

3.2: IPR Risk Assessments

Naomi Korn and Professor Charles Oppenheim, March 2009

Introduction

The set of resources contained within this paper has been adapted for SCA sponsors and other organisations across the public sector. It is intended as the basis of a toolkit to be issued to content creators and content users across the public sector who are responsible for rights management and rights clearances.¹ It includes:

- Template IPR Risk Assessment Table for evaluating risks associated with content creation and user
- Template take-down notice
- Scenarios

The resources that have been drawn upon include:

- Papers written by the JISC IPR Consultancy for the JISC IPR Working Group
- Content produced as part of the IPR toolkit created by the JISC-funded Web2Rights project²
- *Intellectual Property Rights in E-Learning Programmes*, 2006, produced by HEFCE³
- The JISC-funded TrustDR Project⁴

IPR Risk Assessments

The risk assessment component of this paper draws heavily upon the work of the JISC-funded TrustDR project. Further information about a managed approach to risk, particularly within a web environment, can be found in briefing papers produced by the JISC-funded Web2Rights project (www.web2rights.org.uk).

Content creators and content users across the public sector are likely to encounter a varying range of IPR-related risks associated with the creation and use of print, digital and online teaching materials. The scale of rights issues will vary in accordance with the scope of each project, but even projects involving relatively small amounts of content creation and use may encounter complex rights issues. This is because of:

- The differences in status of content creators who are likely to include staff, volunteers, students as well as freelance contractors and commercial entities and content created in collaboration with other organisations and third parties both based in the UK and internationally
- The likely incorporation of third-party content, which can be obtained from a wealth of sources (including user-generated content) and under various terms and conditions, some explicit and some implicit
- The potential range of content that can be created, including born-digital, digital surrogates and composite works incorporating images, text, film, graphics, music and sound as well other audiovisual material and the likelihood of layers of rights within each, many or all of which will require clearance

¹ Whilst the focus of these resources is copyright and database rights, patents and trade marks are also covered briefly.

