

## **Legal Opinion on Clause 22: Commission Work**

The Portfolio Committee on Trade and Industry requested a Legal opinion on commissioned works. This is aimed at clarifying the section in the Copyright Amendment Bill on commissioned work.

The Act does not define commission work. Commission work in simple terms is when you request or commission another person or organisation to create or produce copyright work for you and paying for it.

The general rule is that the copyright owner in artistic work vests with the artist or creator of the work. It is the artist who creates the work; it is the artist who should be the owner. They make a living from the work they create.

Commissioning of works is not clear cut. A decision as to who owns the copyright work can have various implications. Granting the copyright works to authors may discourage big companies from commissioning works, which may have implications in the economy and discourage investments. Where copyright owners who commissioned the work, limits the use of the copyright work or even destroy or keep it dormant, have consequences for the author which may require mediation for the work to be released. There are works that may be re-used such as when the painting is resold, the author may be entitled to a royalty depending on the purposes. The legal opinion addresses various options to clarify commissioned work.

### **The Copyright Act of 1978**

For purposes of the legislation, commissioned works focuses on photograph, the painting or drawing of a portrait, the making of a gravure, the making of a cinematograph film or the making of a sound recording. It does not apply works conducted for personal use.

Section 21 of the principal Act provides for an exception to the general rule. Subsection (1)(c) of the Principal Act, provides;

*Section 21(1)(c) Where a person commissions the taking of a photograph, the painting or drawing of a portrait, the making of a gravure, the making of a cinematograph film or the making of a sound recording and pays or agrees to pay for it in money or money's worth, and the work is made in pursuance of the commission, such person shall, subject to the provisions of paragraph (b), be the owner of any copyright subsisting therein by virtue of section 3 and 4*

### **Commissioned work and employment**

There is a distinction between commissioned work as provided for in subsection (1) (c) and work made in the course of employment in terms of subsection (1)(b). Subsection (1)(b) deals with work made in the course of employment for the purpose of publication in a newspaper or magazine or similar periodic. It provides that the proprietor is the owner of such work in as far as the copyright relates to publication. Therefore where artistic work is made in the course of employment ( the artist being employed to create the work of art), the employer is the copyright owner if the employer is a proprietor of a newspaper or magazine.

In terms of the principal Act, where a person is commissioned to create the work, and there is an agreement to pay for such creation, the person who commissions the work is the owner.

The policy intervention sort in the amendment of this clause is:

1. Where the work is used for the purpose other than the purpose which it was commissioned for. Where the work is commissioned for particular purpose, the person commissioning is not entitled to make copies or to do other things which are exclusively reserved to the author. The Act provides how copyright can be transferred. It is transferred by assignment. The contract of assignment must be in writing and signed by the person transferring the copyright. It is only in this instance that the

author can sign away his right in the copyright work. In the case of commissioned work, the work is done for a particular purpose by the author, the author does not transfer copyright.

The Act is specific on how copyright can be transferred. It can be transferred by assignment, testamentary or operation of law. Where the person commissioning uses the work for the purpose other than what is commissioned, the author shall be the owner by virtue of section 3 or 4 of the Act and the person commissioning should require a licence from the author to exploit the work. Therefore though the work can be commissioned, the author can retain copyright.

### **Proposed wording Option 1**

Section 21(1)(c) Where a person commissions the taking of a photograph, the painting or drawing of a portrait, the making of a gravure, the making of a cinematograph film or the making of a sound recording and pays or agrees to pay for it in money or money's worth, and the work is made in pursuance of the commission, the ownership of any copyright subsisting in the work shall be governed by contract: Provided where the contract does not provide for ownership, the person commissioning the work shall be the owner of the copyright in the work in so far as the copyright relates to the purpose for which such work is commissioned."

This option gives the parties the power to contract as they deem fit. The parties can specify in the contract where ownership of the work so commissioned vests. The intervention sought is where the parties fail to deal with the ownership of the commissioned work in the contract. In such instance the ownership of the commissioned work will vest with the person commissioning.

