

DEATH AND THE MAIDEN – PROBATE AND COPYRIGHT

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Dealing with the estate of a deceased person who has been involved in creative industries, as an executor, as a beneficiary, or as a person seeking an assignment or a licence, requires an understanding of both copyright and probate.

This paper focusses on deceased persons who are obviously and professionally involved in creative industries. However, *many* deceased persons may informally create valuable copyright. A testator giving will instructions, and an executor “calling in” the deceased’s assets, may increasingly be required to proactively investigate and identify intangible assets (including interrogating mobile phones, computer files, network storage, cloud and social media such as Facebook, Instagram) and consider the issues raised in this paper.

Deceased’s Assets

The Deceased may own physical creative materials, and may also own copyright, including copyright that is embodied in the physical materials. Copyright is personal property,¹ which is separate property from the physical materials.²

In particular, the Deceased may own copyright in copyright works³ including in particular

- Literary works including novels and song lyrics, but also including treatments, emails, letters and diaries;
- Dramatic works including scripts;
- Artistic works including paintings, drawings, sculptures and photographs but also including costume designs, doodles and storyboards;⁴
- Musical works including musical compositions but also including jingles, arrangements and soundscapes.

Generally speaking,⁵ the copyright owner of a work is the author,⁶ unless the author was an employee who created the work in the course of employment.⁷

In relation to photographs, the Deceased may have photographs in their possession but may not own copyright in the photographs. The owner of the work is the photographer, although a person who commissions a photograph for private or domestic purposes is the owner of the photograph⁸, and in relation to photographs made before 1 July 1998, the persons who commissioned the photograph for *any* reason is the owner of the photograph (although for photographs from May 1969 the author may

¹ Section 196 Copyright Act

² Pacific Film Laboratories Pty Ltd v. Commissioner of Taxation (1970) 121 CLR 154; In re Dickens, Dickens v Hawksley [1935] 1 Ch, 26

³ Section 31 Copyright Act

⁴ Section 10 “artistic work”

⁵ There may be issues determining initial vestee, transfer and ownership if the work or other subject matter involves authors from two different countries. Some countries such as Germany and France apply the law of the protecting country - The Asphalt Jungle case; Huston v Turner Entertainment 23 IIC 702 (1992) (and Paul Geller suggests that this the preferable view), whereas some apply the law of the “source country” - Itar Tass Russian News Agency v Russian Kurier Inc 153 F 2d 182 (1998) 2nd Circuit). See 6[2](b) and 6(2)(c) Paul Geller “International Copyright: An Introduction” cited in Bentley (ed) “International Law and Practice” Lexis Nexis 2017

⁶ Section 35 Copyright Act

⁷ Section 35(6) Copyright Act. See Redrock Holdings Pty Ltd v Hinkley (2001) 50 IPR 565; Insight SRC IP Holdings Pty Ltd v The Australian Council for Educational Research Limited [2012] FCA 779

⁸ Section 35(5) Copyright Act

restrain use for any purpose other than the commissioned purpose or the private or domestic purpose⁹). Generally speaking, the Deceased will not own the photographs in which the Deceased appears unless they are commissioned photographs or “selfies”.

The Deceased may also own copyright in “other subject matter” including

- Sound recordings,¹⁰ which includes professionally produced recordings of musical work, as well as any audio recordings of interviews or lectures, on a computer or a dictaphone, where the owner of the work is the person who commissioned the recording or the maker of the sound recording,¹¹ that is, the person who owns the record.¹²
- Cinematograph films,¹³ which includes professionally produced theatrical films as well as film recordings on an iPhone or Youtube videos, where the owner is the person who commissioned the recording or the maker of the film,¹⁴ that is the person by whom the arrangements necessary for the making of the film were undertaken.¹⁵
- Television or sound broadcasts,¹⁶ and published editions¹⁷

The Deceased may have contractual rights and obligations. These include rights and obligations under production and investment agreements, royalty agreements, development agreements, option and assignment agreements and intellectual property licences.

