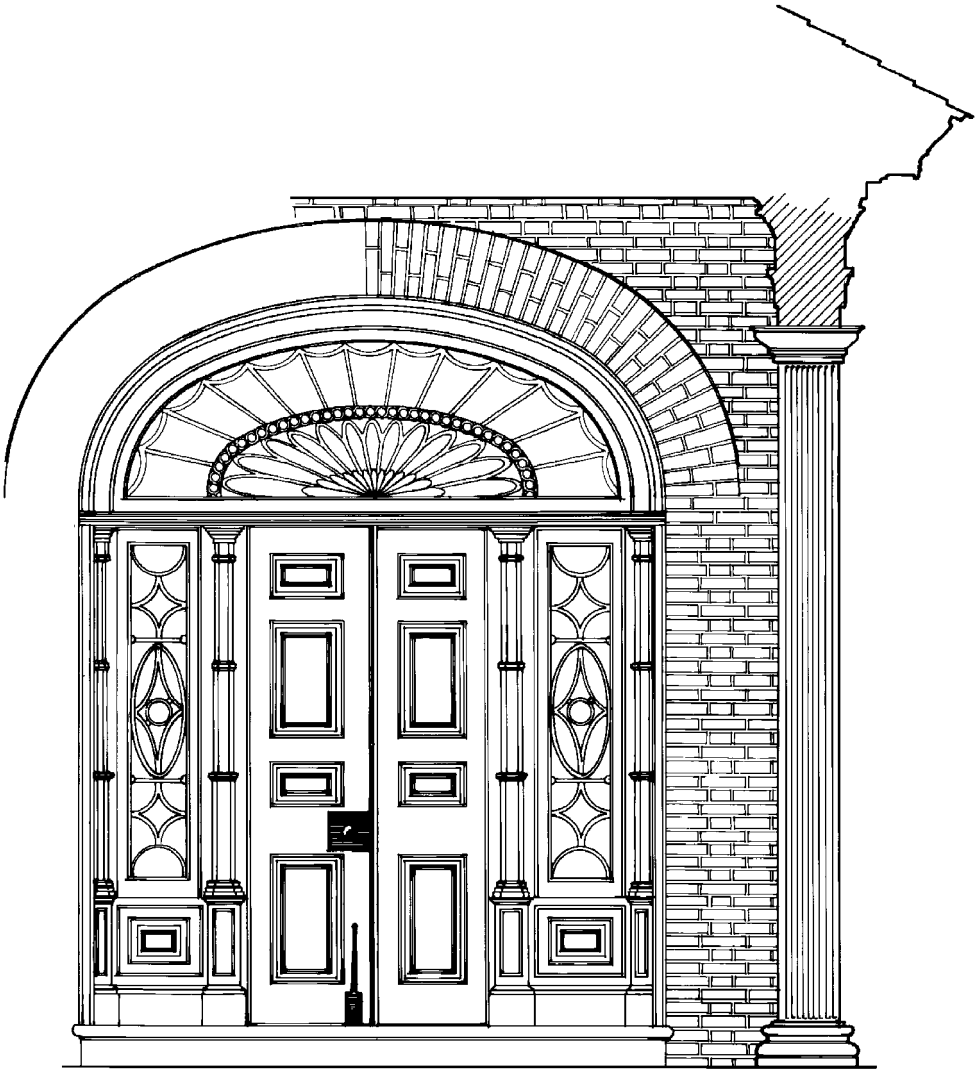
Copyright Basics *for* Home Designers & Publishers



By David E. Bennett

About The Author

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A. What Is A Copyright?

A copyright is a form of legal protection for creative works. This protection arises under federal law and gives the copyright owner certain exclusive rights that only he or others authorized by him may exercise. These exclusive rights include the following:

- The right to make copies of the protected work;
- The right to distribute copies of the protected work;
- The right to make derivative works based on the protected work;
- The right to perform the protected work in public; and
- The right to publicly display the protected work.

It is unlawful for anyone to exercise any of the exclusive copyright rights without the consent of the copyright owner. One who does so infringes the copyright. The copyright owner can sue the infringer in court to obtain compensation for any act of infringement and to stop the infringing activity.

B. Subject Matter of Copyrights

A copyright protects "original works of authorship." Works of authorship include the following classes of works:

- Literary works;
- Musical works, including any accompanying words;
- Dramatic works, including any accompanying music;
- Pantomimes and choreographic works;
- Pictorial, graphic, and sculptural works;
- Motion pictures and other audiovisual works;
- Sound recordings; and
- Architectural works.

Works falling within any of these statutory classes are considered works of authorship and are eligible for copyright protection, provided the other requirements for copyright protection are met. These other requirements are (a) "originality" and (b) "fixation" of the work in a tangible form.

Prior to 1988, architectural plans were considered a type of technical drawing for which copyright protection had long been recognized. In 1988, the definition of "pictorial, graphic, and sculptural works" was amended to expressly include architectural plans; and until December 1, 1990, this statutory class provided the only meaningful protection for the work of designers.

Effective December 1, 1990, a new class of works known as "architectural works" was added to the statutory list of copyrightable subject matter. An architectural work is defined as the design of a building as embodied in a constructed building, architectural plans, or drawings. This new statutory class extends copyright protection to a building's design. Note that the terms "architectural work" and "design" are used interchangeably in this manual.

Since an architectural work may be embodied in plans or drawings, a question arises regarding the relationship between copyright in the architectural work and copyright in plans and drawings. These two forms of protection are separate. A designer who creates an architectural work by depicting the work in drawings has two separate copyrights — one in the design and one in the plans.

The protection of designs is not retroactive. Therefore, designs published or constructed before the effective date of the amendment (December 1, 1990) are not eligible for this new form of protection. Architectural works that are embodied in unpublished plans as of December 1, 1990, and are not constructed until on or after December 1, 1990, are protected. There is, however, a cut-off date for protection of unconstructed designs created prior to December 1, 1990. Copyright protection in architectural works created prior to December 1, 1990, will terminate on December 1, 2002, if the works remain unconstructed.

Example B.1: In 1988 Joe prepares a set of architectural plans for a client. In 1989 a home is constructed according to the plans. Joe has a copyright in the architectural plans he prepared but does not have a copyright in the architectural design depicted in his plans. Architectural designs embodied in buildings constructed before December 1, 1990, are not subject to copyright protection.

Example B.2: In 1991 Joe prepares a set of plans for another client. The client cannot afford to construct the building; so it is never built. Joe has a copyright in his architectural plans. In addition, Joe has a separate copyright in the architectural design depicted in his plans. Architectural designs created on or after December 1, 1990, are protected whether the design is embodied in a two-dimensional drawing or in a constructed building.

Example B.3: In 1989 Joe prepares a set of plans for a client. The plans are never published. In 1991 a home is con-

structed according to the plans. Joe has a copyright in both the architectural plans and in the architectural design. Architectural designs created before December 1, 1990, that are not published or constructed until on or after December 1, 1990, are eligible for copyright protection.

An issue that is as yet unresolved is the definition of the word "constructed." In some cases whether or not an architectural work is "constructed" can affect its eligibility for copyright protection. The statute extends protection to *unpublished* architectural designs that are *unconstructed* as of December 1, 1990. However, the statute does not provide any guidelines as to how much work must be completed on a building before it is deemed to be constructed. Congress has left this issue to be resolved by the courts.

It would seem logical that the acts of clearing and excavation of a lot are not sufficient to constitute construction, since these acts are preparatory to construction of the building itself. At least one court has suggested that a home need not be complete to be considered constructed, but it did not suggest any test for when a home is "constructed."

C. Requirements for Copyright Protection

As mentioned above, there are two requirements for copyright protection: (a) originality and (b) fixation in a tangible form.

1. Originality

The term "original," as it is used in a copyright context, means that the work is the result of the author's independent creative effort (as opposed to being copied from other works) and possesses a minimal degree of creativity. Copyright protection will not be denied simply because the copyrighted work is similar to other works that may have been created in the past *if* it was independently created by its author. For example, suppose that, by some strange coincidence, a person who had never known about Frank Lloyd Wright's Falling Water were to design a home identical to it. His work would be "original" and entitled to copyright protection. Novelty in a work is not a requirement for copyright protection.

Example C.1: In 1993 Ann designs a home called The Summerwind. It is later discovered that The Summerwind is strikingly similar to a pre-existing design created by another designer. Ann had no knowledge of the other designer's pre-existing work when she created The Summerwind. Ann's design is original and therefore eligible for protection because it was independently created. Novelty or uniqueness is not required.

Although novelty is not required for copyright protection, the originality requirement does require the work to possess some minimal degree of creativity. A work possesses creativity if it has some minimal level of imagination, inventiveness, or ingenuity. In other words, the work must be the result of some intellectual labor. The requisite level of creativity is extremely low. Even a slight amount of creativity will suffice for copyright purposes. It is difficult to conceive of any architectural design that would fail to meet the minimal degree of creativity required for copyright protection, except perhaps in the case of a derivative work where a genuinely trivial change has been made to a pre-existing work. See § I.G. for a discussion of derivative works.

Example C.2: In 1991 Bob is shown a home by a real estate agent. Bob likes the home but not the neighborhood where the home is located. Bob hires a builder to construct an almost identical home in another neighborhood. The builder, who draws a new set of plans based on his inspection of the original home, changes the exterior finish from wood siding to brick veneer. This is the only change from the original. Assuming that the builder had permission to make a new set of drawings, he would have a valid copyright in his drawings but not in the architectural design. The drawings were independently created and are therefore eligible for protection. The architectural design embodied in the drawings, however, was not independently created but was copied from a constructed home. The change of the outside finish from wood siding to brick veneer is too trivial to satisfy the requirement of creativity.

