

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION

MARSHALL HUNN,)	
)	
Plaintiff,)	
)	
v.)	
)	
DAN WILSON HOMES, INC.;)	
DAN WILSON; and BEN J. LACK,)	
)	
Defendants.)	Civil Action No. 5:12-CV-081-C

ORDER

Came on for trial the above-styled and -numbered cause. All parties appeared and announced ready.

The Court, having heard the evidence and argument of counsel, and having considered the parties' post-trial briefs and additional proposed findings of facts and conclusions of law, makes the following findings of fact:

- (1) Plaintiff, Marshall Hunn ("Hunn"), owns an architectural firm, Hunn Designs, and Defendant Ben Lack ("Lack") was employed by Hunn as a draftsman. Neither Hunn nor Lack is a licensed architect. Defendant Dan Wilson ("Wilson") is the owner and president of Dan Wilson Homes, Inc. ("Dan Wilson Homes"), which is a custom home construction company. Dan Wilson Homes was hired to complete several custom homes by clients/homeowners.

- (2) Wilson orally agreed with Hunn to have Lack complete the drafting of certain house plans to be used to build some custom homes for which Wilson had been sought out by the future homeowners to build.
- (3) Although the homeowners had generally not entered into a final, written contract with Dan Wilson Homes at the time the architectural drawings were made, they had agreed that Wilson would build their homes and the processes were begun to effectuate that understanding—a common industry practice.¹ Thus, in that sense, the residential projects at issue had already begun by the time Wilson entrusted Hunn Designs to draw the plans for the construction of the homes. Each homeowner/client had already selected Dan Wilson Homes to build their custom homes before Wilson sought any drafting services for that particular home.
- (4) Another local home builder recommended the services of Lack to Wilson. Thus, Wilson inquired of Hunn, who employed Lack at the time, about completing the drawings for some custom homes. Wilson and Hunn have also engaged in a business relationship for commercial property in addition to the residential projects at issue here.

¹The final, written contract for construction could not be entered into at such an early stage of the building process because too many variables remained at that time relating to costs and design of the homes. However, the evidence at trial leaves no other plausible finding than that an agreement had been entered into between the homeowners and Wilson by the time the drafting of plans had begun. The costs and time required to plan the home construction projects, including weekly meetings by the clients/homeowners with Wilson and the draftsman to continue with their dream home projects, do not support Hunn's position that no agreement had yet been reached between the clients and Wilson for building the homes prior to the drafting of their ideas into plans. The testimony at trial clearly indicates that such was the general industry practice, and the owners had made clear to Wilson by oral agreement that he would be constructing their custom homes.

- (5) Wilson does not buy off-the-shelf home plans or drawings and does not build multiple houses from the same set of custom plans.² Wilson’s client/homeowner is the party primarily responsible for the concepts, and Wilson helps the homeowner with preliminary drawings of those concepts. Then, the homeowner and Wilson meet several times with a draftsman/architect hired by Dan Wilson Homes to complete the drawings at Wilson’s and the homeowner’s direction. Wilson then pays for the work done by the draftsman based upon a price previously agreed to orally between Wilson and the architect/draftsman. These costs are passed on to the homeowner in the form of an expense in the residential construction process. The drawings are used for the purpose of completing the custom home.
- (6) The homes built relating to the plans at issue in this lawsuit are clearly custom, high-end homes with amenities and designs not generally found in mass-produced

²The Court wishes to distinguish the facts of this case from the facts and circumstances presented in *Kipp Flores Architects, L.L.C. v. Hallmark Design Homes, L.P.*, — Fed. App. —, 2013 WL 5945783 (5th Cir. Nov. 7, 2013), in which the Fifth Circuit upheld a jury finding of infringement where an architectural firm created “stock plans” and then sold them to a builder, who built multiple homes from the same sets of plans without paying the agreed-to re-use fee for each additional home built. The trial court in *Hallmark Designs* specifically found that the agreement between the builder and architect expressly provided for a license to build “a single house from those plans” and the license would become “null and void” if the builder failed to pay a re-use fee to build additional homes from that particular plan. Here, the plans were drafted from the ideas of the homeowners and Wilson. Hunn Designs’ draftsman, Lack, was entrusted only with drafting those ideas and designs into a workable set of building plans—the designs and ideas were not those of Hunn Designs. Further, as discussed below, Hunn had licensed the use of the drafts to Wilson for the building of the homeowners’ one-of-a-kind, custom homes, and the plans were never utilized to build any other home. Finally, unlike in *Hallmark Designs*, no written agreement existed here between Hunn and Wilson; rather, the parties simply entered into an oral agreement to be conducted within the general local industry practices.

homes. For example, one home, the Winder/McGee home, included a dog room (complete with chandelier) off the main living area with an open-view metal gate so that the owner's dog would be able to enjoy social gatherings and not feel isolated. This is simply one instance of the design requirements of the clients and their contributions to the design and drafting process for their one-of-a-kind custom dream homes.

- (7) The services of the draftsman/architect are no different in the process utilized by Wilson than any other subcontractor's services or goods supplied to the overall construction project. Wilson never guaranteed or led Hunn to believe that Hunn Designs would be the exclusive architectural firm used by Dan Wilson Homes. Rather, Hunn Designs was hired as a subcontractor on a per-project basis. Wilson contacted Lack, as the representative of Hunn Designs, to meet with him and the client to begin the drafting phase of the home building process after the client had first chosen Dan Wilson Homes as their builder.
- (8) Wilson would not have hired Hunn's firm for the drafting portion of the home construction projects at issue if Lack had not been the person assigned to complete the work. Wilson did not believe the other employees of Hunn could provide a work product comparable to Lack's. Wilson and Hunn mutually understood this term of the agreement, and Lack was the Hunn employee who worked exclusively on the Dan Wilson Homes residential home construction projects at issue. Lack would generally travel to Wilson's offices for the weekly progress/change meetings held among the homeowners, Wilson, and Lack relating to the drafting

of the plans and any updates/revisions. Lack was designated as the point-man to represent Hunn Designs on the Dan Wilson residential projects and acted as the representative and authorized agent of Hunn Designs.

- (9) Wilson and Hunn had agreed to a fee amount of \$1.25 per square foot of air-conditioned living space for plans drafted by Lack. Hunn's responsibilities were to provide quality plans in a timely manner with a license for Dan Wilson Homes to use the plans to build the homes for which the made-to-order drafts/plans were created. Lack was to draft the plans as directed by Wilson and the homeowners. Wilson made clear to Hunn that Wilson would be directing the design work as requested by his clients/homeowners and would not need any pre-designed plans from Hunn. Dan Wilson Homes' responsibility under the parties' agreement was to timely pay for the plans.
- (10) Although Hunn's pleadings initially included six plans as being at issue, only four were effectively litigated and disputed throughout the pre-trial briefing and during the trial: the Jeffers, Winder/McGee, and Brown residences, along with the Wilson Showcase home that was built for an annual local builders' showcase event. Regarding the Scott and Bradley residences (the two other residences alleged in the pleadings), Wilson had only informed Lack that those two projects might go forward and Wilson had not yet authorized Lack to proceed. Only inconsequential work (consisting mostly of merely opening/creating an office file for each) had been completed by Lack on either of those two projects before his employment ended with Hunn Designs.

