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Protect yourself from Copyright and IP theft



By NINA McLAUGHLIN, PAUL BERRILL and KIM LOVEGROVE

SADLY, BREACH OF COPYRIGHT is a frequent occurrence in the construction industry. Our law firm has had conduct of a number of such actions where people assumed liberties and licences that are, at law, not bestowed upon them.

The copyright in the design may vest with an **architect, draftsman, design construct builder or an engineer**.

A couple of recent instances where we were engaged concerned an allegation that **copyright in an engineering specification had been infringed**. In another matter a preliminary fee was paid to a design construct builder; drawings were generated upon the basis the builder would be engaged to construct the home, but **the owner then absconded with the drawings** and engaged another builder to build the home without licence or permission. We also have an example of where plans were developed for a sporting facility and the architect wasn't paid. The infringer then ferreted around and conveyed the drawings to other builders.

So what is the law in this area? How do you **protect your intellectual property** and what do you do if people take liberties with it or try to abscond with it? In this Legal Bulletin, Nina, Kim and Paul will endeavour to **demystify the area** for you.

WHAT IS COPYRIGHT?

Copyright is intangible property in literary, dramatic, musical or artistic works which gives the owner of the copyright exclusive rights to use and reproduce the work in material form. Copyright is granted to owners of literary, dramatic, musical or artistic works by the Copyright Act 1968.

COPYRIGHT IN BUILDING PLANS

Building plans are artistic works which are protected by copyright.

"Artistic work" is defined under the Copyright Act as:

"(a) A painting, sculpture, drawing, engraving or photograph, whether the work is of artistic quality or not.

(b) A building or a model of a building, whether the building or model is of artistic quality or not.

(c) A work of artistic craftsmanship whether or not mentioned in paragraph (a) or (b)".

"Drawing" is further defined under the Copyright Act as:

"A diagram, map, chart or plan".

In *Henley Arch Pty Ltd v Tamawood Pty Ltd* [2003] FCA 204 it was held that persons who draft building plans own copyright in the building plans. However, the copyright in building plans does not extend to all features of the plans which are generic to all building

plans, such as doors, windows and walls and roofs.

In *Ancher Mortlock Murray and Wooley v Hooker Homes Pty Ltd* [1971] 2 NSWLR 278 it was held, and we quote:

"The copyright law will prevent the building of another house which reproduces a substantial part of the original house where such reproduction comes about as a result of a copying of the physical object itself.

But the law does not restrict the application and development of architectural concepts and styles: original concepts and styles may, without risk of infringement, be applied and developed by other architects in subsequent buildings.

The law does not prevent one architect from following in the footsteps of a colleague; it does prevent him from copying the plans of his colleagues so as to enable him to follow those footsteps; and it does prevent him from physically reproducing those footsteps and thereby following them".

In *Interlego AG v Croner Trading Pty Limited* (1992) 39 FCR 348 it was held that in order for features in a building plan to be protected by copyright it must be demonstrated the person who drafted the plan used a "significant amount of skill and labour".

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ISSUED
DECEMBER 4, 2007

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Legal Bulletin



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WHEN WILL COPYRIGHT IN BUILDING PLANS BE INFRINGED?

Section 36 of the Copyright Act provides:

“(1) Subject to this Act, the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, not being the owner of the copyright, and without the licence of the owner of the copyright, does in Australia, or authorises the doing in Australia of, any act comprised in the copyright.

(1A) In determining, for the purposes of subsection (1), whether or not a person has authorised the doing in Australia of any act comprised in the copyright in a work, without the licence of the owner of the copyright, the matters that must be taken into account include the following:

- (a) the extent (if any) of the person's power to prevent the doing of the act concerned.
- (b) the nature of any relationship existing between the person and the person who did the act concerned.
- (c) whether the person took any reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry codes of practice...”.

Section 14 of the Copyright Act further provides:

“(1) In this Act, unless the contrary intention appears:

- (a) a reference to the doing of an act in relation to a work or other subject matter shall be read as including a reference to the doing of that act in relation to a substantial part of the work or other subject matter, and
- (b) a reference to a reproduction, adaptation or copy of a work shall be read as including a reference to a reproduction, adaptation or copy of a substantial part of the work, as the case may be”.

