
Michael D. Scott

James N. Talbott

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INTERACTIVE MULTIMEDIA: WHAT IS IT, WHY IS IT IMPORTANT AND WHAT DO I NEED TO KNOW ABOUT IT?

by MICHAEL D. SCOTT* & JAMES N. TALBOTT**

I. INTRODUCTION

The term "multimedia" is amorphous. To some it means simply video games; to others it means interactive computer games; and to still others it encompasses complete, real-time, interactive virtual reality worlds. None of these definitions is wrong. They are all encompassed within the gambit of multimedia. And although the term multimedia itself is not fixed, what is clear is that multimedia works combine text, images (still and moving), sound (in the form of music and speech), computer software, and associated computer hardware to create something new.

Currently multimedia is on the verge of explosive growth and this growth provides both opportunities and pitfalls for legal practitioners in the multimedia field who face the task of providing multimedia clients with advice on the legal issues that must be resolved before they can initiate a multimedia project, and what must be done thereafter to achieve full legal protection for the resulting work. Although initiating and protecting a multimedia work may seem simple on its face, multimedia works bring together two entirely different areas of the law—entertainment and computer law—which have not heretofore had to operate in the same environment.

For an attorney versed in computer law, there is no problem in advising a client on matters involving trade secrets, copyrights and pat-

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* Michael Scott is a partner in the Los Angeles office of Graham & James. He is author of SCOTT ON COMPUTER LAW (Prentice-Hall Law & Business, 1992) and has just finished the manuscript for the book MULTIMEDIA: LAW & PRACTICE, to be published by Prentice-Hall Law & Business this summer.

** James Talbott is an attorney licensed to practice in New Jersey, New York and California, who is heavily involved in the entertainment industry, and who has a unique understanding of the issues facing developers in preparing multimedia works.
ments. However, the computer lawyer advising a multimedia client must also be aware of various entertainment issues, such as dealing with the entertainment guilds and unions, the licensing of film and video clips (Are you aware that the licensing of a film clip, usually does not give you the rights to use the associated sound track?), the right of publicity, and moral rights—just to name a few issues.

Conversely, an entertainment lawyer must understand the law and jargon of the computer industry. Terms such as RAM, ROM, CD-ROM, LAN, object code, source code, and BIOS are bandied about frequently in computer law circles. Legal principles such as trade secrets, the protectable aspects of a program's "look and feel," as well as the applicability of the scenes a faire doctrine to computer programs, are issues that directly impact multimedia works from the computer law side. And, of course, let's not forget the potential applicability of the patent laws to any nonobvious and novel invention associated with the multimedia work.

Although some attorneys may feel that they can perform that portion of the work that they are well versed in (be it the entertainment or computer side of the issue) and farm out the rest to another attorney, this can cause significant problems, as the computer and entertainment industries have very different attitudes and product time cycles.

For example, in the computer industry, most computer software (including multimedia works) is developed in a very competitive and fast-paced environment in order to be the first to the marketplace. On the entertainment side, things take a little longer. Clearing and negotiating all of the rights to a film clip to be used in a multimedia work can take anywhere from one day to a year. Although this may seem lengthy to a computer attorney, the traditional product development cycle of an entertainment product, such as a full-length theatrical film, tend to be much longer than in the computer industry, giving the entertainment lawyer more time to resolve these legal issues before the film is actually shot.

Practicing attorneys know that while they try to keep tabs on the progress of work sent out to other counsel, the old adage of out of sight, out of mind, seems to apply. The delays caused by telephone tag, missed and muffled communications always works to the detriment of the client. In general, it is best that anyone considering advising multimedia clients be versed in both computer and entertainment fields and the relevant issues in both.

