"...creating your IP solutions"

Dimitrios G Eliades
Barrister - B Th. LLB LLM

COPYRIGHT IN CONTRACTED WORKS – SOFTWARE

BRISBANE

Level 13
239 George Street
Brisbane Q 4000

Tel: 07 3211 0020

Fax: 07 3211 2488

All Correspondence to:
P O Box 13375
George Street PO
BRISBANE QLD 4003

Mob: 0414 304 446

Email: dimitrios@deliades.com.au

www.deliades.com

Introduction

Nicholas Tyacke, Tara Walker and Rohan Higgins wrote a thought provoking article in the Internet Law Bulletin,[i] on the ability of copyright to protect the 'look and feel' of a website, that is 'the ideas and principles underlying' a website.[ii]

The article considered a UK decision,[iii] in which it was found that although there was copyright protection for screen displays and graphical user interface, as these elements reflected the investment of sufficient skill and labour, the look and feel of the website was not copyright protected.

In the absence of a comparable judgment in Australia, the authors referred to leading cases in Australia and the legislation, which reflect the concentration of legal thought on copyright protection for computer programs, to be focussed on the source code or object code of the program.

The issues

The case referred to in this review corroborates the premise.[iv] An interlocutory application was made to obtain copies of a program's source code. The program was given to a software developer by the copyright owner for its development and to provide support in relation to the program. The case is a good reminder of the difficulties which arise when combining two types of creatives: the copyright owner on the one hand; the software developer on the other - brought together for the performance of a contract for service.

Background

The plaintiff (Generate) was a client of the defendant (Sea-Tech), in relation to the production of computer software programs which were used in the hospitality industry. The programs enabled the measurement of drink portions and the ability to integrate the bar services and gaming functions of the machines in a premises. Generate utilised the services of another software developer to create earlier versions of the program which it was updating through Sea-Tech.

Sea- Tech and Generate entered into a written agreement for three years with successive twelve month terms. The agreement also provided that the parties could terminate upon giving one months notice. In late 2006, Sea-tech gave such notice which was accepted by Generate.

Proceedings

Generate applied to the New South Wales Supreme Court seeking interlocutory relief by notice of motion. Generate sought an ordewr requiring Sea-Tech to provide copies of the source code versions of three particular programs. There were disputes between the parties as to certain factual matters, which his Honour chose not to resolve, on the basis that it was an interlocutory application, and accordingly inappropriate to deal with the resolution of disputed facts.

Decision

Einstein J granted the relief sought by the motion to Generate, making a number of orders as to confidentiality by reason of the commercial sensitivity of the material and the fact that both parties were in related industries.

Reasons

His Honour found that there was a serious question to the tried. The agreement dealt with the issue of title, but did not deal with the issue of licensing of the software. In relation to the aspect of the balance of convenience, his Honour considered that the circumstances 'clearly favoured the plaintiff', the main danger being to the loss of customers. His Honour did not elaborate on his observation that the circumstances clearly indicated the balance of convenience was with Generate. It is suggested that a consideration may have been, the identification by Generate of any claim it might have. In this manner the application may have yielded information in the nature of a pre-action discovery.

Comment

In this matter there was an agreement in writing. The agreement did address title to the softwrae. Relevantly it provided:

> *Title in the partially completed and completed software shall vest in the customer as at the date hereof.*

The issue however, was whether the term "software" included the source code. Generate said that properly interpreted, the agreeement assigned all copyright (including future copyright) to Generate. Einstein J identified the problem as being caused by the failure in the agreement to identify with sufficient specificity the title or rights to the language or source code, but was content to refer to 'software' in general terms. Relevantly, at [20] his Honour said:

> One of the real difficulties which faced the parties on the interlocutory hearing and which will face the parties on the final hearing, concerns the simple fact that the Software Development and Support Agreement to which they signed, did not descend into the detail of defining [or seeking to define], which parts, if any, of the source code was to be made available to the plaintiff. As will appear from what follows the definition of "software" utilised by the parties was general in its terms and did not distinguish between any language or form of code in which the computer program might be recorded.

His Honour suggested that solicitors negotiating the terms of contracts dealing with source code may make provision for the appointment of an escrow agent, where there might be concern of the customer to obtain access to the source code and concern by the supplier to monitor security of the source code.

The relevance to solicitors is clear. Agreements must make provision for access to source code, which is the subject of ongoing development; ownership issues which may be unconditional or conditional upon the performance of some trigger. In any event, it means that the use of terminology, which in the software industry attracts a specialised meaning, is a more preferrable device to properly understand and interpret the true agreement between the parties.

---

[i] Volume 10 Number 2.
[ii] Ibid 15.
[iii] *Navitaire Inc v Easyjet Airline Company* [2004] EWC 1725 (Ch).
[iv] *Generate Group Pty Limited v Sea-Tech Automation Pty Limited* [2007] NSWSC 226 (Einstein J, 15 March 2007).