In *Inglis v Mayson* (1983) 3 IPR 588 it was held that a substantial part of the building plan will be reproduced where: “...a substantial part of the skill and effort

which was devoted to the making of the plan was appropriated by the defendant”.

This may be done by reproducing a substantial part of the building plan in another two dimensional plan or in a three dimensional construction of the building or feature depicted on the plan.

WHAT ARE THE RIGHTS OF PERSONS WHO COMMISSIONED THE BUILDING PLAN?

The owner of the copyright in a building plan may grant the person who commissioned the building plan a licence to reproduce the building depicted on the building plan. A licence will be implied where a client commissions building plans to be drawn to use the plans for the purpose of the commission.

In *Beck v Montana Constructions Pty Ltd* (1963) 80 WN(NSW) 1578 it was held, and we quote:

“the engagement for reward of a person to produce material of a nature which is capable of being the subject of copyright implies a permission or consent or licence in the person making the engagement to use the material in the manner and for the purpose in which and for which it was contemplated between the parties that it would be used at the time of the engagement”.

The licence is implied so that a building can be constructed in accordance with the plans as commissioned without the client breaching the architect's copyright.

THE SCOPE OF THE IMPLIED LICENCE

In *Acohs Pty Ltd v R A Bashford Consulting Pty Ltd* (1997) 37 IPR 542 it was held that the scope of the implied licence is delineated by “the purpose of the original commission, which is to be determined objectively by reference to the contract and the parties circumstances at the time architectural or other consultancy services were commissioned”.

However, in *Gruzman Pty Ltd v Percy Marks Pty Ltd* (1989) 16 IPR 87 it was noted that the implied licence “involves no implied restraint on the carrying out of work which departs from those plans”. Therefore, the scope of an implied licence to use the building plans is restricted to the purpose for which the plans were commissioned.

For example, where an architect has been commissioned to draw plans to gain building or planning permission only, a licence may extend only to the use of the plans for the purpose of gaining planning approval. However, a finding that the scope of the implied licence is limited may be unlikely without an express provision that the commission of the building plan is limited to a particular purpose in the contract of architectural services.

In *Beck v Montana Constructions Pty Ltd* (1963) WN NSW 1578, where a owner commissioned architectural plans for the purpose of being able to carry out construction work, it was held that without any express limitations to the contrary, the owner had an implied licence to use the plans for that purpose.

In *Ng v Clyde Securities Ltd* [1976] 1 NSWLR 443 it was held that without an express contractual provision once an implied licence is granted it is irrevocable even if the architect fails to be paid. It also appears that an implied licence may in some circumstances run with the land to the benefit of subsequent purchasers.

In *Concrete Pty Ltd v Parramatta Design and Developments Pty Ltd* [2006] HCA 55 it was held that, where there was no express limitation to the contrary, where an architect had prepared plans for the purpose of an owner obtaining development consent the implied licence could be assigned to a new owner upon sale of the development without any further permission or fee where the development had not yet been completed.

CONTRACTUAL CONSIDERATIONS AND CONCLUSION

The livelihood of the design fraternity is based upon its members being **remunerated for their design ingenuity**. For a person to abscond with someone else's creativity and intellectual property is theft. So what do you do to **protect yourself** or your company's interests? **Architects, engineers and draftspersons** need to ensure that the scope of the implied licence is carefully considered by their contract with their client. Without careful drafting, the client may be able to reproduce the building plans for a purpose outside the intended purpose. In particular, it is important that there is an express contractual provision limiting the scope of an implied licence when the contract for services has been terminated. Without a provision for the implied licence to come to an end where the contract for services has been terminated the client may be able to reproduce the building plan even where they have not paid.

The construction lawyers in our firm are right across this area. Should you need to get your contracts overhauled or you need to assert your intellectual property rights, contact Nina, Paul or Kim.