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WORK MADE FOR HIRE FOR THE 1990’s

I. INTRODUCTION

In Community for Creative Non-Violence v. Reid,1 the United States Supreme Court determined what is a “work made for hire” under the Copyright Act of 1976. The Court faced conflicting interpretations of the law in various federal circuits. Resolution of the issue was critical in that it determined the relative rights in copyrightable works created by independently contracting artists for commissioning parties.

Federal circuits have disagreed about whether an independent contractor engaged to create specific copyrightable works is an “employee [acting] within the scope of his or her employment” or a party “specially ordered or commissioned” within section 101 of the 1976 Act.2 A determination that the artist is a section 101 “employee” is a determination that the creation is a work made for hire and necessarily mandates, under section 201, that the commissioning party, absent a contrary written agreement, “owns all of the rights comprised in the copyright.”3 If the artist is not


A “work made for hire” is—

(1) a work prepared by an employee within the scope of his or her employment; or
(2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a “supplementary work” is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendices, and indexes, and an “instructional text” is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

3. 17 U.S.C. § 201 (1976) states, in pertinent part:

(b) Works Made for Hire.—In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.
an “employee,” section 101 suggests that the creation can be a work made for hire only if it fits within one of the narrow categories specified in subsection (2) AND there is a written agreement that the creation is a work made for hire. Due to the very limited scope of subsection (2), the critical question is how broadly to interpret “employee” in section 101. The Court of Appeals for the Seventh Circuit accurately phrased the issue as “whether Congress intended the term employee to encompass only ‘regular’ employees . . . , or whether Congress intended the 1976 Act to retain the somewhat more flexible definition of employee under the 1909 Copyright Act.”

II. WORK MADE FOR HIRE BEFORE 1909

Prior to the Copyright Act of 1909, there existed a general presumption that copyrightable works produced by employees in the scope of their employment entitled the employers to the copyright. This work made for hire doctrine conferred upon the employer exclusive rights in the work in question. The employee had “no more right than any stranger to copy or reproduce” the product of his labor. Presumptive copyright ownership in the patron extended beyond general employees to works of an independent contractor commissioned specifically to create the copyrightable subject matter. This created a heavy burden on the commissioned artist to rebut the presumption with evidence of a contrary written agreement or acquiescence of the commissioning party in the artist’s claim to copyright.

III. THE 1909 ACT AND THE STRONG PRESUMPTION A WORK IS MADE FOR HIRE

The definitional section of the 1909 version of the Copyright Act expressly recognized the work for hire doctrine: “[T]he word ‘author’ shall include an employer in the case of works for hire.” Case law applying the 1909 Act construed “employer” broadly enough to include a patron of an independent contractor where the contractor created the work at the “instance and expense” of the commissioning party. This rebuttable pre-

6. See, e.g., Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903); Colliery Eng’g Co. v. United Correspondence Schools Co., 94 F. 152 (C.C.S.D.N.Y. 1899).
9. Id. at 894-95.
sumption, therefore, worked against the independently contracting artist anytime the "employer" initially solicited him; even if the creator was a volunteer.13

IV. THE 1976 ACT: WHEN IS A WORK "MADE FOR HIRE"?

The Copyright Act of 1976 reworked the text of the 1909 Act relating to the work made for hire doctrine. Courts, however, have disagreed whether the revisions represent substantial alterations of work made for hire principles established under the prior Act regarding independent contractors.

One case that held the revised Act was not a general overhaul of these work made for hire principles was Aldon Accessories Ltd. v. Spiegel, Inc.14 The plaintiff in Aldon Accessories conceived of statuettes of mythological creatures and then contracted with a Japanese company to design and produce porcelain statuettes.15 Aldon also commissioned a Taiwanese company to produce brass statuettes derived generally from the porcelain statuettes, but with some additional artistic development.16 Spiegel obtained brass statuettes from Taiwan that were similar to Aldon's.17 The essence of Spiegel's defense at the ensuing trial was that Aldon's statuettes were not "prepared by an employee within the scope of his or her employment" according to subsection (1) of the work made for hire definition in the 1976 Act. Therefore, argued Spiegel, Aldon's claim to copyright, based on its status as an employer, was invalid.18 Both the district court19 and the court of appeals disagreed with Spiegel's narrow interpretation.

The Court of Appeals for the Second Circuit concluded that "[n]othing in the 1976 Act or its legislative history indicates that Congress intended to dispense with this prior law applying the concepts of 'employee' and 'scope of employment.'"20 The court believed that Congress directed any narrowing of the work made for hire doctrine by the addition of subsection (2) of the definition at those situations in which "direction and supervision" by the commissioning party were absent.21 In other cases involving inde-
dependent contractors, Congress left unaltered the fundamental principle that
the work made for hire doctrine applies when the commissioning party
engaged the artist to produce the work in question. The parties, of course,
were free to rebut this presumption with, for example, evidence of an
agreement to the contrary.

