Are you capturing new IP?
Every time a company engages design consultants to produce a new logo or a software developer to produce a new programme, it is commissioning the creation of new IP. Often insufficient thought is given to securing proper rights to that IP.

The Court of Appeal case *R. Griggs Group Ltd and others v Evans and others* [2005] All ER (D) 213 ("the Doc Martens case") decided on 25 January 2005 clarifies the IP ownership issues in relation to copyright. Copyright applies to a very wide variety of different work from paintings through music and performance rights to software.

The rules vary between different IP
The ownership of rights in work that has been commissioned will vary depending on the form of IP created and it may not necessarily be immediately apparent which applies:

**Copyright:** this is an unregistered right and applies to a diverse range of artistic, literary, dramatic and musical works and protects a variety of material from paintings to software. Under the legislation\(^1\) the ownership of the copyright vests in the author even where the work has been commissioned. There has however been some uncertainty as to what, if any, rights the commissioner who paid for the work has. The answer will depend on the precise factual circumstances but the Court of Appeal in the Doc Martens case has provided useful guidance for analysing these. The result is that, notwithstanding that an assignment has not been sought from an author or designer, there may be good arguments that copyright should be assigned by the author to the commissioner and possibly at no further cost, depending upon the circumstances of the commission.

**Designs:** Designs can attract both unregistered and registered protection of different scope. Registered designs have a longer period of protection.

Where a design is commissioned, the ownership of the European design rights will vest in the designer (unless an employee) but ownership of UK design rights belongs to the commissioner. This gives rise to a potential ownership conflict between UK and European rights\(^2\). The principles set out in the Doc Martens case may also be applicable to designs though perhaps a designer’s need to reuse material is less likely to arise in the context of design rather than copyright.

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\(^1\) Copyright Designs and Patents Act 1988

\(^2\) The ownership position in relation to various rights in designs is:

(a) Design right (ie. Unregistered UK right in design) - if commissioned, owned by commissioning party (CDPA 1988, s215)

(b) UK registered design - if commissioned for money or money’s worth, owned by commissioning party (RDA 1949 s2(1A))

(c) Community design - designer owns the right to a CD unless the design was created in employment (Article 14, Reg. 6/2002)
When will the commissioner retain copyright?
The Court of Appeal in the case adopted an earlier first instance analysis (in Robin Ray v Classic FM) and held that the following principles apply:

1. The contractor retains the copyright where there is no express or implied term to the contrary.
2. The mere fact of commissioning is insufficient: the client must establish entitlement under some express or implied term.
3. The law on the implication of terms is well established and distilled in the following:
   3.1 For a term to be implied it must:
      (a) be reasonable and equitable;
      (b) be necessary to give business efficacy to the contract, so that no term will be implied if the contract is effective without it;
      (c) be so obvious that “it goes without saying”;
      (d) be capable of clear expression;
      (e) not contradict any express term of the contract.
   3.2 Generally, contractual interpretation requires the court to attribute the true meaning to the contract by resolving ambiguities or inconsistencies in the existing terms. In contrast, the implication of terms is subject to strict constraints as it is so potentially intrusive and involves interpretation of terms dealing with matters for which the parties made no provision. The following principles apply:
      (a) an implication may be made only if necessary and then only of what is necessary in the circumstances.
      (b) where some rights in copyright need to be implied, only a licence will be implied if it is not necessary to imply an assignment.
      (c) circumstances may make an assignment necessary. This is only likely where the client needs:
         > the right to use the work and
         > the right to exclude the contractor from using the work and
         > the ability to enforce the copyright against third parties.
   Relevant factors in assessing whether a licence or assignment is required will be:
      > the price paid
      > the impact on the contractor of assignment of the copyright; and
      > whether it can sensibly have been intended that the contractor should retain any copyright as a separate item of property.

[1998] FSR 622
Examples of situations where an assignment may arise are:

> the purpose of the commission is for the client to multiply and sell copies of the work on the market free from the sale of competing copies;

> where the work is derivative of a pre-existing work of the client;

> where the contractor is engaged as part of a team with employees of the client to produce a composite or joint work and he is unable (or cannot have been intended to be able) to exploit the joint work or his own contribution for his own benefit.

(d) Where it is only necessary to imply the grant of a licence, the ambit of the licence must be the minimum necessary to secure to the client the intended entitlement. For a licence:

> the amount of the purchase price may be relevant to the ambit of the licence

> there is an implied consent 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 agreement.

(e) The Court of Appeal added that a right to further payment for unforeseen or undisclosed use may in some cases be implied (or the author may retain copyright and be entitled to prevent such use).

(f) the licence extends to what was in the joint contemplation of the parties, and does not extend to allow the client to take advantage of a new unexpected profitable opportunity.

The facts
The claimant had rights in two stylised logos: one for Dr Martens and one for airWair.

The claimant commissioned an advertising agency to produce a combined logo and the agency used a freelance designer paid at a standard hourly rate (though it was recognised he might sometimes be paid more). The court held that though the work was ordered for "UK point of sale material" that wording was intended for identification of the work and did not limit the intended use (which was as a logo on boots as well as other material all over the world) or rights in the work. The designer had no further interest in the work, it was not intended that he would retain any rights in the work against the client who would need to prevent others from reproducing the logo, and the author was paid the proper rate for the work. Accordingly, the court held that the claimant was the owner of all of the copyright.

Summary
> The copyright in a commissioned work will vest in the contractor - unless an implied or express term states otherwise.

> To be implied a term must be:

- reasonable and equitable

- necessary for business efficacy

- so obvious as to go without saying

- capable of clear expression

- not contradictory to any express term.
An implied term will only be implied to the extent necessary in the circumstances: if a licence will do an assignment will not be implied, which will depend on:

- price (which will also be relevant to the ambit of a licence, though a right to further payment for other uses may also be implied)
- impact of assignment
- the logic of the contractor holding copyright
- an implied right to use for the purposes contemplated at the time.

An implied right to an assignment is likely where the client needs:

- right to use
- to exclude the contractor
- the right to sue others.