

CONSTRUCTION LEGAL EDGE

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ARTICLES CONTAINED IN THIS ISSUE OF THE CLE:

- 1 APPLICATION OF THE GOVERNMENT CONTRACTOR DEFENSE IN FAILURE TO WARN CASES PRESENTS EVIDENTIARY HURDLES FOR CONTRACTORS WHEN THE CLAIM RELATES TO DECADES-OLD CONSTRUCTION
- 2 AVOIDING IMMIGRATION PITFALLS AS INCREASED "JOB CREATION" EMERGES
- 3 WHO OWNS THE DRAWINGS? OWNERSHIP OF THE DESIGN WHEN THE OWNER AND ARCHITECT FALL OUT
- 4 RISK MANAGEMENT: CHARTIS HELPS THOSE WHO HELP THEMSELVES

APPLICATION OF THE GOVERNMENT CONTRACTOR DEFENSE IN FAILURE TO WARN CASES PRESENTS EVIDENTIARY HURDLES FOR CONTRACTORS WHEN THE CLAIM RELATES TO DECADES-OLD CONSTRUCTION

Defending a liability claim brought by an injured individual can be difficult enough for a construction contractor hired by a government entity to perform construction work. The extension of the government contractor defense to private contractors has greatly reduced this burden. However, proving the government contractor defense can be extremely difficult for a construction contractor when the claim is based on its failure to warn of dangers associated with the construction that were not apparent - or even discovered - until years after the construction was completed.

The issue arises when a private construction contractor is sued by a litigant under product liability theories for personal injuries allegedly caused by design defects, manufacturing defects or the contractor's failure to warn of dangers associated with construction performed for a government entity. Although one typically thinks of a "product" – for purposes of product liability laws – as a mass produced item (such as an automobile, machine or toy), product liability theories have been asserted against construction contractors as a basis for liability in relation to discrete construction projects.

In such instances, product liability is asserted on the basis that the construction contractor knew or should have known of: (1) defects in the plans, designs or specifications used for the construction project; (2) defects in the construction work performed by the contractor or in the materials used in the construction; or (3) dangers associated with the construction work for which no warning was provided by the contractor.

Traditionally, if a private contractor was sued under product liability theories in relation to construction work performed for a government entity, the contractor was unable to defend itself on the basis that the work was performed in compliance with plans and specifications issued by the government, or that the government controlled, directed or approved all aspects of the construction, including warnings. This was because only the United States government enjoyed immunity from state law product liability lawsuits alleging defective design, manufacture and warnings.

However, in 1988, the United States Supreme Court expanded the scope of government immunity to protect private contractors against state law tort claims relating to products designed for the government. In *Boyle v. United Technologies Corp.*, 487 U.S. 500, 101 L.Ed.2d 442, 108 S.Ct. 2510 (1988), the Court laid out a three-prong test to determine whether government immunity can be extended to a government contractor when: “(1) the United States approved reasonably precise specifications; (2) the [product] conformed to those specifications; and (3) the [contractor] warned the United States about the dangers and the use of the equipment that were known to the [contractor] but not the United States.” *Boyle*, 487 U.S. at 512.

Unfortunately, the Supreme Court in *Boyle* applied its three-prong test in the context of defective design claim, and has not yet ruled on the proper application of the government contractor defense to defective manufacture or warning claims. In the absence of such direction, federal courts have determined that the government contractor defense should be expanded to include defective manufacturing and warning claims.

While the *Boyle* test has been applied to manufacturing claims without difficulty, courts have struggled in their efforts to apply the *Boyle* test to defecting warning claims, which differ markedly from defective design and manufacturing claims. As a result, conflicting standards of proof have emerged among the federal courts for application of the *Boyle* test in the context of a failure to warn claim. Given the competing standards which have evolved, it can be somewhat difficult to navigate through the conflicting case law in order to successfully mount a government contractor defense to a failure to warn claim.

Moreover, in a failure warn claim, the danger for which no warning was allegedly provided may not be discovered until many years, or even decades, after the product was designed, manufactured and delivered to the government. Consequently, use of the government contractor

defense in a failure to warn claim may be further hampered by lack of evidence, destruction of documentation, and the death of all individuals with first-hand knowledge of the transaction.

