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DIFFERENT WORKS



RLI DESIGN PROFESSIONALS
Design Professionals Learning Event

Ownership of Documents and Intellectual Property: *Are They the Same or How Do They Differ?*

DPLE 150

December 21, 2016

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Course Description

Owners often take the position that because they are **paying for the plans and specifications**, they should own them.

Design professionals are concerned that the **work be paid for** and that **the plans not be used improperly**.

Issues relating to ownership and use of plans arise **if the design professional is terminated or leaves the project before completion**. Or, what happens if an employee leaves the firm?

Who owns the documents?

In today's course we will explore the complicated issues around **ownership of documents and intellectual property** and how to address these issues with your client.

Learning Objectives

Participants will:

Learn what it means when they transfer ownership of documents and intellectual property;

Gain an understanding of how ownership of documents and ownership of intellectual property differ;

Review examples of contract language that may be problematic; and

Consider contract language that may protect them if they are terminated from a project, leave the project before it is completed, or an employee leaves the firm.

Disclaimer

All provisions in this presentation are furnished solely for **educational purposes**.

Nothing herein is **intended as legal advice**, nor as a means of establishing an attorney-client relationship.

Laws and regulations may **vary considerably by jurisdiction**. Accordingly, you are advised to **consult a knowledgeable attorney** before making any contractual modifications.

— *A Wise Lawyer*

Licensing

Prestige

Career Development

Flexibility

Salary

Authority

Responsible Charge

The **degree of control** an engineer is required to exercise over engineering decisions made personally or by others **over which** the engineer provides **supervisory direction and control authority**.

In making and approving engineering decisions, the engineer **should be physically present** or, if not physically present, **be available in a reasonable period of time**, either personally or through the use of electronic communication devices.

Responsible charge and direct supervision **are not satisfied** with drawing or other document review after preparation without involvement in the design and development process.

Is the Design Professional with Responsible Charge...

Capable of answering questions relevant as part of the professional services with sufficient detail to demonstrate reasonable knowledge of and proficiency with those design issues related to the project?

Completely in charge of, and satisfied with, the work product of the services rendered and have and exercise the authority to review and to reject or approve the work in progress and the final work product?

Knowledgeable of the technical abilities of personnel doing the work and be satisfied with the technical credentials of them?

Exercising the degree of control and supervision described and accepting full responsibility for the work product content?

Intellectual Property Concerns

**The Federal
Copyright Act**

**Architectural
Works Copyright
Protection Act**

Take Aways

Author of copyrightable work owns it;

Where there's no contract language re: ownership and use, copyright laws apply;

Any transfer must be agreed to in writing;

Standard contract language only gives the client a limited license to use. Without a written provision, the client usually only has non-exclusive rights to use the plans.