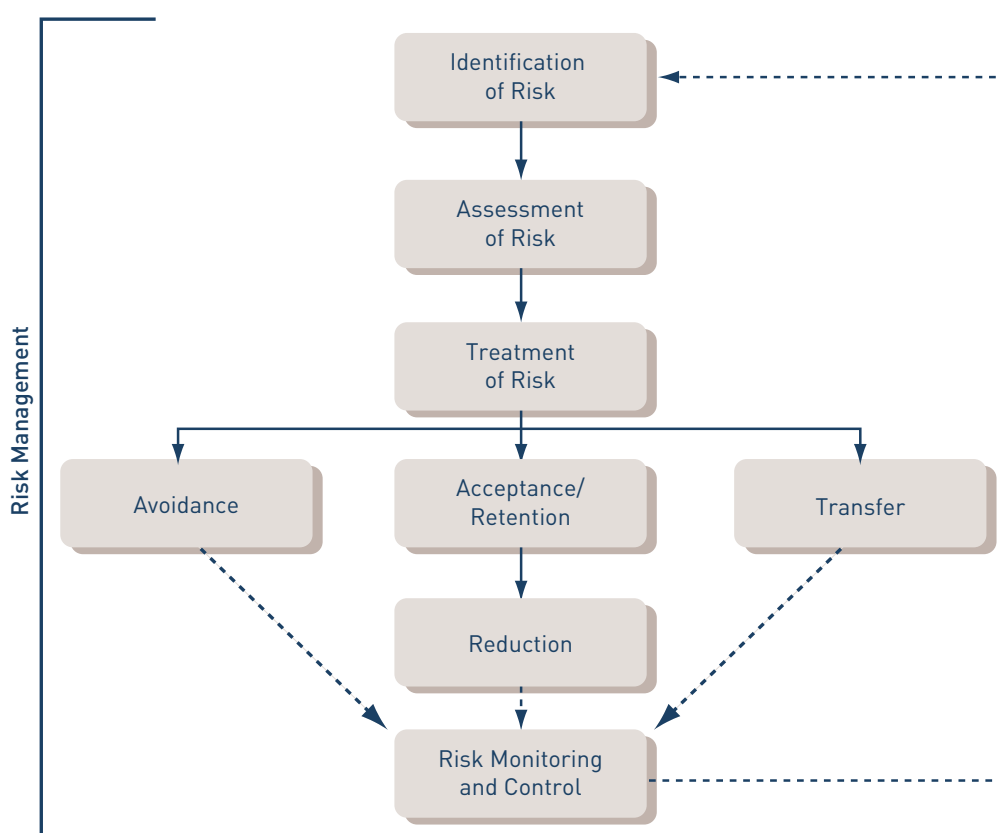
² www.web2rights.org.uk

³ www.hefce.ac.uk/pubs/hefce/2006/06_20. This report was a follow-up to an earlier report issued in 2003 with the same title (available at: www.hefce.ac.uk/pubs/hefce/2003/03_08.htm)

⁴ <http://trustdr.ulster.ac.uk>

- The longevity of copyright in most creative works and the fact that different media have different rules on ownership and lifetime
- The applicability of the limited copyright Exceptions and Limitations in the copyright legislation offered to public-sector bodies for the full range of uses of content, which in turn means that much third-party content will require clearance before it can be used
- The restrictions within blanket licences, such as the CLA (Copyright Licensing Agency) Photocopying and Scanning Licences, particularly regarding storage and reuse of electronic material
- The quasi-commercial and commercial nature of some of the uses of content across the public sector
- The levels of injunctive relief offered to rights holders in cases where their rights have been infringed
- The problems of tracing rights holders of third-party materials and of how to deal with so-called orphan works (those third-party materials where the rights owner cannot be traced or are unknown)

Figure 1
A Risk Management Framework



As a means to help develop suitable rights clearance frameworks, embedded within appropriate mitigation strategies, it is crucial that risks are identified, assessed, treated and monitored as per the Figure 1 below (after John Casey and Jackie Proven, 2007):

The IPR Risk Assessment Table below provides an overview of the types of IPR-related risks that may be encountered by content creators and content users, together with some recommended mitigation strategies that can be used to 'treat' the risk.

Assessing the Risks

Since the likely impact and probability of the specific risks encountered by content creators will vary per project, in order to fully understand the risks it will be important to consider the following factors in accordance with each type of project. These will include:

- The type of content being used

- The scale of the project
- The likelihood that the rights holder is litigious
- Non-litigious types of risk that may be encountered
- The relationships and/or potential relationship that the content creator/organisation has with the rights holder
- The context of use of the content
- The audience and distribution of the content, including the scale of what is being copied or adapted
- Whether the content is being commercially exploited
- The employment of risk mitigation strategies

Once these have been established, IPR risks can be calculated by the application of the following framework to determine the level of impact and probability, and thus the level of risk:

- **Evaluating the level of impact**
This is the negative impact of any of the risks described below materialising, and the impact (financial and non-financial) upon the organisation. Impact can be calculated by allocating a score of 1–5, 1 being the lowest and 5 the highest level of impact
- **Assessing the probability or likelihood**
This might be based upon the likelihood of the problem arising, the probability of the rights holder coming forward and/or the likelihood of the rights holder seeking legal or other types of redress. Impact can be calculated by allocating a score of 1–5, 1 being the lowest and 5 the highest level of impact
- **Calculating the risk**
The risk score can be calculated by multiplying the impact x probability: the higher the score, the greater the risk

Figure 2
Illustration of a Risk Profile

Likelihood	High	High/Low	High/Medium	High/High
	Medium	Medium/Low	Medium/Medium	Medium/High
	Low	Low/Low	High/Medium	Low/High
		Low	Medium	High

Impact

Figure 2, above, after Casey and Proven 2007, provides an alternative technique for measuring risk

Risk-Mitigating Strategies

Apart from the mitigation strategies offered in the risk-assessment table below, it is worthwhile considering the use of the following to help mitigate any potential risks:

