

## Works made for hire and the independent contractor

By Michael A. Mann and D. Brain Shortell

In the course of business, it is routine to use manuals, pamphlets, photographs, drawings, logos and software. Many times these materials are generated by employees and are therefore treated as "works made for hire" under copyright laws. 17 U.S. Code Ann. ) 201(b). The employer of an employee who creates a work made for hire is deemed to be the "author" of the work and is therefore the copyright owner.

When an independent contractor is hired to create these works, the company can acquire copyrights through an assignment or by designating certain types of works as "works made for hire" in a written contract. Not every type of copyrightable work by an independent contractor can be deemed to be a work made for hire. To use this provision of the law, the business must determine if the work being created qualifies as copyrightable work made for hire. Acceptance of an assignment by the independent contractor will cause copyrights to be transferred to the business regardless of the type of work.

Is there any reason not to require an assignment in every case rather than determining if a work qualifies as the type of work that may be deemed to be a work made for hire? Yes. For long-lived works, a work made for hire agreement has distinct advantages over a simple assignment.

Normally, businesses will hire an author, a photographer or an artist to create these works. A savvy businessman, realizing that there's more to the work than its physical form, would also purchase the underlying copyrights. A boilerplate assignment clause in a contract is most often used to consummate the transaction; but in some cases, a simple assignment of the author's rights may not provide the new owner with all he needs. Under current legislation, authors have the right to terminate (reclaim) copyrights from any purchaser of the work after the thirty-fifth and before the fortieth years of its existence. 17 U.S. Code Ann. ) 203 (also known as reversionary rights or "recapture"). For works having long-lived value, these termination rights present a potential problem, possibly finding the business owner unable to continue using the writing, picture or program without permission from-and royalties to-the original author or artist. Worse yet, the author could license or sell the copyright to a competitor. This situation can last a very long time, since copyrights are exclusive rights that exist for the lifetime of the original author plus 70 years. For works with more than one author, the term is 70 years form the death of the last surviving author. 17 U.S. Code ) 302 (a).

Works made for hire are exempted from termination rights. 17 U.S. Code ) 203 (a). The contracting business will own the copyrights, in whole, that expire 95 years after publication, or 120 years after creation, whichever comes first. 17 U.S. Code ) 302 (c). With works made for hire, the company is considered to be the author of the work, in addition to being the owner. 17 U.S. Code ) 201 (b). There are two advantages for businesses in works made for hire written agreements. First, the term of the copyright is no longer tied to the life of the work's creator. Second, since the company is considered the author of the work, the creator has no termination rights. In contrast, a copyright that is obtained by assignment has a term that depends on the life span of the creator. The creator/author can reclaim the copyright and limit the efforts of the company to use and control the work. The difference is significant for those works with long-lived value.

A work for hire can be created two ways. The first scenario is an employer-employee relationship: any work created within the scope of employment is not only owned by the employer, and not by the employee, but the employer is deemed to be the author for copyright purposes. The existence

and scope of this relationship, and therefore the status of the work, are determined by well-understood principles of agency law. *Community for Creative Non-Violence v. Reid*, 10USPQ2d 1985 (U.S. Sup. Ct. 1989). No contract outside the employment contract is necessary. The employing company's status as author is automatic by operation of law, unless there is an explicit agreement that the ownership should be otherwise.

In the second scenario, an independent contractor may also create a work made for hire. In this case, a work for hire requires three elements: First, the work must be "specially ordered or commissioned." 17 U.S. Code Ann. ) 101. This requirement is one of substance; it is not enough to retroactively recite that a photograph was taken at the request of a company. The company must have specifically requested the work before the worker begins. Second, the type of work must fall within one of ten designated categories that define a term of art: (1) a contribution to a collective work, (2) as a part of a motion picture or (3) other audiovisual work, (4) as a translation, (5) as a supplementary work, (6) as a compilation, (7) as an instructional text, (8) as a test, (9) as answer material for a test, or (10) as an atlas. 17 U.S. Code ) 101 (2) (As of November 29, 1999, )101 was expanded to include sound recordings. Apparently, this eleventh category was added without the approval or awareness of Congress. The addition was promptly removed by Public Law 106-379 - Work Made For Hire and Copyright Corrections Act of 2000, signed by the President on October 27, 2000. 17 U.S. Code ) 101.) Third, the parties must agree, in writing, that the work is one made for hire. 17 U.S. Code ) 101. The existence of multiple requirements demonstrates that it is the status of the work and the relationship between the parties, not the mere agreement, which determines a work for hire. 17 U.S. Code ) 203 (a) (5).

While the work made for hire doctrine requires a bit more planning than a simple assignment, there are definite advantages for a business. Over the lifetime of a long-lived useful work, the additional up front effort to determine if the work can be a work made for hire rather than one that is simply and only assignable is small given the benefits.

Michael Mann practices law for Nexsen Pruet Jacobs and Pollard, LLC in Columbia.

Brian Shortell is a third year law student and a clerck with Nexsen Pruet Jacobs & Pollard, LLC in Columbia.

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