Intellectual Property Concerns

Federal Copyright Act: Exception

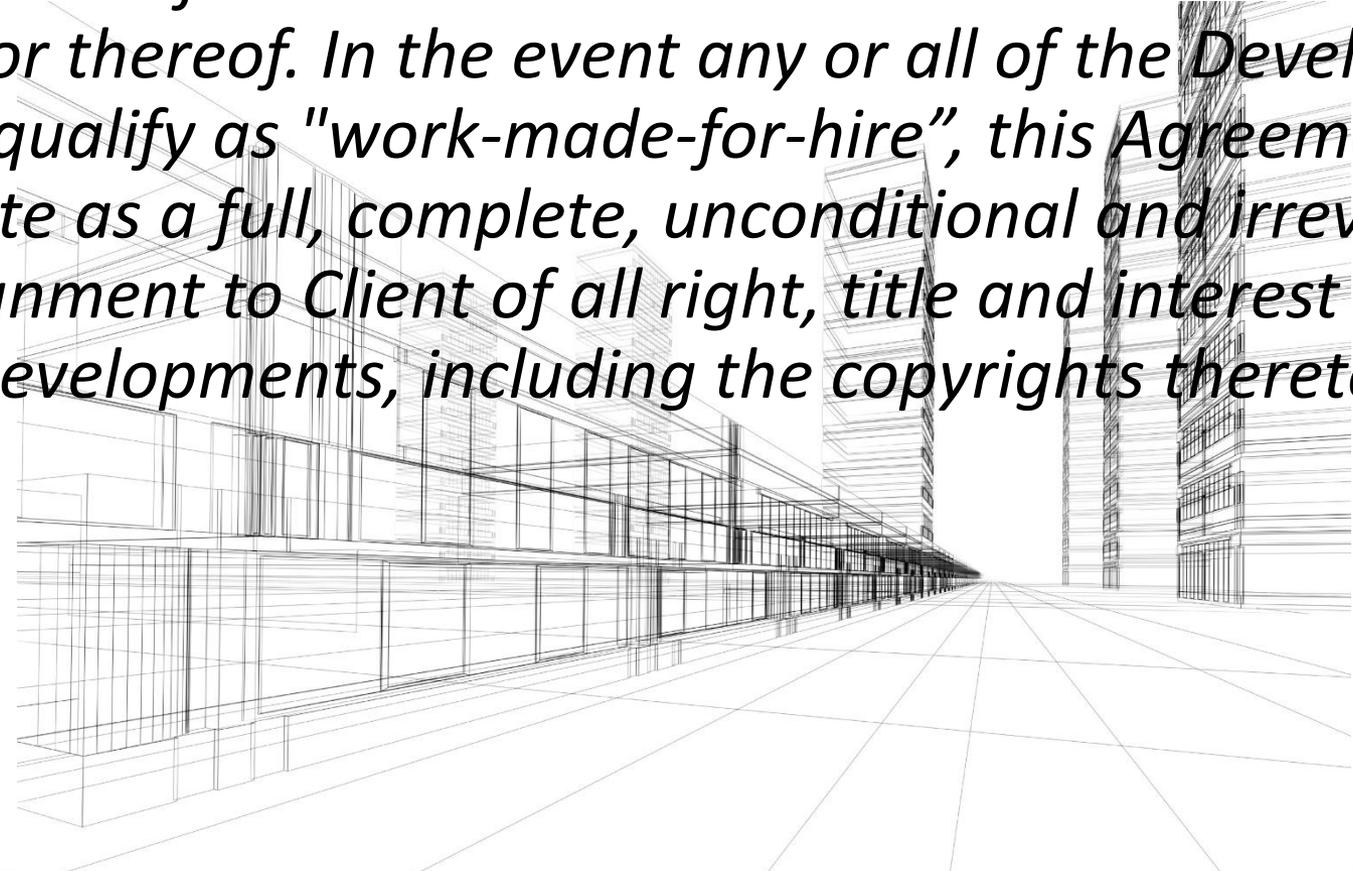
A "work made for hire" includes:

- (1) work prepared by an employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned . . . if the parties expressly agree in a written agreement signed by them that the work shall be considered a work for hire.

CAUTION

Contract Language: Intellectual Property Concerns

“Work-for-Hire. To the extent permitted by law, Independent Contractor agrees that the Developments shall be considered “work-made-for-hire” and Client will be deemed the creator or author thereof. In the event any or all of the Developments do not qualify as “work-made-for-hire”, this Agreement shall operate as a full, complete, unconditional and irrevocable assignment to Client of all right, title and interest in the Developments, including the copyrights thereto.”

A detailed architectural wireframe drawing of a modern building complex. The drawing shows a long, low-rise building with a grid of windows and a series of taller, more complex structures in the background. The lines are thin and black, creating a sense of depth and perspective. The drawing is set against a light background, and the overall style is technical and precise.

CAUTION

*“Work-for-Hire. To the extent permitted by law, Independent Contractor agrees that the Developments shall be considered “work-made-for-hire” and **Client will be deemed the creator or author thereof.** In the event any or all of the Developments do not qualify as “work-made-for-hire”, this Agreement shall operate as a **full, complete, unconditional and irrevocable assignment** to Client of all right, title and interest in the Developments, including the copyrights thereto.”*

Case Study



Kunycia v. Melville Realty Company, Inc., 755 F. Supp. 566 (S.D.N.Y. 1990)

Sample Contract Language

“The Architect and the Architect’s consultants shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and shall retain all common law, statutory and other reserved rights, including copyrights. Submission or distribution of Instruments of Service to meet official regulatory requirements or for similar purposes in connection with the Project is not to be construed as publication in derogation of the reserved rights of the Architect and the Architect’s consultants.”

