

**How come we are not covered?  
Understanding the rules regarding assignment of  
copyrights and related rights in Brazil before  
making the deal.**

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**1. Introduction**

Maybe one of the shadiest areas that the scholars and practitioners in the copyright area find on an almost daily basis is the assignment of such rights. In the United States, the transfer of ownership may occur in whole or in part and any of the exclusive rights granted by section 106 of the 1976 Copyright Act may be included in such grant<sup>23</sup>.

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The considerably straightforward provisions related to transfer of copyright in the United States gives a fairly wrong impression of the complexity involved in such transfers and the level of expertise the law practitioner must have in order to draft a document that will shield his/her client from future claims<sup>4</sup>. That expertise, of

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<sup>2</sup>Section 106 of the 1976 Copyright Act (17 U.S.C. \*\*101-803) enumerates the exclusive rights the owner of the copyright has as follows: (1) the right to reproduce the copyrighted work in copies or phonorecords; (2) the right to prepare derivative works based upon the copyrighted work; (3) the right to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; (4) in the case of literary, musical, dramatic and choreographic works, pantomimes, and motion pictures and other audiovisual works, the right to perform the copyrighted work publicly; (5) in the case of literary, musical, dramatic and choreographic works, pantomimes, and pictorial, graphic or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission. It is not the objective of this work, however, in view of its limited scope, to deal with detailed explanations as to the intricacies appurtenant to each of the mentioned rights. However, of course, it is at least important to demonstrate that the assignment of rights can encompass the transfer of one, two or all of the above rights and, even in cases of assignment of one of the rights, the transfer can be further limited in time, space and manner, as will be seen more thoroughly in section 3 below.

<sup>3</sup>Section 106(1) of the 1976 Copyright Act determines that "the ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession". Section 106(2) of the same Act further determines that "any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title".

<sup>4</sup>More on this aspect, generally in Leaffer, Marshall, Understanding Copyright Law, Third Edition, LexixNexis.

course, increases considerably when the practitioner deals with agreements involving foreign parties.

However, there is still a third level of complexity that must not be forgotten: agreements involving a company or individual with domicile in a civil law country<sup>5</sup>. The distinct rules of protection to copyright and related rights in civil law countries demands knowledge, by a common law country practitioner, of radically different laws and specially of limitations which may make the otherwise smooth and standard procedure of assignment of rights become an actual nightmare.

This article will try to call the attention of its readers to the various issues involving assignment of rights in civil law countries. However, the method chosen for this article is to focus in one of the most problematic civil law countries in the world when assignment of copyrights and related rights are concerned: the Federative Republic of Brazil. There is no intention to write a treatise exhausting the several different intricacies of several different civil law countries. The focus on one

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<sup>5</sup> The civil law countries have a system based on positive law whereby the legislation enacted by the Congress is the basis for the court

country is aimed at allowing more space for in-depth analysis that can also be used when dealing with other civil law countries.

Also, the objective was to write something that could actually be used by several common law country practitioners as a guide to the problems that may be faced in civil law countries, especially Brazil. Therefore, a "hands-on" approach to the article was chosen, with several tips and walkthroughs based on actual negotiations and court actions in Brazil.

By utilizing Brazil as the paradigm, this article will show, in its section two, how is the mechanics of protection of copyrights and related rights in civil law countries. The mechanics of the Copyright Act of the United States will be mentioned when appropriate in order to either contrast the systems or show their similarities. This section will also provide an overview of the division of the copyright into economic and moral rights and an introductory view of the rights related to copyright or, in other words, the neighboring rights of artists and performers.

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decisions. Usually, court decisions do not have binding power, which

Section three will be dedicated to the pitfalls of the civil law system in relation to the assignment of the economic rights of the authors, while section four will delve into the delicate realm of the moral rights and the extreme protection afforded to such rights.

Also of importance is to deal with the peculiar situation of the neighboring rights since they also directly affect the entertainment industry as a whole. Thus, in section five, the article will discuss, with actual examples, what is happening in Brazil - or, better yet, what is not happening - with the assignment of the neighboring rights.

The conclusion will show that, with all the hindrances and limitations to the assignment and even the mere license of such rights, with over paternalistic laws, Brazil is a country where the assignment of rights must be viewed carefully. Once the problems are actually understood, the negotiations, however, become much simpler and alternatives can more easily be found. There are different cultures behind the copyright protection in civil law countries and

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makes changes in interpretation harder in such countries.

the respect to such cultures will allow deals to be closed more effectively and, consequently, more economically.

## **2. The protection of copyrights and neighboring rights in civil law countries**

### 2.1. Introduction

The history and development of copyright is not the objective of this article but it would be a very hard task to comment on the various intricacies related to the assignment of such rights without first defining them according to the rules of most civil law countries. At the same time, it is certainly necessary to point out the existence of the neighboring rights which protection helps divulge and also create, in certain circumstances, an intellectual work<sup>6</sup>.

The approach of the common law countries to the copyright is one that aims mainly at the economic

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<sup>6</sup> Bittar, Carlos Alberto, *Direito de Autor*, 4<sup>th</sup> Edition, Forense, at 152 - Professor Bittar, whose death in 1997 created a huge vacuum in the copyright academic area in Brazil, has his work updated by his son, Professor Eduardo C. B. Bittar. The cited book, although very simple and objective, is one of the most cited works related to copyright in Brazil, in view of its thoroughness and constant updates it received and continues to receive. It is safe to say that Professor Bittar was one of the leading Brazilian authorities in the copyright area.

consequences of the creation of a work. The 1976 Copyright Act of the United States stems from a purely economic axiom: that people will obtain direct and indirect benefits if the creation of works of authors is fostered by the grant of a monopoly on such rights<sup>7</sup>. The act derives from a constitutional mandate that empowers the Congress to issue legislation regarding copyrights and patents and it is clear that the objective is solely to promote the progress of science and of the useful arts<sup>8</sup>.

Based on this, the adoption of the English term "copyright" could not be clearer to identify the purpose of the protection. The right that is granted is substantially the right to copy or, in other words, the right to reproduce and explore, to the maximum extent, the work created. Of course, it is without doubt that, based on the exclusive rights granted to the owner of a copyright by Section 106 of the 1976 Copyright Act<sup>9</sup>, the protection afforded nowadays, even in common law countries like the

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<sup>7</sup> Leaffer, Marshall, *Understanding Copyright Law*, 3<sup>rd</sup> Edition, LexisNexis at 360.

<sup>8</sup> The United States Constitution, Article I, Section 8, Clause 8, reads: "To promote the Progress of Science and the useful Arts, by securing for limited Times, to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries". It is clear that the focus in the so-called Patent and Copyright Clause is purely economical, even though little is known about the actual intention of the Framers regarding this clause.

<sup>9</sup> See footnote 2.

United States, is no longer limited to the right to copy. However, the principle remains with a clear strong resistance of such countries in adopting broader scopes of protection.

On the other side of the spectrum, there are the civil law countries. The protection afforded by the copyright legislation in such countries is certainly much wider than the protection of the common law countries and the understanding of such differences is extremely important to this article.

First, it is safe to say that each work is a creation of the human spirit and regardless of the purpose of the work, it reflects, to some extent, the personality of its author. Creator and creature are forever connected by some common trait that can be traced back to the personality of the author<sup>10</sup>.

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<sup>10</sup> According to Professor Bittar (footnote 6 at 47) the moral rights are "perennial links that unite the creator to his work". He continues by declaring that, "since the work is an emanation of the personality of the author - in which he embeds, therefore, his own intellectual abilities - these rights constitute the crowning, in the legal order, of the protection of the most intimate components of the psychic structure of its creator".

No work is created without the imprinting of some personal characteristic of the author, not even commissioned works and this is the basis for the dichotomy originated in Europe with the French and particularly with the Germans, regarding the division of the rights of the authors into economic and moral rights<sup>11</sup>. Such dichotomy has been widely adopted by several European countries as well as Latin American countries, including Brazil and it is without doubt that, in this aspect, the protection afforded is significantly larger than the protection afforded by, for example, the legislation of the United States.

However, this wider scope of protection is the genesis of several practical problems, as will be seen more fully in the next chapter. For now, it is necessary to extend this chapter in order to better define the rights mentioned above, as well as the neighboring rights.

