

Copyright and IP Issues Involving Construction

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Copyright and IP Issues Involving Construction

Copyright Generally

A copyright is a form of statutory protection for original works.¹ Title 17 of the Construction U.S. Code protects the *owner* of the copyright by giving him the exclusive right to perform certain actions with the original work or authorize others to do so. It is illegal for anyone to violate any of the rights provided by copyright law to the owner of the copyright.

Generally, a copyright protects the exclusive right of the owner to copy, publicly display, and derive works from the original creation. The copyright standard of originality requires only that there be a minimal amount of creativity.

Copyright protection exists from the time the work is created in a fixed form, even if unpublished. The author or creator is the immediate and automatic owner of the copyright in most situations. Section 101 of Title 17 defines a “work made for hire” in which the employer and not the employee/creator is considered the owner of the copyright. This exception to the general rule requires the parties to expressly agree in a signed written instrument that the work is made for hire, as well as adhere to other specific criteria, such as the work being prepared within the scope of normal employment. Joint work will result in co-owners of the copyright unless there is an agreement to the contrary.

A copyright in a work created after January 1, 1978, is valid for the life of the author plus 70 years the author’s death.² The term for “work made for hire” is 95 years from the year of the first publication or 120 years from its creation, whichever is shorter.³

Copyrightable works include:

1. literary works;
2. musical works, including any accompanying words;
3. dramatic works, including any accompanying music;
4. pantomimes and choreographic works;
5. pictorial, graphic, and sculptural works;
6. motion pictures and other audiovisual works;
7. sound recordings; and
8. architectural works.

These categories are often viewed broadly. For example, a computer program may be copyrighted as a literary work or a map as a pictorial or graphic work.

However, there are many categories of works that are not generally copyrightable. These include 1) works that are not fixed in a tangible form, 2) titles, names, short phrases, slogans,

¹ Title 17 U.S.C.A.

² *Id.* at § 302(a).

³ *Id.* at § 302(c).

familiar symbols or designs, 3) ideas, procedures, methods, systems, processes, concepts, principles, discoveries, and 4) works consisting entirely of information that is common property.

A common misconception is that because the *expression* of an idea in a fixed medium is protected, the idea itself is protected. This is not true as “in no case does copyright protection... extend to any idea.”⁴ “Others are free to utilize the ‘idea’ so long as they do not plagiarize its ‘expression.’”⁵ In situations where the expression and the idea are so closely intertwined that there is only one way to express an idea, the merger doctrine creates an exception to the protection of the expression. Protecting the ‘expression’ in these circumstances would confer a monopoly of the ‘idea’ upon the copyright owner free of the conditions and limitations imposed by patent law.⁶

The merger doctrine requires the court to determine whether the idea is capable of various modes of expression.⁷ The court must first identify the idea that the work expresses and then attempt to distinguish that idea from the expression.⁸ If the idea can stand independent of the expression, merger has not occurred and the expression can be protected under federal copyright law.

Originally, under the Copyright Act of 1909, publication or registration of the work was necessary for copyright protection. Because, under current federal law, the copyright is secured automatically upon creation, publication or registration with the Copyright Office is no longer required. However, publication remains an important concept for various reasons. Also, there are significant legal advantages to registration and possible consequences associated with a failure, intentional or not, to register an original work.

Registration of a copyright establishes a public record of the claim, can be made at anytime during the life of the copyright, and is necessary when filing an infringement suit. Registration may establish prima facie evidence of copyright validity if filed within five years of publication.⁹ Damages available to the plaintiff are directly affected by whether or not registration was made within three (3) months of publication or prior to the infringement. Following federal registration guidelines allows the copyright owner to seek statutory damages and attorney’s fees, while a failure to do so limits the possible award to actual damages and profits. When exclusive rights are split among owners, each owner can and should register a separate claim in the work.

Owning the actual work or a copy of the work does not grant the possessor with the copyright to that work. Transfer of any material that embodies a protected work does not automatically convey any rights in the copyright, even in the absence of a copyright notice.

⁴ 17 U.S.C.A. § 102(b).

⁵ *Herbert Rosenthal Jewelry Corp. v. Kalpakian*, 46 F.2d 738, 741 (9th Cir. 1971).

⁶ *Id.* at 742; *Kern River Gas Transmission Co. v. Coastal Corp.*, 899 F.2d 1458, 1463 (5th Cir.), *cert. denied*, 498 U.S. 952 (1990).

⁷ *Mason v. Montgomery Data, Inc.*, 967 F.2d 135 (5th Cir. 1992).