This article will present some of the legal concerns (on both the computer and entertainment side) that may be encountered in dealing with multimedia projects.
II. LICENSING PRE-EXISTING WORKS

In dealing with the audio and visual aspects of a multimedia work, the developer of the work must decide if it will produce original material or license pre-existing works. If the decision is made to license pre-existing material for a multimedia work, such as a popular song by a well-known artist, a clip from a movie, or just stock material, care must be taken to make sure that the rights to all elements of the work have been obtained.1

For example, if you are licensing a film clip from the copyright holder, which contains a music track along with the pictorial content of the video, do not assume that the person from whom you are licensing the video rights can also grant you the right to use the music contained in the clip. The copyright holder of the film copyright may only have the limited right to use the music in the specific film for theatrical release, and therefore, cannot grant you the right to use the music in another work or another medium such as multimedia.

Although, obtaining these additional rights could be as simple as obtaining a blanket or per use license from ASCAP, BMI or another collective society, it may be as complicated as negotiating directly with the owner of the underlying music rights, as well as the performers, and paying the required compensation to each.

It is important, therefore, to read all contracts carefully to see what rights you have been granted. Do not assume anything. Because of the possibilities of a mistake or innocent misrepresentation in these matters, it is important that any licensing agreement include warranties and indemnification clauses to protect the licensee from potential infringement claims by third parties.

Further, the licensee should never rely solely on the representations of the licensor. It should always perform a copyright search for each element of the work sought to be licensed to determine the owner of record of each of the elements. Such searches can be done through the U.S. Copyright Office (although such a search will not necessarily show the owners of foreign copyright rights), or through one of the commercial search companies, such as Thomson & Thomson, which service the traditional entertainment companies.

In addition, keep in mind that if the clip contains the image or voice of any union talent or any music performed by union musicians, additional payments, in the form of royalties and residuals, will more than likely have to be paid to the talent, and pension fund payments

1. Do not assume that because a work is in the public domain that the material can be used for free, as you will see below.
will have to be paid to the appropriate unions or guilds. Other fees may also have to be paid if the work is to be altered.2

Unfortunately, because the many of the entertainment guilds and licensing organizations are unfamiliar with the multimedia market, there is a tendency for them to price licenses for multimedia works the same way they traditionally price similar licenses for the entertainment industry. Usually, this puts these pre-existing works out of the price range that multimedia producers can afford. Many of today's multimedia producers have turned to producing their own original video and audio for inclusion in their product.

III. ORIGINALLY PRODUCED WORK

If the multimedia producer decides not to use pre-existing material, the only alternative is to produce its own. Although the producer may use union talent to produce the work because of their skill and knowledge, many do not in order to save money. In addition if the work is one made for hire, the multimedia producer of the work, who uses non-union talent, owns the finished work free and clear and does not have to worry about making any additional payments.

Producers who wish to use union talent should contact the appropriate union for their the current basic minimums and other rules, as the intricacies of the union contracts and their relationship to multimedia works are beyond the scope of this article.3

IV. THE RIGHTS OF PRIVACY AND PUBLICITY

The term "right of publicity"4 is best defined as the commercial value that a public person or celebrity has in his or her name, likeness, or voice. Simply put, it prevents others from commercially exploiting the goodwill that a celebrity has built up with the public in his or her persona5 without first getting the celebrity's permission and paying any

2. As an additional caveat, see § V.C Moral Rights.
3. In general, if a multimedia producer is going to produce original material on film the proper union to contact is the Screen Actors Guild (SAG). If the material is to be produced on videotape then the producer should contact the American Federation of Television and Radio Artists (AFTRA). Multimedia producers should also be aware that there is currently a jurisdictional battle between the unions over the traditional film/video distinction for multimedia works and producers may be able to use this disagreement to their advantage to gain concessions from the unions.
4. The Restatement (Second) of Torts § 652C defines the right of publicity as "One who appropriates to his own use or benefit the name or likeness of another is subject to liability to the other for invasion of his privacy."
5. The term “persona” will be used in this article to describe the name, likeness, or voice of an individual. See Henegan & Wamsley, The Service Mark Alternative to the Right of Publicity: Estate of Presley v. Russen, 2 Loyola Entertainment L.J. 113 (1982).
requested compensation. Although the right of publicity is not recognized in every state, both California and New York provide statutory protection for a person's name and persona when they are used for commercial purposes. Additionally, California also provides protection for a deceased celebrity's right of publicity, but the successor-in-interest must register his or her interest in these rights with the Secretary of State.

