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To Whom It May Concern:

**RE: NEW ZEALAND INSTITUTE OF ARCHITECTS SUBMISSION: REVIEW OF THE  
COPYRIGHT ACT 1994**

The New Zealand Institute of Architects Incorporated, which was founded in 1905, is the professional body that represents more than 90 per cent of New Zealand's registered Architects, as well as hundreds of architecture graduates and students. The Institute promotes high standards of building design and professional performance. It produces material essential to architects' practice, operates design and technical programmes to educate its members, and runs a rigorous, peer-reviewed awards programme that sets the benchmark for New Zealand architecture. The Institute seeks to collaborate with central and local government, other professional organisations and the wider construction industry in order to achieve its purpose: *The NZIA champions the built environment and supports its members in their creation of better buildings, places and communities.*

Creating original architecture is creative, time consuming and a complex process. The act of creation, the time invested and the complexity resolved should be rewarded with copyright ownership and an ability to realise the benefits of that ownership as the architect considers appropriate for its ongoing creative profession. As such, it should be duly acknowledged and recognised that architecture clearly can and should fall within the scope of works that *copyright seeks to protect.*

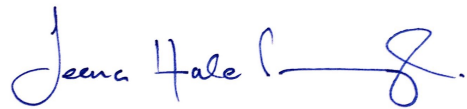
The current review of the Copyright Act is an important opportunity for the profession and the creative work of an architect to be recognised. As documented in our submission the NZIAI seeks to have the government reverse the ownership presumption in relation to architectural works. Reversing the ownership presumption would be in line with industry practice as the template agreements for architectural services contract out of commissioning in their general conditions of contract.

The creative contribution of architects to the New Zealand built environment, economy and well-being has been significantly undervalued, particularly the act of creating work. The proposed changes to the Copyright Act by the NZIAI seek to duly recognise the act of creation and ownership by the creator, the architect.

The NZIAI looks forward to discussing further our submission and the recommended changes with the review team.

Should you need any further information, please don't hesitate to contact me on [thalepennington@nzia.co.nz](mailto:thalepennington@nzia.co.nz) or 027 527 5273.

Regards

A handwritten signature in blue ink that reads "Teena Hale Pennington". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Teena Hale Pennington  
Chief Executive

# Submission on review of the Copyright Act 1994: Issues Paper

## Your name and organisation

<b>Name</b>	Teena Hale Pennington
<b>Organisation</b>	New Zealand Institute of Architects Incorporated (NZIAI)

The Privacy Act 1993 applies to submissions. Please check the box if you do not wish your name or other personal information to be included in any information about submissions that MBIE may publish.

MBIE intends to upload submissions received to MBIE's website at [www.mbie.govt.nz](http://www.mbie.govt.nz). If you do not want your submission to be placed on our website, please check the box and type an explanation below.

## Please check if your submission contains confidential information:

I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

## Responses to Issues Paper questions

6	<p><b>Is it clear what 'skill, judgement and labour' means as a test as to whether a work is protected by copyright? Does this test make copyright protection apply too widely? If it does, what are the implications, and what changes should be considered?</b></p>
	<p>NZIAI considers there is sufficient clarity regarding what "skill, judgment and labour" means in the context of copyright protection. This test does not make copyright protection apply too widely. The reduction in the scope of protection for what constitutes a copyright work is not supported. If anything, the scope should be clarified to ensure it is sufficiently broad, in order to adequately protect databases and other compilations (see response to question 7 below).</p>
7	<p><b>Are there any problems with (or benefits arising from) the treatment of data and compilations in the Copyright Act? What changes (if any) should be considered?</b></p>
	<p>The TRIPS Agreement clearly requires computer programs and compilations of data to be protected by copyright. This position should be adopted in New Zealand for compliance with international agreements.</p> <p>The Act should be worded sufficiently broadly to allow for the protection of electronic representations of architectural works and the data associated with such works. For example, building information modelling (<b>BIM</b>) combines various architectural, engineering and construction information, including numerous design elements.</p>

These elements are often owned by multiple parties depending on respective intellectual property ownership agreements, “layered” in an electronic model as a working design tool. Ownership of the model and its usefulness beyond the design and construction phase of the project is often misunderstood by the commissioner of the building. The design elements that go into BIM databases represent valuable design work and should be afforded copyright protection, but the creator of each layer of “expertise” should continue to be the owner, subject to a licence, such as a BIM Execution Plan, to ensure that the BIM model as a whole can be used by all creators and necessary third parties for the purpose for which it was created in designing and facilitating construction of the building.