⁸ *Id.*

⁹ 17 U.S.C. § 410(c)

Although the use of a copyright notice may still be relevant to the status of older works, the use of a notice is no longer required under U.S. law. A copyright notice informs the public that the work is protected by copyright, identifies the copyright owner, and shows the year of first publication.¹⁰ A copyright notice may be used by the owner regardless of publication status or registration with the Copyright Office;¹¹ so it may behoove a copyright owner to place a notice on any copies or materials depicting his work, even before publication. The proper notice will usually protect the author from an “innocent infringement” defense if it is necessary to proceed to litigation.

Copyright is a personal property right that is subject to the various state laws and regulations that govern the transfer of personal property as well as relevant contract principles. The copyright owner has the ability to transfer any or all of his exclusive rights to the work as long as the transfer is in writing. Transfer of a right on a nonexclusive basis does not require a written agreement. Other methods of transferring personal property, such as by will, are also valid.

A common exception to copyright arises under the doctrine of fair use. A use that might otherwise be infringing, could be excused depending on 1) the purpose and character of the use,¹² 2) the nature of the copyrighted work, 3) the amount and substantiality of the portion used, and 4) the effect of the use on the potential market for or value of the copyrighted work.

A. Historical Application of Copyright to Construction

The first ‘copyright’ protection may have had its roots in ancient Egypt. Architectural legend describes the ancients’ deification of the Master Builder. He was glorified by the Egyptians as the god “Imhotep,” the master architect of the step pyramid in Egypt. The master architect held high station in Egyptian civilization. He was the only one who knew the way to the burial chamber of the pharaoh. As a result, he was killed as part of the burial ceremony and buried with his king. Today, such dire steps to protect the integrity of architectural design are no longer necessary.

Under the 1909 Copyright Act, “drawings or plastic works of a scientific or technical nature” could be protected by copyright.¹³ The 1976 Copyright Act reiterated the right to copyright scientific and technical drawings. Therefore, the creator of an engineering drawing is usually entitled to copyright protection for the original portions of the drawing. Under the 1976 Act, architectural drawings and written specifications were included for the first time under the definition of valid copyrightable subject matter, although the ensuing buildings were not.¹⁴

Although copyrights for engineering drawings created under a ‘work made for hire’ agreement typically belong to the employer, drawings created outside that type of arrangement, such as work done by a consultant, may be limited in their use by the employer. The employer

¹⁰ Example: © 2008 R. Brent Cooper

¹¹ Example: Unpublished work © 2008 R. Brent Cooper

¹² personal rather than commercial use.

¹³ Drawings, being two-dimensional renderings, and plastic works, indicating three-dimensional renderings.

¹⁴ 17 USC § 101

or purchaser may only use the plans as authorized under a license, while the copyright remains with the creator.

Engineering drawing copyrights may also be limited in protection against third parties who create utilitarian objects in accordance with the drawings. Although the drawings themselves would likely be protected, a copyright is not a patent, and the more stringent protection provided by patents is not extended to copyrighted only creations.

Under prior copyright law, this same limitation extended to architectural drawings. While the drawings could be protected by copyrights, the actual structures were not afforded the same defense. A competitor was prohibited from copying the drawings, but, ironically, could often copy the building. Currently, the Architectural Works Copyright Protection Act of 1990¹⁵ allows for a separate copyrighting of the building.

Courts historically shied away from protecting buildings with copyrights because of the lack of previous direction from the legislature and the difficulty of reconciling the purpose of copyright law and the inherent mix of idea and expression in architecture. The Second Circuit explained the difficulties in distinguishing ideas from expressions in architectural and engineering plans:

The problem of distinguishing an idea from its expression is particularly acute when the work of "authorship" is of a functional nature, as is a plan for the accomplishment of an architectural or engineering project. As a generalization, to the extent that such plans include generalized notions of where to place functional elements, how to route the flow of traffic, and what methods of construction and principles of engineering to rely on, these are "ideas" that may be taken and utilized by a successor without violating the copyright of the original "author" or designer. On the other hand, to the extent that the copier appropriates not only those ideas but the author's personal expression of them, infringement may be found.

Attia v. Society of New York Hosp., 201 F.3d 50, 54 (2d Cir. 1999).

Distinguishing between the functional and the aesthetic aspects of an architectural work can pose difficulties due to the mutualism of creative and practical concerns in a building. Because architecture embodies both art and construction, its "ambivalent nature" has always been a reason for its lack of copyright protection.¹⁶

It may be difficult, for instance, to distinguish artistic features from functional features in such modern buildings as the Wang Building in New York City or the Johnson Wax Building in Racine, Wisconsin, by Frank Lloyd Wright. The main decorative motif on the Wang Building's

¹⁵ P.L. 101-650, Title VII, § 70 et seq.