Under such circumstances, application of the *Boyle* standard to a failure to warn claim may present an impossible burden for a government contractor, despite the fact that the contractor had no knowledge of the danger and conformed to precise specifications issued or approved by the government. The inequity is further compounded when available evidence shows that the government had equal or greater knowledge of the danger than the contractor at the time the product was designed and manufactured. Given the potential that contractors deserving of the government contractor defense may be prevented from prevailing on the defense due to unrealistic evidentiary burdens, an argument can be advanced that an alternate standard for the government contractor defense should be applied in failure to warn cases.

THE FIRST BOYLE PRONG

According to *Boyle*, in order to satisfy the first prong of the government contractor defense, the contractor is required to show governmental “approval” of the overall design of the product. 487 U.S. at 512-13 (a general evaluation of the substance of the overall design is sufficient to satisfy the first *Boyle* prong); *Haltiwanger v. Unisys Corp.*, 949 F. Supp. 898 at fn.2 (D.D.C. 1996) (specific approval of each aspect of the design is unnecessary).

In the context of a defective warning claim, problems have arisen when the approved specifications are reasonably precise, but fail to address warnings. A minority of courts have required the contractor to show that it was prohibited by the government from placing a warning on the product regarding the risk in question in order to establish the first prong of the *Boyle* test. See *Dorse v. Eagle-Picher Indus., Inc.*, 898 F.2d 1487, 1488-90 (11th Cir. 1990). The *Dorse* standard requires that the specifications at issue affirmatively prohibit warnings before a manufacturer may invoke the government contractor defense to preempt failure to warn claims. 898 F.2d 1487, 1489. The *Dorse* standard is followed in the Second, Ninth and Eleventh Circuits. See *In re Hawaii Federal Asbestos Cases*, 960 F.2d 806, 812-13 (9th Cir. 1992); *In re Joint Eastern and Southern District New York Asbestos Litigation*, 897 F.2d 626, 630 (2d Cir. 1990).

However, the prevailing view is that a government contractor does not have to show an express government prohibition on all warnings in order to meet the first prong of the *Boyle* test in the context of a defective warning claim. *Faddish v. General Electric Co.*, 2010 U.S. Dist. LEXIS 112937 at *26 (E.D. Pa. 2010) (Robreno, J.) (*Dorse* has been rejected by every circuit court to consider the issue).

At least one district court has gone one step further and held that, if the approved specifications are reasonably precise, the contractor can meet the first prong of the Boyle test despite the absence of any reference to warnings. In Russek v. Unisys Corp., 921 F. Supp. 1277 (D.N.J. 1996), the court ruled that the first prong of the Boyle test was satisfied because the government knew about the danger and approved specifications which were silent as to warnings. In so ruling, the Russek court reasoned that:

Where the contractor and the government have equal knowledge regarding an alleged defect, as they must to meet the third prong of Boyle, a specification that does not require warnings should be treated as the equivalent of a specification that warnings are not required. Otherwise, the contractor will be liable for the failure to warn of the design defect, and therefore effectively liable for the design defect itself, unless the specifications prohibit warnings. We do not believe that a contractor must, in order to enjoy the protection of Boyle, negotiate with the government for a clause that affirmatively excludes warnings. Where the contractor and government have equal knowledge of the risk of injury, and the government approves a reasonably precise specification that includes no warnings, Boyle should apply.

Russek, 921 F. Supp. at 1294.

At present, however, no other federal court has, as yet, adopted the position taken by the district court in Russek. As such, the viability of its reasoning remains untested in the higher federal courts.