As to non-celebrities, should a private individual's persona be exploited, that individual's basis for any action against the exploiter will vary from state to state. Some states provide a statutory basis for recovery that lumps individuals and public figures together and calls it a right of publicity. Other states consider that both a private individual's and a celebrity's cause of action is for violation of a right of privacy.

Because of a celebrity's right of publicity and an individual's right of privacy, any multimedia producer who fails to obtain releases from every person whose likeness, name or voice appears in their work runs the risk of litigation. The fact that the work is in the public domain is irrelevant, since right of privacy and publicity claims do not expire with the copyright, but live on.

6. The right of publicity is currently recognized statutorily in California (CAL. CIV. CODE §§ 990, 3344); Florida (FLA. STAT. ANN. § 540.08); Massachusetts (MASS. ANN. L., ch. 214, § 3A); Nebraska (NEB. REV. STAT. § 20-202); New York (N.Y. CIV. RIGHTS L. §§ 50-51); Oklahoma (OKLA. STAT. ANN., tit. 21, §§ 839.1-839.3); Rhode Island (R.I. GEN. L. §§ 9-1-28); Tennessee (TENN. CODE. ANN. § 47-25-1101 to -1108); Utah (UTAH CODE ANN. 45-3-1 to 43-3-6); Virginia (VA. CODE ANN. § 8.01-40 and 18.2-216.1) and Wisconsin (WIS. STAT. ANN. § 895.50). In addition, the following states have recognized the right of publicity in their common law: California (Motschenbacher v. R.J. Reynolds Tobacco Co., 498 F.2d 821 (9th Cir. 1974)); Connecticut (Bi-Rite Enters., Inc. v. Bruce Miner Co., 757 F.2d 440 (1st Cir. 1985)); Florida (Zim v. Western Publishing Co., 573 F.2d 1318 (5th Cir. 1978)); Georgia (Martin Luther King Center for Social Change v. American Heritage Prods., 250 Ga. 135, 296 S.E.2d 697 (1982)); Hawaii (Fergerstrom v. Hawaiian Ocean View Estates, Inc., 50 Haw. 374 (1968)); Illinois (Douglass v. Hustler Mag., Inc., 769 F.2d 1138 (7th Cir. 1985)); Michigan (Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831 (6th cir. 1983)); New Jersey (Edison v. Edison Polyform Mfg. Co., 73 N.J. Eq. 136, 67 A.392 (1907)); Ohio (Zachinni v. Scripps-Howard Broadcasting Co., 433 U.S. 562 (1977)); Texas (Kimbro v. Coca-Cola, 521 S.W.2d 719 (Tex. Civ. App. 1975)); Wisconsin (Hirsh v. S.C. Johnson, 90 Wis. 2d 379, 280 N.W.2d 129 (1979)).

7. CAL. CIV. CODE § 990, § 3344; NEW YORK CIVIL RIGHTS L. §§ 50, 51.

8. See CAL. CIV. CODE § 990(f)(2) (protection is granted for 50 years after the celebrity's death, provided there is registration).

9. For example, the NEW YORK CIVIL RIGHTS LAW §§ 50, 51, although written in privacy terms, are also the basis for right of publicity claims. As written, there is no limitation that the person alleging a claim be a public figure. This is the same under CALIFORNIA CIVIL CODE § 3344, although the rationale in California leans more towards a business tort or misappropriation theory.

10. This is not to say, however, that a private individual cannot be elevated to a public person by events that thrust that individual into the spotlight. In such cases, a right of publicity claim may be appropriate.
Of course, both the right of privacy and the right of publicity are not absolute. These rights must yield to certain First Amendment limitations and fair use considerations. If these rights were absolute, most newspapers, magazines and tabloid television shows would be out of business, although some celebrities and private individuals would not be disappointed if this occurred.

