

AIGA

Design Contracts: What You Don't Know Could Hurt You

with
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Additional Q & A

I want to copyright my company name and tag line, I did a search and didn't find them. Should I hire a trademark lawyer and how much should I expect to pay? Yes, you should use a trademark attorney to do a clearance search to ensure that the name and tag line are safe to adopt. (Intellectual property protection for company names and tag lines are protected by trademark law, not copyright.) Search professionals have access to large databases and search strategies that often find conflicts that are not found through an online search (including searches on [uspto.gov](https://www.uspto.gov)). Costs will vary depending upon the volume of search results and the complexity of the issues uncovered, but generally will fall in the \$500-\$2,000 range. This is a small price to pay compared to the costs of dealing with an infringement claim, and having to change your identity after a conflict surfaces.

Hi everyone from Moscow, Russia! My question is what would be a good starting point in creating contracts for international clients? Thank you! Except for some specialized types of international law, each country has its own set of laws, including intellectual property and contract law, which will govern the legal treatment of designer/client agreements in that country. The recommended contract language from AIGA is specifically formatted for the United States. Design firms in other countries should look for reference documents and legal advisors that are specific to their own country. The exception is if you are a designer doing work for a client that is based in the U.S. or that does a lot of business in the U.S. In that case, you can have U.S. law govern the contract, and the AIGA form is appropriate for you to use. Similarly, if you are based in the U.S. doing work for clients overseas, you can also have U.S. law govern, and you can use the AIGA form. (The governing law provision is found in Section 12.5 of the AIGA form.)

I'm a freelance designer and have a three-page contract based on a template from a creative business attorney, not AIGA's, and I've received conflicting feedback from my peers—some say it's overkill, some say it's fine. For context, my client projects are typically less than \$3,000.

We discussed this briefly in the webinar itself. It's smarter to use a document that is more comprehensive. While we hear this concern somewhat frequently, we have never heard of a client rejecting this contract as being overkill. Professional clients recognize the value of a professional and thorough contract. Take the AIGA system as a starting point and then work with an IP attorney to customize it. Once you have a tailored version, see if you can get client approval of your terms and conditions document just once at the start of each new relationship. After that, all future projects can just refer back to it.

What is the industry's best practice, as far as signing over rights, when working on a logo and brand identity project? Is it typical to license a logo? We discussed this in the webinar and there is quite a bit of additional advice in the Introduction to the AIGA document. It is not typical to license a logo or

other aspects of a brand identity project, because these are intended to be part of your client's own business identity. Under trademark law, companies who use a logo, not the person who created it, own the trademark rights. Thus, under the AIGA form any copyright ownership that you have in the final brand identity work (defined as "Trademarks") will be assigned to the client, contingent upon your receipt of full payment for the project. Once your client owns the copyright, they will go on to register and protect the identity under trademark law. This is reflected in section IP 1.2 in each of the Schedule A supplements. If you are only doing brand identity, you should use Schedule A Option 3 (Assignment).

Can you put contact info back up on the screen?

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Will we have access to this slide deck? AIGA is posting a recording of the webinar. (Also: A color PDF handout has been provided to AIGA that shows six slides per page.)

I am an employee on an in-house creative team. What if I am planning on leaving and want to use the work I have created to present my own studio?

This issue is discussed in the Introduction to the AIGA document. Creative work produced within the scope of your employment belongs to your employer. Under U.S. copyright law, a doctrine called "fair use" may allow you to show work you've done for your employer in your portfolio, provided that you accurately represent your role in the work, that you did the work as an employee of the named employer, and that you are not otherwise violating a contractual obligation. For example, many companies have strict non-disclosure provisions in their employment agreements. When you leave the company, you should ask for permission to include any project in your personal portfolio. The company might impose certain restrictions, such as the format of project credits and the names to be included. The company might also decline your request if the project contains any confidential information that is being protected as a trade secret. It's important to note that the AIGA form is not an employment agreement. It is intended for use between design studios and their clients. Nevertheless, Section 6 of the AIGA form is an example of appropriate portfolio use provisions that can be a helpful guide for negotiating this issue with your employer.

