Agencies, Clients and Copyright Issues:

The New Era of Artwork Ownership
Years ago...

...copyright was conceived as a way to protect creators of artwork, or “original works of authorship,” allowing authors to retain the rights to all publication, reproduction, performance and display of their works, thereby profiting from those. But copyright law is complex, and many agency-client relationships fall afoul over ownership issues unless agencies explain ownership to clients, address copyright in contracts and project agreements, and cover rights transfer in initial project estimates.

Poor Man’s Copyright Registration

Once upon a time, artists and designers would mark copies of ads or designs with their copyright and the date, place them in an envelope, seal it and mail it back to themselves by registered mail. The unopened “proof of copyright” was a backup in case they ever had to defend their copyright in court. All this did was prove you created artwork at a particular time, in case an infringer tried to claim the idea originated with them. This low-cost alternative to formally registering a work was seldom needed. People might not have been more honest, but the economy was certainly less based on the idea that “everything is free.”

The Internet makes a mockery of old methods. Artists trustingly share work in online forums and portfolios, while others blatantly copy those ideas, claiming them as their own “original” art. Clients are not averse to this mindset. From speculative campaign pitches where clients demand that all ideas (and the rights to use same) be handed over as part of the pitch, to clients rejecting agency ideas and then taking those same ideas to a freelancer for execution, agencies’ and graphic designers’ ownership rights are under assault.

Fortunately, most clients just need a little education on the subject of copyright law to become model partners. And even agencies can require a tutorial on what can and can’t be copyrighted.

This white paper examines copyright basics, clients and artwork ownership, and working with freelancers. We hope you’ll find this a valuable refresher on how to protect your agency and its work, and enjoy less troubled relations with clients and vendors alike.

Laurie Mikes
COO, Second Wind Ltd.
The Copyright Issue

Know Your (Copy)Rights!

A copyright is a form of protection provided for “original works of authorship” fixed in a tangible form. Copyright assumes that an individual will derive benefits from his or her creation. Establishing “ownership” conveys certain exclusive rights such as: the right to copy or reproduce the work; the right to publish it; the right to perform it publicly; the right to record it; the right to display it; and the right to make new versions of it, thereby increasing the individual’s ability to generate income.

Works protected by copyright may be literary, dramatic, musical or artistic. Copyrighted works include but are not limited to: Motion pictures (now extended beyond video to DVD and all downloadable formats); screenplays; computer programs and software; novels; sculptures; songs; fabric designs; and sound recordings. Copyright does not protect ideas, short phrases (trademark registration covers those), useful articles or format.

Few pieces of legislation had more impact on our business than the Copyright Act of 1976. This gave artists protection for, and more importantly control of, their works. Perhaps you think they always had that, but the history of copyrighting in the USA is long and complex.

Works published prior to 1906 are now considered public domain. Works published between 1906 and 1964 were only copyrighted if a copyright was applied for—and the creator or “author” wasn’t always the one who got the copyright! From 1964 through 1977, copyrights were required to be renewed or they passed into the public domain at the time the original copyright terms expired. Most European works, and U.S. works published since 1977, now have copyrights extending to 70 years after the death of the author; or, if corporately owned, to 95 years from date of publication. Since the Supreme Court’s Reid Decision, effective March 1, 1989, authors’ rights to their works have been automatically protected with or without officially registering them, and renewals of post-1964 copyrights are no longer required under current law. Creators no longer need to post a copyright notice to be protected. Essentially, under the Supreme Court’s 1989 Reid Decision,* the creator holds the rights to his works unless he specifically relinquishes those rights in writing; but he has greater legal protection against infringement if the copyright is formally registered.

*The Reid Decision
Complicated, isn’t it? It gets worse if you need permission to use a copyrighted work. Depending on when the copyright was issued, it can fall under different terms of copyright protection and usage. And, if a work is affected by the international Berne Convention, it is important to remember that other “Berne nation” authors don’t need to hold a U.S. copyright registration to bring a lawsuit in the USA—but U.S. authors MUST be registered to do so!

**Negotiate This!**

As if the laws themselves are not sufficiently complicated, the ins and outs of ownership are now a maze of negotiations. Remember when photographers would give up the client’s negatives without an argument? Or when freelancers didn’t require a signed and notarized contract to do a job for you? Or when illustrators didn’t try to maintain full rights to every piece created, regardless of whether there was any likelihood it could ever be used as “stock”?

