Competing Rights to Copyright in the Virtual Environment

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In this digital age, working virtually or remotely has become almost inevitable. Such is the trend recognised even by the courts.[1] The virtual environment, however, opens up a whole new spectrum of intellectual property issues, especially on copyright ownership. For instance, there are recent deliberations on whether copyright ownership of course contents authored by professors should shift to universities when they are uploaded to the universities' learning management system.[2]

Exclusivity of copyright ownership

In the realm of copyright law, ownership is paramount as it accords exclusive rights of control over the works created.[3] In Malaysia, such exclusive rights extend, *inter alia*, to the control of reproduction, communication and distribution of the works or substantial parts thereof.[4]

Copyright subsists in works[5] created by authors,[6] thereby vesting ownership in them.[7] Nevertheless, there are also instances where authors lose their rights to ownership, as recognised by the High Court in *Yeoh Kee Aun*:[8]

> "A person can be an author of a copyright work and yet does not own it."[9]

Statutory transfer of copyright ownership

Section 26(2) of the Copyright Act 1987 provides for two of such instances. Where works are –

(a) Made in the course of the author's employment;[10] or

(b) Commissioned by a person who is not the author's employer under a contract of service or apprenticeship[11]

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1 The growing trend of employees working from home was given cognisance by the High Court in *Juris Technologies Sdn Bhd & Anor v Foo Tiang Sin & Ors* [2020] MLJU 157 at para [38]

2 Colleen Flaherty, "Intellectual Property 'Grab'", *Inside Higher Ed* (17 August 2020) https://www.insidehighered.com/news/2020/08/17/ip-grab-youngstown-state

3 Copyright Act 1987, s 13(1). All references shall be to the Copyright Right Act 1987, unless otherwise stated.

4 *Ibid*

5 Section 7 – Work must be eligible for copyright

6 Section 10 – Further, under s 3 an "author" includes, among others, a writer, composer, artist or the person by whom the work was made.

7 Section 26(1)

8 *Yeoh Kee Aun v PI Capital Asset Management Sdn Bhd & Anor* [2000] 4 MLJ 508

9 *Ibid* at 515, cited in *Aktif Perunding v ZNVA & Associates Sdn Bhd* [2018] 7 MLJ 692 ("*Aktif Perunding*") at para [33(b)]

10 Section 26(2)(b)

11 Section 26(2)(a)

ownership of copyright shall be deemed transferred to the person who commissioned the work, or to the employer, subject to any agreement between parties excluding or limiting such transfer.[12]

Naturally, such deemed transfer of ownership by operation of law attracts considerable resistance from authors who wish to maintain their firm grip on ownership as much as possible.

'In the course of employment'

The usual debate centres on whether a particular work was created "in the course of employment".

In situations where the works created fall squarely within the scope of the author's employment, it is difficult to argue otherwise. This is so even if the works are created outside the workplace and beyond working hours.[13] As an illustration, an author who "was employed to make an invention and finds that inspiration comes to him in the bathtub" would still be considered as having created the work in the course of employment.

On the other hand, works that do not fall within the scope of the author's employment would hardly qualify as being created in the course of employment. In *Stevenson*,[14] the UK Court of Appeal held copyright in lectures conducted by an engineer during his employment vested with him as conducting lectures was not part of the regular duties of an engineer.

It is, however, less straightforward in situations where an author creates works which fall within the scope employment, but for the benefit of a third party in breach of the employment contract. In *Nanofilm*,[15] the author used equipment belonging to his employer to create technical drawings he was expected to design, for the benefit of another company running a similar business. The Singapore High Court held the author could not rely on his own breach to support a claim that the works were not created in the course of employment.[16]

Commissioned works

To commission simply means to "order" or "request",[17] connoting an obligation to pay. It is common for businesses to hire independent contractors to carry out certain works such as creating architectural drawings or designing company logos. The act of commissioning is thus a sine qua non in any industry.

An interesting point arose in *Aktif Perunding*[18] on whether a statement in the "title block" of engineering drawings could prevent the transfer of ownership. In this case, the main contractor appointed the plaintiff to inter alia produce mechanical and electrical engineering drawings. The title block of the drawings contained references to the plaintiff as the "mechanical and electrical engineer" of the project. The High Court rejected the argument that the title block constituted evidence of the plaintiff being not only the author, but also the copyright owner of the drawings. It was held the contents of the title block could not lawfully deprive the main contractor their ownership of copyright in the drawings gained by reason of having commissioned the productions of the drawings.[19]

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12 Section 26(2)

13 *Missing Link Software v Magee* [1989] 1 FSR 361 at 365, cited in *Nanofilm Technologies International Pte Ltd v Semivac international Pte Ltd and others* [2018] SGHC 167 ("*Nanofilm*")

14 *Stevenson and Jordan and Harrison, Ltd v Macdonald and Evans* [1952] 1 TLR 101

15 *Supra* n 13

16 *Nanofilm*, *supra* n 13, at para [90] and [107]

17 *Pacific Software Technology Ltd and Another v Perry Group Ltd and Another* [2004] 3 LRC 167 at para [55] cited in *Aktif Perunding*, *supra* n 9, at para [33(c)(v)]

18 *Supra* n 9

19 Section 26(2)(a)

Conclusion

It can be deduced, at least in Malaysia, that transfer of copyright ownership by operation of law continues to apply even in the virtual environment. Authors who wish to retain ownership of copyright are therefore urged to put in place a written agreement expressly excluding or limiting such transfer.