

# E-LEARNING

## INTELLECTUAL PROPERTY ISSUES IN E-LEARNING

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The growth in the distance education market is leading to the commodification of education. Education is nowadays available beyond school, college and university, on CD-ROM or online.<sup>1</sup> Private sector partners in joint ventures with traditional universities are entering the distance education/e-learning market and are competing with traditional universities. Several types of intellectual property rights are bundled in distance learning courses. Written texts or drawings attract copyright; special technology or business methods for the course may attract patent protection. Finally, the ultimate packaging and branding of a distance/e-learning course is an essential factor on which the effective marketing of the course depends. Traditionally, universities developed intellectual property policies that, by and large, dealt with inventions. The legal challenges of apportioning copyright in distance-learning materials and of managing trademarks and brands effectively are just beginning to be appreciated. These issues are discussed below.

### THE COMMODIFICATION OF EDUCATION

The choice of distance/e-learning material and courses for the prospective distance student has never been greater. Some argue that in this race to lure students across the globe the winners will be the institutions that move quickest to develop new courses: "Like logarithm tables in the 1600s, once produced, there is no point in repeating the exercise. So, when a good 'Master Class' on economics or statistics or whatever is available on-line or CD, there will be little room for a second".<sup>2</sup>

This argument is perhaps a bit over-simplistic. What makes a good course ultimately depends on whether or not the course meets the students' objectives. These objectives may be different from student to student and they may be influenced by factors such as duration of the course, cost, mode of examination, support in the learning process, access to resources. More importantly, for many students the provenance of the course and the awarding institution may be determining factors. The name of a well-established and reputable institution is still seen by many students as a warranty of quality and as enhancing their chances of relevant employment upon completion of the course.

All this seems to emphasize one unquestionable fact, namely that distance-education courses are valuable commodities for universities and that in order for such courses to be protected effectively in the digital world where materials can be copied with the click of the mouse, their underlying intellectual property rights should be clearly defined, administered and managed.

### PATENT RIGHTS

Patents are monopolies granted for inventions. In the United Kingdom, in order for the invention to qualify for patent protection, it has to satisfy certain requirements. The invention

has to be new, involve an inventive step and be capable of industrial application.<sup>3</sup>

In Europe and in a number of other jurisdictions<sup>4</sup>, a patent establishes a monopoly for 20 years.<sup>5</sup> This means that nobody can carry out the invention claimed in the patent without express permission from the patent owner. Patents are therefore a very strong form of protection and if exploited efficiently can bring substantial revenue. Universities developed policies to deal with inventions created in university laboratories as a result of research and development programmes long before any copyright policies were devised.

United States universities had such policies for some time. Their European counterparts did not begin to set up intellectual property programmes until the mid-eighties.<sup>6</sup> University patent programmes were seen as benefiting both scientific research and national economies. With the setting up of such programmes, a number of issues concerning ownership and the exploitation of such rights came to the fore. One of the questions was whether universities should implement technology licensing programmes or if, after all, the costs involved in such efforts and the limited prospects of success, justified the development of university intellectual property policies and procedures.<sup>7</sup>

The concern was that the patenting of university research results would not conform with basic academic principles, which required university know-how and research to be carried out for public benefit. Further, there was no guarantee that university inventions would be turned into commercially available products and processes.<sup>8</sup> The second issue concerned the ownership of rights in inventions developed by universities. In Germany, for example, the view was that "since university teaching staff makes free - in its legal terms - inventions, these belong to the scientists and not to the university, and therefore the university has no responsibility in intellectual

property issues".<sup>9</sup> In other countries such as the United Kingdom, the United States, and France, the view was that universities should retain ownership of intellectual property in inventions developed by members of their staff.

This view has remained unchanged. Universities own the intellectual property rights in inventions made in their laboratories and, if an inventor moves from one university to another, the patent right is not portable.<sup>10</sup> However, as a recognition of their contribution, inventors normally receive a share of any licensing revenue if the patent is commercially exploited. Originally, the inventions for which university patent policies were developed involved mechanical patents. The advance in technology and the development of e-commerce in recent years has seen businesses placing increased emphasis on software and methods of doing business.<sup>11</sup>

In the United States the patenting of software and of methods of doing business in the e-commerce world have become common in recent years.<sup>12</sup> Europe, however, has been slower to respond to the challenges of the e-commerce world and is only now beginning to make some concessions towards the recognition of software patents, but still does not recognise business methods as subject matter for patents. In the e-commerce and e-learning world, it is exactly these kinds of patents that will constitute important assets for universities and other providers of e-learning courses.