Another manner in which a contractor may be able to establish the first prong of the Boyle test in a failure to warn claim is by showing the government's long-term use of a product after its completion. In Ramey v. Martin-Baker Aircraft Co., 874 F.2d 946, 950 (4th Cir. 1989), the court ruled that the first prong of the Boyle test is *automatically* satisfied if the federal government uses a product long enough. See also Dowd v. Textron Inc., 792 F.2d 409, 412 (4th Cir. 1986), *cert. denied* 487 U.S. 1233, 101 L. Ed. 2d 930, 108 S. Ct. 2897 (1988) (first prong of Boyle test established by government use of product for 20 years prior to plaintiff's injuries); In re Air Disaster at Ramstein Air Base, Germany, 81 F.3d 570 (5th Cir. 1996) (defendants were entitled to government contractor immunity defense because the military has used the aircraft for over 20 years, which supported conclusion that aircraft was built in accordance with military specifications); Brinson v. Raytheon Co., 571 F.3d 1348, 1354 at fn. 4 (11th Cir. 2009) (following the Second and Fourth Circuits' decisions holding that evidence of the post-design use by the government of a product can be used to prove the first prong of the Boyle test); Haltiwanger, 949 F. Supp. at 904 (continued and consistent use of a product without grievances or modifications implies endorsement of the design, consent as to its production

and operation, and thus constitutes approval of reasonably precise specifications for purposes of the first prong of the Boyle test); Lambert v. B.P. Products North America, Inc., 2006 U.S. Dist. LEXIS 16756 at *23-23 (S.D. Ill. 2006) (defendant's supply of a product to the United States for at least seven years, without rejection or demand for modification of the product, was evidence that the United States approved reasonably precise specifications for purposes of the military contractor defense).

A showing by a government contractor that a product was accepted and used by the government for a substantial length of time despite the lack of product warnings may provide a means to satisfy the first Boyle prong. However, no court has yet determined that lengthy use of a product by the government can be used to satisfy the first Boyle prong in a failure to warn case. As such, it remains an open question as to whether this theory may be successfully used by a contractor in a failure to warn case.

The Second Boyle Prong

The second prong of the government contractor defense requires that the product conformed to the government's specifications. Boyle, 487 U.S. at 512, 108 S. Ct. at 2518. In a design defect or manufacturing defect case, this prong can be satisfied by comparing the finished product to the approved design or to other finished products. However, in the context of a failure to warn case, this prong of the Boyle test can be very difficult to meet if the court requires the contractor to prove that the approved specifications included warnings. When the warning pertains to a latent defect, or a danger that was not realized until many years after the product was designed and manufactured, the design specifications may no longer exist, relevant documentation may be destroyed, and all witnesses with personal knowledge as to the negotiations may be deceased.

In order to avoid this obstacle, a potential argument to be made by a contractor in a failure to warn case in order to satisfy the second Boyle prong is to show that the government accepted and thereafter used the product in question. Numerous courts have ruled that such evidence is sufficient to establish that the product conformed to the specifications issued by the government so as to satisfy the first Boyle prong. See Miller v. Diamond Shamrock, 275 F.3d 414, 420 (5th Cir. 2001, as revised January 28, 2002) (acceptance and use of an item following its production can establish that the item conformed to its specifications); Kerstetter v. Pacific Sci. Co., 210 F.3d 431, 435 (5th Cir. 2000); In re Air Disaster at Ramstein, *supra*; Lambert, *supra* (defendant's supply of a product to the United States for at least seven years, without rejection or demand for modification of the product, was evidence that the United States approved reasonably precise specifications for purposes of the military contractor defense).

THE THIRD BOYLE PRONG

The third prong of the *Boyle* test requires that the government contractor warn the federal government of dangers known to the contractor but not to the federal government. *Boyle*, 487 U.S. at 512. However, the government contractor has no duty to warn the government of dangers about which the government already is aware. *Id.*; *Beaver Valley Power Co. v. National Engineering & Contracting Co.*, 883 F.2d 1210, 1216 (3d Cir. 1989) (defense does not require the government contractor to warn the government when the government knew as much or more than the defendant contractor about the hazards of the product). Thus, if the contractor establishes that the federal government knew as much or more than the contractor knew about the dangers in question, then the contractor has satisfied the third prong of the *Boyle* test.

A difficult question arises in a failure to warn case when the contractor can establish that the government knew as much as or more than the contractor regarding the risks involved, but the product specifications were silent as to warnings regarding the danger in question. At least one district court has ruled that, under such circumstances, summary judgment in favor of the government contractor is appropriate. See e.g. *Russek*, 921 F. Supp. at 1294. In *Russek*, the court ruled that, when the contractor and government have equal knowledge regarding the risk of injury and the contractor builds the product in accordance with reasonably precise specifications that do not require warnings, the contractor has successfully established a *Boyle* defense. See also *Pierce v. Unisys Corp.*, 1996 U.S. Dist. LEXIS 20969 at *5, 6 (D.N.J.) (when the contractor and the government have equal knowledge regarding an alleged defect, a specification that does not require warnings should be treated as the equivalent of a specification that warnings are not required); *Tassini v. Unisys Corp.*, 1996 U.S. Dist. LEXIS 20955 (D.N.J. 1996); *Houghtaling v. Unisys Corp.*, 1996 WL 794142 (D.N.J. 1996).