Liability may be incurred by the creators of a design work where the commissioner is the owner of the copyright and uses a design model for unintended purposes, such as an “as-built” maintenance model, without any involvement or control by the creators or correction for actual the “as-built” project. The later input of “as-built” data may be the property of the owner. Similarly, unique combinations of design elements available through BIM should also be recognised as new copyright works and protected accordingly. Where used in combination, the model should be jointly owned by its creators (similar to joint ownership in the production of cinematic or music works). Without recognition of separate ownership of individual inputs into the model by each creator, the model cannot be used or effectively adapted as a building tool beyond the design phase of an architectural work.

Most important for NZIAI is that the subsistence of copyright in a BIM model, and the ownership of such copyright, is clear. From there, architects can determine whether permission is required before they can use BIM in their designs and confirm that no third party copyright is infringed as a result of BIM. This is particularly important where a contract for design requires the architect to indemnify the commissioner for any breaches of third party IP. The indemnification makes certainty around ownership of copyright a key issue for NZIAI.

It is also important that the infringement provisions in the Act specifically provide liability for extraction and use of such information (whether transmitted electronically or by other means) and data to create new works. In the absence of a clear infringement regime the Act will fail to adequately protect BIM.

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**What are the problems (or benefits) with the way the default rules for copyright ownership work? What changes (if any) should we consider?**

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The default position for works that are commissioned, including drawings, diagrams, plans and models, is that they are owned by the commissioning party, even where payment is promised, but not yet made. This default position creates a weak negotiating position for architects who need to control the use of their works in the future for:

- moral rights;
- dissemination and attribution of images;
- to prevent replication of designs without royalties or authorisation;
- to mitigate liability for ongoing use of their designs without their involvement;
- to use reiterative design to build on underlying know how and design “signature” to create new designs; and
- to receive payment in full for commissioned design services.

NZIAI seeks to have the government reverse the ownership presumption in relation to architectural works.

Reversing the ownership presumption would be in line with industry practice as the template agreements for architectural services contract out of commissioning in their general conditions of contract. The commissioning party has no long-term interest in ownership of copyright in an architectural work beyond design completion. An implied or limited licence is sufficient for the purposes of the commissioning party.

MBIE's issue paper on the Copyright Act notes that where the current copyright regime gives rights to people who have no public interest in them having, there should be a consideration as to how that can be addressed.

We set out our rationale for the change in presumption, and various issues with the current presumption, in support of our submission.

### **Principled rationale**

Principles for copyright protection and exceptions to that protection have been set out in the Berne Convention and in the copyright review paper released by MBIE. Applying these principles to architectural works it is clear that the commissioning rule should not apply.

#### *Berne Convention*

Considering the issue within the framework of the Berne Convention and the three-step test for exceptions to copyright protection:

1. *Certain special cases*: There is no certain special case that would necessitate ownership of commissioned architectural works lie with the commissioning party;
2. *Not conflicting with normal exploitation*: The commissioning rule when applied to architectural works does interfere with the normal exploitation of architects' work, including the further development of architectural works and the ability to publicise and attribute their works; and
3. *Not unreasonably prejudicing the author*: Architects are unreasonably prejudiced by the default position that they do not own commissioned works as this creates an unnecessary presumption in commissioning parties who then seek to own copyright regardless of whether they need copyright ownership to realise their goal (namely, to have a building designed and built).

Applying the Berne Convention three-step test, ownership of architectural works is not an appropriate instance to apply a broad exception to the basic principle that copyright works should be owned by the creator of the work.