¹⁶ See Michel Huet, *Architecture and Copyright*, 19 UNESCO Copyright Bull., No. 4, at 14, 15 (1985).

facade is its structural cross-beams, while the interior of the Johnson Wax Building is famous for its mushroom-like columns that hold up the roof.

The Pompidou Center is an example of when functional elements may be protected. Although the steam pipes are essential to the building's function, their placement on the exterior facades is not and is meant to be aesthetic. Therefore, because the functional elements are incorporated into a design and the placement is not dictated solely by function, the entire design may be protected even though it includes very functional elements.

Also, prior to March 1, 1989, copyright protection could be forfeited on published drawings if the appropriate copyright notice was not placed on the work. Because this requirement was also at odds with the Berne Convention international treaty, it was eliminated although using the notice on plans may still be desirable for other benefits. Publication without appropriate copyright notice after March 1, 1989 (while still desirable) is no longer essential.

B. The Architectural Works Copyright Protection Act of 1990

The Architectural Works Copyright Protection Act of 1990 (“AWCPA”) added a new type of protected work to previous copyright law. The Act was initiated to bring the United States into conformance with the Berne Convention and has now been in effect for over 17 years. Prior to this legislation, the author of an architectural design had no copyright remedy if a duplicate structure was constructed from the original as long as the actual drawings and specifications were not copied. The 1990 Act enhances rather than replaces previous copyright law by adding protections for buildings built from original designs.

The AWCPA was signed into law at the same time the act of copying architectural drawings or the building design was budding with new digital technology. The copying process can now occur with unprecedented speed using digital images of a building and converting those images into workable plans. By strengthening protection of architectural works, design professionals can now diligently protect the ownership, use and transfer of their designs.

An architectural work, defined by the 1990 Act is:

The design of a building as embodied in any tangible medium of expression, including a building,¹⁷ architectural plans, or drawings. The work includes the overall form as well as the arrangement and composition of space and elements in the design, but does not include individual standard features.

17 U.S.C. § 101

¹⁷ “Buildings” are things designed to be occupied by humans, such as houses, office buildings, churches and museums. Structures other than buildings that are major engineering structures, such as bridges, dams, walkways, tents, mobile homes and boats are not protected under this act. Standard configurations of spaces and well as individual standard features, like doors and windows are likewise not protected. *Id.*

Now, so long as the plans are original, are not merely functional, and satisfy other general copyright requirements, neither the drawings nor the buildings depicted by them may be copied. Exterior and interior designs are both protected. However, when an architectural work has utilitarian and artistic elements, only the artistic elements that can exist separately from the utilitarian aspects will be protected by copyright.

Architectural works, however, do have less protection than other artistic works. As a concession to practicality, photographs or other renderings of buildings are not prohibited if the building is ordinarily visible from public space.¹⁸ This “public place” limitation permits the unauthorized publication of these representations. Also, the building owner is expressly empowered to renovate or demolish the building.¹⁹ The “building owners” and “public place” limitations acknowledge the need to protect authors of architectural works while simultaneously recognizing architecture as a public art form and real estate investment’s role as an important component of the economy.

Enforcement of state and local zoning, building, landmark and historic preservation codes, which may otherwise infringe upon an architectural copyright, is expressly permitted under the AWCPA. Likewise, concurrent legislative discourse recognized that limited copying and distribution of plans for permit or bid purposes should not constitute copyright infringement.

The protections afforded to architectural works by the AWCPA apply only to designs that were created on or after December 1, 1990 or were not yet published or constructed by that date. However, courts may differ on the moment a drawing was created or a building constructed. Because these are gradual processes, completion may be approached and measured in degrees.

Public Law 101-650 also included The Visual Artists Rights Act of 1990. This act expanded the rights of authors of visual arts, such as art “incorporated in or made part of a building.” Awareness of visual arts protections is important when renovating or demolishing buildings or commissioning new decorative items such murals or sculptures.

These visual artists are protected from 1) inaccurate attribution, 2) loss of integrity, and 3) physical damage to the work.²⁰ Attribution is the right to claim authorship of the work and to disassociate the author’s name from distorted, mutilated or modified work. The right of integrity gives the artist the right to stop intentional modification of the work which would be prejudicial to the artist. The artist also has a right to stop the intentional or grossly negligent destruction of a work of “recognized stature.” These additional rights remain with the artist, even if he has transferred all ownership of the work and the corresponding copyrights.