In summary, the absence of direction from the Supreme Court as to the applicable standard for use of the government contractor defense in a failure to warn case has resulted in conflicting standards among the federal courts. Because failure to warn claims differ significantly from defective design and manufacture claims, application of the three-pronged *Boyle* test has proven difficult for the courts to apply, and even more difficult for government contractors to satisfy. Because the *Boyle* test is ill-suited for defective warning claims, an argument can be advanced that a different standard should apply when the government contractor defense is asserted in the context of a failure to warn claim. However, until a new standard is established, contractors hampered by lack of evidence in a failure to warn case should use every available means of establishing the *Boyle* test through government knowledge of the dangers involved and long-term governmental use of the allegedly defective product.

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AVOIDING IMMIGRATION PITFALLS AS INCREASED “JOB CREATION” EMERGES

The inspiration for this article arose as the 112th Congress was being seated for the first time. Shortly thereafter, mixed reviews on the Nation’s unemployment picture continued to emerge. So, with limited prognostic ability and ever conflicting data, the only fair assumption is the 112th Congress will attempt to credibly address private sector job creation. This is the clearly articulated goal of both the President and the Congress. Therefore, it is important to survey the various statutory and administrative pit-falls which potentially await employers in the hiring and recruitment process, one of which is immigration law.

IMMIGRATION REFORM AND CONTROL ACT

The starting point to address the employment of immigrants is the 1986 Immigration Reform and Control Act (IRCA)¹. This Act, although, subject to several current state challenges, is the exclusive and exhaustive method for determining worker authorization for valid employment in the United States.

IRCA attempts to strike the delicate balance between ensuring that illegal workers are not hired, and protecting legal workers who are foreign in appearance from discrimination. No meaningful adjustments to IRCA have been implemented since 1986, despite continued calls for legislative reform. It is reasonable, therefore, to anticipate a Congressional attempt to address the crisis of illegal immigration despite its “hot potato” reputation.

Administratively, U.S. Immigration and Customs Enforcement (ICE) has announced a strategy which focuses on executives and managers involved in illegal hiring rather than on the unauthorized workers themselves². Whether the new Congress attempts to shift that focus remains to be seen. In the interim, care and prudence must be exercised in the recruitment and hiring process in order to both avoid exposure to fines and penalties from U.S. Immigration and Customs Enforcement Audit and incendiary claims of discriminatory hiring practices based on foreign appearance.

IRCA prohibits employers from employing individuals who are not authorized to work in the United States. It makes employers responsible for performing employment eligibility verification for all individuals hired in the United States. The Act also provides penalties for failure to perform the required verification and for persons who knowingly employ undocumented aliens. At the same time, IRCA makes it patently unlawful to discriminate on the basis of national origin or citizenship status.

1. 8 U.S.C. § 1101, et. seq.

2. See e.g. U.S. Department of Homeland Security, April 30, 2009, Fact Sheet Worksite Enforcement Strategy. US DHS Press Office 2009.

THE I-9

The first step in satisfying an employer's legal responsibility for performing employment eligibility verification is for the employer to have an individual complete and sign a form I-9. The I-9 form attests that the individual is a citizen or national of the United States, a lawfully admitted alien for permanent residence or an alien who is authorized to be hired for employment. The I-9 form must be completed at or prior to commencement of employment. Within three business days, the employer must request, and the employee must present, documentation evidencing the employee's identity and employment eligibility. The employer must carefully examine the documentation and complete the employer portion of the I-9 form confirming it has examined the required documents. Having an "unauthorized employee" on the workforce may result in criminal charges and/or civil penalties and fines. For record keeping purposes, the employer may copy any document presented by the individual and retain that copy with the I-9 form. Naturally, prudence dictates uniformity in such a practice to protect against claims of a discriminatory practice.