(11) At some point after Wilson contacted Lack (as the representative for Hunn Designs) to meet with each homeowner at Dan Wilson Homes' offices for the drafting of each of the home plans at issue, and after the projects had already begun with the clients' input to Lack, Lack determined that he was going to resign from Hunn's employment.³ Lack informed Hunn of his decision on October 5, 2011, and the Hunns feared that Lack was considering leaving to go "in-house" for Dan Wilson Homes. Any statements Lack may have made to the Hunns in regard to employment opportunities that he believed were available to him were likely hyperbole in an attempt to extract a better offer out of Hunn Designs to entice him to stay as an employee. Lack believed Hunn was "fishing for a number" that Hunn could offer which would make Lack reconsider and stay employed with Hunn. However, on October 6, 2011, Lack and the Hunns "cleared up" that Lack had no job offer from Wilson.⁴ Hunn asked Lack to take the weekend to consider his options. Lack continued to work for Hunn on that day and also the next (Friday) from the office and home.

(12) Although Hunn has alleged that Wilson and Lack had entered into a secret plan to steal Lack away from Hunn for employment by Dan Wilson Homes, the Court finds that no such agreement, conclusion, or meeting of the minds existed.

³One set of plans was for the construction of a Showcase home and was not contracted for construction by any client of Wilson. Wilson, himself, was the client on that particular project.

⁴While Lack had still been employed by Hunn, Lack asked if Wilson would employ him, and Wilson informed Lack that he would not hire Lack for a position with Dan Wilson Homes. This information was conveyed to the Hunns on October 6, 2011—prior to Hunn asking Lack to take the weekend to decide what he wanted to do.

Rather, Lack was unhappy in his employment with Hunn and determined that he could, as a self-employed draftsman, likely earn more money doing the same kind of work, considering the number of projects he was expected to complete at Hunn Designs and compared to the payments he could expect to receive working on his own on the same number of projects. Thus, Lack, on his own and without any influence or involvement by Wilson, made the decision to discontinue working for Hunn. At no time did Wilson make any plans with or promises to Lack to employ him or provide him work in the future because he did not need the full-time services of a draftsman.⁵ Lack may have subjectively believed at various instances before leaving his employment with Hunn that Wilson might use his services in the future on a contract basis to draft home plans. However, Lack testified that no firm offers were made and he was simply assuming work opportunities would possibly exist with Wilson in the future because the two got along well. The Court found Lack's testimony on this issue to be credible.

- (13) Wilson became very alarmed at the news that Lack was no longer going to be employed with Hunn because Wilson still had to complete the homes which he

⁵Mrs. Hunn, as office manager for her husband, testified in her deposition that her notes indicated Hunn had spoken with Wilson by telephone near the time Lack resigned and Wilson informed Hunn "that he did not offer [Lack] a job. . . ." She further testified that she has no reason to dispute Wilson's alleged statement to her husband that Wilson never offered Lack employment. (Christy Hunn Dep. at 114.) Mrs. Hunn further recollected that Lack informed both her and her husband in a meeting on October 6, 2011, that he did not have a job offer from Wilson. (*Id.* at 120.) Further, she recollects, and her notes indicate to her, that Lack was going to take a few days to think about whether he still wished to resign from Hunn's employment before he gave notice on October 10, 2011, that he was in fact resigning. Finally, Mrs. Hunn stated that she did not recall Lack ever communicating to her that Lack was going to become an employee of Wilson. (*Id.* at 128.) Mrs. Hunn did not testify at trial.

had been hired to build by his clients. Time is of the essence in construction projects, and especially in the custom home construction business where word of mouth generates most business. Wilson could not afford to have large delays in the projects at issue because the clients would likely be very unhappy and a multitude of consequences could result from a lengthy delay in finishing the drafts of the homes. Wilson spoke with Lack about the situation and asked Lack if he would be completing the plans he was working on for Wilson's clients. Lack intended to complete the plans because he did not wish to harm his business relationship with Wilson in hopes of possibly acquiring future projects from Wilson if Lack later went into business for himself.

- (14) Lack believed that even if he gave notice of his intent to resign from his employment with Hunn, he would be expected and/or allowed to continue working for two more weeks before employment ended. Thus, Lack believed and intended that he would be able to complete the drafting on the Wilson projects while finishing up a 2-week period of employment with Hunn.⁶ Lack assured Wilson that he intended to complete the drafting of Wilson's plans. Lack also informed Hunn that he had agreed with Wilson to complete the plans for him. Lack's statement referring to an agreement to complete the plans for Wilson

⁶The Wilson Showcase home had essentially not entered into any form of drafting beyond a very preliminary design idea of Wilson's, and it is not clear if Lack intended to do any additional work on this project prior to leaving his employment. Neither Lack nor Wilson viewed the drafting as having really begun on that project at the time Lack's employment ended with Hunn.

related directly to Lack's belief that he would be able to do so while still employed by Hunn and after giving his two weeks' notice.

- (15) Over the weekend, and still under the impression that he would be allowed to continue working at Hunn Designs on the projects he had been assigned, Lack requested by email that a friend of his convert some of the Wilson project files from the 2008 version of AutoCAD to the 2006 version. This conversion was required because Lack maintained his own copy of AutoCAD software on his home computer in the 2006 version and the version at Hunn's offices was the 2008 version. Although the email was responded to after Lack's employment with Hunn had ended, when Lack sent the email on October 9, he was still under the impression that he would be allowed to continue working for two weeks and was attempting to hurry and finish the Wilson projects.
- (16) Removing the files and taking them home were allowed practices because draftsmen often worked on projects on their own home computers as well as on the work computers contained in Hunn's office.⁷ Hunn does not dispute that Lack had permission to work on the files at home and was expected to do so in order to ensure timely completion of projects.

⁷Lack also testified that the AutoCAD files were maintained and worked on at the office and his home computer between two different versions (2006 and 2008). He states that he would start the files in the 2006 version, update them in the 2008 version, and then save them back in the 2006 version. Lack further testified that he was working on the files at his house "just to keep up, so they were constantly going back and forth, from house to office and back and forth." (Lack Dep. at 23.) Lack testified at trial that his intentions in converting the files on October 9 were not for the purpose of leaving his employment with Hunn, and the Court finds that testimony to be credible.