#### *Goals of the Copyright Act*

Alternatively, looking at the exception through the prism of what the copyright regime seeks to balance, being:

- The creation of original works;
- Use, improvements and adaptations of works created by others; and
- Dissemination and access to knowledge and creative works,

These goals are clearly not aided by the application of the commissioning rule to architectural works.

Copyright exists to protect creative works that are time consuming to make, and to incentivise the creation of such works. As a starting point, architectural works clearly can and should fall within the scope of works that copyright seeks to protect.

In commissioning contexts, the client has a limited interest in the architectural work. In most cases, they seek to use the work for a single building or development. On the other hand, the architect has a real interest in continuing to develop any underlying design innovation, and to adapt the characteristic style for which it is known and recognised to further architectural works or projects.

The client has no interest in dissemination of the work for public knowledge or interest, or for the benefit of the development of a public architectural debate and improvement of design standards in New Zealand. The presumption that ownership lies with the client inhibits dissemination of images and makes future designs more complex as the architect may not be able to utilise any underlying creative elements of past designs in their future works.

*Proposed copyright objectives*

MBIE has proposed five objectives that it considers copyright should achieve. We comment on each of these in turn:

No.	Objective	Application to architectural works
1	Provide incentives for the creation and dissemination of works, where copyright is the most efficient mechanism to do so	Allowing ownership to be retained by the architect will increase the design incentives. The client incentive to obtain architectural services will be unaffected by the copyright position.
2	Permit reasonable access to works for use, adaptation and consumption, where exceptions to exclusive rights are likely to have net benefits for New Zealand	Clients will still have access to designs for the purpose that the design is commissioned for. A broad exception to the architect's exclusivity by transferring ownership of copyright is unnecessary. An implied or express licence for a specific purpose is more appropriate. Ownership by architects would result in increased public access to architectural works through attribution, publication and discussion, than an exception to their exclusivity.
3	Ensure that the copyright system is effective and efficient, including providing clarity and certainty, facilitating competitive markets, minimising transaction costs, and maintaining integrity and respect for the law	Clients having ownership of copyright creates inefficiencies and increases transaction costs. If an architect can use underlying innovations of earlier designs in new designs, the timeliness and efficient development of progressive innovation in designs would be facilitated and the transaction costs would naturally be decreased, e.g. in the prefab housing market.
4	Meet New Zealand's international obligations	As discussed above in relation to the Berne Convention, removing the commissioning rule in relation to architectural works would be in compliance with the three step test. As discussed later, it would also bring New Zealand into line with our major trading partners.

5	Ensure that the copyright system is consistent with the Crown’s obligations under the Treaty of Waitangi	<p>To the extent that an architect owns Taonga works or Taonga derived works and includes those in an architectural work, ownership of those Taonga works should be retained by the architect, and, if appropriate, a licence for joint guardianship could be developed.</p> <p>Moral rights in relation to Taonga works will be of increased importance. Applying the commissioning rule to such works would be entirely inappropriate.</p>
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A number of the points raised above are expanded on below.

*Summary of copyright principles*

While the creators of commissioned architectural works are in the usual course of business compensated for their work, the commissioning party has no long term interest in retaining copyright in the work.

Whether the design is for a house or a high rise building the goal of commissioning the work it to have a building made. This goal is realised by the creation of the architectural designs. Having copyright in those designs lie with the commissioning party is not necessary. From a utilitarian perspective, having the architect maintain copyright ownership would automatically allow for continued use of elements of that design in future works.

Creating original architecture is creative, time consuming and a complex process. The act of creation, the time invested and complexity resolved should be rewarded with copyright ownership and an ability to realise the benefits of that ownership as the architect considers appropriate for its ongoing creative vocation.

**Benefit of architects owning their works**

*Development of future works*

The primary benefits from architects owning the works they create is that it will allow for future creation and iterative development and adaptation of those works.

A commissioned design may include a number of novel or innovative design features. Each of those features will be part of the copyright owned by the commissioning party. Use by the architect of such innovative features in future works may be limited, as each could amount to a substantial taking from the earlier design. If the architect owned copyright in its work, those design elements could be included in future works to further new and innovative design. Their development and adaption forms part of an ongoing body of work that the architect is then known for, and relies on for recognition of its professional architectural design services, both in New Zealand and globally, and to attract further architectural commissions.

