

# IMPLIED COPYRIGHT LICENCES IN BUILDING CONTRACTS

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The Supreme Court of Western Australia recently handed down the decision of *Milankov Designs & Project Management Pty Ltd v Di Latte* [2018] WASC 14. The Court broadened the circumstances in which an implied copyright license will be inferred into a building contract.

### BACKGROUND

Milankov Designs & Project Management Pty Ltd was engaged by Di Latte in 2010 to design a house. The contract comprised of an executed letter and was subject to two stages; the first being design and sketch plan documentation and the second being working drawings and specification for the purposes of submission to the local Council.

Milankov completed stage one and the contract was terminated in 2011.

Lawrence J Scanlan & Associates Pty Ltd (Scanlan) was then engaged to complete the second stage. Construction of the house was completed in 2016.

Milankov alleged Scanlan had used their design and development plans and entered a claim of damages for copyright infringement. They argued that the contract contained an implied term that the plans developed by Milankov would only be used to progress to stage two and not construction of the home.

Di Latte argued that the implied licence meant they could use the plans for the purpose of construction, notwithstanding that Milankov owned copyright of the plans.

Likewise, Scanlan argued the implied licence meant they could use the Milankov plans for construction and put forth the defence of innocent infringement under s 115(3) of the *Copyright Act 1968* (Cth).

## **DECISION**

In its interpretation of the contract, the Court determined that the plans drawn in stage one by Milankov were to be used specifically for development approval. His Honour determined it would have been inconsistent with the provisions of the contract to imply a licence that would allow the Di Lattes to use the stage one plans for construction.

In considering the defence put forth by Scanlan, the Court held that the company had made insufficient enquiries. Scanlan was aware that the plans were supplied by Milankov, but did not enquire with them directly or seek to obtain a copy of the contract. Therefore, the Court determined that there was no objective basis for Scanlan not have any reasonable grounds for suspecting that its actions in using the Milankov plans constituted an infringement of Milankov's copyright.

Accordingly, the Court held that both the Di Lattes and Scanlan had infringed Milankov's copyright.

## **KEY TAKEAWAYS**

The case illustrates that a designer will own the material they create, unless otherwise agreed in writing, and the use of that material by the person who commissioned it, will usually be subject to an implied licence under the *Copyright Act 1968* (Cth). The scope of such implied licences will be dependent on the terms of the contract between the parties.

The case emphasises the importance of making proper enquiries with respect to any licence before using material that is subject to copyright.