We haven’t even begun to plumb the depths of the copyright issue where digital files, photo scanning and image manipulation are concerned. The USA passed the Digital Millennium Copyright Act (DMCA) in 1998, joining the United Nations World Intellectual Property Organization (WIPO), in an international copyright and trademark treaty. The WIPO aims to equitably administer copyright protections across the global Internet. Meanwhile, Congress has considered three versions of a bill on “orphan works”—those items for which a copyright holder cannot be easily confirmed—since the turn of the millennium. Such legislation could prove worrisome for anyone using internet-located images in content marketing. No bills are currently pending, but keep an ear to the ground for signs of this troublemaker resurfacing. ([Learn more](#) about orphan works at the Illustrators Partnership blog.)

**Wait... We Own Stuff, Too?**

Is this issue all bad for advertising and design providers? Not at all. Even as copyrights protect photographers, illustrators and other independent contractors, they extend protection to us as well. Under the law, we own what we create, too. The only part of our work that actually belongs to our clients is the completed job they contracted us to deliver—the printed four-color brochure, the radio spot’s final dub, the TV commercial’s final edit, etc. Under the law, we own all the materials used to create the finished work—the comps, digital files, etc., that accumulate as the job progresses from stage to stage. To get full value from our ownership, we need to copyright our work.

Begin by applying the copyright notice to all work your agency creates. A copyright notice follows this format: the word “copyright” (or the © symbol, or the abbreviation copr.), the year of first publication, and the name of the copyright holder. It should look like this:
Although copyright is automatic for works published since the Berne Convention went into effect, keep in mind that you cannot sue for infringement unless you have actually registered the work with the U.S. Copyright Office by sending in two copies of the work, a completed application, and a small fee, preferably within three months of publication. A registered copyright entitles you to statutory damages and recovery of attorney’s fees. An unregistered copyright is a notice of ownership but may limit your ability to pursue full legal options.

Explaining “Work for Hire”

The crux of the ownership debate has always turned on the issue of “work for hire” v. “independent contractor.” The Supreme Court issued a 1978 decision establishing standards for determining work for hire status, and clarified these in 1989’s Reid Decision. Your own staff designers perform work for hire—they create works under the terms of their employment with the agency, therefore you own the rights to said works. But a freelancer, for instance, is an independent contractor, so you (or your client) must negotiate ownership of or rights to any work you purchase (or your client must do so).

By the same token, YOU are an independent contractor working for your clients (clients have tried to claim advertising agencies are their employees, but the courts have disagreed). As such, you can negotiate ownership with your clients over artwork, images, and ideas committed to paper or digital layout, etc.

Legacy Clients May Be a Tough Sell

You must make a judgment call on how hard to press the issue of ownership with your clients. Some of us are good at getting what’s due to us without treading on clients’ sensitive toes. Test the waters of this issue with new clients, but step very lightly where older clients are concerned, especially if you are new to the entire issue of copyrighting your work. Traditionally, the work we do has been considered to be the clients’ property (which in effect makes us a vendor with convenient storage space, rather than the marketing partner we should all be striving to be).

Old-order clients may dislike the idea of “paying extra” for things they considered theirs by right. And it may prove very difficult to convince clients that easily-altered digital files are not automatically theirs to revise unless they pay a fee to the creator (the agency) every time they substantially alter the original. The concept is the same as that applied to digital photo images—when does a source image reach the point of being sufficiently altered from the original that it becomes a new image?

The only way to protect your agency is to cover ownership issues up front. On page 20, see a sample Copyright Buy-out Agreement you can use to specify terms of ownership on works created for clients. Your lawyers may require more detailed terms—always check with them. With some rewording, you can also adapt the same form for purchasing work from illustrators, photographers and other independent contractors. Protect your work. You’re entitled.
Be aware that legal grounds for client ownership have been established in the area of Agency of Record/Agent for a Disclosed Principal contracts. Legal advisors suggest that under such contractual terms, the courts may regard an agency as the client’s employee, giving clients copyright ownership of all work and related materials created for them by the agency. Again, discuss artwork/file ownership at the start of any new client relationship to avert future problems.

*Community for Creative Non-Violence v. Reid. 109 S. Ct. 2166 (1989); a.k.a., the Reid Decision. See page 6 for more about Reid. Or read an excerpt here.*
What You Cannot Copyright

Works That Have Not Been Fixed in a Tangible Form – Until a work is written on paper or made in some other form that can be seen and/or held, it is not copyrightable; for example: stories that have not been written down, dances that have not been notated or recorded, or speeches or lectures that have not been written down or recorded.