--AIA Document B101-2007, § 7.2



Ownership of Documents

Ownership of Documents

Ownership of Documents

Limited Non-Exclusive License

“Client will have the right to use for its own purposes any ideas, methods, techniques, materials and information provided to or otherwise obtained by Client as a result of this Agreement, without restriction, liability or obligation;...”

“Client will have the right to use for its own purposes any ideas, methods, techniques, materials and information provided to or otherwise obtained by Client as a result of this Agreement, without restriction, liability or obligation;...”

CAUTION

Case Study

entral.

signed this contract

John Doe

Authorized Signature



Johnson v. Jones, 149 F.3d 494, 5010502, 47 U.S.P.Q.2d 1481,
1998 FED App. 0112P (6th Cir. 1998)

Ownership: Yours, Mine, or Ours?

In exchange for the transfer, does the Recipient agree that:

Payment

Do the documents remain the Design Professional's property until the Design Professional has **received full payment** for the services provided **and** the project is **completed**?

Reuse

The documents are **project-specific** and are **not intended for reuse** on other projects?

Owner's Risk

Any **reuse** by the Recipient without the Design Professional's involvement will be at the Recipient's **sole risk**?

Indemnification

The Recipient will **defend, indemnify, and hold the Design Professional harmless** from any claims brought against them arising out of the reuse?

DP's Rights

The Design Professional has the right to **retain one record copy** of all project documents and to **reuse standard details** of the contract documents?

What Does the AIA Say?

“Upon execution of this Agreement, the Architect grants to the Owner a nonexclusive license to use the Architect’s Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided that the Owner substantially performs its obligations, including prompt payment of all sums when due, under this Agreement. The Architect shall obtain similar nonexclusive licenses from the Architect’s consultants consistent with this Agreement....”

--AIA Document B101-2007, § 7.3

What Does the AIA Say?

...The license granted under this section permits the Owner to authorize the Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers, as well as the Owner's consultants and separate contractors, to reproduce applicable portions of the Instruments of Service solely and exclusively for use in performing services or construction for the Project. If the Architect rightfully terminates this Agreement for cause as provided in Section 9.4, the license granted in this Section 7.3 shall terminate."

--AIA Document B101-2007, § 7.3

What Does the AIA Say?