A work does not have to be entirely original to be eligible for copyright protection. Almost all works build to some extent upon ideas borrowed from pre-existing works. Derivative works, which are discussed in Section I.G., are simply adaptations of pre-existing works (i.e., original material has been added to pre-existing works). In the case of a derivative work, there must be some originality in the new material added to the pre-existing work.

2. Fixation in a Tangible Form

The requirement that the work be "fixed" in a tangible form means that the work must be embodied in some tangible medium from which it can be perceived, reproduced, or communicated to others. For example, an architectural work is "fixed" when a drawing of the building is made. The drawing is a tangible "medium of expression" from which the work can be perceived and reproduced.

It is not necessary that the medium in which the work is fixed be directly perceptible by humans. Works fixed in a medium that is perceptible only with the aid of a machine are also "fixed." Therefore, if architectural drawings are created using a CAD program and stored as electronic data on a disk, the work is fixed for copyright purposes.

"Fixation" of a work in a tangible form is an important event under the copyright statutes. Copyright protection arises *automatically* by operation of law when the work is fixed in a tangible form. No other action is required to secure copyright protection. It is not necessary for a work to be registered in the Copyright Office to obtain protection, although there are advantages to registration.

Once fixed in a tangible form, a copyrighted work is protected by law, and the protection survives even if the only tangible copy of the work is destroyed.

Example C.3: During a meeting with clients, Alex made a series of thumbnail sketches on tracing paper that showed the general layout of a floor plan and a rough view of the exterior elevations. The sketches were thrown away after the meeting. The drawings meet the fixation requirement because they are fixed in a tangible form. This protection arises immediately when the work is fixed and survives destruction of the tangible pages. Therefore, the thumbnail sketches are protected by copyright even though the only tangible embodiment is destroyed. Alex may have trouble proving what his drawings showed, but if he can prove their content, he is entitled to the benefits of federal copyright protection.

D. Scope of Protection for Designs

Prior to December 1, 1990, the only protection available for designers was copyright protection in architectural plans. This protection did not extend to the building design; it applied only to the two-dimensional representation of the building contained in the designer's drawings. Copyright protection in the design of the building was precluded by the "useful article" doctrine. This doctrine bars copyright protection in an article having an intrinsic utilitarian function. Buildings were considered to be useful articles under this doctrine because their primary purpose is to provide shelter (a utilitarian function).

The Architectural Works Copyright Protection Act (effective December 1, 1990) extended copyright protection to building designs by creating a new class of copyrightable works called "architectural works." The creation of this new class of works exempted building designs from application of the useful article doctrine. This new form of protection does not replace copyright protection in "architectural plans." On the contrary, this new form of protection *supplements* the copyright protection already available for architectural plans.

1. Protection for Designs Prior to December 1, 1990

A copyright for a set of architectural plans clearly protects against unauthorized copying of the plans. It is also clear that the construction of a building using an authorized set of plans was not an infringement of the copyright in the plan prior to December 1, 1990. The building was not considered to be a "copy" of the plans. Therefore, one who legally acquired a set of plans could use them to construct as many buildings as he desired, provided that no copies were made of the plans.

Example D.1: Carl the Copycat runs a home plan business in Virginia. Carl purchases a set of copyrighted plans from a designer in California. Calculating that the chances of discovery are remote, Carl redraws the plans and includes them in his own plan portfolio. By reproducing the copyrighted plans, Carl has infringed the copyright in the purchased set of plans.

Example D.2: Jesse, a home builder, buys a set of copyrighted plans in 1988 and in 1989 builds a house using the plans. In 1990 Jesse builds a second home using the same set of plans. Jesse has not infringed the copyright in the plans because he did not reproduce the plans. If Jesse had made new copies of the plans to construct the second home, he would have infringed the copyright in the plans.

A somewhat murkier issue arose when an infringer used a single set of unauthorized plans to construct multiple homes. At least one act of infringement definitely occurred when the set of plans was reproduced by the infringer. But did the construction of each home from an unauthorized set of plans constitute an additional act of infringement? In this situation, most courts treated the construction of a building using an unauthorized set of plans as an act of infringement and based damages on the total number of homes constructed, even if only one set of infringing plans was used.

Example D.3: Roy, a home builder, makes an illegal copy of a set of plans and uses his illegal plans to construct five homes. Courts would likely treat the construction of each of the five homes as an act of infringement (i.e., five acts of infringement).

Although copyright protection in architectural plans prevented unauthorized reproduction of those plans or the use of infringing copies of those plans to construct buildings, this protection did not prevent entirely the unauthorized construction of a building depicted in the plans. Once the depicted building was constructed, others were free to copy the building through observation and measurement of the constructed building. It was not an infringement for one to independently create a new set of plans through observation and measurement of the constructed building, even though the resulting plans were nearly identical to the original plans. Moreover, copyright protection was available for plans independently created through observation and measurement of the constructed building. One could sell the plans or use them to construct buildings without infringing the copyright rights of the original designer.

Example D.4: In 1988, Carl the Copycat hired a draftsman to inspect and measure several homes that were selling well and to produce drawings for the homes. Carl then offered the plans for sale to his own customers at a substantially lower price than the original designer. Carl has not infringed the copyright in the original designer's plan since the designer's plans were not copied. One was free to copy a constructed home from observation and measurement prior to December 1, 1990.

In most cases, a builder who copied the home design of another person was likely to infringe on the copyright rights of the designer. The builder was likely to copy the protected drawings in order to create plans for filing with the local building inspection authority. If he did so, he infringed the copyright rights of the designer. However, in those cases where the builder did not resort to the use of the protected plans of the designer but instead independently created a new set of plans through observation and measurement of the constructed building, he did not infringe the copyright of the designer.

2. Protection for Designs After November 30, 1990

The Architectural Works Copyright Protection Act of 1990 extends copyright protection to building designs. This protection extends to the overall form of the building as well as the arrangement and composition of spaces and elements in the plan, including both exterior and interior design elements. Under the new law, both the floor plans and the exterior design of a building are protected.

Under the new law, a builder can no longer avoid infringement by independently creating a set of plans through observation and measurement of a constructed building because the plans would inherently incorporate the building design. The new law requires a builder who wishes to copy a home design copyrighted by another person to obtain the permission of the original designer because the act of copying a constructed home infringes the designer's copyright in the design of the building. The act of copying a constructed home through observation and measurement now involves at least two acts of infringement. The first act of infringement occurs when the builder creates a set of drawings as a preliminary step to the construction of the unauthorized home; the second act of infringement occurs when the builder constructs the unauthorized home.

Example D.5: In 1993, unaware of the changes in the copyright laws, Carl the Copycat continues his practice of copying constructed homes and offering plans for sale. One of the homes he copied embodied a design called The Parrot's Perch, created in 1991 by a designer named Vicki. Carl has infringed Vicki's copyright in the design of The Parrot's Perch.

If the builder resorts to the designer's plans (instead of observation and measurement), two separate copyrights are infringed—one in the plans and one in the architectural

work. Since two copyrights are involved, the designer is entitled to statutory damages for infringement of both copyrights. See § I.2.b.iii for discussion of statutory damages.

Example D.6: Assume the same facts as in Example D.1, except that the original plans were created in 1992. Carl's reproduction of the plans infringes both the copyright in the plans and the copyright in the design depicted in the plans.

Suppose a builder acquires an authorized set of drawings. Must the builder obtain the permission of the designer in order to construct a home using these authorized drawings? Prior to December 1, 1990, the designer's copyright protection in the architectural plans did not preclude the builder from using authorized copies of the drawings to construct a home. However, the new law changes this result. Even though the constructed home is not considered to be a "copy" of the protected drawings, it is a "copy" of the designer's architectural work (i.e., the building design). Thus, the permission of the designer is required to construct a home, *even though the builder has lawfully acquired an authorized set of plans.*

Example D.7: In 1992 Tom purchased from a home plan business a set of plans called The Rivendell and gave the plans to his builder to use in constructing a house. The builder subsequently uses the same set of plans to construct a "spec" house. Unless the construction of the "spec' house was authorized by the copyright owner, the builder has infringed the copyright in the design of The Rivendell.

The permission of the designer to use an authorized set of plans to construct a home may be implied from the circumstances. For example, a person who purchases a set of plans from a plan company will normally be authorized to use the plans to construct a home even if permission to do so is not expressly granted. In such a case, an exclusive license will be *implied* to carry out the expectations of the parties. See § I.F.2.c for a more detailed discussion of implied licenses.

3. Statutory Limitations On the Protection of Architectural Works

There are two statutory limitations on the protection given to architectural works. First, § 120(a) of the Copyright Act permits the unauthorized making, distributing, or public display of pictures, paintings, photographs, or other pictorial representations of a constructed building embodying a protected design if the building is ordinarily visible from a public place. The right to make pictorial representations of a constructed building allows photographs to be made for posters, post cards, and printed publications. Congress felt that such uses would not unduly interfere with the normal exploitation of architectural works. Rather than rely on the doctrine of fair use, Congress decided to provide an exemption that would eliminate disputes over the issue.

Read literally, the right to make pictorial representations of a building would permit others to prepare, from observation and measurement, architectural plans for a building that could then be used by others to construct copies of the building. However, it is questionable whether Congress intended the pictorial representation exemption to apply to the preparation of architectural plans from a constructed building. In any event, there is no question that the exemption does not allow the use of any pictorial representation to construct a building embodying the protected design.

