

Overcoming Copyright and Other Intellectual Property Complexities

and Protecting and Exploiting Intellectual Property Rights in Museums

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1. INTRODUCTION

1.1 Universal Nature of Copyright and Contract

To a large extent, intellectual property law is the same around the world. In the museum context this is even more so because the legal framework centres around copyright and contract laws which, due to international treaties and conventions, are very similar across international borders.

This paper looks at

- (a) common copyright problems that arise in relation to hypermedia;
- (b) how to avoid the common problems that arise;
- (c) what Copyright and other Intellectual Property rights are held by museums;
- (d) how intellectual property rights can be protected; and
- (e) how intellectual property rights can be exploited.

1.2 Hypermedia Applications with which Museums are Involved

The following is a list of some of the applications with which a museum might be involved in which intellectual property problems can arise.

Data Bases - information about collections; searchable indexes, possibly with pictures, sound, video, primarily for research and archival and other internal administrative purposes, but perhaps also available to the general public; available on-line and on CD-ROM.

Computer Presentations - distributed on CD-ROMs, on the Internet (perhaps via a "World Wide Web" hypertext "page") or available on local area computer networks at the particular museum or gallery containing digitised versions of physical displays, virtual museums and galleries, e.g. the Microsoft version of the British National Gallery. Various different levels of information can be incorporated in such hypermedia presentations to allow the user to see as little or as much information as the curator allows, in ways that can be controlled by the curator but would be reasonably flexible to ensure maximum saleability.

Computer Enhanced Displays - general purpose computers with information on the hard drive or on CD-ROM, or computerised kiosks that are restricted to the one or more specific applications, containing information about particular displays. As with the computer presentations mentioned above, the attendee can find out more information about a physical display, to varying depths of detail.

Computerised Publications - duplicating or replacing existing books, pamphlets, brochures, magazines, periodicals and advertising material.

Because museums are involved with:

- (a) creating material that could be used for these hypermedia applications and other purposes;
- (b) allowing third parties to use their material for incorporation within hypermedia applications and other purposes;
- (c) developing hypermedia applications in-house; and
- (d) getting third parties to develop hypermedia applications for them,

they, unenviably, encounter the full range of intellectual property problems that arise in relation to hypermedia application development. Some of the intellectual property problems that arise with these applications of hypermedia applications will now be examined under the three heading first-mentioned above.

2. CREATING MATERIAL FOR HYPERMEDIA AND OTHER PURPOSES

2.1 Ownership Issues

Overcoming Copyright and Other Intellectual Property Complexities

Normally, any intellectual property rights created by the employee *in the ordinary course of employment*, will belong to the employer. Work done by an employee at home may still belong to the employer. Things created at work by the employee might be outside the scope of their employment and belong to the employee. There are various exceptions depending on the relationship between the parties, the type of employment, and the jurisdiction you are in.

Similarly with sub-contractors, although typically, the sub-contractor owns the intellectual property rights and the Museum only gets a licence to use the material for the purposes contemplated by the contract.

Disputes often arise as to who owns the intellectual property rights. No matter what legal jurisdiction you are in, a written contract should be used whenever intellectual property rights are being created. The contract need not be very complicated but as a bare minimum, it should state clearly:

- (a) who will be the owner of the intellectual property rights; and
- (b) how each party may deal with the intellectual property after its creation.

2.2 Employees

In addition to statements about ownership, other terms of the contract of employment that could be included are:

- (a) statements of duties;
- (b) payment and other benefits that will be received;
- (c) what information is to be treated as confidential information; and
- (d) the extent to which the worker is to be restrained from operating in competition to the Museum after ceasing to work for the Museum.

See the Picton-Warlow & Co Web Page for an outline of a typical employment contract.

Another element that is important to consider is education of staff and management about intellectual property rights - what they are, who owns them, how they can be used by staff and how they may not be used.

Be aware that the museum is liable for the actions of its employees under the common law doctrine of vicarious liability. It is possible to get indemnities from employees, but someone who has suffered

loss will pursue the larger organisation first. Problem areas are employees using pirate software and other breaches of copyright, such as unauthorised copying of text, picture, sound and video.

