

THEFT BY DESIGN: WHAT YOU CAN DO ABOUT SIGN PLAGIARISM

**A simple guide as to how Copyright protections can keep
your ideas and products from being stolen.**

Furnished by



INTERNATIONAL SIGN ASSOCIATION

© Copyright 1994 by the International Sign Association. Reprinted in 1996 and 1998.
All rights reserved and may not be reproduced without written permission from the ISA.

**International Sign Association
1001 N. Fairfax Street Suite 301
Alexandria, Virginia 22314-1797
(703) 836-4012, fax (703) 836-8353
www.signs.org**

Reproduced by Neokraft Signs, Inc. www.neokraft.com
with permission from the International Sign Association

THEFT BY DESIGN:

WHAT YOU CAN DO ABOUT SIGN PLAGIARISM

This report has been prepared for the International Sign Association (ISA) by its attorneys Wayne Coy and Richard M. Schmidt Jr., of the law firm of Cohn and Marks, 1920 N. Street, N.W., Suite 300, Washington, D.C., and is for the express use of the ISA membership for informational guidance only and is not intended as legal advice. Because each legal case brings unique factual circumstances, your attorney should be consulted prior to taking action in any design-infringement matter.

EXAMPLE:

In 1994, Joe Fastbuck walked into the offices of The Bright Idea Sign Co. and asked them to undertake a project. Fastbuck explained that he was opening a video arcade under the name of Fastbuck Palace. Fastbuck wanted an electric sign that would lure teenagers into his establishment to drop the better part of their lunch money into video games and pinball machines. He wanted a large sign with plenty of lights and color. Fastbuck had no specific ideas about how such a sign should be designed, and he wanted to commission The Bright Idea to come up with an idea.

Les Glare, president of The Bright Idea, agreed to have plans drawn up for such a sign and submit them to Fastbuck for approval, who promised that if he liked the plans he would commission The Bright Idea to build and install the sign for him. Glare immediately sent one of his graphic artists to work on the project, and two weeks after the initial meeting, Glare had delivered a set of plans and specifications to Fastbuck for his approval, who said he would get back to Glare soon. Instead, several days later he received an envelope in which the plans were enclosed with a note from Fastbuck saying that he had decided not to use The Bright Idea's plans.

Months later, Glare's son, Les Jr., 14, asked for an advance on his allowance. Les Jr. explained that he had squandered his current savings, one quarter at a time, at Fastbuck Palace. Glare was furious. It was bad enough that Fastbuck rejected the sign plans without the additional insult of having lured his son into the arcade. Glare decided to give Fastbuck a piece of his mind. He immediately drove to the arcade and, upon arrival, noticed to his dismay that Fastbuck Palace was marked by a sign indistinguishable from the plans The Bright Idea prepared. Glare decided at that point, that a visit to his lawyer would be in order.

Glare contacted his lawyer, Ashforth Dewey III, who, after several unsuccessful efforts to contact Fastbuck, advised that a suit be instituted in the state court in an effort to recover monetary damages. Glare agreed, and Dewey filed suit against Fastbuck for unfair competition. Several months later, Glare's suit was dismissed by the state court. The state court's dismissal was premised upon its findings that Glare's suit, because it was fundamentally the same as a claim of infringement of copyright, can only be brought in federal court under the Copyright Act.

Dewey drew up another complaint to file in federal court, alleging copyright infringement by Fastbuck. Three months later, that suit was dismissed on the grounds that the plans submitted to Fastbuck did not bear a proper copyright notice. At that point, Dewey advised Glare that there was very little point in pursuing the matter, and Glare agreed.

Although the circumstances of *Glare v. Fastbuck* are entirely fictitious, they are not improbable. Piracy of plans and drawings is a serious problem and, if a sign designer or manufacturer does not take sufficient steps to protect himself, he may well find himself in the same uncomfortable position as Glare. Fortunately, there are various ways in which a sign designer or manufacturer can protect himself with minimal cost and effort. This article will set forth the ways in which those steps may be taken.

