



ACEC British Columbia Position Paper

Ownership of Work Product

Copyright law protects the expression of original works by authors once such expression is manifested in permanent form. The protection provided by copyright law is automatic and need not be registered or otherwise formalized.¹ There is a federal statute, the *Copyright Act*, which governs this area of the law.

The *Copyright Act* defines “copyright” as follows:

“copyright”, in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever...²

The *Copyright Act* provides that copyright may subsist “in every original ... artistic work”.³ Artistic work “includes paintings, drawings, maps, charts, plans, photographs, engravings, sculptures, works of artistic craftsmanship, architectural works, and compilation of artistic works”.⁴ An architectural work is defined as “any building or structure or any model of a building or structure”.⁵ Therefore engineers’ drawings, as well as the structures embodying the drawings, are protected by copyright provided that the ideas they express are original.

Ownership of drawings, specifications, and other documents used in the construction of a project is often confused with ownership of copyright. The ownership of drawings and related documents refers to ownership of the drawings themselves and is governed by the contract between the consultant and the client. The ownership of copyright refers to the three-dimensional expression of the design embodied in the drawings as well as the right to reproduce that expression.

The *Copyright Act* provides that the author of a work shall be the first owner of the copyright therein.⁶ However, if the author of the work is not an independent contractor but rather creates the work in the course of employment, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright.⁷ Typically, although not always, consulting engineers provide their services as independent contractors.

The ownership of a consulting engineer’s work product can be a controversial issue that arises in many contract negotiations. The typical view of the client is that the party who pays for the work product owns it. However, what clients are generally looking for is an exclusive right to use the drawings and specifications they have paid for. Consultants are generally of the view that they are selling their ideas and not the tangible manifestations of those ideas, i.e. drawings and specifications. The solution to bridging this gap will often depend on the nature of the project and what future use both the client and the consultant intend to make of the work product.

¹ B.M. McLachlin, W.J. Wallace & A.M. Grant, *The Canadian Law of Architecture and Engineering*, 2d ed. (Vancouver: Butterworths, 1994) at 264. [McLachlin et al.]

² *Copyright Act*, R.S.C. 1985, c. C-42, s. 3(1). [*Copyright Act*]

³ *Copyright Act*, supra note 2, s. 5(1).

⁴ *Copyright Act*, supra note 2, s. 2.

⁵ *Copyright Act*, supra note 2, s. 2.

⁶ *Copyright Act*, supra note 2, s. 13(1)

⁷ *Copyright Act*, supra note 2, s. 13(3).

One of the consultant's primary concerns with giving up ownership to the work product is the potential exposure to liability that stems from the unauthorized use of the consultant's work product. This concern arises primarily from the possibility that the work product may be used for an addition to the project, or a new project, for which it may not be suitable. The consultant may also have incorporated a patented design into the work product and will therefore be concerned with its unauthorized re-use on another project. The consultant may also want to retain ownership in order to receive credit and recognition; consultants who have worked on a project may wish to make copies of the work product to show prospective employers and clients.

Clients will typically want ownership of the work product if the project is intended to be unique. Clients may also be concerned that they have paid for a design which the consultant can then re-use on another project. Clients want to have the flexibility to modify the design or make changes to the project down the road. The Supreme Court of Canada has held that a client who has retained a consultant to prepare plans has an implied licence to make necessary changes in the plans not affecting the artistic character of the design.⁸

Generally, the competing views can be resolved by determining to whom ownership of the work product is more valuable. It is unlikely that the client requires more than the right to use the work product for the useful life of the project. Any concerns that the engineer may use the work product on another project can be addressed in the contract and in the contract price.

Most standard-form, client-consultant contracts contain provisions dealing specifically with ownership of work product. Portions of Part 11 of the ACEC 31 provides for this as follows:

GC 11.1 *The Engineering Documents are the property of the Engineer, whether the Work is executed or not. The Engineer reserves the copyright therein and in the Work executed therefrom. The Client is entitled to keep a copy of the Engineering Documents for its records.*

GC 11.3 *Provided the Fees and Reimbursable Expenses of the Engineer are paid, the Client will have a non-exclusive license to use any proprietary concept, product or process of the Engineer which relates to or results from the Services for the life of the Project and solely for purposes of its maintenance and repair.*

