

MUSEUM INTELLECTUAL PROPERTY AUDITS

Walter G. Lehmann
Lehmann Strobel PLC

“Understanding how to manage and exploit intellectual property assets, be they tangible assets like collections or buildings, or intangible assets such as the ideas and theories that derive from museum scholarship or expertise, should be important parts of any museum’s business model.”¹

As leaders in the knowledge-based economy, museums are intrinsically involved in the creation and distribution of intellectual property assets. Museums routinely create and use intellectual property as part of every functional aspect of museum activity – from collections management to human resources, to museum fund raising and retail sales. This knowledge is the museum’s intellectual capital.

While cataloguing and caring for tangible assets is second-nature for most museums, the proper management of intangible assets is often overlooked. It is just as important – perhaps more so in some situations – for museums to keep careful track of the extent, quality and use of their intangible assets, as well as to have processes and procedures in place to create, inventory, perfect and use intellectual property rights associated with those assets.

What is a Museum Intellectual Property Audit?

In the for-profit world the evaluation of intellectual property assets is called an “intellectual property audit”. As applied to museums, the concept is the same but the emphasis is somewhat different. A Museum Intellectual Property Audit (MIPA) is not a balance-sheet accounting in the traditional sense. Rather, it is a process of self-evaluation that the museum consistently and continuously engages in to: (i) assess the intellectual property assets for which it is responsible; (ii) determine how best to manage those assets to further the museum’s mission, values and goals; and, (iii) implement strategies to minimize the risks associated with the use of those assets.

Properly done, a MIPA will enable the museum to provide adequate protection for its intellectual property assets while ensuring that it is not infringing on the intellectual property rights of others. A MIPA will also help the museum to leverage its intellectual capital in support of its public purpose. Although establishing asset value or identifying potential revenue sources may be by-products of a MIPA, under normal circumstances these are not the primary reasons to perform a MIPA.

¹ John H. Falk and Beverly K. Sheppard, Thriving in the Knowledge Age: New Business Models for Museums and Other Cultural Institutions, Alta Mira Press (Oxford 2006) at 129.

A museum intellectual property audit can be divided into intellectual property interests associated with the museum collection and intellectual property interests associated with the management and operation of the museum. The results of the collections-based portion of the intellectual property audit can be integrated with the general inventory of the collection and will complement on-going provenance research and knowledge of the collections. The operational review will assist in exercising proper stewardship of museum-created content and intellectual capital, and will support the museum's on-going branding and marketing efforts.

When should a MIPA be conducted?

There is never an ideal time to begin a MIPA. A MIPA can be a time-consuming and complex task. Faced with limited resources, museums often let outside events determine when to initiate a review of the museum's assets. Establishment of a new management team, development of a new initiative, or the need to prepare a response to a claim or as part of litigation may influence the decision to start a MIPA. However, an important part of the purpose of the MIPA is to manage potential risks, so it is best to be proactive and to initiate a MIPA as soon as sufficient resources can be allocated to the task. Ideally, the MIPA should be integrated as an ongoing process aligned with other routine museum planning and cataloguing functions. Where resources are scarce, it is always possible to take a scalable approach by organizing the MIPA as a series of discrete and manageable tasks, such as undertaking a department by department review.

Who should conduct the MIPA?

The size of the MIPA team may depend on the nature and scope of the audit. Since a MIPA is an inherently legal undertaking, it should be conducted by a team consisting of at least an attorney with expertise in intellectual property laws applicable to museums (either in house or outside counsel), or by museum personnel who have sufficient knowledge of both the organization's intellectual property assets and applicable intellectual property laws including relevant international laws, treaties and conventions. Unlike commercial entities, museums hold their intellectual property assets in trust for the public. As a result, the attorney or museum staff must also be familiar with applicable museum professional and ethical codes and the museum's own internal policies and procedures. If confidentiality will be a concern, the MIPA team should be organized to preserve the Attorney-Client privilege (See comments on the MIPA Report below). A typical MIPA team might consist of the museum's legal counsel and a representative from each of the museum's management, marketing, programming and collections departments.

How should the MIPA be conducted?