The new employee must present original documents to the employer which establish both his or her identity and employment eligibility. Caution must be exercised not to accept a form which establishes only one of the two items, such as a state issued drivers' license (which establishes only identity) or a social security card (which establishes only employment eligibility). The employer's verification standard is that the documentation presented "reasonably appears on its face to be genuine." Employers are prohibited from requiring employees to indemnify or otherwise assume financial liability for the employer's possible violation of IRCA.

IRCA outlines record keeping requirements for the I-9 form. It is to be retained for the latter of: (1) a period of three years after the date of hiring; or (2) one year after the date of termination. The I-9 form must remain available for inspection upon three days notice by the applicable administrative agency. An employee indication that the authorization exists only to a certain date is satisfactory. However, in trusting such a statement, it is the employer's responsibility to update that employment eligibility verification on the date the employee indicated his or her work authorization was to expire.

Of course, employers are prohibited from discriminating against individuals on the basis of their race or national origin. This IRCA proscription applies to employers that have at least four employees. This prohibition extends to discrimination based on "citizenship status." Citizenship status discrimination is the practice of requiring an employee to present more or different documentation than that which is required by IRCA. Likewise, employers are prohibited from refusing to recognize documents which "reasonably appear to be genuine"

and to relate to that employee.

As many employers have experienced, there is often a thin line between verification requirement compliance and avoiding the commission of an unfair immigration-related employment practice. Failure to judiciously navigate that line results in exposure to criminal and civil fines, sanctions, unwanted publicity and judicial awards.

Is “E-VERIFY” THE ANSWER?

In its ongoing efforts to stop unauthorized employment, the U.S. Department of Homeland Security has established E-Verify. E-Verify is an internet-based database that can verify an individual’s legal work status by comparing that individual’s I-9 information to the information in the U.S. Citizenship and Immigration Services (USCIS) and Social Security Administration (SSA) databases. It is a free service and, as of the most recent update to its website, 225,000 employers use E-Verify to check the employment eligibility of their employees. Recent articles suggest that more than 1,200 employers are registering each week. This tool is not yet mandatory for most employers with the exception of employers in Arizona and Mississippi³.

E-Verify is free and the enrollment process is not particularly tedious. The use of E-Verify provides a quick solution to the administrative mandates and concerns of the IRCA. An employer receives prompt notice that the information submitted matches (or fails to match) the USCIS and SSA records. If a “tentative non-confirmation notice” is received, there are specific procedures laid out and the benefits most often outweigh the increased administrative time. This enables an employer to make a prompt determination that the subject individual is legally authorized to work.

Many employers are now familiar with the Social Security Administration’s “No Match” letters where the submitted name does not match the submitted social security number. Use of E-Verify virtually eliminates those letters and assists the employer in avoiding the dilemma between retaining a potentially unauthorized worker and confronting a claim of discrimination. Other than the downside of having all the I-9’s available to the government electronically, there are significant benefits to utilizing E-Verify to avoid immigration violations and penalties, and diminish the threat of discrimination lawsuits.

Having recognized the likelihood that the new Congress will address private sector job creation, there will be a need for both reform and enforcement of immigration laws. If Federal and State trends continue, E-verify may very well become mandatory. Voluntary usage can help ensure that the work force is compliant.

3 A challenge to Arizona’s Law is currently pending before the United States Supreme Court in Chamber of Commerce vs. Writing.

COMPLIANCE

Compliance with IRCA and its significant record-keeping requirements is key to minimize the risk involved in the presence of an immigration audit⁴. As indicated above, ICE announced a strategy that focuses on executives and managers involved in the hiring processes. Audits are time consuming and can lead to significant fines, penalties and even criminal prosecution. E-Verify does offer its employers some protection. It gives the presumption of legal status to any employee who passes through the system. Thus, we can presume that ICE officials would have a higher burden when an employer uses E-Verify.

Increased focus on enforcement of the immigration laws against employers is foreseeable. ICE's official pronouncements support that prediction. In the event you are notified that you will be subject to an ICE audit, the first thing to do is contact your legal consultant. Initial notification provides three days to turn over documents, but extensions are attainable. An internal audit should be conducted before the federal audit in order to not only identify any potential shortcomings, but also to create a control file. The brief (3-day) period is designed to avoid immediate corrective measures and, therefore, employers should fix mistakes before they receive an audit.

