WHO "OWNS" YOUR *DIGITAL STUFF*?

By James Swanson, BASc, LLB, MBA
PARLEE MCLAWS LLP
Barristers & Solicitors, Patent & Trade-mark Agents
Edmonton and Calgary, Alberta
jswanson@parlee.com

Disclaimer: This paper is written from a very general point of view. It does not constitute legal advice and cannot be relied on for any specific situation or set of facts. Some concepts have been generalized and/or simplified and many exceptions to the general rule are not discussed. Those requiring further information or legal advice are urged to contact competent counsel.

So you hired someone to do up a nice graphically rich Web site for you, but you're not happy with the service they're providing hosting it? You've decided the best way to deal with the matter is to move the Web site to another service provider. No problem, right? You'll just tell them to move it. Sorry! You may think you own the Web site, since you paid for it, but you may not "own" it at all.

This is just an example of the difficulties that individuals and businesses can encounter when dealing with the ownership of digital "stuff", as the rules to that ownership may not be what they assume. In fact, digital "stuff" is what the Copyright Act (Canada) refers to as "works" so ownership, as well as other property interests, will follow the rules set forth in the Copyright Act.

Digital works can be photographs, graphics, logos, text, animations, videos, music, computer code, software, or what have you - anything digital that's original and therefore subject to copyright. Web sites, for example, are composed of *content* (what you see and/or hear when you access the site) and *code* (the software that makes you able to see and hear the content).

In all cases, content and code are subject to copyright protection in much the same fashion as the videos you rent, the CD's and books you buy and the computer programs for which you purchase a license.

In the typical case, there may be no written contract between the "owner" of the Web site, or other digital works, such as logos, brochures, marketing materials, custom software, etc., and the person or persons who developed the digital work or works.

With digital works, the lack of a written agreement can be a serious and expensive mistake.

Generally speaking, there are two ways in which you can gain rights to digital works that you want to own or at least use as you wish. As with anything subject to copyright, the owner of the copyright (the people you hired) can either grant you a license to use the content and programming, or they can assign it to you.

An assignment, properly done, is an actual *sale* of the copyright, giving you all the rights of the original owner. A license is permission to use the work and can be exclusive (only you) or non-exclusive.

Before you can be the owner of a digital work created by someone other than your very own employees, you must have an assignment in writing. If you don't have a written assignment, then you don't own the property - it's that simple. Even with your employees, it's a good idea to have something in writing to avoid any ambiguity or argument that the work was developed outside the scope of their employment.

Your response may well be that all you need is an exclusive license - with that you at least can be the only one using the property. That sounds reasonable, but again, without a written agreement the best you can ever have is a non-exclusive license. Exclusive licenses dealing with digital works subject to copyright must be in writing, or there is no exclusive license, no matter what you may have assumed or thought.

Therefore, if you have used an independent contractor, as opposed to your employees, which is the typical situation, then any true assignment and transfer of content or code requires something more than a handshake. If you, the customer, want to have ownership of the work in question, then you must have an agreement in writing conveying ownership to you.

It becomes even more complicated when you consider that the independent designer or programmer you hired may have employees or subcontractors of their own, or both. If they have not dealt with the issues with their own employees or contractors, they may not even own what they say they are selling you. They cannot give you legal title to what they do not own.

And if you think all this copyright and independent contractor stuff makes things complex, we still have not talked about moral rights, which arise under the Copyright Act and the Berne Convention. Every author or creator, including computer programmers and graphic designers, etc., has certain moral rights in what they create. Those moral rights which may limit what you can do, even with property where the copyright has been completely assigned to you. Those moral rights cannot be sold or assigned – they can only be waived, and such a waiver should best be in writing. You can get it at the same time you obtain ownership of your digital stuff.

Without a written agreement, you may not even be protected should the designer of your graphics or programmer of your software (or one of their subcontractors or employees) want to use some of the graphics or code that you thought were yours for other purposes, including possibly licensing them to the general public, including your competitors.

As digital works become more and more common, we can expect to see more disputes over who actually "owns" digital "stuff". The basic rule to operate by is that if it isn't in writing, it isn't yours.