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What Can A Designer Do About Customer Reusing Advertisement And Changing Design?

Kristie Prinz

Q.

I designed a logo for a business. On completion, I also designed an advertisement for the same business (containing images I purchased off a website, at my cost) and signs. The client has reused the advertisement I created many times. He also had alterations made to design files I created. Should I bill for reuse of the ad material and images? I did indicate in the initial quote which the client accepted, that further reuse must be negotiated. Can I charge a reuse fee for royalty free images I bought over the internet? Should I request that the newspaper running the ad not alter design files I have not authorized to be altered? Must I sue the newspaper? The client has also asked the sign company to change his sign designs. Is this legal?

-- *WORKED OUT*

A.

Your dilemma is unfortunately an all too common one, and serves as a good example as to why designers and marketing professionals should retain an intellectual property transactions attorney in your jurisdiction to advise him or her on drafting, negotiating, and revising customer agreements. A well drafted agreement will clearly define the parties' respective rights and obligations, and hopefully prevent misunderstandings from arising in the first place.

In the case at hand, it appears that you did not enter into such an agreement with your customer. Apparently there may have been some terms and conditions included in the initial quote, although it is unclear exactly what was stated.

The general rule on copyright law is that the copyright in a work immediately subsists with the creator of the work as of the time of creation. Unless that the ownership of the copyright is transferred by assignment or constitutes a "work for hire," the creator of the work will continue to own the copyright in it.

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Section 101 of the Copyright Act defines work for hire as:

1. a work prepared by an employee within the scope of his or her employment; or
2. a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. . . .

Based on the facts you have provided, your design work has neither been transferred by assignment, nor is it a work made for hire. Thus, you still own the copyright in the works and your customer only has a nonexclusive license to use those works.

The problem, of course, is that without an agreement in place with your customer, the scope of the nonexclusive license is unclear. So, the extent of your clients' rights to use the works are also unclear. Your customer may very well have a good argument that he or she can reuse the advertisement as he or she sees fit, unless the language on the quote rises to the level of limiting the scope of the customer license.

As for the issue of whether your customer has the rights to alter your designs, you are the copyright owner and as the copyright owner, only you have the right to authorize the development of derivative works of your designs. The question is whether your nonexclusive license granted this right to your customer. Again, this is also unclear based on the facts you have provided; however, you may have a decent argument that the scope of the license you gave your customer did not include the right to develop derivative works.

My advice is to consult with an intellectual property attorney in your jurisdiction to advise you as to whether or not your customer and any other party at the request of your customer are infringing your works. If so, you absolutely have the right to take legal action against them and sue them for copyright infringement. It will be up to you to decide whether this is a good idea, given what it will do to the relationship with your customer and your business reputation generally, as well as the likely costs you will incur in pursuing such a case.

Again, my best advice to you and other designers and marketing professionals is to hire an intellectual property transactions attorney to represent you in the drafting and negotiation of the customer agreement when you first enter into the relationship with a new customer. By retaining an attorney, you will likely prevent these misunderstandings from arising, and you are more likely to maintain a good relationship with each of your clients, long after completing the design work.

-- *Kristie Prinz*