2.3 Sub-Contractors

Whereas the museum is responsible for the performance of its employees, it does not have the same control over sub-contractors. Contracts with these organisations should include:

- (a) clear statements of what the sub-contractor is required to do;
- (b) performance criteria and milestones that have to be satisfied and reached before money is paid to the sub-contractor;
- (c) clear cut tests that demonstrate the performance criteria and milestones have been met - clear expressions of what is expected of the sub-contractor are the most difficult part of the contract;
- (d) the expected time frame for the production of the material;
- (e) warranties by the sub-contractor that the material will be fit for purpose and of merchantable quality;
- (f) a list of the events of default; and
- (g) the remedies that will be available in the event that the contract is breached, distinguishing between those defaults that merely result in damages and those that give rise to cancellation of the contract.

3. ALLOWING THIRD PARTIES TO USE MUSEUM MATERIAL FOR HYPERMEDIA AND OTHER PURPOSES

3.1. Ownership of objects -v- ownership of intellectual property

Possession of objects such as artistic and literary works does not mean possession of the associated intellectual property rights. For example, owning a picture by Picasso does not mean the owner is allowed to make copies of it.

Museum material falls into three categories:

Overcoming Copyright and Other Intellectual Property Complexities

(a) material held by the Museum where the Museum owns the intellectual property rights and the intellectual property rights still subsist - the museum has created the material and owns copyright or the Museum has acquired the intellectual property rights from the original, or subsequent, owner of those rights;

(b) material held by the Museum where the a third party owns the intellectual property rights and the intellectual property rights still subsist - the Museum has created the material but the intellectual property rights have been assigned to a third party, the museum has acquired an object but not the associated intellectual property rights;

(c) material held by the Museum in which intellectual property rights have expired - the length of time differs for different object an works and for the different jurisdictions. In Australia, copyright in artistic and literary works subsists for the life of the author plus 50 years.

The first step is to take an audit of the Museum's intellectual property. The following details should be noted along with other information about the Museum's objects:

(a) what intellectual property rights are associated with the objects in the Museum's collection - e.g. ownership of copyright or a licences to reproduce for certain purposes only;

(b) who owns the different intellectual property rights in the collection objects; and

(c) when the intellectual property rights will expire.

Where it has not been done already, the Museum's data bases and catalogues should be updated to take account of this information.

3.2. Licensing when you own or control the intellectual property rights

The museum may own copyright. It may also have obtained a licence to use material as if it were the owner. It may have more limited licence.

Where the museum owns copyright, any licence, preferably written, to allow someone else to reproduce the works, should include:

(a) a statement that the museum owns the copyright in the work, and an acknowledgment that the other party cannot reproduce the work in any way without the permission of the museum;

(b) the works to which is access granted;

(c) what may and may not be done with the works, e.g. no photographs of paintings using a flash;

(d) the only purpose or purposes for which the material may be used - which should be made as limited as possible;

(e) the fee payable by the other party in return for the licence or the royalty payable on the sale of any final products, or both; and

(f) strong audit provisions that perhaps:

(i) allow the museum to enter the premises of the licensee with no notice to examine its books for the purpose of determining what royalties should have been paid; and

(ii) the right to demand an audit, at the licensee's expense if there is too much discrepancy between the royalty that was paid and the royalty that should have been paid.

Some museums have sold, for a fee which might have seemed sizeable at the time, rights to reproduce all of its material in any hypermedia production. This could result in a large loss of revenue for such a museum if its material is used extensively in best selling hypermedia software. What is worse is that some have sold *exclusive* rights to do so. Granting exclusive rights prevent the museum creating its own hypermedia titles as well as preventing the museums dealing with third parties unless they have the permission of the party to whom the exclusive rights were sold.

Hence it is suggested that:

(a) selling exclusive rights should be avoided at all costs; and

(b) the purpose for which the material may be used is strictly limited to particular projects that are made known to the museum.

If a carpet right to reproduce in hypermedia titles has been sold, it may not be too late to exploit the rights a little further. The museum has control over access to the material. Unless access has already been granted in the initial licence, that access can be restricted on terms favourable to the museum. As is illustrated in the next section.

3.3. Creating Intellectual Property using contracts where no such rights actually exist

Expiration of copyright in a particular work does not mean that no intellectual property rights can be exploited. Control over access may equal an exploitable right.