In the United States the courts have already stated that: "anything under the sun that is made by man," can be patentable subject matter.<sup>13</sup> Further, the United States patent law specifically allows the patentability of new and useful processes, machines, manufacture or composition of matter or any useful improvement thereof.<sup>14</sup> There is no specific prohibition against the patentability of software or business methods as such, but the courts have held certain subject matter such as abstract ideas, laws of nature and natural phenomena as un-patentable.<sup>15</sup>

By contrast, in the United Kingdom (and Europe), for a patent to be granted it has to be new, involve an inventive step and be capable of industrial or technical application. Section 1(1) of the Patents Act 1977 in the United Kingdom and Article 52(1) of the European Patent Convention specifically exclude from patentability the following: discoveries, scientific theories, mathematical methods, schemes, rules or methods of doing business and computer programs (etc). The statutory exclusion of computer programs, however, has not precluded patent claims relating to computer programs from being granted over the years. As a result of a number of challenges to decisions reached by the United Kingdom or the European patent office, the courts established a number of useful principles relating to when computer programs could be patentable.

These cases have established that computer programs, whose application had a technical aspect were patentable and that computer programs which controlled a computer could be the subject of patent protection as the claims would not be for a computer program as such.<sup>16</sup> Credit should perhaps also be given to patent agents who were able to draft around the law.

A breakthrough occurred in European patent policies recently with the decision reached by the European Patent Office Technical Board of Appeal in the IBM case<sup>17</sup> where it was ruled that a computer program as such is not barred from

patentability. It was also stated in this case that computer programs do not have a technical character merely because they operate computers. The technical character may lie in the new technical effects the hardware achieves when run by a computer. Following this decision, in the United Kingdom, a practice direction was issued by the Patents Office stating that claims to a computer program would be granted if the program when run on a computer produces a technical effect such that claims to the computer so programmed would not be rejected.

"Business methods" continue to be excluded from patent protection in Europe. However, as in the case of computer programs, protection may be obtained for claims for business methods in conjunction with apparatus that produce a technical effect or solve a technical problem.<sup>18</sup> This position was recently confirmed by a study conducted by the European Commission.<sup>19</sup> The study cast doubt on whether economic efficiency is achieved by allowing the patentability of computer program-related inventions. On the other hand, in a consultation exercise launched on 19 October 2000<sup>20</sup> by the European Commission, it was suggested that European patents should be granted: "for any inventions in all fields of technology which are susceptible of industrial application, which are new and which involve an inventive step". Responses to this consultation paper have been divided and conclusions are yet to be drawn.<sup>21</sup> A similar consultation exercise<sup>22</sup> was conducted in the UK. The conclusion reached at the end of this consultation exercise was that there should be no significant change to the patentability of software and that business methods should remain unpatentable.

In the e-commerce world, business method patents are valuable assets. A series of highly publicised cases<sup>23</sup> involving business method patents in the United States, such as Amazon.com's successful bid to stop rival Barnesandnoble.com from using its 'one-click' technology, have brought this point home. Given the increased commercialization of e-learning, it is to be expected that the applicability of business method patents to e-learning will soon be recognized. It is not difficult to think of possible business methods for e-learning such as new methods of delivering material to students and measuring its use to determine suitability, or new methods for carrying out searches through "cybraries" of partner institutions, or a new method of processing and transmitting electronic registration information of students between partner institutions etc.<sup>24</sup>

Given the current position on business method patents in Europe, any e-learning course provider that wishes to exploit a new business method is best advised to seek protection with the United States Patent and Trademark Office. Saying this, a number of developments expected on both sides of the Atlantic may see the gap between the two systems narrowing. The United States Patent and Trademark Office has recently announced that it will be overhauling its system for the examination of computer-related business methods following criticism that it had granted too many such patents recently. There have also been calls from the e-commerce world to shorten the validity of such patents from 17 years to three or five years.<sup>25</sup>

There is one further reason why any business method patents should be sought outside Europe and preferably in the name of an overseas associated company. University

patent licensing activities are normally market-oriented activities. The best licence for a patent is normally obtained where the licensee obtains an exclusive right to exploit the respective patent. In Europe anti-trust provisions make the exclusive licensing of intellectual property rights a difficult area.

One further interesting aspect of business method patents is worth mentioning. Universities have traditionally claimed rights in inventions created and developed by their staff as all research and development is funded by the universities. Business methods, however, are different. They require little outlay and their innovation process has been described as: "equivalent to writing business proposals".<sup>26</sup> Given this, attempts to enforce university traditional patent policies when it comes to business method patents may meet with some resistance from university staff.

## COPYRIGHT IN DISTANCE-LEARNING MATERIALS

The materials prepared by academic staff for distance learning courses will also attract copyright protection. In the United Kingdom, under the Copyright, Designs and Patents Act 1988 (CDPA) original works, that is works that involve the expenditure of a substantial (i.e. non-trivial) amount of independent skill and labour, and are recorded in a fixed form, qualify for copyright protection.<sup>27</sup> Copyright protection is afforded based on similar requirements in other common-law jurisdiction countries.<sup>28</sup>

What is interesting is the historical position adopted by universities *vis-à-vis* copyright and the way this position is changing with the commodification of distance education. Traditionally, the mission of academics has been to disseminate knowledge for the benefit of students, for the greater good of society and for the benefit of other academics. Knowledge has been disseminated in a number of ways, such as by way of teaching, professional presentations, and publications. The intellectual value of research and teaching has always been a cherished tradition of academia.<sup>29</sup> Copyright has made it possible for information to be owned, for ownership to be transferred, and for copyright to be regulated. What can be owned can be sold and this has traditionally provided incentives for the creation and publication of more information. Copyright, in the higher education context generally, and in the distance education more specifically, brings both opportunities and problems. It gives an incentive to create and reap economic rewards.