Example D.8: Joy, a photographer, prepared a photograph of the home of a rich and famous resident of Asheville, North Carolina, to use as an illustration for an article she wrote for *Carolina Style* magazine. The home was designed by noted architect David A. Designer. Joy has not infringed David's design copyright in the home. Later, Bobby Builder builds a home for a client based on Joy's photograph in *Carolina Style*.Bobby has infringed David's design copyright in the home, even though he did not use David's plans to construct the client's home.

Second, § 120(b) permits the owner of a building embodying a protected work to make alterations to the building and to destroy the building, whether or not he is the copyright owner. The right to alter or destroy a building embodying a protected work is granted to the owner of the constructed building. However, this limitation does not apply to architectural plans. Thus, this exemption does not give a plan purchaser the right to modify plans to use in the construction of a building. Modification of the plans would violate the copyright owner's right to make derivative works based on the copyrighted plans.

Example D.9: Rich Mann owns a home built from plans prepared by David A. Designer. Later, Rich Mann decides to build a 10,000 square foot addition. Rich Mann gives David's plans to another designer to use in preparing plans for the addition. The designer uses David's plans to get dimensions. A small part of David's plan is also copied to show how the addition is joined with the existing home. David's copyright is not infringed since Rich Mann was entitled to build an addition to the home and the preparation of the plans copied only what was necessary to show how the addition was to be joined to the existing structure.

4. The Idea/Expression Dichotomy

One of the fundamental principles of copyright is that an author may not copyright the ideas contained in a work, only his expression of those ideas. This principle is known as the idea/expression dichotomy. Elements of a work that are not protected by copyright include facts, principles, theories, methods of operation, systems, and processes. An author who describes a new accounting system in a book cannot claim copyright protection for the accounting system. Others are free to copy the "idea" of the accounting system and to write competing books describing the same accounting system.

The idea/expression dichotomy limits the protection afforded by a copyright. The severity of this limitation will vary depending on the nature of the work. In fact-based works, the protection will be more severely limited than in creative works. For example, the copyright in a biography does not extend to the historical facts or theories contained in the biography, without regard to how much effort is involved in discovering such facts. Once the biography is published, others are free to extract from the biography the historical facts and theories so long as the words used to describe such facts and theories (i.e., the protected expression) are not copied. In creative works, the unprotected idea is generally more abstract. Drawing the line between protected expression and unprotected idea is more difficult in this context. In a novel, the protected expression is not limited to the precise words contained in the novel but extends to the plot, setting, pattern of events, and interplay of characters. These elements provide a vehicle for the author's expression of ideas and themes contained in his novel.

In architectural works, the idea/expression dichotomy will preclude protection for common, generic themes in architecture. Combining two single-story wings with a two-story center section is a basic generic configuration that is not subject to copyright protection.

E. Ownership of Copyrights

The copyright laws provide that the copyright in a work vests initially in the author(s) of the work. Copyright protection arises immediately when a work is created or fixed in a tangible form.

One should not be misled by the apparent simplicity of this general rule. It is easy to assume that the "author" for copyright purposes is the individual who created the work. However, the copyright statute does not define "author" in this manner. The individual who creates a work is not necessarily the author under the copyright laws. In this section, we discuss the definition of "author" under the copyright laws and point out some of the pitfalls that may arise from the statutory definition of "author."

1. Works Created by a Single Individual

The copyright in a work created by a single individual who is not employed by or under contract with another to create the work is initially owned by the individual who created the work. For example, a self-employed designer who creates stock plans owns the copyrights in those plans. In this case, the author for copyright purposes *is* the individual creator of the work.

2. Works for Hire

There are two situations in which the individual creator of a work is not considered the author for copyright purposes. One situation involves works created by an employee within the scope of her employment. In this case, the employer is considered to be the author. The other situation involves works created by independent contractors who are hired for the purpose of creating a specific work. Under certain conditions, the hiring party may be considered the author of the work. Works in which the initial ownership vests in the employer or hiring party are known as "works for hire." Most works created by independent contractors are not works for hire.

a. Works Created by Employees

Many architectural plans are created by employees working in design firms. Works created by employees *within the scope of their employment* belong to the employer. It is not necessary that employees sign agreements giving away their rights to works created during their employment. Under the work-for-hire doctrine, the employer is considered to be the author of employee-created works and is, therefore, the initial owner of the work. This result of the work-for-hire doctrine is simply a consequence of the employee/employer relationship.

> Example E.1: Drew Moore is a draftsman employed by ABC Associates, a design firm. Because he has so much experience with the firm and is a fine designer, Drew is instructed to prepare the plans for a home to be built for a client. Drew prepares the plans from beginning to end with only minimal

direction from his employer. Even though Drew prepared these plans, he does not own the copyright for these plans; his employer does.

One problem in applying the work-for-hire doctrine is determining whether an employment relationship exists. In 1989 the Supreme Court in *Community for Creative Nonviolence* ruled that the work-for-hire doctrine applies only to those who qualify as employees under the traditional common law agency test. Under this test, an employment relationship exists when the hiring party has the right to control the manner and means by which the work is created (i.e., *how* the work is created). Factors relevant to this determination include the following:

- The skill to create the work;
- Who provides the tools and materials used to create the work;
- The place where the work is performed;
- The length of the relationship between the parties;
- Whether the hiring party has the right to assign additional projects to the hired party;
- The degree of the hired party's discretion over when and how long to work;
- How the hired party is paid;
- The hired party's role in hiring and paying assistants;
- Whether the work is part of the hiring party's regular business;
- Whether the hired party receives employee benefits;
- Whether the hired party is in business for himself; and
- The tax treatment of the hired party.

None of these factors by itself is determinative of the issue. The weight given any factor is established on a case-by-case basis.

A regular salaried employee who works on the employer's premises, uses the employer's materials and equipment, receives employment benefits, and has payroll taxes withheld will almost always be an employee for copyright purposes. At the opposite end of the spectrum, an individual design firm or designer who provides his own office, tools, and supplies, and schedules his own work will not be considered an employee of a client for copyright purposes. If a relationship between the hiring party and the hired party falls in between these two extremes, one can only guess how courts will construe the relationship. In these situations, there is always some risk that an individual hired by a design firm will not be deemed to be an employee for copyright purposes. An infringer may assert lack of ownership of the copyright by the firm as a defense to a copyright infringement suit brought by the firm (i.e., the hiring party) if there is no clear employment relationship. Even worse, a disgruntled "former employee" may suddenly claim ownership of works created by her during the term of her purported employment.

Example E.2: Drew Moore, after working 22 years for ABC Associates, decides that he does not want to be tied down full time. He negotiates an employment contract with ABC in which they agree that Drew will work for them 20 hours a week and will be free to pursue other opportunities. The contract also allows Drew to pick up assignments in the ABC office and do the work at home. Drew supplies his own equipment and his own materials and does the work on his own time schedule, subject to any deadlines set by ABC. ABC agrees to pay him a set salary for the 20 hours of employment and withholds all employee taxes from his pay check. Drew is an employee, not an independent contractor, with respect to ABC. However, he may be an independent contractor with respect to others for whom he does work.

A second problem in determining which works are owned by the "employer" involves determining the scope of the employee's duties. No one mortgages *all* the products of his brain to his employer by the mere fact of employment. Works created by an employee outside the scope of her employment relationship belong to the employee, even though the work may relate to the business of the employer. When a dispute arises between an employer and an employee with regard to the ownership of copyrights to a work created by the employee, the courts will, in the absence of an express agreement, determine ownership by applying common law agency principles. The following criteria are relevant in determining what works fall within the scope of the employment relationship:

- The work is typical of the kind of work the employee is paid to perform;
- The work was created substantially during the employee's working hours using the employer's supplies and facilities; and
- The work was created, at least in part, to serve the interest of the employer.

The fact that a portion of a work is created during working hours or by using the facilities of the employer does not necessarily make the resulting work the property of the employer. Conversely, a work created by an employee at home during non-working hours will not necessarily belong

to the employee. It is not uncommon for a dedicated employee to "take work home" or to work after hours.

> Example E.3: Tami is employed as office manager of a design firm. The firm is currently in cramped quarters and is considering acquiring additional space in the same building. Tami has a lot of good ideas about the efficient arrangement of working space that will make life easier for all the office personnel. Tami works at home in her spare time on a layout for the new, enlarged working areas and brings the plans for the new work spaces to her employer. Her employer subsequently uses her plans when the quarters are enlarged and redesigned. Because Tami's motivation in making the plans was to serve her employer and was at least somewhat related to her responsibilities as office manager, her plans are likely to be a work for hire.

b. Works Created by Independent Contractors

Most design firms and individual designers perform services for their clients as independent contractors. In general, a work created by an independent contractor is not a work for hire and is the property of the contractor, not the hiring party. Therefore, an individual designer or design firm retains the copyright in a design created for a client.

There is an exception to this general rule. A work for hire is created if two conditions are met: (a) The work falls within nine enumerated categories of works (see below); and (b) The parties expressly agree in writing *before the work is created* that the work shall be a work for hire. *Both* of these conditions must be satisfied. If the work does not fall within one of the designated categories, it is not a work for hire even if the parties expressly agree in writing that it is a work for hire. Conversely, a commissioned work falling within one of the designated categories is not a work for hire simply because the contractor was paid by the hiring party to create the work. There *must* be a written agreement between the parties, *executed before the work is created*, acknowledging that the commissioned work is a work for hire.

The nine enumerated categories of works for hire are works specially ordered or commissioned for the following uses:

- A contribution to a collective work;
- A part of a motion picture or other audiovisual work;
- A translation;
- A supplementary work;
- A compilation;
- An instructional text;
- A test;
- Answer material for a test; or
- An atlas.