A MIPA plan defining the areas of inquiry of the audit, the scope of the inquiry, the schedule, areas of responsibility, procedures, and the form of the final report, should be prepared in advance. The plan may include an initial list of documents to be reviewed and personnel to be interviewed. This list may need to be revised as the audit proceeds. The plan or a summary can be circulated to effected personnel so that they understand the audit process.

The MIPA should focus on four key areas: the identification of all intellectual property assets; the identification of intellectual property problems; the identification of defects in intellectual property title or protection; and the identification of unprotected intellectual property assets.

In order to accomplish this, the MIPA team will need to gather and review a wide range of information about the museum and its assets. To organize the inquiry, it may be helpful to develop a checklist and to catalogue the identified intellectual property assets on a department-by-department basis. The database should include commentary on each identified asset's status and any applicable intellectual property rights which may be implicated. In the museum context, emphasis will usually be on copyrights and trademarks and on personal rights such as the rights of privacy and publicity. Even so, potential patent and trade secret rights should not be overlooked.

The MIPA team will need to review all documents which pertain to the creation, exploitation or protection of the museum's intellectual property rights. At a minimum this will require a review of employment contracts and independent contractor agreements; funding agreements, including grants, sponsorships and restricted gifts, and relevant financial instruments; documents pertaining to permanent and temporary asset transfers, including purchase and sale, loan, licensing and publishing agreements; service and maintenance contracts; and all other contractual agreements which may potentially involve the museum's intellectual property assets. Federal, state and private registration databases will also need to be consulted. A search of public and proprietary intellectual property databases may be warranted in some situations, such as to assess the nature and status of the museum's trademarks.

In cases where standard form agreements are used, such as most employment contracts, review of the basic terms pertaining to intellectual property protection (i.e. confidentiality, non-disclosure and non-compete agreements) may be sufficient. Care should be taken to note any customized changes to these standard provisions however. Due to the often sizable collections maintained by museums, the MIPA will likely exclude review of most individual collection objects. However, a general review of collections management policies and procedures, and review of certain specified objects or portions of the collection, may be warranted depending on the desired scope of the MIPA.

The MIPA Report

The results of the MIPA should normally be memorialized in a written report. Although commercial practice advises that the written report should be prepared such that it is privileged and not be discoverable, in the museum context such precautions will depend on whether the board, with advice of legal counsel, determines that such precautions are necessary and ethical under the circumstances. Due to the museum's role as public trustee, in most situations the report should be made public. In those rare cases where confidentiality is required, the MIPA report should be prepared and handled so as to preserve the Attorney-Client Privilege.

The MIPA report should summarize the process and scope of the audit, as well as its findings and recommendations. It should clearly identify any asset that is either unprotected or appears to be entitled to more protection than that asset currently enjoys. For example, a museum may use a name or slogan which may be entitled to trademark registration, or own a registered trademark which should be more actively protected against infringing uses. The MIPA report should also identify any problems with the museum's management of its intellectual property that need to be addressed, such as revising independent contractor agreements to ensure that they contain effective work-for-hire provisions, or curing defects in title to certain assets.

Conclusion

The MIPA report provides a snapshot of the museum's existing intellectual capital. It should be reviewed regularly and updated as necessary to reflect changes in the museum's intangible assets. Conducting and maintaining a MIPA is an important part of museum management best practices. Armed with an accurate, up-to-date MIPA, the museum can more effectively manage its intangible assets to further its mission, minimize institutional risks, and enhance its image and reputation.

Walter G. Lehmann is managing partner of the art and entertainment law firm Lehmann Strobel PLC and practices in the areas of intellectual property management and museum law. He can be reached by telephone at 717-397-3210 or by email walt@lehmannstrobel.com. For more information about Lehmann Strobel PLC and the services we provide to museums, please visit our website, www.lehmannstrobel.com.

Resources:

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Pantalony, Rina Elster, "WIPO Guide on Managing Intellectual Property for Museums", World Intellectual Property Organization, August 2007 (retrieved from www.wipo.int/copyright/en/museums_ip/guide/html, May 27, 2009).