C. Situations Typical to Practice

When one author is responsible for the creation of a new work, original copyright ownership is easily determined. However, joint participation is typical for architectural works. For example:

¹⁸ see 17 U.S.C. §§ 106, 120(a).

¹⁹ 17 U.S.C. § 120(b).

²⁰ 17 U.S.C. § 106A

1. An architect is paid for a design by a project owner who also contributes ideas at times and makes final choices about the end results.
2. The design is produced by a large firm and a number of employees are involved in the final project.
3. A principle architect creates some plans, but others are created by sub-consultants, together forming an integrated parcel.

The general copyright rules regarding employee work for hire and joint ventures were not written with attention to state regulations pertaining to architects and engineers, but are still determinative in deciding authorship.

Accordingly, the firm, rather than the associates, would hold the copyright in example 2. Likewise, a development company or design/build contractor would own copyrights to designs made by staff designers. However, employment agreements can alter or fail to secure this arrangement.

The result is usually different for designers who are independent contractors. Owner/architect contracts typically allow the architect to have independent discretion over products and procedures, even when the owner makes certain choices or contributions. So, like in example 1, the independent architect will be the likely holder of the copyright.

Although this situation is normal, many project owners may be surprised that the copyright was not also purchased while purchasing the design services. In fact, standard American Institute of Architects (“AIA”) contract forms leave the copyright with the architect and give owners or contractors limited licenses.²¹ Therefore, the right of the owner to build depends upon the design contract.

In example 3, the total joint work probably depends upon the other works for utility. A typical joint work may be a set of plans consisting of architectural, structural, and electrical plans each created by a different firm. The normal rule is that each contributing firm has an undivided interest in the copyright and each firm is the partner of the others. Subject to an accounting to the others for profits, each firm has the right to use the whole work.²²

Therefore, the principle architect must consider the interests of his subs before permitting plans to be built or copied. The architect should be prepared to contract for the subs interests or pay out some share of the royalties. Firms, organized as partnerships, would probably be treated similarly under copyright rules for joint work, but partners may also have different or additional obligations under state partnership laws.

Another typical situation involves a realtor’s reproduction and distribution of floor-plans to interested homebuyers of newly constructed homes. Under a standard listing agreement to

²¹ AIA Document B141

²² see 17 U.S.C. § 201(a) note

market speculative homes for a builder, the builder will provide a copy of the architectural drawings to be used for marketing purposes. In search for commissions, the realtor will likely distribute these plans effusively.

Assume this particular builder did not secure the correct permissions from the designer or altered the protected designs without permission. The designer may have two copyright claims against the realtor: 1) distribution of an infringing architectural work by brokering the sale of the infringing homes and 2) copyright infringement by making unauthorized copies of the protected drawings for commercial purposes.

Builders, developers, and realtors are all in a class of persons who should be aware of possible copyright infringement actions. Written permission from the designer should always be acquired *before* copies, faxes, or marketing materials are created. Provisions requiring designers, builders, or developers to warrant that they have the right to use the architectural plans for construction and to indemnify others and hold them harmless from any claims or lawsuits alleging copyright infringement are becoming more common.

In a scenario where a developer or owner paid an architect to design and produce plans for a retail store, restaurant, office, condo building or manufacturing facility, they may want to use the same design and plans for a second location. The original architect will most likely demand a second fee. This fee request is probably correct under the original contract with the architect and U.S. copyright law. However, many construction professionals may give in to the desire to save money or cut corners and fall prey to one or more of these commonly circulated copyright myths:

1. The client owns the copyright to plans if he pays to have the plans drawn up.
2. The plans must be registered in the Copyright Office to be protected.
3. If there is no copyright notice on the plans, they are not protected.
4. The copyright, if any, covers the plans, but not the building.
5. Plans or buildings must be really novel or unique to be protected.
6. If the plans or design is changed by 20 percent, there is no infringement.
7. If an individual is not aware of any copyright, there is no infringement.
8. Liability for copyright infringement is limited to the cost of the plans.

Each of those myths is false and reliance on this common folklore can result in serious liability for copyright infringement. Remedies in a civil lawsuit for copyright infringement may include the defendant's profits from the infringement and the actual damages suffered by the plaintiff, or at the plaintiff's option, statutory damages ranging from \$750 to \$30,000 per infringing copy (and up to \$150,000 per copy in a case of willful infringement). The court can issue an injunction prohibiting further infringement and order destruction of the infringing plans or building. Finally, the court can order the guilty party to pay the plaintiff's attorney fees and costs.