Overcoming Copyright and Other Intellectual Property Complexities

A museum can restrict access to its collection. It can therefore grant access to the collection on any terms it wishes. Museums have done this for a long time in relation to taking photographs and videos of their works. The same can be done in relation to granting access for the purpose of collecting material for hypermedia purposes.

The contract, preferably written, should at least specify:

(a) that, as between the museum and the individual or company wanting to use the material, the work is *deemed* to have copyright associated with it, so that the other party cannot reproduce the work in any way without the permission of the museum;

(b) the works to which is access granted;

(c) what may and may not be done with the works, e.g. no photographs of paintings using a flash;

(d) the purpose for which the material may be used - as limited as possible; and

(e) the fee for access or the royalty payable on the sale of the final product, or both.

The rights equivalent to copyright that are created in this way can be made even more stringent than the copyright laws of the relevant jurisdiction. The period of time that copyright is deemed to exist can be lengthened, for example.

Note also that in instances where the museum has both copyright and control over access the museum can still create additional rights by taking advantage of its right to restrict access.

3.4. Obtaining licenses to on-licence when the museum does not own the rights

Ownership of the work does not equal ownership of the intellectual property rights. Part of each museum's acquisition policy should be to obtain, where possible:

(a) ownership of the intellectual property rights;

(b) the right to treat the work as if it were the owner of the intellectual property rights; or

(c) more limited rights to use the material and associated intellectual property rights, including the right to sell rights and licences to third parties.

The first of these involves an assignment of copyright to the museum by the owner. Care should be exercised to ensure that the owner of the work is also the owner of the copyright.

The next involves a licence from the owner of the copyright to the museum, stating that the museum may do anything with the work that it wishes. These rights will include the rights to assign the rights to a third party, or licensing a third party to use the material, on such terms as it thinks fit.

In relation to the last scenario, the extent to which the material can be used, and rights granted to third parties, will depend on the limitation placed on the licence during negotiations with the owner.

In each case, the assignment or licence may be granted in return for a nominal fee, a more substantial fee, on the basis of royalties on the sale of hypermedia titles that use the material, or a combination of fees and royalties.

4. DEVELOPING HYPERMEDIA TITLES IN-HOUSE

4.1 Employees and Sub-Contractors

The first step is to ensure that the employees and sub-contractors know where they stand in relation to the ownership of intellectual property rights. The same issues discussed above in relation to creation of material is applicable here.

4.2 Material Used in the Titles

Use only material that you know you have the right to use:

- (a) material created in-house;
- (b) material produced outside in which you *own* the intellectual property rights; and
- (c) material produced outside in which you have a *licence to use* for the purpose intended.

Ownership of the work does not imply ownership of the associated intellectual property rights. A licence to use for one purpose does not necessarily include the licence to use for other purposes.

There are some easy traps to fall into:

- (a) copying paintings, drawings, etchings, sculptures and other works of art owned by the museum will infringe the intellectual property rights of the artist if permission has not been granted or intellectual property rights have not been assigned to the museum; and

(b) copying pictures and text from museum publications such as books and pamphlets, even those published by the museum itself may be an infringement of another's intellectual property rights because the license to use the pictures, text, sound recordings, video etc. may not extend to use in a hypermedia title.

4.3 Licensing and Distribution

4.3.1 Nature of Rights in a Computer Program

Hypermedia computer programs are protected by copyright laws. The right to reproduce a hypermedia computer program is a right reserved to the owner of the copyright and authorised licensees only. Reproductions occur by:

(a) installing the program from a set of floppy disks or a CD - the program is copied from one to the other;

(b) running the program - the program is copied into the random access memory of the computer;

(c) moving it to another location on a hard drive - in some operating systems the files are copied then the originals deleted; and

(d) creating a back-up - the files are copied to the back-up media.

Thus, none of the day to day operations of a hypermedia computer program can be performed without permission. That permission can be granted on any terms that the owner of the rights negotiate.

