

## WORK FOR HIRE: REVISION ON THE HORIZON

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### INTRODUCTION

The Copyright Act of 1976 ('76 Act) [n.1] became effective a decade ago. [n.2] The '76 Act contained new and controversial "work for hire" provisions. [n.3] As thousands of employment agreements involve work for hire, [n.4] the ramifications of this perplexing doctrine are worthy of consideration.

The work for hire provisions of the '76 Act [n.5] represent a deliberate attempt by Congress to apportion copyright entitlements in such a way as to appease both "employers/buyers" and "employees/sellers" of copyrightable works. [n.6] The compromise embodied in the doctrine has proven to be highly problematic: "employers/buyers," "employees/sellers" and the courts have been vexed by the doctrine's vague language. [n.7] The confusion generated by the work for hire provisions of the '76 Act has gone largely unheeded by Congress. However, Senator Cochran (R-Miss.), the Ralph Nader of the work for hire doctrine, has proposed numerous work for hire amendments. [n.8] Despite the support of the 100,000 member \*22 Copyright Justice Coalition, Mr. Cochran's proposed amendments have failed to garner allies in the Senate. Whatever the reason for his lack of success, the contradictory judicial interpretations of the doctrine necessitate a congressional remedy.

In this paper I will attempt to provoke congressional reconsideration of the work for hire doctrine. First, I will present the doctrine and its underlying policy considerations. Second, I will examine the diametrically opposed judicial interpretations of the doctrine. Third, I will dissect Senator Cochran's 1987 work for hire bill, S.1223. Finally, I will propose a counter- amendment and will defend it by contrast with Senator Cochran's bill.

### I. The Work for Hire Doctrine and its Interrelationships With Collective Works and Joint Works.

Section 201 [n.9] (Ownership of Copyright) of the '76 Act sets forth the parameters of the work for hire doctrine:

a) Initial ownership. Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.

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 rights comprised in the copyright.

These two subsections, in conjunction with other sections of the '76 Act, serve to define "author" for copyright purposes.

#### A. Employees v. Independent Contractors

Section 101 [n.10] (Definitions) of the '76 Act establishes two categories of works for hire. Under subsection (1), a work for hire is "a work prepared by an employee within the scope of his or her employment." [n.11] This definition is virtually identical to that found in the Copyright Act of 1909 (1909 Act). [n.12] This category embodies the long-held common law \*23 presumption that underlies section 201(b): the employer acquires all rights in a work produced by an employee acting within the course of his employment. [n.13]

Although the terms "employer" and "employee" were not defined in either the 1909 or '76 Acts, [n.14] the courts have considered a variety of factors in construing these terms. These factors include: the employer's right to supervise, direct, and exercise of control over the work; [n.15] and at whose expense, time, and place the work was created. [n.16]

The most striking features of the '76 Act's work for hire doctrine are those that apply to independent contractors. In summary, these features provide that, before a work by an independent contractor can be considered a work for hire, (1) the work must be specially ordered or commissioned; (2) the work must fall under one of nine enumerated categories; and (3) the parties must agree to work for hire status in a signed writing. [n.17]

As an illustration of the independent contractor provisions of the '76 Act, suppose that Count Rasumovsky commissioned Beethoven to compose a Tenth Symphony. Musical compositions are not listed among the nine enumerated categories. Therefore, the symphony could not have been eligible for work for hire status. Count Rasumovsky could have negotiated an assignment of the copyrights, but would not have been an "author" for the purpose of the '76 Act.

