

## **Copyright to Documents May be Enforced by Architect Several Years after Normal Passing of Statute of Limitations.**

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When an Architect brought a copyright infringement suit against its former client (a project owner) who had terminated the architect's services before completion, the trial court applied the three-year statute of limitations to dismiss the complaint on the basis that the architect should have discovered the grounds for its complaint and filed much sooner than it did. On appeal, this was reversed. The court found that there were no facts compelling the trial judge to determine that the architect was on notice of the alleged copyright violation prior to the passing of the statutory period. In addition, the court reviewed the AIA contract agreement and held there was no basis for finding that the architect's plans were "work for hire" or that the project owner had any contractually based copyright interest in the architect's plans. A termination agreement between the parties also addressed the use of the plans and was an important consideration by the court.

In *Warren Freedendfeld Associates, Inc. v. McTigue et al.*, 531 F.3d 38 (1<sup>st</sup> Cir. 2008), a veterinarian retained an architect to design a veterinary hospital. The contract that was used for this purpose was an AIA document. Although the court does not state which particular AIA document was used, it is likely that it was B 141 (1987) since the court refers to Article 6 as pertaining to ownership of documents.

As stated by the court, the contract (article 6) provided that the architect would be "deemed the author" of all plans and drawings prepared for the project, and would "retain all common law, statutory and other reserved rights [therein], including the copyright."

The relationship between the architect and owner soured, resulting in negotiations to terminate the contract. While negotiations were going on, the architect sent a letter to the owner warning that the plans and drawings it had produced were proprietary and that neither the owner nor any successor architect could use them to complete the project. In response, the owner wrote back stating that the plans and drawings were "useless" and that they had been "rolled up and discarded." The owner also complained that he would have to pay another architect "tens of thousands of dollars" to finish the project.

While the negotiations dragged along, the architect decided to protect itself by filing a formal copyright application for the plans and drawings with the U.S. Copyright Office.

Ultimately, the parties reached a termination agreement, which among other things stated that Article 6 (Use of Architect's Drawings) would remain "in full force and effect." The agreement further provided that the owner would not "use any of the work solely produced by [architect]." The word "solely" was a handwritten insertion by the owner that was initialed by the architect.

Four years later, the architect came across an article in a magazine featuring a drawing of the floor plan of the veterinary hospital that was ultimately built by the owner. The drawing apparently looked much like what the architect had produced for the owner. He, therefore, went to the city and obtained a copy of the building plans and concluded that his copyright had indeed been infringed. Almost six years after the termination settlement agreement had been executed, the architect filed his copyright infringement suit against the building owner. The defendant filed a motion to dismiss the suit – claiming it was barred by the three year statute of limitations.

The trial court ruled in favor of the defendant on the summary judgment motion, finding “overwhelming” evidence that any “reasonably diligent person” in the architect’s position would have learned of the alleged infringement no later than the date when the veterinary hospital opened. On a separate issue of whether the veterinarian was granted sole ownership of a portion of the architect’s copyrighted work and enjoyed joint ownership of other portions of that work, the trial court granted summary judgment for the architect, finding the veterinary had no ownership interest in the plans and drawings that were filed with the copyright office.

On appeal, the appellate court held that until the architect saw the magazine article he had no duty to inquire or discover the alleged copyright infringement. As explained by the court, the question to be determined in this regard is whether a reasonably prudent person in the architect’s shoes would have discovered the alleged infringement. This is a fact-sensitive question and requires a trial court to explore the idiosyncratic circumstances of each individual case, says the appellate court.

In this situation, the appellate court concluded that prior to the architect’s chance encounter with the magazine in five years after he had terminated his contract, there were no facts sufficient to mandate a conclusion that a reasonable person would have suspected that the copyrighted material had been used in an unauthorized manner. This is especially so, says the court, in light of the written warning by the Architect to the owner not to use his plans, and the written response by the owner stating that the plans were “useless” and had been “discarded.”