Titles, Names, Mottos, or Slogans – Book titles, company names, group names, pen names, pseudonyms, product names, phrases, mottos, slogans, catchwords, advertising expressions and the like may not be copyrighted. Some of these may be registered as trademarks. For assistance in registering a trademark, please call Second Wind.

Ideas, Methods, Procedures, and Systems – Copyright only protects the form of expression of an idea, not the idea itself. If you come up with a great way to make a million dollars, a process for tripling corn yield or a system for eliminating paying income tax, you can write and copyright a book and no one can copy your book, but others can use your ideas or write their own books about your ideas.

When your agency presents an idea to a client, that client might take that idea elsewhere and have someone produce a different execution than the one you presented (although doing so without paying you is unethical); but, if they copy the intangible idea and your suggested execution, you have some recourse under current copyright law. You may still have to prove that you explained copyright to the client, and claimed it by marking a dated, tangible form of the idea with your copyright.

Do you need to formally register every work your agency creates to protect your rights as creators? No; the Supreme Court found artists are protected under US copyright law even without registration. However, you may benefit from formal registration should you ever have to go to court to sue an infringer; registered works may be given greater weight in court judgments, and in the amount of award decided as recompense for infringement.

In addition to basic copyright law, agencies must also consider “work for hire,” which applies where agencies are in agency of record relationships with clients. Under such arrangements, the agency is “employed” by the client (i.e., works for hire), and the copyright for works created under that relationship automatically transfer to the client.
A unanimous 1989 Supreme Court decision* clarified the Copyright Act in a way that aids freelance artists in retaining rights to their work. The decision, written by Justice Thurgood Marshall, resolved a long-standing controversy over the section of the Act providing copyright “ownership” for the “author” of artwork unless the piece was a “work made for hire,” in which case ownership belongs to the ad agency, publisher, design firm or other entity for whom the project was created.

The Court, rejecting arguments from the advertising and publishing communities, found that Congress intended the statute to be interpreted consistently with traditional employer-employee relationships, keeping many freelancers from falling under the “work made for hire” exception. Major advertisers, publishers and agencies dependent on freelance artwork assumed that they—not the freelancer—held the copyright because they controlled the final product. Legal experts consider the decision an important victory for freelance artists, allowing them to possess the copyright and attendant reproduction rights to their work.

This means agencies must insist that freelancers waive artwork ownership as a part of doing business with the agency. Do this by including a disclaimer as part of the agency purchase order:

**ARTWORK OWNERSHIP PURCHASE ORDER DISCLAIMER**

For the acceptance of the payment shown on this purchase order, you agree that all ideas, plans and materials prepared by you (collectively, “the Materials”) will be considered works-made-for-hire and the sole and exclusive property of the issuer of this purchase order. In the event that the Materials are not copyrightable subject matter or for any reason are deemed not to be works-made-for-hire, then and in such event, by this agreement you hereby assign all right, title and interest to said Materials to the issuer of this purchase order, and agree to execute all documents required to evidence such assignment. Without limiting the foregoing, it is specifically understood and agreed that you will retain no ownership rights whatsoever in or to the Materials.

It is also good policy to mention the ownership waiver to freelancers the first time they work with you: don’t surprise them with the issue when a project is ready to bill. Explain your policy of buying full ownership of the...
artwork, and obtain their agreement in writing. Most freelancers really don’t care to retain ownership. Logos, brochure designs, catalogues and client-specific artwork don’t have much residual value for them, although a smart freelancer might see the value of retaining rights to a company logo or stationery package. Photography and illustration are gray areas because originals are created and reproduced in client jobs. Those originals could be sold as artwork or resold to another client as stock work. In such cases, you might want to let the artist retain ownership rights.

Your production manager must make a strategic decision. If the agency thinks ownership of artwork is necessary, as in the case of a logo, then negotiate hard for ownership; that artwork usually has little additional value to the artist. If you think full ownership of the artwork is unnecessary, as in the case of a photograph or illustration, then negotiate for use only. This might bring your price down.

You also could negotiate unlimited use for your client, without ownership; the artist retains ownership of the original artwork for use as stock or original art, but you negotiate unlimited usage. In all honesty, this is almost a moot point. In our experience, most artists and photographers are so anxious to do business that they are willing to give you ownership of the job for the fee rendered up front. But, because of the Supreme Court ruling, be on the safe side and put the clause into the agency purchase order.