#### B. Collective Works

Collective works (e.g., articles or photographs in magazines, newspapers, or encyclopedias), while eligible for work for hire status under section 101(2), are allotted special protection under section 201(c). [n.18] \*24 Section 201(c) states that the author of a contribution to a collective work retains a copyright which is distinct from the copyright in the collective work as whole. [n.19]

The right acquired by the publisher in a contribution to a collective work, absent an agreement otherwise, is analogous to the limited "shop right" acquired by the employer of a patent inventor. [n.20] The owner of the copyright in the collective work has limited use of the individual work; he may only reproduce and distribute it as part of that particular collective work, a revision of that work, or a later collective work in the same series. [n.21]

However, the "shop right" analogy is imperfect. The "shop right" in patent law only applies when an employee makes an invention in the general course of his employment. When an employee is hired to make a particular invention, the employer is entitled to full ownership of the patent. By contrast, section 201(c) precludes any automatic vesting of full copyright ownership in the employer.

### C. Joint Works

Section 101 (Definitions) of the '76 Act defines a joint work as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." [n.22] Section 201(a) (Initial Ownership) states that "the authors of a joint work are co-owners of copyright in the work." [n.23]

The key to joint work status is the intention of the parties at the time of the creation of the work. [n.24] The parties must intend that the work be combined into a unified whole even though the parts may be separable. [n.25] \*25 Additionally, courts have held that each joint author must make a "genuine contribution" to the work, i.e., the contribution must be more than de minimis. [n.26] A joint work is distinguished from a collective work by its element of merger or unity; by contrast, a collective work consists of a number of separate and independent works. [n.27]

While the '76 Act provides that a contribution to a collective work may be considered a work for hire if the parties expressly agree in writing, the '76 Act does not address the possibility that a joint work may also be a work for hire. However, some courts have determined that such dual status is possible for joint works. [n.28]

The ramifications of a judicial determination that a work for hire is a joint work are significant. Co-owners of a joint work are deemed to be tenants in common; each has an undivided ownership in the entire work. [n.29] Each co-owner can exploit the copyright provided that he or she accounts to the other for profits. [n.30] However, a co-owner must receive written consent of the other in order to transfer all of his interest in the work. [n.31] As a mere tenant in common with no right of survivorship, an employer/co-owner who wishes to exploit a work may find himself in competition with a co-owner. The co-owner's use or license of the copyrighted work may dilute the work's income-generating potential. As will be seen in the policy section below, a court may avoid the joint authorship issue in the work for hire context in order to advance the maximum exploitation of a work for the public benefit. [n.32]

As noted, Congress has allowed the courts to define such essential terms as "employer" and "employee" for the purposes of the doctrine. Absent the solid foundation that Congressional definition of these key terms would provide, the potential for inconsistent judicial decisions has multiplied as the work for hire provisions overlap other provisions of the statute.

## \*26 II. Legislative History and Policy Considerations

The 1909 Act provided that employers were "authors" of works made for hire. [n.33] As authors, employers acquired all copyrights in works made by their employees and were entitled to renew those rights. [n.34] Legislative history reveals that the employees governed by the statute were formal, salaried employees. [n.35] Although the 1909 Act did not address the issue of works made by independent contractors, the issue arose in early cases involving disputes over portraits or group photographs. [n.36] The courts applied the common law presumption that ownership of copyrights resided in the commissioner of the work. [n.37] This presumption was simply an extension of the ancient notion that the master is entitled to the fruits of his servant's labor.

Several legislative proposals were introduced between 1924 and 1940 [n.38] which attempted to clarify the work for hire doctrine as it applied to commissioned works. These early bills generally proposed that the employer would not be the author of a commissioned work in the absence of a contrary agreement. [n.39] These broad proposals -- allowing virtually any kind of work to become a work for hire as long as the parties had agreed in writing -- were partially incorporated into the '76 Act but were limited by reference to nine specific categories of commissioned works. [n.40]

The '76 Act was not hastily drafted; it represents the culmination of two decades of research. [n.41] The Subcommittee on Copyrights received testimony from approximately two hundred witnesses. [n.42] The legislative \*27 history of the '76 Act indicates that the category of works prepared on special order or commission was a major issue in the development of the section 101 work for hire definitions. [n.43]

### A. Policy Considerations

The work for hire doctrine, as embodied in the '76 Act, reflects a carefully balanced compromise. [n.44] As a result of that compromise, the courts currently lack a single policy rationale to guide their interpretations. The assorted viewpoints in the following presentation provide a backdrop for the contradictory judicial interpretations and the proposed amendments that conclude this article.

