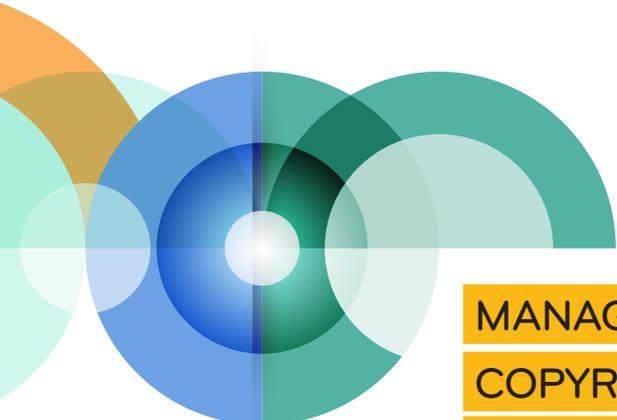




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MARKETING LAW NEWSLETTER



MANAGING COPYRIGHT AND CONTRACTORS

It is typical for large and small marketing companies alike to hire independent contractors for project specific roles. Much like builders hire electrical contractors to perform certain work on a new building, and do not hire them as employees, so also do many marketing companies hire certain contractors that they do not want or need as full-time employees. As those contractors are called upon more and more to perform certain services subject to detailed legislation, contracts have gotten more detailed in order to address their involvement.

Here are some of the ways the participation of contractors in your services will need to be addressed:



Ownership Title

Under the *Copyright Act* the creator is the first owner of the copyrighted work, unless that person is an employee. A contractor creating electronic graphic design art (an artistic and literary work) will be the first owner of the art created. It is the responsibility of the person hiring the independent contractor, either your marketing company or your client, to ensure that the contract for service requires the contractor to assign all rights, including copyrights, in the work it created to whomever hired it once the work is complete. Failure to do so may leave your client with no rights to the work or rights subject to many restrictions. Moreover, the actual written assignment of the work has to happen after the work has been created, as the law says you cannot assign something that does not exist.



Originality

The contractor who makes the work should also state for the benefit of your company that the work it created is original. If the work is not original, then it's not capable of gaining copyright protection. I have been involved in situations where contractors copied art off of internet websites without permission; when/if that copying ever came back to damage your company, you would have a legal case against the contractor as its statement about originality was clearly false.



Moral Rights

Unless the contractor is a superstar with a lot of leverage, you should secure a waiver of moral rights from them. Moral rights are separate from copyrights, but just like copyright moral rights arise automatically upon the creation of a copyrighted work and are owned by the creator of the work. Moral rights grant the creator of the art a legal right to control what the art is associated with, how the art is used and displayed, and whose name is attributable to the art. Moral rights cannot be assigned to your marketing company. Instead you should seek to have them waived against your company, and any successors and assigns of your company.



In Writing Requirement

Copyright may only be transferred in writing. Verbal transfers will not be effective. A proper written assignment is essential.



Registration

Most people do not know that a contractor, who has created art for you and transferred legal title in that art to you, could actually transfer good title in that art to another party. You may have some legal recourse against the contractor were such contractor to assign its art to another party after having already assigned it to you; that said, we would much rather avoid that situation entirely. So, the best way to avoid that situation is to register the fact that you own copyright in the work with the Copyright Office as soon as the art is assigned.



No Infringement

The contractor will expend a lot of creative effort when the art is made. Your marketing company needs assurance that the contractor has not infringed the rights of others, for example, by using someone else's art improperly in the creation of the art for you. The contractor should make a statement confirming that your use of the art, or your client's use of the art, will not infringe the legal rights of any other party.



Ryan Smith

Ryan Smith is a marketing and software lawyer and trade-mark agent.

Ryan Smith regularly meets with marketing companies to discuss legal topics relevant to their clients. If you would like to take advantage of this free opportunity, contact Ryan at rsmith@fdhlawyers.com (905) 287-2215.

The contents of this newsletter represent general legal information and not legal advice.

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