Historically, academic output has resulted in scholarly lectures, articles, and books. The ownership of course content for traditional courses has not been a contested issue, probably because there is no concrete material that can be copied and transferred. With the advent of technology and the development of the distance education market, academics have started to produce a number of other copyright material such as multimedia works, videotaped lectures, and distance learning courses which may also be available in digital format (CD-ROM) or on-line.

Distance education has brought about the creation of course packages that are available as discrete objects. Universities have recently started to argue that the individual ownership by academics of all the rights associated with copyright in such courses may no longer serve academic

needs.<sup>30</sup> Universities are now keener than before to claim ownership in such material. There are a number of reasons for this. First, university resources are used in creating such material. Second, distance learners are seen as an untapped source of revenue.<sup>31</sup> Third, state and government funding for universities is decreasing in many countries and universities are forced to look into means and ways of self-funding their activities.

Leaving aside the fact that this commercialization of traditional university activities is controversial, it is also fraught with a number of practical problems. The characterization of academic work as "property" and the corresponding considerations of who owns it and what legal rights and responsibilities are afforded raise issues that are not easy to reconcile with the scope and mission of modern research.<sup>32</sup> The commercialization of intellectual property in academic works may also be seen as impinging upon academic freedom. If universities gain ownership in academic works, academics may find it difficult to protect their ability to research, write, and speak about controversial topics.<sup>33</sup> The acquisition of copyright in academic works by a university would also give it the right to decide whether the works are to be published or not, and the right to edit them and to create derivative works, all of which are contrary to the principle of academic freedom.

The assertion of ownership of copyright by universities in academic output may also go against a well-established tradition whereby academics sign over their ownership rights to publishers who, in return, print their writings in scholarly journals.<sup>34</sup> Academic publications are important not only for academics as determining factors for tenure, promotions and other academic rewards, but also for universities for ratings upon which government funding depends.<sup>35</sup>

Universities can marshal a number of arguments as to why they should retain ownership of copyright in distance-learning materials. Materials for distance-learning courses are more often than not collective works. This poses new questions about who "wrote" a work and who is responsible for it. Establishing from the outset that ownership in such materials vests with the university makes the management and exploitation of such material more efficient. Another argument in favour of universities claiming copyright ownership in such materials is that the materials are created by university staff as a result of their research and/or teaching employment and they are used by university staff in the course of discharging their duties under their employment with the university. Further, given the wide acceptance of policies on patents, it is hard to see why copyright in academic material should be more portable than the results of scientific discoveries or inventions.

Relevant case law is scarce on both sides of the Atlantic.

In **Stephenson, Jordan and Harrison Ltd v Macdonald and Evans**<sup>36</sup>, which concerned a dispute, in the United Kingdom, over lectures delivered by a management consultant and subsequently typed up and published by him in a book, it was held that copyright in the lectures belonged to the management consultant and not to the firm that employed him. Although, on the facts, the giving of lectures was outside the management consultant's employment duties, Laddie<sup>37</sup> argues that:

The Court of Appeal were prepared to treat it almost as axiomatic that the copyright in a lecture delivered by an

employee, even one specifically employed to give lectures, such as a doctor at a teaching hospital, a university lecturer or a teacher at a school, belonged to the employee. The basis for this was that the employee was employed to deliver the lectures orally and, if for his own convenience he chose to write them out, that was no reason for giving the copyright to the employer.

Under section 11(2) of CIPA copyright in works made by an employee in the course of his employment belongs to the employer subject to any agreement to the contrary. Given this, and the circumstances in which course materials are created in the modern context, Laddie argues that the view expressed in **Stephenson Jordan** may no longer be tenable. Written materials may be prepared as an aid to instruction and as an integral part of the course of instruction. Further, they may be devised for commercial sale to other institutions. The Open University, for example, retains copyright in materials produced by employees who are employed specifically to devise such materials.

The answer to the copyright issue would appear to be in the contract of employment of university staff, which should set out clearly what the university staff was employed to do and whether or not the material in question was produced in the course of her employment.<sup>38</sup>

As far as lectures are concerned, it may be that "by long usage and custom of the trade the copyright in lectures belongs to the lecturer and not the employer."<sup>39</sup>

In the United States, the Copyright Act 1976<sup>40</sup> states that initial ownership of the copyright in a work vests in the author or authors of the work, after which the ownership may be transferred to another. In the case of "works for hire", the initial author, and therefore the initial owner of copyright, is the employer or person who commissioned the work. Work for hire is defined in the Copyright Act 1976 as either a: "work prepared by an employee within the scope of his or her employment or as a work specially commissioned and agreed in writing between the parties to be a work for hire."

