

PROTECTING YOUR INTELLECTUAL PROPERTY

Technical and intellectual know-how and experience is the life's blood of any design practice. Most design firms understand and appreciate that their most important asset walks out the door each night to go home. As a result, protecting and preserving that intellectual know-how and property is incredibly important in terms of the continuity and prosperity of any professional design practice.

The discussion which follows seeks to accomplish three things: First, we will identify what intellectual property is and how it is protected through law, contracts, and procedures. Second, we will identify how those rights are most often imperiled by disclosure to clients, third parties (such as contractors or even competitors), and former employees or independent contractors. Finally, we will identify tools and strategies to manage those risks and maximize the value and protection of your critical intellectual property.

By far the most common and comprehensive protection for intellectual property developed by design professionals arises through copyright protections. Copyright generally protects written or graphic material from duplication, conversion, or even modification. As a result, it extends to protecting plans, specifications, and reports created by design professionals from duplication, modification, and/or reuse. Copyright protections are reflected through the United States' own copyright laws as well as international treaties and conventions enforceable in most countries around the world. For design professionals in particular, the protection became even greater in 1990 with the passage of the Architectural Works Copyright Protection Act, which now expressly prohibits the unauthorized construction of structures intended for human use. As a result, homes, commercial buildings, schools, and more cannot be duplicated either from existing plans or from the as-built condition of a structure without the design professionals' authorization.

Another great virtue of copyright protections is that at their basic level, they are automatic. Every drawing, specification, or report is copyrighted as soon as it is created. Nothing more is required. Nevertheless, it is always a good practice to reinforce the automatic protection by a standardized Statement of Copyright and Ownership.

Where intellectual property is particularly important, design professionals should consider registering the copyright with the United States Copyright Office. This must be done within three months of creation. Registering a copyright can be a very valuable tool and enhancement, if enforcement of the copyright ever becomes necessary, and establishes remedies and damages.

The second major protection of intellectual property rights is a patent. Generally, a patent is a Federally- and internationally-recognized protection of "any new and useful process, machine, manufacture, or composition of matter, or any new and useful

improvement thereof.” Where it applies, a patent protection is even greater than a copyright in that it protects the actual idea, not just the **depiction** of that idea. Patents require filing with and approval by the U.S. Patent and Trademark Office.

The third major category of commonly-projected intellectual capital for most design professionals falls under the broad categories of trade secret and business information. This may extend to client information, financial information, procedures, and more. To be protected, it must be treated as confidential and, therefore, not readily available in its assembled format to the outside world. The extent of protection will vary widely from State to State. Unlike copyright, there is no Federal standard.

Design professionals become vulnerable to the loss or impairment of intellectual property as soon as it leaves their exclusive possession and/or control. In recent years, evolutions in electronic information storage and transfer have only made this exposure more extreme. Fortunately, that concern can be strategically contained through solid practices and discipline.

Most often, the starting point for that loss of control is most often with the client. Fortunately, it is also the area of concern that can most readily be contained and controlled. By default, all intellectual property rights are retained by the design professional. Obviously, this can and should be reinforced (1) by characterizing the work product as “instruments of service”; and (2) with declarations of copyright ownership on the materials. However, many design service Agreements expressly address the issue of ownership of the design. Many clients seek to declare it to be a “work for hire” and to transfer all ownership rights to the client. Design professionals should avoid this. Ideally, the contract will only grant the client a license limited to the immediate project without any extended rights of reuse or modification. If compelled to convey more than this, the design professionals should limit the use to the immediate project without future uses or modifications, and retain their own right to continue to use the components of the design for future projects. The same is true of any patent rights or trade secrets.

The most open-ended loss of control comes when designs are exposed to or transmitted to third parties such as contractors, suppliers, or even competitors. Since there is no direct contract, contract provisions cannot help. These challenges have intensified with the proliferation of CADD, BIM, and IPD. However, these electronic transmittals also create a great opportunity to define and retain rights to the work product. Whenever design documents are revealed to or shared with such parties, it is vitally important that documents expressly retain ownership rights, restrict the intended uses, and limit the right of reliance. Ideally, this will be done twice: (1) in the documents themselves; and (2) through an electronic document transfer Agreement or disclosure and limitation. Such limitations are incredibly powerful tools which retain the intellectual property as well as limiting liability exposure arising out of its use. The leading case from Washington State clearly limits only rights to such work produced, based on the disclosures.

Finally, design professional firms may lose control over their intellectual property when employees leave and even join competing firms. Such concerns can be greatly avoided by a two-step process. First, each such design firm should have an internal written policy shared with all employees which clearly states that all professional work product and information received or created in the course of employment shall belong exclusively to the firm and not the employee. Second, this should be reflected and confirmed through the affirmations set forth in the work product as well as any filings with the copyright or patent office by making them all the name of the firm and not the individual.

In summary: You can, should, and must protect your intellectual property. In fact, you should do so zealously. To do this you should:

1. Treat it as important, protected, and even confidential;
2. Confirm your ownership on the document;
3. Where appropriate, promptly seek copyright or patent registration;
4. Declare the limited rights of anyone receiving a copy of the work product, both in the work product itself and in the transmittal; and
5. Act promptly to assert your rights in the event of any violation.

These simple steps, routinely and rigorously followed, should secure your intellectual capital for your ongoing use and prosperity for years to come.