

## Licenses to Videotape Films

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THE LAST SIX YEARS have marked a trend to convert 16mm films to video programs. The movement got its start with the introduction of efficient and moderately priced videotape recorders in the mid-1960s. The abundance of federal funds enabled many school districts to purchase videotape recorders and film chains. (A film chain transmits the visual and sound images from a film to a video system. The images can be transmitted through a distribution network or they may be recorded on tape.) Although video equipment is more expensive than motion picture projectors, it is superior to projectors in terms of flexibility and ease of operation. Programs can be duplicated easily to meet peak demands. Video cassette machines are also easier to operate than projectors, making the materials more accessible to children and to adults who are intimidated by projectors. Prerecorded videotapes are also much cheaper than 16mm films (Time-Life Multimedia recently reduced the price of video cassettes to one-half the price of 16mm films. Other firms can be expected to follow this trend.) Videotapes are much easier to maintain than films and they have a longer useful life. With all of these advantages, it is not surprising that libraries are buying video equipment and seeking licenses to duplicate films onto tape.

Donald C. Hess was the pioneer promoter of purchasing licenses to duplicate films onto tape.<sup>1</sup> In August 1972, he began seeking information about licenses to copy films. Only 23 of the 127 firms he contacted responded to his request for information.<sup>2</sup> Although many of the firms offered licenses for transmitting films over open- and closed-circuit educa-

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tional television systems, none of them offered licenses to duplicate the films onto tape for classroom use. Direct negotiations were needed to develop these agreements. Early in 1973, the Granite School District (Salt Lake City, Utah) signed its first license agreement with Encyclopaedia Britannica Educational Corporation. Contracts with other firms soon followed. At the school's insistence, the payment for these licenses was based on the number of video play-back machines available at the time the agreement went into effect. In 1974 the rate was \$56 per machine per year.<sup>3</sup>

Another pioneer effort began in Washington State in 1972 when the Washington Department of Audio-Visual Instruction (a professional association) formed a committee to investigate the possibility of obtaining a license at the time the film was purchased.<sup>4</sup> The committee developed a model contract offering terms for acquiring permission to duplicate films.<sup>5</sup> The contract proposed an annual fee equal to 10 percent of the purchase price of the film. The license would permit unlimited duplication of the film for use within the institution or district. It also permitted unlimited closed-circuit television transmission within the institution or district. If the license was not renewed at the end of the year, the copies had to be erased.

The reaction to the document was generally negative. Most film distributors feared that the rate was too low and that it would drive them out of business because of a loss of print sales. Educators objected to the high cost of the licenses. The chairman of the committee left the state shortly after the document was published and the committee soon ceased to function. Although the model contract was never adopted by a library or a film distributor, it may have helped to develop a new awareness of the role of licenses to improve access to films.

Another pioneer effort was directed by Robert E. deKieffer at the University of Colorado. The Colorado Brand Project attempted to purchase licenses to duplicate the films in the University of Colorado film library. The tapes were to be distributed on long-term loans to schools in Colorado. However, the project was never implemented, because too few schools in Colorado had the video equipment necessary to justify the effort.<sup>6</sup>

After the early efforts in Utah, Washington and Colorado, a number of school districts began purchasing licenses to duplicate films for classroom use. These programs have generally been successful. In recent years, however, the growth of this practice has been hampered by the budget restrictions which most institutions and districts are experiencing. Public library film service directors have generally shown little interest in this

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development. This probably results from a shortage of compatible video equipment in the homes and institutions served by public library film collections.

#### CURRENT PRACTICES

The author conducted an informal survey of film distributors exhibiting at the conference of the Association for Educational Communications and Technology (AECT), held in Kansas City, Missouri, April 16-28, 1978. An attempt was made to determine (1) the firms' interest in selling licenses, (2) the fees they charge, and (3) the level of this activity. Although the representatives queried were not always prepared to quote specific prices, almost all of them showed an obvious interest in selling licenses to copy their films. Only one firm, Time-Life Multimedia, is unwilling to sell licenses to copy. Its decision is tied to its new policy of selling video cassette copies of its films at one-half the price of the film copies.