And guess what, sports fans? There is another side to this issue. Many times agencies work almost as freelancers when doing project work for clients. Under the ruling, unless the agency has negotiated differently, they retain the copyright to the work as well as attendant reproduction rights and licensing rights. During thirty years in the business, we never had an “ownership” discussion with a client over artwork, but in recent years that situation has changed. Here is an example of an Ownership Clause from an Agency of Record contract:

Ownership, Custody and Control of Property

The Client will own all rights to hard copy versions of advertising projects that have been invoiced and paid for, and to final deliverables as described in the scope of work or project agreement. This includes unused digital images, original illustrations, unedited film/video footage, and other production materials, where applicable. The Client also owns electronic files of Client projects, but these will remain in the Agency’s custody for a minimum of two (2) years. Electronic files may be transferred to the Client for use, provided the Client follows guidelines explained under “Standards of Quality.”

[Related Clause from “Standards of Quality”]

The Agency will be invited to review and provide creative direction on any projects related to the advertising plan and handled by the Client’s internal staff, including those projects that originated at the Agency.

The bottom line is—buy ownership on every piece of artwork when it seems necessary, or is not cost-prohibitive, to do so. Don’t automatically relinquish ownership to clients for project work done in-house or bought from freelancers. If you buy ownership, you’ll be in the driver’s seat no matter what happens. ■
Clients and Copyright

Dealing with the Borrowers

Intellectual property is truly the buzzword of the millennium. An agency principal recently requested wording for an agreement she could ask clients or prospects to sign when her agency presented creative ideas, to ensure those ideas could not be “borrowed” by the presentee, used without the agency’s permission—or used without paying for the idea!

More and more, clients conducting agency reviews demand full ownership of ideas presented during agency pitches. Agencies that refuse to devalue their services by essentially giving away their ideas walk away from these pitches. Sadly, too many agencies fold and concede the victory without a fight.

Once upon a time in our business, this sort of “theft” would not have happened. Now we must take the offensive and claim the rights to our ideas up front. Copyright all materials you leave with the client, and affix this ownership wording to such materials. As always, check with your legal advisor before putting such an agreement into use.

The agency retains ownership of all creative execution unless and until they transfer such ownership in writing to the client. The client buys the right to use this artwork on a single use basis. All other usage of this artwork by the client must be cleared by the agency. The agency may choose to set a fee for additional usage.

As misuse of intellectual property becomes rampant, you must protect your agency’s interests. After all, your creative work is your primary asset.

See also Acknowledgement of Intellectual Property Rights, following.
Acknowledgement of Intellectual Property Rights

[Client Name], hereinafter called “the Client,” agrees that all intellectual property, i.e., design work and copy concepts, including layouts, digital files and hard copies, video and audio “samplers,” photography, illustration, or three-dimensional mock-ups of same, presented by [Agency Name], hereinafter called “the Agency,” to the Client for review, shall remain the exclusive property of the Agency unless specifically contracted for purchase or use by the Client.

At the time such purchase or use is agreed to, specific transfer of ownership shall be arranged or specific terms for use shall be determined, and the cost of said materials and related services agreed to.

All such aforementioned intellectual property presented to the Client shall be returned to the Agency upon demand therefor.

Unauthorized use of all such aforementioned Agency intellectual property shall constitute a violation of the Agency’s copyright, and violators shall be prosecuted to the full extent of the law.

Ownership of such intellectual property shall be so designated by the following clause which shall appear on all Agency proprietary materials/digital files:

© 20XX [Agency Name]. This work is the property of [Agency Name], and cannot be used, reproduced, distributed, or transmitted in any form or by any information storage or retrieval system, without the written permission of the copyright holder except where permitted by law.

_______________________________________
Authorized Client Signature   Date

_______________________________________
Authorized Agency Signature
Forums Address Clients “Sharing” Creative

Not long ago, Second Wind Online Forums included a discussion about clients sharing with affiliates creative produced and sold for a specified use, without notifying or compensating the agency or licensed vendor for reusing the work. Members suggested several ways to deal with this issue:

**Have photographers retain copyright on their images, and grant full usage—in all mediums and in perpetuity—to the original client only.** For images transferred to a third party, the photographer is paid an additional fee. This provides the original client full usage without additional cost, and protects the photographer from third-party use without payment. If you think it will happen often, quote fees for third-party use within “the network” for different types of usage.

**Clients purchase the use of the idea for a specific project, ad series, or campaign.** Additional use beyond the scope of the initial contract requires an additional fee and/or renegotiation of usage rights. Only if you are the agency-of-record do the courts perceive the agency as being in a “work for hire” position, where all rights transfer automatically to the client.