4.3.2 Content of a Software Licence

Using a software licence that we use at The Document Company Pty Ltd as an example, a software licence should include at least the following:

(a) description of the program;

(b) a statement of what the consumer can do with the program - installation, number of copies running at a time, back-up copies;

(c) a statement of what the consumer cannot do with the program - no more than allowed number of copies installed, reverse engineer, restrictions on lending, transferring etc., installation other than by approved method;

(d) support that is offered to the consumer;

(e) the extent of any warranty;

(f) capacity for the consumer to include representations that have allegedly been made, before the contract is finalised, so that the museum has the opportunity to refute such representations;

(g) limitation of liability to the full extent permitted by law, so that the museum is not liable for any consequential damages due to problems with the program;

(h) a right of entry, at any reasonable time, without notice, to examine all the licensee's computers, to determine if the licence has been breached;

(i) law applicable to the agreement; and

(j) miscellaneous provisions dealing with interpretation of the licence.

An example, for viewing only, is available on Picton-Warlow & Co's Web Page. Permission is required if you wish to copy it.

4.3.3 The Internet and the World Wide Web

Something in excess of 5,000 World Wide Web pages of information per day are being loaded onto computers that are linked to the Internet. The World Wide Web is an incredibly useful way to disseminate information cheaply yet effectively.

The one problem with this form of dissemination is that most of the information placed on the Web can be readily copied, despite copyright warnings that may appear on Web pages, e.g. the Picton-Warlow & Co Web page. This ready ability to copy, and the general appreciation of the fact by the users of the Web, means that there is almost undoubtedly an implied licence to copy information unless there is a clear indication to the contrary. If copyright rights are to be preserved, this should be stated clearly on the home page and sporadically throughout the other pages. At Picton-Warlow & Co, we will usually allow material to be copied provided we are asked first and the material is not going to be used for making profit.

It is possible to protect information in such a way that it cannot be copied. Further, it can be released to a user for a fee, payable by credit card authorisation or other form of payment. Such electronic commerce is becoming more frequent and will become very popular in the near future because it is such an inexpensive yet effective form of distribution and will become more secure for credit card holders in the near future.

Overcoming Copyright and Other Intellectual Property Complexities

One often has to give away first in order to receive later. At Picton-Warlow & Co, we encourage people to visit our site by:

- (a) providing free legal advice in the form of answers to Frequently Asked Questions (FAQs);
- (b) we answer new questions for free, provided they are suitable for the FAQs; and
- (c) if the question and answer is too lengthy for inclusion in the FAQs we will provide a quote for service where possible or at least give the client a good idea of the costs and options.

Museums are doing similar things to encourage visitors to their sites so that they can disseminate information more readily and also promote their services and merchandise in this age of increased competition for the leisure dollar.

4.3.4 Distribution

Hypermedia titles can be distributed through various channels, in various forms, as is shown by the following table:

	Wholesale	Retail	Agency
Floppy Disk or CD ROM	<i>The museum sells bulk copies of the packaged program to the wholesaler who may sell at whatever price the market will bear. The museum has no control over the retail price.</i>	The museum sells its product over the counter at the museum	The museum appoints an agent to sell the titles on its behalf in return for a commission on sales. The museum gets to control the price at which the titles are sold.
The Internet.	A wholesaler purchases the right to sell licences over the Internet, down-loading copies to the customer, accounting to the museum for the copies that are sold. Payments may be made in arrears or in advance	<i>The museum has its own World Wide Web page promoting the museum and offering various goods, services and hypermedia titles for sale.</i>	An agent is appointed to make the hypermedia titles available via the Internet. The agent accounts to the museum for sales and retains a commission on each sale

Only the methods in italics should be actively pursued. Agency arrangements and systems where licences to reproduce are granted involve complicated contracts with stringent accounting and audit provisions. It is also too easy for the wholesaler or agent to fail to declare sales when they have been made. Agency agreements do have their place in appropriate circumstances but alternatives should be sought first.

Sale of floppy disk and CD-ROM based products, by wholesale and retail, are reasonably straight forward and do not need to be covered because they are essentially no different to the sale of other merchandise by museums.

The Internet is still a novel way to distribute software but will soon be a very popular way of distributing programs and other digital information, particularly when use of credit cards becomes more secure. Care should be exercised in making offers to the public that may not be able to be met. If an offer is accepted, a contract may be formed and if the museum cannot deliver it will be liable for breach of contract. It is better to phrase the sales part of the Web Page as an "invitation to treat", i.e. an invitation for the member of the public to make an offer. This offer may be rejected if there is a lack of stock or there is another reason why the offer is to be rejected, e.g. bad debt history of the purchaser.