There are other common copyright pitfalls to avoid in day to day design professional activities. Architects and construction professionals should adopt the following procedures for policing rights and avoiding liability for infringement: (1) review vendor software licenses for unauthorized copying of programs such as CADD programs; (2) use the AIA contract only in accordance with its provisions; (3) if engaged to complete or continue a project already under way, determine the right to use original plans in advance; (4) review professional liability insurance policy for copyright infringement coverage; (5) establish in-house procedures for submitting copyright applications and placing appropriate notices on plans; (6) review carefully all "standard" form contracts, whether AIA or otherwise; (7) review employee contracts to determine whether works created off-hours or off-premises belong to the employer; and (8) review contracts with outside consultants.

D. Copyrights or Trademarks

Copyrights and trademarks are different beasts, but similar in family. Although both concern intangible property rights and overlap in some aspects, there are also significant differences between them. Trademark law, unlike copyright law, is not derived from the Patent and Copyright Clause, but has its roots in the Commerce Clause of the U.S. Constitution.²³

A trademark is defined as “any word, name, symbol, or device or any combination thereof” used by a person “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”²⁴ Although an individual does not need to register the mark prior to use in commerce, by using the mark on or in connection with goods and by displaying the mark in the sale or advertising of services, the mark owner automatically acquires trademark rights in the geographic area of use.²⁵

The mark owner may also federally register the mark. Once federal registration is obtained, the owner can use a statutory trademark notice to reasonably notify the public of the ownership. The trademark protection will extend indefinitely as long as the mark is neither abandoned or becomes generic. To determine whether a mark should be afforded trademark

²³ U.S. CONST. Art. I, § 8, cl 3.

²⁴ 15 U.S.C. § 1127 et seq.

²⁵ 15 U.S.C. § 1051

protection, the court evaluates the mark on a sliding scale of classification: 1) generic, 2) descriptive, 3) suggestive, 4) arbitrary, or 5) fanciful.²⁶

Trademark infringement occurs when someone else uses the same or a confusingly similar term, on the same or closely related goods or services, in the same geographic area of the mark.²⁷ It is well settled that a trademark protects more than just words and does so even when there is no likelihood of confusion. Current trademark protection includes: words, numbers, slogans, pictures, symbols, characters, sounds, graphic designs, and color.²⁸ The expansive definition of trademarks allows the mark owner to distinguish his goods from competitors’.

As the principles of trademark policy have evolved, courts have expanded protection to the “trade dress” of a product.²⁹ Trade dress protection extends beyond packaging to include the product’s total image (i.e. the size, shape, color, texture, or graphics).³⁰ Therefore, extending the protection to a three-dimensional object is consistent with the purposes of trademark law regardless of whether the design is the packaging or the product itself.

In order to ensure that the mark does not run counter to the purposes of trademark law, the courts use a “functionality” test to determine whether a product design is more “useful” or “aesthetic.”³¹ However, simply because the mark has a function or purpose, it is not precluded from being a valid mark, especially in light of any non-functional aspects. Therefore, the underlying principles protecting aesthetically functional marks generally apply to using trademark laws to protect architectural features such as building designs.³²

To prevail on a claim of trademark infringement of an architectural trademark, the plaintiff must establish that the defendant used 1) a “reproduction, counterfeit, copy or colorable imitation” of the plaintiff’s mark; 2) without consent; 3) in interstate commerce; 4) in connection with a sale or offer for sale; and 5) “where such use is likely to cause confusion.”³³ The plaintiff must also show that it has actually used the mark at issue as a trademark and that the defendant is using the same or similar design as a trademark as well.

Unlike copyright law, federal registration is not a prerequisite to seeking a remedy for trademark infringement. Many architects have successfully prevailed on trademark infringement claims under § 1125(a). Although architectural works have recently been defined as copyrightable under the AWCPA, these works have been protected under intellectual property law, specifically as trademarks, for a longer period.

Copyrights and trademarks provide different but overlapping scopes of protection, the key difference being when the protection attaches. Under copyright law, the protection attaches

²⁶ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2nd Cir. 1976).

²⁷ 15 U.S.C. § 1114

²⁸ *Id.*

²⁹ *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995).

³⁰ *John H. Harland Co. v. Clark Checks, Inc.*, 711 F.2d 960, 980 (11th Cir. 1983).

³¹ *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 169-70 (1995).

³² Jerome Gilson, *Trademark Protection and Practice* § 1.02(1)(b) (1999).