Proactive measures should include development and implementation of a comprehensive I-9 policy which incorporates appropriate language and policies in Employer Human Resource procedures and handbooks; standardized intake procedures; and standardized document retention policies. Written, consistent policies greatly assist against the imposition of government sanctions for non-compliance in the event of an Audit. Additional measures may include development and maintenance of diary and tracking mechanisms for the I-9 documentation and re-verification needs.

If we can be of assistance to you in conducting a Compliance Audit; providing On-Site Training; developing a comprehensive I-9 strategy and/or auditing your Human Resource procedures and protocols, please do not hesitate to contact our employment group.

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⁴ A January 20, 2011 Wall Street Journal Article described that the Obama Administration plans to intensify a crackdown on employers of illegal immigrants with the establishment of an audit office designed to bolster verification of company hiring records. See [Crackdown on Illegal Workers Grows](#). Miriam Jordan, WSJ Jan. 20, 2011.

WHO OWNS THE DRAWINGS?

OWNERSHIP OF THE DESIGN WHEN THE OWNER AND ARCHITECT FALL OUT

An architect can claim money damages for copyright infringement when a dispute arises midway on a project resulting in the termination of the owner-architect relationship. Generally the architect retains copyright and other intellectual proprietary rights in or relating to any of the design materials. See, for example, Article 3 of AIA document A191. Sometimes a sophisticated owner will modify the language to the effect that the design materials will be the property of the owner whether or not the project is commenced or completed provided that the owner make full payment for the design materials. Similarly, the license provision in Article 3.1 is contingent upon payment by the owner.

The 2006 update to the AIA Architect's Handbook of Professional Practice, states that "often, when an architect's contract is terminated, the parties trade the right of continued use of the documents for the payment of all sums due and the release of the architect from any future claims." Joseph H. Jones, Esq., AIA, *Copyright, Ownership, and Use of Documents*, AIA Handbook 2006 update at 87.

OWNERSHIP OF COPYRIGHT

A fundamental precept of copyright law is that a copyright is independent of its registration. The copyright itself does not depend on registration. See 17 U.S.C. § 408(a) ("[R]egistration is not a condition of copyright protection"). It is obtained without formalities simply when a work has been fixed in a tangible medium of expression. See *id.* §§ 102(a), 408(a). Once fixation of an original work has taken place, the author has a copyright in the work, and registration with the Copyright Office serves only supporting roles. For instance, it provides evidence of a copyright, see *id.* § 410, and it is required as a condition to bringing suit, see *id.* § 411. *Christopher Phelps & Assocs., LLC v. Galloway*, 477 F.3d 128, 134 (4th Cir. 2007). See *Xoom v. Imageline, Inc.*, 323 F.3d 279, 283-84 (4th Cir. 2003) (holding that a party has standing to sue on all components of a registered work if he owns a copyright on those components, even if the underlying components have not been registered); 2 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 7.16[B][2][c], at 7-173 (perm. ed., rev. vol. 2006) (same). An architect should indicate his or her copyright on all of its drawings with the copyright symbol ©, name, and year.

To prevail on a copyright claim, a plaintiff must prove both ownership of a valid copyright and that the defendant copied original or "protectable" aspects of the copyrighted work. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 348, 361, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991); *Kay Berry, Inc. v. Taylor Gifts, Inc.*, 421 F.3d 199, 203 (3d Cir. 2005). If the owner continues with or without another architect and continues with a substantially

similar design, the plaintiff architect must show not only that the defendant actually copied the plaintiff's work, but also that the defendant's work is "substantially similar" to protectible elements of the plaintiff's work. See, e.g., *Boisson v. Banian, Ltd.*, 273 F.3d 262, 267-68 (2d Cir. 2001); *Concrete Mach. Co. v. Classic Lawn Ornaments, Inc.*, 843 F.2d 600, 606 (1st Cir. 1988); see generally 4 *Nimmer on Copyright* § 13.01[B], at 13-8 to 13-10 (2001).