- Use of credit lines to show the works in which rights are owned by third parties⁵
- Use and observation of copyright statements and licences, which make it easy for the user to understand the terms under which content can be accessed and used. See '1.1 Creative Commons Licences – Briefing Paper' for further information about one of the options that might be considered
- Access restricted by password to certain types of high commercial-value content
- Use of indemnity clauses: for use in agreements and licences for materials in which permission is granted by third parties, to ensure that the parties who are granting permission have legal title to do so
- Acceptable Use Policy: an agreement that is physically or digitally signed or accepted to acknowledge the user is aware of the organisation's stance on copyright infringement and will exercise due diligence and care when making contributions not to breach this policy
- Notice and Take-Down Policy: a policy ideally linked to every page that has contributor content, highlighting the organisation's stance on copyright infringement and specifying the conditions for removing content. It must have a formal procedure that is triggered when someone gives 'notice' of a complaint regarding possible infringement – on receiving notice the organisation the 'takes down' content from the repository while the complaint is checked. It must provide a contact mechanism, such as an email address, to report suspected breaches, under the terms of the Electronic Commerce (EC Directive) Regulations 2002, 6(1).⁶ Liability can be reduced by showing 'due diligence' in the form of prompt action. Note: this needs to be viewed as a 'last ditch' protection measure that works best when all the other elements in this list are in place and not as a legal panacea

In addition, clear instructions should be given as to where and to whom notification of allegedly infringing content should be sent, along with details of the complainer, the complainer's interest in the matter and where the complainer can be contacted. Processes should be put in to place to act expeditiously on such a notification. While the E-commerce Directive does not require content to be replaced if the notice is challenged, it may be good practice in the academic community to investigate the complaint and, if it turns out to be frivolous, re-instate the content. Such a take-down notice is provided below:

TAKE DOWN NOTICE

In the event that you are the owner of the copyright in any of the material on this website and do not consent to the use of your material in accordance with the terms of conditions of use of this website, please contact us [INSERT: your contact details here/or a link to contact details] and we will withdraw your material from our website forthwith on receipt of your contact details, written objection and proof of ownership

- Liability insurance: the possibility of taking out liability insurance to cover the risk of being sued for infringement of copyright (or investigating whether such insurance exists, for example in terms of the general insurance policy of your organisation) should be investigated. Many public-sector bodies in the UK will have professional indemnity insurance but it is important to check if any material which might present risks is covered. If you are working in partnership with other organisations, each project partner will have to check this unless the consortium agreement says otherwise
- Technical protection measures: as part of the planning process for a project, decisions will be needed as to how the technology and content is to be made available – whether freely available to all or only from behind technical protection measures/password-protected sites/for use by the academic community. While the route chosen will not change liability should copyright be infringed (ie infringing content behind a password-protected site will still infringe), the circulation of the content is more limited where circulation/distribution of content is restricted by technical controls. Where circulation is limited to, for example, a specific community, this could inform decisions as to, for example, whether an orphan work should be used; or if fair dealing for the purposes of non-commercial research would form a creditable defence to an action for infringement

⁵ www.jorum.ac.uk/support/legal.html

⁶ Further guidance on the grounds for secondary infringement from the Electronic Commerce (EC Directive) Regulations 2002, are available at: www.opsi.gov.uk/si/si2002/20022013.htm

What Happens If It All Goes Wrong?

The risk that seems to worry most professionals working across the public sector is that of being sued for infringement of copyright. Firstly, it is likely that there is a long way that a disgruntled rights holder will go before they sue. In all probability, they will contact you first in writing and ask that you take the infringing work down and probably ask you to pay the fee that they usually would have charged for such a use of their work.

In the event that an owner of copyright did sue, the legal remedies they could seek include:

- Damages: the measure of any damages granted would be, so far as possible, such as to put the copyright owner in the position as he/she would have been had the infringement not happened. Within a Web 2.0 environment, for example, this will be difficult to establish as the sharing is potentially endless and the chance to stop the sharing even smaller than within a closed environment
- An injunction/interdict: an order to stop infringing the work and/or to refrain from infringing again in the future
- Delivering up of infringing copies

Sometimes rights holders do not sue and instead may no longer trust you and/or the organisations affiliated with your project. Infringement of rights can also cause damage to reputation and the possibility of further ramifications relating to removal of services and/or funding.

Ultimately, it is important that you are both proportionate about possible risks, whilst at the same time prepare suitable mitigating strategies in the eventuality that a rights holder does come forward.

