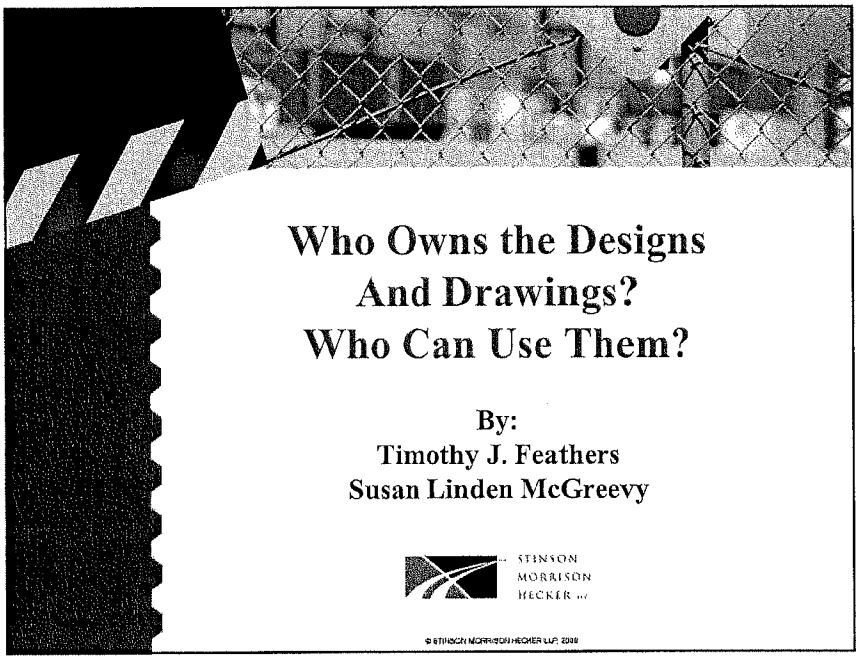

Who Owns the Designs And Drawings? Who Can Use Them?

By:
Timothy J. Feathers
Susan Linden McGreevy

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Intellectual Property Basics

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . .

-Article I, Section 8, U.S. Constitution

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Copyright

A form of legal protection afforded to "**original works of authorship**" including literary, dramatic, musical, architectural, cartographic, choreographic, pantomimic, pictorial, graphic, sculptural, and audiovisual creations"



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Copyright: Exclusive Rights

- Reproduce the work
- Distribute the work
- Publicly perform or display the work
- Prepare derivative works
- To license others to engage in the same acts under specific terms and conditions

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Uncopyrightable

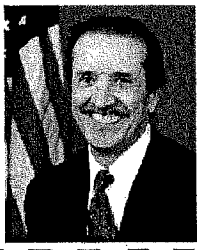
- Copyright protection does not extend to any **idea**, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work. – 17 U.S.C. § 102(b).
- Longest word in the English language that does not repeat a letter.

Duration of Copyright



Copyright

- Length of Protection:
  - Individuals: Life of the author plus 70 years
  - Works by employees for their employers the longer of:
    - 95 years from date of publication
    - 120 years from date of creation
  - Sonny Bono Copyright Term Extension Act



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Scenarios 1 and 2: Works for Hire

- **Scenario 1:** You hire a young architect to do some drawings for you "on the side." He or she is moonlighting. The documents are delivered to you, and you pay for them. There is no written agreement.
- **Scenario 2:** Same as Scenario 1, but this time you have a letter agreement that says that you and the architect specifically agree that anything created is intended to be a "Work Made For Hire" under the Copyright Act.

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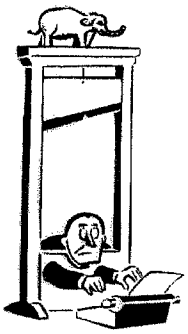
Works Made for Hire

- Work prepared by employee within scope of employment, and



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Works Made for Hire

- Works specially commissioned for use as:
  - Contribution to a Collective Work
  - Translation or Supplementary Work
  - Compilation or Atlas
  - Instructional Text, Test or Answers to Test
  - **But only if** written work for hire agreement is in place

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Works Made for Hire

- **Practice Pointer:** With independent contractors (as opposed to employees), not enough to designate work as "work made for hire." Need assignment for anything that is not work made for hire.

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Work for Hire/Assignment Language

- Contractor agrees that the Work shall belong exclusively to Acme. Without limiting the generality of the foregoing, the parties acknowledge and agree that all intellectual property rights in and to any part of the Work that is conceived, designed, practiced, prepared, produced or developed by Contractor: (i) during the course of this Agreement; (ii) based upon knowledge or information learned or gained from Acme; or, (iii) resulting from the use of Acme's facilities, personnel, or materials, shall to the fullest extent permitted under law, be deemed to be a "work made for hire" (as defined in Section 101 of Title 17 of the United States Code).