- (17) After an exchange between Lack and the Hunns on the morning of Monday, October 10, 2011, relating to Lack's decision of whether he would remain employed at Hunn Designs, Lack was asked to discontinue employment immediately. Over the weekend, Mrs. Hunn had come to the Hunn Designs' offices and noticed that the Dan Wilson Home project files were not in the office. Lack testified that the files had been at his home for weeks prior to this and that Hunn was aware that the files were taken to Lack's home so that Lack could keep up by working on the projects at home as well as in the office. Thus, on the morning of October 10, before leaving his employment, Lack was asked to first go back home to retrieve the Wilson project files and return them to the office. On that same day, after returning the project files he had been working on at home, Lack cleaned out his office and left Hunn Designs.
- (18) When Lack's employment with Hunn ended, the home plans at issue were not yet completed for Wilson's use to build the custom homes for the clients. At that time, two of the residential plans (Winder/McGee and Brown) were approximately 90-95 percent complete, one other (Jeffers) was approximately 30-40 percent complete, and one was only at the hand-sketch stage (Showcase plan). Upon learning that Lack was no longer employed with Hunn, Wilson approached Hunn to inquire who would be completing the custom home plans and when the completion could be expected. Wilson had assumed Hunn would be completing the plans himself. Hunn was angry with Wilson for what he and Mrs. Hunn perceived as a secret plan between Wilson and Lack for Lack to become employed

by Dan Wilson Homes. Thus, Hunn felt wronged by Wilson and informed Wilson that Hunn did not know when he could complete the plans for Wilson because he was busy on other projects at that particular point in time. Hunn felt wronged by Wilson and was not in a particular mindset to finish Wilson's plans ahead of any other projects Hunn Designs had going at the time. After proposing to Hunn several ideas for the plans to be timely completed, all of which were rejected by Hunn, Wilson believed the conversation with Hunn indicated an anticipated breach of the agreement by Hunn. Wilson bases this conclusion, in part, on Mrs. Hunn's tone, demeanor, and accusations directed at Wilson while he was in Hunn Designs offices to discuss getting the plans finished. Mrs. Hunn informed Wilson that he should speak with and/or hire an attorney—implying that the negotiations had reached an impasse. In fact, on that same day, Wilson received a letter from the Hunns' attorney that included the statement, "the ability of Hunn to complete the existing designs" had been impaired or destroyed.

- (19) After Lack's employment ended, Hunn was required to shuffle the residential project work Lack had been expected to complete to other employees and even took some of them on himself to complete. Hunn did not hire anyone to replace Lack. Although Hunn generally worked on the commercial projects at Hunn Designs, in an effort to keep from losing clients and complete the residential projects for which he had been hired, he took on some of the residential projects himself and assigned some of them to a couple of other draftsmen in his office. Hunn testified that all projects were completed and that he did not lose any of the

other projects at his firm due to the issues caused when Lack's employment ended.

- (20) Wilson's proposals to Hunn for finishing the plans included (1) bringing the drafts in their then-current states of completion to Hunn to complete; (2) Hunn employing Lack a short time more so that Lack could finish the plans; (3) offering to pay for the percentage of completion in which the drafts stood in relation to the fully completed contract amount; and (4) offering to have the plans finished and then brought back to Hunn so that Hunn could copyright them to alleviate Hunn's contentions about asserted copyright claims.
- (21) Hunn failed to accept any of Wilson's proposals for Hunn Designs to complete the drafting of the four home plans at issue either because Hunn was in a time constraint in an effort to complete other projects or Hunn was angry because he subjectively believed Wilson was responsible for Lack's desire to leave Hunn's employment. The Court further finds that Hunn provided no adequate substitute proposals for completing the plans. Although Hunn testified that he offered to Wilson to have someone in the office complete the plans if Wilson would bring the copies he had back in, the Court finds Wilson's version of events to be more credible.
- (22) Wilson then determined that he had no option other than to have the drafts/plans finished by someone else. Wilson chose to approach Lack about completing the plans because the clients were familiar with him as the draftsman on the projects. Wilson believed it was best to stay with someone the homeowners were familiar

with and this would make the projects proceed smoothly without too much of an interruption. Wilson then approached Lack, who had started his own design firm by doing contract work from home, about completing the plans Lack had started while employed by Hunn.

- (23) Wilson was unaware of any non-compete clause Lack may have entered into with Hunn and never asked Lack to take or misappropriate any documents or electronic data from Hunn.⁸
- (24) At the times Wilson and Hunn entered into the agreements for the drafting services, Hunn did not inform Wilson that he would not be allowed to have another draftsman/architect finish the plans if Hunn Designs could not or failed to timely finish them. Lack, as an agent of Hunn Designs, believed the plans were the property of the homeowners because the designs were their ideas and concepts. Wilson also believed this. There is no indication that Hunn believed otherwise until Lack informed Hunn that he was intending to resign and go into business for himself. Hunn never expressed any restriction on the usage of the plans to Lack or Wilson prior to Lack's resignation. It was only after Lack informed the Hunns on October 10, 2011, that he was going to leave employment at Hunn Designs that the Hunns began asserting that the drafts supplied to Wilson and the homeowners could no longer be used for the purposes for which they were created and given to Wilson and the homeowners.

⁸The Court previously determined at the summary judgment stage that the non-compete clause was invalid for lack of consideration in an employment-at-will situation.

- (25) Hunn testified that uncompleted draft work was often billed to the builder on a percentage basis in instances where the homeowner later abandoned the project due to such things as inability to obtain financing. Wilson also understood this to be normal industry practice and thereby understood that he was obligated to pay Hunn for any unfinished projects for which Hunn had begun work. Thus, Wilson understood this practice to indicate that the builder became the owner of the draft plans as they stood at the time a project may have been abandoned. As such, Wilson viewed this industry practice of billing the builder for work done by a draftsman on abandoned projects as indication that the builder owned those plans at the stage of completion for which the builder was billed.
- (26) Hunn Designs has never registered or applied for copyrights on any other set of home plans until the instant dispute arose. Hunn applied for copyright registration on the plans at issue after Mrs. Hunn informed Wilson (at the meeting in Hunn Designs offices when Wilson was inquiring about getting the plans finished) that he would violate copyright laws if he used the copies of the plans he had in his possession to complete the homes for his clients.
- (27) Dan Wilson Homes presented payment to Hunn based upon the \$1.25 per square foot rate multiplied by the percentage of completion by Lack while employed by Hunn Designs on the four plans at issue. This is the same method Dan Wilson Homes utilizes to pay any other subcontractor who becomes a “no-show” or

doesn't finish the work the subcontractor was hired to complete.⁹ The total tendered to Hunn Designs was \$10,114.25, apportioned as follows: Winder/McGee plan payment, \$3,985.00; Brown plan payment, \$4,198.75; Jeffers plan payment, \$1,930.50; Showcase plan payment, \$0.00. The payment was mailed back to Dan Wilson Homes by Hunn's attorney. Then, at some point later in time, Dan Wilson Homes offered full payment of the contract price (including any work not completed by Lack while employed by Hunn). Hunn rejected the payment offer for full contract amount which included *all* work completed on the plans even after Lack's employment ended with Hunn Designs.

- (28) Hunn never communicated to Wilson any condition precedent to granting a license for the use of the drafts/plans in any stage of completion or that the plans had to be totally finished before any license would be granted. The Court finds that Hunn granted permission for Dan Wilson Homes to use the delivered unfinished plans as needed in the construction projects at issue. Hunn was aware of and acquiesced in Lack providing copies of the updated drafts to Wilson and the homeowners at each of the weekly meetings. At the time such copies were provided, Lack was an agent of Hunn Designs and Wilson relied upon the fact that copies of the updated drafts were given to himself and the clients as evidence of a license to use the plans for the purpose of completing the building projects. The

⁹In instances where Dan Wilson Homes has a subcontractor who does not finish the work for whatever the reason, Dan Wilson Homes is then responsible for hiring another subcontractor to complete the work. The first subcontractor is paid only for the percentage of work he/she completed.