5. THIRD PARTY DEVELOPMENT OF YOUR HYPERMEDIA TITLES

The issues are similar to those in respect of third party development of material for use in hypermedia titles developed for museums.

5.1 Ownership of Intellectual Property Rights

Different jurisdictions handle copyright differently. In Australia, copyright typically vests in the author, even if another person commissions the production of the material.

Whatever the position under the relevant legislation, it all can, and should, be overridden by a simple piece of paper signed by both parties that states who is to own all the rights - the contract.

Failure to gain ownership can result in such problems as:

- (a) the sub-contractor selling the product causing the museum to lose revenue;
- (b) an inability to use parts of the creation in other hypermedia titles;
- (c) an inability to use the creation for anything other than a limited purpose made known to the developer; and
- (d) the museum not having access to source code if it wants to do anything itself or get someone else to do things if the relationship with the developer sours or the developer goes into liquidation.

Overcoming Copyright and Other Intellectual Property Complexities

Even if, in the course of negotiations, the museum does not gain ownership, the contract should provide for the source code of the program to be held in escrow. Access to the code is then granted to the museum in the event of the third party going into liquidation or breaches the contract.

5.2 Other Contract Terms

While ownership is probably one of the most important issues to cover if you wish to exploit the hypermedia creation to its fullest, the contract should also contain:

- (a) clear statements of the task to be performed by the third party;
- (b) performance criteria and milestones that have to be satisfied and reached before money is paid to the developer;
- (c) clear cut tests that demonstrate the performance criteria and milestones have been met - clear expressions of what is expected of the developer are required are the most difficult part of the contract;
- (d) the expected time frame for the development of the title;
- (e) warranties by the third party that the title will be fit for purpose and of merchantable quality;
- (f) a list of the events of default; and
- (g) remedies available to the museum if the events of default occur - which give rise to damages, which give rise to cancellation of the contract.

Problems usually arise when the developer does not appreciate how difficult a task is going to be, or misunderstands what is required. Development of prototypes may help alleviate these problems as they test the skills of the developer without using too much time, energy or resources.

5.3 Licensing and Distribution

The same principals discussed in point 4.3 are applicable to licensing and distribution of hypermedia created on behalf of the museum by third parties.

6. SUMMARY

6.1 Museum Rights

The following are the main sources of a museum's intellectual property rights:

- (a) ownership of material produced in-house or by sub-contractors on behalf of the museum (provided the contract gives the museum ownership rights);
- (b) ownership of intellectual property rights in, or rights to use, material that have been obtained from the owner of the intellectual property rights;
- (c) contractual rights equivalent to intellectual property rights where the original intellectual property rights have expired but the museum controls access; and
- (d) other contractual rights.

If not already implemented, policies should be developed to:

- (a) maximise the acquisition of intellectual property rights at the time of acquisition of physical property rights; and
- (b) keep an up-to-date audit of the museum's intellectual property rights as part of its general catalogue.

6.2 Protection and Exploitation

The following steps should be taken to get the best protection and exploit your rights to the fullest:

- (a) settle the terms of your existing employees now, and your future employees at the outset of their term of employment, reserving most if not all intellectual property rights in the museum;
- (b) do the same with all the sub-contractors you have engaged or will engage in the future;
- (c) carefully detail sub-contracted work - goals, milestones, performance criteria, acceptance tests, warranties, time frames, events of default, remedies in the event of default;
- (d) take an audit of intellectual property rights to determine what rights you have and what rights are missing or have lapsed;
- (e) only use or licence material over which you have the requisite rights;
- (f) when licensing the use of materials, limit the rights as much as possible, preferably to individual projects;

Overcoming Copyright and Other Intellectual Property Complexities

(g) when licensing the use of hypermedia titles you have produced or had produced for you, include extra powers and restrictions in the licence agreement that go beyond the usual copyright legislation, e.g. a right of entry;

(h) be aware of the prevalence of piracy and use physical protection devices if appropriate; and

(i) take care in the use of the Internet and the World Wide Web, use it for what it is best, disseminating information, and give to receive more in return.

6.3 Conclusion

Avoid intellectual property complexities by:

(a) knowing what rights your museum has,

(b) knowing what steps can be taken to protect and exploit those rights; and

(c) resolving uncertainty by use of clear contracts.