

## Insights

# COPYRIGHT IN CONSTRUCTION: SOME COMMON QUERIES

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## SUMMARY

Questions about **intellectual property rights** routinely arise during construction contract negotiations and serve as a refreshing reminder that COVID-19 issues are not the sole focus of negotiations at the moment.

Copyright is one type of intellectual property right and is the area where we tend to encounter the most queries. This blog, the first in a series, takes a look at a few of the more common queries we regularly encounter on this topic.

### What do we mean by “copyright works”?

The Copyright, Designs and Patents Act 1988 (Copyright Act) defines copyright as a property right that subsists in certain types of original works, notably including literary and artistic works.

Such “original works” fall under key definitions in construction contracts in a variety of ways for example, such works may exist in “Contractor’s Design Documents” or “Proprietary Materials”. However, whatever term may be used, the material it tends to cover is normally roughly the same and includes drawings, design details, specifications of materials, plans and reports prepared by or on behalf of the contractor/consultant in relation to the construction project.

A common drafting catch-all, regularly included in construction contracts, is a reference to “any other work”. Often provision is also made to clarify that the definition not only includes hard copy material but material in its “electronic form”. Another frequent clarification used is that the material is not limited to only that which is prepared at the project outset, but also includes material created during the life of the project or as a result of performing the project.

The key is to make sure when drafting the contract, that the definition used to describe the copyright works adequately captures all the material that the contractor/consultant may produce (in whatever form that may take) in which the client wishes to have a **copyright licence**.

## Who owns the “copyright works”?

The short answer is: (normally) the person who creates it.

Ownership of a copyright work usually vests upon creation in the person who creates it, unless it is subject to a statutory exception under the Copyright Act and ownership is also subject to the contractual terms of the appointment. The work must be original and cannot be a copy of existing work.

The copyright owner has the exclusive right to copy, communicate, distribute, issue, publish and adapt the work as it sees fit. Others may only do so with the copyright owner's permission or consent and without this, they are at risk of infringing the copyright owner's copyright.

## Why are copyright works critical to a construction project?

Construction projects rely on the preparation and use of the kinds of copyright material described above, by multiple parties at various stages of the project life-cycle.

However, there is an inherent tension as to who owns the copyright material, between the copyright owner (contractor/consultant) and the party for whom the work is being carried out, the client.

The copyright owner is normally keen to retain ownership in copyright works but the client (who of course is paying the copyright owner to produce the works) and others with an interest in the project (such as funders, tenants, purchasers) will want to ensure they have sufficient rights in such copyright material to ensure the successful delivery of the project and its subsequent management, operation and maintenance. In some cases, the material may need to be used in connection with the further development, improvement or extension of the project at a later date.

The standard way that this is resolved in UK construction projects is for contractual provision to be made whereby the copyright owner grants the client an irrevocable, royalty free and non-exclusive right to use and reproduce the copyright materials (as defined in the contract) for any purpose connected with the project. Express provision is also normally included to clarify that the **copyright licence** includes the right to grant sub-licences and for it to be transferable to third parties and subsist notwithstanding the expiry or termination of the copyright owner's engagement under the contract.

Care should be taken when drafting the copyright provisions to ensure they adequately reflect all the ways in which the client plans to use and reproduce the copyright works. In particular, consideration should be given to whether any additional uses may be required at the end of the project (for example using an architect's drawings for a future extension to a building).

## But is that enough? Would it be better to “own” the copyright works?

In short, in the UK, for most clients and projects, a licence should be enough.

Normally, a well-drafted copyright licence along the lines of the one described should provide each party with the flexibility and protection they need in respect of copyright work. However, whether a licence or ownership is appropriate will ultimately depend on the specific project and what the parties agree. The key is for the parties to agree an approach at the outset of the project.

Key considerations as to whether a licence will suffice or whether ownership is appropriate include:

- To what extent has the client's contractors or consultants relied on supply-chain input in preparing the copyright works?

Usually contractors/consultants will use and include as part of their services third-party copyright works provided by their own supply chain. These will be subject to specific licence rights and restrictions on use.

In these circumstances, the contractor/consultant is not the copyright owner of the relevant works. So, unless the contract with the relevant third party provides otherwise, the contractor/consultant will not have the rights required to assign the copyright in the relevant elements of the work to the client. Therefore, the licences granted to those contractors/consultants in respect of such third party rights will need to permit them to grant sub-licences to the client (and preferably with a right to grant further sub-sub-licences).

- Are the copyright works commercially sensitive or particularly valuable in maintaining market differentiation or market advantage?

If any of the copyright works have a particular unique value to the project which the client wishes to reserve for that project alone, it should seek to either obtain an assignment of the copyright or an exclusive licence in order to prevent any contractors or consultants from re-using the same elements on other projects, on a non-exclusive basis.

If the parties do agree to assign ownership, remember, section 90 of the Copyright Act requires that such assignment must be in writing and must be signed at minimum by the assignor (the copyright owner).

## **What happens if there is a change of contractor/consultant during the project?**

Here, it is critical that the client holds the necessary rights in the copyright works to allow it to hand over the materials to the new contractor/consultant for them to use and ensure a smooth transition and project continuity.

Contractual provision should be made at the outset to ensure the licence granted to the client includes the right for the client to grant sub-licences to third parties without the copyright owner's consent being required and to make clear that this right will continue notwithstanding the expiry or termination (for any reason) of the contractor/consultant's engagement under the contract.

Consider also restricting the copyright owner's right to use the copyright work for other projects. This is a particularly pertinent issue for a variety of projects, for example landmark buildings or projects utilising modular construction.

## Final thoughts

This article explores just a few issues and hopefully answers some common copyright queries that typically arise on construction projects.

Other topics that we are often asked about include:

- What are moral rights and why are they important?
- Is it important to retain commissioning contracts for sculptures, other large works of art or art installations? What are the potential issues that can arise?
- Should a copyright licence be subject to the payment of fees?
- What do I need to think about if the project involves **Building Information Modelling (BIM)**?

We look forward to exploring these topics in future blogs. Until then, keep copyright in mind!

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This [article](#) first appeared on the Practical Law Construction blog dated 3 June 2020.

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## MEET THE TEAM



### **Emily Dickson**

Co-Author, London

[emily.dickson@bclplaw.com](mailto:emily.dickson@bclplaw.com)

+44 (0) 20 3400 4209