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Work for Hire/Assignment Language

- To the extent any such Work is determined not to be a "work made for hire," Contractor hereby irrevocably and exclusively assigns, transfers and conveys to Acme all copyright and other intellectual property rights in and to the Work.
- Contractor acknowledges that all or part of the Work may be copyrighted, trademarked, or patented solely by Acme or its designee. Consultant will assist Acme, or its designee, in every proper way to secure the intellectual property rights in the Work and will disclose to Acme all pertinent information and data, and execute all applications, specifications, oaths, assignments and all other instruments which Acme shall deem reasonably necessary in order to obtain and secure such Intellectual Property rights.

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Copyright Protection for Architectural Works

- **Scenario 3:** You are the contractor on a job, and you have been asked by the owner to work with a set of existing plans/drawings that the owner provides to you, but that have obviously been prepared by a third party, to build a structure.
- Question: Can you use those drawings without infringing anyone's copyright?

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AWCPA

- The Architectural Works Copyright Protection Act, enacted 1990, extended copyright protection to "architectural works" as a new category of authorship. 17 U.S.C. § 102(a)(8).
- Prior to this, had been covered only as "technical drawings".

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Copyright Protection for Architectural Works

- An "architectural work" is the design of the building as embodied in any tangible medium of expression, including a building, architectural plans, or drawings. The work includes the overall form as well as the arrangement and composition of spaces and elements in the design, it does not include individual standard features. 17 U.S.C. § 101

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Architectural Works Limitations on Exclusive Rights

- "Public Place" limitation permits the unauthorized publication of pictures of buildings located in or visible from public places.
- "Building Owners" limitation permits an owner to alter or destroy a building without the copyright owners consent.
- Balances need to protect creative architectural works with reality of role of real estate in economy.

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Technical Drawings

- Limitation on copyrightable subject matter:
  - The design of a useful article shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article. - 17 U.S.C. § 101.

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Architectural Work and Technical Drawings

- Not Covered by Copyright:
  - Utilitarian elements
  - Individual standard features
  - Design elements typical of a given architectural style or movement, such as Georgian, Classical or New Urbanism
  - Elements dictated by external factors such as particular requirements of the project, efficiency or cost.

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Copyright in Architectural Works

- **Scenario 4:** Same as Scenario 3, but the drawings contain the following restrictive legend: "*The contents of this document are confidential and constitute the exclusive property of Greedy Draftsmen, Inc. This document and its contents may not be made public in any manner, distributed or loaned to others, or reproduced or copied in whole or in part without the prior written consent of Greedy Draftsmen, Inc.*" The document shows a date of March 1, 1988, and it does not include a copyright notice.
- Question: Can you use the drawings without incurring liability to GDI?

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Copyright Statute of Limitations

- The statute of limitations for a civil action under the Copyright Act is three years after the cause of action accrued. A cause of action accrues when the author knew or should have known of the infringement. Each act of infringement is a distinct harm giving rise to an independent claim of relief.

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Factors For Enforceability of Restrictive Legends

- Were the drawings prepared pursuant to a written agreement?
  - Often address ownership and use.
  - Generally include and "integration clause".
- Do we have a course of conduct that shows consent to the restrictive legend or implied license to use despite restrictive legend?
- Is there anything truly confidential or proprietary in the drawings? If not, may not be any protectable interest.

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Copyright Notice

- Not required for works published after March 1, 1989.
  - Publication of plans can be found in the filing of the plans with governmental agencies, or the erection of structures based on the plans.
- But good idea:
  - Enhanced damages (avoid claim of "Innocent Infringement")
  - May deter infringers
  - Protects works in non Berne Convention Countries
  - Inexpensive

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Copyright Registration

- Registration: Why Register?
  - It is cheap.
  - Prerequisite to infringement suit.
  - Right to Statutory Damages
    - Up to $150,000
  - Potential to recover Attorney's Fees
  - (Must have registration prior to infringement for statutory damages and attorney's fees)



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AIA Form Agreements

- **Scenario 5:** You are involved in a project governed by the **1997 version** of the AIA owner/architect agreement. Which of the following statements are true:
- **Scenario 6:** (same as 5, but under 2007 version):