In **Weinstein v University of Illinois**<sup>41</sup> the issue was whether an article written by one professor, describing the results of a clinical program for practising pharmacists, on which three professors had collaborated, belonged to the University of Illinois or to the professors. The University of Illinois had an express university policy which set forth the parameters under which academics would retain copyright and distinguished between scholarly and administrative work. The court differentiated scholarly work from administrative work and stated that the latter would fall under the 'work-for-hire' provision while the former would not. However, the court also stated in *dicta* that the Copyright Act 1976 is general enough to make every academic article a 'work made for hire' and therefore vest exclusive control in universities rather than academics.

In the **University of Colorado Foundation v American Cyanamid**<sup>42</sup> the court accepted the claim made by the University of Colorado that it owned copyright in academic journal articles written by its professors as it was work done within the scope of their employment. The value of this case is diminished by the fact that the proceedings were not contested by either the professors or **Cyanamid** for which the professors carried out the study (later embodied in the article subject of the suit).

In **Community for Creative Non-Violence v Reid**<sup>43</sup> the United States Supreme Court made it clear that the interpretation of the statutory definition of 'work for hire' must be guided by the common law of agency. A number of factors are to be taken into account in determining whether a work is a 'work for hire' or not. These include whether the employer had the right to control the manner and means by which the work was produced; whether the conduct was the sort the employee was hired to perform; whether the conduct occurred substantially within the authorized time and space limits and whether the employee's motivation was, at least in part, to serve the employer.<sup>44</sup>

In recent years, a number of American Universities,<sup>45</sup> have devised and issued copyright policies which are meant to resolve the uncertainties surrounding copyright in academic works and secure university copyright claims. Some of these policies simply assert blanket ownership over all copyright works of academic staff. In the absence of actual written transfers from the academics to the university these policies are likely to be unenforceable. More problematic however are the policies that try to bring all academic works within the scope of 'works for hire'. The main problem with such policies is determining their boundaries. The temptation is to try and capture as much as possible by either redefining 'works for hire' or by ensuring that the employment contract brings all works prepared by the academic within the scope of 'works for hire'. Both have limited effect. A work would not be made work for hire if the facts about its creation established that the work was not prepared in the scope of employment.<sup>46</sup> The second approach is not so effective either, as the university would have to declare that the preparation of such works is subject to its control and supervision.<sup>47</sup> This is contrary to tradition and may, in any event, prove an administrative nightmare.

Another possibility is to state in the university copyright policy the classes of works in which the university would have an ownership interest: say, for example, software, multimedia etc. The problem with such a policy is that it would be hard to anticipate all possible future works and circumstances of creation.<sup>48</sup> An interesting recent incident is that of Harvard Law School professor Arthur Miller who provided a set of videotaped lectures to Concord University School of Law, an online distance-education law school owned by Kaplan Education Centres. He was accused by Harvard Law School of providing course content to a competitor in breach of a Harvard policy which did not allow academic staff to teach elsewhere without prior permission.<sup>49</sup> Miller's argument was that the videotapes did not constitute teaching<sup>50</sup> as he did not interact with Concord students in person or online. He further argued that providing the lectures on videotape was no different from giving a lecture on television or in public.

Miller decided in the end to give up his Concord course and a Harvard committee put forward a proposal further restricting its staff from teaching, conducting research or offering consulting outside Harvard either in person or online without prior permission. Miller commented that the policy "offended the principle of academic freedom."<sup>51</sup> The real reason for the controversy, it has been argued, concerns the potential revenue from

distance-education materials and universities wanting a share of the royalties.<sup>52</sup>

In the United States the moves by universities to assume copyright over academic works has been resisted by academics. The American Association of University Professors (AAUP) has issued a number of documents in the last couple of years contesting the blanket assertion of copyright over academic works by universities. In its *Report on Distance Learning* of 14 November 1997,<sup>53</sup> AAUP recommended that in order to ensure full freedom in research and publication it should:

Develop a policy that presumes that the ownership of all academic work should reside with the individual faculty member or members who create that work. This policy should apply regardless of the mode of transmission used to communicate the work to its audience, and of whether that audience consists of students sitting in a lecture hall, readers individually reading a book or article, small groups watching a video transmission of a lecture or demonstration, or individuals taking a course over a computer network.

A further recommendation was that AAUP should adopt a model or models of agreements to carry out such a policy. In 1998 it became apparent to the Council of AAUP that the emergence of a new distance-education market and the advent of new technologies were beginning to have an impact on the question of ownership in academic works. As a result, the Council set up a Special Committee on Distance Education and Intellectual Property Issues which was given two major tasks, namely, to formulate policy statements in the areas of Distance Education and Intellectual Property and to formulate guidelines for academic associations and academics to help them negotiate institutional policies and contractual arrangements regarding intellectual property.