The veterinarian argued that the availability of the as-built plans, and the fact that the veterinary hospital was open in June 2000, put the architect on inquiry notice concerning the use of the plans and drawings. In rejecting this argument, the court stated, “Architects have no general, free-standing duty to comb through public records or to visit project sites in order to police their copyrights.”

In an interesting argument by the veterinarian, which the court found to be unpersuasive, the veterinarian argued that by inserting the word “solely” into the termination agreement to preclude the owner from using material “solely produced by [architect]”, was sufficient to put the architect on notice of the owners intent to use the plans. The court, however, found nothing about that phraseology gave rise to a reasonable suspicion that skullduggery was afoot. The plain terms of the Termination did not authorize the defendants to use any copyrighted material, nor did those terms hint at a clandestine intention to violate the very copyrighted interest that the agreement preserved.”

For these reasons, the appellate court held that summary judgment should not have been granted against the architect, and reversed that aspect of the trial court decision.

On the question of whether the veterinarian had any basis for claiming a copyright interest in the documents, the court found there was no basis for the veterinarian’s claim to be a sole owner of any part of the copyrighted plans and drawings, nor was there basis to find him to be a joint owner of any part. As explained by the court, the veterinarian’s “work for hire theory suffers from obvious flaws.” “A commissioned work can be considered a work made for hire,” says the court, only “if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.”

In this case, the court points out that neither the AIA Agreement nor the Termination Agreement “makes even a veiled reference to works for hire, nor does either contract contain any language remotely suggesting an intention to establish a work for hire relationship.” Again, the court made short work of the veterinarian’s argument that the Termination Agreement restricting him from using “any of the work solely produced by [architect] confers upon him ownership of work not

solely produced by [architect].” This says the court is “an attempt to pass an elephant through the eye of a needle.”

**Comment:** Bravo to the appellate court for taking this veterinarian behind the barn for a good verbal thrashing. It seems that the veterinarian tried to argue he had out-smarted the architect by adding the word “solely” so he could circumvent the otherwise clear intent of the AIA Agreement and Termination Agreement that the architect’s plans and drawings would not be used. It is encouraging to see the clarity in which the court saw through what it apparently deemed to be spurious arguments, and essentially chastised the veterinarian for even raising them.

As demonstrated by the holding in this case, the AIA contract documents preserve for the architect the copyright of the Instruments of Service. Many project owners, however, are revising and reversing this language to state that the copyright of the documents will be given to the project owner instead of the architect. The “work made for hire” language is more frequently being included in contracts that are generated by project owners - thereby attempting to deprive the architect of the copyright and use of his own documents.

A couple pointers are in order concerning the contract language pertaining to ownership and copyright of documents. The architect or other design professional that is creating Instruments of Service should include appropriate language in the contracts to preserve its copyright interest in the documents. If the project owner is granted ownership of the actual documents instead of a nonexclusive license as is done by the standard form agreements, the architect should nevertheless maintain copyright interest in the documents. The phrase “work made for hire” should be stricken from agreements.

In the event that for some reason the design professional decides to grant copyright interest to its client, then at a minimum the design professional should maintain joint ownership of the copyright. The design professional should also be careful not to grant such broad language that it gives away the copyright to its own standard documents and standard features it has developed over the years.

If the project owner is being granted ownership, or copyright interest, in the Instruments of Service, the design professional should obtain language in the contract requiring the Owner to indemnify the design professional for damages arising out of the use of the documents on any project or for any purpose other than for which they were produced under the agreement. An example of such a provision in a contract recently reviewed is the following: “To the fullest extent permitted by law, the Owner shall defend, indemnify and hold the Design Architect, its officers, directors, shareholders, partners, principals, agents, employees, consultants, successors and assigns, harmless from and against all liability, loss, damages, costs and expenses, including attorneys’ fees and disbursements, which any of them may at any time sustain or incur by reason of any revision or addition to, misuse of or deviation from the Instruments of Service occurring subsequent to the Design Architect’s completion of services under or the earlier termination of this Agreement.”

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