**Rights discussions should take place when a project is initiated, not after-the fact.** Include ownership wording in the initial agreement, and communicate this very important message in an open, honest, and in-person conversation with the client(s).

**Extending usage to affiliate companies is a new business opportunity.** Be up-front with your original client about usage terms. Then ask if the client will help you with contacts at his sister companies. Turn what could be a negative into a positive situation for your agency.
Reuse of Creative Product Is Becoming a Problem

Here’s a story about something that happens to agencies every day. Three years ago, an agency did a great campaign for a client. The client loved the work and paid promptly for it. Everyone was happy.

Fast-forward to today. The client wants to use the work again in fourteen other markets and has asked the agency to gather the materials and send them along to a film house. The agency feels the price they charged did not cover the client’s national use of the work. They would like to ask the client for more money as a usage fee, but they know the client has no idea that the agency, by law, actually owns the work.

The agency sold the work to the client at one level—for limited use in a single market. The client, meanwhile, feels as long as they have paid for the work, they own it and have the right to do with it as they please.

Technically, agencies have the right to limit use of their work. The Reid Decision clearly placed ownership of artwork and creative in the hands of the creator, unless the creator transfers in writing those rights to another party. The agency has the right to limit the usage of their property; or more accurately, has the right to be paid accordingly for the usage of their product. The client needs to understand, based on the law, that they are not buying rights to unlimited usage or ownership simply by paying the agency a fee. Sadly, neither the agency nor the client had the foresight to deal with these issues up front before there were problems. Following is a list of things you should understand as intellectual property becomes increasingly valuable.

Understand the Reid Decision. This 1989 Supreme Court decision holds that ownership of a creative product remains in the hands of the creator.

Deal with the issue up front. Explain in your proposal that your price covers a specific level of client ownership.

Set prices for all levels. These prices should be higher for each progressive level of usage. See Pricing a Buyout of Artwork on page 18.

This is obviously a strategic move for agency and client. Sometimes clients will not care about future ownership, and sometimes it will not be appropriate for the agency to ask for any sort of ownership (for example, a logo.
project, where it is assumed the agency will sell full ownership of a client logo). Price is another factor in negotiation. Our former agency’s practice was to buy all photography at the one-time use price, but to get full ownership. Of course, your clients could do the same to you. We also made it a practice to try to own all client work, so that we had some leverage in final negotiations if necessary. The strategic possibilities go on forever, so make it a practice to plan ownership strategically.

If a client comes to you looking for original art, CDs, digital files, etc., and you do not have a written understanding about ownership, calculate a fair usage fee based on your understanding of how they will use the materials, in excess of how they used them initially. We’ve seen $500 to $1,000 per usage as an average. This establishes your position as the owner of the materials.

Or, you could offer to do the work for them yourself for no further usage fee, if they would allow you to charge time for additional creative and production services. This enables you to keep some control over the process. If the usage is only additional printing, offer to have them put the work through your agency, allowing you to take a fair markup.

Clients will not understand this at first. Many are used to working with agencies on the old “work for hire” basis. Before Reid, agencies were assumed to fall under work for hire, so all artwork automatically became the property of the client. But post-Reid case law has established that work for hire applies only to Agency of Record—and we all know how rare an AOR contract is today. Clients today are often sufficiently aware of ownership issues to have artwork ownership clauses in their agency agreements, whether for agency of record or project assignments. But if they don’t cover ownership up front, your agency must raise the discussion at the start of any project... especially since your estimate will be affected if full ownership is requested.

It’s a potentially explosive situation between clients and agencies, so educate all agency personnel on how to strategically handle situations should they arise.

Project Contract Ownership Clause

Use this sample artwork ownership language in your proposals or client agreements:

OWNERSHIP AND DISPOSITION OF PROPERTY AND MATERIALS.

All materials and creative work produced by reason of the terms of this Agreement shall remain the property of the agency unless other arrangements for usage and ownership shall be made in writing between the Client and the Agency.

The Client waives the right to challenge the validity of the Agency’s ownership of creative materials.
Buyer Beware!

Best Practices in Working with Freelancers

Your client loves the new logo designed by your agency’s freelance artist, and uses the new logo almost immediately. “Cause for celebration!” you say. In some cases, however, it may prove to be cause for consternation. Historically, agencies have guarded against design plagiarism and intellectual property theft. But easy access to images and artwork on the web can result in overt design theft, trapping agencies between freelancers and agency clients.