A Statement on Copyright was produced by the Special Committee on Distance Education in June 1999. This was soon followed by two guidelines in December 1999, namely "*Suggestions and Guidelines: Sample Language for Institutional Policies and Contract Language on Distance Education*" and "*Suggestions and Guidelines: Sample Language for Institutional Policies and Contract Language on Ownership of Intellectual Property*" (Intellectual Property Guidelines).

The Statement on Copyright concluded that academics are entitled to copyright in traditional academic works, irrespective of the physical medium in which they appear. Materials created by academics for distance education courses should be treated in the same manner as materials created for traditional courses. The Statement on Copyright also set out three limited and well-defined circumstances in which universities may claim ownership of copyright in materials created by academics.

The first such circumstance is where the works can be regarded as 'works for hire'. For the work to be truly a 'work for hire' the university has expressly to direct an academic to create it, or the work has to be created as a specific requirement of employment, or as an assigned institutional duty, which may be included in the employment contract. The second circumstance is where the academic transfers copyright in the respective material to the university by way of a written instrument. The third circumstance is where the university may be regarded as 'joint author' with the academic under the Copyright Act. For this to happen, the university has to

provide specialised services and facilities beyond the scope of usual facilities provided to academic staff. Further, the arrangement has to be reduced to writing.

In order to deal in a more efficient manner with intellectual property issues in distance-education materials, given the commercial nature of distance education these days, the Intellectual Property Guidelines propose that licences be given by academics to the university to use the distance material in which they retain copyright, for internal, educational and administrative purposes. If copyright is transferred to publishers, a licence to the university should be secured by the academic who transfers the copyright from the respective publisher.

The Intellectual Property Guidelines also proposed the setting up of an Intellectual Property Committee which would have representatives both from universities and academics and would assume a more objective role in reviewing technological and legislative changes affecting intellectual property policies. The Committee would also be charged with attempting to settle disputes on ownership of intellectual property rights between academics and their universities.

Almost as a response to AAUP's Statement on Copyright, the Association of American Universities issued its own report in May 1999, "*Intellectual Property and New Media Technologies: A Framework for Policy Development at AAU Institutions - A Report to the AAU Digital Networks and Intellectual Property Management Committee by the Intellectual Property Task Force*"<sup>54</sup> (the AAU Report). The AAU Report asserted that ownership and licensing of intellectual property are two distinct matters, and as a consequence, while academics should be allowed to receive royalties for copyright in material created by them, ownership in the material should vest in the universities.

So far, American academics appear to have been more bullish in their response to attempts by universities to take away from them ownership of copyright in distance-learning material. The law on the ownership of copyright in distance-learning material remains unclear on both sides of the Atlantic and, in a bid to resolve ambiguities in the law, the preferred solution these days seems to be to negotiate ownership of copyright in academic material by way of contract. However, it is arguable that the only right that universities need to secure is the non-exclusive right to use the distance-learning materials for their own purposes.<sup>55</sup> Licences, rather than full grants of title, appear to be perfectly adequate.

## BRANDING ISSUES

The trade names of universities and their logos are protected by trademark law<sup>56</sup> as "symbols needed by consumers to distinguish between competing services in a market economy."<sup>57</sup>

Trademarks associated with successful products or services are valuable assets. The value of these assets can be further increased by advertising, successful marketing and strategic alliances. In the Internet age, the opportunities for marketing and for the capitalization of trademarks is global. Trademarks however, are territorial rights. In the university context, the name of the university and the emblem/device which appears on its buildings and stationery constitute the university's distinctive trademark or brand. The AAU Report

identified the use of the name of a university as probably the most important university asset that requires protection:

Improper use of the name could adversely affect the prestige of the university or debase the value of its scientific and scholarly "currency". When a university's name is used as a possible sponsor of a work, there are larger university interests involved. When universities either join with external companies or create new media content, the quality of those relationships and work affect the value of the university's currency - its reputation for producing quality.

As universities are beginning to market their brands in the 'global village' that is the Internet, there are a number of issues that have to be taken into account to market brands successfully. They involve management and marketing issues, as well as legal issues, especially where partnerships with other universities or with commercial institutions are envisaged or where new media products for online courses are out-sourced.

In terms of marketing, it has been remarked that on the Internet, barriers to entry are low.<sup>58</sup> This is perhaps why the number of sites to choose from is perplexing and many an Internet user is confused and frustrated when surfing the Internet. As in the bricks and mortar world, in the clicks and portals world, perplexed customers will turn to the familiar.<sup>59</sup>

On the Internet, brand awareness is important too. The tools employed for raising brand awareness may be frowned upon by traditional universities, but if they do not adapt they may be left behind by competition. These tools include offline advertising (such as radio, television or outdoor advertising) and ensuring customer familiarity with the online version of the brand is developed offline.<sup>60</sup> The URL of a distance-learning course provider, for example, may be placed on all stationery, bags or merchandise sold to the public or provided to full-time students in the offline world.