V. COPYRIGHT

The copyright laws are pervasive in the protection of multimedia works. A copyright protects original works of authorship fixed in a tangible medium. Works of authorship include: literary works; musical works; dramatic works; pantomimes and choreographic works; pictorial, graphic, and sculptural works; motion pictures and other audiovisual works; and sound recordings.

For the computer aspects of multimedia works, a computer program is protected as a literary work and a computer database is protected as a compilation. However since the U.S. Supreme Court's decision in *Feist Publications, Inc. v. Rural Telephone Service Co.*, the protection offered by a copyright on a database is very thin, since a copyright does not extend to "any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of form . . .".

Although at this point the entertainment attorney reading this article may feel that he or she knows all of the copyright issues involving computer software, there are intricacies to the interrelationship of copyright law and computer software. Consider the application of the *scenes a faire* doctrine to computer software. This doctrine precludes protection for many elements of a user interface (the "look and feel" of the software).

A. WORKS MADE FOR HIRE

When a multimedia work is completed, it will normally be protected by copyright. The key question is: Who owns that copyright?

In the case where a self-employed person creates the entire work, the answer is clear. But what about the situation where numerous people have contributed to the work? Or how about where an original

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12. Id.
15. See 1 M. SCOTT, SCOTT ON COMPUTER LAW § 3.21[E] (1992) for a discussion of the scenes a faire doctrine.
work is based on or incorporates all or a portion of another copyrighted work? Who owns the copyright in this type of work?

In the creation of a multimedia work, it is very tempting to use stock footage of a scene or digital sampling of a song, and in some cases it is a lot cheaper than sending out a film crew, hiring an orchestra or even licensing the materials. Using stock material or digital sampling is fine, as long as the proper clearances have been obtained from the owner(s) and talent.

The issue of whether a work is the creative work of a single author, integrates pre-existing material, is a joint work, or is a work-made-for-hire, affects the ownership rights under the Copyright Act. These rights are important when talking about who has the right to transfer rights in the work, terminate those transfer, and exercise the exclusive rights of the copyright owner.

It is important for any author to determine if the work he or she is creating will be considered a work-made-for-hire. The reason is that if the work is considered a work-made-for-hire, then the employer, and not the creator of the work, will be considered the author. The importance of this is obvious, since under the Copyright Act, the copyright owner has the exclusive rights to exploit that work.16

Under § 201 of the 1976 Copyright Act, the employer is considered the author for purposes of copyright ownership, unless the parties have expressly agreed otherwise in a written document signed by them.17 Also, if a work is one “made or hire,” then the commissioning party will be considered the owner of the copyright.18

16. But always keep in mind the issue of moral rights, since ownership of the copyright in a work does not affect ownership of the moral rights, which remain with the creator.


18. A work is considered to be “made for hire” if:

(1) The work is prepared by an employee within the scope of his or her employment; or

(2) A work is specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a “supplementary work” is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwards, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendices, and indexed, and an “instructional text” is a literary, pictorial or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

17 U.S.C. § 101. CAL. LABOR CODE § 3315.5(c) defines an “employee” as any person while engaged by contract for the creation of a specially ordered or commissioned work of au-
Although this all seems straightforward, there is a trap for the unwary in dealing with ownership or licensing of derivative works.\(^{19}\) It is a judicially-created trap that originated in the U.S. Supreme Court case of *Stewart v. Abend*.\(^{20}\)

*Stewart* dealt with the movie, “Rear Window,” which was based on the short story “It Had To Be Murder,” by Cornell Woolrich. Woolrich had agreed to renew the copyright in the story and to reassign the copyright in the movie but died before the renewal time. The executor of his estate renewed the copyright in the work in Woolrich’s name and later sold the copyright to Abend. When the movie was re-released during the second term of the copyright, Abend sued for infringement, since the executor has not reassigned the movie rights to the people who held these rights during the first term, although Woolrich had agreed to do so. The case eventually ended up in the hands of the Supreme Court.

The Supreme Court held that when a derivative work is created, this new work does not destroy the underlying work, and the rights anyone may have in that original work. In addition, the Court held that although Woolrich had agreed to reassign the movie rights at the end of the first term, the potential assignees had only “an unfilled expectant” that he, in fact, would reassign those rights.