Are there any circumstances under which an architectural design may be considered a work for hire? None of the work-for-hire categories apply to architectural designs, with the possible exception of the "collective work" category. A "collective work" is defined in the Copyright Act as follows:

> A work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole [17 U.S.C. § 101].

A plan book might arguably be considered a collective work under this definition. Thus, an architectural *plan* that is commissioned for the purpose of inclusion in a plan book might be deemed to be a work for hire if the requirement of a written agreement is also satisfied.

It is clear that a vast majority of architectural designs created by independent designers or design firms do not qualify as a work for hire. Most architectural designs are either custom designs created for a client or designs created for sale (e.g., stock plans). Neither of these falls into one of the work-for-hire categories. Therefore, the independent designer in almost all cases will retain the copyright in his designs, even if he is paid by someone else to create the design.

> Example E.4: Abel N. Reddy, a builder, pays a designer to create a custom design for his exclusive use but does not put the agreement in writing. Abel assumes that, having paid for the work, he is the owner of the copyright and that no one else can build homes using the same design. However, in the absence of a written agreement, the designer retains all copyright rights in the design. Abel will, at most, receive a nonexclusive license to use the plans to construct homes. The designer will remain free to sell the plans to anyone else who desires them.

3. Joint Works

A joint work is a work created by two or more authors with the intention to merge their separate contributions into a unitary work. For example, two persons who jointly author a textbook, each writing designated chapter(s), are joint authors; and the resulting textbook is a joint work. In this example, each author intended his chapter(s) to be combined with chapter(s) written by the other to form a single

work. The intention of the authors to combine their respective contributions makes the resulting textbook a joint work. Not every work created by two or more persons is a joint work. The authors must intend, *at the time their contributions are created,* for their separate contributions to be combined.

> Example E.5: In 1995,Melody, a composer, writes the music for a song; and a year later Larry, a lyricist, writes words to accompany Melody's music. At the time Melody wrote the music, she had agreed with Larry that he would write the lyrics and that his lyrics would be combined with her music. Since both Melody and Larry intended, at the time they created their separate contributions, that their separate contributions would be combined, the resulting work (music with lyrics) is a joint work.

In architectural copyright cases, joint authorship has been used frequently as a defense to an action for copyright infringement. Prior to the enactment of the Architectural Works Protection Act, this defense rarely met with success, but a different result is at least conceivable following its passage.

a. Client Involvement Prior to December 1, 1990

Prior to December 1, 1990, copyright protection was available only for architectural plans, not for the design itself. Therefore, the issue in infringement suits was the ownership of the copyright in the *plans*.

> Example E.6: In 1982, A. Hazlet, Inc., an architectural and engineering firm, was engaged by Monarch Construction Company to design an office building. Monarch communicated to Hazlet through *sketches* and verbal descriptions its general ideas with respect to the design features it wanted. Monarch exercised approval power at the completion of each design stage and directed certain changes to be made at each stage. The building was constructed in New York City. In 1985, Monarch decided to build a similar building in Akron, Ohio, using the Hazlet plans and retaining another architect to redraw the plans.
>
> When Hazlet discovered that a second building was being constructed using its plans, it sued Monarch for copyright infringement. Monarch defends by claiming that it is a joint author of the original plans because it was involved in the preparation of the plans. Monarch is mistaken. It is customary for a client to specify design features to be incorporated into plans and for a designer to create a design that incorporates those features. This type of involvement by a client does not generally make a client a joint author for several reasons. First, prior to December 1, 1990, copyright protection did not extend to the building design embodied in the drawings. Therefore, contributions to a design did not make a client an author of the plans embodying the design. Second, there is no requisite intention on the part of the designer to create a joint work in this situation. Monarch is not a joint author of the plans. The use of the Hazlet plans to construct the building in Akron is an infringement of Hazlet's copyright rights in the plans.

It should be noted that there is no issue of ownership of copyright in the design elements of the building in this situation because designs were not protected by copyright prior to December 1, 1990.

b. Client Involvement On or After Dec. 1, 1990

What about authorship of the design on or after December 1, 1990? In Example E.6 above, at the initial meetings Monarch communicated to Hazlet, through *sketches* and verbal descriptions, its general ideas with respect to the design of the office building. If the engagement were made in 1991 and the protectable design elements embodied in these sketches were incorporated in the final design of the office building, was Monarch a joint author of the design? Under current law we are not talking about simply whether Monarch's involvement in the preparation of the *plans* makes it a joint author of the plans but also whether its involvement in the preparation of the *design* makes it the author of the design. It is possible that the client will now be able to claim joint authorship in the design, if not in the plans. The resolution of this issue is going to turn on the intention of the parties at the time they made their respective contributions. This author predicts that the courts will be reluctant to find joint authorship without some clear expression of intention on the part of the designer that the design be a joint work. This is an issue that is almost sure to arise sometime in the future.

How does a designer protect himself in such a situation? One possible solution is to include in any client contract a provision that the design is not intended to be a joint work and that if it is determined to be a joint work the client assigns all rights in the joint work to the designer.

F. Transfer of Rights

In the previous section, we noted that the initial ownership of a copyright vests in the author(s). Because copyright is a form of intangible personal property, rights in copyright can be sold, given away, or otherwise transferred by the author. In this section, various ways in which rights in copyright may be sold or transferred will be discussed.

1. Assignments

An assignment of copyright is the transfer, from one party to another, of all of the rights in copyright owned by one party. One who obtains a copyright by assignment (called an assignee) becomes the owner of the rights transferred. As owner of the copyright, the assignee acquires all of the exclusive rights in copyright. The previous owner (referred to as the assignor) surrenders all such rights. In the absence of some express reservation of rights, the assignor may not exercise any of the exclusive rights in copyright. If he does so, he is an infringer.

a. The Requirement of a Writing

All assignments of copyright *must* be in writing and must be signed by the person transferring the rights. An oral transfer is not effective to transfer rights in copyright. Therefore, it is important to always secure a written assignment, even when the assignor and assignee have a close working relationship. In suits to enforce a copyright, proof of ownership is an element of a claim for infringement. Even if an assignor does not dispute that he has made an oral transfer of the copyright, an infringer may assert lack of ownership on the part of the assignee as a defense.

> Example F.1: Bill, the owner of a residential design firm, hires Bob as an independent contractor to design a home called The Ashley. Bill agrees to pay Bob $5,000 for his work, and Bob agrees that Bill will own the copyrights in the work. Because Bill and Bob are close friends, the agreement is not in writing. A year after The Ashley is completed, Bill files suit against Charles, a local builder, for copying The Ashley. Even though Bob does not dispute the oral transfer, the court rules that Bill does not own the copyright for The Ashley because the agreement was not in writing.

An oral assignment, though not itself effective to transfer rights, may be ratified or confirmed by a subsequent written agreement. A writing that confirms an earlier oral agreement validates the oral transfer. When an oral agreement is ratified by a subsequent written instrument, the transfer is effective as of the date of the oral transfer.

> Example F.2: Assume the same facts as in Example F.1. However, before the suit is filed, Bob signs a written instrument acknowledging the prior oral agreement. The builder may not raise lack of ownership as a defense since the subsequent agreement makes the prior oral agreement effective. See *Imperial Residential Design, Inc., v. The Palms Development Group, Inc.*

b. Transfer of Material Object Embodying A Copyrighted Work

The transfer of a material object embodying a copyrighted work is not an assignment of the copyright; the ownership of a copyright must be distinguished from the ownership of a material object embodying the copyrighted work. For example, the sale of a set of plans to a customer does not operate as a transfer of the exclusive rights of copyright (though an implied license may arise). When drafting agreements, one should refer explicitly to the copyright rights if a transfer of copyright rights is intended. Any ambiguity is likely to be resolved in favor of the original copyright owner and against the transferee.

> Example F.3: Jim, an architect, is hired by a restaurant owner to design a restaurant. A written retainer agreement, signed by the parties, states that "all drawings, sketches, and plans shall be the exclusive property of the restaurant owner." After the restaurant is complete, the restaurant owner decides to build a second restaurant using the same plans. Jim discovers the restaurant owner's plan and objects to the reuse of his plans without compensation. The restaurant owner claims that he owns the copyright in the plans. The courts will likely construe the agreement as a transfer of ownership in the drawings but not a transfer of copyright. The term "property" does not necessarily encompass copyright rights. Thus, the reuse of the plans by the restaurant owner is an infringement of the copyright.

c. Copyright in Plans v. Copyright in Design

Copyright in plans may be transferred separately from copyright in a design. When Congress extended copyright protection to architectural designs, it intended this new form of protection to be separate and distinct from copyright in architectural drawings. Since the copyright in a design (architectural work) is separate from the copyright in architectural drawings embodying the design, the copyright in a design may be transferred separately. It is important,

therefore, to explicitly transfer both copyrights if that is what is intended. A transfer of copyright in an architectural plan will not be effective to transfer copyright in the design.

Example F.3: Ed designed a new home called The Lauren. In a written agreement with a plan publisher, Ed assigned "all copyright rights in the architectural plans entitled The Lauren to the Publisher." Since there is no written instrument conveying rights to the design, Ed retains the ownership of the copyright in the design.

What happens when the copyright in a design and a plan embodying the design become separately owned? This issue has not yet arisen in any reported cases. How courts will resolve the conflicting rights resulting from separate ownership of the copyrights in the design and drawings cannot be predicted. It is, therefore, advisable to reduce to writing any agreement regarding the rights of the respective owners.