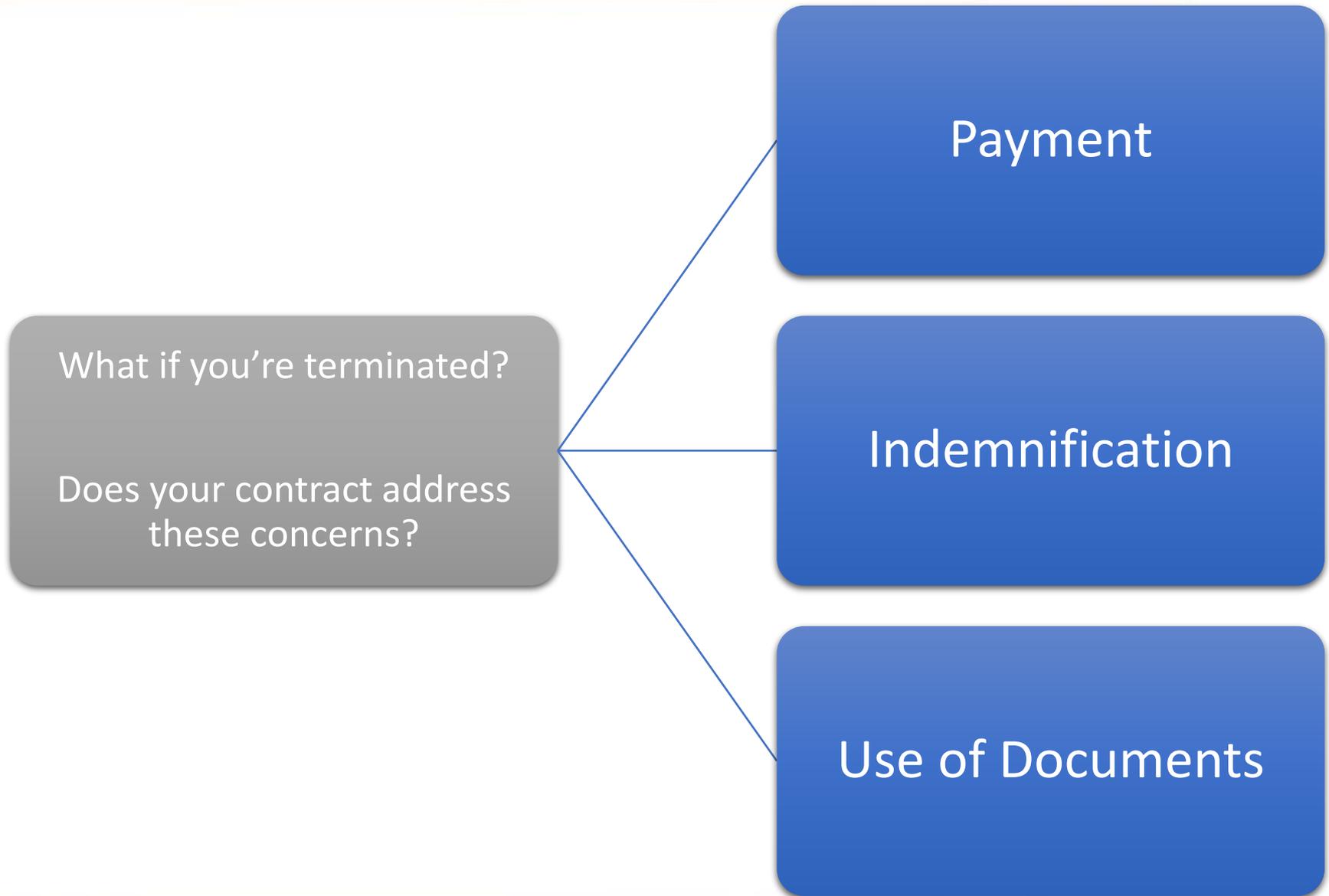
“In the event the Owner uses the Instruments of Service without retaining the author of the Instruments of Service, the Owner releases the Architect and Architect’s consultant(s) from all claims and causes of action arising from such uses. The Owner, to the extent permitted by law, further agrees to indemnify and hold harmless the Architect and its consultants from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner’s use of the Instruments of Service under this Section 7.3.1.”

