

Copyright: Financial Aspects

adding value to content

WIPO-FIP workshops

New Delhi, India – 15/16 February 2007

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Value of each party to the other

- Publishers need authors...
- Authors need publishers...
- Authors seek recognition and promotion, but...
- Like the rest of us, authors have to live...
- Publishers must operate commercially
- So – a fair deal must be struck for creative work

Fee-based payment

- A fee can be ‘work-for-hire’, a rate for a job
- Usually calculated by number of words (*e.g. \$250 per 1000 words*)
- Copyright is often transferred (‘assigned’) to the publisher
- One-off payment, no repeat fees
- Writer receives payment regardless of book’s success (*or failure...*)

Royalties

- The king owned the land
- The tenants mined and sold the stone (or tin, or lead)
- They paid the king a commission (*hence, royalties*)
- In publishing, royalties are a percentage based on *either* the price of the book *or* the net sums received by the publisher
- Benchmark can be 10%, but sliding scale payable when there are high start-up costs

Advances

- An advance on royalty is not the same as a fee
- It is money 'on account' to keep the author solvent before publication
- It is often split into equal parts: on signature, on delivery, on publication
- Needs to be limited so that it can 'earn out'
- New money will be paid only when the advance has been covered ('earned out')

Author costs

- Author and publisher may agree on a permissions budget
- Can apply to text extracts, or pictures from a photo library
- If budget is exceeded, the extra cost can be cut (*or the author can pay*)
- Limit on corrections to proofs (normally 10%): *no late changes!*
- Costs will be deducted from royalties at year end

Shares of other income

- Subsidiary rights: translation, adaptation...
- Film/TV options, radio readings, dramatisations
- Publisher receives fees or royalties from third parties
- Contract stipulates how this is to be shared with the author
- Splits to author rarely less than 50%, and can be as much as 90%

Problems with royalties

- Big discounts mean either publisher pays too much (10%=20%)
- ...or author receives too little (10% of half the price)
- Returns by booksellers can make sales 'provisional'
- Royalties based on initial sales can drop by 20% (or more...)

Permissions 'in'

- Apart from fair dealing, copyright must be cleared for third-party owned 'stuff'
- 'Stuff' can be text extracts (prose or poetry)...
- Illustrations (artwork, fine art, or photographs)
- Fee level will depend on prominence of item, and extent of dissemination
- Publishers may need to re-apply (and pay) for repeat or extended use

Permissions 'out'

- Value of your publications to others: agree a charging policy
- May be free for good causes (education?)
- Tempting to charge big fees if you have a hot property
- Need to look at social, cultural, and ethical issues – as well as commercial
- Expensive process: ratio of cost per transaction is poor compared to value gained

Subsidiary rights

- Potentially valuable way of further exploiting an author's asset
- Can be adaptation (e.g. translation) of a whole work
- Can be in print form, or transferred to another medium
- Or 'bits of works' (e.g. extracts for anthologies)
- Top of the tree are film/TV options, and merchandising rights
- Contract needs to determine shares with author

Print subsidiary rights

- Paperback, education, large print editions
- Translation into another language (creating second interlocked copyright)
- Serialisation (pre- or post-publication) in magazines, newspapers
- Anthology, abridgement, adaptation, condensing...
- Publishers receive money for collective licensing (RROs, e.g. CLA, CCC)

Other media

- Audio, visual (still and moving images), audio-visual
- Radio or DVD ‘straight’ reading, and dramatisation
- Software program transfer and development (e.g. games)
- Web, digital, electronic re-use (e-books)
- TV and film options (tiny percentage make it to the screen)

Merchandising

- Using characters made famous by literary tradition
- Or animated characters known through film or television
- Value of 'personality' can be added to a wide range of goods
- Yogurt, mouse mats, stationery, beans, drinks
- Revenue shared with author, artist, creator

Importance of rights to publishers

- Publishers join with authors, and add value to creations
- This creates assets – both cultural heritage and information economy
- Essential for publishers to respect and champion creators' rights
- Positive propaganda to promote the value of creators' rights
- Changing the culture to isolate abusers, and harden opinion against piracy

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