Just as Barnesandnoble.com began its push for brand awareness with a distinct advantage: the familiarity of its parent brand, Barnes & Noble Inc., to consumers across the United States<sup>61</sup>, it is likely that the same will hold true for universities who want to make the move to the online world. Those that have well-established brands in the offline world will probably do better as they will be able to capitalise on existing goodwill. The new online Cardean University, for example, will most likely make the most of the well-established brands of its partners such as Stanford University, Columbia University, Carnegie-Mellon University and the London School of Economics.

The Cardean model shows universities entering into new partnerships and co-branding their products. Partnering and co-branding may be a good way of entering the online world as it may offer distance-learning course providers the opportunity to create an entirely new income stream and ease the costs and risks of entering new markets. In Hong Kong, for example, overseas course providers partner with local tertiary institutions to offer distance-learning courses (which can be the e-learning model combined with local support by way of tutorials, or the correspondence model combined with local tutorials). The local partner offers the recognizable brand and, more often than not, reassures the prospective student as to the quality of the course offered by the overseas provider.

Co-branding and partnering with other universities or with commercial partners is not without its risks and pitfalls.

The corporate personality of a commercial partner may not be compatible with the more traditional and statutory personality of a university. Problems may occur if the commercial partner goes through a merger and the ethos and business direction of the new partner are no longer the same as those of the original partner.<sup>62</sup>

There are further problems brought by co-branding. The existing, university brand may be lost in a new hybrid brand created as a result of the partnership. The exclusivity and the caché of the Oxbridge exam, for example, may be lost once it is offered in partnership with local universities all over the world.

Another problem with co-branding agreements in relation to online courses is that the use of the brand becomes global, without this necessarily being backed up by a global portfolio of relevant trademark registrations. This brings into the discussion the issue of the management and control of trademarks and brands. The AAU Report stated that in order to ensure the protection of a university brand it was critical that all trademark/brand protection be managed centrally by the university. Whilst in the bricks and mortars world this may not be such a daunting task, in the online world the task may be substantially bigger and costly. For 'effective' protection, registration would need to be sought in a number of jurisdictions, at the very least in the home jurisdiction of the partner(s) and in the home jurisdictions of students enrolled in the course.

If some of the responsibilities for filing applications are to be given to partners, it is best that all such arrangements are recorded in relevant agreements that set out clearly the partner's obligations regarding the trademark portfolio. These would include an obligation to pay renewal fees and to assess new registrations that might be applied for, for example, in new countries, new classes of goods or services, or variations of existing registrations.<sup>63</sup> To best protect the university's position, the agreement should also specify that goodwill generated from any use of the trademarks/brand by the partner would accrue to the university.

There are further issues that need to be addressed in co-branding. Where foreign jurisdictions are involved, it is essential that all local requirements are met. In China, for example, failure to record a licence may attract a fine or the revocation of the registered mark.<sup>64</sup> Local laws may give a licensee additional statutory rights in relation to the brand. For example, in the United Kingdom by virtue of Section 30 of the Trade Marks Act 1994, an exclusive licensee has the statutory right to call on the licensor or brand owner to take infringement proceedings in respect of matters which affect the licensee's interests. The provisions of Section 30 of the Trade Marks Act can be excluded, but this highlights the importance of having clearly defined procedures for dealing with trademark infringement and passing-off issues.

A mishandling of a trademark or passing-off case may have damaging consequences for a university brand. It is therefore equally important that universities entering into co-branding agreements agree in advance, with their partners, the steps to be taken for dealing with adverse publicity. The agreement should at least set out a framework and basic guidelines to minimise any detriment to the brand.<sup>65</sup>

One last issue that is related to or, at least, may have an impact on branding, is domain names. Domain names, which

in simple terms are cyber-addresses, are valuable commodities.<sup>66</sup> Domain names that include well-established brands guarantee better Internet traffic and ultimately better prospects of generating income for the respective web-site through advertising or sponsorship etc.

Most universities have domain names that are shortened versions of their brands and they are instantly recognised as educational institutions by the type of top-level or second-level domain name used. In the United States, universities use the top-level domain .edu, while in the United Kingdom, universities use the second-level domain ac.uk. As universities are moving more towards partnering with commercial business there will be an inevitable pressure to move from the .edu world to the .com world. Such a move may have an impact on university brands and would need to be considered carefully.

A further issue regards the registration of domain names in jurisdictions other than the home jurisdiction. As courses are marketed in more and more jurisdictions, a certain customization will inevitably take place. In the context of an online course this can be achieved by offering different 'versions' (pages) of the course for different jurisdictions. The passwords used by students to access the materials would depend on the country of residence of the student and would automatically direct students to the relevant pages for their jurisdiction on the web-site.

Alternatively, different web-sites, for different jurisdictions may be set up, in which case a number of different domain

name registrations would need to be secured. This may be easier said than done, as in certain jurisdictions, such as Hong Kong or China, in order to be able to secure a .hk or a .cn domain name, an entity needs to have a business presence in the jurisdiction or show it is a recognized educational institution in that jurisdiction<sup>67</sup>. Registrations may be obtained in the name of partners that have a business presence in the respective jurisdiction and although provisions regarding the transfer of rights in domain names may be set out in partnering agreements, in practice, they may have little value. In China, for example, the transfer of domain names is not yet possible; while in Hong Kong, the transfer of domain names has only recently become possible.