If the Deceased granted a licence, then the licence continues to bind the Deceased’s successors.¹⁸ An option and assignment agreement may be less clear – the Deceased may have signed an assignment agreement at the same time as the option agreement, with the assignment agreement undated, and to be held in escrow pending the exercise of the option. However, the assignment agreement will not be effective if the option is exercised after death because the assignment agreement is dated after death, and a dead person cannot sign an agreement. However, an irrevocable power of attorney with consideration to sign the assignment agreement will be effective, since it is not revoked by the principal’s death.¹⁹

If the Deceased was required to perform obligations, and the time for performance was before the Deceased died, then the counter-party may have a claim against the Deceased’s estate. For example, if the Deceased was required to pay money pursuant to a contract then this is an estate debt, or if the Deceased was required to deliver a draft or otherwise provide a service before the Deceased died, then the counter-party may have a claim against the Deceased for breach of contract.

If the Deceased is entitled to a contractual benefit, then it is necessary to determine whether the right is assignable. Assignable contractual rights are choses in action, and a species of personal proprietary rights.²⁰ It may be that the benefits are not assignable, because having regard to the nature of the contract and the subject matter of the contractual right in question, that right is personal in the sense that the identity of the contractual obligee is material to the contractual relationship itself, that is, it is a “personal

⁹ Grant Matthews v ACP Publishing Pty Ltd (1998) 41 IPR 535. The right may cease on the author’s death, since the legislation specifically refers to “author” not owner (unlike section 36 infringement), or author or author’s LPR (unlike section 195AN moral rights)

¹⁰ Section 85 Copyright Act

¹¹ Section 97 Copyright Act

¹² Section 22(3) Copyright Act

¹³ Section 86 Copyright Act

¹⁴ Section 98 Copyright Act

¹⁵ Section 22(4) Copyright Act

¹⁶ Section 87 Copyright Act

¹⁷ Section 88 Copyright Act

¹⁸ Section 196(4) Copyright Act

¹⁹ Section 16(1)(e) Powers of Attorney Act 2003

²⁰ Pacific Brands Sport & Leisure Pty Ltd v Underworks Pty Ltd (2006) 149 FCR 395 [32]

contract”.²¹ There may otherwise be an implied term that there is a right to terminate if the Deceased dies.²²

The Deceased may have assigned or otherwise licensed certain rights to collecting societies, such as CAL (Copyright Agency Limited) and APRA (Australian Performing Right Association), to collect royalties, licence fees and other payments on the Deceased’s behalf.

The Deceased may also be entitled to moral rights. There is debate whether moral rights are part of copyright (German monism) or moral rights is a distinct right apart from the economic rights of copyright (French dualism). In any event, the Copyright Act provides that right of integrity in cinematograph films ceases on death, but the right of copyright in other copyright works subsists for the full term of copyright,²³ and the right may be exercised by the author’s legal personal representative and are not otherwise transmissible by will or operation of law.²⁴ Notably, the LPR may be more pro-active in exercising an author’s moral rights – a living author may be reluctant to exercise moral rights because they may not get any further work, but the LPR of a dead author may have no such qualms. Notably, one of the leading French moral rights cases, relating to the colourisation of John Huston’s film “Asphalt Jungle” was brought by the heirs of John Huston, not John Huston himself.²⁵

Legal Personal Representative

A dead person cannot own property.

Copyright is transmissible by operation of law.²⁶ The relevant laws about administration of estates are state laws - the Probate and Administration Act 1898 (NSW), the Succession Act 1981 (Queensland), Administration and Probate Act 1958 (Victoria), Administration Act 1903 (WA), Administration and Probate Act 1929 (ACT), Administration and Probate Act 1919 (SA), and Administration and Probate Act 1935 (Tas). These may need to be read with separate laws relating to succession and family provision – the Succession Act 2006 (NSW), the Wills Act 1997 (Victoria), the Wills Act 1970 (WA) and Family Provision Act 1972 (WA), Wills Act 1968 (ACT) and Family Provision Act 1969 (ACT), Wills Act 1936 (SA) and Inheritance (Family Provision) Act 1972, and Wills Act 2008 (Tas) and Testator’s Family Maintenance Act 1912 (Tas), and Wills Act 2000 (NT) and Family Provision Act 1980 (NT).

Generally speaking, the Deceased’s real and personal property vests in the executor or administrator (the legal personal representative or LPR) after probate or letters of administration has been granted, as from the date of death.²⁷ The property vests in the LPR even if the property is not listed in the probate application inventory of property.