Three steps should be taken, which will provide a large measure of protection. The sign designer or manufacturer should: (1) affix a proper copyright notice to any plans or drawings; (2) place a legend on all drawings and plans, setting forth their limited permissible use and indicating the costs or services which will be due in the event that these limited purposes are exceeded; and (3) if possible, enter into an agreement with the party to whom the drawings and specifications were submitted.

Copyright Protection for Sign Plans

Under the Copyright Act of 1976, 17 U.S.C. subsection 101-810, copyright protection is extended to “pictorial, graphic, and sculptural works.”¹ These are defined to include “two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, print and art reproductions, maps, globes, charts, technical drawings, diagrams, and models.”² Thus, the language of the Copyright Act makes it absolutely clear that copyright protection is accorded to plans and specifications for signs.

Federal copyright protection is accorded to these plans from the moment of their creation. Contrary to public perception, it is not necessary to register a copyright for the copyright to be valid. Registration provides certain benefits. In some cases, it will make the proof of infringement easier. Registration is also required prior to bringing an infringement suit, but registration can be accomplished in the “11th hour,” which is after an infringement and immediately prior to bringing suit.

The only step that needs to be taken to secure copyright protection is to affix a proper copyright notice to the plans prior to giving them to a third party. The Copyright Act does provide certain exceptions to the notice requirements, and it is possible that Glare might have been able to avail himself of those exceptions in his federal-court action. However, it is a simple matter to affix a copyright notice to plans, and taking such a step eliminates any possible grounds for forfeiture of copyright protection.

A proper copyright notice has three elements: (1) the word “copyright” or the international copyright symbol; (2) the name of the copyright owners; and (3) the date of the copyrighted work.³

¹ 17 U.S.C. subsection 102(a)(5)

² 17 U.S.C. subsection 101. The term “technical drawing” has been added to the statute

³ Publication is a term of art under the Copyright Act, and it is sometimes difficult to determine precisely when publication has occurred. Technically, a publication occurs, when a copyrighted work is distributed, or made available, to the general public. Thus, submission of plans to a prospective client, like the submission of a manuscript to a publisher, is probably not publication. Nevertheless, the copyright notice affixed to the plans should indicate the year in which the plans were submitted to the client. The fact that the work may not have been published, and thus that the date on the copyright notice is technically too early, will not result in the notice being improper or ineffective.

If a proper notice was affixed, the Copyright Act will prevent copying of the ones by photostatic or other methods. Because in most instances it will be impossible for someone to plagiarize sign plans or specifications without making some copy of the plans, this provides a significant measure of protection under federal law. Indeed, one could be almost certain that Fastbuck simply photocopied The Bright Idea plans and took them to another shop.⁴

Thus, a proper copyright notice for Glare would have been:

© Copyright 1998, by The Bright Idea Sign Co. Inc.

The matter of copyright protection would have been much more complicated if Fastbuck had, in fact, not made any copy of The Bright Idea's Plans. Suppose, for example, that the plans had been relatively simple and used a layout which could be both remembered and explained to someone else, or suppose that Fastbuck had simply given the original plans themselves to another manufacturer. The problem in such a case is that production of a physical object described in copyrighted plans is not a copy of the plans, and thus does not infringe the underlying copyright in the plans.⁵

⁴ See *Nucor Corp. v. Tennessee Forging Steel Service Inc.*, 476 F. 2d 386 (8th Cir. 1973). There, the court held that damages could be awarded to an architectural firm whose blueprints and shop drawings had been copied and used to produce a building as specified in the copied plans. The essential basis of liability was the reproduction of the plans themselves. 476 F.2d at 391-92.

⁵ *Shuchart & Assoc. v. Solo Serve Corp.*, 540 F. Supp. 928 (W.D. Tex. 1982); *DeSiha Construction Corp. v. Herrald*, 213 F. Supp. 183 (M.D. Fla. 1962).

