

Putting the copyright in

Charles Swan of **The Simkins Partnership** reviews the law relating to the disposal of copyright in light of the Doc Martens logo case

The issue was simple: a client goes to an advertising agency and pays it to design a new logo. The agency employs a freelance designer to produce the design.

Nothing is said about copyright. Who owns the copyright in the logo?

Dr Martens functional boots, incorporating soles originally sold to elderly German women with foot trouble, have been enthusiastically adopted by a diverse market in over 78 countries, including policemen, skinheads, the Rt Hon Tony Benn and feisty teenage girls. In a colourful judgment handed down in December 2003 (*R Griggs Group Ltd v Evans* [2003]), Peter Prescott QC (sitting as a deputy judge in the High Court) nudged the concept of 'equitable ownership' of copyright in a direction which will be approved of by clients, but may be less welcome to advertising and design agencies, and creative suppliers in general.

Background

Dr Martens boots are made by a group of companies originating from the family firm of Bill Griggs, the producer of the famous 'bulldog boot' used by the British army. In 1988, Griggs commissioned a small advertising agency in Kettering, Irwin Jordan Ltd, to produce a new logo combining their existing Dr Martens and Airware logos.

The combined logo has continued to appear on Dr Martens footwear ever since.

The designer who created the Dr Martens logo, Ross Evans, was an independent contractor hired by the advertising agency for a standard rate fee of £15 an hour. The agency knew that Griggs intended the logo to be used for the branding of Dr Martens footwear generally. The deputy judge accepted that Mr Evans himself was not told by the agency about this general purpose of the logo, believing that he was being asked to design a logo merely for point of sale material to be used in the UK. However, he found that this had not been of any consequence to Mr Evans at the time.

The logo created by Mr Evans was undoubtedly a copyright artistic work, even though the concept – to combine two logos already in use by Griggs – was not 'earth-shaking' and was proposed by the client. Because Mr Evans, the author of the work, was not an employee of Irwin Jordan and copyright had not been discussed, the legal title to the copyright in the logo unquestionably belonged to Mr Evans.

To understand how Griggs ended up being declared the 'beneficial owner' of the copyright, two legal concepts need to be examined: implied terms in contracts and equitable ownership of copyright.

Implied terms in creative contracts

A number of conditions must be satisfied before a term can be implied into a contract. The term must be necessary to make sense of the contract commercially (to give it 'business efficacy') and it must be so obvious that 'it goes without saying'. If, for example, a creative supplier is commissioned to produce a drawing or photograph, with no discussion of copyright, the courts will readily imply a term into the contract giving the client a licence to use the material for the purposes for which it was jointly contemplated at the time of the engagement.

Equitable ownership of copyright: the minimalist approach

If the creator of a work agrees to assign copyright to the client, the client entitled to that assignment becomes the 'equitable' or 'beneficial' owner of the copyright. The court will order the legal owner to assign the copyright to the equitable owner, the equitable owner can sue people who infringe the copyright, and the equitable owner is to all intents and purposes the real owner of the copyright.

In *Ray v Classic FM Plc* [1998], Lightman J emphasised a minimalist approach towards implying copyright assignments. If sense can be made of an agreement by implying either a licence or an assignment of copyright, only a licence will be implied. Circumstances requiring an assignment of copyright are only likely to arise:

... if the Client needs in addition to the right to use the copyright works the right to exclude the Contractor from using the work and the ability to enforce the copyright against third parties.

In the Dr Martens case, Peter Prescott QC considered that the design of a logo would normally be a 'paradigm' example of just such an exception from the minimalist approach. It was obvious to him that the right to use the logo, and to exclude others from using the logo, was to belong to the client, not the designer. The designer was the legal owner of copyright, but Griggs was the owner in equity.

Other copyright works: assignment or licence?

