

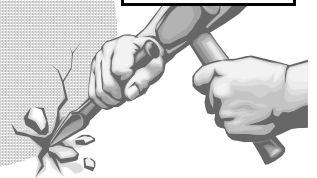
The Heuer Law Group

Spring 2002

The Pro-Active Approach

A Design Professional's Resource

Vol. 4, No. 1



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John G. Danielson, Inc. v. Winchester-Conant Properties, Inc. and Willows at Winchester, LLC, U.S. District Court for Massachusetts, Civil Action No. 00-CV-11021 WGY; opinion by Chief Justice William G. Young.

This case was brought by an architect, John G. Danielson, Inc., against the developers (Winchester-Conant Properties, Inc. and Willows at Winchester, LLC) of 70 condominium units on a 7.4 acre parcel of land in Winchester, Massachusetts. Danielson was represented by Charles R. Heuer, FAIA, Esq. as co-counsel with Anthony E. Battelle, Esq. (Construction Law Services). Danielson sued for copyright infringement, violation of the federal Lanham Act (false designation of origin), common law conversion and unfair and deceptive trade practices in violation of M.G.L. c.93A. The matter was tried to a jury from February 19-27, 2002, and resulted in a verdict in favor of Danielson in the amount of \$1,464,950 on the copyright action and \$120,000 on the Lanham Act violation. The conversion action and the M.G.L. c.93A action were dismissed. Pre-judgment interest and attorneys' fees under the Lanham Act have not yet been determined.

The facts leading to the lawsuit began when Danielson contracted with Louis Farese in 1986 to perform architectural services for Farese in connection with his efforts to 1) rezone the Winchester property from light commercial to multi-family and then 2) construct a 70-unit condominium complex on the property consisting of a clubhouse and four residential buildings. Danielson's contract with Farese for work before municipal approvals were obtained was to provide services on a time charge basis. After such approvals were obtained, an AIA B141 (1977) Owner-Architect Agreement was signed, with compensation in the sum of \$532,000 to be paid for full services. Danielson in turn retained Donald Tellalian Associates, Architects and Planners, Boston, Massachusetts, under an AIA C727 (1982) Architect-Consultant Agreement, to assist in the work. Tellalian physically drew the drawings that were later infringed.

Several design schemes were submitted to the Town of Winchester. They were shown to the Planning Committee and to neighborhood representatives. They were displayed at the Town Meeting on easels and via overhead projection. The Town Meeting, including images of the drawings, was televised on the local cable TV station. Eventually the design scheme referred to above was approved. A 30-year Restrictive Covenant was agreed upon between Farese and the Town whereby the zoning change was conditioned upon adherence to the Restrictive Covenant that, in turn and among other things, referenced the Danielson "footprint" drawings setting the location of the five buildings, all roads, parking areas, footpaths and green spaces. The property could not be developed except in conformity with the Restrictive Covenant (including

Danielson's design scheme), unless a covenant change was obtained. Such a change required that two-thirds of the vote at the Town Meeting be cast in favor of the change.

Danielson performed approximately 87% of the services required under its contract when Farese's bank failed, causing Farese to fail as well. None of the drawings prepared by Danielson contained the copyright symbol and date and none were registered at that time with the U.S. Copyright Office. When Farese failed, he owed Danielson \$194,431. Nevertheless, Danielson paid all of its consultants in full. They included Tellalian and Medford Engineering & Survey, Medford, Massachusetts. Medford had performed survey, grading, and utility work for Danielson and had presented this work on base "footprint" drawings provided by Danielson.

Construction in 1987-88 had progressed very little prior to Farese's financial demise. Foundations were in for three of the five buildings and the clubhouse, which pre-dated the Farese development, was closed in. Following Farese's demise, the property lay abandoned for several years. In 1994, one of the defendants purchased the property by buying Farese's note and mortgage from Resolution Trust Company, receiver for the failed bank. After a few meetings with Danielson and Tellalian, the new owner (Winchester-Willows) hired another architect to design a townhouse scheme for the property and attempted to persuade the Town to grant a change in the Restrictive Covenant to allow the townhouse scheme to be built. Danielson heard nothing more of the matter until 1997.

In the meantime, after three attempts, Winchester-Willows was unable to obtain a covenant change for their townhouse scheme, although they got as close as 62% or 63% of the vote. In mid-1995, their thinking returned to the 70-unit condominium scheme embodied in the Restrictive Covenant. Instead of contracting Danielson, however, Winchester-Willows went directly to Medford, Danielson's 1987 consultant whose name they had seen on prior documents, to design plans for resubmittal to the Town to update the 1987 approvals. No one ever asked Danielson for permission to use his drawings.

Medford took the 1987 Danielson footprint drawings and, literally, cut out Danielson's and Tellalian's logos from the upper corner of the Title Block on the sepias that they had from their prior involvement. Medford then proceeded to work right on the original drawings, even going so far as to leave the 1987-88 revision dates on the drawings and adding new revision dates and notes in sequence. Medford submitted these drawings to Winchester-Willows. Winchester-Willows had copies of the 1987-88 drawings acquired from Farese in the purchase and, when Winchester-Willows submitted the documents to the Town as part of the 1995 approval process, they knew that Medford had used the 1987-88 Danielson drawings to prepare the 1995 drawings. Winchester-Willows was successful in obtaining Town approval and went about developing the property. They even used Danielson's 1987-88 rendering of the project on the new site sign for marketing purposes.