However, if there is no grant of probate or letters of administration, and before probate or letters of administration is granted, the property may vest in the state Trustee and Guardian.²⁸ There is authority in NSW that the NSW Trustee and Guardian is merely a “holding”, and NSW Trustee and Guardian is not

²¹ *ibid*

²² *Codelfa Constructions v State Rail Authority NSW* (1982) 149 CLR 337

²³ Section 195AM Copyright Act

²⁴ Section 195AN Copyright Act

²⁵ *Turner Entertainment v Huston*, French Court of Cassation 28 May 1991

²⁶ Section 196 Copyright Act

²⁷ Section 44 Probate and Administration Act 1898 NSW, section 45 Succession Act 1981 Qld; section 13 Administration and Probate Act 1958 Victoria; section 8 Administration Act 1903 WA; section 39 Administration and Probate Act 1929 ACT. There does not appear to be an equivalent section in Tasmania, although section 32 Administration and Probate Act provides that real and personal estate are assets for payments of debts; section 52 Administration and Probate Act 1993 (NT)

²⁸ Section 61 Probate and Administration Act 1898 NSW; section 38A Administration and Probate Act 1929 ACT; section 45 Administration and Probate Act 1919 SA; section 45 Succession Act 1981 Qld; section 19 Administration and Probate Act 1958 Vic; section 49 Administration and Probate Act 1993 (NT)

required to take any active steps, such as collect debts such as royalties or progress payments, or grant licences.²⁹

Therefore, if a person wants to use a deceased person's copyright work, they must first check whether probate or letters of administration has been granted, and if not then agitate for it to be granted. The NSW Supreme Court keeps a record of all probate and letters of administration that has been granted in NSW (although older files are transferred to the State Archives Collection). Any person is entitled to apply for a copy of a will where probate has been granted by applying for an exemplification of the will, and a person who is a beneficiary or executor is entitled to apply for a copy of the full probate including an inventory of assets.³⁰

Therefore, it is not enough to deal with a beneficiary, the person who would be entitled to the asset pursuant to the deceased's will or on intestacy. A beneficiary has no legal or equitable interest in any asset or in the estate until and unless there has been a distribution to the beneficiary.³¹ In part, this is because all of the Deceased's asset must first be applied to pay the Deceased's debts and funeral, testamentary and administrative expenses.³² It may be that after the outstanding ATO debt and credit card bills are paid, there are no net assets. In part, this is because a beneficiary is not required to accept a gift and may disclaim.³³

If there has been no grant within a relatively short period after the Deceased's death, a person with an interest in the estate may apply to the court for a grant of letters of administration.³⁴ However, the only person who may apply is a person with an *interest in the estate*, such as a beneficiary or a creditor, and not merely a person who is *interested in the estate* such as a person who is seeking a licence to use the Deceased's copyright.

LPR Granting Rights

The LPR has the right to deal with the Deceased's property, including granting licences. During administration of the estate, if there are more than one executor, then any one executor can bind the estate including granting licences. However, after the executors have completed administration, the executors are then holding assets as trustees, and must act together.³⁵

Therefore, the Deceased needs to carefully consider who to appoint as executor as part of the Deceased's estate planning. It may be that the Deceased appoints one person as executor generally, and another as "literary executor" or executor for limited property. For example, Patrick White appoint Perpetual Trustee as his executor subject to appointing Barbara Mobbs, his agent, as his literary executor. The will specified her role as administering and licences and contracts, power to realise copyright by assignment

²⁹ Abu-Arab v NSW Trustee & Guardian [2014] NSWSC 954

³⁰ NSW Supreme Court Probate, Frequently asked questions about probate
http://www.supremecourt.justice.nsw.gov.au/Pages/sco2_probate/frequently_asked_questions.aspx

³¹ Commissioner of Stamp Duties (Qld) v Livingston [1965] AC 694

³² Section 46C Probate and Administration Act 1898 NSW; section 56 Succession Act 1981 Qld; section 37 Administration and Probate Act 1937 Vic; section 10 Administration Act 1903 WA; section 32 Administration and Probate Act 1935 Tas; section 41A Administration and Probate Act 1929 ACT; section 55 Administration and Probate Act 1993 (NT)