### **The Canadian model of dealing with Commissioned work.**

Section 13(1) of the Copyright Act, the Canadian Act provides as follows:

*Where, in the case of an engraving, photograph, or portrait, the plate or other original was ordered by some other person and was made for valuable consideration in pursuance of that order, then in the absence of any agreement to the contrary, the person by whom such plate or other original was ordered shall be the first owner of the copyright.*

The rule in terms of the Canadian model is that the artist or author owns copyright in commissioned work. It further allows the parties in the commissioned work to settle issues by contract. The provision that the author is the first owner of the work in commissioned work only applies where the parties have failed to address the issue in the contract.

### **Proposed wording following the Canadian Model.**

Section 21(1)(c) Where a person commissions the taking of a photograph, the painting or drawing of a portrait, the making of a gravure, the making of a cinematograph film or the making of a sound recording and pays or agrees to pay for it in money or money's worth, and the work is made in pursuance of the commission, the ownership of any copyright subsisting in the work shall be governed by contract: Provided where the contract does not provide for ownership, the author or creator of such commissioned work shall be the owner of the copyright in the work."

**Case Law:** In the Matter of South African Broadcasting Corporation (SABC) and Via Vollenhoven and Appollis Independent (1<sup>st</sup> respondent) and Sylvia Elizabeth Vollenhoven (2<sup>nd</sup> respondent)

The applicant, the SABC, concluded a written Television Production Commissioning Agreement (the TPC agreement) with the first respondent, a close corporation conducting business as a film production house (VIA) in which it commissioned VIA to make two documentary film episodes called 'Truth Be Told : Project Spear'. The Applicant purchased the copyright in the films for the amount of R559 169 which was duly paid to VIA One episode was broadcast on 28 October 2012 and the other entitled "Project Spear: - Stolen billions, spies and lies" (the work) has not been broadcasted by the applicant to date of the application before court and was the

subject matter of dispute. The applicant sought an interdict against the first and second respondents from infringing the applicant's copyright in the work.

In casu, the applicant SABC, commissioned the making of a documentary (cinematographic film) and paid for it. VIA produced the film for SABC and delivered the film. Some parts of the film were broadcasted and some were not.

The applicants alleged that the first and second respondents were in breach of the agreement by not handing over all materials in respect of the work and by threatening to broadcast the work. The applicant also advised them that it did not intend to sell any of its rights in the work to them. It sought an undertaking by close of business on 26 June 2013 together with delivery up of specified materials failing which it gave notice of its intention to launch an interdict against the respondents.

The Court took into consideration the following provisions of the Copyright Act:

Section 8 (1) of the Act which includes the right to reproduce the film, causing the film to be publicly shown, broadcasting, and make adaptations. Section 3(1)(b) confers copyright on an author who is a qualified person, which includes in the case of a juristic person, being incorporated under the laws of the Republic. Ownership of such copyright conferred in terms of section 3 vests in the author of the work. Section 1(d) defines the author in relation to a cinematograph film as "the person by whom the arrangements for the making of the film were made".

In dealing with section 21, the court took into consideration Section 21(1) which provides that the ownership of any copyright conferred by s 3 (i.e a qualified person) vest in the author. Section 21(1) ( c) provides that where a person commissions the making of a cinematograph film and pays or agrees to pay for it in money or money's worth , and the work is made in pursuance of that commission, such person shall be the owner of any copyright. Of critical importance is s 21 (e) which makes provision for excluding by agreement the effect of a commission agreement contemplated by s 21(1) (c). In other words the Act only vests the commissioning party of a cinematograph work with copyright ownership in the absence the parties agreeing otherwise.

The Court took into consideration the Berne Convention and provided that since

South Africa is a signatory to the Berne Convention which standardizes copyright law to a great extent. Article 14 of the Berne Convention - Paris text 1971 provides that the owner of copyright in a cinematographic work shall have same rights as the author of an original work and the rights of ownership shall be a matter for legislation in the country where the protection is claimed. Section 21 seeks to achieve the provisions of the Berne Convention.