## 2.2. Economic rights

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<sup>11</sup> For an extraordinary account of the historical origins of copyright and of the rights of the authors, see Ricketson, Sam, *The Berne Convention for the protection of literary and artistic Works: 1886-1986*, Center for Commercial Law Studies.

As commented above, the careful analysis of the term "copyright" immediately reveals the main characteristic of such right: the right to copy. In other words, what is protected is the economic exploitation of the works created by the individuals or companies.

The same happens in civil law countries where "copyright" has slightly different names: *droit d'auteur* in France, *Urheberrecht* in Germany, *derecho de autor* in Spain and *direito de autor* or *direito autoral* in Portugal and Brazil<sup>12</sup>. These names can all be translated as "rights of the authors" and it is widely recognized that, among such rights, there is certainly the right to obtain all possible economic advantages within a defined period of time, which is usually life of the author plus at least fifty years, as determined by the Berne Convention<sup>13</sup>.

The economic rights - or patrimonial rights as they are sometimes called<sup>14</sup> - refer to the economic uses of a

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<sup>12</sup> The Brazilian Copyright Law 9610/98 specifies in section 1 that the term "direitos autorais" encompasses both the author rights ("direitos de autor") and the neighboring rights ("direitos conexos").

<sup>13</sup> Convention concerning the creation of an International Union for the Protection of Literary and Artistic Works (Sep. 9, 1886, revised in 1908, 1928, 1948, 1967 and 1971).

<sup>14</sup> See Bittar, footnote 6 at 49.

work by all possible technical means. It derives that, in order for any such use to be made by a third party, it is necessary that the author or the owner of the right authorize such use.

It is also important to point out, as it is clear from section 106 of the 1976 Copyright Act<sup>15</sup>, that the rights are divisible or, in other words, independent from each other. This is also true under the view of the civil law countries. An assignment of the reproduction rights can be granted to one party and an assignment of the right to prepare derivative works can be granted to a totally unrelated party.

The Brazilian Law does not enumerate the exclusive economic rights as does the United States legislation. As it is common in Brazil, general and, thus, broad terms were used to describe the rights an author has once his work is created.

Law no. 9,610, enacted on February 19, 1998 (Brazilian Copyright Act or BCA), affirms, rather laconically, that the author has the right to use, derive economic benefits

and dispose of his works<sup>16</sup>. This broad language is then punctuated by several exceptions in subsequent sections but the idea remains that every use must be authorized by the author or the owner of the copyright<sup>17</sup>.

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<sup>15</sup> See footnote 2.

<sup>16</sup> Section 28 of the Brazilian Copyright Act reads as follows: "The author has the exclusive right to use his literary, artistic or scientific work, to derive benefit from it and to dispose of it." - Translation into English by the World Trade Organization - WTO. The same source of translation into English will be used throughout the text unless otherwise noted.

<sup>17</sup> The most significant set of limitations to the exclusive rights of the authors/owners of copyright in the Brazilian Copyright Act is set forth in section 46 which deals with what sometimes is referred to "fair use" provisions. However, as the reproduction of section 46 below will show, any attempt of actually comparing the fair use provisions of the United States Copyright Act and the ones in the Brazilian Copyright Act will prove to be fruitless since the Brazilian Law is based on specific circumstances where the author cannot prevent the unauthorized use of his work. There is not much space for interpretation and the provisions are sometimes very harsh in that, for example, private copying is limited to sections of the work, not its entirety. Section 46 reads as follows (translation into English by the WTO):

Section. 46. The following shall not constitute violation of copyright:

I. the reproduction:

(a) in the daily or periodical press of news or informative articles, from newspapers or magazines, with a mention of the name of the author, if they are signed, and of the publications from which they have been taken;

(b) in newspapers or magazines of speeches given at public meetings of any kind;

(c) of portraits or other forms of representation of a likeness, produced on commission, where the reproduction is done by the owner of the commissioned subject matter and the person represented or his heirs have no objection to it;

(d) of literary, artistic or scientific works for the exclusive use of the visually handicapped, provided that the reproduction is done without gainful intent, either in Braille or by means of another process using a medium designed for such users.

These economic rights encompass the rights granted under section 106 of the United States Copyright Act<sup>18</sup> but, differently from the American law, the exclusive rights are not limited to the ones enumerated in the mentioned section. The Brazilian legislators chose to include in the law a very comprehensive list of examples of economic rights that are exclusively owned by the author, including the reproduction, adaptation, translation and distribution rights<sup>19</sup>. In fact, the BCA, after listing a number of

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II. the reproduction in one copy of short extracts from a work for the private use of the copier, provided that it is done by him without gainful intent;

III. the quotation in books, newspapers, magazines or any other medium of communication of passages from a work for the purposes of study, criticism or debate, to the extent justified by the purpose, provided that the author is named and the source of the quotation is given;

IV. notes taken in the course of lessons given in teaching establishments by the persons for whom they are intended, provided that their complete or partial publication is prohibited without the express prior authorization of the person who gave the lessons;

V. the use of literary, artistic or scientific works, phonograms and radio and television broadcasts in commercial establishments for the sole purpose of demonstration to customers, provided that the said establishments market the materials or equipment that make such use possible;

VI. stage and musical performance, where carried out in the family circle or for exclusively teaching purposes in educational establishments and where devoid of any profit-making purpose.

VII. the use of literary, artistic or scientific works to proof in judicial or administrative proceedings;

VIII. the reproduction in any work of short extracts from existing works, regardless of their nature, or of the whole work in the case of a work of three-dimensional art, on condition that the reproduction is not itself the main subject matter of the new work and does not jeopardize the normal exploitation of the work reproduced or unjustifiably prejudice the author's legitimate interests.

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<sup>18</sup> See footnote 2.

<sup>19</sup> Section 29 of the Brazilian Copyright Act contains such comprehensive list that also includes the right to incorporate the work in databases and the direct or indirect use of the work. The section reads as follows (translation into English by the WTO):

Section. 29. The express prior authorization of the author of a literary, artistic or scientific work shall be required for any kind of use, such as:

- I. complete or partial reproduction;
- II. publication;
- III. adaptation, setting to music or any other transformation;
- IV. translation into any language;
- V. incorporation in a phonogram or in an audiovisual production;
- VI. distribution where it is not provided for in a contract signed by the author with third parties for the use or exploitation of the work;
- VII. distribution for the purpose of offering works or productions by cable, optic fiber, satellite, electromagnetic waves or any other system enabling the user to select a work or production and receive it at the time and place of his choice, provided that the access to the works or production is made through any system requiring payment on the part of the user;
- VIII. the direct or indirect use of the literary, artistic or scientific work in one of the following forms:
  - (a) performance, recitation or declamation;
  - (b) musical performance;
  - (c) use of loudspeakers or comparable systems;
  - (d) radio or television broadcasting;
  - (e) reception of a radio broadcast in places frequented by the public;
  - (f) provision of background music;
  - (g) audiovisual, cinematographic or equivalent presentation;
  - (h) use of man-made satellites;

examples of economic rights, specifically determines in item X of section 29 that the express prior authorization of the author of a literary, artistic or scientific work shall be required for any other form of use that exists at present or might be devised in the future.

Therefore, all forms of economic use are reserved unless expressly exempt by the Brazilian Copyright Act.

However, the economic rights commented in this subsection are not the only rights that are granted to the creator of a work. These rights arise simultaneously with the moral rights of the author, which will be commented briefly in the following subsection.

### 2.3. Moral rights

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(i) use of optical systems, telephone or other lines, cables of all kinds and such comparable means of communication as may be devised in the future;

(j) exhibition of works of three-dimensional and figurative art;

IX. incorporation in databases, storage in a computer, microfilming and any other means of archiving of that kind;

X. any other form of use that exists at present or might be devised in the future.

In the United States, the only Federal statute dealing, in some way, with the moral rights of the authors is the Visual Artists Rights Act (VARA)<sup>20</sup>, which amended the 1976 Copyright Act. The VARA grants certain limited moral rights (right of attribution, right to prevent modifications and the right to prevent destruction<sup>21</sup> to a certain specific category of works (visual works)<sup>22</sup>.

The VARA was enacted in view of the United States' accession to the Berne Convention<sup>23</sup>, which occurred in 1988, effective as of March 1<sup>st</sup>, 1989<sup>24</sup>. The Berne Convention

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<sup>20</sup> Pub. L. No. 101-650, 104 Stat. 5128 (1990).