³³ 15 U.S.C. § 1114; Annette Lesieutre Honan, *The Skyscraping Reach of the Lanham Act: How Far Should the Protection of Famous Building Design Trademarks Be Extended?* 94 NW. U.L.Rev. 1509, 1513-14 (2000).

when the work is created, while for trademarks, it is when the mark has been used in the public domain. However, architects can pursue trade-dress protection of architectural works in conjunction with copyright registration. A likelihood of confusion analysis would favor a more comprehensive analysis than the substantial similarity test under the Copyright Act. Therefore, instead of comparing only certain elements, the likelihood of confusion test compares and examines multiple factors.³⁴

In determining which intellectual property protection is appropriate, a designer should evaluate the scope of protection, the duration of protection, and the costs for obtaining the protection. In most cases, trademarks provide a broader protection than copyrights, but trademark protection of architectural work may be more difficult to obtain. Trademark protection last indefinitely while copyright protection has limitation linked to the lifespan of the author. Finally, the cost of copyright registration is very inexpensive and subject to limited review compared to the process for a federally registered trademark.

E. Nature of Copyright Litigation

Copyright rules can be somewhat contradictory and are very fact intensive. Evaluating how any particular case may be decided should be done with sensitivity to the facts and the whole panoply of copyright tenets.

Federal Courts have exclusive jurisdiction to determine copyright infringement. In most cases, the federal district court where the defendant resides is the proper venue for an infringement suit. Infringement actions against the United States or an agency, contractor or person acting for the federal government must be brought in the United States Claims Court. States and their instrumentalities are subject to copyright law.

To prevail on a copyright infringement claim of an architectural work, a copyright owner must prove 1) ownership of a valid copyright and 2) copying or infringement of protected portions of the copyright work. Additionally, the plaintiff must comply with the general copyright requirements such as “originality.” However the threshold of originality is not a high standard.³⁵

Before commencing litigation for infringement, the copyright must be registered, even though registration is not a precondition to the copyright itself.³⁶ Registration is completed through the U.S. Copyright Office and can even be initiated after the infringement without losing the ability to bring suit. A certificate of valid copyright registration is important evidence of the validity of the copyright.

Determining the owner of the copyright may be more complicated in construction cases where there may be several designers/authors, several transfers of partial exclusive rights or licenses, and multiple contracts between owners, builders and designers. Any transfer of

³⁴ *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va. Inc.*, 43 F.3d 922, 930 (4th Cir. 1995).

³⁵ *Folio Impressions Inc. v. Byer California*, 937 F.2d 759, 764-65 (2nd Cir. 1991).

³⁶ 17 U.S.C. § 411(a)

exclusive copyright rights requires a written document, however oral or implied assignments are still possible where the right claimed is non-exclusive.³⁷

It can not be inferred from the purchase and ownership of plans the right to copy or build from them.³⁸ Infringement suits can be based on the defendant using more of a protected work than he was authorized to use or using the work beyond the authorized project.

The plaintiff in a copyright case must prove that the defendant copied the plaintiff's work.³⁹ To prove that a defendant copied a protected work, the plaintiff may use 1) direct evidence of copying; or 2) circumstantial evidence of access and substantial similarity between the protected work and the infringing work.⁴⁰ Direct proof of copying is rare, so courts accept the combination of reciprocating evidence. Where similarity is higher, access can be less obvious and vice versa. For a strikingly similar copy, access may be presumed.

Proof of access requires only evidence of opportunity to observe the work.⁴¹ "Substantial similarity" exists where an average lay person would recognize the alleged copy as having been appropriated from the copyrighted work.⁴² Unfortunately, there are no hard and fast rules to define "substantially." There isn't a quick and easy number to use, like 75% of the house is the same. Minor differences such as color schemes or fixtures may be more distinguishable to a lay person than architectural features. The presence of substantial similarities, and not the difference between the works, determines whether infringement has occurred.

A unique feature of the infringement analysis with respect to architectural works is that there are inherent features included in all buildings that must be copied for practical purposes. This can be an advantage and disadvantage because the architect has to be able to articulate which design features are ornamental and original, and therefore protected, without minimizing the overall look and feel of the entire structure.

Using a different approach, the Eleventh Circuit adopted a "virtually identical" standard for claims of compilation copyright claims.⁴³ A compilation is a collection of preexisting elements that are selected and arranged in such a way that the result, as a whole, is an original work. Because architectural plans can usually be described as an arrangement of individually unprotectable elements, such as rooms and fixtures, a 'compilation' appellation and treatment has decided effects on litigation of copyright infringement.