Recently, one agency had to call a client to admit that a freelancer had passed off another’s work as her own. The agency discovered the plagiarism and confronted the freelancer. At first, she denied any wrongdoing; but later, she admitted to stealing the idea. The agency then had to figure out how to tell the client, and take action to straighten out the mess.

It is worthwhile to set preventive policies, because creative plagiarism can even occur unconsciously... better safe than sorry. Consider how selling a client a plagiarized logo would impact your job or your agency.

Design fraud could happen at your agency due to:

• The vast number of low-cost, do-it-yourself (DIY) logo design sites;

• The proliferation of services for posting online portfolios which freelance designers feel compelled to use to compete with DIY sites; and

• The “cult of the amateur,” which attracts clients to cheap design—leaving them vulnerable to copyright violations thanks to ignorant or outright unethical “designers.”

Plagiarism as a Business Model

LogoGarden.com claimed to be “the fastest growing logo site on the internet,” with over 10,000 designs available for use. Although the owner of LogoGarden insisted he and a team of skilled designers created these logos, in August 2011, designer Bill Gardner discovered over 200 Gardner Design logos on the site. At one point, the site contained so many stolen images—many by prominent designers—buyers could unwittingly pay for great logos they had no legal right to use.

A person with a few computer skills (and even less ethics) can copy a design directly from
another artist’s online portfolio at sites like oDesk, Elance, Freelancer, Guru, 99designs, Behance, Crowdsourc, Bizreef and Krop. Using photo-retouching software, the thief can create a derivative design and present this as an “original.” There are even apps for removing protective watermarks! To be fair, many unschooled designers have little or no understanding of copyright or design ethics… all the more reason to protect your agency, and your clients, by following some best practices when dealing with freelancers.

The following steps help prevent your agency from falling victim to fraud or plagiarism.

**Freelancer Contracts/Agreements**

First, carefully write your freelancer contracts/agreements to include:

- A warranty that designs submitted are free and clear of copyright or trademark infringement and are the original work of the designer,
- A confidentiality/trade secret clause,
- An independent contractor affirmation,
- A hold harmless clause (so your agency cannot be held responsible for a freelancer’s negligence),
- Terms/compensation,
- Copyright transfer/buy out and
- Portfolio restrictions/permissions.

Using such an agreement offers legal options to your agency. Your clients still have a right to expect that your agency will take reasonable steps to ensure original and unique work from freelancers and your own staff.

**Spell out the Consequences**

Your agency should make sure that freelancers know the consequences of turning in a derivative or plagiarized work. A generation used to cutting and pasting with impunity may not understand the serious legal/financial implications involved in design plagiarism. And easy access to the work of other designers may even tempt seasoned designers experiencing a creative block. All agency workers need to understand that agency work is intellectual property, and any theft or fraud involving this property can and will have a career-level impact. In other words, make sure agency designers (freelancers and full-time) understand you will fire anyone found plagiarizing.

**Scan and Search**

Your agency should scan and search the internet when receiving a design. Check stock image sites such as Corbis Images and iStockphoto to see if the design is copied or slightly altered. A derivative design is as damaging to your agency’s reputation as flat-out plagiarism. It is up to you to take all reasonable steps to confirm that designs contracted through freelancers are original. Although image searching technology is not as precise as all would like, it can still be a tool in your
anti-fraud tool kit. TinEye is one site where you can upload an image and search for its use on other websites. Currently, TinEye’s image catalog may trail the Web’s actual image total. Meanwhile, Google Images has enabled reverse image search since June 2011.

**Cease and Desist Letters**

You may discover one of your own images being used improperly. It is important to create a template “Cease and Desist” letter page 16 to send to any offenders. Often this step will solve the problem and prevent the need for further legal action.

**Register for Trademark**

Lastly, make sure your agency does trademark and copyright searches on behalf of clients, especially before publishing logos, slogans or product names. Register client logos, slogans and product names for trademark protection. Registration gives the client the right to litigate through the courts. All of these steps are time-consuming; but in comparison, litigation is prohibitively expensive. Putting “anti-theft” practices in place can help you preserve your agency’s creative reputation, and your client relationships. ■
Sample Cease and Desist Letter

Dear [name]:

It has come to our attention that you have made an unauthorized use of BigIdea Advertising, Inc.’s copyrighted work entitled [name of work] (hereinafter referred to as “the Work”) in the preparation of a work derived therefrom. BigIdea Advertising, Inc. has reserved all rights in the Work, first published on [date], [and has registered copyright therein]. Your work entitled [name of infringing work] is essentially identical to the Work and clearly used the Work as its basis.

[Give a few examples that illustrate direct copying].