Court further finds, as supported by Dan Wilson's testimony, that Wilson would never have entered into the original oral agreement with Hunn for drafting the owners' and Wilson's ideas and designs into home plans if an implied license had not been understood to have been a required part of the agreement. Wilson testified that without implied licenses to use or even complete any uncompleted plans, "there would have been no further discussion of using Marshall Hunn as a subcontractor on [Wilson's] work." (Trial Tr. 297-98.)

- (29) The Court finds that Trial Exhibit PX 6, the Chronology purportedly drafted at or near the time of the statements depicted therein, is not as reliable or credible as the trial testimony of the witnesses, which the Court finds to be more credible and of greater weight because the Court was able to view and hear the witnesses in person and weigh their testimony and credibility as they testified. The purported author of the Chronology exhibit, Mrs. Hunn, never testified at trial. However, the Court fully reviewed her deposition testimony included in the summary judgment evidence. The Court found the trial testimony of Wilson to be credible and afforded it due weight based upon that finding.
- (30) The Court further found the testimony of Rick Brazell relating to whether home plans are "key to any building project," and thus key to profits realized on a home, to be speculative. Further, Mr. Brazell testified that he had had a prior dispute with Wilson over Brazell's contention that he believed he was entitled to a percentage ownership of Dan Wilson Homes, Inc. based on his prior employment

with Wilson. The Court accorded said testimony less weight based on these issues.

- (31) Dan Wilson Homes' profits on the homes at issue are attributable to the services the company offers and the management skills and expertise of Dan Wilson. The profits are not attributable to the drawings/plans at issue (beyond the amount affected in the builder's fee due to the contracted costs of said drawings/plans). The builder's fee is determined in one of three ways: set price, cost plus, or cost plus a set price.
- (32) Lack's assumption that he would continue employment with Hunn Designs for two more weeks following his final decision on October 10, 2011, to resign (when pressed by the Hunns for an answer of whether he would continue as an employee) was reasonable. General employment practice is that an employee provide two weeks' notice. Lack believed he would continue working for two more weeks, and the reason he did not was because the Hunns requested that he leave immediately.
- (33) Although Hunn contends that the fact that Lack was still seeking to have AutoCAD files converted from 2008 versions to 2006 versions as late as October 9, 2011, shows his intent to improperly take the files for his own benefit and use, the Court finds otherwise. As indicated by the testimony, Lack was expected to work on projects at home and Hunn consented to such. Lack, feeling pressed for time to attempt to complete the Wilson projects in the 2-week period he envisioned he would be allowed to continue working, would have not only

worked on the plans in the office but also at home. Thus, the conversion of the AutoCAD files does not show Lack's intent to improperly take the files.

- (34) As an at-will employee of Hunn, Lack was free to leave his employment at any time and compete with his former employer. Lack did not attempt to take his employer's client, Wilson. Rather, Wilson later approached Lack about completing the plans at issue after Lack's employment had ended with Hunn and Hunn had indicated to Wilson that he did not know when he would be able to finish the plans. While still employed by Hunn Designs, Lack did not act for his future interests at the expense of his employer or use his employer's funds or employees for personal gain.
- (35) Because Lack was no longer employed as an at-will employee of Hunn, Lack was free to accept the work offered by Wilson to complete the drawings after Wilson determined that Hunn either could not timely honor the agreement to provide plans or would not do so out of anger over Lack's departure from employment.
- (36) Lack did not impermissibly take or steal the AutoCAD files of the plans at issue because Lack had permission to access those files, copy them, take them home, and work on them from home with Hunn's full knowledge and expectation that Lack would do so while employed by Hunn. Hunn did not request that Lack return the electronic copies of the plans contained on Lack's home computer when Lack resigned. Rather, Lack was asked to go home and retrieve the office files (hard-copy) he was working on and return those on Monday, October 10, 2011.

- (37) Lack was not supplied any confidential information or trade secrets by the usage of the AutoCAD software in Hunn Designs offices. Rather, Lack already had his own copy of AutoCAD software (version 2006) on his home computers that he used when working from home. Lack was familiar with the use of the software and its attributes prior to being employed by Hunn Designs, and Hunn Designs did not provide Lack with any specialized training or confidential information related to the software beyond that which was commonly utilized in the industry by draftsmen and already well-known to Lack. Lack did not misappropriate any trade secrets or confidential information from Hunn.
- (38) Because copies of the home plans, as they stood at the time Lack resigned, had been provided in the weekly meetings to Wilson and the homeowners with consent from Hunn to do so, the partially completed plans (whether paper or electronic) were not maintained as confidential information. Wilson already had drafts of those plans in the same stage of completion as those Lack maintained on his computer when he resigned. Nothing new or confidential had been added to those plans prior to Lack resigning.
- (39) After Lack left employment with Hunn, Wilson, Lack, and the homeowners made creative modifications and additions to the plans for which Plaintiff claims copyright infringement, thereby making the plans substantially different from the plans as they stood at the time Lack left his employment with Hunn. The Winder/McGee, Jeffers, and Showcase homes that were built were substantially different in expression, traffic flow, feel, arrangement, composition of space, and

elements in the design from the version of the plans at the time Lack left Hunn's employment and for which Hunn obtained copyright registrations. (Defs.' Ex. 2a-4a.)

- (40) The plans played a small role in the overall profit realized by Wilson on the home construction projects at issue because such plans were simply a subcontracted cost of each home that would have occurred with or without Hunn Designs being hired by Wilson. The designs were the general ideas and intellectual property of the homeowners and Dan Wilson as the authors of such designs and were simply drafted per the direct instructions of the homeowners and Dan Wilson. Hunn Designs had no role in the design ideas offered by the homeowners and Dan Wilson. Dan Wilson Homes, Inc.'s (as well as Defendant Dan Wilson's) profit is indirect and irrespective of the alleged infringement.
- (41) Lacy and Bobby Brown hired Wilson to build their custom home. Lacy had made sketches of her future house and spent a long time working on its design before approaching Wilson to build the home. Lacy's father, Gary Greenstreet, is a semi-retired commercial builder with drafting experience. Mr. Greenstreet assisted his daughter in drafting the plans for her house by using her sketches and ideas to draft several potential floor plans for her house. Once Lacy decided to build one of the potential floor plans her father had drafted, Mr. Greenstreet drew the plan by hand in full detail and scale and added a site plan and partial front elevation to the drawing. The drawings made by Mr. Greenstreet were of sufficient quality that an experienced builder could build from those plans.

- (42) After Lacy's mother recommended Wilson to build the Browns' home, Lacy and her husband, Bobby Brown, hired Wilson to build the house drawn by her father. Wilson met with the Browns and went over their plans for their house. Lack was entrusted with copying Gary Greenstreet's drawing into AutoCAD for Wilson to use to build the home. The Browns did not have any relationship with Hunn or Lack prior to meeting Lack at Wilson's offices in relation to the construction of their home and had not shared any design ideas or drafts previously with either Hunn or Lack.
- (43) Wilson and the Browns provided the Greenstreet drawing and other materials to Lack and instructed him to proceed with drafting plans in accordance with Wilson's and the Browns' instructions. Lack did not contribute any design ideas to the plans. Lack made an initial preliminary drawing and delivered it to the Browns and Wilson without any restrictions. Lack then made another preliminary drawing at the direction of the Browns with some minor changes, which were later rejected by the Browns. Hunn later obtained copyright registration on this second preliminary drawing, which was substantially similar to the Greenstreet drawing made by Lacy's father utilizing her design ideas conveyed to her father.
- (44) At this stage of completion of the Brown AutoCAD drawings by Lack, Lack's employment with Hunn ended. In this time frame, the Browns also rejected the second preliminary drawing of their home that Lack had made and returned to the original plan copied from Gary Greenstreet's drawing. Having met with Hunn about completing the plans Lack was working on for Wilson when Lack's

employment ended, Dan Wilson believed that Hunn was not going to complete the Browns' plans in a timely manner. Wilson then retained Lack, who had started his own drafting business, to revise the Browns' plans back to the original plan copied from Greenstreet's drawing and to complete the plans. Wilson then used such plans to build the custom residence for which the plans were created.