Furthermore, there is uncertainty as to where the line is drawn between what the architect owns and what each successive commissioning party owns due to the iterative nature of architectural design. Copyright elements created in the course of designing a previously commissioned work are themselves subject to the commissioning rule. Therefore there is lack of clarity as to the ownership of earlier versions of designs by the architect and parts of the design that are pre-existing, but are further developed by incorporation in the later commissioned design. This would be resolved by ownership of pre-existing and new copyright resting with the architect, rather than successive commissioning clients.

### *On-licensing*

If an architect retains ownership of copyright in their work, that work can be on-licensed, increasing both the use and the benefits of the work to a client.

The client would receive an implied or express licence to use the work for a specific purpose. Depending on the particular work, this licence could be for a single use, provide exclusive rights for a set period of time, or allow a set number of uses. The architect's services would be paid for in accordance with the agreed use.

If the original client sought to use the work in the future, they could simply re-license the work for an additional use or time period, subject to adaption to any further purposes or project sites.

In most cases, a client does not want to on-license a work and so no further uses are made of that particular design. However, in cases where a commissioning party does decide to licence out a work, the architect who created that work gets no royalties for those additional uses, and liability may arise due to the unsuitability of use of the design beyond the original site or purpose without direct involvement by the original architect. Architectural designs are unique to each commission and site, and cannot be easily replicated by the commissioner without adaption. In property developments and other projects where a number of copies of a design will be made, the architect is commissioned to create one design. The commissioning party then sees the rewards of multiple copies, sometimes hundreds of copies, of that design being made and sold. Despite the potential for massive success of a design, the architect will still only be paid the initial commissioning fee, and may be subject to continuing liability due to the inappropriate application of its design in unintended circumstances.

If the architect owns copyright in the work, they could license the work for one use, or 100 uses, or for a period of 5 years for any many uses as the client wanted. The architect's fees for the design could be reflective of the scope of use that the client wanted. This would follow a user-pays model and create a more efficient and accurately priced market. Instead architects must hedge their bets on which designs will be successful and more commonly used, and which will not. This means that clients can be paying more or less than they should be if copyright ownership were simply retained by the architect and the client's fees could be reflected in the scope of use of the work as determined in a licence.

An alternative used in some countries is to allow for artist's resale rights. Applied to works of architecture, this could ensure that an architect is fairly compensated each time their design is sold or used bringing more balance to the rights of the architect and client. This would allow the architect to maintain a consistent link to their work and continue to benefit from successful works that are repeatedly used.

Artist's resale rights are incorporated in the Berne Convention, but on an optional basis, and are included in EU law through the Resale Rights Directive (2001/84/EC). The idea of introducing an artist's resale right in New Zealand was considered by the Ministry for Culture and Heritage in 2007 and a discussion paper at the time proposed a right for artists to 5% of royalties on all resales of a work. The discussion paper proposed that the right should be included within the Copyright Act and most submissions on the paper were in favour of the right.

However, the implementation of such a system would be administratively complex. This complexity could be avoided in the context of architectural works by simply retaining copyright ownership with the architect who can then use the work as they see fit.



### *Enforcement of copyright*

As owners of copyright works, architects would be able to bring infringement proceedings if someone copies their work or otherwise infringes their rights.

Copyright can only be enforced by a copyright owner or an exclusive licensee. Under the commissioning rule, as the architect never has rights in their work, they will not be able to enforce copyright.

The person who commissions a work in most cases will have limited or no interest in enforcing their copyright if a work is infringed. The commissioning party will still have their house/building/structure, so showing damages also becomes more difficult.

If the architect owns copyright in their work and a third party infringed that copyright the architect would be incentivised to protect their rights. The value of the work could be recognised in an award for damages or an account of profits.

### *Portfolio building*

The owner of a copyright work has the exclusive right to show the work in public and communicate that work in public. If an architect owns the copyright in their work, they can then use that work to advertise their services and build a reputation.