As you neither asked for nor received permission to use the Work as the basis for your [name of infringing work] nor to make or distribute copies of the same, we believe you have willfully infringed our rights under 17 U.S.C. Section 101 et seq. and could be liable for statutory damages as high as $100,000 as set forth in Section 504(c)(2) therein.

Big Idea Advertising, Inc. demands that you immediately cease the use and distribution of all infringing works derived from the Work, and all copies of the same, that you deliver to BigIdea Advertising, Inc. all unused, undistributed copies of the same, or destroy such copies immediately, and that you desist from this or any other infringement of our rights in the future. If we have not received an affirmative response from you by [compliance date - give them about 2 weeks] indicating that you have fully complied with these requirements, BigIdea Advertising, Inc. shall take further action against you.

Respectfully,

Robert BigIdea
BigIdea Advertising, Inc.
Negotiating Use of Commissioned Art or Photography

Always cover the following three steps in negotiating ownership or unlimited usage of art, photography, illustration, media, etc. If there is even a remote possibility that you may reuse the art or media in the future for your client (or for another client), address the issue at the start of a project. In the case of any already-in-use art for which rights were not negotiated originally, be prepared to be held up for more money. Make sure you cover the issue on all purchase orders from this date forward.

1. **Work out a buy-out or unlimited usage arrangement with your vendor before you sign the purchase order.** Spell out the details of the agreement on the purchase order, and keep copies with the original art and the client files. If the vendor refuses to release the rights at a price you and the client can stomach, either seek shorter term use (i.e., three years unlimited use of a photo after which it reverts to the photographer), or look for a vendor more willing to negotiate.

2. **Plan ahead and buy smart.** Think pragmatically about the work you are commissioning and decide if it is likely to have long-term use for you or the client. Bring the client in to help make the determination if necessary. Buy the rights according to the arrangement that seems most cost-effective and flexible.

3. **Know the law.** The entire issue of copyright ownership is a work-in-progress. New facets of the law are being explored in the courts even as we speak. And there is the relatively new question of how to deal with orphaned works in the digital era. Resources are available for keeping abreast of the latest developments. Study up and best of luck to us all. ■
**Pricing a Buyout of Artwork or Creative Product**

Based on research by the Graphic Artists Guild, the three levels of buying creative product from an advertising or design firm are:

**One-time Use** – where the client buys a one-time use of the creative product.

**Extended to Unlimited Use** – where the client buys extended use of the creative product within a set period, but does not buy full ownership; or buys unlimited use for the duration of the agency-client relationship, with a full buy-out to be negotiated on termination of the relationship.

**Buyout** – where the client buys the complete rights to use the creative product, without restrictions, and the creator releases their ownership rights.

How much do you up-charge a client from one-time use to allow them further use or full buyout of your artwork? Following is a guide.

**Typical up-charge from one-time use to unlimited use:**

50% to 75% over one-time use

**Typical up-charge from one-time use to full buyout:**

100% to 150% over one-time use
Sample Copyright Buyout Agreement

This agreement is made between ABC Advertising and _____________________________________________ (Client), and pertains to the following work created by ABC Advertising for the Client:

The Client agrees to (one of the following):
A. One-time Rights
__________________________________ (Client) is granted one-time rights to usage of work upon payment in full. ABC Advertising retains original copyrights to all work. Costs for additional usage of works to be negotiated.

__________________________________ Date ____________

B. Unlimited Rights
__________________________________ (Client) is granted unlimited rights to usage of work upon payment in full. ABC Advertising retains original copyrights to all work.

__________________________________ Date ____________

C. Buyout of Copyrights
__________________________________ (Client) is granted full rights to work upon payment in full. ABC Advertising relinquishes all copyrights.

__________________________________ Date ____________

(Note to Agencies: Price of buy-out should be clearly stated for each level of rights.)
Copyright protection for digital artwork and design is very complicated. The problem is one of control—or the apparent lack of it. It is virtually impossible to control artwork once it is transferred by email upload, CD, DVD or disk to a client. Yet, copyright law entitles the creator control of, or at least compensation for, all derivative uses of his or her work. Specifically, the law states that creative work remains the property of the creator unless ownership is specifically transferred to the buyer in writing. That statement, to say the least, is very complicated. Certainly the law assigns ownership to the creator, but have you ever known a client who did not think they absolutely owned the artwork?