2. Licenses

A license is a grant by the copyright owner to another person of the privilege of exercising one or more of the exclusive rights of copyright (e.g., right to reproduce, right to distribute). The person to whom such rights are granted is called a licensee. The copyright owner who grants a license is often called a licensor.

a. Divisibility of Rights

Licenses allow the transfer of fewer than all the rights in a copyright. This is one of the principal distinctions between an assignment and a license. For example, the owner of a copyright in a book can grant a license to a book publisher to reproduce and distribute copies of his book while retaining the right to make derivative works (e.g., a screenplay for a movie) based on the book. The movie rights in a book can be marketed separately from the publishing rights.

It is not necessary that the exclusive rights of copyright be licensed in their entirety. A license may place restrictions on the rights granted that have the effect of subdividing the exclusive rights. A license can be restricted to a specific time period, to a specific geographic area, or to a specific use. A book publisher can be given the right to publish only a hard cover edition of a novel, while the right to publish a paperback edition is retained. There is no end to the kinds of restrictions that can be included in a license. Thus, licenses provide a great deal of flexibility in structuring commercial interests in a copyrighted work.

Example F.5: Don, a noted architect, gives the publisher of *Carolina Life Styles* an exclusive license for 10 years to publish his designs in consumer-oriented magazines and to sell his home plans by mail order to consumers. If the publisher issues a special publication for builders containing its best selling plans, Don's plans may not be included because the publisher's license is limited to consumer-oriented magazines.

b. Exclusive v. Non-Exclusive License

A license may be either exclusive or non-exclusive. An exclusive license gives the licensee the exclusive right to exercise the rights granted. Even the copyright owner is precluded from exercising the granted rights. If the license is non-exclusive, the copyright owner can grant similar licenses to others or exercise such rights himself.

The licensee of exclusive rights in a copyright is deemed to be the owner of such rights. An exclusive licensee receives the same privileges and protections as the copyright owner, but only with respect to the rights granted. If the exclusive rights granted are infringed by another, the exclusive licensee may bring suit against the infringer in her own name. An exclusive licensee of any of the copyright rights may also register the copyright. If an exclusive licensee registers a copyright, the copyright owner should, nevertheless, be named as the copyright claimant in the copyright application.

A grant of non-exclusive rights, unlike a grant of exclusive rights, is not considered to be a transfer of ownership in a copyright. A licensee of non-exclusive rights may not bring suit against a copyright infringer and may not register the copyright. He is entirely dependent upon the copyright owner for protection.

An exclusive license, like an assignment, must be in writing. A non-exclusive license may be granted orally.

c. Implied License

An implied license is one that is inferred from the conduct of the parties or from the circumstances surrounding a particular transaction. A license is implied in order to give effect to the intentions of the parties as manifested by their actions. Suppose, for example, that a business owner hires a graphic artist to design a new logo for his business. The graphic artist delivers a copy of the logo to the business and is paid $5,000 for her work. No one would question the right of the business owner to use the logo in his advertise-

ments even if the matter had not been discussed. The logo would have no value to the business except that derived from its use in advertising. Thus, a license to use the logo in advertising is implied. If the graphic artist later claims that the business owner infringed her copyright in the logo, the business owner would have a good defense based on the implied license.

Example F.6: Ben A. Builder purchases a set of plans for a house offered for sale in *Northern Living Magazine*.Even though there is nothing in writing that specifically authorizes Ben to build a house using those plans, there is an implied license to do so.

Defenses based on an implied license have heretofore been relatively rare in copyright cases but can be anticipated in copyright cases involving architectural designs. In cases where a builder has modified purchased plans without any express authorization from the copyright owner, the builder may claim an implied license to make such modifications in order to make the plan more marketable, to satisfy customer demands, or to comply with building codes. This argument should fail unless an intention to permit such modifications can be inferred from the actions of the copyright owner. If the copyright owner simply sells a set of plans to a builder, it should not be inferred that the copyright owner intended to permit modifications to the plans.

A more difficult question arises when the designer enters into an agreement to prepare preliminary plans for a building and is paid for such service. An "implied license" to use the preliminary plans to make final working drawings and to construct the building may be created. Whether payment for preliminary plans creates an implied license to use the preliminary plans to construct a building will necessarily be decided on a case-by-case basis, since the existence of an implied license is fact dependent. It is difficult to articulate bright-line rules in "implied license" cases.

Several steps can be taken to prevent a license from being implied. For plan providers, language prohibiting reuse or modification of the plans should be included in sales order forms, invoices, contracts, advertisements, as well as on the plans themselves. For custom design services, the contract for services should expressly state that the client is granted a license to construct a home only upon completion of the working drawings and payment in full for all services.

G. Derivative Works

In the field of architectural design, designers do not always begin with a clean slate. Certain recurring situations are bound to arise that make a particular design solution appropriate for more than one client. Often, a previous design may provide a good starting point for a new design. If enough material from a pre-existing work is incorporated into a new work, a derivative work is created. Since the right to make derivative works is one of the exclusive rights conferred by copyright, it is important to understand what a derivative work is, when pre-existing materials can be used to create a derivative work, and the scope of rights in a derivative work.

1. Definition

A general definition of a derivative work is a work based upon one or more pre-existing works that adapts, transforms, or recasts the pre-existing works. A good example of a derivative work is a screen play based upon a best selling novel.

Not every work incorporating pre-existing material will be deemed a derivative work. For example, a book is not a derivative work simply because it quotes small passages from a previously published work. One legal scholar has suggested that there must be substantial copying sufficient to find infringement of the pre-existing work. Generally, enough of the pre-existing work must be used so that the new work will be recognized as being taken from the pre-existing work. When this threshold is passed is not subject to precise definition. Permission of the copyright owner in the pre-existing material must be obtained if the pre-existing material is copyrighted.

In most instances a derivative work will be created when an existing architectural design or plan is modified. For example, if an existing design is modified to add a garage that was not part of the original design, a derivative work is created. The resulting derivative work can be copyrighted, but the copyright protection in the derivative work is limited to the material added to the pre-existing work.

2. Requirement of Originality In a Derivative Work

A derivative work, like any other work, must be original to be eligible for copyright protection. In a derivative work, the originality exists not in the material borrowed from the pre-existing work but in the contribution of new material. In the context of architectural works, the original contribution may consist of the addition of rooms to a pre-existing design, a rearrangement or reconfiguration of spaces in the pre-existing design, a change in the exterior design, or a combination of these. In order to qualify for copyright protection, the contribution to the pre-existing material must produce a *distinguishable variation* that is not *merely trivial*. As with other kinds of works, there must be some exercise of intellectual and creative effort. The amount of creativity required for derivative works is the same as for other types of works.

3. Scope of Protection for Derivative Works

A copyright in a derivative work does not extend to the elements borrowed from the pre-existing work. It only protects the original elements contributed by the author of the derivative work. If someone copies only the pre-existing material in the derivative work, the copyright in the derivative work is not infringed. The pre-existing material, however, may be subject to a separate copyright; and the copier may have infringed the copyright in the pre-existing material.

Example G.1: Bob owns the copyright in a home design called The Hatteras. Bob gives Mary permission to create a variation of The Hatteras for her client. Mary names the new design The Hatteras II. The builder who constructed The Hatteras II for Mary's client copies the plans for The Hatteras II in their entirety. The builder has infringed Mary's copyright in The Hatteras II as well as Bob's copyright in The Hatteras.

Example G.2: Assume the same facts as in Example G.1, except that the builder copies only the elements of The Hatteras II design that were themselves copied from The Hatteras. In this case, the builder infringes the copyright in The Hatteras even though he copied from The Hatteras II plan. The builder did not infringe the copyright for The Hatteras II because he did not copy any original elements of The Hatteras II design.

4. Conflicting Copyrights In a Pre-Existing Work and a Derivative Work

Because a derivative work, by definition, substantially copies material from a pre-existing work, some unique problems arise concerning the right to exploit the derivative work. The right to exploit the derivative work is dependent upon the continuing right to use the copyrighted material borrowed from the pre-existing work. If the rights in the underlying material from the pre-existing work are limited in scope, such limitations impose a restraint on the exploitation of the derivative work. Suppose, for example, that a writer grants an exclusive license to a publisher of all of the statutory rights in his copyrighted novel for a period of 10 years. During the period of the license, the book publisher grants the right to create a movie based on the novel to a movie producer. Upon termination of the publisher's license, the movie producer's right to continue playing or distributing the movie also terminates, despite the fact that the movie producer has a valid copyright in the movie. The termination of the license in the underlying novel, however, does not give the copyright owner of the novel any rights in the derivative work. The copyright owner of the novel could grant movie rights to another producer, who could then create a new movie based on the novel, but original material contained in the first movie could not be copied.

Problems also arise when either the pre-existing work or the derivative work is injected into the public domain. If the rights in the pre-existing work are lost or expire, others are free to copy the pre-existing work without restraint. This situation could have adverse consequences to the owner of a derivative work. For example, a movie producer who owns the movie rights to a novel could not prohibit others from making movies based on the novel once the copyright in the novel expires. On the other hand, any restrictions imposed by the copyright in the pre-existing material are also removed. If the movie producer had the right only to play the movie in theaters, he could then distribute video tapes based on the movie.

A more interesting situation occurs when the derivative work is injected into the public domain while the copyright in the pre-existing work remains in force. At first blush, one might think that the derivative work could be freely exploited. That, however, is not the case. The material contained in a derivative work that is taken from a pre-existing work still protected by copyright is not dedicated to the public. Thus, the copyright owner of the pre-existing work may still prevent exploitation of the derivative work by others. In this situation, the owner of the derivative work benefits from the protection of the underlying materials.

H. Notice and Publication

Until March 1, 1989, U.S. law required that published works be accompanied by a valid notice. Works published without a valid notice could result in loss of copyright rights. Beginning March 1, 1989, U.S. law permits, but does not require, that published works be accompanied by a notice. However, even though publication without notice does not automatically invalidate a copyright owner's protection under current law, the use of notice still confers important advantages upon the copyright owner. See § H.5.