Like other forms of copyright work, the architect is likely to gain from publicising their work. Architects should have a right of attribution to the design of developments or buildings in the same way that a painter or a photographer may be used to. A photographer who creates images on commission can still raise their moral right to be noted as the photographer and gain publicity if the photograph is particularly successful.

Architects have that same benefit if a particular style of design becomes popular. It is far more important for architects to be able to build a portfolio of work that they can use in advertising, than it is for the creators of other types of commonly commissioned works because of this disconnect between that consumers see and the design work behind that.

It is difficult for architects to have a work attributed to them in a meaningful way, or to have their designs otherwise recognised. If an architect owns the work it can become part of a portfolio for reputation building.

### **Detriment from a lack of ownership**

As corollaries of the benefits listed above, there are a number of detriments to architects from not owning copyright.

### *Ownership despite non-payment*

As a result of the commissioning rule, where a person commissions a work, and “pays or agrees to pay for...the making of a...drawing...is the first owner of any copyright in the work” (emphasis added). Copyright vests in the commissioning party on the reaching of the agreement, not upon receipt of payment or completion of a contract. Where an architect creates a work, and, for example:

- the project is cancelled part way through;
- the architect is used for partial services or replaced by another designer for no fault;
- the commissioning person does not pay in full; or
- for whatever reason the contract is not completed,

the commissioning person still owns copyright in that work.

The commissioning rule does not ensure that architects are paid for their artistic work before the commissioning party acquires ownership. This would appear to be contrary to the basic tenet of benefit and burden in contract law, whereby one party can own the property without paying an agreed price. In a consumer contract this would be deemed an unfair contract term, but here it occurs automatically without a contract to the contrary. Under the Act transfer of ownership of copyright to the commissioner is not dependent on agreed payment to the architect for the design.

As payment is not necessary to transfer copyright to the commissioning party, this puts significant risk on the architect who may create a work, not be paid, but still be unable to use that work or on sell the work to make up for the non-payment.

If the starting position was that the architect owned copyright in the work, copyright ownership could be used as a means of securing payment, or at least protecting the architect's investment in their work.

#### *Commissioning rule as the default*

Legislative presumptions are difficult to negotiate away from. Clients who are aware of the commissioning rule use that legislative presumption as a starting point in negotiations. If an architect wants to retain copyright ownership, there can be significant costly and time consuming negotiation, and often a decrease in what can be charged for a work.

Because the commissioning rule it is a default position, some clients argue for ownership of copyright even where there is no real benefit in ownership for them. It is simply a right they feel they should have since it is in statute.

#### *Loss of moral rights*

NZIAI supports the continued inclusion of moral rights for architects. Moral rights are important to an architect's integrity and recognition. In particular, the right to be recognised as the creator of a work of architecture is often crucial to attracting further business. Recognition as a creator of a work is also a matter of professional satisfaction for many architects and an incentive to create novel and innovative works.

However, in the current commercial climate, it has become a default in most commissioning contracts that the architect's moral rights in the work are required to be waived, as the law does not permit them to be assigned.

Where the starting position is that the architect does not own copyright in the work, the next presumption is that the architect is required to waive their right to be identified as the author of the work, and their right to object to derogatory treatment of their work. This puts architects in a very weak position to protect the integrity of their designs and any reputation they have.

If the starting position in legislation is that an architect owns their work, including where that work is commissioned, these risks and preconceptions around ownership will be dealt with to a large extent and architects will be in a far stronger position to protect their rights.

Additionally, it is not clear that there is any justification for architects waiving rights to be identified as an author of an architectural work. Accordingly, another option would be to remove the ability for that moral right to be waived.

### **Overseas ownership positions**

New Zealand's commissioning rule for architectural works is out of step with overseas jurisdictions. Notably, our closest business partners provide significantly more protection for architects in their default positions than New Zealand provides. This includes:

*United States of America* - the architect is the original owner of copyright. The commissioning client has a non-exclusive implied licence to use the plans for the particular work that was commissioned. The concept of "work-for-hire" in the US is narrower than New Zealand's commissioning rule and rarely captures architects (Copyright Law of the United States, Title 17).