- (45) As with all the plans at issue, Wilson repeatedly requested an invoice from Hunn for the portion of the work completed on the plans while Lack was still employed by Hunn Designs. Hunn never invoiced Wilson. Wilson then estimated the amount due for the work completed by Lack on the plans while still employed by Hunn Designs and tendered payment in the amount of \$4,198.75 to Hunn for the Brown residence project.
- (46) Hunn later registered the second set of preliminary drawings made by Lack, which the Browns had subsequently rejected before returning to the original Greenstreet plan. The registered, rejected drawing was substantially similar to the drawings made by Gary Greenstreet. Hunn has sued Wilson and Dan Wilson Homes, Inc. for copyright infringement and claimed ownership of what was essentially Gary Greenstreet's work. Gary Greenstreet, upon learning of Hunn's registration of the plans, assigned to Dan Wilson Homes all rights to the Greenstreet drawings, including the right to pursue claims against Hunn. Greenstreet never gave Hunn permission to file for copyright on Greenstreet's plans. Dan Wilson Homes then registered the Greenstreet drawings with the United States Copyright Office. Wilson asserts a counterclaim against Hunn based on this registration.

- (47) The sets of Greenstreet drawings contained in the Hunn Designs file that Hunn used to make his copyright application did not conspicuously make any reference to copyright or ownership by Gary Greenstreet. Further, those drafts maintained in the Hunn Designs file did not contain the words “from Greenstreet.” At the time it was reasonable for Hunn to believe the works in the file may have been the product of his employee Lack. Thus Hunn did not “knowingly” include inaccurate information in his copyright application relating to the Greenstreet plan/Brown residence.
- (48) Nat McGee (whose the construction project also became known as the Winder home after McGee got married) hired Wilson to build a custom residence after being referred to Wilson by the Lotts, who were prior clients of Wilson. Nat requested that Wilson incorporate specific aspects of the Lott residence (which was actually a guest house built by the Lotts) along with a floor plan sketch Nat had made and several other design details. After establishing a relationship with Nat, Wilson hired Lack to make the drawings for the McGee residence to meet design specifications provided solely by Nat and Dan Wilson. Nat had no relationship with Lack or Hunn Designs prior to meeting Lack in Wilson’s offices. Wilson and Nat provided the Lott plan, Nat’s drawing, and other materials to Lack and instructed him to proceed with drafting plans in accordance with Wilson’s and Nat’s instructions.
- (49) Lack made a number of preliminary drawings that were delivered weekly without restriction to Wilson and Nat. Lack did not contribute to any design ideas in the

plans. The McGee plans were nearing completion when Lack's employment ended with Hunn Designs. Having met with Hunn about completing the plans Lack was working on for Wilson when Lack's employment ended, Dan Wilson believed Hunn was not going to complete the McGee plans in a timely manner. Also, at about this time, Nat became engaged to be married. This pending change in marital status required the plans to be reworked with significant changes per Nat's requests. Wilson then retained Lack, who had started his own drafting business, to make these changes and to complete the plans.

(50) As with all the plans at issue, Wilson repeatedly requested an invoice from Hunn for the portion of the work completed on the plans while Lack was still employed by Hunn Designs. Hunn never invoiced Wilson. Wilson then estimated the amount due for the work completed by Lack on the plans while still employed by Hunn Designs and tendered payment in the amount of \$3,985.00 to Hunn for the Winder/McGee residence project.

(51) The revised plans for the McGee home utilized by Dan Wilson Homes had numerous and substantial design changes throughout the residence and to the front elevation as shown by a comparison of Plaintiff's Exhibit 28 to Defendants' Exhibit 2 and as marked up in Defendants' Exhibit 2a in the form of an enlarged plan used at trial during the witnesses' testimony. Dan Wilson Homes did not copy the McGee plans for which Hunn obtained a copyright registration and the home built was not substantially similar to the registered plan. The plans used by

Dan Wilson Homes to construct the Winder/McGee residence were only used to construct that one custom home for which the plans were created.

- (52) Kim and Steve Jeffers met with Dan Wilson and, after visiting with him about their ideas for a home, decided that he would be the builder of their custom home. Kim had a lengthy room-by-room list of customized requirements and design ideas she had gathered. Wilson then drew a “bubble drawing” of the general room layouts and helped refine the preliminary design of the residence. Later, Wilson hired Lack to make the drawings of the Jeffers home to meet design specifications provided by the Jefferses and Wilson. The Jefferses had no prior relationship with Lack or Hunn Designs prior to meeting Lack in Wilson’s offices. Lack did not contribute any design ideas to the plans. Wilson provided the bubble drawing, design requirements, and other materials to Lack and instructed Lack to proceed in accordance with Wilson’s and the Jefferses’ instructions. Lack made a preliminary floor plan that was delivered without restriction to the Jefferses and Wilson.
- (53) The Jeffers plans were at an early stage of development when Lack’s employment with Hunn Designs ended. Having met with Hunn about completing the plans Lack was working on for Wilson when Lack’s employment ended, Dan Wilson believed Hunn was not going to complete the Jeffers plans in a timely manner. Wilson then retained Lack, who had started his own drafting business, to make significant changes to the preliminary Jeffers floor plan and to complete the plans.

- (54) As with all the plans at issue, Wilson repeatedly requested an invoice from Hunn for the portion of the work completed on the plans while Lack was still in the employment of Hunn Designs. Hunn never invoiced Wilson. Wilson then estimated the amount due for the work completed by Lack on the plans while still employed by Hunn Designs and tendered payment in the amount of \$1,930.50 to Hunn for the Jeffers residence project.
- (55) Hunn Designs obtained copyright registration on the preliminary Jeffers plans Lack had drawn. The finalized Jeffers plans used by Dan Wilson Homes had numerous and substantial design changes throughout the residence and bear little resemblance to the preliminary drawing registered by Hunn as shown by a comparison of Plaintiff's Exhibit 48 to Defendants' Exhibit 4 and as marked up in Defendants' Exhibit 4a in the form of an enlarged plan used at trial during the witnesses' testimony. Dan Wilson Homes did not copy the Jeffers plans for which Hunn obtained a copyright registration, and the home built was not substantially similar to the registered plan. The plans used by Dan Wilson Homes to construct the Jeffers residence were only used to construct that one custom home for which the plans were created.
- (56) A short time prior to Lack's departure from Hunn's employment, Dan Wilson Homes decided to build a highly customized residence on speculation to be included in a real estate showcase exhibition in Lubbock—a showcase home. Wilson started his design from a stock plan titled #3016 that had been drawn by a third-party architect, Michael Dertien. Wilson asked Lack to make a preliminary

sketch from this stock plan that incorporated several initial design changes. This preliminary sketch was then to serve as a starting point for a fully customized design at Wilson's direction. Lack did not contribute any design ideas to the preliminary sketch.