Whilst not all rights holders will employ legal remedies, they may be annoyed that you have used their content without prior authorisation – an apology and promise of swift action, such as credit, payment and/or removal of content, can go a long way! It is important to note that across the public sector, it is more likely that the ramifications of unauthorised use of content will include loss of trust, damage to reputations and/or relationships as well as potential removal of services. Subsequently, these potential consequences need also to be factored into any risk assessments.

These case studies are helpful in providing an insight into certain circumstances that might go wrong, and the ways in which they are dealt with, which can result in a favourable conclusion or not!

1) Case Study One

A photographer approaches you stating that there are photographs on your website in which he owns the copyright. The photographer has not given permission for these photographs to be used. You take the photographs down immediately. The photographer demands money from you for the use of the photographs. You point to the Notice and Take-Down provisions in the E-commerce Directive and Regulations whereby they are absolved from liability if content is removed as soon as they know it infringes copyright belonging to a third party. The photographer argues that the provisions do not apply to you and he will raise an action. The photographer also states that there are many other owners of the copyright in creative content on websites owned by you being used without permission and who are watching this case with interest and will be contacting you shortly with their own demands. The photographer raises an action in the local court. Due to the importance of the case not only for you, but also for similar bodies, you request that the lower court remit the case to the higher court. Lower court agrees. The photographer drops the action and has not been heard of since.

2) Case Study Two

Commercial image supplier approaches you stating that several images on your website infringe its copyright, and appropriate fees should be paid. You originally sourced the images from the internet and had not sought permission for the images to be used in the first place. You do not respond. Very shortly after this, the commercial image supplier demands immediate take-down. Again, you choose not to respond. The commercial image supplier swiftly sends you an invoice for several times the initial amount and a letter with threats of naming and shaming. You discuss with your lawyers, who have not been contacted until this point, and payment is settled.

3) Case Study Three

A photographer approaches you stating that there are photographs on your website in which he owns the copyright, which he had placed on an image sharing site, for reference and personal use only. The photographer has not given permission for these photographs to be used and asks you to credit him and to pay a small amount for each photograph. You agree and the issue is settled amicably.

IPR Risk Assessments

Risk Type	Risk Impact	Risk Probability	Risk Score	Risk Responsibility	Risk-Mitigation Strategy
Unauthorised use of third-party materials					Training content creators and content users; provision of access to pre-cleared content such as JISC Collections and content created as a result of other public-sector funding initiatives
Theft of copyright materials by third parties					Use of copyright credit lines; deployment of copyright notices and terms and conditions to educate users; display of digital content in low resolution; possible use of digital watermarks and other encryption devices; password-protecting content of high value
Granting more rights to users to use third-party generated content, than permissions to use it have been secured					Ensuring that there is compatibility between rights granted by third parties and those granted to subsequent users of the content
Inappropriate licences selected for providing access and use of content					Making sure that licence types selected reflect organisational and departmental policies on access and use of content
Rights clearance costs exceeding budget					Earmarking funds to clear rights within project planning
Insufficient resources to clear rights					Allocating staff and administrative support to identify and clear rights at the start of the project. Identifying rights that need to be cleared and estimations of anticipated associated costs as early as possible. Creation of a contingency fund
Breaching IPR conditions from funding bodies, for example not clearing any third-party rights for use by funding bodies or breaching warranties that all third-party rights have been cleared					Ensuring that any IPR clauses are understood and can be complied with within funding agreements. Any clauses that present difficulties will need to be negotiated with funding bodies, or alternative strategies applied, such as allocating extra funds to clear additional rights
Disputes over ownership of IP amongst consortium partners					Discussing ownership or co-ownership of rights and other models (such as non-exclusive and exclusive licences) prior to the commencement of the project. Incorporating appropriate IPR clauses within consortium agreements to reflect the outcomes of these decisions. Ensuring consortium agreements are signed before work starts