*United Kingdom* – unless the architect is an employee of the commissioning party, the architect will own copyright their work. The commissioning party obtains an implied licence to use the works, but does not own copyright in the works (Copyright, Designs and Patents Act 1988).

*Australia* – unless the architect is an employee of the commissioning party or has entered into a retainer agreement that assigns copyright, the architect will own copyright in their work. The commissioning party will have an implied licence (Copyright Act 1968).

*Canada* – unless the architect is an employee of the commissioning party the architect will own copyright in their work. There is a limited commissioning rule that acts as an exception to infringement if a commissioned work is used for non-commercial purposes only. This does not change the ownership position in relation to the work, and in any event, the use of architectural works is unlikely to fall within the exception (Copyright Act 1921, Copyright Modernisation Act 2011).

New Zealand should amend the commissioning rule to exclude works of architecture, and bring the copyright position into line with other jurisdictions.

### **Proposed position**

The default position should be that architectural works are owned by the creator of that work, whether or not the work was commissioned, and whatever the format of the work (i.e.: regardless of whether it is a drawing, physical model, electronic model or other form of architectural work). If a customer wants to own the work, that can be arranged for a premium, or given as an exclusive licence for a limited period of time.

The commissioner will have an implied licence to use the work for the purpose that it was created for. This can be included an express licence in order to give clarity to the parties on the scope of their rights if the parties decide that is preferable.

Any right to use the work, including any implied licence, should only be able to be relied upon following full payment for the services provided.

Removing the commissioning rule from applying to architectural works will be in line with the Berne Convention and the stated goals and objectives of copyright as put forwards by MBIE.

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### **What are the problems (or benefits) with the rights the Copyright Act gives visual artists (including painting, drawings, prints, sculptures etc.)? What changes (if any) should be considered?**

We refer to the comments made in question 8 relating to artists resale rights. While this could provide a solution with respect to visual artists, the preferred model with regard to architectural works would be that the architect retains ownerships of a work, rather than relying on a complex resale rights scheme.

11	<b>What are the problems creators and authors, who have previously transferred their copyright in a work to another person, experience in seeking to have the copyright in that work reassigned back to them? What changes (if any) should be considered?</b>
	A reversion right for architects would be a useful alternative to ownership through the entire life of the copyright work. However such a right would be conceptually difficult in the context of the commissioning rule given that currently an architect is never the owner of the commissioned work. This position is different to an authorship situation where the commissioning rule does not apply, and an author could assign a work before having ownership revert at a later point.
13	<b>Are there any problems (or benefits) in providing a copyright term for communication works that is longer than the minimum required by New Zealand’s international obligations?</b>
	While not directly in response to question 13, and noting MBIE’s comments at paragraph 170 of the Issues Paper, an extension of the copyright protection term for architectural works to life plus 70 years would be supported.
25	<b>What are the problems (or benefits) with the way the moral rights are formulated under the Copyright Act? What changes to the rights (if any) should be considered?</b>
	As discussed above in relation to question 8, moral rights are important to architects. Architects see great value in both the moral right to be identified as the creator or a work and the moral right to object to derogatory treatment of a work.
31	<b>What are the problems (or benefits) with how any of the criticism, review, news reporting and research or study exceptions operate in practice? Under what circumstances, if any, should someone be able to use these exceptions for a commercial outcome? What changes (if any) should be considered?</b>
	NZIAI view the current exceptions for fair use to be appropriate. The use of architectural works for the limited purpose of research or study where that use is fair is appropriate. The application of fair use to commercial use for research or study would not be supported. This would undermine the architect’s copyright as much of the commercial creation and design process involved research and study. Extension of the research and study exception to cover commercial contexts could never be “fair”.  NZIAI supports the current scope of specific fair use exceptions for specific and limited purposes. A change to a broad fair dealing exception would result in uncertainty and an increase in litigation as architects and third parties attempt to re-draw the lines around what is and is not “fair”.