<sup>21</sup> Section 106A of the United States Copyright Act reads, in part, as follows:

- (a) (1) [the author of a visual art] shall have the right
  - (A) to claim authorship of that work, and
  - (B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;
- (2) shall have the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation (...)
- (3) (B) [the author of a visual art shall have the right] to prevent any destruction of a work of recognized stature(...)

<sup>22</sup> Section 101 of the U.S. Copyright Act defines works of visual art as:

- (1) a painting, drawing, print or sculpture, existing in a single copy, in a limited edition of 200 copies, or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved or fabricated sculptures of 200 or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or
- (2) a still photographic image produced for exhibition purposes only existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

<sup>23</sup> See footnote 13.

<sup>24</sup> The United States Senate voted in favor of the accession of the country to the Berne Convention on October 20, 1988. 134 Cong. Rec. S16939.

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provides for the protection of moral rights in all categories of works so that the enactment of VARA falls short of making the United States be in compliance with the Convention<sup>25</sup>.

The mere analysis of the nomenclature *droit d'auteur* or rights of the authors conveys the idea that the aim of the protection in the civil law countries is the author himself, not the work and its economic usages. It is clear that the intention of the creators of the expression moral rights <sup>26</sup> was to provide protection to the concrete expression of the minds of the authors and not merely to the exploitation rights derived from creation. The view was certainly more romantic and less practical and the consequences of such broadening of the protection will be seen more clearly in the following sections.

Moral rights, as commented in the introduction of this section, are rights that are born with the creation of the work and correspond to the imprinting of the author's

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<sup>25</sup> For a development of this idea, see Gorini, Attilio, Moral Rights: Brief Comments on the Extent of Protection Afforded by the United States, 2003, paper presented as part of the Art and Museum Law Seminar at SouthWestern University School of Law, Los Angeles, California.

<sup>26</sup> Apparently, the first time the expression moral rights was used was in the work *De la personnalite du droit de publication que appartient a un auteur vivant* by Morrillot in *Revue Critique de Legislation et de Jurisprudence*, 1873, 29-50.

personality traits in his creation. The most important of the moral rights are the right of attribution and the right of integrity. These are the two rights granted by the Berne Convention and, therefore, are the ones that are adopted by all civil law countries and, with reluctance, by the common law countries signatories of the treaty<sup>27</sup>.

These two moral rights, albeit very important, are but two of the several rights granted by most of the civil law countries. The Brazilian legislation has one of the most comprehensive lists of moral rights that must be observed and brief comments on each of them must be made in order to

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<sup>27</sup> Article 6bis of the Berne Convention:

1. Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honour or reputation.
2. The rights granted to the author in accordance with the preceding paragraph shall, after his death, be maintained, at least until the expiry of the economic rights, and shall be exercisable by the persons or institutions authorized by the legislation of the country where protection is claimed. However, those countries whose legislation, at the moment of their ratification of or accession to this Act, does not provide for the protection after the death of the author of all the rights set out in the preceding paragraph may provide that some of these right may, after his death, cease to be maintained.
3. The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.

allow the readers to have a clear view of the somewhat severe limitations an assignment may have<sup>28</sup>.

The first and most important of the moral rights is the right to claim authorship and, as its name clearly shows, it refers to the right of the author to have his name attached to his work. Of course, not only birth names are included in such right but also any conventional name

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<sup>28</sup> The importance given by the Brazilian legislators to the moral rights of the authors can be blatantly gathered from the fact that these rights are enumerated before the economic rights, in section 24. Some authors, like Bruno Jorge Hammes, consider the existence of other moral rights beyond the list of section 24 such as the right of remuneration for the resale of original work of art or manuscript (*droit de suite*), the right to make corrections to new editions of works and the right to deny the paternity of a modified architectural project. However, it is clear that some rights are very dangerous for the assignee of the economic rights, such as the right to modify the work after it has been used and the right to withdraw the work from circulation. The section reads as follows:

Section 24 The moral rights of the author are understood to be the right:

- I. to claim authorship of the work at any time;
- II. to cause his name, pseudonym or conventional sign to appear or be announced as that of the author when the work is used;
- III. to keep the work unpublished;
- IV. to ensure the integrity of the work, by objecting to whatsoever modifications or to any action that may, in any way, to have an adverse effect on the work or to be prejudicial to his reputation or honor as author;
- V. to amend the work either before or after it has been used;
- VI. to withdraw the work from circulation or to suspend any kind of use that has already been authorized where the circulation or the use of the work are liable to have an adverse effect on the reputation or image of the author;
- VII. to have access to the sole or a rare copy of the work that is lawfully in a third party's possession with a view to preserving the memory thereof by means of a photographic or similar or an audiovisual process, in such a way that the least possible inconvenience is caused to its possessor who shall in any event be indemnified for any damage or prejudice suffered.

or pseudonym or even symbols and marks through which the author is recognized or wants to be recognized.

This right also allows the author to prevent his work from being attributed to someone else and further prevents a third party from using the author's name in a work not created by the author.

It does not matter if the name of the author is used in connection with high quality works. The only factor that must be weighed is whether the author feels that he does not want his name connected with a third party's work.

The second moral right is the right of integrity and it refers to the right of preventing any unauthorized modifications in the work that may cause harm to the reputation of the author. In the United States, this right was recognized for a certain category of works - works of visual art<sup>29</sup> - in the above mentioned VARA.<sup>30</sup> As a matter of fact, in the United States, the rights granted to the authors of such works of visual art<sup>31</sup> also encompasses the

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<sup>29</sup> See footnote 22.

<sup>30</sup> See footnotes 20 and 21.

<sup>31</sup> See footnote 22.

utmost right to prevent the destruction of the work<sup>32</sup> which is usually not clearly foreseen in civil law countries.

However, the general rule regarding the right of integrity is that any modifications made without the author's authorization should be foreseen and, if the word "modifications" is understood in its broadest possible sense, "destruction", which is the utmost modification, would also be encompassed. However, as Professor Ascensao correctly puts, the destruction of a work, most of the times, will not damage the reputation of the author since the work will cease to exist. The modification only, however, means that the work will continue to exist for anyone to see and this could, then, damage the reputation of the author. In his view, there is no such right under the Brazilian Law<sup>33</sup>.

The right of disclosure is simply the right the author has to keep his work unpublished or, in other words, not normally available to the public. Of course, the exercise

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<sup>32</sup> See footnote 21.

<sup>33</sup> Ascensao, Jose de Oliveira, *Direito Autoral, Forense*, 2nd Edition, pp. 146 and 147. Professor Ascensao, despite being Portuguese, is one of the leading authorities in the Brazilian Copyright Law. His treatise on copyright, unfortunately, only deals with the now revoked Copyright Act of 1973 but, in this specific aspect, the law has not changed with the introduction of the Copyright Act of 1998.

of such right seems to be incompatible with the objective of furthering of the arts and sciences but the author should be allowed to choose the conditions - time, place and manner - upon which the disclosure of his work will happen.

The right of modifying the work even after it has been published is another moral right granted to authors in civil law countries, especially Brazil. At a first glance, this right might seem excessive but its enforcement is usually restricted to further editions of the work<sup>34</sup> and will almost always be contractually limited<sup>35</sup>.

The right to withdraw the work from circulation or to suspend its use is self-explanatory but also extremely controversial. The author will only be allowed to enforce such right when the circulation or use may damage his reputation<sup>36</sup> but it is clear that such circulation or use has only happened because he authorized. Therefore, there must be a balance whereby the author will be able to enforce such right in case the use of his work happens in a way that has not been contractually foreseen and, even so,

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<sup>34</sup> Id. at 148.

<sup>35</sup> Id.

<sup>36</sup> See footnote 28.

the remedies should be limited to indemnification and not actual withdrawal of the work from the marketplace<sup>37</sup>.

Finally, the right of access refers to the right granted to the author to have access to the original of his work, in case it is the sole or rare copy, even if it is in the possession of a third party. This access, because of the implications it may have, is very limited by Section 24 of the Brazilian Copyright Act<sup>38</sup>, and it is only possible for purposes of maintenance of the memory of the work or, in other words, for the conservation of the portfolio of the author.