- (57) With only this preliminary sketch completed, Lack's employment with Hunn Designs ended. Having met with Hunn about completing the plans Lack was working on for Wilson when Lack's employment ended, Dan Wilson believed Hunn was not going to complete the Showcase plans in a timely manner. Wilson then retained Lack, who had started his own drafting business, to make significant changes to the preliminary Showcase sketch and to initiate the drawing process for the Showcase plans.
- (58) The finalized plans for the Showcase home utilized by Dan Wilson Homes had numerous and substantial design changes throughout the residence and bear little resemblance to the preliminary sketch as shown by a comparison of Plaintiff's Exhibit 42 to Defendants' Exhibit 3 and as marked up in Defendants' Exhibit 3a in the form of an enlarged plan used at trial during the witnesses' testimony. When building the Showcase home, Dan Wilson Homes did not copy the preliminary sketch for which Hunn obtained a copyright registration and the home built was not substantially similar to the sketch Hunn registered. The plans used by Dan Wilson Homes to construct the Showcase home were only used to construct that one custom home for which the plans were created.

- (59) It was only after Hunn and Mrs. Hunn subjectively determined that Lack was resigning because of a secret plan between Wilson and Lack that Hunn Designs began attempting to claim that no license existed for the use of the drafts/plans at issue. Up until the point the Hunns reached said subjective conclusion, the use and license of the drafts/plans did not differ from any prior allowed use by any other builder with whom Hunn had previously done business.
- (60) The home plans at issue were concepts developed by Wilson and his customers/homeowners. Neither Hunn Designs nor any of its employees created those concepts. Rather, Hunn Designs, and Lack as an employee of Hunn at the time, simply reduced those concepts and ideas to draft form in the plans at issue. The homeowners and Wilson did not seek out an architect's pre-existing or pre-conceived design, nor did they have the architect or draftsman create the design from the architect's/draftsman's own ideas and designs.
- (61) As to the Wilson Defendants' counterclaim of infringement, the Court finds that Hunn registered the Brown site plan that was substantially similar to the Greenstreet drawing made by Gary Greenstreet and later copyrighted by Wilson. In Hunn's copyright application, he included certain drawings from the file folder: elevation, site, and floor plan. The floor plan is a modification of a second drawing made by Greenstreet that Lack had copied and taken to the Browns, which they later rejected in favor of the original.¹⁰ The site plan contained the

¹⁰Regardless of the differences in the bathroom configurations, each bath configuration was a copy of a drawing made by Greenstreet for his daughter. Greenstreet completed three different drawings for Lacy Brown with minor changes in each at her direction so that she could

same floor layout as the home that was eventually built by Wilson. The floor plan and site plan floor drawings included in Hunn's application were not the same in that the application's floor plan contains a shared "jack-and-jill" bath, whereas the application's site plan maintains the two separate baths as drawn by Greenstreet. The differences in the floor layout in the site plan registered by Hunn and the Greenstreet drawings consist essentially of only (1) a change in the window above the master bathtub to an extruding bay window from a flat window, (2) a change from a double door to the patio from the living area to a single door, (3) and the removal of a door to the patio in the master bedroom. None of these modifications changed the nature or design of the overall floor plan. In fact, the final plans used by Wilson and the home actually built are both the same as the floor layout in the site plan submitted by Hunn in his copyright registration, except for a single door to the patio in the registered plan versus two doors to the patio in the final plans used by Wilson. Moreover, the copyright application filed by Hunn appears to contain the very drawings made by Greenstreet. (Def.'s Ex. 39, at Bates-stamp 005102.)

- (62) Greenstreet transferred all rights to the Greenstreet/Brown drawings/plans that he maintained to Dan Wilson Homes, and Dan Wilson Homes now maintains a registered copyright issued by the U.S. Copyright Office to the Greenstreet Plan/Brown Residence.

choose which she preferred after viewing each next to each other. Lack used these drawings to complete the preliminary plan he drafted and which Hunn later registered.

- (63) As to the Winder/McGee residence, neither the home built by Dan Wilson Homes nor the plan registered by Hunn is substantially similar to the “Lott Plan” previously drawn by third-party architect Dertien. Likewise, as to the Showcase home, neither the home built by Dan Wilson Homes nor the preliminary drawing registered by Hunn is substantially similar to the “3016 Plan” previously drawn by third-party architect Dertien.¹¹

Based upon the above findings, the Court makes the following conclusions of law:¹²

- (1) Any fiduciary duties owed by Lack to Hunn ended upon the termination of his employment by Hunn on Monday, October 10, 2011. Any work by Lack on the plans following his employment with Hunn did not disclose trade secrets or confidential information because the plan drafts had already been disseminated by Hunn Designs, by way of its agent Lack and with full knowledge of Hunn himself, to Wilson and the homeowners. Further, in completing the plans after leaving Hunn’s employment, Lack used his knowledge and skills of drafting which he possessed prior to working for Hunn. Hunn did not provide Lack with any

¹¹The Wilson Defendants had originally raised the defense of invalid copyright/copyright misuse, asserting that Hunn’s copyright applications on the Winder/McGee and Showcase plans were copies or derivatives of the Dertien plans (Lott and 3016). These assertions appear to have now been abandoned as to these two sets of plans. In any event, the Court finds no substantial similarities, as testified to by Dertien. Furthermore, the Court notes that, generally, the doctrine of copyright misuse is a defense to a copyright claim and not a stand-alone cause of action.

¹²The relevant elements of a breach of fiduciary duty, breach of contract, and copyright infringement claim have been discussed in the Court’s prior ruling on the Defendants’ Motions for Summary Judgment and need not be repeated here.

specialized training or skill that Lack did not already possess prior to working for Hunn.

- (2) Lack did not improperly, in violation of fiduciary duties owed to Hunn, solicit Wilson after leaving his employment with Hunn. Rather, Wilson later sought out Lack to complete the plans after Hunn indicated to Wilson that Hunn did not know when he could get the plans finished, and Wilson viewed that statement as an anticipatory breach.
- (3) Lack did not collude, plan, conspire, or otherwise secretly further an undertaking with Wilson to leave Hunn's employment and become an employee of Dan Wilson Homes in violation of Lack's duties owed to Hunn.
- (4) For the same reasons listed below in relation to the Wilson Defendants, no copyright violations exist in relation to the Winder/McGee, Jeffers, Brown, and Showcase homes as against Lack.
- (5) Hunn Designs' conduct and practice of allowing Lack to take copies of the updated plans each week to the homeowners and Wilson demonstrate an agreed understanding between Wilson and Hunn of a continuing license to use the home plans to build the homes for which they were created. In fact, Hunn was well aware that his employee Lack was taking updated and revised copies of the draft plans each week to the meetings with the homeowners and Wilson for use in the building and financing process by those parties. Hunn intended that Wilson and the homeowners use the provided drafts for the home construction process because he testified that he clearly understood that updated draft plans were

generally always provided to the builder and homeowners for such purposes as obtaining bids for materials and financing/mortgage loans. Hunn further testified that those draft plans may be provided in paper or electronic form to the builders and homeowners.