A plaintiff makes out a prima facie case of copyright infringement if he can show by a preponderance of the evidence ownership of a valid copyright in the work in question and unauthorized copying by the defendant. *Donald Frederick Evans & Assoc., Inc. v. Continental Homes, Inc.*, 785 F.2d 897, 903 (11th Cir. 1986). While residential architectural plans obviously share common features, some designs give particular homes a certain "look and feel." See *Howard v. Sterchi*, 974 F.2d 1272, 1275 (11th Cir. 1992); *Lajolie v. Pavcon, Inc.*, 146 F. Supp. 2d 1240, 1247 (M.D. Fla. 2001). Such a distinguishing "look and feel," is subject to copyright protection. *Cornerstone Home Builders, Inc. v. McAllister*, 303 F. Supp. 2d 1317, 1319-1320 (D. Fla. 2004); *Arthur Rutenberg Homes, Inc. v. Maloney*, 891 F. Supp. 1560, 1566 (M.D. Fla. 1995).

Because proof of direct copying is rare, a plaintiff may prove copying by showing that the defendant had access to the plaintiff's work and that the plaintiff's and defendant's products are substantially similar. *Kay Berry, Inc.*, 421 F.3d at 207-208; *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir. 1982). If the plaintiff demonstrates access and similarity, a presumption of copying is raised; however, the defendant can rebut the inference with evidence of independent creation. *Original Appalachian Artworks*, 684 F.2d at 829. Infringement may be found even when the defendant does not actually draw the infringing plans himself. *Arthur Rutenberg Corp. v. Dawney*, 647 F. Supp. 1214, 1216 (M.D. Fla. 1986).

"Access" is defined as "an opportunity to view the protected material." *Arthur Rutenberg Homes, Inc. v. Maloney*, 891 F. Supp. at 1566 (citing *Robert R. Jones Assoc. v. Nino Homes*, 858 F.2d 274, 277 (6th Cir. 1988)). "Substantial similarity" exists where "an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." *Original Appalachian Artworks*, 684 F.2d at 829. An average lay observer is one who, without any vested interest in the governing issue, is sufficiently informed and alert to identify precisely the differences in the competing designs yet sufficiently informed and independent to fairly identify and assess the similarities. *Arthur Rutenberg Homes, Inc. v. Maloney*, 891 F. Supp. at 1567. *Cornerstone Home Builders, Inc. v. McAllister*, 303 F. Supp. 2d 1317, 1320 (D. Fla. 2004)

The architect need not prove exact reproduction. *Arthur Rutenberg Homes, Inc. v. Maloney*, supra, at 1567 (exact reproduction or near identity is not necessary to establish infringement). The presence of substantial similarities rather than the differences dictates whether infringement exists.

Substantial similarity is broken down into two considerations: (1) whether the defendant copied from the plaintiff's work and (2) whether the copying, if proven, went so far as to constitute an improper appropriation. *Kay Berry, Inc.*, 421 F.3d at 208. "First, the fact-finder must decide whether there is sufficient similarity between the two works in question to conclude that the alleged infringer used the copyrighted work in making his own." *Id.* A showing of substantial similarity in this sense, coupled with evidence that the infringing author had access to the original work, permits a fact-finder to infer that the infringing work is not itself original, but rather is based on the original. At this stage of the inquiry, expert testimony is permissible to help reveal the similarities that a lay person might not ordinarily perceive. *Id.* Direct evidence of copying or an admission by the infringing author would satisfy this test as well. *Id.*, citing *Dam Things from Denmark v. Russ Berrie & Co.*, 290 F.3d 548, 562 (3d Cir. 2002).

The substantial similarity determination requires comparison not only of the two works' individual elements in isolation, but also of their "overall look and feel." *Boisson*, 273 F.3d at 272. "An allegedly infringing work is considered substantially similar to a copyrighted work if the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same." *Id.* (internal quotation marks and citation omitted). Put another way, "the touchstone of the analysis is the overall similarities rather than the minute differences between the two works." *Country Kids 'N City Slick, Inc. v. Sheen*, 77 F.3d 1280, 1288 (10th Cir. 1996). Considering the works as a whole is particularly important because protectible expression may arise through the ways in which artists combine even unprotectible elements. For example, while color is not protectible, the manner in which an artist "selects, coordinates, and arranges," color may be. *Boisson*, 273 F.3d at 272; see also *Matthews v. Freedman*, 157 F.3d 25, 28 (1st Cir. 1998) (observing that a "collage of newspaper headlines," not themselves protectible, if "juxtaposed in some highly creative and original fashion" could constitute protectible expression). Put another way, the allegedly infringing work is considered substantially similar to a copyrighted work if "the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same." *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 765 (2d Cir. 1991).

