COPYRIGHT AND EMPLOYEE WORK PRODUCT

By: Jack Waddey
Waddey & Patterson, p.c.
Nashville, TN 37203

I. **The Basic Rule:** As between an employer and an employee, the author of a "work", and therefore the owner of the copyright in a "work" that qualifies for copyright protection, and which was created by an employee within the scope of his/her employment, is the employer.

II. **The Details:**

a. What is a copyright? A copyright is the right to prevent others from copying a "work" that is eligible for copyright protection. The copyright also gives the author of the "work" the exclusive right to "perform" the work, to make "derivatives" of the "work", and to "display" the "work".

b. What is the Basis for the Copyright? The copyright laws are constitutionally based. The United States Constitution, ART I § 8, cl. 8 states that Congress shall pass laws "To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries".

c. When Does the Copyright Arise? Copyright protection in an original "work" of authorship subsists from that time that it is created and is "fixed in any tangible medium of expression, now known or later developed, from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." 17 U.S.C. § 102.

d. How Long Does a Copyright last? A copyright is good for the life of the author plus 70 years. If the author is a company, the copyright is good for 95 years from the date of first publication, or 120 years from its date of creation, whichever expires first. 17 U.S.C. § 302.

e. What is a "Work" Eligible for Copyright Protection? Works eligible for copyright protection are:

i. Literary works;
ii. Musical works, including any accompanying words;

© Waddey & Patterson, p.c. 2007

iii. Dramatic works, including any accompanying music;
iv. Pantomimes and choreographic works;
v. pictorial, graphic, and sculptural works;
vi. motion pictures and other audiovisual works;
vii. sound recordings; and
viii. architectural works.
17 U.S.C. § 102.

f. Who is the Owner of the Copyright in a Work Eligible for Copyright Protection? The copyright in a work is initially owned by the author or authors of the work. 17 U.S.C. § 201.

g. Who is the "Author" of a Work? "As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection." *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989).

h. What are the Exceptions to the Individual Creator of the Work being the Author? The primary except to the individual creator of a work being the author is in the case of a "work for hire". Under 17 USC § 201, the ownership of "Works Made for Hire" is defined as follows:

i. 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.

ii. A "work made for hire", as defined at 17 USC § 101, 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

© Waddey & Patterson, p.c. 2007

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, appendixes, 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.

III. **Determining when Work is an "Work Made for Hire"**

In *Community for Creative Non-Violence*, the Supreme Court outlined the analysis for determining whether a work is a "work made for hire".

a. Is the creator an employee?

   i. If yes, under 17 USC § 101, the work belongs to the employer (if the work is created in the normal scope of the employee's duties);

   ii. If no, one must determine if the work fits under the definition of 17 USC §101-- was it specially ordered or commissioned and does it fit in one of the defined categories.

In its analysis, the Supreme Court then went on to provide very concrete guidelines for answering questions i and ii above.

In analyzing the question of whether the creator was an employee, the Court focused on the distinctions of employees versus Independent Contractors. The Court held that traditional agency analysis should be used to determine whether the creator is an employee. The factors that the Court said should be considered were:

- What is the hiring party's right to control the manner and means by with the product is accomplished?
- What is the level of skill required?
- What is the source of the instrumentalities and tools?
- What is the location where the work is being performed?
- What is the duration of the relationship between the parties?

© Waddey & Patterson, p.c. 2007

- Does the hiring party have the right to assign additional projects to the hired party?
- What is the extent of the hired party's discretion over when and how long to work?
- What is the method of payment?
- What is the hired party's role in hiring and paying assistants?
- Is the work part of the regular business of the hiring party?
- Is the hiring party is in business?
- Does the hiring party provide employee benefits to the hired party?
- How does the hiring party handle the tax treatment of the hired party?

If, under this analysis, the creator is an "employee", the work falls under § 101 and the employer is the author. On the other hand, if the creator is an independent contractor, the creator is the author and owns the copyright under §101.

b. If the works was created by an independent contractor, it could still be a work made for hire if it was commissioned and if it fits in one of the statutory categories. In determining if the work was commissioned, the Court looked no further than the statutory definition. Specifically, the work can only qualify as being commissioned "if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire." 17 USC § 201(2)

c. If "commissioned", does the work fit within one of the enumerated categories which can be commissioned as a work for hire? That "exclusive" list of categories is:

i. A contribution to a collective work,
ii. a part of a motion picture or other audiovisual work,
iii. a translation,
iv. a supplementary work,
v. a compilation,
vi. an instructional text,
vii. a test,
viii. answer material for a test, or
ix. an atlas.

IV. **How Does this Law Impact Your Everyday Life**

a. Has Your Client Hired a Web Designer? Most everyone today has a webpage. Did you design your own, in house, or did you hire an

© Waddey & Patterson, p.c. 2007

outside firm to do the page? Assuming that you did not have a qualified staff person to do this work, you put the work out for bid. The successful bidder was then awarded a contract. What did your contract say about ownership of the copyright in the "work"? And, did you make sure that you were entitled to get the work product on disk in electronic form so that if you decided to change companies in the future, you could give the new company a disk with the content so that they did not have to recreate the wheel?