The Court of Appeals for the Seventh Circuit agreed with the Second Circuit's "compelling" interpretation of work made for hire in Evans Newton Inc. v. Chicago Systems Software. Evans Newton involved the creation of computer software by an independent contractor per the commissioning parties specifications. Repeating the reasoning of Aldon Accessories, the court determined that the programs were work made for hire.

This approach taken by the Second and Seventh Circuits was later regarded as the "Aldon Accessories Compromise." Specifically, it was a compromise between "conservative" and "literal" approaches to the work made for hire doctrine. The conservative view is that the 1976 Act did little to change the work made for hire doctrine. The only change was to provide extra protection in the situations enumerated in subsection (2) of the work made for hire definition. The literal view is that a creation is a work made for hire only if the parties satisfy the narrow provisions of subsection (2) or if a regular employee creates it per subsection (1). Courts saw Aldon Accessories as a compromise because work made for hire would still be applicable in situations not governed by subsection (2) in which the contractor was not-so-independent; that is, the patron exercised sufficient "supervision and control." Thus, a court might still find a work made for hire in cases of less-than-formal employees.

Although recognizing Aldon Accessories as a compromise, the Court of Appeals for the Fifth Circuit, in Easter Seal Society v. Playboy Enterprises, rejected this and the conservative views and followed the literal interpretation. In this case, entertainer Ronnie Kole, representing the Easter Seal Society (Society), commissioned a New Orleans public television station to tape a staged "Mardi Gras" parade and jam session for use in Society's

22. Id.
24. Id. at 894.
25. Id. at 891-93.
26. Id. at 894.
28. Id. at 331.
29. Id. at 329. See infra notes 33-41 and accompanying text for further development of this interpretation in the context of Easter Seal Society.
30. Easter Seal Society, 815 F.2d at 332.

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telethon. The television station undertook all the technical work, finally reducing the video product of six video cameras to a sixteen minute package for Society. A Canadian television producer later requested and received a copy of the field tapes from the New Orleans station. The Canadian interest incorporated segments of the field tapes into "Candy, the Stripper," which was distributed to Playboy, Inc. and others and later shown nationally on cable television. Society sued for copyright infringement. The district court held only the field tapes were at issue in the suit and the New Orleans station held the copyright on the field tapes. The court determined that the director in charge of the videotaping was not Society's "employee" and the tapes were not work made for hire within the meaning of the 1976 Copyright Act. This determination, which the court of appeals affirmed, was consistent with the literal interpretation. The videotapes were not the product of Society's regular employee nor did they fit into one of the narrow categories of subsection (2) of the Act's work made for hire definition.

The court of appeals reasoned that this was the interpretation Congress had in mind. It "would be anomalous to give" the artists covered by subsection (2) extra protection yet leave other commissioned artists under the traditional work made for hire umbrella. The Court in Easter Seal Society, however, premised its analysis on a greater anomaly, namely, that Congress meant, by including subsection (2), that work made for hire principles protect patrons of commissioned works that they motivated the creation of and paid for only if the works fit into the narrow categories of subsection (2) AND the parties executed the requisite written agreement. May computer programs, paintings, music and sculptures never be works made for hire outside a formal employment situation, even by agreement? Although absurd, this result seems to follow from the court's conclusion in Easter Seal Society that "a work is 'made for hire' within the meaning of the Copyright Act of 1976 if and only if the seller is an employee within the meaning of agency law, or the buyer and seller comply with the requirements of § 101(2)." If computer programs, paintings, music and sculptures may be works made for hire by agreement, then why did Congress leave them out of subsection (2)? Were independently contracting translators, now mentioned in subsection (2), not free to agree that their work would be work made for hire under the old Act? Is that a new privilege found only in the 1976 Act? One would think not. The purported

32. Id. at 324.
33. Id.
34. Id.
35. Id. at 324-25.
36. Id. at 325.
37. Id. at 331.
38. Id. at 334-35.
“bright-line rule,” adopted in Easter Seal Society, by greatly narrowing the scope of work made for hire, ignores the realities of copyrights in commissioned works. Nonetheless, the Court of Appeals for the Ninth Circuit also adopted this interpretation in Dumas v. Gommerman.40