In other words, one who bases a work on another work copyrighted under the 1909 Act which is still in its first term, takes a big risk, even if the author of the underlying work agrees to assign the renewal rights to the owner of the derivative work. If the author dies before the renewal term, under *Stewart*, the heirs do not have to execute the assignment of the renewal. That means the derivative work owner must renegotiate and re-obtain of the rights or cease distributing the work.

As you can see, copyright issues involving ownership, works for hire, and *Stewart v. Abend*, can make the licensing of a copyrighted work somewhat tricky. For this reason a producer of a multimedia work should always obtain insurance for the project.

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19. A derivative work is a work based upon (derived from) another work. For example, in *Stewart v. Abend*, the movie in issue, “Rear Window,” was a derivative work of the original short story “It Had to be Murder.”

20. — U.S. —, 109 L. Ed. 2d 184 (1990) (also referred to as the Rear Window case, since it involved the movie “Rear Window”). It is important to note that *Stewart* is only applicable to derivative works copyrighted under the 1909 Act still under the first 28-year term of protection where the author is no longer living.
B. PUBLIC DOMAIN

While the term “public domain” is widely and loosely used in the entertainment industry to mean “free to use without infringement,” it is important to determine why a work is considered to be in the “public domain.”

Certain materials that are in the public domain can be used freely and distributed worldwide without concern. These would include:

1. materials in which the copyright term has expired worldwide
2. materials created by the U.S. government and
3. materials on which the author has intentionally abandoned copyright protection.

Other materials may only be in the public domain in the United States, but still protected by copyright elsewhere in the world. These would include:

1. materials first published in the United States before January 1, 1978, without a proper copyright notice

21. The U.S. accession to the Berne Convention, effective March 1, 1989, did not result in the retroactive protection of works still protected in their country of origin, although in the public domain in the United States, despite the language of the Berne Convention. See Berne Convention Implementation Act §12 (“[the Act] does not provide for copyright protection for any work that is in the public domain in the United States); 1 M. Nimmer & D. Nimmer, Nimmer on Copyright § 1.05[A], at 1-44.22; § 2.03[B], at 2-39 to 2-41 (1992).

22. The current term of copyright in the United States and most other countries is the life of the author plus fifty years. 17 U.S.C. § 302(a). However, there are countries in which the copyright term is longer, and some in which it is shorter. Therefore, the mere fact that copyright has expired in one country does not necessarily mean that it has expired everywhere. Further, for works first published in the United States before January 1, 1978, the term of protection is 75 years, regardless of the author’s longevity. Id. § 304(a).

23. Id. § 105. But be careful, a work published by the U.S. Government may include material that is copyrighted by another author. For example, a senator may quote extensively from, or even incorporate an entire copyrighted work, in the Congressional Record. The mere fact that it is in the Congressional Record does not put it in the public domain. If in doubt, call the government agency and check to see if any copyrighted material was incorporated into the work.

24. The problem with reliance on dedication to the public domain as a basis for use is the difficulty in proving that the author intended to abandon the copyright. Oral statements would almost never be sufficient, whereas, a written statement would be sufficient only if it met all of the evidentiary requirements for such a writing.

25. While omission of the copyright notice is the most obvious flaw, incomplete notices or notices that have the wrong date, wrong author or incorrect copyright symbol, that are incorrectly placed on the work or are unintelligible could also result in a loss of U.S. copyright protection. 2 M. Nimmer & D. Nimmer, Nimmer on Copyright § 7.14[A], at 7-133 (1992).
2. materials first published in the United States before January 1, 1978, for which no registration and deposit was made in the Copyright Office.

3. materials first published in the United States between January 1, 1978, and February 28, 1989, without a proper copyright notice which defect was not properly "cured." and

4. materials first published in the United States prior to January 1, 1964, for which the copyright was not renewed at the end of the first 28-year copyright term.

Thus, the mere fact that something is generally considered to be "in the public domain" does not obviate the need to determine whether it is protected by copyright in any territory in which the multimedia work is to be distributed, and to obtain the necessary licenses or releases for those territories.

