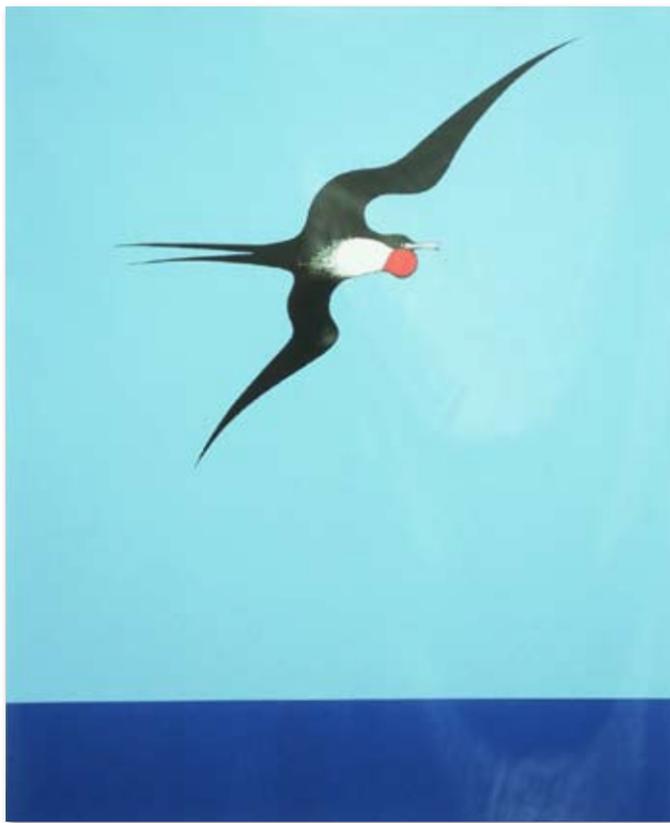
Because photographs are one of the works that are definitely included in section 21 (3), photographers complain that they have to take the initiative and negotiate with an advertising agency or a media representative or even a member of the public if they want to reverse its effect. They say that this places them in a difficult bargaining position. They have developed standard form contracts that achieve their objective of ensuring that they own the copyright.

By contrast, the issue for clients is what's not included in section 21 (3). Firms must take care, when they commission works, and reassure themselves that ownership of copyright is vested in them so that they can exploit the materials. They cannot rely on the legislation. There is an obvious problem, for example, for firms that wish to commission multi-media materials. Some of the materials are likely to be works included in section 21 (3) (photographs and films) and some of them are not (written materials). Like the photographers, those firms have to ensure that they have contracts in place that establish their position.

The arguments that photographers put to the Ministry in favour of being excluded from section 21 (3) can be summarised as falling into three main categories: (i) the commissioning provisions place them in a weak position; (ii) the photographers do not have the right to restrain subsequent use of the works that they have been commissioned to produce; (iii) section 21 (3) "potentially undermines the creative talent of photographers".

The first two concerns express the frustration of individuals who find themselves in an unfavourable bargaining position. Before placing too much weight on those concerns, we should consider the reality of the marketplace. Like other service providers, a photographer offers his or her services on the

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DON BINNEY, *Pacific Frigate Bird*, 1969, screenprint.
The University of Auckland Collection

open market for a fee. The level of demand for the services of individual photographers translates into bargaining power as a function of supply and demand. The “stars” of the industry, photographers who are in demand, can command high prices for their services and they can impose strict terms and conditions on the use of their photographs and on any subsequent use. Photographers who are not stars have to accept less money and/or less favourable terms as to the continuing use of the photographs that they have taken. The

issue is not who the law favours; in New Zealand, it favours the client; in Australia, it favours the photographer. However, in both countries, that bias in the legislation can be over-ridden by agreement.

But what if the parties cannot agree on the terms of the commission? Should we insist

that the commission go ahead? Of course not, the answer is that the parties have to abandon their negotiations and go their own ways. Either the client will find another photographer in New Zealand who is prepared to accept the proposed terms or it will go overseas, perhaps to Australia, or it will find a suitable stock photograph on the Internet. In any event, the original photographer has lost a commission, but that is his or her choice.