GC 11.6 *Should the Client use the Engineering Documents or provide them to third parties for purposes other than in connection with the Project without notifying the Engineer and without the Engineer's prior written consent, the Engineer will be entitled either to compensation for such improper use or to prevent such improper use, or to both. The Client will indemnify the Engineer against claims and costs (including legal costs) associated with such improper use. In no event will the Engineer be responsible for the consequences of any such improper use.*

GC 11.7 *Should the Client alter the Engineering Documents without notifying the Engineer and without the Engineer's prior written consent, the Client will indemnify the Engineer against claims and costs (including legal costs) associated with such improper alteration. In no event will the Engineer be responsible for the consequences of any such improper alteration.*

CG 11.9 *The Engineering Documents are not to be used on any other project without the prior written consent and compensation of the Engineer.*

These clauses are effective because they provide that (1) the consultant retains ownership of and copyright in the work product; (2) the work product is not to be used for any other project without the prior consent and remuneration of the consultant; (3) the client is entitled to a copy of the work

⁸ *Netupsky v. Dominion Bridge Co.*, [1972] S.C.R. 368.

product for records and maintenance purposes, but only in connection with the project; (4) if the work product is used for purposes other than in connection with the project or otherwise altered without the consent of the consultant, the consultant does not warrant the fitness of the work product for that use; and (5) the client agrees to indemnify the consultant for any unauthorized use of the work product.

The MMCD Agreement provides as follows:

7.2.1 All concepts, plans, drawings, specifications, designs, models, reports, photographs, computer software, surveys, calculations, construction and other data, documents, and processes produced by the Consultant in connection with the Project (the "Instruments of Service"), including all copyright and other intellectual property therein, are and shall at all times remain the property of the Consultant unless otherwise agreed in writing between the parties.

7.2.2 The Client may copy and use any of the Instruments of Service for record and maintenance purposes and for any future renovation, repair, modification and extension work undertaken with respect to that part of the Project to which the Services relate.

7.2.3 In no event shall the Client copy or use any of the Instruments of Service for any purpose other than those noted above or in relation to any project other than the Project without the prior written permission of the Consultant. The Consultant shall not unreasonably withhold or deny such consent but shall be entitled to receive additional equitable remuneration in connection with its grant of consent.

7.2.4 The Client shall have a permanent non-exclusive royalty-free license to use any Instruments of Service which is capable of being patented or registered as a trademark for the life of the Project only. For the purposes of this paragraph, "life of the Project" means the period during which the physical asset or assets described on page 1 of this Agreement are designed, under construction or operational. The Consultant shall have full rights to any Instruments of Service arising from his Services which is capable of being patented or registered as a trademark and may use any such Instruments of Service on any other project.

These clauses accomplish essentially the same things as the ACEC 31 clause, with a few differences. For example, clause 7.2.2 specifies that the client may use the work product for future renovations, repairs, and modification or extension work, which is an expansion of the permissible uses in the ACEC 31 clause. Clause 7.2.3 provides that the consultant will not unreasonably withhold consent to the client's use of the work product for another project. Clause 7.2.4 specifies that (1) the client will have a permanent and non-exclusive royalty-free licence to use the work product for the life of the project; and (2) the consultant can use certain aspects of the work product on another project. In general the MMCD clauses are slightly more favourable to clients, but nevertheless protect the interests of the consultant.

ACEC British Columbia Position Papers

The ACEC British Columbia Position Papers are a series of articles published by the Business Practice Committee of the Association of Consulting Engineering Companies – British Columbia. They are intended to provide general information about issues and best practices in the consulting engineering industry, and should not be construed as legal advice. Permission is granted to copy articles when credit is given to ACEC British Columbia.

President and CEO: Keith Sashaw
Edition Editors: Neil Ferguson, P.Eng., Hatch Ltd., Business Practice Committee Chair
Mike Dickens, P.Eng., Kerr Wood Leidal Associates, Business Practice Committee Member
Edition Reviewer: Chris Rusnak, Partner, Harper Grey LLP
Design/Layout: Brian McAskill
ISSN: 1193-9990

October 2010

ACEC British Columbia

Suite 1258
409 Granville St.
Vancouver, BC
Canada V6C 1T2

tel 604.687.2811
fax 604.688.7110
email info@acec-bc.ca
www.acec-bc.ca