Perhaps of most relevance to this article is the fact that, under the Brazilian Law and that of many other civil law countries, the moral rights are inalienable and cannot be waived by any means<sup>39</sup>. The consequences of such prohibition will be studied in more detail in section 4 below.

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<sup>37</sup> See footnote 33 at 135. Professor Ascensao believes that, "in all cases, there is a clash between the exteriorization of the personality of the author and the legitimate exercise of economic rights by third parties, as a consequence of an authorized and legal assignment. The withdrawal imposed by the author, because he regrets what he did, can cause severe damages to the third party in that the entire edition in the market would be affected."

<sup>38</sup> See footnote 28.

<sup>39</sup> Section 27 of the Brazilian Copyright Act reads: "The moral rights of the author are inalienable and non-waivable."

## 2.4. Neighboring rights

The neighboring rights are rights granted to a certain categories of professionals that help in the exteriorization of the original work of an author<sup>40</sup>. Therefore, they are rights always "related" to the rights of the authors.

In order to better illustrate these rights, which are foreign to the American Copyright system, the playwright is the creator of a play but the performers of such play at the stage are, in principle, the owners of the neighboring rights. The same happens between the composer of a musical composition and its interpreter.

The Chilean jurist Santiago L. Savala, by his turn, asserts that the related rights "are defined as similar rights to the author's rights, but are independent from them"<sup>41</sup>

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<sup>40</sup> See footnote 6 at 152.

<sup>41</sup> Savala, Santiago L., *Derecho de Autor y Propiedad Industrial*, Santiago, Editorial Jurídica de Chile, 1979, at 31 and 32.

The owner of neighboring rights, according to the Brazilian Law<sup>42</sup> enjoys the same kind of protection of the author or owner of copyrights. They have their economic and moral rights, including the right to have their name affixed to the interpretation or execution.

However, the neighboring rights were not always recognized under the Brazilian legislation. The first body of law that gave specific protection to the authors in Brazil was the Civil Code of 1917<sup>43</sup>, in its Sections 649 to 673. However, no express mention was made as to the protection of the neighboring rights. Until 1966, when a specific legislation contemplating such rights was enacted, the protection of neighboring rights had to be gathered from sparse sections in the Civil Code, which could be interpreted as applicable to service contracts at least<sup>44</sup>. The conclusion is that, in this period, any such right would fall under the concept of a service agreement, whereby the artist would be paid to perform a specific work. No written form of agreement was required; the mere

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<sup>42</sup> Section 89 of the Brazilian Copyright Act of 1998 reads as follows: The provisions related to copyright are applicable, whenever possible, to the neighboring rights.

<sup>43</sup> Law no. 3,071 of January 1st., 1916. This Civil Code has been recently revoked by Law 10,406 of January 10, 2002.

<sup>44</sup> Similar to but not identical to the concept of work made of hire of the U.S. Law.

payment of the amount owed and the performance of the work would be enough to characterize the existence of an agreement. Once finished, the work would be owned by the contractor, not the artist as in an implied assignment.

With the enactment of Law no. 4,944 of 1966, now also revoked, which added provisions to the then in force Civil Code, some protection to the artists was granted. As an artist, the Law defined the actor, telecaster, narrator, singer, choreographer, ballet dancer, musician or any other person who interprets or executes a literary, artistic or scientific work. According to this law, the artist could prevent any unauthorized use of his work. No written form of agreement was requested and the assignment of rights was not forbidden; therefore, it was actually allowed.

In 1973, with the enactment of the first Brazilian Copyright Act - Law no. 5,988 of 1973 - for the first time, copyright was treated in a separate legislation, which revoked the Civil Code of 1917 in this part and embodied Law 4,944/66. The Copyright Act, for the first time, mentioned the expression "neighboring rights" and basically maintained the provisions of Law 4,944/66, thus protecting the artists but allowing the assignment of rights. However,

the Act required that any assignment be made in the written form. Service contracts were foreseen in the Law and, in the absence of an agreement, the work was regarded as being co-owned by the contractor and the performer/artist.

After 1978, with the enactment of Law no. 6,533 of 1978, which regulates the profession of the artists, the situation of the assignment of the neighboring rights became very shady as will be seen more fully in section 5 below.

### **3. The problems with the assignment of the economic rights and an overview of their possible solutions**

#### 3.1. Introduction

The assignment of the economic rights of the authors is not object of huge controversy when there is a written agreement in this respect. The laws of the civil law countries, including Brazil, tend to patronize the party that is commonly the weakest one in the negotiation so that several steps must be taken by the assignee in order to

avoid the nullification of the agreement or of part of the agreement in court.

The main hurdle, especially with American companies, is the tendency to use the same kind of language used in agreements executed in the United States. This is usually a problem when the document is not carefully reviewed so as to adapt it to the specific civil law country legislation and requirements.

Another important aspect that must be taken into consideration and this is very peculiar to the Brazilian legislation, is that the law, as it stands now, does not foresee any possibility of works made for hire in that ownership would be presumed to be of the hiring party. This is a severe flaw in the current Copyright Act, which must be corrected by legislative efforts of the Congress since the prior Copyright Act had such provisions, and the current Software Law<sup>45</sup> and Industrial Property Law<sup>46</sup> have such provisions.

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<sup>45</sup> Law no. 9,609/98 foresees the creation of software under work relationship or under commission. The comments in this article are not applicable, of course, to the creation of software which, albeit protected by copyright, are dealt with by a different and, in many aspects, more efficient law.

<sup>46</sup> Law 9,279/96 foresees the creation of inventions by employees and the subsequent ownership of the patent.

Also, it is very important to bear in mind that all transactions related to copyrights and neighboring rights must be interpreted restrictively, always aiming to favor the individual author of the work. This is the rule of Section 4 of the Copyright Act of 1998<sup>47</sup>.

This matter will be introduced by means of an actual case that is being litigated at this very moment in Brazil. As it will be seen, the case is representative of the sort of problems that may be found by the assignees, when proper documents are not signed by the assignor of the economic rights of the authors.

### 3.2. The problems and the possible solutions

One of the most acclaimed movie trilogies of the very recent past is certainly "The Lord of the Rings". These three movies, released yearly beginning in the year 2001, were based on the immortal literary work of the same name by the British linguist and scholar J.R.R. Tolkien.

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<sup>47</sup> Art. 4. Legal Acts relating to copyright shall be interpreted restrictively.

Much before the movies, the books - the trilogy and a fourth one called *The Hobbit*, which is actually a prequel - became the object of adoration of millions of fans throughout the world. Much of the success of the books was due to the fact that Tolkien was able to create a very compelling world - called Middle Earth - with its own languages, culture and past. Because of the many details infused into the text, translation of the book to other languages for publication was always a challenge.

In Brazil, the situation was no different. The Brazilian book publisher Livraria Martins Fontes hired two translators to begin the difficult work of translating the books into the Brazilian Portuguese language. These translators finished the work, were paid according to their agreement and the books were published.

With the beginning of the pre-production of the Hollywood motion pictures, Livraria Martins Fontes decided to release multiple different editions of the books - hardcover, deluxe hardcover, 4-pack paperback etc. - aiming at taking advantage of the soon-to-be live action films. After the publication of these new editions, the

translators filed a court action against Livraria Martins Fontes to obtain further payments based on the new editions.

The first basis for the court action was the lack of any written agreement between the publisher and the translators. The second basis was a specific provision of the Copyright Act of 1998 which established that, in the absence of a specific provision in the contract, the publishing agreement would be limited to one edition<sup>48</sup>.

Based on this, the court ruled, in a first instance decision, that the publisher must pay damages to the translators in an amount equal to 5% of the retail price of each unit of each edition subsequent to the first one<sup>49</sup>. Even though no figures are available at this point, since the decision is not final and has been appealed; it is easy to imagine that a respectable amount of money is involved in this specific situation.

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<sup>48</sup> Section 56 of the Brazilian Copyright Act of 1988: In the absence of an explicit provision in the contract, it is understood that the agreement refers only to one edition of the work.

<sup>49</sup> Decision on Civil Action n° 000.02.196409-2 filed by Lenita Maria Rimoli Esteves and Almiro Pissetta against Livraria Martins Fontes Editora Ltda before the 37th Civil Court of the State of São Paulo, issued on March 18, 2004, pending appeal.

