Splash Protection in Practice

The U.S. Vessel Hull Design Protection Act is 13 years old.

How is it working for boatbuilders?

by Benjamin Ford

Splash a mold from an existing boat is dishonest, debilitating to the marine industry, and, in far too many cases, perfectly legal if the splashed hull is not registered under the Vessel Hull Design Protection Act (VHDPA). Gaps in the original version of the law, along with attorneys' unfamiliarity with it, have made the VHDPA a seriously underutilized tool for boat builders and designers. In recent years, legislative amendments and a high-profile court case concerning this issue have spurred some in the industry to take a closer look at it.

Boat and yacht designs do not fit neatly into the existing legal framework in the United States. In a broad sense, copyright and trademark law typically protect the nonfunctional aesthetic features of a boat design, but not features that are aesthetic and functional. Patent law can sometimes provide protection for boat designs, but patent applications are complicated and expensive, and most boatbuilders cannot afford to file a new one every time they retool for a new design. Prior to 1999, unscrupulous builders in a thriving recreational marine market took advantage of this gray area by splashing boats, which they then sold for sometimes half the price—and often half the quality—of the original models.

History of the Act

In 1983, Florida was the first state to pass a law that made splashing illegal. That law was struck down in 1989 by the U.S. Supreme Court, which ruled (in Bonito Boats v. Thunder Craft Boats 489 U.S. 141) that individual states may not offer
Cindy Squires, NMMA’s Chief Counsel for Public Affairs and Director of Regulatory Affairs, explains: “When we initially proposed the legislation, we were looking for intellectual property protection that would be easy to apply for. The result was a law and a set of regulations that could be utilized by any builders or designers without having to hire lawyers every time they changed their designs.”

**How It Works**

Starting from the date when a hull design first becomes public, the applicant has two years to register it with the U.S. Copyright Office. This is done by completing and submitting Form D-VH, noting the design’s salient features, attaching detailed drawings and/or photographs, and paying the appropriate registration fee. The applicant must also confirm that the hull or deck has been marked with a “design notice” to “give reasonable notice of design protection while [the boat] is passing through its normal channels of commerce.”

**Copyright Office**

Administered by the U.S. Copyright Office, the VHDPA grants the owner of a design the “exclusive right to make, have made, or import, for sale or use in trade, any useful article embodying that design and to sell or distribute for sale or for use in trade any useful article embodying that design.” In laymen’s terms, it lets you exclude others from both making and selling your protected boat. If you are a broker or dealer, pay attention: Like other intellectual property laws, VHDPA states that those who sell infringing items can be held just as liable as those who actually make the infringing items. Note that the act cannot prohibit copying overseas, but it does prohibit the importation and sale of copied designs in the U.S.

Compared to copyright protection, which can last more than 100 years (“lifetime of the author plus 70 years”), the protection offered by the current VHDPA is for only 10 years. The trade-off is that the application is relatively easy compared to a typical patent application. Ten years is also in line with other forms of intellectual property protections. For example, a design patent, which is the only other form of protection for which a hull design may qualify, lasts 14 years. But patent applications should be completed by a qualified patent attorney, who must spend hours drafting claims and searching records. The applications themselves require specific and detailed drawings. After the application has been submitted, it is still subject to inspection by the patent office, which can reject it for any number of reasons.

**The two-page form required to register a new model under the Vessel Hull Design Protection Act is simple compared to other intellectual property protection options such as design patent. The trade-off is that the VHDPA offers only 10 years of protection.**
The application, drawings, and photos are public documents, accessible on the Web, so the applicant should also have an attorney review the paperwork to ensure the indication of a protected design is sufficient. Also, it’s important to give enough information to qualify for the protection, but not enough to enable someone outside the U.S. to steal the design.

One way manufacturers can overcome the relatively short protection period is to build their companies not around any individual boat but around their brand, which is protectible forever. For example, the J/24 is arguably the most successful keelboat design in the world. A disreputable builder may try to steal the design, but the copied boat can never be a J/24. Because the brand is so closely associated with the design, the stolen design without the brand is of little value.

Copying is sometimes perfectly legal, and some level of copying is healthy for industry growth. The goal of intellectual property protection is to strike a balance between market freedom and encouraging innovation. In general, intellectual property protection encourages innovation by granting a temporary monopoly over an invention. Too long a protection period discourages innovation by freezing out potential competitors who might improve on that invention.