Danielson discovered the infringement upon driving by the property in 1997, engaged counsel and notified Winchester-Willows of its claim. Unfruitful negotiations took place over the next two and a half years, at which point suit was commenced. Eventually, both sides made motions for summary judgment. That is done when one or the other side, or both, believe that the facts are not in dispute and the only thing for the court to decide is the law based on such facts. The Court denied Winchester-Willows' motion for summary judgment and granted most of Danielson's. In doing so, the court resolved the following issues:

- 1. Original work.** Architectural plans consisting of nothing more than relatively unremarkable footprint designs for building layouts, road layouts, parking layouts, and pathways

are entitled to copyright protection under the Copyright Act of 1976 as tangible expressions of an idea in “graphic and sculptural works.” The bar of required creativity is very low.

2. The copyright symbol. In 1987, failure to mark an architectural drawing with the copyright symbol would generally be fatal to the author’s rights *if the drawings were “published.”* In this case, the Court found that the drawings were not published (see below). In part, this was because of language in the AIA Owner-Architect Agreement that addressed the issue of what constitutes publication. The copyright symbol is no longer required, but it is still a good idea to use the symbol to deter unauthorized copying.

3. Registration. Failure to register the work with the U.S. Copyright office prior to the infringement is not fatal to an action for infringement, but registration must precede the filing of suit. Registration after the infringement, however, does preclude a plaintiff’s right to statutory damages and limits him/her to actual damages and disgorgement of the profit made by the infringer as a result of the violation.

4. Publication. Submittal of the architectural drawings to various municipal boards and agencies, and to the public, in connection with the efforts to obtain approvals for development is not “publication” that destroys the holder’s copyright protection. One New Jersey case (Certified Engineering) which held to the contrary (the only case to do so) was not followed. Apparently, a substantial reason for this was the language in the AIA Owner-Architect Agreement addressing what constituted publication.

5. Merger. The fact that the Restrictive Covenant required adherence to the Danielson design and thereby precluded other footprint designs was not enough to allow application of the doctrine of “merger.” This doctrine usually arises when, due to topography, for example, there is only one possible design that can actually be built on a site. When that happens, the theory is that the idea merges with the expression of the idea and therefore is not copyrightable. In this case, Winchester-Willows argued unsuccessfully, that, because of the Restrictive Covenant, Danielson’s plan *expression* merged into the underlying uncopyrightable plan *idea* and could not be copyrighted.

6. Implied License. The court rejected this defense, which had argued that, as a result of the Restrictive Covenant, no other design could be used and, therefore, Danielson impliedly licensed subsequent owners of the property to use the design.

7. Ownership and Authorship. One of the most important issues presented was Winchester-Willows’ claim that Medford, by virtue of its having drawn the Utility Plan onto the base site plan provided by Danielson, was a “co-owner” and/or a “co-author,” along with Danielson, of this plan and could legally sell the drawing to Winchester-Willows. Co-authorship, if established, would have accorded Medford this right, and Danielson’s claim would have been defeated. This issue was not raised in Winchester-Willows’ summary judgment motion and therefore was not decided as a matter of law. The Court, over Danielson’s objection, allowed the issue to go to the jury. Although the jury rejected the defense, it is significant that the Court allowed the issue to go to the jury at all. The implication is that *any* consultant to an architect has the same legal right, i.e., to claim authorship status by virtue of making a copyrightable contribution to an architect’s base plans. Probably few, if any, architects are operating under such a notion. This is something to think about addressing in agreements with consultants.

8. Apportionment. Winchester-Willows argued that any disgorgement of profits must be reduced by “apportionment.” Under that theory, profits must be allocated according to those

arising from the infringed work and those not so arising. The Court allowed this issue to go to the jury. Before the jury, Winchester-Willows claimed that the site plan (footprints) contributed only minimally, if at all, to the profits and, therefore, there should be little or no disgorgement of such profits. Danielson argued that apportionment was appropriate only where an element of profit could be isolated and shown to have been earned on the sale of a unit totally unaffected by the infringement. Danielson also argued that if the site plans were not used, the whole development could not have been built and no profits would have been made at all. The jury accepted Danielson's view.

9. Actual Damages. The court allowed Danielson's actual damages to be decided by the jury on the strength of proof of the overall profit potential on the initial contract. That contract (between Danielson and Farese) was for \$532,000. The jury returned actual damages of \$120,000, although there was no direct proof of the amount.

After 4½ days of trial, the case went to the jury. They deliberated for about 5 hours and returned a verdict in favor of Danielson for \$1,464,950 on the copyright infringement claim and \$120,000 on the Lanham Act claim. The copyright award was based on disgorgement of \$1,344,950, which the parties had stipulated was Winchester-Willows profit on the project, plus \$120,000 in actual damages to Danielson. Accordingly, it appears that a portion of the copyright infringement award is duplicative of the Lanham Act award. The Lanham Act award was important, however, because it allowed for an application to recover attorneys' fees and pre-judgment interest, neither of which are available under the Copyright Act (since registration was not made prior to the infringement).

This case is an example of the substantial value of protecting and preserving one's copyright in creative work. Please call Chuck Heuer @ (800) 952-9342 if you have questions, need some guidance or want to discuss a potential claim.