- (6) An implied license existed for the use of the draft plans at issue. As was often the industry practice in the Lubbock area by home builders and draftsmen or architects, the intent of the parties here was to grant an implied license for the use of custom home plans unless the parties explicitly agreed otherwise. “The existence of a license authorizing the use of copyrighted material is an affirmative defense to an allegation of infringement.” *Baisden v. I’m Ready Productions, Inc.*, 693 F.3d 491, 499 (5th Cir. 2012) (quoting *Carson v. Dynegy, Inc.*, 344 F.3d 446, 451 n.5 (5th Cir. 2003)).
- (7) The implied license granted by Hunn to Dan Wilson Homes was nonexclusive and covered the use of the plans later copyrighted by Hunn to build the Winder/McGee, Jeffers, Brown, and Showcase homes. The Court notes that the evidence clearly indicated that the homeowners essentially came up with their design ideas and sought to have those self-designed homes built. Their design ideas were then placed into the drafting stage. Under Hunn’s theory of the case, he had the power to stop the homeowners from building their self-designed dream homes based on his assertions to Wilson of copyright. This would have given him the power to stop the homeowners from ever building their own designs because he claims copyright ownership of said designs. This result cannot stand in equity under the

law. *Alcatel USA, Inc. v. DGI Techs., Inc.*, 166 F.3d 772, 792 (5th Cir. 1999) (copyright misuse prohibits using a copyright “to secure an exclusive right or limited monopoly not granted by the [Copyright] Office and which is contrary to public policy to grant”).

- (8) The implied, nonexclusive license granted to Wilson by Hunn was irrevocable with Wilson’s obligation to pay. *Carson v. Dynegy, Inc.*, 344 F.3d 446, 451 (5th Cir. 2003); *Lulirama Ltd. v. Axxess Broadcast Services*, 128 F.3d 872, 882 (5th Cir. 1997). The license allowed Wilson to have Lack or any other draftsman complete the plans. The separate, short-term oral agreements that existed for each project and the lack of written or orally communicated restrictions about limits on Dan Wilson’s ability to use the delivered drawings, along with the overall goals of the parties at their original business meeting, leaves the Court to conclude that a nonexclusive, irrevocable license existed for Dan Wilson Homes to complete and use the delivered documents in the manner in which he used them. The irrevocable license covered Wilson’s use of the documents not only to finish the plans but also to build the Winder/McGee, Brown, Jeffers, and Showcase homes.
- (9) The plans for which Hunn obtained copyright registrations were the plans in the stage of completion last delivered to each homeowner. That is, the plans that were delivered from Hunn Designs’ employee to Wilson and the homeowners with Hunn’s full knowledge, consent, and understanding are the plans Hunn registered. Each of these four sets of plans for which Hunn obtained copyright registrations had already been delivered to the homeowners and to Wilson at their

respective prior weekly meetings. The plans were delivered to Wilson by Hunn per his consent to Lack's delivery. Thus, the Court concludes the delivery element was met, as required under the cases cited by the party for finding a license was granted, allowing Wilson to have the plans finished by someone other than Hunn. *See I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775-78 (7th Cir. 1996); *see Lulirama, Ltd.*, 128 F.3d at 882.

- (10) No conditions precedent existed with respect to granting the implied, nonexclusive licenses to Wilson.
- (11) Even if a license had not been granted, the actual plans used to build the Winder/McGee, Jeffers, and Showcase homes were substantially different from the plans for which Hunn obtained copyright registrations. Thus, no actual copying, as defined under the law, by the Defendants exists in relation to those three sets of copyrighted materials. *Baisden v. I'm Ready Productions, Inc.*, 693 F.3d 491, 499 (5th Cir. 2012). Likewise, the actual homes built differed substantially from the versions of those plans copyrighted by Hunn.
- (12) Any profits realized by Dan Wilson Homes relating to the homes at issue had little causal connection with Hunn's services because the profits were captured prior to any of the individual oral agreements for the drafting of plans for each home and would have been realized regardless of which architect/draftsman was used as the subcontractor. Hunn has failed to establish, beyond speculation, a sufficient causal nexus between his drafting services, by way of Lack's employment with Hunn, and any profits realized on the homes at issue. The costs agreed to between

Wilson and Hunn for the drafting services would be the maximum limit of any profits realized on the homes based on alleged infringement in this instance.

However, the Court has also concluded that no infringement has occurred and thus the issue is moot.

- (13) Wilson's belief of an anticipatory breach by Hunn was reasonable given Hunn's statement to Wilson that he did not know when he could get to the plans to finish them, the lecture from Mrs. Hunn directed at Wilson, and the letter received by Wilson from Hunn's attorney. As such, Wilson's efforts to have the plans completed in order to mitigate any damages from the breach were also reasonable and required under the circumstances of this case. Wilson did not breach his contracts with Hunn for the home plans at issue. In fact, Wilson attempted on more than one occasion to pay Hunn for the work completed by Lack on the plans before Lack's employment ended. Wilson even further attempted to pay Hunn for the entire original contracted amount, even though Wilson had the plans finished at his own expense. Wilson's duty under the oral contracts regarding each set of plans was to pay, and he proffered such payment.
- (14) No contract existed between Hunn and the Wilson Defendants with respect to the Bradley and Scott residences.
- (15) Hunn did not fully or substantially perform the contracts he had with Wilson in relation to the Winder/McGee, Jeffers, Brown, and Showcase homes because all essential elements of the contracts were not performed by Hunn. Likewise, Hunn did not tender performance on these four residences as shown by his statements to

Wilson on October 11, 2011, that he did not know when or if he could timely complete the drawings, and the letter received on that day from Hunn's attorney.

(16) Hunn failed to show that the Wilson Defendants breached the contracts because the Wilson Defendants' obligations under the contracts only arose after Hunn performed his contractual obligations. Hunn failed to perform his contractual obligations. Further, the Wilson Defendants fully performed by requesting an invoice from Hunn for the plans at issue, by offering to pay, and by submitting payment despite never having been invoiced.

(17) Hunn did not fully perform his duties under the contract, so the amounts owed under the contracts are the contract prices minus the Wilson Defendants' costs incurred to complete the plans. Those amounts are as follows:

- (a) Brown residence: \$4,178.75 (contract price minus \$500.00);
- (b) Winder/McGee residence: \$3,435.00 (contract price minus \$500.00);
- (c) Jeffers residence: \$1,215.50 (contract price minus \$4,504.50); and
- (d) Showcase Home: \$0.00 (cost to complete exceeded contract price).

However, those amounts are not awarded as damages in this case because the Wilson Defendants did not breach the contracts.

(18) Further, Hunn did not act with clean hands when dealing with Wilson because Hunn acted in an inequitable manner in refusing to complete the plans and not allowing Wilson an option to move forward, while knowing the plans must be completed so that the homeowners' self-designed homes could be timely constructed. The Wilson Defendants acted in a manner to alleviate and mitigate

damages while Hunn attempted to create and advance causes of litigation. Hunn rejected multiple pre-litigation attempts by the Wilson Defendants to proffer payment on the contracts or otherwise to make Hunn whole by allowing Hunn to timely complete the plans. Such bad faith actions by Hunn constitute unclean hands and bar Hunn in equity from recovering in his breach of contract claims.