COPYRIGHT STATUTE – REMEDIES

An infringer is generally liable for the copyright owner's actual damages and any additional profits of the infringer. 17 U.S.C. § 504(a). A plaintiff is entitled to recover "the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages." 17 U.S.C. § 504(b). "Damages are awarded to compensate the copyright owner for losses from the infringement, and profits are awarded to prevent the infringer

from unfairly benefiting from a wrongful act.” H.R. Rep. No. 94-1476, at 161 (1976), *reprinted in* 17 U.S.C.A. § 504, at 146 (West 1996). Homeowners can be responsible for indirect profits, based on the future sale of the home and the enhanced good will or market recognition of the architect. *Associated Residential Design, LLC v. Molotky*, 226 F.Supp.2d 1251, 1256 (D.Neb. 2002).

“Actual damages are generally calculated with reference to the loss in the fair market value of the copyright, often measured by the profits lost as a result of the infringement.” *Data General Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1170 (1st Cir. 1994); *see also Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 512 (9th Cir. 1985) (“actual damages” are the extent to which the market value of a copyrighted work has been injured or destroyed by an infringement under the Copyright Act). Recovery of contractual damages is the equivalent to recovery of actual damages for copyright infringement. *Sparaco v. Lawler, Matusky, Skelly Engineers, LLP*, 313 F.Supp. 2d 247 (S.D.N.Y. 2004). Costs and fees may be awarded to prevailing plaintiffs as a matter of course. 17 U.S.C. § 505; *Folio Impressions*, 937 F.2d at 767.

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RISK MANAGEMENT: CHARTIS HELPS THOSE WHO HELP THEMSELVES

The cost of loss associated with health, safety, environmental, and property risk can have a significant impact on corporate profits. Chartis’ RiskTool is a web-based safety reference, training, loss analysis and management system offered by Chartis. It helps construction risk managers identify and reduce health and safety risks and expenses in the workplace, and improves the efficiency and effectiveness of loss control programs.

The system provides access to downloadable training materials, Tool Box Talks, Material Safety Data Sheets (MSDS) and other technical resources. It has the capability to track accidents, inspections, audits, training, and other management activities.

RiskTool is configured specifically for each insured and enables the construction company to operate a risk management and safety website dedicated to that particular company. The construction company is in control of the system by designating its own Administrator to assign and manage access to different forms of information by its users.

The system organizes information into five distinct areas:

1. **Management Activities** displays management functions including accident investigations, corrective actions, confined space forms, inspections forms, etc. Most of these functions allow authorized users to delegate tasks to other users and track progress. This can be particularly effective in assigning audits, accident investigations, best practices assessments, inspections, or training specific personnel at various locations. Administrators can set up the system to notify them when tasks have been completed.

2. **Risk Guides** provides overviews of important safety topics.

3. **Risk Library** includes hyperlinks to international resources, MSDS information, and regulatory sources. The system eliminates the need to search through the numerous different governmental regulatory sites by providing access to approximately 10,000 links to risk management resources and regulatory sites all in one place.

4. **Training Resources** simplifies training by providing all materials a construction company needs to conduct training including a library of detailed training bundles, PowerPoint presentations and Tool Box Talks. Competency tests and Certificates of Completion are also available.

5. **Document Management** is a confidential and secure area that the construction company can use to post internal documents, company policies, and videos. This information can be made available to all company members or to a select group of users within the company. It is important to note that Chartis does not have access to the data under this tab.

Chartis has created a comprehensive system that helps construction companies manage risk. It is a customized online risk management system that is available to insureds without charge.

JOSEPH J. BOSICK SERVES AS CHAIR OF THE CONSTRUCTION PRACTICE CONSORTIUM.

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