Assuming you hired an outside person to do the site, we won't have much of an analysis on the issue of whether the author is an employee. Or could we? What if he is a person in your IT department who wants to do the work on nights and weekends? Do you pay him as a part of his regular payroll and take out the regular deductions? Does he use your computers or his own computer at home? Is he/she doing websites for your schools and there are many schools in your jurisdiction?

Assuming your web designer is clearly an outside party; can you still claim ownership in the copyright of the webpage? Maybe, if your contract shows that you commissioned the work, and the work fits into one of the select categories. Could the work be a contribution to a collective work? For Example, did you have several companies contributing different parts to the whole? Or, could the work be part of an audiovisual work? "Audiovisual works" are works that consist of a series of related images which are intrinsically intended to be shown by the use of machines, or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied.

Or, did your client so control and direct the development of the website that it might be considered a co-author. This requires intent to be co-authors and have the separate parts merged into inseparable or interdependent parts of a unitary whole.

b. Has your Client Hired Outside Service Providers to Prepare Advertising? It is not uncommon for a governmental entity to advertise its region as a tourist promotion. Do the copyrights in ads prepared by advertising agencies belong to the ad agency or the City/State? Generally, Advertisers own the copyright and may use the same ideas, style, graphics, and the like in ads for other cities, etc. See, e.g., *Sandwiches, Inc. v. Wendy's Int'l, Inc.*, 654 F.Supp. 1066 (E.D. Wisc. 1987). In the *Sandwiches* case the court

© Waddey & Patterson, p.c. 2007

held that an ad for a sandwich shop created by and ad agency did not infringe the copyright on a similar ad for another fast food restaurant because the same ad agency had prepared the first advertisement and since it held the copyright on the original work, it had the right to make derivative works. The Court held that the agency was an independent contractor, not an employee, and that the ad could not be "commissioned works" unless fell into a defined category, which it did not. The Court went on to comment that the agency had the benefit of the copyright, and the sandwich shop/client would have had to negotiate for an assignment of the copyrights (in a written instrument) preferably before, but possibly (with risks or refusal to cooperate) after, the work is created.

c. Has your Client Hired an Architect to design a Rec Center? It is not infrequent that municipalities hire architects to design facilities, such as rec centers, for construction in parks, etc. What happens if a couple of years later, the city decides to build the same rec center in another part of town? Your antenna should now go up. Is the architect an employee of the city? If not, he owns the copyright and your client's right is a one-time license to build the rec center in the original location, but not to build another rec center in a second location.

d. Has your Client ever Hired an Artist to Sculpt a Statute for a Park? Assume as a part of a centennial celebration of the organization of your client, it commissions an artist to sculpt a statute to be displayed in the city park. Now, the souvenir shop at the park decides to have replicas made to sell in the shop. Can they do it? Again, the answer is probably no, because the artist is probably not an employee of the city. See, e.g., *Community for Creative Non-Violence*, supra.

e. Have you Created any Contracts or Forms are Particularly Useful in your Job? We are all constantly creating more efficient ways of doing our job. That includes lawyers. Do you have contracts that you have created while on this job that you might use in your next job? Better be careful! The copyright in that work probably belongs to your current employer and you can not use it at the next stop.

f. Do you have new Employees who Import Work Created in previous Employment? These situations arise all the time. Do you want your client to get sued because a new employee imports work he created at a previous job? Or even worse, what if he/she brings forms created by a co-employee at his/her previous job? These situations can be problematic. It is important to consider having in

© Waddey & Patterson, p.c. 2007

your employee manual, or in your contract with new employees, that the new hire will not use copyright material brought from his/her previous employment. At least you can establish a policy of not using the copyright material of others and avoid a claim of willful infringement.

g. What's a Body to do? When these issues arise, the most important thing is to recognize the potential problem, so that you can address it. And how do you address the problem. First, you can seek an assignment. However, assignments are tricky. They must be in writing and signed by the transferor. See, 17 USC § 204**(a):**

> A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent.

h. Is There a Better Way? The best leverage in getting an assignment of the copyright in something that you are hiring an independent contractor to do is to insist on the assignment as a part of the contract or otherwise, the contract goes to someone else. But what if you don't find out until after the work is done? The next best leverage is to insist that to do future work, the copyright in the past work be assigned. And how do you insure that you catch all the situations that may arise in the production of material by outside vendors. Our Firm has developed a relatively standard contract to use with vendors of creative services that covers the waterfront, and if used in every situation where potential copyright issues could arise, you should be protected. For a copy of this contract, with a limited license to use, make sure that you get a card to me or send me an e-mail at icw@iplawgroup.com.

GOOD LUCK AND DON'T GET CAUGHT
WITH YOUR COPYRIGHT GUARD DOWN!

© Waddey & Patterson, p.c. 2007