On the other hand, the fact that a work is in the public domain does not mean that a new work, based in whole or in part on that public domain work, is ineligible for copyright protection. For example, the fact that the novel Dracula is in the public domain does not mean that the 1992 release of the movie Dracula is ineligible for copyright protection. If the movie otherwise meets the requirements for copyright protection, it is entitled to copyright protection. However, the grant of a copyright in the movie does not give the copyright owner any rights in the underlying public domain materials. Anyone else is free to use the novel Dracula as a basis for a movie (or any other work), as long as he does not take any of the copyrighted materials added to the book by the original filmmaker.

The questions of whether or not something is in the public domain at all, and if so, whether it can be used in a multimedia work that is going to be distributed internationally, are often difficult to answer with certainty. Some level of comfort can be obtained by conducting a thorough search in the U.S. Copyright Office.

However, that search only covers the United States. It is virtually impossible to conduct similar searches in other countries, since outside the United States there is generally no requirement for registration or deposit of copyrighted works, and the national Copyright Office would have little or no information on the ownership of, let alone the copyright status of, a particular work.

26. For example, Bram Stoker's novel, Dracula, fell into the public domain in the United States because Stoker failed to comply with the deposit requirements in effect in 1897. See Lugosi v. Universal Pictures, 25 Cal.3d 813, 160 Cal. Rptr. 323, 603 P.2d 425 (1979).


C. MORAL RIGHTS

The term *moral rights* refers to the rights of the creative artist to protect his work's integrity and to be identified as its creator. The concept of moral rights originated in Europe and is presently a hot issue in the United States between copyright holders, who feel they own the work and should be able to do what they want with it, and the creative community, who feel that their reputations can be damaged by arbitrary changes to the work. Colorization of black and white films is a key example of the moral rights issue, as is editing a movie for television or airline in-flight presentation.

In fact, moral rights are one reason why so many people in the creative community fear multimedia. Because anything placed in a multimedia work must be digitized, it is extremely easy to manipulate the original work, either by the multimedia producer or the end user.

The caveat here is that if a multimedia producer is using a pre-existing work, there may be a clause in the original contract for production of the underlying work which precludes alteration of the finished work. Usually, it is the director who will have such a contractual clause. The reality of the situation is that these clauses are usually forgotten or unknown by the current copyright holder of the work until the work is changed. Then, and only then, will the creative talent claim breach of contract and seek to remove the work from the market. For this reason, always obtain the proper warranties and indemnifications from the licensor.

But situations involving moral rights are not just limited to pre-existing works; they also arise with original productions using either union or non-union talent. Many union contracts forbid alteration of the work without the consent of the union member. In non-union situations, make sure the talent waives their moral rights.

VI. INSURANCE

Insurance for multimedia works will usually take the form of an Errors and Omissions (E&O) policy. A basic E&O insurance policy generally protects the insured from causes of actions relating to:

1. Invasion of statutory or common law right of privacy or publicity;
2. Libel, slander or other forms of defamation;
3. Infringement of statutory or common law copyright;
4. Unauthorized use of names, trade names, trademarks, service marks, titles, formats, ideas, characters, character names, characterizations, plots, musical compositions, performances, slogans, program material or any similar material; and/or
5. Breach of implied or implied in fact contract arising out of submission of any literary, dramatic, musical or other similar material, or breach or trust and confidence arising out of any such submission.
However, before an insurance policy is issued, the insurance company must make an assessment of the risks of the project. In general, an E&O insurance application requires all relevant information regarding the obtaining of all underlying rights, licenses, "Rear Window" problems and copies of releases as well as any information relating to copyright and trademark searches. Because of the complexity of properly obtaining any underlying rights, the application requires that both the applicant and its attorney (who is required to review all relevant information) sign the application.

VII. CONCLUSION

Unfortunately, this article can only skim the surface of the legal issues that arise in connection with multimedia projects. Hopefully, it has alerted you to some of the complexities and interrelationship of the issues involved in developing and protecting multimedia works.