This case illustrates the dangers of agreeing to an assignment verbally, without any document at least confirming what has been agreed. The assignment of rights is foreseen in Sections 49 and 50 of the Brazilian Copyright Act of 1998<sup>50</sup> and the careful analysis of each requirement is necessary.

First, the total and definitive assignment of the economic rights must be in writing<sup>51</sup> so that oral agreements will be, in principle, deemed as null and void under the law. The law is silent as to the parties that must execute

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<sup>50</sup> Section 49 - The copyrights may be totally or partially transferred to third parties by the author or his successors, for all purposes, personally or by means of representatives with special powers, by means of licensing, concession, assignment or other means accepted by Law, following the limitations below:

I - the total assignment comprises all rights of the author, except the moral rights and others expressly excluded by law;

II - the total and definitive assignment is only acceptable if there is a written agreement;

III - in case there is no written covenant in the agreement, the transfer will only be valid for a 5-year term;

IV - the assignment is only valid to the country where the agreement has been executed, except if otherwise mentioned in the agreement;

V - the assignment will only be valid to the means of utilization already existent by the time of execution of the contract;

VI - in case there are no specifications as to the means of utilization, the contract will be restrictively interpreted, as if it were limited to the means deemed indispensable for the objective of the contract.

Art. 50 The total or partial assignment of the authors' rights, which will always be executed in writing, will always be deemed as to have taken place onerously.

<sup>51</sup> See footnote 50, Section 49, item II and Section 50.

the agreement but it is clear that the assignor must be the author or the copyright owner at the time of the assignment.

One might ask whether a letter laying down the provisions of the contract and accepted by the assignor can be understood as being a written agreement. If the assignor has unequivocally accepted the conditions of the letter agreement, then he will be bound by it as if he had executed an agreement. This rule emanates from the general rules of contract in Brazil.

However, a contract that has only been delivered to the assignor but never executed or formally accepted will most likely be deemed as if non-existent in case no other factual conditions may be found in relation to the behavior of the parties in relation to the work. In case the assignor acts in a way that is consistent with someone that has assigned the rights to a third party, e.g., by accepting a sum of money, by not objecting to the use of the work, by appearing in public commenting positively or agreeing with the use of the work, by taking advantage of the success of a given exploration of his work by the third party to promote his name in the media etc., it would be

possible to construe that a formal good faith agreement has been executed between the parties.

The law also expressly determines that moral rights cannot be assigned with or without the economic rights of the author<sup>52</sup>. This specific issue will be treated separately in section 4 of this article.

Further, the law penalizes the lack of a written agreement even in case it is found that, by the actions of the parties, a formal assignment has occurred. It determines that, in the absence of a written understanding, the assignment of rights will be limited in time to five years only. Even though a regular assignment can encompass the life of the work or even perpetuity - which is another way of saying the life of the work - the lack of a written arrangement will reduce the ability of the assignee of using the work after five years<sup>53</sup>.

Unless otherwise determined in the agreement, the territory to which the assignment will be valid only in the country where it has been executed<sup>54</sup>. Therefore, it is

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<sup>52</sup> See footnote 50, Section 49, item I

<sup>53</sup> See footnote 50, Section 49, item III.

<sup>54</sup> See footnote 50, Section 49, item IV.

extremely important to have a specific clause in the agreement allowing the use of the work in all territories of interest. A broad clause encompassing "the world" or even "the universe" is acceptable and, actually, preferable in most cases since it is difficult to accurately foresee where exactly the work will be used.

Regarding the modes of exploitation of the works, the assignee has to be especially careful when negotiating the agreement under penalty of being impaired from fully exploiting the work. The first aspect that has to be taken into consideration is that the law forbids the assignment of rights for the modes of exploitation or media that are not known by the date of execution of the agreement<sup>55</sup>.

Therefore, a broad clause granting the rights "in all media now known or hereinafter devised" will most likely have its latter part severed by a court of law and declared null and void. Since there is no definition of what can be considered a "known media" and, in order to minimize the impact of this prohibition on future technologies, one must be careful when drafting the agreement so as to also include media that, by the time of execution, are not

commercially available or are still in the early stages of developments.

For example, the high definition DVDs that are being currently discussed by the industry but are not yet available for the consumers must be included in the language of such agreement, in case a broad assignment is necessary. Since the final name and formats of such high definition DVDs are not known at this moment, it is advisable to enumerate all names currently being used by the industry, such as "Blu-Ray DVD" and "HD-DVD" and any other names and specifications. As a safeguard, as all formats will most likely come under the definition of digital optical discs, such umbrella language should preferably be used in addition to the more specific terms.

A further safeguard could also be created by granting the assignee the right of first refusal to purchase, at a pro-rata price, rights to all future media. Nothing in the law prevents the enforcement of such clause, even though this has never been put to test before the courts in Brazil.

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<sup>55</sup> See footnote 50, Section 49, item V.

Another limitation regarding the modes of exploitation refer to a provision in the law determining that, in case it is not expressly foreseen in the agreement, the agreement will be interpreted restrictively so as to only encompass the mode of exploitation that is indispensable for the fulfillment of the agreement<sup>56</sup>. This means that, in the case of a work of translation of the dialogues of a screenplay in order to insert subtitles in a motion picture, it is natural to conclude that, in order to fulfill the agreement, it is enough for the assignee to have the right to use the translation only in the theatrical release of the film. However, for the subsequent release of the film on home video, the assignee will have to enter into new negotiations with the assignor or will have to commission the same work to a new translator.

Therefore, the law created the need of enumerating a large number of modes of exploitation in every assignment, making them very bulky and difficult to read. However, in order to be on the safe side, the assignees that wish to obtain the broadest possible array of rights must include such list and must be careful enough to revise the list carefully so as to encompass all existing modes of

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<sup>56</sup> See footnote 50, Section 49, item VI.

exploitation. The best way of drafting such agreements is by enumerating the largest categories - theatrical release, home video, television and stage shows - and, under each category, enumerate as many subcategories possible such as, in the case of television, satellite TV, cable TV, pay TV, video-on-demand, internet TV, free TV etc.

Since the law is not clear as to what is a mode of exploitation, it is possible to construe that the major categories are each one a mode of exploitation thus being unnecessary to actually enumerate subcategories. However, since this provision of the law has never been put to test before a court of law, the best strategy is to be as thorough as possible.

The law is not clear as to the enforceability of a clause which simply stated that "the assignment comprises all the modes of exploitation" and it could be reasonably argued that this is sufficient to characterize that the parties intended to cover all modes of exploitation and that the rule limiting the applicability of the agreement so as to only encompass the mode of exploitation that is indispensable for the fulfillment of the agreement would not apply. This limiting rule should only apply to cases

where the parties have not expressed their will. However, as this point was not object of a decision by the courts yet the best advice is to include a further specification of the most important modes of exploitation for the parties.

Considering all the above limitations related to assignment of rights the situation regarding a commissioned work or of a work created by an employer in the absence of a written agreement for the assignment of rights is fragile.

In some cases, it can be argued that the employer or the commissioning party has at least acquired a limited license to explore the work restricted to the modes that are indispensable to the fulfillment of the purpose of the agreement.

Therefore, in case of a graphic artist contracted or employed to create a design for an advertisement, it could be reasonably assumed that, in view of the payment of the services, the use of the materials for the advertising of the products and services of the company will be within the limits of the license.

The absence of a written agreement though, makes difficult to precisely determine the boundaries of the use which will be considered covered by this license and in case of doubt the use of the general principle above that all the dealings relating to copyright shall be interpreted restrictively will negatively impact the resolution of the controversy.

Important limitations as to this license may apply as in the absence of a written clause the maximum term of a license will be of five years and a further extension of this term will have to be negotiated. Further, the license may be limited to Brazil if it can not be proved that the employee or contracted party knew from the negotiation stage that the material would be used internationally.

There are also three important situations which deserve to be mentioned. The first is the situation regarding collective works defined by section 5, item h, of the Brazilian Copyright Act as works created on the initiative, instructions and responsibility of a natural person or legal entity, who publishes them under his name or mark,

and consisting of contribution by two or more authors whose is merged into a self-contained creation.