The challenges of intellectual property rights in the distance-education context are just beginning to be appreciated. There are more challenges ahead for distance learning, brought about by the different modes of transmission that affect the use of materials in a distance-learning context. But this is the subject of another article.

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## FOOTNOTES

<sup>1</sup>Cochrane, P. (1999), *The Global Grid of Chaos* in Leer, A. (ed) *Masters of the Wired World*, London: *Financial Times Management* pp. 73-80.

<sup>2</sup>Ibid at p.75.

<sup>3</sup>See section 1(1) Patents Act 1977 and Article 52(1), European Patent Convention.

<sup>4</sup>Such as Hong Kong, Singapore, Malaysia, mainland China, to name just a few jurisdictions in Asia.

<sup>5</sup>In the United States the patent terms are 17 years.

<sup>6</sup>Gering, T. and Schmied, H., *Intellectual Property Issues - Technology Licensing - Costs Versus Benefits*, in *Higher Education Management*, March 1993, Vol.5 No.1, pp. 100-109, at p.100.

<sup>7</sup>Supra, note 6 at 101.

<sup>8</sup>Supra, note 6 at p.101.

<sup>9</sup>Supra, note 6 at p.102.

<sup>10</sup>Normally, universities require the assignment of rights in inventions from their staff. In the United States, applications for patents have to be made by the inventors with transfers of rights being effected and recorded at a later stage.

<sup>11</sup>The breakthrough in e-commerce patents was heralded by two cases in the **United States, State Street Bank & Trust Co. v Signature Financial Group Inc.** 149 F3d 1368; Fed. Cir. July 23, 1998 and **A.T.&T. Corp v Excel Communications Inc.** 172 F3d 1352; Fed. Cir. April 14, 1999.

<sup>12</sup>In 1999 alone, some 2700 applications for business methods patents were filed with the United States Patent and Trademark Office.

<sup>13</sup>**Diamond v Chakrabarty** [1980] 447 US 303, 206 USPQ 193.

<sup>14</sup>35 USC § 101 1994.

<sup>15</sup>Molineaux, M., *Software Patents - Protecting Your Software and Business Methods*, PLC, August 2000, pp. 39-44 at p.40.

<sup>16</sup>See Patent Application No. 9204959.2 by Fujitsu Ltd.

<sup>17</sup>**IBM/Computer Program Product** [1999] O.J.E.P.O; Case T935/97.

<sup>18</sup>Supra, note 15 at p.42.

<sup>19</sup>Robert Hart, Peter Holmes, John Reid, 'The Economic Impact of Patentability of Computer Programs', available at: <[http://www.europa.eu.int/comm/internal\\_market/en/intprop/indprop/study.pdf](http://www.europa.eu.int/comm/internal_market/en/intprop/indprop/study.pdf)>.

<sup>20</sup>'The Patentability of Computer-Related Inventions', available at: <[http://www.europa.eu.int/comm/internal\\_market/en/intprop/indprop/soften.pdf](http://www.europa.eu.int/comm/internal_market/en/intprop/indprop/soften.pdf)>.

<sup>21</sup>Responses to the paper are available at available at: <[http://www.europa.eu.int/comm/internal\\_market/en/intprop/indprop/softreplies.pdf](http://www.europa.eu.int/comm/internal_market/en/intprop/indprop/softreplies.pdf)>.

<sup>22</sup>'Should Patents Be Granted for Computer Software or Ways of Doing Business?', available at: <<http://www.patent.gov.uk/about/ippd/consultation/index.htm>>.

<sup>23</sup>See in addition to the *State Street Bank* case and the *AT&T* case, **Amazon.com v Barnesandnoble.com** 73 F.Supp. 2d 1228 (W.D. Wash. 1999); **DoubleClick Inc. v I90, Inc.** No. 2:99cv1914 (E.D. Va. filed 12 November 1999); **Fantasy Sports Properties, Inc. v Sportsline.com Inc. and Yahoo! Inc., et al** No.2:99cv2131 (E.D. Va. Filed 28 December 1999); **Network Engineering Software, Inc. v eBay, Inc.** No. 3:99cv1433 (N.D. Cal filed 23 March 1999); **Winston v Ask Jeeves, Inc.** No. 1:99cv12584 (D.Mass. filed 20 December 1999).

<sup>24</sup>These examples are highly speculative but perhaps not totally far-fetched when compared to some of the recent business method patents granted by USPTO, such as US Patent no. 5 948 061 for a method of delivering, targeting and measuring advertising over a network, or US Patent no. 5 835 896 for a method and system

for processing and transmitting electronic auction information.

<sup>25</sup>See Managing Intellectual Property, May 2000 at p.6.