--AIA Document B101-2007, § 7.3.1

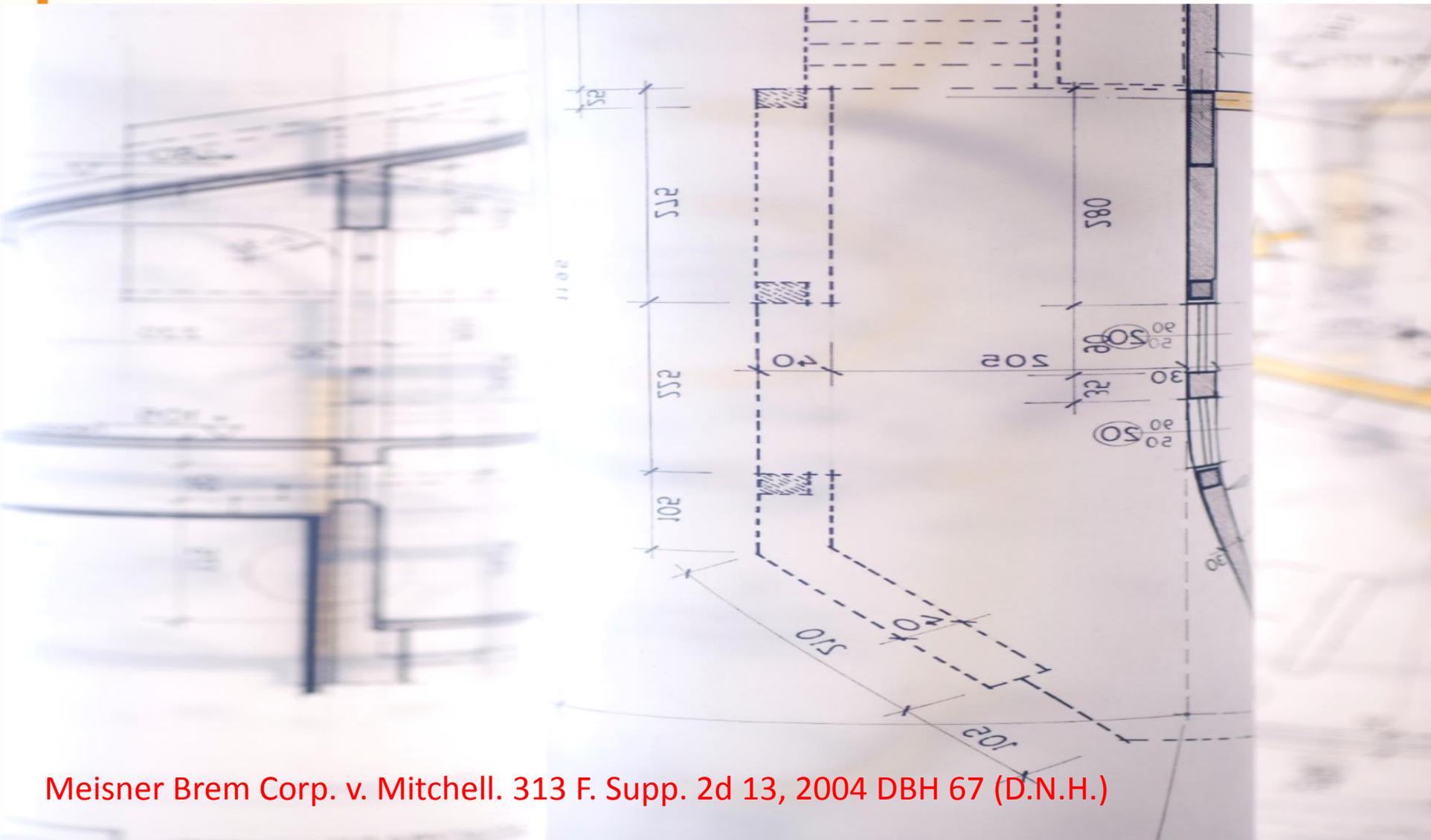


**Pardon the Project
Interruption...**

Ownership of Documents



Case Study



Meisner Brem Corp. v. Mitchell. 313 F. Supp. 2d 13, 2004 DBH 67 (D.N.H.)

Risks for Terminated Design Professionals

Ownership and Use of Documents

“To the fullest extent permitted by law, the Documents prepared by the Design Professional, regardless of form, shall remain the property of the Design Professional. The Design Professional shall retain all common law, statutory and other reserved rights, including, without limitation, the copyrights thereto.”

“The Parties agree that at this time, the Design Professional does not represent that the Documents are complete, or that they are consistent with the current conditions that may affect the Project, and makes no representations or warranties about the fitness of the Documents for any particular purpose.”

Risks for Terminated Design Professionals

Ownership and Use of Documents – License to Use Upon Payment

“Upon payment in full for services rendered hereunder, the Design Professional grants to Owner a nonexclusive license to use the Design Professional’s Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project. The license granted under this section permits the Owner to authorize the Contractor, Subcontractors, Sub-subcontractors, and material or equipment suppliers, as well as the Owner’s consultants and separate contractors, to reproduce applicable portions of the Instruments of Service solely and exclusively for use in performing services or construction for the Project.”