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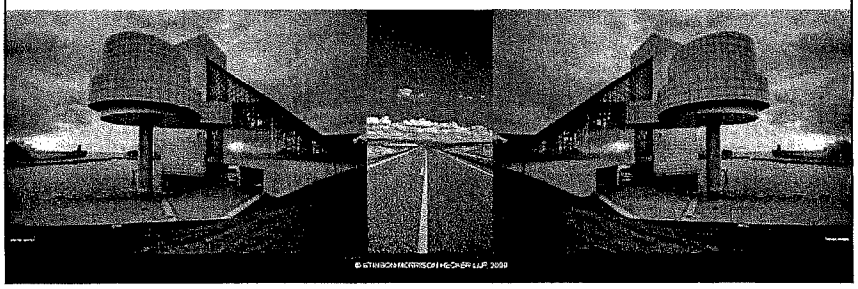
AIA Form Agreements (1997)

- The architect owns the drawings without any limitation, and could build an identical building directly across the street, regardless of its the distinctive nature of the original building. (True)



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AIA Form Agreements (1997)

- If the architect is terminated by the owner for good cause, the owner is then free to provide the original drawings to a replacement architect to finish the job. (False)
- If the owner goes bankrupt, the lenders on the project are entitled to utilize the architects drawings, but solely for the purpose of completing the project. (False)
- Once the project is completed, the owner is entitled to use the drawings, and to allow its subcontractors to use the drawings, for the purpose of building maintenance, etc., and the owner is entitled to transfer those rights to any new owner of the building. (Iffy)

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AIA Form Agreements (2007)

- The 2007 Form Agreements soften the harsh consequences of the earlier forms to some extent.
- Architect grants Owner a non-exclusive license to use the Instruments of Service solely for constructing, maintaining, altering, and adding to the Project, and grants Owner the right to authorize its other service providers and contractors the right to do so.
- If Architect is not retained, no warranty, and Owner indemnifies Architect for use of plans.

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Copyright Damages Architectural Works

- Injunction (stop building, or even tear it down!)
- Actual damages and profits of infringer
- Statutory damages (up to $150,000)
- Attorney's fees and costs of litigation

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Copyright Issues in Architectural Works and Technical Drawings

Scenario 1:

You hire a young architect to do some drawings for you "on the side." He or she is moonlighting. The documents are delivered to you, and you pay for them. There is no written agreement.

Question: Who owns the copyright in the drawings?

a. You do.

b. The architect does.

c. You do, but the architect has some rights to use parts of the drawings, but not the drawings as a whole.

d. The architect does, but you have the right to use the drawings only connection with the project for which they were created.

Scenario 2:

Same as Scenario 1, but this time you have a letter agreement that says that you and the architect specifically agree that anything created is intended to be a "Work Made For Hire" under the Copyright Act.

Question: Who owns the copyright in the drawings?

a. You do.

b. The architect does.

c. You do, but the architect has some rights to use parts of the drawings, but not the drawings as a whole.

d. The architect does, but you have the right to use the drawings only connection with the project for which they were created.

Scenario 3:

You are the contractor on a job, and you have been asked by the owner to work with a set of existing plans/drawings that the owner provides to you, but that have obviously been prepared by a third party, to build a structure.

Question: Can you use those drawings without infringing anyone's copyright?

a. Yes, this is the way things are done. You assume the owner has whatever rights he needs, and you plow ahead. (Besides, you probably have some kind of indemnity in your contract with the owner to protect you.)

b. Yes, as long as the copyright was registered as a "technical drawing", because constructing a building from existing technical drawings is not an infringing act.

c. Yes, as long as there is no © Notice, and the plans consist primarily of a collection of "standard features". In that case, there is no copyright to violate.

d. Not enough information to answer this.

Scenario 4:

Same as Scenario 3, but the drawings contain the following restrictive legend: "***The contents of this document are confidential and constitute the exclusive property of Greedy Draftsmen, Inc. This document and its contents may not be made public in any manner, distributed or loaned to others, or reproduced or copied in whole or in part without the prior written consent of Greedy Draftsmen, Inc.***" The document shows a date of March 1, 1988, and it does not include a copyright notice.

Question: Can you use the drawings without incurring liability to GDI?

e. Yes, because you do not have an agreement with GDI.

f. No, because you are on notice of the restrictions on the use of the drawings imposed by GDI.

g. Yes, because the statute of limitations is three years, and it would have run in 1991.

h. No, because a copyright notice is not necessary, and by using the drawings, you would be a contributory infringer.