The Brazilian Copyright Act determines in Section 17 that the economic rights in a collective work as a whole shall belong to the organizer, which, as seen above, can be a legal entity. The same section 17 determines that the contract concluded with the organizer shall have to specify the contribution by each participant, the time allowed for the supply of making of the said contribution, the remuneration and any other condition of its implementation. A website for example could be determined to be a collective work if the above requisites are followed and thus the economic rights would be automatically owned by the respective organizer.

The second situation relates to articles on newspapers where the BCA determines that, unless otherwise agreed, the right of economic exploitation of writings published in the daily or periodical press, with the exception of signed articles and those containing a reserved rights notice shall belong to the publisher.

However, in this case, the Act further limits the right of economic exploitation determining that the authorization to exploit signed articles for the purposes of publication in the daily and periodical press shall lapse on the expiration of a period representing the publication interval increased by 20 days and calculated as from the publication date, at the end of which period the author shall recover his right.

Finally, there is the situation regarding software, which is protected in Brazil by copyright law as literary works with the special provisions of the Software Law no. 9609/98.

According to section 4 of the Brazilian Software Law, unless agreed otherwise, the employer, service contracting party or public body shall have full title over the rights associated to the software program, developed and elaborated throughout the duration of an agreement or by-law obligation, expressly intended for research and development, or in which the employee's, service contractor's or server's activities are provided, or yet, which arise from the nature of the duties pertaining to said ties.

Also, unless agreed otherwise, the remuneration for the work or service provided shall be limited to the agreed remuneration or salary.

However, the employee, service contractor or server shall have full title over the rights pertaining to a software program generated with no connection to the employment contract, service agreement or by-law obligation, and without the use of resources, technological information, trade and business secrets, materials, facilities or equipment of the employer, the company or entity with which the employer has entered into a service agreement or other similar agreements, or the service contracting party or public body.

The treatment provided for in the above section is applicable to the cases in which the software program is developed by scholarship students, trainees, or persons in similar circumstances.

Continuing the analysis of the general rules regarding assignment of rights it is crucial to have in mind that the

assignment will always be presumed to be made for a consideration even though there is no prohibition of an assignment for free<sup>57</sup>. This rule serves to prevent the exploitation of a weaker party to the agreement by the strongest one. It is always important, in the case of an assignment for free that this be clearly mentioned in the agreement, so as not to raise any doubts before the courts in case of any challenge.

Under the past Brazilian Copyright Law 5988/73 there was a controversy as to the necessity of recordal of the assignment before the Copyright Register, in case of registered works, for the enforcement of rights of the assignee against third parties.

However, the current BCA has clearly determined that the recordal of the assignment is only a faculty of any of the parties, not an obligation so that the assignment will not be rendered null or void in case of absence of registration.

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<sup>57</sup> See footnote 50, Section 50.

Finally, it is necessary to delve into the possibility of the assignment of works not yet created, as foreseen in section 51 of the Copyright Act of 1998<sup>58</sup>. This section is object of much - but undeserved - controversy among groups of study.

The provision of the law determines that the author of a work can only be bound to an agreement that foresees the assignment of all the works he creates, for a period of five years. The objective of this provision is to allow the author to renegotiate the terms of his contract after the five year term and to adjust it according to his success in the business.

This means that a composer will only need to assign his rights to the publishing company for the period of five years from the date of execution of the agreement. If his musical compositions are a success, he will be in a position to renegotiate the agreement to increase his upfront payments or royalty streams. By no means the Congress had, as some study groups try to imply, that the

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<sup>58</sup> Section 51. The term of the assignment of the authors' rights in future works may not exceed five years.

works resulting from such agreement can only be owned by the assignee for five years.

This is a misconstruction of the objective of the legislation, which is to protect the individual author and not to impair his ability of reaching an agreement. Therefore, all works the author creates within the maximum of a five-year term of the agreement can be automatically assigned to the assignee in perpetuity. After five years, the contract will need to be renegotiated only if the parties have interest in continuing doing business. Any work already created will continue to be owned by the assignee, if the contract foresees such situation.

As an industry example, it is very common for recording companies to bind their bands for the length of time necessary for the creation of three albums. With the application of this provision of the law, in case the third album is created after the fifth year, it would be possible for the band to construe that the third album must be object of a new negotiation. Therefore, it is very important that the industry pay attention to this aspect in order not to execute agreements that may be challenged with ease before the courts.

Another important right present in some civil law countries such as Brazil which does not have a correspondence in most common law jurisdictions is the so called *droit de suite* or resale right.

In Brazil the author has the irrevocable and inalienable right to collect a minimum of five per cent of any gain in value that may be achieved in each resale of an original work of art or manuscript that he has disposed of.

It is further important to note that where the author does not collect his resale royalty at the time of the resale, the vendor shall be considered the depositary of the sum payable to him, except where the operation has been conducted by an auctioneer, in which case the latter is considered the depositary.

**4. The problems with the assignment of  
the moral rights and an overview  
of their possible solutions**

#### 4.1. Introduction

Perhaps the set of rights under the broad concept of copyright in the civil law countries that has less controversy as to assignment issues is the one related to the moral rights of the authors. The fact is that such rights are generally clearly unalienable and cannot be waived<sup>59</sup> and this is especially true in Brazil.

Therefore, once the definition of such rights are actually understood by the assignee, it is fairly clear that they are of little consequence to the actual economic exploitation of the works, so long as the agreements are drafted bearing in mind their existence. The comments on this section of the article will be inevitably more objective exactly in view of the very clear provisions of the law<sup>60</sup> enumerating the rights and also proclaiming their main characteristics.

#### 4.2. The problems and the possible solutions

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<sup>59</sup> See section 2.3.

<sup>60</sup> See footnote 28.

The moral rights, according to Section 27<sup>61</sup> of the Brazilian Copyright Act of 1988, cannot be assigned or waived. This is a clear-cut provision benefiting the individual authors that goes beyond what is actually requested by the Berne Convention<sup>62</sup>.

The prohibition of assignment and ultimately waiver - which has the same practical effect of a full irrevocable assignment - stems from the genesis of the moral rights in Europe and, if allowed, could amount to the assignment and waiver of the personality rights of the author. This is the rationale behind the provision of the law, which undermines, in principle, a full and absolute assignment of rights.

However, despite the difficulty in understanding such impossibility from a common law country viewpoint, it is imperative to grasp that the enforcement of the moral rights of the author is something that, in practical terms, is very difficult to achieve. First and foremost, in order to trigger the enforcement of the moral rights, the use of

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<sup>61</sup> See footnote 39.

<sup>62</sup> See footnotes 13 and 27.

a work must be in a way that damages the reputation of the author and this can be seen from the clear language of the law<sup>63</sup>.

Second, the moral rights of altering the work after publication and of withdrawing the work from circulation<sup>64</sup> will trigger indemnification to the party that is using the work according to express authorization from the author. Therefore, the risks to the author for enforcing such moral rights are also very sizeable and cannot be discarded in the real world. This provision acts as a natural deterrent to the most radical and most prejudicial of the moral rights.

Third, out of the remaining moral rights, the only two that have any practical effect for the entertainment industry are the rights of attribution and integrity. Regarding the right of attribution, several contractual provisions can mitigate the problem.

The first one would be a clause whereby the author agrees that his name will appear as author of the work in a

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<sup>63</sup> See footnote 28, specially the several references to the "reputation of the author".

<sup>64</sup> See section 2.3.

place that is convenient to the assignee and which size and duration will be a decision solely in the assignee's hand. This provision provides great flexibility to the assignee but it is recommended that the place, size and duration be not inferior of players of the same magnitude in the industry in order to prevent claims of abuse of power.

The second possibility, which does not exclude the first one, is to draft a clause actually foreseeing that, in case assignment is not possible, then the author licenses such moral rights to the assignee. Since a license in perpetuity would amount to an assignment, it is suggested that any such license be for a specified period of time. This kind of provision has not been challenged in courts so far but it must be clear that it is not a perfect safeguard since it goes against what the moral rights stand for. Therefore, the assignee should expect some difficulty in enforcing such clause.

The third and final suggestion to minimize the problems caused by the right of attribution is to negotiate a clause with assignor whereby the assignor affirmatively exercises his right to remain anonymous. This clause only

works, of course, when the assignee does not have interest in displaying the assignor's name in the work.