How do you approach contracts for different small and continuous projects, i.e. multiple small projects for one client *different print collateral*? Please see the response above about negotiating terms and conditions just once for the entire relationship.

Some websites have free vectors. Can we use free vectors in our designs? What contract terms relate to them? “Free” vectors, clip art, stock photos and videos, etc., are in the category defined as “Third Party Materials” in the AIGA contract. Although they may be offered free of charge, that does not necessarily mean that they are available to use in any way. Each company that provides stock images will have their own terms and conditions. Even if there is no expense involved, the designer needs to have a record of where the content came from and whether or not there were any restrictions. If there are restrictions, they should be disclosed to the client.

***Me with the small clients again, thanks!* You mentioned a memo—how is that similar or dissimilar to a proposal? How do a proposal/memo and contract work together?** You can call the future project documents whatever you like, such as proposals or requisitions or work orders or project memoranda. The point is that they only need to contain the specifications/budget/schedule for the new deliverables. They don’t need to go back over the legal issues. Just state that the terms and conditions already in place will apply. We recommend that you include a provision in your basic terms and conditions stating what you will call future projects, and stating that the basic terms and conditions will apply to them (we recommend calling each new project document a new “Proposal” so there’s no ambiguity about how it fits with the terms and conditions).

Thank you so much for your AIGA talk on design contracts and your work to create a standard agreement; it's been extremely helpful for me in making a design agreement of my own. I have a question about usage types that you might be able to help clarify. For a tiny bit of context, I'm a graphic designer and the types of freelance projects I do are typically small, such as a logo for a small-sized company with a limited budget, usually not more than \$1,000. What agreement items would be standard for me to include for this type of work? It is tempting to want to have a small contract for a small project. However, most of the provisions in the AIGA form apply to all levels of contracts. For example, even in a small project, the client might request changes that go beyond the original scope. You will need Sections 4.1 and 4.2 to deal with such requests. On the other hand, some provisions may not apply and could be safely omitted, depending on the nature of the work. For example, for a simple logo project, you may not need Section 4.4 (testing and acceptance) or 4.5 (suspension fee). When in doubt, do not guess. It is best to invest in a little time from an intellectual property attorney to make sure you are tailoring the contract to your needs in a legally safe way.

Is a license for limited usage the most common, or how would I know what type of usage option to use? You mention having separate prices for limited and unlimited use—would this be relevant for me in these cases? I'm struggling to understand how that would work or how those prices would differ. Any concrete examples would be helpful. As noted above, a license is not appropriate for logo work. As a practical and legal matter, clients need to own rights in their branding. Of course, \$1,000 is a very small fee for a corporate identity. If your client cannot afford to pay the real value of its business identity now, you can structure an installment payment plan, or arrange to be paid a percentage of the company's annual income for a certain period of time. That way, if the client becomes successful, you will share in the value that your logo contributed to their success (the infamous story of the Nike swoosh logo comes to mind). After an assignment of all rights, exclusive licenses are typically charged the next most expensive fees. An exclusive license is appropriate when your client wants to be the only one using the work for a period of time, for example, an international ad campaign. Nonexclusive licenses are less expensive than exclusive licenses, because the designer retains the immediate right to repurpose that work for other clients.

One specific section that I didn't understand was 3D. 6 on Client Insurance—what is general business liability and advertising injury insurance, and why is this just in the environmental supplement?

General business liability covers things like injuries that occur on a company's premises, which is why it is particularly important for environmental design projects, which require designers to be involved in designing physical structures on client's property. Advertising injury insurance guards against inadvertent use of someone else's trademarks or intellectual property in an advertising or promotional context, which is also particularly implicated in environmental design projects (signage/graphics on buildings, etc.). Typically, advertising injury insurance is quite expensive, which is why the AIGA form provides for clients to have it. Most established business clients will already have these types of insurance, but if they don't, this makes sure they obtain it so you will be protected from these types of legal claims. (Advertising injury insurance can also be relevant to other forms of design such as branding work; however, the AIGA form, Schedule IP 1.2, already requires clients to take legal responsibility for clearing that work.)