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I find the third objection to be the most difficult of the photographers’ arguments to accept. There is no evidence for the assertion that accepting a photographic commission under the present legal rules somehow undermines an individual’s creative talent. Surely, that talent is unaffected by the legislation. Perhaps, what the photographers meant to argue was that the quality of their creative output, the photograph, is affected by the client’s wishes. Clients often have creative input into the taking of photographs and may govern the way a photograph is taken, which, incidentally, is another good reason for giving them the copyright.

The final argument put forward in the Discussion Paper for the photographers was that there have been amendments to similar legislation in other jurisdictions that have reduced

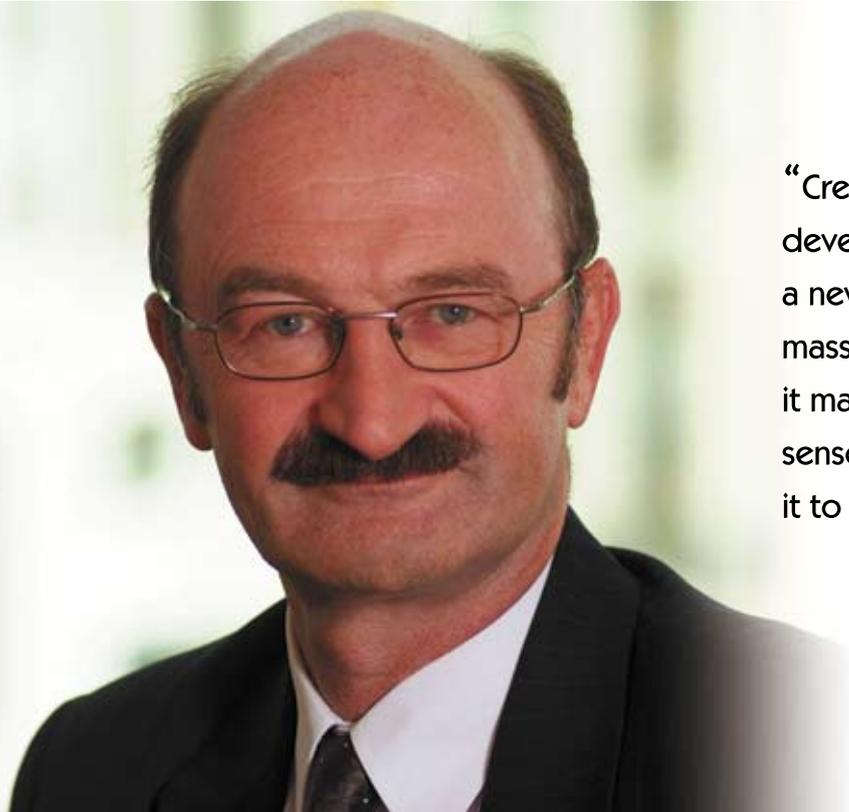
the scope of the commissioning provisions. The Australian legislation is interesting because photographers are treated as a special case and Australia is New Zealand’s near neighbour and dominant trading partner. Until 1998, when the current Australian provisions were amended, the client was the first owner of copyright in photographs, although the photographer could restrain the client from dealing with the photograph outside the purpose for which it was originally commissioned. In 1998, the provision was effectively turned on its head and the photographer became the first owner, unless the photograph was commissioned for a private or domestic purpose.

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At the end of the day, it seems to me that how Australia, or any other country, treats its commissioning provisions is interesting but essentially irrelevant to any review here in New Zealand. Although there are social, legal and economic similarities between the two countries, these should not be determining factors. New Zealand is an independent state and its legislative agenda should not be set by the example of its neighbours and trading partners especially when those neighbours and partners are likely to be influenced by factors external to New Zealand. Any decision as to how commissioned works are to be treated should be mindful of the fact that New Zealand is a small country that is a net importer of copyright. Persons who are likely to contribute to an increase in copyright works made by New Zealanders should be supported. I agree that it is desirable that the business laws of Australia and New Zealand should be harmonized, but I suggest that the solution that I propose for New Zealand is, in fact, the one that business people on both sides of the Tasman would prefer.