- (19) The Wilson Defendants established by a preponderance of the evidence that they hold a validly issued copyright on the Greenstreet floor plan drawn by Gary Greenstreet, who drew the original work and assigned his rights in the Greenstreet drawing to Dan Wilson Homes. Dan Wilson Homes registered the Greenstreet drawing with the U.S. Copyright Office. Hunn copied constituent elements of the Greenstreet drawings in his submission for a copyright registration to the Copyright Office. Hunn was never given permission to copyright the Greenstreet floor plan as Hunn's own. Rather, Hunn only had permission to dimension the Greenstreet drawings in a computer-generated format to fit the lot for the Wilson Defendants to build the home.
- (20) The Wilson Defendants have elected to recover statutory damages pursuant to 17 U.S.C. § 504(c).
- (21) Hunn did not submit his Greenstreet Plan copyright application "with knowledge that it was inaccurate" because there were no notations on the copies of the drawings in his files that designated those drawings as owned by or "from Greenstreet." As such, Hunn maintained a registered copyright issued by the Copyright Office allowing him to bring claims in this lawsuit based upon that

registration. *See* 17 U.S.C. § 411(a). Furthermore, because the Court has found that Hunn did not knowingly include false or inaccurate information in the application, the Court need not seek advice from the Registrar of Copyrights pursuant to 17 U.S.C. §411(b)(2). The inaccurate information must first be found to have been included “with knowledge that it was inaccurate.” *See* 17 U.S.C. § 411(b)(1)(A). That was not the case here.

- (22) As to whether the Court must seek the Registrar’s advice regarding the Wilson Defendant’s counterclaim of infringement, the Court concludes that in this instance the statutory requirements have not been met requiring such an opinion from the Registrar. The Court has made a factual finding that Hunn did not “knowingly include” inaccurate information in his application. Thus, the preconditions listed in the statute for seeking the advice of the Registrar have not been met. *See* 17 U.S.C. § 411(b)(1)(A). Here, neither party included a claim for declaratory judgment as to whose copyright registration is valid. “The party first seeking invalidation [must] first establish that the other preconditions to invalidity are satisfied before obtaining the Registrar’s advice on materiality.” *DeliverMed Holdings, LLC v. Shaltenbrand*, 734 F.3d 616, 625 (7th Cir. 2013). Thus, the Court need not reach the question of validity of one registration as opposed to the other, as did the *DeliverMed* court where a declaratory judgment claim was pleaded by the parties and the prerequisites under § 411 had been found to have been met. Here, those facts and circumstances do not exist. Therefore, the Court concludes that it need not submit any question to the Registrar relating to the

Wilson Defendants' counterclaim of infringement by Hunn of the Greenstreet drawings/plans for which Wilson maintains a copyright.

- (23) Finally, the Wilson Defendants have elected to receive statutory damages on their counterclaim of infringement. However, no evidence was put on at trial as to "use" by Hunn of the plans copyrighted by the Wilson Defendants. That is, no evidence was presented as to how Hunn has used/infringed the copyrighted plans contained in the Wilson Defendants' copyright registration of the Greenstreet drawings/plans. The Court notes that at least one court has held that merely filing an application for registration that included the copyrighted materials constitutes "use." See *Liu v. Price Waterhouse LLP*, 182 F. Supp. 2d 666, 675 (N.D. Ill. 2001). Even so, the Court further notes that the *Liu* court discussed whether § 412 of the Copyright Act bars any statutory damages for an alleged infringement where the alleged infringement occurred prior to the registration by the party asserting the claim. *Id.* at 676-77. Applying those principles here, the Wilson Defendants' counterclaim of infringement by Hunn may have met the "use" requirement by Hunn's filing an application for copyright; however, the Wilson Defendants had not yet filed an application for copyright or obtained a registration. Hunn filed his application in November of 2011 and Dan Wilson Homes did not file its application until 2012. Any "use" by Hunn in November of 2011 was prior to any registration by Wilson. Thus, according to 17 U.S.C. § 412 and *Liu*, the Wilson Defendants cannot recover any statutory damages or attorneys' fees in relation to the counterclaim of infringement by Hunn of the

Brown Residence/Greenstreet Plans. *See Fairview Dev. Corp. v. Aztex Custom Homebuilders*, 2009 WL 529899, *4 (D. Ariz. March 3, 2009) (statutory damages not available to a plaintiff where alleged infringement act occurred prior to registration by plaintiff).

(24) As to the issue of attorneys' fees on Hunn's breach of contract claim, the Court concludes that Hunn failed to prevail on that claim or recover any amount; thus, Hunn may not recover attorneys' fees in relation to the breach of contract claim. *See, e.g., MBM Fin. Corp. v. The Woodlands Operating Co.*, 292 S.W.3d 660, 666 (Tex. 2009) (to recover as a prevailing party on a breach of contract claim a party must prevail and recover "some amount" on the claim). Texas law does not provide for the recovery of attorney's fees by a defendant that seeks only to defend itself against a plaintiff's breach of contract claim. *Ventana Invs. v. 909 Corp.*, 879 F. Supp. 676, 678 (E.D. Tex. 1995). Thus, Dan Wilson Homes may not recover attorneys' fees for successfully defending against Hunn's breach of contract claim.

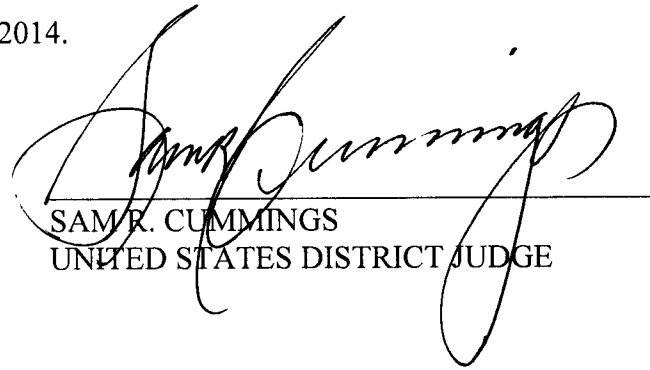
(25) Regarding the issue of attorneys' fees on the copyright infringement claims, the Court concludes that the Defendants are the prevailing party in that each Defendant successfully defended against Hunn's copyright infringement claims for the reasons stated in this Order. Thus, pursuant to 17 U.S.C. § 505, the Court concludes that the Defendants are entitled to the award of reasonable attorneys' fees in connection with defending against Hunn's copyright infringement claims. The Defendants may file their motion and supporting affidavits for attorneys' fees

within 14 days from the date of this Order. Hunn may file a response with
controverting affidavits within 7 days after the filing by Defendants.

To the extent any of the findings of fact are deemed to be conclusions of law and any
conclusions of law are deemed to be findings of fact, then this Court construes and incorporates
them as such.

SO ORDERED.

Dated this 29th day of January, 2014.



SAM R. CUMMINGS
UNITED STATES DISTRICT JUDGE