Risk Type	Risk Impact	Risk Probability	Risk Score	Risk Responsibility	Risk-Mitigation Strategy
Breach of IPR conditions within consortium agreements					Ensuring that any IPR clauses are understood and can be complied with within consortium agreements. Any clauses that present difficulties will need to be negotiated with partners, or alternative strategies applied, such as allocating extra funds to clear additional rights
Lack of responsibility for clearing rights in projects with multiple partners					Allocating roles and responsibilities for rights clearance to specific project partners, as well as embedding progress within project reporting mechanisms
Inadequate identification of the layers of rights that might exist in any one piece of content, for example, copyright in an artwork, and subsequent copyright in its photograph					Allocating staff with a clear understanding of IPR issues and appropriate administrative support to identify and clear rights at the start of the project. Identifying rights that need to be cleared and estimations of possible associated costs as early as possible
Inadequate recording of rights requiring clearance					Creation or bolt-on of a rights management database to describe content and rights associated with it
Inadequate recording of licences granted to use third-party content					Establishment of a paper-based filing system for permissions that have been granted (as well as printout of licences for content used under open content licences). Creation or bolt-on of a rights management database to describe content, rights associated with it and permissions granted by third parties to use their content
Inadequate recording of licences granted to third parties to use content that is created					Establishment of a paper-based filing system for permissions that have been granted (as well as printout of licences for content used under open content licences). Creation or bolt-on of a rights management database to describe content, rights associated with it and permissions granted to third parties to use content
Expiry of permissions granted by third parties					Establishment of a paper-based filing system for permissions that have been granted (as well as printout of licences for content used under open content licences). Creation or bolt-on of a rights management database to forewarn of expiry dates of permissions

3.2: IPR Risk Assessments

Risk Type	Risk Impact	Risk Probability	Risk Score	Risk Responsibility	Risk-Mitigation Strategy
Exceeding use of permissions granted by third parties					Establishment of a paper-based filing system for permissions that have been granted (as well as printout of licences for content used under open content licences). Creation or bolt-on of a rights management database to describe content, rights associated with it and permissions granted to third parties to use content
Lack of appropriate IPR clauses (and waiver of moral rights) when working with contractors and freelancers					Use of assignment of rights clauses in commissioning contracts and requests for rights to be waived
Lack of suitable prior art checks when using or incorporating material protected by patents					Need to ensure that staff are aware of the risks of using patented materials without permission. Incorporation of patent searches prior to developing or using material that could be protected by patents
Use of third-party Trade Mark within unsuitable context					Staff training. Ensuring that permissions to reuse Trade Marks (particularly within a commercial context) are identified material requiring clearance, and incorporated within a rights clearance strategy
Lack of IP strategies to ensure long-term sustainability					Discussions at project initiation to evaluate and implement possible strategies relating to IP exploitation. This will then be a common thread running through subsequent use of the material and the terms under which it can be used
Lack of expertise in negotiating rights clearances					Staff training. Need to bring in expertise to help where appropriate (perhaps from consultants)
Lack of procedures to deal with infringements of rights					Implementation of rapid and effective notice and take-down procedures
Lack of copyright notices and credit lines on content					Development of standard copyright notices and credit lines used in association with content that is created. Credit lines will need to reflect rights in content generated by the organisation, as well as rights in third-party material
Circumvention of technical protection measures (without authorisation or under a copyright exception) that protect third-party content					Staff training regarding the severity of penalties for unauthorised circumvention

Risk Type	Risk Impact	Risk Probability	Risk Score	Risk Responsibility	Risk-Mitigation Strategy
Cannot trace or find rights holder (orphan works)					Use of reasonable searches ('due diligence') and the retention of paper-based proof to show that these have been carried out; disclaimer and possibility of putting money aside
Insufficient due-diligence procedures to trace rights holders					Established set of due-diligence procedures across the organisation
Inability to exploit content in which rights are owned because exclusive licences have been issued					Identification of any pre-existing exclusive agreements. Re-negotiation if applicable
Difficulties in updating content, particularly with regards to moral rights					Upon the creation of content by non-staff, processes should be implemented to ensure that moral rights are waived

Whilst we hope you find the contents of the SCA IPR Toolkit useful and informative, the contents are for general advice and best practice purposes only and do not constitute legal advice. Although we believe the contents are up to date and accurate as well as a true representation of best practice advice, we can give no assurances or warranty regarding the accuracy, currency or applicability of any of the contents in relation to specific situations and particular circumstances. In such circumstances, appropriate professional legal advice should always be sought.

© HEFCE, on behalf of JISC. The contents of this IPR Toolkit are licensed for use under a Creative Commons Attribution-Non-Commercial 2.0 UK: England & Wales Licence.