Question: Does the answer change if the document shows a date of 1998? (Yes or No)

Question: Does the answer change if the drawings were prepared pursuant to a written agreement (for example the 1997 version of the American Institute of Architects Standard Form of Agreement Between Owner and Architects)? (Yes or No)

Question: What about the 2007 version of the AIA Standard Form Agreement? (Yes or No)

Scenario 5:

You are involved in a project governed by the **1997 version** of the AIA owner/architect agreement. Which of the following statements are true:

a. The architect owns the drawings without any limitation, and could even build an identical building directly across the street, regardless of its the distinctive nature of the original building.

b. If the architect is terminated by the owner for good cause, the owner is then free to provide the original drawings to a replacement architect to finish the job.

c. If the owner goes bankrupt, the lenders on the project are entitled to utilize the architects drawings, but solely for the purpose of completing the project.

d. Once the project is completed, the owner is entitled to use the drawings, and to allow its subcontractors to use the drawings, for the purpose of building maintenance, etc., and the owner is entitled to transfer those rights to any new owner of the building.

Scenario 6:

Same as Scenario 5, but the project is governed by the **2007 version** of the AIA owner/architect agreement. Which of the following statements are true:

a. The architect owns the drawings without any limitation, and could even build an identical building directly across the street, regardless of its the distinctive nature of the original building.

b. If the architect is terminated by the owner for good cause, the owner is then free to provide the original drawings to a replacement architect to finish the job.

c. If the owner goes bankrupt, the lenders on the project are entitled to utilize the architects drawings, but solely for the purpose of completing the project.

d. Once the project is completed, the owner is entitled to use the drawings, and to allow its subcontractors to use the drawings, for the purpose of building maintenance, etc., and the owner is entitled to transfer those rights to any new owner of the building.

Selected Cases
Remedies for Copyright Infringement of Architectural Works

I. PALMETTO BUILDERS & DESIGNERS, INC. V. UNIREAL, INC.

A. Overview

In Palmetto Builders & Designers, Inc. v. UniReal, Inc., 342 F.Supp.2d 468 (2004 D.S.C), the U.S. District Court of South Carolina enjoined a builder from continuing to construct a home that infringed on the plaintiff's copyright.

B. Facts

In July 2002, Palmetto Builders (the "plaintiff") obtained the exclusive right to use certain house plans, all of which were registered with the U.S. Copyright Office. In October 2003, Mr. and Mrs. Nickol approached the plaintiff about possibly using one of its copyright designs to build a new home. However, the Nickols eventually took the design to UniReal, another developer and builder. UniReal not only used copyright design to build a new home for the Nickols, but it also advertised the Nickols' home in a local newspaper. Soon after Unireal began construction, the plaintiff contacted the Nickols and Unireal to tell them that they were violating its copyright. By the time of the preliminary injunction hearing, the Nickols' home was nearly complete.

In 2003, another couple, Mr. and Mrs. Keller, approached the plaintiff about using one of their copyrighted plans. However, like the Nickols, they also took the copyrighted plans to Unireal, who used the plans to construct their new home.

The plaintiff sought an injunction against the Kellers, the Nickols, and UniReal to stop them from copying their architectural plans.

C. Summary of the Decision

The court granted the plaintiff's motion for preliminary injunction after finding that it established a prima facie case of copyright infringement by proving (1) ownership of a valid copyright, and (2) unauthorized copying.

The court ordered the defendants to stop and refrain from using Palmetto's copyrighted plans for advertising, constructing, drawing, or any other purpose. Also, the court ordered all of the defendants to refrain from posting any sign on the infringing homes saying that the homes were built by or for the defendants.

In addition, the court ordered the defendants to stop building the Keller home until removing the infringing elements. As the Nickols' home was nearly complete, the court did not enjoin its completion. However, the court prohibited the Nickol's from selling their home to third parties without the plaintiff's permission.

II. CHRISTOPHER PHELPS & ASSOC, LLC V. GALLOWAY

A. Overview

In Christopher Phelps & Assoc., LLC v. Galloway, 477 F.3d 128 (4th Cir. 2007), the Fourth Circuit held that where a jury verdict had already awarded damages and infringer's profits to the plaintiff, he was not entitled to an injunction preventing a home owner from leasing or selling the infringing home.

B. Facts

Mr. Galloway (the "defendant"), began constructing a retirement home for himself using copyrighted home plans belonging to Christopher Phelps & Associates, LLC (the "plaintiff"). When the defendant's framing contractor warned him that he could get into trouble for using pirated plans, he "shrugged his shoulders and said, 'They've got to find me, catch me first.'" Id. The plaintiff sent the defendant a cease and desist order after learning that he was using its design. The plaintiff then sued Mr. Galloway, asking the court to enjoin him from selling the completed home. A jury awarded the plaintiff $20,000, the amount it would have charged Galloway for purchasing the home plans.