V. COMMUNITY FOR CREATIVE NON-VIOLENCE V. REID41

Community for Creative Non-Violence (Community), an association devoted to the causes of America’s homeless, decided to sponsor a display in the Pageant of Peace in Washington, D.C.42 Community designed the display to call attention to the plight of the homeless.43 The association’s members determined that an appropriate display would be a modern Nativity scene consisting of a homeless family huddled on a steam grate with steam rising around them.44 The group also decided on the “Third World America” title and the inscription “and still there is no room at the inn.”45 Mitch Snyder, an agent for Community contacted Reid and entered into an oral agreement with him in which Reid promised to donate his artistic services and Community would pay the other costs.46

Reid completed the statue and Community reimbursed him for his costs and displayed the statue in Washington.47 The parties disagreed on plans for an exhibition tour and necessary protection of the statue.48 Both Reid and Snyder, then, filed certificates of copyright registration.49 Community brought suit seeking a declaration that it is the owner of the copyright for the statue “Third World America” and to enjoin infringement of that copyright.50

The district court embraced the view that it should interpret “employment” for copyright work made for hire purposes more expansively than under general agency principles.51 The court concluded that “Third World America” was a work made for hire under the “direct and supervise” rationale.52

39. Id. at 337.
40. 865 F.2d 1093 (9th Cir. 1989).
43. Id.
44. Id.
45. Id.
46. Id.
47. Id. at 1455.
48. Id. at 1456.
49. Id.
50. Id. at 1454.
51. Id. at 1456.
52. Id.
The district court's determination that this was work made for hire was qualified with the language "in the absence of a writing to the contrary." One may interpret this qualification as an adherence to the strong presumption favoring employers under traditional interpretation of the 1909 Act. One might see strict adherence to the traditional view as nonrecognition of any substantive difference in the work made for hire doctrine between the 1909 and 1976 Acts, despite substantial textual revision. This apparently was the reading given the district court's language on appeal. The Court of Appeals for the District of Columbia Circuit likened the district court's analysis to typical analysis under the 1909 Act. A better reading is that the district court thought Reid's position, in relation to Community, was so patently that of an "employee" within the meaning of the 1976 Act that only the compelling evidence of a "writing to the contrary" would have moved the court into Reid's corner. Unfortunately, the court of appeals did not consider this interpretation.

The court of appeals, after thoroughly discussing the Aldon Accessories, Evans Newton and Easter Seal Society cases, reversed the district court and adopted the Easter Seal Society interpretation of work made for hire. Using general principles of agency law, the court of appeals denied Community exclusive copyright ownership finding Reid to be an independent contractor, not an "employee" of Community within the meaning of section 101 of the 1976 Act. The court of appeals believed that the district court was wrong in reading broad scope into work made for hire under the current Copyright Act.

Does it follow from section 101 of the current Act that Congress intended to depart so drastically from the deep-rooted fundamental notion of copyright law that initiating and paying for the creation of a copyrightable work entitles one to the copyright? One line of cases, headed by Aldon Accessories and Evans Newton answered no, while other authority, namely Easter Seal Society, Dumas and Community answered yes. The issue was, therefore, ripe for clarification. Community appealed the work made for hire determination to the United States Supreme Court, which granted review.

53. Id. at 1457.
54. See, e.g., Real Estate Data, Inc. v. Sidwell Co., 809 F.2d 366, 371 (7th Cir. 1987).
56. Id. at 1494.
57. Id. The court of appeals did not go so far as to say that Reid was sole owner of copyright in the sculpture, but remanded for a determination of whether it qualified as a joint work. Id. at 1495.
58. Id. at 1487.
The Supreme Court, in a unanimous opinion delivered by Justice Marshall, affirmed the court of appeals and held that Community did not have an exclusive copyright in "Third World America." The Court reasoned that Congress did not intend to incorporate the traditional "right to control" test into the work made for hire analysis because it would impede the predictability of copyright ownership. Nonetheless, the Court listed "right to control" as one of at least thirteen factors for consideration when determining whether one is an employee falling within the scope of section 101(1). This author fails to see how adding twelve factors to the "right to control" factor serves "Congress' paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership." To the contrary, the injection of agency law and its plethora of factors only clouds the issue.

VI. Conclusion

Although hailed by some as a victory for artists, the Supreme Court decision in Community instead will have a catastrophic effect on freelance artists. It will force publishers, advertisers and other employers to require artists to enter oppressive contracts in which the artists surrender all rights to their creations at the outset. If the free-lance artist rejects these terms, employers are advised to refuse to commission out the work. Employers will indeed be reluctant to contract work out to independent artists since a sure way to retain copyright in works created at one's own expense and motivation is to have it done in-house.

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61. Id. at 2176-77.
62. Id. at 2178-79.
63. Id. at 2177.
64. Wash. Post, June 6, 1989, at B1, col. 4.