As if the issue of ownership alone isn't tricky enough, there is the added complication of payment for alterations and additional uses of an electronic file. In The Joint Ethics Committees’ Code of Fair Practices, it is stated, “where alterations or retakes are necessary, the creator shall be given the opportunity of making such changes.” The Code further requires payment for usage beyond that which was originally contracted. In other words, even if the creator doesn’t physically make changes to the original file, the creator is entitled to a reuse fee. And any client who makes changes to a digital file rather than returning to his agency to have that done is avoiding responsibility to pay for the right to use that file. This makes digital file ownership a money issue as well as a control issue.

Here are some points to guide you as you venture into the treacherous waters of electronic file transfers.

Copyright – Make sure you apply copyright notices (©), the year of first publication, and your name both in-file and on all hard copies
when providing digital files to clients. State clearly that files cannot be copied without your permission. Should clients want to edit files, you need to discuss licensing of fonts and software, as well as a purchase fee for the files and full copyright buyout of the art. The standard wording in your agreements and releases should include a detailed paragraph on OWNERSHIP, similar to the following:

**Ownership and Return of Designs**

Upon Agency’s receipt of full payment, finished [advertising materials, brochures, files, etc.] delivered to the Client shall become the property of the Client. The ownership of original artwork, including but not limited to sketches, digital files and their contents, and any other materials created in the process of making the Designs, as well as illustrations or photographic materials such as prints and transparencies, shall remain with the agency unless Client specifically negotiates a buyout of rights to said materials, and said rights are transferred in writing by the Agency to the Client. Additional use or reuse of materials beyond that specified shall be subject to additional fees.

These are some other important terms you should know:

**Credit Lines** – The agency shall be given credit in: (a) all electronically-generated files (b) all agency-provided materials/media, (b) documentation, (c) packaging and (d) illustrator’s mark-on-art. This is basically a secondary level support of your copyright notice, verifying the work is yours.

**Modifications** – Any alteration of original art (color shift, mirroring, flapping, combination cut and paste, deletion) creating additional art, shall constitute additional use and will be billed accordingly. This clause enables you to be paid for additional use of digital work. You might add a statement like “the client agrees to seek permission from the agency” to make changes, and to pay for them at such a time.

**Unauthorized Use and Program Licenses** – Client will indemnify agency against all claims and expenses arising from uses for which client does not have rights to or authority to use. The client will be responsible for payment of any special licensing or royalty fees resulting from the use of graphics programs that require such payments; and

**Agency’s Guarantee for Program Use** – Agency guarantees to notify client of any licensing and/or permissions required for art-generating/driving programs to be used. You must be licensed to use software and fonts to create or modify a design. If the client is not authorized, you are protected should the client start messing around with your file. And you are obligated to inform the client of licensing fees if you don’t already have authorization.

**Copy Protection** – The client must copy protect all final art that is the subject of this agreement against duplication or alteration.

**Changes in the Law** – The client waives the right to challenge the validity of the agency’s ownership of the art, subject to this agreement because of any change or evolution of the law. The law continues to evolve along with technology, meaning there is a possibility that digital art created for a client may in some future court decision be declared “work for hire.” With this clause, you will not lose control of the art you create today.
To sum up, PLAY IT SAFE. Always identify your work with the copyright notice and spell out the terms of information transfer in some form of contract or release. Because digital files have extended use, they are far more valuable than traditional camera-ready art. Protecting your creations is not only a matter of control, but financial common sense.

Read more about The Joint Ethics Committee Code of Fair Practice at the Graphic Artists Guild website.
Summary

Copyright and artwork ownership laws are continually evolving; make every effort to stay on top of issues by following news coverage on the issue, and tagging some useful web resources. Most of the big university law libraries have public copyright and intellectual property websites. Here are three we like:

**Duke University** - [https://law.duke.edu/lib/researchguides/intprop/](https://law.duke.edu/lib/researchguides/intprop/)

**Stanford University** - [http://fairuse.stanford.edu](http://fairuse.stanford.edu)

**Columbia University** - [http://copyright.columbia.edu/copyright/special-topics/art-and-other-images/](http://copyright.columbia.edu/copyright/special-topics/art-and-other-images/)

Also, **Harvard Law School** has a page with lots of links you might find helpful: [http://www.law.harvard.edu/faculty/martin/art_law/image_rights.htm](http://www.law.harvard.edu/faculty/martin/art_law/image_rights.htm)

You may also want to bookmark the **US Copyright Law** website: [http://www.copyright.gov](http://www.copyright.gov)

Protecting your agency’s rights over your artwork, ideas and other intellectual property is business common sense. Call or email Second Wind if you have questions or need assistance.

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