Contractual Protection For Sign Plans

Because copyright protection may not be sufficient where the sign plans themselves are not copies, it is important that a sign designer obtain additional protection for his plans. State laws regarding unfair competition or plagiarism claims have been preempted by the federal Copyright Act and do not provide adequate protection.⁶ However, state-law actions relating to breach of contract arising from theft of sign plans may still be maintained.

Obviously, a contract claim can be brought if an agreement between the designer and the prospective client prohibiting use of those plans by the client has been made and evidenced. This first step necessary to establish such an agreement would be accomplished by inscribing a legend, or otherwise affixing a notice, on the plans, prohibiting their use by the client. A legend that would have provided Glare with a possible state-law contract claim would have read:

These plans are the exclusive property of The Bright Idea Sign Co. and are the result of the original work of its employees. They are submitted to your company for the sale purpose of your consideration of whether to purchase these plans or to purchase from The Bright Idea a sign manufactured according to these plans.

Distribution or exhibition of these plans to anyone other than employees of your company, or use of these plans to construct a sign similar to the one embodied herein, is expressly forbidden. In the event that such exhibition occurs, The Bright Idea expects to be reimbursed \$500 in compensation for time and effort entailed in creating these plans.

⁶ See, for example, *Shuchart & Assoc. v. Solo Serve Corp.*, 5-10 F. Supp. 928 (W.D. Tex. 1982). There, the court refused to entertain a state-law claim for misappropriation where a party, who had access to architectural plans for a retail store, later used those plans to construct an identical retail store. Although the plans bore a copyright notice, there was no evidence that the defendants actually copied the plans: and the court made clear that building a structure exactly as described in those plans did not infringe the copyright in those plans. Notwithstanding the unavailability of a federal remedy, the court held that state claims for misappropriation and unfair competition had been preempted by the federal copyright law. Nevertheless, the court also held that a state claim for unjust enrichment (essentially the value of the plans to the second party) was not preempted by the Copyright Act. However, three years later, in *Ehat v. Tanner*, 780 F.2d 876 (10th Cir. 1985) the court of appeals said this theory was also preempted.

Such a legend has three benefits. First, it provides evidence of an agreement between the designer and the client. Second, even if a court is hesitant to find that a binding oral agreement has been entered into between the designer and client, it may serve as the basis for a quasi-contractual action known as quantum merit.⁷

This is the term for an action under common law whereby one who has supplied services to another, which benefitted that other and which were used by that person, may obtain the value of these services even in the absence of a formal agreement between the parties. Finally, it makes it materially more difficult for the prospective client to claim to another manufacturer that the plans are his property and may be utilized by that manufacturer.

Naturally, an even safer course would be to enter into a written agreement with a prospective client prior to doing any work for him. Such a written agreement need be nothing more than a short letter that could embody language similar to that used in the legend. The prospective client's signature on such a written agreement would clearly bind him to the limitations on use of those plans set forth in the agreement. The methods suggested in this article clearly entail minimal time, effort, and expense by the designer, and there is very little reason for them not to be employed. The Bright Idea Sign Co., after its unfortunate experience with Fastbuck, had rubber stamps made up for its copyright and legend.

In addition, Glare had a form letter printed on the company letterhead to which he added the date, the name of the customer and a brief description of the work to be done, and states the substance of the legend. He must remember to get the letter signed in all cases, but he absolutely won't release any plans to a first-time customer without a signed letter. If all of Glare's design people are tied up and he goes to a free-lance designer to get the work done in a hurry, Glare should be certain there is a work-for-hire" agreement between himself and the free-lancer. Such an understanding would grant the exclusive use of the design to The Bright Idea. However, mere payment for the design without such an understanding would give The Bright Idea only a nonexclusive right to the design, leaving the free-lancer the right to peddle the design wherever and whenever he or she wishes. Similar work done by regular employees within the scope of their employment is regarded as work for hire without a specific agreement on each design.

⁷ See, for example, *Shuchart & Assoc. v. Solo Serve Corp.*, 540 F. Supp. 928 (W.D. Tex. 1982), at 945. See *Ehat v. Tanner*, *ibid.*