1. What Is Notice?

A copyright notice is a device used to notify the world that a work is protected by copyright. The requirement of a copyright notice under U.S. law applies only to *published* works authorized by the copyright owner. There has never been a notice requirement for unpublished works or for works published without the consent of the person who owned the copyright at the time the unauthorized publication occurred. Unfortunately, notice requirements for a particular work are dependent on date of publication.

2. Elements of Notice

If a notice appears on copies of a work, it must contain three required elements (statutory symbol, year of first publication, and name of owner); and it must be affixed to the copies in a manner and in a location that gives reasonable notice of the copyright claim. See § H.4 for a discussion of proper location.

The required statutory symbol may be the word "Copyright"; the abbreviation "Copr."; or the symbol © (the letter C in a circle). In some foreign countries the form of the symbol may affect protection (e.g., the symbol © may be required).

Even though it is not required that both the word "Copyright" and the symbol © be used, in practice a preferred form of copyright notice is as follows:

Copyright © 1999 by David A. Designer

The following are other forms of copyright notice acceptable in the United States:

Copyright 1999 by David A. Designer
© 1999 by David A. Designer
Copr. 1999 by David A. Designer

A copyright notice must contain the *year* of the first publication of the work. In the case of compilations or derivative works incorporating previously published materials, the year date of first publication of the compilation or derivative work is sufficient.

A copyright notice must also contain the name of the copyright owner. This requirement may be satisfied by using an abbreviation by which the owner's name can be recognized or by using a generally known alternative designation of the owner. In the examples in § H.2.a. above, the word "by" is used before the copyright owner's name. This word is commonly used in copyright notices but is not required. An acceptable form of copyright notice without the use of this word is as follows:

Copyright © 1999 David A. Designer

3. Other Warnings

Some other warnings that are not statutorily required are commonly used in copyright notices.

The words "All Rights Reserved' are commonly placed in a location near copyright notices. These words are not required. They are used to reinforce the statutory copyright notice and ensure possible protection in other countries. A common form of copyright notice with these words is as follows:

Copyright © 1999 by David A. Designer
ALL RIGHTS RESERVED

Often, copyright owners choose to reinforce the copyright notice with labels of text located near the copyright notice. These warning labels provide an interpretation of the copyright notice for those who may not understand the implications of the notice itself. A form of proprietary notice accompanying a statutory copyright notice is as follows:

Copyright © 1999 by David A. Designer. No part of this plan may be reproduced or transmitted in any form or by any means, electronic or mechanical (including photocopying, recording, or any information retrieval system), without the written approval of David A. Designer. No derivative works of this plan may be made without prior written permission. The purchase of this set of home plans entitles the purchaser to use this set of plans for the construction of only one building. The purchase of additional set(s) of plans does not entitle the purchaser to construct more than one building.

4. Location of Notice

Notice, when used, must be affixed to copies of a work in a manner and a location that gives users reasonable notice of the claim of copyright. The Register of Copyrights is authorized to prescribe by regulation specific methods of affixation and locations of notices that will satisfy this statutory requirement. However, any prescribed list is *not* to be construed as including all acceptable methods of affixation and location.

Under current law the location can be *anywhere* that gives *reasonable notice*.This means that the copyright notice does not have to be placed in the most obvious location. For example, on the back of the work is an acceptable location. However, not just any location will do. For example, a notice placed in a random location somewhere in the middle of a book does not give reasonable notice.

For works published prior to 1978, the provisions of the 1909 Act controlled, and the 1909 Act had specific requirements for locations of copyright notices. Prior to January 1, 1978, publication of a work with the copyright notice in an improper location resulted in forfeiture of the copyright

5. Reasons for Using Notice

Even though the use of a copyright notice is not required under current law, there are several very good reasons for using a notice.

A copyright notice informs the user of a work that the work is protected by copyright and may not be copied without the copyright owner's permission. Thus, a copyright notice will discourage some users from making unauthorized copies. Some users who do not find a copyright notice on a work may assume that it is not copyrighted and that they may copy the work without permission. Use of a notice will prevent the use of some defenses and establish a basis for willful infringement in the event of an infringement.

The copyright notice also contains information that is useful to others. The name of the copyright owner aids users in identifying and locating the owner in order to obtain permission to copy the work. The publication date in the notice informs users about the life of the copyright. If a work was published prior to January 1, 1978, the life of the copyright is 75 years from the date of publication. Under current law, the life of a copyright is the life of the copyright owner plus 50 years.

6. Publication

The concept of publication is important in many areas of copyright law (e.g., determining the term of copyright protection; determining whether or not notice is required). Thus, it is critical in many cases to determine whether or not publication has occurred.

The 1976 Copyright Act defines publication, in general, as the distribution of copies of a work to the public. Distribution may take the form of a sale or other transfer of ownership, rental, lease, or lending. An *offer* to distribute copies to a group of persons for purposes of further distribution, public performance, or public display constitutes publication. However, a public performance or display of a work does not of itself constitute publication.

The distribution of plans through sales constitutes a publication of the plans. However, merely filing plans with the local building inspection authority is not a publication. Some uncertainty exists as to whether the distribution of plans constitutes a publication of the architectural work embodied in the plans (i.e., the design). A regulation issued by the Copyright Office states that a publication of plans is a publication of the design. The construction of a single building does not constitute a publication of the architectural design.

7. Consequences of Publication Without Notice

The general rule prior to March 1, 1989, was that publication without notice resulted in forfeiture of the copyright.

Under the 1909 Act, publication without a valid notice resulted in forfeiture of copyright protection in *every* case. This means that *all* works published with a defective notice (i.e., a notice that was not valid) prior to January 1, 1978, were immediately thrust into the public domain.

During the pre-Berne period under the 1976 Act (i.e., after December 31, 1977, and before March 1, 1989), publication without notice resulted in forfeiture of the copyright in some cases but not in others. A valid notice was required, but publication without a valid notice could be excused if the copyright owner made reasonable efforts to add notice to any copies not yet distributed at the time the omission was discovered and the work was registered within five years from the date of first publication. Further, the omission of notice on a relatively small number of copies was excused under the 1976 Act.

For works published on or after March 1, 1989, the use of a notice is optional.

I. Registration and Deposit Requirements

Registration is a legal formality and is not required as a condition of copyright protection. Copyright is automatically obtained when a work is created (i.e., fixed in a tangible medium for the first time). Copyright registration, however, establishes a *public record* of the basic facts of a copyright, which may be helpful in seeking remedies for copyright infringement. For example, registration is a requirement for the filing of a suit for infringement. Registration may be made at any time during the life of a copyright. However, certain presumptions (e.g., a presumption of validity) normally associated with a registration are available only when the copyright is registered within five years of the date of first publication. Prior to 1978, a work registered in unpublished form had to be registered again when the work was published. However, under current law, registration of the published version is optional when a registered unpublished work is subsequently published.

An application for copyright must be accompanied by a deposit. For an architectural work the required deposit is one complete copy of an architectural blueprint or drawings in visually perceptible form showing the overall form of the building and any interior arrangement of spaces and/or design elements for which copyright is claimed. An architectural work may be registered even if the building has not been constructed. If the registration is for an architectural work that has been completed, the deposit should include photographs of the completed structure clearly showing the design elements for which copyright is sought. The deposit must be marked to show the date of publication (if any) and the date of completion of construction (if any) of the architectural work.

J. Infringement of Copyright

If a person uses a copyrighted work in an unauthorized manner, that person has infringed on the rights of the copyright owner; and the owner may be entitled to compensation (i.e., remedies) for the unauthorized use.

1. What Is Copyright Infringement?

Copyright infringement is the violation of any of the exclusive rights of the copyright owner. Thus, it is an infringement of copyright to reproduce, distribute, adapt, perform, or display the copyrighted work without the permission of the copyright owner. For example, a copyright in a floor plan is infringed when it is reproduced or modified without the copyright owner's authorization. When one of the exclusive rights in copyright is violated, it is often said that the infringer "copied" the protected work.

An infringement of a copyright occurs when there is substantial copying of the protected expression in a copyrighted work. Proof of actionable copying has two components. First, the infringer must have copied material from the copyrighted work as a factual matter. Second, the material copied must constitute a substantial portion of the protected expression contained in the copyrighted work. When both conditions are met, the defendant's copying constitutes an infringement of the copyright.

It is important to recognize that both components must be present to constitute an infringement. A defendant may have copied material contained in a copyrighted work, but if the material copied is not a substantial part of the protected expression, the copying is not an infringement. For example, the Supreme Court has held that the admitted copying by a defendant of 1,309 listings from a telephone directory was not an infringement because the telephone listings did not constitute protectable expression. Conversely, a work that contains material substantially similar to the protected expression of a copyrighted work does not constitute an infringement if the material was not in fact copied but instead was independently created.

> Example J.1: Eric published a design called The Amberwood. Later, it is discovered that The Amberwood is strikingly similar to a pre-existing design that was unknown to Eric when he created The Amberwood. Even though The Amberwood is substantially similar to the pre-existing work, Eric did not infringe the copyright in the pre-existing work since he independently created The Amberwood.