The right to remain anonymous is tricky though, since it does not clearly emanates from the Copyright Act. However, such right could be construed as to be part of the personality rights protected by the Brazilian Constitution and, therefore, perfectly possible of being exercised. Also, Section 52<sup>65</sup> says that the omission of the name of the author will not amount to a presumption of anonymity. As a consequence, it is possible to construe that, if expressly foreseen in contract; this right can be enforced based on the Copyright Act alone<sup>66</sup>.

Regarding the right of integrity, only the modifications that affect the reputation of the work and/or of the author may be considered illegal and subject to the author's enforcement of his rights. Furthermore, according

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<sup>65</sup> Section 52 of the Copyright Act of 1998: The omission of the name of the author or of a joint author on the disclosure of the work shall not constitute a presumption of anonymity or of assignment of the rights of the person concerned.

<sup>66</sup> This rationale is accepted by Professor Bittar in his work *Direito de Autor* (footnote 6 at 108 and 109). He makes very interest comments, but unfortunately without providing lively examples and case law, of instances where the waiver of the moral rights - if not irrevocable -

to Professor Ascensao<sup>67</sup>, this right must be limited to the extent that is reasonable and in a way that the profitable exploitation of the work may occur. This means that modifications made in order to equalize the work to a certain mode of exploitation should, in principle, be allowed. It would not be reasonable, for example, using the same example of the translation for the use in subtitles, that the assignee be penalized because it reduced a sentence in order to permit the viewers to visualize the entire dialogue in one frame of the film.

The right being protected is the personality right of the author that should not be subject to radical changes of his work that may damage his reputation, without his express authorization. Therefore, it is specially important to inquire about the reasons behind the author's actions to enforce such rights since the law cannot be used as a mere tool for the author to obtain further unjust payments for his work<sup>68</sup>.

## **5. The problems with the assignment of**

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should be accepted. One of these instances is, exactly, when the work is anonymous. He, however, does not admit implicit waiver of rights.

<sup>67</sup> See footnote 33 at 142 and 143.

**the neighboring rights and an overview  
of their possible solutions**

5.1. Introduction

As commented above<sup>69</sup>, in 1973 the first Copyright Act - Law no. 5,988/73 - was enacted. The prior provisions of the Civil Code on this matter were revoked and Law no. 4,944/66, which regulated the neighboring rights, was embodied. The Copyright Act consolidated the copyright laws in Brazil and maintained the most important provision then existent. In light of this, the neighboring rights were recognized but the assignment was not in any way forbidden. However, the further enactment, in 1978, of the Artist Profession Law, brought many problems of interpretation of the law.

Following the pattern of the preceding sections, the best way of providing an overview of the problem is by utilizing an actual case, recently decided by a first instance court<sup>70</sup>.

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<sup>68</sup> See footnote 33 at 143.

<sup>69</sup> See Section 2.4.

<sup>70</sup> Decision on Civil Action n° 778-01 filed by Cybele de Sa against Abril Video da Amazonia before the 32nd Civil Court of the State of São Paulo, issued on October 31, 2002, pending appeal.

## 5.2. The problems and the possible solutions

In 1966, a Brazilian singer called Cybele de Sa was hired to interpret the Brazilian version of the musical compositions contained within the first full-length animated motion picture, Snow White and the Seven Dwarfs.

At that time, neighboring rights were not recognized under the Brazilian Law since Law no. 4,944/66<sup>71</sup> had not been enacted. However, despite the absence of any protection, Disney obtained a written assignment of all rights from the singer. The document was short but in accordance with all the regulation - or lack thereof - then existent regarding assignment of rights<sup>72</sup>

Based on such agreement, the animated motion picture was released theatrically in Brazil and, as in other parts of the world, enjoyed huge success. By the beginning of the 90s, Disney decided to release the famous movie, with the same Brazilian dub as in 1966, on home video.

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<sup>71</sup> See Section 2.4.

<sup>72</sup> Which, as can be seen in section 3, are now very specific.

Seeing a good opportunity to reap more money out of her 1966 contract, Cybele de Sa sued Disney's home video licensee in Brazil, Abril , claiming that she had never expressly authorized the use of her voice in a medium different from movie theaters. The Plaintiff wanted to receive further payment for such new use made by Abril.

Based firmly on the document whereby Cybele de Sa assigned all her rights<sup>73</sup>, the First Instance Court ruled against her. This decision is now on appeal.

This actual situation reiterates the importance of the written assignment in order to allow clearer situations in case of litigation. However, in Cybele de Sa's case, the mere fact that she rendered her services before the existence of any express protection for the neighboring rights would be enough to allow Abril to obtain the same result.

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<sup>73</sup> The broad language of the document assigned the singer's rights to use of her work "either in private or public exhibitions, isolated or simultaneously with the image in film, by means of television, cinema and in live exhibitions, radio broadcasting, record or tape recording and by any other exhibition means presently existent or that might exist in the future". In other words, she clearly assigned her rights to all media then known or later devised, including tape recording, which, by the time she executed the agreement, was a very new technology.

The first Copyright Act - from 1973 - was very clear as to the possibility of assignment of copyrights<sup>74</sup>. By reading the text of the legislation, one may easily gather that the law was express as to the possibility of assignment of rights but one may also argue that the section was only applicable to the copyrights not the neighboring rights, which have a different treatment under the same law. However, this possible conclusion is short-sighted and is not in line with the law, which, in section 94, says that the provisions related to copyrights are applicable also to the neighboring rights<sup>75</sup>.

As there was no provision in the first Copyright Act preventing the assignment of the neighboring rights, section 52<sup>76</sup> was clearly applicable. However, this situation was short-lived, since, in 1978, the very patronizing Artist Profession Law - Law no. 6,533/78 - was enacted. The entire discussion regarding this law refers to its section

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<sup>74</sup> Section 52 of the now revoked Copyright Act of 1973 reads as follows:

Section 52 - Copyright may be wholly or partially assigned to third parties by the author or his successors, either globally or individually, personally or by means of a representative vested with special powers.

Sole Paragraph - If assignment is total, it shall include all the rights of the author with the exception of those which are of personal nature, such as the right to make modifications in the work, and those which are expressly excluded by the law.

13, which apparently prohibits the assignment of neighboring rights<sup>77</sup>.

This ill-fated law ended up granting more rights to the artists and performers than to the original creators of a work. While the former could not assign their rights, the latter could, creating an unfair lack of balance that benefited a certain category of rights holders that could only exist because of the original category of the authors.

Before commenting the new Copyright Act, which certainly sheds more light on this controversy, it is important to discuss the apparent clash between the first Copyright Act and the Artist Profession Law.

The simple interpretation that the Artist Profession Law superseded the first Copyright Act in this specific aspect, as defended by the Artists, of course, is ill

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<sup>75</sup> See footnote 42. Section 94 of the old Copyright Act is identical to the language of Section 89 of the current Copyright Act.

<sup>76</sup> See footnote 74.

<sup>77</sup> Section 13 of Decree-Law 6,533/78 reads as follows:

Section 13 - The assignment of or the promise to assign copyrights or neighboring rights resulting of the rendering of professional services is not permitted.

Sole Paragraph - The copyrights and neighboring rights of the professionals will be owed as a result of each exhibition of the work.

grounded. The Artist Profession Law should be construed as not applying to economic rights, but only to moral rights, which are indeed not transferable and not renounciable. This law aims at specifically regulating labor issues for the Artist Profession, not copyright and neighboring rights issues. Therefore, its interpretation should be as restrictive as possible.

The genesis of Section 13, which is actually out-of-the-context when compared to the remaining portion of the Artist Profession Law, was the result of lobbying efforts from the actors and actresses in Brazil, by the time of the peak of the soap operas<sup>78</sup> broadcasted mainly by TV Globo<sup>79</sup>. The artists wanted to make sure that they would receive further payments by the time of the re-runs of the soap operas and by the time the works were licensed to be broadcasted in other countries.

The artists and performers wished to receive payment for each exhibition of the works and, for this reason, they did not want to assign the rights perpetually. However,

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<sup>78</sup> The Brazilian produced soap-operas, specially the ones produced by TV Globo, are considered to be among the best in the world and the end product is actually exported to the United States, Portugal, France and even China, with huge success.

what was not understood was that the assignment of rights is an aspect that may be seen apart from the payment of residuals for every new exhibition. For example, if an assignment is made but only a single exhibition of a given program is foreseen, payment for future exhibitions may be owed to the artists/performers. However, if the assignment is made in a way that the artists/performers recognize that the payment they are receiving is sufficient to cover every exhibition made by the assignee or if there is a very high number of re-runs foreseen in the agreement, there would be no grounds for claiming that the agreement is illegal.