The court acknowledged that creative work has become commoditized. The concept of authorship has shifted with the advances in media technology and production management from the de facto author or creator to the entrepreneur. The Act strikes a balance between the rights of the de facto author i.e the creator of the work and the statutory author ie the copyright owner. The court concluded that VIA as creator sold its work to the Applicant for substantial material gain in a commission agreement. This is the quid pro quo upon which s 21 of the Act is premised. The parties may contract with each other to vary or exclude the ownership of the copyright vesting in the commissioning party under s 21(1) (e). The Act is therefore not the instrument by which the rights of the film maker are curtailed or excluded. It simply regulates the default rights of the parties absent an agreement to the contrary.

The court did not view the fact that SABC has not exploited the work for some time. It regarded exploitation as the work that has not been broadcasted, adapted, licenced, sold or indeed used in any manner by the Applicant to derive a commercial advantage.

The court also viewed VIA reliance on s20 of the Act as flowing from the statutory shift in the definition of authorship of a cinematographic work that the author's moral right under s 20 of the Act vests in the Applicant and not the Second Respondent. VIA cannot claim any rights as author. There is no residual category of authorship available to it under the Act.

In this case the court seem to suggest that all the rights available to the author of copyright are discharged to the person commissioning the work

Automatic assignment is peculiar to the employment context however it may create undesired results where the work is commissioned; there can not be automatic assignment of the copyright to the commissioner of the work.

Legislation must take into consideration the following:

- i. Where work is used for purposes other than what it was commissioned for;
- ii. Where the commissioning person has not exploited the work
- iii. Where the contract fails to specify who the owner of the commissioned work is.
- iv. Where the ownership is granted to the commissioning person as contemplated in the principal Act, the author to be given the right to apply before the Tribunal for a licence to use the work.
- v. To make a distinction for where commissioned work is of personal nature

### **The Copyright Tribunal**

Where the person commissioning the work requires using the work other than for the purpose which it was commissioned, the person commissioning should approach the Tribunal and apply for a licence to use the work other than for what it was commissioned for.

### **Proposed wording for applying to the Tribunal:**

“(3) (a) The author of a work contemplated in subsection (1)(c) may approach the Tribunal for an order—

(i) where the work is not used by the copyright owner, licencing the author to use that work, subject to a tariff determined by the Tribunal payable to the copyright owner; or

(ii) where the work is not used for the purpose for which it was commissioned, ordering the copyright owner to make payment of royalties to the author for such other use.

(b) When considering a licence contemplated in paragraph (a)(i), the Tribunal

must take all relevant factors into account, including the following:

(i) The nature of the work;

(ii) the reason why, and period for which, the copyright right owner did not use the work; and

(iii) public interest.

(c) Where the work contemplated in subsection (1)(c) is of a personal nature to the copyright owner, the Tribunal may not licence the author to use that work.”

In the case of Stephunus Griesel and Disney Enterprises and others; The issue before the court was not on commissioned work but it was a case of copyright infringement. Mr Griesel was acting in his capacity as an Executor in the estate of the Late Solomon Masazeni Ntsela, also known as Linda. Linda was the composer of the original song MBUBE. The song was recorded and copies of sound recording were issued.

There were two other American men named, Hugo Peretti and Luigi Create who later wrote a musical work entitled THE LION SLEEPS TONIGHT. It was alleged that the song was a reproduction or an adaptation of the musical work MBUBE.

The song was used in cinematographic film THE LION KING; Disney is the copyright owner of the latter.

The allegation was that the selling, importing and distributing of THE LION KING without obtaining a licence on the musical MBUBE amounted to infringement.

The executor claim royalties which would have been paid by the licensee.

Before the matter court went on trial, a settlement was reached between the parties involved. Part of the settlement was that Linda would be acknowledged as co-composer of THE LION SLEEPS TONIGHT and be designated as such in future. His heirs received payment of past uses of THE LION SLEEPS TONIGHT and entitlement to future royalties from worldwide use.