The defendant can escape liability by proving independent creation, innocent infringement and fair use. In claims that rely on circumstantial evidence, a defendant may assert that similarities are just coincidental. Innocent infringement requires clean hands on the part of the defendant and a failure by the copyright owner to register and give notice on the copies. A

³⁷ *MacLean v. Mercer-Meidinger-Hansen*, 952 F.2d 769 (3rd Cir. 1991).

³⁸ 17 U.S.C. § 202

³⁹ *Norma Ribbon & Trimming, Inc. v. Little*, 51 F.3d 45, 47 (5th Cir. 1995).

⁴⁰ *Id.*

⁴¹ *Robert R. Jones v. Nino Homes*, 858 F.2d 274 (6th Cir. 1988).

⁴² *Leigh v. Warner Bros., Inc.*, 212 F.3d 1210, 1214 (11th Cir. 2000).

⁴³ *Mitek Holdings, Inc. v. arce Eng'g Co., Inc.*, 89 f.3d 1548, 1558-59 (11th Cir. 1996).

successful fair use defense may be found in situations regarding education, historical reports or newscast exposes.

A defendant can also advance defenses that stem from an author's or copyright owner's failure to properly protect his own rights. Misuse, waiver, estoppel, and laches, while not creating any rights in the defendant, may end the defendant's exposure to the author/copyright owner.

Misuse means that the copyright owner has conditioned the use of his work on the user not also employing a competitor. For example, if an architect insists that a franchise owner uses only his design for all of his stores, the defendant user can exploit this misuse as long as the condition lasts.⁴⁴

Waiver refers to the intentional relinquishment of known rights. The defendant must prove some act by the copyright owner manifesting that state of mind. A common scenario may be where a developer buys out a remainder of a construction administration contract from the designer, affecting a waiver on the part of the designer/architect to complain about future execution by the developer.

Estoppel requires the defendant's reasonable reliance upon the copyright owner's acts or omissions and proof that the copyright owner knew of the use and that he acted in a way which caused the infringer's reliance. The infringer must also be ignorant of the real intent. The copyright owner would be estopped from complaining of the infringement where he encouraged the use he later wants to stop. For example, an architect should not be able to complain of a derivative work when he suggested the owner make the changes.

Laches can be asserted when the copyright owner took too long to assert his rights. The amount of time which is determined to be too long depends on the facts. An architect that is aware of a copycat building, but waits until construction is completed to demand royalties may be barred by laches.

A workable defense against claims of copyright infringement is built upon two primary areas: 1) the specifics of the Act, and 2) the traditions of architectural practice. There is inevitably an element of subjective judgment in the determination of copying, which is where the arguments of the expert witness are pivotal. It is important not to focus on what the Act covers, but on what it does not cover, and the exclusions fall into three categories:

1. The Act does not cover standard architectural features and design elements such as skylights, domes, gables, moldings, and column capitals. These are part of a broader architectural vocabulary that can be used freely in any design.
2. The Act does not cover functionally required elements, such as walls, doors and windows — elements that are dictated by

⁴⁴ *Practice Management v. American Medical Assoc.*, 121 F.3d 516 (9th Cir. 1997).

utilitarian needs and necessary to provide the basics of shelter, light, safety, etc.

3. The Act does not cover standard configurations of space or traditional relationships between spaces, such as bedroom to bathroom, dining room to kitchen or bedroom to closet.

The combined impact of these exclusions on the design of housing can be significant, as this is a design field where, by virtue of the scale and size of each housing unit, there are very few variables involved, and therefore only a finite number of design solutions possible. Once you have eliminated the need for doors, windows, etc., many of the architectural details and basic spatial configurations, it becomes increasingly difficult to prove that the remaining elements have a justifiable claim to protected originality under the AWCPA, particularly if the creative ability of an architect was not involved.

The strength of a defense against copyright infringement can also be enhanced by reference to the practice traditions of the architectural profession, which casts the use of design protection into a broader perspective. Three points of discussion can be introduced: 1) most architectural design is derivative; 2) most standard, traditional design solutions fall within recognizable styles of past eras and 3) similarities can mean visual coherence often desired in within neighborhoods.

F. Remedies Available

The 1990 amendments did not change the remedies available for civil infringement. Remedies include actual monetary damages, statutory damages, injunction, and recovery of costs and attorney's fees. There are also criminal sanctions for the willful infringement for commercial gain.