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The Copyright Office reviews the applications and may reject a registration for a variety of reasons. It’s important to note that acceptance of the registration by the Copyright Office does not give the design owner an affirmative right to produce that design, because the owner of an earlier design can still sue if the new design is “substantially similar.” In other words, registration can be used as a shield against earlier ones.

**Maverick Boat Co. v. American Holdings and Blazer Boats**

Like all statutes in the U.S., the VHDPA is subject to a court’s interpretation. What may seem like a fairly straightforward law is actually ambiguous. For example, imagine that a design was not registered with the Copyright Office when it first went into production; the owner waited until the design had been changed. According to the statute, this new design could be protected only if it were a “substantial revision, adaptation, or rearrangement” of the old design. What does the term *substantial change* mean? That definition is up to the courts. Here’s another example: the statute says that to infringe on an earlier design, the new design must be “substantially similar” to the earlier design. What does *substantially similar* mean? Again, the courts will decide.

Those two questions were answered in 2005 by the United States District Court for the Southern District
Maverick’s grainy documentation of changes to the Pathfinder 2200 V was filed in April, 2001. (1) indicates alterations to the forward hull shape. (2) points to revised style lines aft. The court didn’t accept that those changes constituted a “substantial revision, adaptation, or rearrangement” of the older, nonprotected Pathfinder 2200 design.

of Florida, in the case *Maverick Boat Co. v. American Holdings and Blazer Boats*. Maverick had designed and marketed a V-hull-style bay boat called the Pathfinder 2200. The original design was introduced at the company’s dealer meeting in 1998. Soon after that introduction, the builder retooled to adjust the sheerline, style lines, and chines and began shipping boats from the new molds in May 1999. In February 2001, the builder applied to register the original design, but soon discovered that it did not qualify for protection, because the design had been in the public for more than two years. In April 2001, Maverick submitted a second registration, this time for the retooled design as a new and improved version. Because the retooled version had been public for only a little over a year, the builder thought it qualified for protection.

Around the same time, American Holdings and Blazer Boats were selling boats similar to Maverick’s. When Maverick saw the new boats on the market, it sued the two other builders, claiming that its retooled design was protected by the VHPPA, and alleging that the other two builders had splashed its design and built boats that were substantially similar. The defendants claimed that the registration was invalid, because the retooled design was not a “substantial revision, adaptation, or rearrangement” of the older, nonprotected design. American
Holdings and Blazer Boats also claimed that while the hulls might be similar, the decks were completely different, and therefore their boats were not “substantially similar.”

The court agreed. In defining “substantial revision, adaptation, or rearrangement,” the court looked at three categories of evidence: (1) changes made to the original design, (2) similarities between the original and new designs, and (3) evidence of the revision process. The court reasoned that the changes in the retooled boat were made to correct a problem with the sheerline and did not add any new value to the boat beyond what the original designer intended. The other changes were the necessary result of retooling the sheerline. The court found that the original and retooled designs were nearly identical, and even the employee who registered the retooled designs could not tell whether the picture he submitted was of one of the original boats or a retooled boat.

Finally, the court pointed out that the builder had kept no records of the retooling process. Nothing in the builder’s advertising said that the retooled boats were any different than the original boats; in fact, for a period, the original and retooled boats were sold side by side. The court concluded that because the builder was not actually trying to produce and market a “new and improved” design, the retooled design was not a substantial revision of the original, nonprotected design, and therefore the registration to the retooled design was invalid. Because the registration was invalid, the builder could not sue to protect it, and any splashing was perfectly legal.

That should have been the end of it, but the court also said that even if the registration had been valid, the other two builders did not infringe, because their boats were not “substantially similar.” The VHDPA protects hull designs. Under the old version of the act, the hull was defined as “the frame or body of a vessel, including the deck of the vessel, exclusive of masts, sails, yards, and rigging.” The court found that even though the hulls were similar, the decks were completely different. Because the statute required the deck to be considered as part of the hull, the court was forced to conclude that the two builders did not build boats that were substantially similar to the original design.

To make matters worse, the court ruled that Maverick’s case was so weak that it should not have been brought in the first place, and the court ordered Maverick pay the defendants’ attorney’s fees. Had Maverick properly registered its original designs, it might have been better able to protect them. At the very least, the company could have avoided paying the defendants’ lawyers. Maverick appealed the decision, but the U.S. Court of Appeals, Eleventh Circuit, upheld the ruling in 2005.