Risks for Terminated Design Professionals

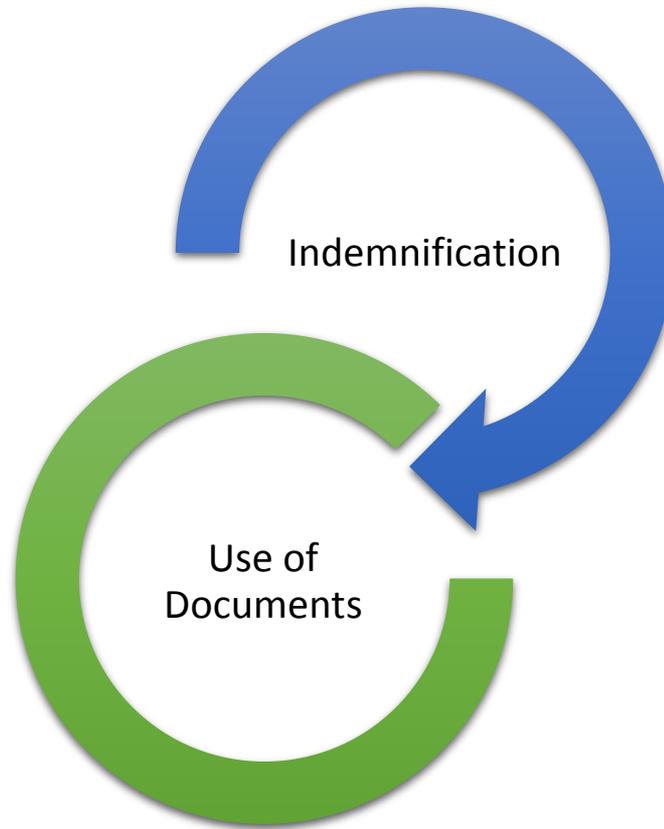
Release and Indemnification from Owner when Owner wants to use your documents going forward without you continuing on the project:



*“In consideration of the mutual covenants, conditions, and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the **Owner agrees to waive any and all claims against the Design Professional** and to **defend, indemnify and hold the Design Professional harmless** from and against any and all claims, losses, liabilities and damages **arising out of or resulting from the use, reuse or alteration** of the Design Professional’s Documents by the Owner or any other entity or individual. The Owner will remove markings on the Documents that would be sufficient to identify the Design Professional as the author of the Documents.”*

Ownership of Documents

What if you are replacing a design professional on the project?



Does your contract address these considerations?

Use of Documents: New Design Professional

Evaluate language such as:

“In consideration of the mutual covenants, conditions, and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner agrees:

1) the Owner has permission from [Other Design Professional] that Owner can forward plans and specifications and any and all Instruments of Services created by [Other Design Professional] to the Design Professional for the Design Professional’s use in the preparation of the Design Professional’s plans and specifications; and,

2) Owner agrees to waive any and all claims against the Design Professional and to defend, indemnify and hold the Design Professional harmless from and against any and all claims, losses, liabilities and damages arising out of or resulting from the services performed by the [Other Design Professional].”



Electronic Transfer

Ownership and Use

Does not convey ownership rights

Limited right to use or modify data

Limited ability to transmit

What Does the AIA Say?

*“The Architect and the Owner warrant that in transmitting Instruments of Service, or any other information, **the transmitting party is the copyright owner** of such information or has permission from the copyright owner to transmit such information for its use on the Project. **If the Owner and Architect intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions.**”*

--AIA Document B101-2007, § 7.1

Transmission and Ownership of Digital Data

By transmitting Digital Data, the transmitting Party does not convey any ownership right in the Digital Data or in the software used to generate the Digital Data. Unless otherwise granted in a separate license, the receiving Party's right to use, modify, or further transmit Digital Data is specifically limited to designing, constructing, using, maintaining, altering and adding to the Project ...



Adapted from the AIA E203-2013, § 2.3

What Does the AIA Say?

“To the fullest extent permitted by law, the Receiving Party shall indemnify and defend the Transmitting Party from and against all claims arising from or related to the Receiving Party’s modification to, or unlicensed use of, the Digital Data.”

--AIA Document C106-2013, § 2.5

Thank you for your time!

QUESTIONS??

This concludes The American Institute of Architects
Continuing Education Systems Program

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