Although most of the firms were interested in selling licenses, many of them did not have an established price for the service. The representatives of these firms indicated that their rates were negotiable and that they would be based on the particular needs of the buyer. These tended to be among the smaller firms.

The firms offering established license rates often have three basic requirements: (1) the library must own or lease a copy of a film that is to be copied; (2) the library must maintain its normal print depth (e.g., a library that normally owns three prints of a title must maintain this level before it can purchase a license); and (3) the video copies may not be used outside the normal service area of the institution or district.

The most commonly quoted rate is 10 percent of the retail price of the film per year — the rate suggested in the Washington State document. Some firms allow unlimited copying for this fee, while others limit the number of copies that can be made. The most frequently mentioned limitation is five copies; the most stringent limitation is one copy. A few firms charge more than 10 percent, with 20, 50, and 80 percent rates being quoted.

Some firms and institutions do not want to be involved with annual license renewals, so some distributors offer multiyear or life-of-the-tape rates. The usual rate is 50-80 percent of the retail price of the film. This is based on the assumption that most film titles have an effective sales life of five to eight years.

Some firms offer licenses based on the running time of the film. En-

cyclopaedia Britannica sets one of its rates at \$5 per minute for the first ten minutes and \$3 for each remaining minute. This is a life-of-the-tape rate. The Learning Corporation of America charges \$4 per minute of running time for a 5-year lease.

At least three firms, Learning Corporation of America, BFA, and FilmFair Communications, offer licenses based on the size of the student body served by the video copies. At least one firm, Encyclopaedia Britannica Educational Corporation, offers a formula based on the number of video play-back machines in the institution or district. This was the concept developed in the first contract between Encyclopaedia Britannica and the Granite School District. The larger firms, such as McGraw-Hill, Encyclopaedia Britannica, Coronet and Learning Corporation of America, offer a variety of plans to meet their customers' needs.

One firm has removed the requirement that the library own a copy of the film before acquiring a license: Films, Inc. permits license holders to videotape selected film titles off-the-air when they are broadcast. The license rate is set at one-half the retail price of the film. Other firms will probably follow this practice.

Although many firms publish license rates for duplicating their films, it was quite obvious from the interviews that most of the quoted rates are negotiable. A library that is exploring the possibility of obtaining a license should negotiate carefully to be sure of obtaining the best price.

The third part of the survey attempted to measure the volume of license sales. The representatives of one company indicated that the sale of licenses generated as much as 5 percent of the firm's film sales. This is a large firm that has been heavily involved in the sale of licenses for a number of years. The representatives of most of the other firms indicated that the sale of licenses represents less than 1 percent of their sales. The owners of some of the smaller firms indicated that they had received inquiries about licenses, but had never sold one. A manager of one large firm indicated that if federal funding for audiovisual equipment purchases remains at its present low level, very few libraries will purchase licenses. On the other hand, if the federal funding were to increase, most of the money would be spent on television equipment, and the sale of licenses would rise substantially. The owner of a small firm commented on the price war now raging in the film market, and suggested that it might result in a change in the license rates.

The sale of licenses to duplicate films began six years ago to help schools make better use of their film collections. It probably would have

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grown rapidly if the schools had continued to receive funds at the 1970 level. Because of the reduction in federal and local funds for education, the sale of licenses to schools will probably remain a marginal factor in the next ten years.

During this early period of development, public libraries have shown little interest in purchasing these licenses. This is undoubtedly due to the lack of sufficient and compatible video equipment in the libraries and in the homes and institutions served by public libraries. With the rapid spread of home video equipment, it is quite possible that public libraries will begin circulating video copies of their films for home use. This will offer a number of interesting challenges to the profession and the film industry. The libraries will have to acquire the necessary video duplicating equipment and learn to use it effectively. The film industry will have to develop new licenses permitting public libraries to circulate video copies to patrons, and to charge patrons a modest fee to cover the cost of the operation. This latter aspect will be more difficult to solve than the former. The technology is readily available; a new pioneer is awaited to acquire the equipment and the licenses and to implement the idea.

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