With employees largely working from home in 2020 and 2021 and outside of traditional office working hours, what does this blurring of home and work life mean for the ownership of ‘creative’ works? In these circumstances, how can tech and media companies protect their interests in their employment contracts?

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Produced in partnership with Dr Catherine Cotter of Slaughter and May

With employees largely working from home in 2020 and 2021 and outside of traditional office working hours, what does this blurring of home and work life mean for the ownership of ‘creative’ works?

The coronavirus (COVID-19) pandemic changed the way that we work in that more of us work outside of the physical office, at unconventional times and with our own computer equipment. In doing so, it has raised the profile of the question of who owns materials created ‘for work’ or ‘on the job’.

The pandemic has not changed what you need to consider in determining who owns a copyright work in these circumstances.

The starting point for the ownership of copyright materials is section 11 of the Copyright Designs and Patents Act 1988 (CDPA 1988), the key provisions of which state:

> ‘…(1) The author of a work is the first owner of any copyright in it, subject to the following provisions.
>
> (2) Where a literary, dramatic, musical or artistic work of film is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject to any agreement to the contrary.’

Copyright is a fact-sensitive area of law and the agreement setting out the terms of engagement of an independent contractor, freelancer or employee will often contain specific terms governing who will own copyright works created under the agreement, either clarifying or modifying the application of the legislation.

Freelancers/independent contractors

If there are no such terms in an independent contractor/freelancer scenario, then CDPA 1988, s 11(1) will apply and the independent contractor/freelancer will own copyright in works made by them during the commission.

Employees

If there are no such terms in an employment scenario, then CDPA 1988, s 11(2) will apply and the employer will own copyright in works made by an employee in the course of their employment. What constitutes 'in the course of employment' or one's employment duties is a multifactorial assessment depending upon the facts of the case.

References:
Mei Fields Designs Ltd v Saffron Cards and Gifts Ltd [2018] EWHC 1332 (IPEC)

Where there is any doubt as to whether a copyright work is owned by an employer or employee, there will usually be some factors which point to the copyright work being created in the course of that employment and some factors which point otherwise. In determining which side of the argument should prevail, the non-exhaustive list of considerations in *Mei Fields Designs Ltd v Saffron Cards and Gifts Ltd* will be helpful (at [42]):

> '…(a) The terms of the contract of employment;
>
> (b) Where the work was created;
>
> (c) Whether the work was created during normal office hours;
>
> (d) Who provided the materials for the work to be created;
>
> (e) The level of direction provided to the author;
>
> (f) Whether the author can refuse to create the work/s; and
>
> (g) Whether the work is "integral" to the business.'

References:
Penhallurick v MD5 Ltd [2021] EWHC 293 (IPEC)

No single factor is likely to be determinative and this list is not closed. It is a matter for the tribunal to assess the relevant factors, and determine, having balanced any competing factors, whether the work was created in the course of employment. This test was cited with approval in the recent IPEC decision in *Penhallurick v MD5 Ltd*.

For most people, the pandemic changed the way we work. For instance, the place of work will usually be the home rather than the office and the time of work may be outside of the standard 9–5 to take account of childcare and other caring responsibilities. However, the expectation is probably that work that would have been done in the office, had it been possible to go to the office, would still point towards copyright ownership for the employer. It may be that expectations of employees may also have changed such that they provide many of their own materials, such as laptops and printers. However, it is unlikely that this change, on its own, is sufficient to shift the balance in favour of employee ownership. The other factors are probably largely unchanged.

In these circumstances, how can tech and media companies protect their interests in their employment contracts?

Tech and media companies can protect their interests through various contractual mechanisms in relation to their employees. These include:

- a broad definition of intellectual property rights
- a broad statement of the duties of the employee, including a special obligation to innovate and to further the interests of your business
- an employee acknowledgement that all intellectual property rights in all works or inventions created in the course of their employment duties shall automatically vest in

the employer, wherever and however they are created and regardless of whether they are created during 'normal working hours'

- an employee undertaking that, to the extent that such intellectual property rights do not vest automatically them, the employee will hold them on trust for the employer pending their assignment to the employer
- an employee undertaking that, to the extent that any such intellectual property rights do not automatically vest in the employer, the employee will offer the employer a right of first refusal to acquire them (for no, or nominal, consideration)
- an employee obligation to provide the employer with full details in writing of all works or inventions that may be protected by intellectual property rights and which were made wholly or partially by the employee at any time during the course of their employment
- an employee obligation to provide the employer with all originals and copies of any documents or media which record or relate to any of the works or inventions created in the course of their employment duties
- a robust employee obligation of confidentiality
- a waiver of moral rights by the employee
- a further assurance clause to ensure that the employee takes all further steps required to vest the full benefit of the intellectual property rights in the employer, and
- an employee obligation to provide the employer with further assistance with registering the intellectual property rights and with potential litigation and challenges that may arise in connection with the intellectual property rights

In relation to any contract for the engagement of any non-employee developers or other independent contractors or freelancers, extra care should be taken so that the contract clearly provides for the correct ownership position in relation to any intellectual property rights that may arise.