³³ Tantau v Macfarlane [2010] NSWSC 224

³⁴ Section 75 Probate and Administration Act (3 months). See also section 63 relating to a grant of administration of intestate estate; section 46 Succession Act 1981 Qld; sections 15 and 16 Administration and Probate Act 1958 Vic (6 weeks); section 37 Administration Act 1903 WA (2 months); section 25 Administration and Probate Act 1929 ACT (6 months); sections 7 and 8 Administration and Probate Act 1935 Tas; section 34 Administration and Probate Act 1993 (NT) (3 months)

³⁵ Union Bank of Australia v Harrison (1910) 11 CLR 492; Australian Olympic Committee Inc v The Big Fights Inc 46 IPR 53 at [412] per Lindgren J; John v John [2010] NSWSC 937

or licence, pay money to executor.³⁶ In *The Estate of Nicholas Enright*³⁷, Rein J held that the testator's appointment of David Marr as "literary executor" in his will was effective to appoint him as an executor for particular property or class of property, the literary estate. The literary executor's role may extend beyond the traditional executor and include collating and editing papers for publication and effectively curate the Deceased's work.

The executor or administrator has fiduciary duties to the beneficiaries, including when the executor or administrator is exercising rights, including

- to prevent waste and devastavit³⁸
- maximise the value of the estate
- exercise care, diligence and skill of prudent person³⁹
- act in best interests of all present and future beneficiaries of the trust⁴⁰
- act impartially between beneficiaries and classes of beneficiaries⁴¹

A beneficiary also has a right of due administration, to ensure that the Deceased's estate is properly administered. The court has a discretion as part of its supervisory jurisdiction to revoke a grant of probate or letters of administration if the due and proper administration has been put in jeopardy.⁴²

The LPR may have challenges discharging their fiduciary duties to the beneficiaries when granting rights.

There may be disagreement between the beneficiaries about exercising the rights. If the LPR exercises the rights and generates income, then this is maximising the value of the Deceased's estate and acting in the interests of all of the beneficiaries. The LPR may be discharging their duties, even if some of the beneficiaries do not want the rights exercised. If the LPR does not exercise the rights because one or some of the beneficiaries do not agree, then this is not maximising the value of the Deceased's estate and may be characterised as preferring the interests of some of the beneficiaries and not acting impartially between beneficiaries, and/or may be characterised as not duly administering the estate.

The only qualification is that some forms of exploitation may not be maximising the value of the estate. The value of copyright as a chose in action may include goodwill, reputation and exclusivity,⁴³ and this may be damaged if the copyright is over-exploited or exploited inconsistently with the author and the work's reputation or integrity. For example, when Friedrich Nietzsche died, his executor published some of Nietzsche's later work, after Nietzsche had gone mad, damaging Nietzsche's "brand".

The Deceased may complicate issues by leaving directions in the will, which may be binding or may mere wishes. For example, Franz Kafka directed his executor to destroy all his unpublished work. The executor ignored the direction, and preserved and published the work.⁴⁴

Distribution to beneficiaries

If the Deceased bequeaths copyright to a beneficiary, or copyright forms part of residue, the LPR distributes the copyright to the beneficiary by an assignment in writing, signed by the LPR in the LPR's

³⁶ Justice G Lindsay "Literary Executor and the Lighthouse" STEP Presentation; 18 November 2016

³⁷ *The Estate of Nicholas Paul Enright* [2017] NSWSC 1646 at [40] to [42]; see also *In re Orwell's Will Trusts*, *Dixon ats Blair* [1982] 1 WLR 1337,

³⁸ *Bird v Bird* [2013] NSWCA 262

³⁹ Section 14A Trustee Act 1925

⁴⁰ Section 14B(2)(a) Trustee Act 1925

⁴¹ Section 14B(2)(c) Trustee Act 1925

⁴² *Mavrideros v Mack* (1998) 45 NSWLR 80

⁴³ *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd* (2009) 81 IPR 378

⁴⁴ *Supra* n34

capacity as owner of the rights.⁴⁵ A beneficiary may call for their bequest under the will,⁴⁶ which would include rights if the beneficiary is entitled to rights.

