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Bulletin #81, Just Because You Paid for the Plans Doesn't Mean You Own Them (November 23, 2004)

One afternoon, I was teaching a class to a group of builders. During my lecture, I mentioned that when a contractor hires an outside architect to draw plans there is a presumption that the architect owns the copyright. At that moment, a large, burly contractor stood up and said, "I've been working with my architect for twenty @&%# years and there is no @$%# way I don't own the copyright."

After a pause, and a muffled laugh in the back of the room, I explained that unless the contractor had a work–for–hire agreement with the architect, he could have a serious problem. We met after my speech, his architect signed a work–for–hire agreement and the problem was avoided. Work–for–hire agreements can be a simple solution to a contractor's copyright protection.

Copyright Protection

In 1990, Congress amended the copyright law to protect architectural works. (17 U.S.C. § 201; see also *Contracts Bulletin #66 – Copyright Law: Who Owns Plans and Specs? Can I Have a Copy?*) This created a fundamental change for contractors because plans, drawings, and designs are now subject to copyright protection.

An "architectural work" includes the form of a building, including architectural plans or drawings, as well as the composition of spaces and elements of design. (17 U.S.C. § 101) This means that an author may claim a copyright on an entire structure, or just a specific portion, or feature like the floor plan or HVAC system. The Copyright Act provides protection to architects, builders, contractors, and designers as long as the plans are "original." This originality requirement is a fairly low standard and just means that the plans must contain some minimal degree of creativity.

As the burly contractor demonstrated, people often misunderstand who "owns" a copyright. Ownership normally vests with the individual, who drafted the plans, drawings, or design. (17 U.S.C. § 201) In the case of a work created by an employee, the ownership vests with the employer. Therefore, if a contractor's internal employee drafts the plans, the contractor owns the plans. However, this does not apply to outside architects or consultants. If an outside consultant or architect is being used in the design process, the copyright of drawings and plans vests with the architect unless the parties entered into contracts, which transfer the ownership of copyright interests. These contracts are called "work–for–hire" agreements. A "work made for hire" is: (1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for use as a contribution to a collective work, … as a compilation, … if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. (17 U.S.C. § 101) Under copyright law, architectural plans, designs, specifications, drawings, and other works created or authored by another party may be transferred in a

"work–for–hire" agreement.

As a practical matter, this means a contractor who creates a clever and original HVAC design will own the copyright unless the contractor hired an outside architect to draft the plans. To the contractor, who paid for the plans, and yet has no right to use the work, the situation may seem unfair. To avoid these problems, the contractor and the architect should sign a "work–for–hire" agreement before any work begins.

Work–for–Hire Agreements

Every day, countless situations arise where contractors hire others to create plans or drawings for the contractor. For example, a contractor hires an architect to draw up plans for a home or for a renovation, or a contractor may hire an engineer to create drawings for an elaborate HVAC plan. Because the parties are unfamiliar with the copyright law, agreements between the parties are usually silent with regard to who owns the copyright of the plans or drawings. Many industry standard agreements contain provisions regarding ownership of copyrights. For example, AIA Form A201/CMa 1992 provides in paragraph 1.3.1 that the architect owns the plans and *not* the contractor.

Unless a work–for–hire agreement is signed, the architect or engineer, who authored the plans, will own the copyright to the plans. This means that the architect/engineer could resell the plans without the contractor's permission or demand royalties if the contractor uses the plans on other jobs.

Work–for–hire agreements are agreements that transfer copyright in a work from the architect/engineer to the contractor. Under the work–for–hire agreement, the contractor becomes the legal creator of the work. If the contractor wishes to have a copyright interest in drawings or plans generated by someone other than a full–time employee, a "work–for–hire" agreement should be written and signed by all the relevant parties. (A sample Work–For–Hire Agreement is attached.) Work–for–hire agreements are common and most construction lawyers have contracts readily available.

Guidelines for "Work–for–Hire" Agreements

1. **In Writing.** To have an effective "work–for–hire" agreement, the contractor must specifically outline in writing the copyright interests and the rights of the architect/engineer regarding plans generated by the architect/engineer.

2. **Everyone Signs.** The contractor should have written "work–for–hire" agreements with all architects, engineers, consultants, and independent contractors, who have created plans, drawings, or designs for the contractor, and the contractor wishes to own the copyright interests.

3. **Sign Early.** "Work–for–hire" agreements should be signed when everyone is getting along or before the work has started. If "work–for–hire" agreements are signed after the commencement of the work, then the "work–for–hire" agreement should be retroactive.

   Retroactive agreements should contain language which states that it applies to work that the designer has done and will do. Additionally, while retroactive agreements are permitted, it may be difficult to convince the designer to sign the agreement and assign the copyright after the design work is completed. It is always better to handle these issues early when the parties are getting along and before any dispute arises.

4. **Assignment Clause.** It is also a good idea to include a "back–up" copyright assignment clause in a "work–for–hire" agreement. Under the copyright laws, a work–for–hire agreement does not always result in a transfer of copyright if specific performance requirements are not met. Therefore, it is a good idea to include an assignment of the entire copyright.

5. **Record the Assignment.** Because a "work–for–hire" agreement transfers copyright interests, the plans or drawings should be recorded with the Copyright Office. Registration with the Copyright Office is "permissive;" it is not required. However, filing is a prerequisite for obtaining statutory damages in an infringement action and creates a presumption of ownership and validity of the copyright. Registration is also *required* to obtain attorneys' fees in any copyright lawsuit. (17 U.S.C. § 412) To register plans or drawings, a completed application form (Form VA for Architectural drawings), a non–refundable filing fee, and the appropriate number of copies should be submitted. The fee, form, and copies should be mailed to: Library of Congress, Copyright Office, 101 Independence Avenue S.E., Washington, DC 20559–6000. For more detailed information and forms, the Copyright Office has an excellent Web site located at: www.loc.gov/copyright/.

License

Another way to acquire rights to work created by the designer is by license. This means the author (designer/architect/engineer) keeps the copyright interest but gives the contractor a right to use the plans – the extent to which the contractor can use the copyrighted plans is defined in a "license agreement." The drawback to a license is that it does not give the contractor total ownership of the copyrighted plans instead it gives the contractor an exclusive or nonexclusive limited right to use. Therefore, contractors will generally prefer to obtain all rights under "work–for–hire" agreements.

Conclusion

Contractors invest time and money generating plans. Signing "work–for–hire" agreements with engineers, consultants, designers, architects, and other independent contractors is an effective and efficient way to protect plans. We live in an increasingly competitive marketplace making it important to enter into agreements to protect a business's rights. Work–for–hire agreements protect both a contractor's plans and also avoid unintentional use of plans that are generated by others.

(This article contains a general discussion of the law. You should consult with your attorney on the issues regarding your contracts. This article does not constitute and should not be treated as legal advice as to any particular situation.)

SMACNA wants the Contracts Bulletins to serve our members. Your feedback or topic suggestions are welcomed by contacting Steve Yoch (e–mail: syoch@felhaber.com; telephone 651 312 6040) or Tom Soles (e–mail: tsoles@smacna.org; telephone: 703 803 2988).

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