<sup>26</sup>Kappos, D., The dangers of jumping on the business patent train, in *IP Asia* July/August 2000, pp. 19-23 at p.22.

<sup>27</sup>See Laddie, H., Prescott, P. and Vitoria, M., *The Modern Law of Copyright and Designs*, London: Butterworths 1995 at 495 and Section 3, Copyright, Designs and Patents Act 1988.

<sup>28</sup>For example, the United States under the Copyright Act 1976 and Hong Kong under the Copyright Ordinance.

<sup>29</sup>Petersen, R.J. & Case, M.(1999) Copyright Ownership Issues and Policies, available at: <<http://www.cni.org/>>.

<sup>30</sup>See Consortium for Educational Technology for University Systems: Ownership of New Works at the University: Unbundling of Rights and the Pursuit of Higher Learning.

<sup>31</sup>Shores, C: Ownership of Faculty Works and University Copyright Policy, available at: <<http://www.arl.org/newltr/189/owner.html>> (1996).

<sup>32</sup>Supra, note 29.

<sup>33</sup>Supra, note 29.

<sup>34</sup>Supra, note 29. This custom is also adopted by publishing houses. There is no real justification for an assignment of rights when a sole or even an exclusive licence would be as adequate and effective.

<sup>35</sup>As mentioned before, this is the case in the United Kingdom and Hong Kong.

<sup>36</sup>[1952] 69 RPC10.

<sup>37</sup>Laddie, H., Prescott, P. and Vitoria, M., *The Modern Law of Copyright and Designs*, London: Butterworths 1999 at 564-565.

<sup>38</sup>Supra, note 37 at 565.

<sup>39</sup>Supra, note 37.

<sup>40</sup>As amended by the United States Code, Title 17 of 1994.

<sup>41</sup>811 F.2d 1091 7th Circuit 1987.

<sup>42</sup>880 F.Supp. 1387 (D. Colo 1995).

<sup>43</sup>490 U.S. 730, 109S.Ct 2166 1989.

<sup>44</sup>Supra, note 31.

<sup>45</sup>The policies of the following universities were surveyed: The University of Texas; Princeton University; Central Missouri State University; San Diego State University; Ohio State University; University of Minnesota, Cornell University, Massachusetts Institute of Technology. Of all, the University of Texas had the most comprehensive policy. These documents are available on the web-sites of the universities.

<sup>46</sup>Supra, note 31.

<sup>47</sup>Supra, note 31.

<sup>48</sup>Supra, note 31.

<sup>49</sup>See reports at: <<http://jurist.law.pitt.edu/collog6.htm/>>.

<sup>50</sup>See Carnevale, D., A Professor's Lectures for Online Law School Became an Issue at Harvard, in *The Chronicle of Higher Education*, 24 November 1999 at <<http://chronicle.com/free/99/11/99112401.t.htm>>(1999)

<sup>51</sup>Supra, note 49.

<sup>52</sup>See: <<http://jurist.law.pitt.edu/>> arguments made by David Brady, associate dean of Standard University Business School.

<sup>53</sup>Available at: <<http://www.aaup.org/dlrptxt.htm/>>.

<sup>54</sup>See <<http://www.tulane.edu/~aaup/IPNewMediaReport.html/>>.

<sup>55</sup>Supra, note 31.

<sup>56</sup>This is the case in common-law countries and in other countries, with perhaps the exception of countries such as Myanmar, where in the absence of trademark laws as such, the extent of the protection of trade marks and trade names is unclear.

<sup>57</sup>Cornish, W.R., *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, Fourth Edition, London: Sweet & Maxwell (1999) at p.9.

<sup>58</sup>Carpenter, P., *eBrands - Building an Internet Business at Breakneck Speed*, Boston Massachusetts: Harvard Business School Press (2000) at p.1.

<sup>59</sup>Supra, note 58.

<sup>60</sup>Supra, note 58.

<sup>61</sup>Supra, note 58.

<sup>62</sup>There can be nothing worse for a brand than to be with the wrong partner. Imagine a university that thought it was partnering with a famous content provider, who turned out, after a merger to be supplying more dubious content including pornographic content.

<sup>63</sup>Duxbury, P. and Cushley, D., *Brand Splitting - Maximising Revenue from IP Assets*, PLC, August 2000, pp. 21-26 at p.23.

<sup>64</sup>Kennedy, G. and Adcock, A. Licensing and Pledging of Intellectual Property Rights, in Moser, M. (ed) *China Troubleshooter*, Hong Kong: *Asia Law & Practice*.

<sup>65</sup>Supra, note 63 at p.26.

<sup>66</sup>For example, in April 1999, 'wallstreet.com' was valued at US\$1.3 million while 'business.com' was valued at US\$7.5 million in October 1999.

<sup>67</sup>Kennedy, G., China Rushes to Catch Up with the Internet in China, *Business Review*, July August 2000, Volume 27, Number 4, pp. 36-39; and Kennedy, G., Domains of the Day - Names system set for a shake-up, in *IP Asia*, July/August 2000, pp. 33-36.