The transfer of rights may “deadlock” the rights if the Deceased bequeaths the copyright to a number of beneficiaries. This is because copyright can only be licensed if all of the copyright owners agree.⁴⁷ If the beneficiaries do not agree how to license the rights, then the copyright cannot be exploited. The Deceased should carefully consider whether to bequeath separate copyright to separate beneficiaries, rather than bequeath all copyright to all beneficiaries with the risk that the copyright may be deadlocked.

The beneficiary entitled to the copyright is also entitled to the income generated by the copyright after the Deceased’s death, such licence fees or royalties, but must ultimately bear the costs of attributable to the copyright such as the costs of enforcement.⁴⁸ The Deceased may no longer own the copyright, but may only have a contractual right to royalties or other payments. If the Deceased bequeaths the right to royalties or other payments, or the right to royalties or other payments forms part of residue, the LPR distributes the right by assigning the *contractual right to royalties* – it is not sufficient to assign “royalties” since royalties are future property that cannot be assigned.⁴⁹

If the Deceased bequeaths physical material to a beneficiary, it may be unclear whether the Deceased has also bequeathed the copyright. If a person is entitled, beneficially or otherwise, to the manuscript of a literary, dramatic or musical work, or to an artistic work, *and the work was not published* before the death of the testator, the bequest shall, unless a contrary intention appears in the testator's will, be read as including the copyright in the work in so far as the Deceased was the owner of the copyright immediately before his or her death.⁵⁰

If there is a mistake in the will, such as a clerical error or the will does not give effect to the Deceased’s instructions, a person may commence proceedings to rectify the will.⁵¹ If a clause of the will is meaningless or ambiguous, a person may commence proceedings for construction of the will and evidence (including evidence of the testator’s intention) is admissible to assist in the interpretation.⁵² For example, in *Diana Dupain v Jill White*,⁵³ there was an issue about Max Dupain’s will and the scope of the phrase “exhibition photographic negatives” which were not part of the commercial business and the copyright in the negatives, the phrase “photograph exhibition prints” which were not part of the commercial business and the copyright in the prints, and all other negatives which formed part of residue. Cohen J relied on evidence that during his lifetime, Max Dupain had referred to “exhibition” negatives and prints to describe his non-professional work, even if the work never appeared in an exhibition.

Testamentary Trust

The Deceased’s will may create a testamentary trust and bequeath the copyright to the trustee of the testamentary trust rather than to individuals directly. Therefore, the “beneficiary” and the copyright owner is the trustee of the testamentary trust not the individuals. This may overcome the problem of the “deadlocked” copyright, because the trustee may grant rights even if the individuals may disagree (subject to fiduciary duties, as stated above).

⁴⁵ Section 196(3) Copyright Act

⁴⁶ Section 85 Probate and Administration Act NSW; section 52 Succession Act Qld; section 42 Administration Act 1903 WA; section 57 Administration and Probate Act 1929 ACT

⁴⁷ *Prior v Sheldon* (2000) 48 IPR 301

⁴⁸ *Lloyd v Frape* (1922) 23 SR (NSW) 11, *O'Brien v McCormick* [2005] NSWSC 619

⁴⁹ *Norman v Federal Commissioner of Taxation* (1963) 109 CLR 9; *Shepherd v Federal Commissioner of Taxation* (1965) 113 CLR 385

⁵⁰ Section 198 Copyright Act

⁵¹ Section 27 Succession Act; see also *Lockrey v Ferris*; *Estate of Brown* [2011] NSWSC 179

⁵² Section 32 Succession Act

⁵³ *Diana Palmer Dupain v Jill White* (unreported, 16 September 1994, NSW Supreme Court, Cohen J)

The testamentary trust may be a fixed trust or a discretionary trust. If it is a fixed trust, then the individuals who are the beneficiaries of the fixed trust have a vested and indefeasible interest in the asset, and presently entitled to the income and will be taxed personally accordingly.⁵⁴ A beneficiary who has capacity may also call for their interest and collapse the trust,⁵⁵ although this may not be possible if there is one copyright and a number of beneficiaries because of the risk of prejudice to the other beneficiaries arising from deadlock.⁵⁶ If it is a discretionary trust, then the individuals are objects of the trust and merely have a right to be considered. The individuals are not presently entitled to asset or any income until it is distributed to them, and trustee is taxed on income that is not distributed.⁵⁷

Companies

The Deceased may not directly own copyright, but may own shares in a company, and the company may own the copyright. For example, the Deceased may have created a special purpose vehicle as the production company to produce the film.