By pushing for the exclusion of photographs from the commissioning provisions in New Zealand, photographers are arguing that they should be paid at least twice. They want to be paid a fee from their clients and they want to cash in again and again on any further use that the client

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may make of the photograph. It is essentially the process followed by the photographer who took my family's portrait, charged me at the time for his services and for the prints he provided and then charged me a substantial fee for other prints that I ordered later. The argument that the photographer should be paid for further use conveniently overlooks the opportunity that the photographer has to build in provision for further use into the initial fee. It also overlooks the fact that the photographer may be paid upfront for further uses that never occur. If the client refuses to pay the proposed fee, then the photographer has a simple commercial choice—accept the commission at a lower rate on the basis that his or her services are not sufficiently in demand to justify a higher fee; or refuse to accept the commission. To accept a commission, be paid the agreed fee and then expect control or an additional fee would not happen in other industries. Why should photographers be privileged?

The arguments in favour of the client centre on the need for certainty – that the ownership of copyright is vested in the party responsible for the development of the work; that it is not open to challenge; and that both parties, the client and the creator, are aware of and understand the position. You only have to look at industries like advertising, broadcasting and films to appreciate the importance of establishing the ownership and control of copyright. There is only one sensible course of action. Section 21 (3) should be amended to provide that a client who commissions a work is the owner of that work, no matter what that work is.

I recognise that there is an argument that parties to a commission can achieve certainty by agreement between themselves as to ownership of copyright. Therefore, so the argument goes, there is no need to do anything; the parties hold the future of their relationship in their hands. Obviously, the photographers do not agree; they claim to be in an inferior bargaining position and they seek to be excluded from the subsection. Nor is the status quo in the interests of, for example, a producer. To be confident that

Summary of the author's views

1. The policy of the copyright legislation is to provide an incentive to creators and others to invest in the creation and dissemination of works of copyright.
2. A significant proportion of all commercial works of copyright are created outside the organisation that uses them and at the request of persons other than the creators – that is, they are commissioned.
3. In New Zealand, there is a confusing situation. The legislation is poorly drafted and it provides that the copyright in some commissioned works belongs to the client, in others, it belongs to the creator.
4. Without commercial clients willing to invest in the creation of works of copyright, works which are currently created in New Zealand would not be made.
5. It is logical, therefore, that the incentive to create and disseminate works of copyright in New Zealand is best served by vesting the ownership of copyright in all commissioned works in the client.
6. This solution would also deliver clarity and certainty to investors without the need to resort to contractual arrangements.
7. Attempts by creators, particularly photographers, to change the situation to one in which creators own the copyright should be resisted.

it controls all the copyrights in a production, the client may have to negotiate with a number of creators, a task which increases transaction costs. The United Kingdom example provides a useful lesson for New Zealand. The commissioning provisions were removed from the legislation with the consequence that 70 percent of British businesses think that they own the copyright in commissioned software or don't know who owns it.

How should the New Zealand review proceed? The answer lies in going back and asking a fundamental question: why are commissioned photographs made? The answer to that question is obvious. Photographs are commissioned for commercial purposes to meet the needs of the enterprise and the financial and creative investment of the firms that commission them. On the basis of risk alone, those firms are entitled to the certainty of ownership that extending the scope of section 21 (3) will deliver. Another reason is that there is every likelihood that extending the scope of section 21 (3) will increase the level of commissioning of original creative works and reduce the use of overseas stock photographs, library music and the like. Such a development can only be good for photographers and other authors of New Zealand copyright works, it means more work. By encouraging firms to commission works within New Zealand from New Zealanders, the commissioning provisions have the potential to contribute

in a tangible way to satisfying the public policy aim of the copyright legislation—and to encourage the creation and dissemination of works.

The appropriate model already exists in the New Zealand copyright legislation. The Crown is the first owner of copyright in any work that is created on its behalf. This should be the default position for all commissioned works. Uncertainty would be avoided and transaction costs would be reduced. This is the solution that should be adopted for commercial transactions in New Zealand and, dare I add, Australia and the United Kingdom.