C. Summary of the Decision

The plaintiff argued that allowing Galloway to sell or lease his completed home violated its exclusive right to lease and sell under 17 U.S.C. § 106(3) (granting the copyright owner the exclusive right to rent, sell, lend, or lease copies). The plaintiff reasoned that it was entitled to receive any profits gained from selling or leasing the home for the 95-year term of the copyright. The court disagreed.

The court found that the "first sale doctrine" of 17 U.S.C. § 109(a) provides an exemption for Galloway's house. Section 109(a) says that "notwithstanding [the copyright holder's exclusive rights], the owner of a particular copy...lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy." Id. at 140 citing 17 U.S.C. § 109(a). The court found that the Copyright Act permitted Galloway to freely "sell or otherwise dispose" of his house because he had satisfied the money judgment for unlawfully constructing the home. The court explained its decision by stating the following: "When the district court entered judgment that awarded Phelps & Associates damages and infringer's profits, if any, and that declined to order the destruction or other disposition of the house, the house became a lawfully made copy." The court found that an infringer obtains "good title to the physical copy after satisfaction of the judgment under the Copyright Act."

Even if the Copyright Act had not already granted Galloway the right of first sale, the court would have looked unfavorably upon an injunction because it would encumber property unrelated to the infringement, including the pool, fence, and land underneath the house. In addition, an injunction would conflict with the courts' reluctance to restrain the alienability of real property.

III. CHIRCO V. CROSSROADS COMMUNITIES, INC.

A. Overview

In Chirco v. Crossroads Communities, Inc., 474 F.3d 227 (6th Cir. 2007), the Sixth Circuit refused to order an architectural work destroyed when the plaintiffs waited at least two-and-one-half years before filing suit against the infringers.

B. Facts

In April 2001, Michael Chirco and Dominic Moceri (the "plaintiffs") learned that Crosswinds Communities (the "defendants") had began building a complex that infringed on their copyright. However, the plaintiffs did nothing to stop the infringement until November 14, 2003. The plaintiffs sued the defendants seeking damages, injunctive relief, and destruction of all works built based on their copyrighted plans. At the time of suit, the defendants had already constructed 168 of the planned 252 units; in addition, buyers occupied 109 of the completed units.

C. Summary of Decision

The court refused to allow the defendants to have the infringing project destroyed because (1) the plaintiffs failed to try and abate the alleged harm; and (2) the defendants and innocent third parties were unduly prejudiced by the plaintiff's inaction.

IV. ATTIA V. SOCIETY OF NEW YORK HOSPITAL

A. Overview

In Attia v. Society of New York Hospital, 201 F.3d 50 (2d Cir. 1999), the Second Circuit Court observed that the requirements of originality (as opposed to novelty) and infringement via substantial similarity apply to copyright of architectural works.

B. Facts

In July 1998, Eli Attia (the "plaintiff") entered into a competition held by New York Hospital (the "hospital") to select an architect for its renovation project. The plaintiff lost the competition to another architect (the "defendant"). The plaintiff alleged that the defendant infringed its copyright by, among other things, misappropriating its schematic design drawings.

C. Summary of Decision

The court found that the defendant did not infringe the plaintiff's schematic design drawings because copyright extends only to an author's expression of ideas, and not the ideas themselves. As the plaintiff's booklets were highly generalized and merely contained creative ideas on extending and connecting the hospital over a certain road, they were not protected under copyright law. Copying such information could have only amounted to copying ideas and concepts within the plaintiff's drawings. Other examples of ideas that are not protected by copyright law include the placement of a new building, location of a pedestrian area, and arrangement of space on particular floors.

Furthermore, the court noted the lack of similarity between the plaintiff's and defendant's designs. While both designs used "triangle-based trusses" for transferring the structure's weight onto the base, the designs were markedly different. For example, the defendants used scalene triangles and trapezoids, but the plaintiffs used a series of identical isosceles triangles. Other differences included the layout of connecting roadways, flow of traffic, and the placement of elevators. The court stated that where "...a defendant's work is dissimilar in the very respects in which it is claimed to be similar, that can obviously influence the conclusion as to whether the claimed similarity in fact exists or is substantial." The court ultimately concluded that the dissimilarities in expression made clear that the work's similarities consisted solely of unprotectable concepts or ideas.