The executor has no rights in the company's assets including the copyright, but only owns the shares. The executor is not automatically a director of the company, even if the Deceased was a director of the company, because the role of a director is personal⁵⁸ so it ceases on the Deceased's death. If the Deceased was the sole shareholder and sole director, the executor may appoint a person including himself or herself as a director.⁵⁹

It may be that the company has been de-registered. The company assets including the copyright vest in ASIC.⁶⁰ A person can only apply to ASIC to reinstate the company if ASIC is satisfied that it should not have been deregistered, or apply to the court if it is just that the company is reinstated, *and* the applicant is a person aggrieved by the deregistration or a former liquidator.⁶¹ Therefore, the executor may apply for the company to be reinstated.

Indigenous Authors

There may be particular issues relating to copyright in works created by indigenous authors.

For example, an artistic work may have been created by an individual author but may use community motifs and dreaming. In *Yumbulul v Reserve Bank of Australia*⁶² Justice French noted that Australia's copyright law does not provide adequate recognition of Aboriginal community claims to regulate the reproduction and use of works which are essentially communal in origin. However, in *Bulun Bulun v R & T Textiles Pty Ltd*,⁶³ Justice von Doussa said that the author may have a *fiduciary relationship* with the community, and if the copyright owner of an artistic work which embodies ritual knowledge of an Aboriginal clan is being used inappropriately and the copyright owner fails or refuses to take appropriate action to enforce the copyright, the Australian legal system will permit remedial action through the courts *by the clan*. Accordingly, the author's LPR may need to consult and consider the broader community. There have also been claims that there should be sui generis protection for indigenous culture⁶⁴ which

⁵⁴ Section 97 Income Tax Assessment Act 1936

⁵⁵ *Saunders v Vautier* (1841) 4 Beav 115

⁵⁶ *Beck v Henley* [2104] NSWCA 201

⁵⁷ Section 99 Income Tax Assessment Act 1936

⁵⁸ *Mancini v Mancini* [1999] NSWSC 799; (1999) 17 ACLC 1570

⁵⁹ Section 201F Corporations Act

⁶⁰ Section 601AD(2) Corporations Act

⁶¹ Section 601AH Corporations Act

⁶² *Yumbulul v Reserve Bank of Australia* (1991) 21 IPR 481

⁶³ *Bulun Bulun v R & T Textiles Pty Ltd* (1998) 41 IPR 513

⁶⁴ *Stoianoff, N., & Roy, A "Indigenous Knowledge and Culture in Australia – the case for sui generis legislation"* (2015) 41 *Monash University Law Review* 745

may extend the term of protection beyond life of the individual author plus 70 years, and may consider the rights of the broader community to control the work

Indigenous authors may have a different concept of family and kin, which may influence their estate planning. Professor Prue Vines and NSW TG have created a useful guide to assist practitioners make culturally appropriate wills.⁶⁵ Notably, Part 3.3 of the Succession Act NSW provides that the personal representative of an indigenous deceased person who dies intestate, or a person claiming to be entitled to share in an intestate estate under the laws, customs, traditions and practices of the deceased's community or group may apply for an order for distribution of the estate which is different to the generally applicable intestacy laws.⁶⁶ There are similar scheme in section 71E Probate and Administration Act NT.

Conclusion

Intangible assets are an increasingly valuable part of the economy. However, not all intangible assets are owned by companies. A person dealing with intangible rights will also need to deal with individuals, which may include dealing with the estates of the individuals. This requires understanding not only the laws relating to intangible rights but the framework of laws relating to probate and administration of deceased estates.

⁶⁵ Vines, Prue *The Aboriginal Wills Handbook: a practical guide to making culturally appropriate wills for Aboriginal People*, 2nd edition, NSW Trustee & Guardian, 2015 available at <http://www.tag.nsw.gov.au/wills-for-aboriginal-people.html>

⁶⁶ Part 4.4, Succession Act 2006; see *Re Estate Wilson* [2017] NSWSC 1; 93 NSWLR 119; **Application by the Public Trustee for the Northern Territory** [2000] NTSC 52