Example J.2: Valerie is hired to design a new home for a client. The client shows Valerie a classic home in a nearby neighborhood that she likes and that has a two-story center section with two symmetrical single-story wings. Valerie designs a home for her client that has the same basic configuration but that is otherwise different from the home she viewed with her client. The layout of the floor plan and exterior design were not copied. Since the "idea" of a home having a two-story center section and two symmetrical single-story wings is a common generic theme in architecture, use of that idea does not constitute part of the protected expression. Therefore, Valerie has not infringed the copyright in the home, even if the "idea" for the basic configuration was borrowed from the home.

a. Proving the Fact of Copying

A defendant has copied, as a factual matter, if he used the copyrighted work as a reference when the disputed work was created. It will be a rare case where direct evidence of copying is available. In most cases, there will be no witnesses to the defendant's copying. Recognizing this difficulty, courts allow copying to be proven by circumstantial evidence. Copying may be established by showing (a) that the defendant had access to the copyrighted work and (b) that there is substantial similarity between the two works at issue. Proof of access and substantial similarity permits, but does not compel, an inference that the defendant copied the protected work. The inference of copying can be rebutted by the defendant with evidence of independent creation.

Access exists when the defendant has a reasonable opportunity to view the protected work. Evidence that the defendant received a copy of the protected work establishes access. However, access can be established without evidence that the defendant received a copy of the protected work. Proof of any circumstances giving the defendant a reasonable opportunity to view the protected work is sufficient to establish access.

Example J.3: Don, a noted designer, gives a study copy of 10 different plans to a developer, who makes them available to the public for inspection at the sales office of her new development. The sales office includes a viewing room where builders and prospective home buyers can view the plans. A builder, who constructed several homes in the development, builds a home that is similar to a home depicted in one of the study plans. In this case, the builder had access to the study plans since there was a reasonable opportunity for the builder to view the plans at the developer's sales office.

Example J.4: Don publishes a design for a home in a nationally distributed magazine. A builder constructs a home substantially similar to Don's design. In this case, the builder had access to the published design because it was nationally published.

Evidence establishing access cannot be speculative or conjectural; more is required than a mere possibility that the defendant might have seen the protected work. If a copyrighted design is embodied in a home that is open for public inspection, access is not established by showing that the defendant lives 50 miles away. While it is conceivable that the defendant drove 50 miles to inspect the home, this inference is too conjectural.

Once access is established, proof of substantial similarity will permit an inference of copying as a matter of fact. In this context, substantial similarity means similarity between two works that would not be expected to occur if the defendant's work had been independently created. Even when two works are in fact independently created, there will often be numerous similarities. In a home plan, for example, there will usually be a bathroom located adjacent to a bedroom and a dining room located adjacent to a kitchen. The fact that two designs both contain these features is not indicative of copying because one would expect such similarities to occur even without actual copying. Substantial similarity exists when the similarities go beyond those that are expected to occur.

Substantial similarity may be found, for example, where the similarities are so numerous that coincidence is not a credible explanation for their occurrence. The sheer number of similarities in this context indicates copying. However, similarities do not have to be numerous to be indicative of copying. For example, a single error in the defendant's floor plans that also appears in the protected work indicates copying because one would not expect identical errors to occur independently. Therefore, the presence of the error in the defendant's work creates an inference that the defendant copied the protected work and in doing so also copied the plaintiff's error.

Example J.5: Caleb D. Ziner prepared a set of architectural plans. The plans contained an error. The floor plan, as drawn, has a total length of 37 feet, but the front elevation is only 36 feet. Caleb knew about the error but did not want to correct it because it made no difference to builders. Emmy Tate, a builder, constructed a home substantially similar to Caleb's. Her floor plans contained the same error. The presence of Caleb's error in Emmy's plans is evidence of copying.

b. Copying of Protected Expression

The fact that a work is copyrighted does not mean that every element of the work is protected. Copyright protection extends only to those elements of a work that are original to the author. That is, copyright protection is limited to those aspects of a work that display the stamp of the author's intellectual labor. The original elements of a copyrighted work are sometimes referred to as the protectable expression of the author. The protectable expression in a work does not include the ideas, public domain material, or pre-existing material contained in the work. To infringe a copyright, a substantial part of the author's *original* material must be copied.

Example J.6: Tex writes a tax textbook. In the book he quotes extensively from Adam Smith's *Wealth of Nations*. Dixie writes an article about taxation for a journal. Dixie, instead of obtaining a copy of *Wealth of Nations,*finds it expedient to copy one small passage ofSmith's material from Tex's book. Dixie has not infringed Tex's copyright in his book.

Example J.7: In a later article, Dixie again uses the *Wealth of Nations* material from Tex's textbook. However, in this second article she also includes, verbatim, part of Tex's original material. In her second article, Dixie has infringed Tex's copyright in his book.

2. Remedies For Infringement

In the event that one's copyright has been infringed, there are numerous remedies available (e.g. an injunction to stop the infringing activity, compensatory damages, and attorneys' fees). This section describes the remedies that are available and the limitations imposed on such remedies.

a. Injunctive Relief

An injunction is a court order requiring a defendant to stop the infringing activity. A permanent injunction is typically granted following a decision on the merits of a case (usually after a trial) that the defendant is guilty of infringement. The injunction prohibits the defendant from committing any further acts of infringement following the entry of the injunction. Violation of an injunction constitutes contempt of court and is itself punishable. The court can require the defendant to pay additional compensatory damages to the plaintiff for the contemptuous acts. Additionally, where the violation of the injunction is willful, the court can punish the defendant by imposing a fine payable to the court or by imprisonment.

A preliminary injunction is an injunction that is granted before a decision on the merits of a case. A request for a preliminary injunction is made by filing a motion with the court, usually at the outset of a case. Because a preliminary injunction precedes a final determination on the merits of a case, it will be granted only when certain stringent requirements are met. The person seeking an injunction must show (a) a likelihood that he will succeed on the merits of his claim; (b) that he will be irreparably harmed if an injunction is not granted; and (c) that any hardship to the defendant if an injunction is granted is outweighed by the harm to the plaintiff if an injunction is not granted. If these elements are proved, a preliminary injunction can be issued to halt construction of an infringing home during the pendency of a suit. Quite obviously, the grant of a preliminary injunction halting construction gives the copyright owner the upper hand in dealing with the infringer. Once a preliminary injunction is granted, the infringer will want to resolve the dispute quickly so that construction can proceed.

b. Monetary Relief

The monetary relief available for infringement includes actual damages suffered by the copyright owner, any profits made by the infringer that are attributable to the infringement, and statutory damages.

i. Actual Damages

Actual damages are the losses sustained by the copyright owner as a direct result of the infringement. Actual damages in most cases consist of some loss in anticipated revenue from exploitation of the copyrighted work. If, for example, an infringer diverts sales away from the copyright owner, the copyright owner will experience a loss equal to the profit he would have earned on the additional sales. Damages from lost or diverted sales is called lost profits. To recover lost profits, the copyright owner must establish that, in the absence of the infringement, he would have made the sales that were actually made by the infringer. The copyright owner can in such case recover the profit that would have been made from the additional sales. For example, where a defendant sells 100,000 infringing copies of a best selling novel, the plaintiff should recover the profit it would have made on additional sales of 100,000 copies. The plaintiff's sales price and cost figures are used to calculate the lost profits.

Actual damages can also be proven by showing that the infringement resulted in a diminution in the value of the copyrighted work. For example, suppose the copyrighted work is an unpublished photograph of an important historical event. The defendant somehow manages to obtain a copy of the unpublished photograph while the photographer is negotiating with several news organizations for the publishing rights in the photograph. Once the defendant published the photograph, the market value of the original photograph will be largely destroyed, since much of its value resides in the fact that it was not previously published.

In architectural work cases, actual damages will usually be of the "lost profit" variety. The construction of an infringing home may result in lost revenues either from the construction of the home or from the preparation and sale of the plans. A builder who loses a prospective home buyer to an unscrupulous competitor may recover as damages the profit he would have made from the construction of the infringing home had he been hired to construct the home. A designer may recover as damages the fee she would have received if she had been hired to prepare the plans.

ii. Infringer's Profits

A copyright owner may also recover any profits made by an infringer that are attributable to the infringement. The infringer's profit is the monetary value of any benefit realized by the infringer from the infringing activity. In most situations, the benefit realized by an infringer is the gross sales or gross revenue realized from the infringing activity less any expenses. The purpose of awarding the copyright owner the defendant's profit is to remove all possible incentive to infringe a copyright. A recovery of the defendant's profit should not be confused with the copyright owner's lost profit, which is one measure of the copyright owner's actual damages.

The copyright owner is entitled to recover both actual damages sustained as a result of the infringement *and* any profits made by the infringer. When actual damages are awarded, the infringer's profits that can be recovered are limited to any profits that are not already taken into account in computing actual damages. If, for example, all of the defendant's sales are counted as lost sales to the copyright owner in calculating actual damages, the defendant's profits on such sales can be awarded only to the extent that the defendant's profits exceed the copyright owner's lost profits. The purpose of this rule is to prevent a double recovery that would be a windfall to the copyright owner.

Example J.8: Al is a home builder. A competing builder constructs five homes that are found to infringe Al's copyright. Al is awarded $75,000 in actual damages ($15,000 per house). The infringing builder's total profit on the five homes was $100,000. Al may recover an additional $25,000, representing the difference between the infringer's total profit and Al's actual damages.

Example J.9: Tom is a designer. A local builder illegally copies one of Tom's plans and uses the illegal copy to construct five homes. Tom normally sells the plans for $500 each. The builder's total profit on the five homes was $100,000. Tom can recover $2,500 as actual damages (the selling price of one plan times five). Additionally, Tom may recover $100,000, representing the profit made by the infringer, for a total recovery of $102,500. This is not a double recovery because the home sales made by the infringer were not taken into account in computing actual damages.