To those who were paying attention, this case sent a strong message, and established a useful framework for lawyers to employ in advising their clients on the level of modifications necessary to qualify a revised design for protection under the
VHDPA. The case also demonstrated that the act did not actually protect any hull designs; all an unscrupulous builder had to do to avoid the law was splash the hull and change the deck. Finally, the case suggested that the court will be looking for strict compliance with the statute to claim protection for designs, and those unregistered designs or designs with invalid registrations will be left out in the cold.

2008 Amendments

The drafters of any new law cannot anticipate every scenario that might arise. A report issued by the Copyright Office, along with the appeal of the Florida case, highlighted some flaws in the earlier version of the law. NMMA proposed revisions so that the hull and deck could be considered separately; and Congress passed the Vessel Hull Design Protection Amendments of 2008. They specify that the design of a vessel’s hull, deck, or combination of a hull and a deck, including a plug or mold, is protected.

This new language suggests that if
a hull is substantially similar to a protected design, it could be in violation of the VHDPA, and the owner of that protected design could initiate a suit to protect it, regardless of the deck's appearance. Of course, the courts will always have the last word on what the revised statute means, and we will not have a sense of that until a few more cases have interpreted it.

In 2003 the Copyright Office gathered comments from builders and designers, including representatives from the former Genmar Holdings and Brunswick Corporation's marine group. Commentators described early success with the law, including several instances of unscrupulous builders ceasing their activities after being threatened with a lawsuit brought under the VHDPA. The statute requires that the submitted applications, with pictures, be published on the Internet. Commentators expressed concern that while such publication might grant protection to the design in the U.S., it would increase the chances of a design being stolen overseas, especially if the Copyright Office required detailed drawings.

Concerns over the level of detail required do not seem to have materialized. In many cases, the submitted pictures are the same ones the builder published in promotional material. For example, Grady-White's new Canyon 366 was introduced in 2009. The builder's website shows pictures of the hull, the deck, and the interior. Grady-White's VHDPA application includes the exact same pictures along with a couple of shots of the molds for the hull and deck. Clearly, the Copyright office does not expect the same degree of detail that would be required for a patent. If a foreign company were looking to steal a design, it would come up short by looking solely at the VHDPA registrations.

An effective registration is no guarantee against copying, but it does strengthen the design owner's legal position by putting the world on notice that a hull, deck, and mold are protected. The overarching rule in the U.S. is that each party pays for its own lawyer. With hundreds of thousands of dollars in legal fees, the risks of litigation are shared equally between the parties. However, the VHDPA gives the judge discretion to award legal fees to the prevailing party. This shifts litigation risks to the party that has the weaker case. The fee-shifting provision therefore makes the threat of being sued much more worrying, as the potential defendant is faced with having to pay damages as well as the plaintiff's legal fees—a firm-ending proposition for most boatbuilders.

**Recommendations**

If you are a boat builder or designer wanting to protect a design, here are the steps to take:

1. Before you begin to produce a new design, or a modification of an older design, review the registrations already available. You can access those online through the Copyright
This handwritten registration from Epic Kayaks Inc. of Charleston, South Carolina, is an example of just how accessible protection can be under the act. The ease of registering a new hull with the Copyright Office has led to requests from other sectors, such as fashion design, for similar rules to protect their intellectual property.

2. Work with a qualified lawyer to establish a process for registering designs that have been public for less than two years. Don't be surprised if the attorney you currently employ does not know about this law. Many, even those who specialize in intellectual property protection, are not familiar with it. Even though the statute is a bit obscure, you should not have to pay for an attorney to learn the law. If yours wants to bill you for the time it takes to do so, find someone who already practices in this area. Once you have a relationship with a qualified attorney, have him or her review your submissions before you send your application to the Copyright Office. To include the notice of protection, the attorney will also need to review how you are marking your hulls. This is extremely important.

3. Follow up with the Copyright Office Web page at: http://www.copyright.gov/vessels/. If you see something that looks similar to what you want to do, get legal advice before proceeding.

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on their hands and then claim to be irreparably injured. Plus, the act limits damages when the infringing design has been out in the public for more than three years.

Conclusions
The Vessel Hull Design Protection Act was custom made for the marine industry. Other industries create products that have functional and aesthetic features, yet no other trade has its own intellectual property statute. The act is the envy of the fashion industry, for example, and there is an effort to model a similar statute on it, protecting high-fashion clothing and accessories, especially handbags.

As the marine industry continues to improve, customers will demand new and better designs. Putting unprotected boats on the market is like offering free design services to anyone who wants to be a boatbuilder. Don’t squander your investment and initiative. Educate yourself, and register your designs.

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