Lightman J's description of the circumstances in which it might be necessary to imply an assignment of copyright cannot be regarded as anything more than that. It was not a statement of the circumstances in which an assignment of copyright will be implied. In the

GRIGGS v EVANS – KEY PRINCIPLES

- Where nothing is agreed (either expressly or impliedly) about disposal of copyright, it normally remains with the creator.
- If a contract is silent, a term can be implied into it to give it 'business efficacy' and must be so obvious that 'it goes without saying'.
- In *Ray v Classic FM*, it was held that a minimalist approach should be adopted where a licence can be implied to give efficacy to the contract. Only where the client also needs to exclude the creator and third parties from using the work is an assignment of copyright likely to be implied.
- In the particular circumstances of *Griggs*, where a logo was commissioned, it was held that the minimalist approach should not be adopted since, 'in order to give business efficacy to the contract, it will rarely be enough to imply a term that the client shall enjoy a mere licence to use a logo and nothing more... He will surely need some right to prevent others from reproducing the logo.' The creator was the legal owner but the client, Griggs, was the owner in equity and therefore the legal title should be assigned to it.

advertising industry it is common for clients to need the right to use copyright works on an exclusive basis and to be able to enforce the copyright against third parties, but the creative components of advertising are frequently licensed rather than assigned.

If an agency commissions music for a television commercial, for example, the client is likely to want that music to be exclusive to the commercial. The client will want to be able to stop its competitors from using the same music in its commercials. The normal contract between agencies and music producers, however, involves only an exclusive licence, not an assignment of copyright.

Similarly, although advertisers and agencies are increasingly buying 'royalty-free' licences for photographs used in advertising, and such licences are cheap but non-exclusive, photographers commissioned to produce photographs for specific campaigns understand that the shots (for which they are paid much higher sums to produce) are intended to be unique to the

client. It is nevertheless very common for photographers to grant only a licence, not an assignment of copyright.

Both music composers and photographers retain copyright, but not necessarily because they want to be able to exploit the work they produce themselves (although they may want to do this when the advertiser has finished with it). They will also expect to charge additional usage fees if the licence is extended to new territories, longer time periods or new media.

Advertising agency contracts

The designer of a logo is never likely to be able to use the logo themselves, since it will remain the client's trademark indefinitely. Nor will a logo typically be charged for on a territorial or media basis. A client wants a logo to use anywhere in the world across all its communications and until it or the public gets tired of it. A logo therefore 'belongs' to a client in a more fundamental way than the individual creative components of its advertising.

The situation when an agency is engaged to produce advertising for a client is different. The agency's position is somewhere in between that of the designer of a logo and that of a composer or photographer.

Recommended contract terms published by the ISBA and the IPA contain a number

of variants for the copyright provisions but recognise:

... the underlying legal position whereby, in the absence of any assignment, copyright will be owned by the Agency insofar as its employees create material or outside suppliers of material assign copyright to the Agency in writing.

By and large, however, it is normal for an agency to agree to assign copyright to clients, either immediately, on request, or on termination of the agreement. Often the assignment of copyright is conditional on compliance by the client with its obligations under the agreement, including its most fundamental obligation: payment.

It is also common for the agency to retain rights in cartoon figures, models or other characters whose visual appearance has been created exclusively for the client by the agency or the agency's subcontractors. The agency may then receive additional payment if such works are used in income-generating ways, such as character merchandising. The agency will also want to be able to use the advertising for its own promotion, to retain copyright in materials used in any unsuccessful pitches made to the client, and perhaps also reserve a right to additional payment if advertising is used outside the territory of the agreement.

Conclusion

The lesson to be learned by both client and supplier is clear. The copyright position should be dealt with at the outset of the relationship. If the client expects to own the copyright it should agree this with the supplier and obtain a written assignment of the legal title. If the supplier expects to retain copyright, it should make this clear, specifying the extent of the client's licence in writing. Freelance creative suppliers should not assume that they own the copyright in their work just because the Copyright Act 1988 says that the owner of the copyright is the author. The Copyright Act is only half the story.

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R Griggs Group Ltd & ors v Evans & ors
[2003] EWHC 2914 (Ch)
Ray v Classic FM Plc
[1998] FSR 622