Licensing Copyrights: Converting Creativity Into Cash Flow

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Copyright IP is a multi-billion dollar worldwide business. Take a look at the latest statistics from the Intellectual Property Alliance:

- In 2012, the value added by the total copyright industries to GDP exceeded $1.7 trillion ($1,765 billion), accounting for 11.25% of the U.S. economy.
- The core copyright industries employed nearly 5.4 million workers in 2012, accounting for 4.04% of the entire U.S. workforce, and 4.83% of total private employment in the U.S.
- The annual 2012 compensation paid to core copyright workers -- $85,644 -- far exceeds the average annual compensation paid to all U.S. workers -- $64,594 -- amounting to a 33% "compensation premium" over the average U.S. annual wage.
- The total copyright industries employed more than 11.1 million workers in 2012, accounting for 8.35% of all U.S. employment, or 10% (9.99%) of all private employment in the United States.
What is a Copyright?

The copyright gives the IP owner of the sole right to publish (i.e. copy or broadcast) or perform (adaptations) a copyrighted work. It also prohibits what are known as derivatives without the IP owner’s permission.

Rights may vary according to the nature of the work. Also, a number of different copyrights may exist in the same material --- particularly films and multimedia products.
What can be copyrighted?

Copyrights cover new expressions of ideas in the form of literary and artistic works such as books, paintings, sculptures, motion pictures and musical compositions are protected by copyrights.

Copyright IP also includes other forms of practical objects such as computer programs, product label designs, and architectural works.
Why Register a Copyright?

A copyright is created at the time the IP owner creates a work. Unlike patents and trademarks, it is not necessary to register your copyrighted work in order to be protected by a copyright.

The most important reason for registering your copyright is to enforce your protection rights. Here are the two key steps to take that will insure your copyright is legally secured:

1. Place a copyright notice on a published work. By placing this notice on your published work (distributed to the public without restriction), you prevent others from copyrighting the work without your permission and claiming they didn’t know the work was covered by copyright. If you’re forced to file a lawsuit to enforce the copyright, it is much easier to recover significant money damages from a deliberate (as opposed to innocent) copyright infringer.

2. Register your work with the U.S. Copyright Office. Timely registration within three months of the work’s publication date, or before the infringement actually begins-makes it much easier to sue and recover from an infringer. Timely registration creates a legal presumption that the copyright is valid and it allows you to recover monetary damages.
Key Steps to Registering Internationally

Copyright protections in a particular country depend on the national laws of that country. Most countries offer protection to US copyright owners under treaties and conventions.

Here’s a list of these treaties and conventions:

- The Berne Convention for the Protection of Literary and Artistic Works
- The Universal Copyright Convention
- The World Intellectual Property Organization (WIPO) Copyright Treaty
- The WIPO Performances and Phonograms Treaty

The first step is to determine whether you want international copyright protection before you publish your IP anywhere. Then find out if the country is a member of one of these treaties. If so, you’ll need to research the requirements to get copyright protection.

Before registering in any country, it’s always best to seek out advice of qualified legal expert who is familiar the foreign copyright laws. They can guide and help you avoid the pitfalls of foreign copyright registration.
How to License a Copyright

Through licensing, you are giving someone a limited number of rights to use your copyright for a certain period of time. For instance, if you have created a book, you could license the reproduction and distribution rights to a publisher, but not the rights to any derivatives (such as a TV show) or the merchandise. The publisher would only have rights to make, distribute and sell copies of the book.

Copyright licensing is often encountered in the entertainment and technology industries. Licensing is particularly lucrative in this multimedia environment, especially for characters popularized by movies and TV shows which create significant merchandising opportunities. I had an opportunity to experience this first hand while working on the Batman and Power Rangers properties, both of which generated over a billion dollars in licensed merchandise sales.

In the technology industry, copyrights are often acquired to protect software. A copyright license is used to define the intended scope of exploitation. For instance, the rights may be limited to distribution to the end user or the business market, or bundled under an OEM licensing agreement.
New Copyright Licensing Models

New models of copyright have evolved over the last decade as a result of internet technologies. The creative commons copyright and the free or open source software licenses are designed for the fair use of the IP and are controlled through various levels of rights granted.

For example creative commons licensing provides use, mix, add, edit and distribute rights based on full or partial disclosure of the source. Instead of licensing code for a fee, open source relies on revenue generated from related services like systems integration, product support, tutorials and user documentation.

A free license gives the licensee specific rights to use IP on a royalty free basis. It’s usually for the duration of the copyright, are often basis of crowd sourcing and crowd funding projects.
The 21st Century Indispensable Skill-set

The rapid pace of change in IP laws worldwide, and the recognition by governments, corporations, and investors of the value of intellectual property assets has made IP literacy and licensing the new, indispensable skill set of the 21st century. IP management and money making skills are no longer just for some with IP. These are critical skills for today's business owners, CEO's, startups and inventors.

Those lacking the skill set of managing and making money with IP are at a disadvantage. Without adequate knowledge, you face a number of potential problems including infringement, loss of IP rights, misappropriation of confidential information, loss of IP value, improper disclosures, and missed income opportunities.
Monetizing IP Assets

Licensing is one of the easiest and fastest ways for monetizing intellectual property assets. Creative exploration can unearth useful solutions and potential applications for intellectual property assets, many times even outside of the industry that created them. For instance, a patented design feature used to streamline an aircraft may work to enhance fuel-efficient design in automobiles. Or, a copyrighted rock-and-roll song may contain lyrics and rhythms that work well for the television ad for a motorcycle company.

By applying a creative mindset to the real value an IP asset and the revenue opportunities it possesses, an IP owner can find themselves with a treasure trove of unrealized wealth.
About Rand Brenner

Rand Brenner has licensed some of the biggest Hollywood blockbusters, including “Batman” and the “Mighty Morphin Power Rangers”, both of which generated billions of dollars in worldwide merchandise sales. His career included executive positions at Saban Entertainment and Warner Bros Consumer Products where he developed numerous licensing and promotional deals with Fortune 1000 companies including Coca Cola, Kellogg's, Quaker Oats, Hasbro, Mattel, Random House, Harper Collins, Pillsbury, Topps, Sara Lee/Hanes and others.
About Licensing Consulting Group

Licensing Consulting Group is at the forefront of the new economy and the global IP marketplace. Our role varies, depending on needs, from an advisory role in IP strategy, to actively managing the licensing program or even to taking the role of a virtual IP team. LCG has an extensive network of resources including IP attorneys, valuation, royalty audits, and IP financing and litigation support. Whether you are looking to explore new licensing opportunities, get advice on what intellectual property assets could be licensed, or already have a licensing program you are looking to optimize, Licensing Consulting Group can provide the expertise to maximize your IP asset value.

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