Nevertheless, the lack of the perfect understanding of the situation by the Congress at the time allowed Section 13 of the Artist Profession Law to pass as it is now, without any distinction between assignments and re-runs or even use in new media. As a consequence, even though some reconciliation between the first Brazilian Copyright Act and the Artist Profession Law was possible, this was not the prevailing position, even though case law is basically inexistent as to this aspect.

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<sup>79</sup> TV Globo is the largest free TV network in Brazil, with presence in almost the entire territory of Brazil.

Be it as it may, in 1998 the current Brazilian Copyright Act was enacted<sup>80</sup>, and many inconsistencies have been cleared up but, unfortunately, not in a straight-forward way. As seen<sup>81</sup>, section 49 of the Copyright Act of 1998 foresees the total or partial assignment of the economic rights of the authors.

As it happened with Section 52 of the first Copyright Act<sup>82</sup>, one may gather that the above Section is only applied to copyrights and not neighboring rights. However, Section 89 of the current Act ends with such discussion since it mimics the language of the old Section 94<sup>83</sup>, thus making everything that may be applicable to copyrights, also applicable to the neighboring rights<sup>84</sup>.

Therefore, it is quite clear that the assignment referred to in Section 49<sup>85</sup> not only may be applied regarding the copyrights but also in relation to neighboring rights. Section 92 of the current Copyright Act reinforces this conclusion. This Section, which confirms

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<sup>80</sup> Brazilian Copyright Act of February 19, 1998.

<sup>81</sup> See footnote 50.

<sup>82</sup> See footnote 74.

<sup>83</sup> See footnotes 42 and 75.

<sup>84</sup> Section 89 of the Brazilian Copyright Act of 1988 - The provisions referring to the rights of authors will be applied, when possible, to the rights of artists, performers, phonogram producers and broadcasting organizations.

that the assignment of the economic neighboring rights is possible, is extremely important since it comes under Title V which is solely dedicated to the Neighboring Rights<sup>86</sup>.

The possibility of assignment of the economic rights has been made clear with the enactment of the new Copyright Act. With the exception of the moral rights, all other rights may be freely transferred to third parties inasmuch as an agreement is executed.

However, it is also clear that the sections discussed above, specially Section 92, are in apparent contradiction with Section 13 of Law no. 6,533/78, the Artist Profession Law. While Section 13 of Law no. 6,533 says that "the assignment of or the promise to assign copyrights or neighboring rights resulting of the rendering of professional services is not permitted", Section 92 of the new Copyright Act states that "the performers shall keep

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<sup>85</sup> See footnote 50.

<sup>86</sup> The correct understanding of Section 92 of the current act is essential for the conclusion of this article. This section directly acknowledges the possibility of assignment of the economic rights of the artists and performers, as follows:

Section 92 - The performers shall keep the moral rights of integrity and paternity of their interpretations, *even after the assignment of the economic rights*, without prejudice of the reduction, compacting, edition or dubbing of the work in which they participated, under the producer's responsibility, who may not disfigure the interpretation of the artist.

the moral rights of integrity and paternity of their interpretations, even after the assignment of the economic rights".

Therefore, the new law expressly foresees the possibility of assignment of economic rights of the performers so that, after applying the general principle laid down in the Law of Introduction to the Civil Code<sup>87</sup>, the current Copyright Act has superseded Section 13 of the Artist Profession Law in this specific aspect.

Because this matter has not yet been put to test before the courts, the American entertainment industry, when dealing with issues similar to the Cybele de Sa case mentioned above must be prepared to face resistance with the above interpretation. The difficulties will most certainly stem from the last Section of the Copyright Act,

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<sup>87</sup> It is a general principle of the Brazilian law that a later legislation supersedes a prior legislation whenever the first is inconsistent with the latter. This may be gathered from Section 2 of Decree-Law no. 4,657, of September 04, 1942 (Law of Introduction to the Brazilian Civil Code):

Section 2 - If a law does not have a specific expiration term, it will be kept in force until another one modifies or revokes it.

Paragraph 1 - The subsequent law supersedes the prior one when it is expressly declared, when they are incompatible or when they comprehensively regulates the issue with which the earlier law dealt.

which expressly affirms that the Artist Profession Law continues to be in force, without creating any exception<sup>88</sup>.

However, the general principle of the law, whereby a later conflicting legislation revokes the prior one, will always prevail, under penalty of many uncertainties being created by Congressional errors and omissions. As a matter of fact, since the Artist Profession Law deals in almost its entirety with labor issues, there would not be any reason for it to be revoked by the new Copyright Act. This is the reason behind the exception of Section 115<sup>89</sup>. Of course, the Congress should have also made clear that Section 13 has been revoked so as to avoid any discussions and lengthy litigation regarding this matter.

Therefore, as far as neighboring rights go, the same precautions taken with the economic rights must be adopted in order to avoid any claim that new uses are outside the scope of the agreement.

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<sup>88</sup> Section 115 - By force of this Law the following provisions are revoked: arts. 649 to 673 and 1.346 to 1.362 of the Civil Code and Laws nos. 4,944 of 6 April 1966; 5,988 of 14 December 1973, except Section 17 and §§ 1 and 2; 6,800 of 25 June 1980; 7,123 of 12 September 1983; 9,045 of 18 May 1995, and remaining provisions contrary to it, being kept in force Laws n° 6,533, of 24 May 1978 and 6,615, of 16 December 1978.

<sup>89</sup> See footnote 88.

## 6. Conclusion

Any negotiation involving assignment of economic, moral and neighboring rights in civil law countries, especially Brazil, must be thoroughly discussed and understood by the entertainment industry, under penalty of reaching agreement that may look perfect under the American perspective but are, in actuality, unenforceable under the laws of the countries where it is executed or where the services will be rendered.

This is particularly true of Brazil where, as commented<sup>90</sup>, the doctrine of the work made for hire no longer exists for copyright matters - with the exception of software<sup>91</sup>. The agreements must be carefully drafted in order to encompass as many rights as necessary to perfectly allow the exploitation of the work, without, if possible, any further payments to the assignor.

However, this task can only be accomplished if the very restrictive rules regarding the assignment of economic rights are understood and complied to the fullest extent possible. Also, the moral rights, which are usually seen as

a very complex set of rights that threaten the full exploitation of the work, must be seen as they actually are: important rights for the pride of the individual authors that, with minimum efforts, could have their effects minimized to a point that the effect on the actual use of the work will not be of relevance. Finally, it is also necessary to fully understand the problems related to the neighboring rights and the legal theories surrounding them in order not to be caught off-guard when negotiating an agreement.

In general, the rules could be summarized as follows:

- a) The agreements will be interpreted restrictively by the courts;
- b) The assignments must be in writing;
- c) Territory and duration of the assignment must be mentioned in the agreement;
- d) Modes of exploitation or media should preferably be enumerated in full detail (encompassing also media that are now in prototype stages);

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<sup>90</sup> See section 3.1.

<sup>91</sup> See footnote 45.

- e) Use in media not known at the time of the execution of the agreement can not be assigned;
- f) Agreements regarding "future works" can only have a maximum of five-year term but all works being created within this period can be automatically assigned in perpetuity;
- g) Moral rights can not be assigned or waived;
- h) Neighboring rights generally follow the rules of the economic and moral rights: the first may be subject to assignment and the latter may not be subject to assignment; and
- i) There is a controversy surrounding the ability of assigning the economic neighboring rights that must be taken into consideration;

An important remark must be made in the sense that most of the controversial issues discussed herein, as commented several times, have not been tested in court or are in the process of being tested so that the solutions presented are hypothetical solutions based on the study of the behavior of the courts and of the Congress, as well as empiric tests.

It is also important to remark that, as complicated as it may seem, the structure of the contracts should not differ much from the practice established by the entertainment industry in the United States. However, it is important to understand the consequences of a given provision, based on the law of the country where it will be applied since, most of the time, election of foreign law and jurisdiction to settle any disputes arising out of the agreements will not be a safeguard available to the industry.