In computing an infringer's profit, the plaintiff has the burden of proving only the defendant's gross sales. The infringer is required to prove her deductible expenses. Deductible expenses are any expenses that directly assist in the production of the infringing article. If the infringer fails to prove her deductible expenses, the copyright owner should recover an amount equal to the infringer's entire gross revenue.

The recoverable profits of the infringer are those that are attributable to the infringement. Profits made by the infringer that are attributable to other factors are not recoverable. When an infringer intermingles infringing and non-infringing material, the defendant is entitled to exclude from recovery any profits that he can prove are attributable to factors other than the infringing activity. This allocation of profits between infringing and non-infringing activities is called apportionment.

Example J.10: A record producer publishes a record album containing 10 songs, one of which is infringing, some apportionment of profits should be made between infringing and non-infringing material. If the infringing song was a smash hit while the remaining 9 songs were relatively unknown, it may be that the copyright owner is entitled to most of the profits. On the other hand, if all 10 songs were equally profitable, the copyright owner may be entitled to only 10 per cent of the profit.

In many cases, the infringer will intermingle the infringing and non-infringing material in such a way that they become inseparable parts of the infringing work. This is like-

ly to occur in many cases involving architectural works. An infringer may use a copyrighted plan as a starting point for an infringing design, making changes and adding material to produce a derivative work. One could argue in such a case that the new material added by the infringer has no value if separated from the infringing material and therefore no apportionment should be made. Some court decisions have refused to allow apportionment in such cases while others have allowed an apportionment of profits. Nevertheless, it is incumbent on the infringer to establish a reasonable basis for apportioning the profits. Failure to do so will result in a recovery by the copyright owner of all of the infringer's profits.

iii. Statutory Damages and Attorney Fees

As an alternative to recovery of actual damages and the infringer's profits, the copyright owner may elect to recover statutory damages. This election of remedies can be made at any time before a final judgment is rendered in the case. If the copyright owner elects to recover statutory damages, the damages will be assessed by the court in an amount that the court considers just. The court has broad discretion in assessing statutory damages, though mandatory minimum and maximum limits are established by statute. For acts of infringement that occurred before the Berne Amendments (prior to March 1, 1989), the minimum was set at $250 and the maximum was set at $10,000. These limits were doubled by the Berne Amendments (effective March 1, 1989) to $500 and $20,000, respectively. In case of willful infringement, the court may, in its discretion, increase the amount of statutory damages to $100,000 ($50,000 before March 1, 1989).

The Copyright Act also authorizes the court to award reasonable attorney's fees to the prevailing party as part of the costs. One reason for the attorney's fee provision is to ensure that copyright owners will have access to the courts to vindicate their copyright rights even when the monetary recovery is small. Another reason for the award of attorneys' fees is to compensate the prevailing party and to penalize the losing party. Factors that guide the court's discretion include the reasonableness of the position taken by the losing party, the motivation of the losing party, and the need to advance considerations of compensation and deterrence.

To be eligible for statutory damages and attorneys' fees, the copyright in the protected work must be registered before the commencement of the infringement. If the copyright owner waits until after the infringement has occurred to register his copyright, the remedies of statutory damages and attorneys' fees are not available. The copyright owner may still recover actual damages and the infringer's profits in this case. In the case of a published work that is registered within three months of its first publication, the remedies of statutory damages and attorneys' fees are available even if the infringement commenced prior to registration (i.e., the statute includes a three-month grace period during which one can register published works).

> Example J.11: Larry prepares a set of plans for a home but does not register them. About six months later Carl the Copycat finds out about Larry's unregistered plans and uses them to construct a home. However, this alerts Larry that he should register his plans, and he does so. The next year Carl the Copycat does it again. Larry is entitled to actual damages and the infringer's profits but not to statutory damages or attorneys' fees, even for the second infringement. No matter how many times Carl subsequently infringes Larry's plans, Larry is not entitled to statutory damages or attorneys' fees because the first infringement preceded the date of registration.

> Example J.12: Assume the same fact pattern is in Example J.11. At about the same time that Carl the Copycat infringed Larry's plans the second time, Emmy Tate uses the same plans to construct a building. Even though Larry is not entitled to statutory damages and attorneys' fees for Carl's second infringement, he *is* entitled to statutory damages and attorneys' fees for Emmy's *first* infringement because it occurred *after* the plans were registered.

3. Persons Liable For Copyright Infringement

Anyone who actively participates in acts that constitute an infringement is liable to the copyright owner for the infringement. As in other areas of law, the acts of employees performed within the scope of their employment relationships will be attributed to their employers. Similarly, the acts of an agent performed within the scope of the agency relationship will be attributed to the principal, and the principal will be liable for the infringement.

There are some situations in which a party may be held liable for infringement committed by another even though no employment or agency relationship exists. The doctrine of *contributory infringement* extends liability to those who supply the means to commit the infringing activity or to those who encourage or authorize the infringing activity with knowledge that the acts being promoted constitute infringement.

Example J.14: A real estate agent takes a prospective home buyer to see a home just constructed in a new development. The home was designed by the famous architect David A. Designer. The buyer expresses interest in the home but does not like the location. The real estate agent tells the home buyer that the same house can be constructed on another lot in the development. The agent then arranges a meeting between the home buyer and a builder, with whom she has a referral fee arrangement. The agent supplies the builder with sales materials in her possession that contain abbreviated plans for the home the buyer likes. The builder copies the plans and constructs a home that infringes David A Designer's copyright. The real estate agent is liable as a contributory infringer because she knew that the builder intended to use the plans she provided to construct an infringing home.

Vicarious liability for the infringing acts of another person exists when a person has supervisory authority over the person performing the infringing acts and a beneficial interest in the unauthorized exploitation of the copyrighted material. A person may be vicariously liable even though he did not know of the infringement.

Example J.15: Becky, who owns a night club, hires a group called "The Contra Band" to perform in her club. Without her knowledge, The Contra Band performs copyrighted material in Becky's club without authorization from the copyright owner. Becky may be held liable for the band's infringing performance in her club, even though she did not know that the band was infringing on someone's copyright.

Example J.16: A developer, wanting to generate public interest in a new development, hires a builder to construct six homes. The developer plans to have an open house event to promote his development, to which the public will be invited to come and see the homes. The developer plans to offer the homes for sale during the open house event. The developer meets with the builder and selects six plans from the builder's portfolio of plans. One of the plans infringes the copyright of a local designer. The developer is liable for the infringement because he had both the right to approve the plans used to construct the six homes and a direct financial interest in the use of the plans.

4. The Fair Use Defense

The "fair use" doctrine recognizes that certain uses of copyrighted materials should be freely allowed to fulfill copyright's ultimate purpose, which is to promote the progress of science and the useful arts. In literature and the arts, it is not uncommon to borrow and build upon materials contained in other works that may be subject to copyright protection. Thus, a rigid application of the copyright laws would stifle the creativity that Congress sought to foster by enacting the Copyright laws.

The "fair use" doctrine is a limitation on the exclusive rights of the copyright owner. The copyright statute defines a fair use as the use of a copyrighted work for purposes such as criticism, comment, news reporting, teaching, scholarship, or research. This list is not intended to be all inclusive; it is intended only to give representative examples of the types of uses that may be considered fair uses. The statute lists four factors that are used as guidelines for determining whether a particular use is a fair use. These four factors are as follows:

- The purpose and character of the use;
- The nature of the copyrighted work;
- The amount and substantiality of the portion used; and
- The effect of the use on the market for or value of the copyrighted work.

In considering the purpose and character of the use, courts often draw a distinction between commercial and non-commercial uses of copyrighted material. A blatant commercial use of copyrighted material will rarely be found to be a fair use. On the other hand, uses of copyrighted material for purposes such as news reporting, criticism, scholarly research, or education are more likely to be fair uses. Thus, the publication of copyrighted architectural drawings as part of an article criticizing the copyright owner's work would likely be a fair use. On the other hand, copying floor plans for the purpose of building a home is a commercial use of the copyrighted material and should not be considered a fair use in most circumstances.

The second factor is the nature of the copyrighted work. The law generally recognizes a greater need to disseminate factual works than creative works. The more creative a work, the less likely it is that any copying will be found to be a fair use. In architectural cases, there may be a tendency of the courts to view an architectural work as functional and hence give greater latitude to those who copy the architectural work. Despite the functional nature of the building embodying an architectural work, the architectural design nevertheless has a high creative content. Architecture has long been recognized as an art form. Therefore, in the opinion of this author, this factor should weigh against a finding of fair use in most architectural cases.

The third factor is the amount and substantiality of the portion of the copyrighted work used. Under this factor, the courts look at how much material was taken from the copyrighted work and the relative importance of the misappropriated material to the work as a whole. Copying minor details in an architectural design is more likely to be considered a fair use than copying the entire work. These same considerations are made in determining whether the works are "substantially similar" in the first instance.

The final factor is the effect of the use on the market for the copyrighted work. This factor is often considered the most significant factor in determining whether a particular use is a fair use. In determining this issue, the relevant inquiry is not whether the defendant's acts standing alone have a substantial negative impact on the market for the copyrighted work. The relevant issue is whether such conduct, if permitted on an unrestricted and widespread basis, would negatively impact the value of the copyrighted work. See *Campbell v. Acuff Rose Music, Inc.* It is not a defense that the defendant infringed the copyrighted work only once.

Example J.13: Rob and Karen hire a local designer to design a new home for them. Two years after the home is completed, it is destroyed by a tornado. Rob and Karen, unable to locate either the original designer or the original plans, hire David A. Designer to prepare a new set of plans to be used to reconstruct the home. David prepares a new set of plans based on an inspection of the foundation and a description of the home provided by Rob and Karen. A strong argument can be made that the preparation of the new set of plans under these circumstances is a fair use.