The statute expressly anticipates injunctions, perhaps in acknowledgment of the difficulty involved in quantifying monetary damages in some types of copyright cases.⁴⁵ Injunctions may be granted in addition to monetary damages where there is good reason to believe that the violations will continue notwithstanding a monetary judgment. Preliminary relief may be easier to get in copyright cases as harm is presumed from prima facie proof of copyright violations.⁴⁶

The copyright owner may get actual damages plus the infringer's profits.⁴⁷ The "actual damages" are the monies the plaintiff would have received but for the defendant's actions, such as the normal charge for the use of plans, lost profits, and loss to the value of the copyright. Plaintiff's can recover the defendant's profits as long as they are not redundant of the plaintiff's lost income.⁴⁸ If damages calculated this way are insufficient to justify the cost of litigation, it is even more important to register the copyright before any infringement to preserve the right to recover statutory damages and fees.

⁴⁵ 17 U.S.C. § 502

⁴⁶ *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3rd Cir. 1983).

⁴⁷ 17 U.S.C. § 504(b).

⁴⁸ *Id.*

Special evidentiary rules enhance this recovery. To prove the loss, the plaintiff need only show that he suffered a reduction of gross receipts during the period of infringement. The burden then shifts to the defendant to show the loss was caused by another source.⁴⁹ Similarly, to prove the defendant's profits, the plaintiff need only show defendant's gross receipts, while the defendant must prove his costs.⁵⁰

It is also possible to show lost profits even if the infringer has not sold the infringing article. The Fourth Circuit agreed with the proposition that a homeowner who uses a house design without authority might be charged with lost profits in the form of the difference between the cost to build and the value of the completed home.⁵¹ This could be particularly penalizing to an individual who uses his own labor for all or part of the construction.

In situation where actual damages are difficult to prove, a statutory schedule of damages can be utilized assuming proper registration of the copyright.⁵² The scheduled awards increase significantly when the plaintiff can show that the infringement was willful.

The court may also award costs, including attorneys and expert witnesses' fees to the prevailing party.⁵³ While plaintiffs must register the copyright accordingly in order to claim fees and costs, defendants are not required to do so. Deliberate infringement and continuing misconduct increase the likelihood that the court will award fees and costs.

G. Cases and Judgments

One of the largest architectural copyright infringement rewards was won by an Austin architectural firm, Kipp Flores, which was paid \$5.2 million by Virginia builders Signature Homes for allegedly using Kipp Flores' designs to build and construct homes.

Another recent copyright case highlights the subjective aspect of calculating damages. In *William Hablinski Architecture v. Amir Construction*, the infringement of an architectural design for a Beverly Hills mansion was at issue. In 2003, WHA sued Amir Construction and others, including the mansion's owners, for copying a design that WHA had created for another client. WHA proved that Amir obtained access to the design from one of WHA's former employees.

To remedy Amir's infringement, WHA sought a permanent injunction, actual and compensatory damages, disgorgement of Amir's profits, punitive damages, and attorneys' fees. The court denied WHA the right to recover statutory damages and attorneys' fees under the Copyright Act because the alleged infringement occurred before the firm had registered its architectural work with the U.S. Copyright Office.

In the first trial in April 2005, the jury returned a verdict in favor of WHA for total damages of almost \$6 million, which included lost-profit damages of \$5 million. However, Amir

⁴⁹ *Harper & Row v. Nation Enterprises*, 471 U.S. 539 (1985).

⁵⁰ 17 U.S.C. § 504(b).

⁵¹ *Christopher Phelps & Assocs. V. Galloway*, 477 F.3d 128 (4th Cir. 2007).

⁵² 17 U.S.C. § 504(c) (1) and (2).

⁵³ 17 U.S.C. § 505

convinced the court to order a new trial because the questionnaire the jury used to calculate WHA's damages failed to include a provision allowing the jury to deduct the portion of Amir's profits that were attributable to factors other than the infringement. The court ruled that Amir was entitled to have the jury consider and account for the value of these factors in addition to deducting Amir's construction expenses from its gross profits.

The case was retried in December 2006. Because the only issue under dispute was the proper calculation of damages, the court did not permit evidence on liability, copyright validity, or copyright infringement. This time the jury awarded WHA only \$667,000 in lost profit damages under the theory that only 25 percent of Amir's net profits could be attributed to the infringement of WHA's copyright.

This significantly lower amount was consistent with an earlier attempt by Amir to limit the lost-profit damages to the maximum amount WHA would have charged to design the infringing residence. The court rejected this argument in favor of a measure of damages that allowed WHA to recoup the profits it would have made had it sold the infringing residence itself, which presumably would include the value of factors unrelated to WHA's copyright.

H. Insurance Coverage Available

If you do become the target of a copyright infringement claim or lawsuit, be sure to immediately notify your business liability insurer. Many business insurance policies contain "advertising injury" or other provisions that will cover your legal defense.