#### 1. The Register of Copyrights

The U.S. Constitution states the primary purpose behind the monopolies of copyright and patent: "To Promote the Progress of Science and the useful Arts." [n.45] The legislative history to the 1909 Act indicates Congress' belief that the grant of copyrights is primarily for the benefit of the public, not the author. [n.46]

The Register of Copyrights, in his 1961 introduction to the General Revision of the Copyright Law, [n.47] stated that where the interests of authors and the public welfare conflict, the interest of the public welfare prevails. [n.48] The Register further stated that "within limits, the author's interest must coincide with those of the public." [n.49] The statute -- in both the old and new versions -- restricts the rights associated with copyright when they otherwise might inhibit the dissemination of a copyrighted work. This restriction is evident in the limited lifespan of copyright, the \*28 requirement of notice of copyright and the requirements of copyright registration and recordation of transfers. [n.50] The Register also stated that when a salaried employee is involved, it is more practical to vest all rights in the employer; the employee could gain little from acquiring them. [n.51] The Register was suggesting that copyrights should be allocated to the party with the greatest capacity to maximize dissemination of copyrightable works.

## 2. The Opposing Contentions

The following arguments represent a sampling of the positions argued by representatives of commissioning parties and independent contractors in the lengthy hearings which preceded the '76 Act.

### Bargaining Burden

The independent contractors argued that the burden of bargaining should be placed on the party with more ready access to legal advice. [n.52] The commissioning parties countered: artists today are represented by guilds, lawyers, and accountants and therefore, as a practical matter, there is no inequality of bargaining. [n.53]

The current state of the doctrine indicates that the independent contractors won this argument -- at least technically. The party who commissions a work for hire has the burden of obtaining the independent contractor's signature on a written agreement that the work shall be considered a work made for hire. However, as will be seen, the courts have managed to maneuver around this explicitly stated requirement.

### \*29 Respondeat Superior

The commissioning parties claimed that under the doctrine of respondeat superior, the employer owns what the employee produces. This has been the law for hundreds of years and therefore it is a "natural" allocation of copyrights. [n.54] Because it is "natural" for the employer to own all rights in the employee's works, this "natural" right should be

extended to commissioned works as well. [n.55] Furthermore, the commissioning parties argued: "Both classes of work are produced for, pursuant to the initiative and order of, and against payment by, a person other than the creator." [n.56]

The independent contractors countered that the employer has less direction and control in the case of commissioned works and therefore the two classes should not be treated the same. [n.57]

The commissioning parties won this argument -- but only in regards to the nine discrete categories of works enumerated in section 101(2).

### Blanket Transfers

The independent contractors argued that blanket transfers of copyrights in commissioned works (including the right of reversion) place certain copyrights in a dormant state and therefore deprive the composer of income that otherwise would be his. [n.58] Furthermore, they argued that "the creator, by his very nature, has a continuing incentive for the exploitation of the work." [n.59] They argued further that some of the companies which acquire all copyrights in a work are one-shot ventures or go bankrupt. [n.60] In response, the commissioning parties (movie producers in this case) countered that "the high salaries paid to creative employees warranted the best possible title in the producers." [n.61] As indicated above, \*30 the commissioning parties won the right to blanket transfers with respect to the nine categories of work listed in section 101(2).

At this point, it should be noted that both sides of the work for hire argument recognize that in most instances, statutory work for hire provisions are ineffectual in the commissioned works area. The commissioning party is frequently able to exercise his superior bargaining power to obtain an assignment from the independent contractor. This is evidenced in the standard form contracts used by commissioning parties. [n.62] The blanket transfer of copyrights causes the independent contractors to lose both the foreseen and the potentially valuable unforeseen uses of the work. [n.63]

The independent contractors argued that the commissioning party gets what he bargained for -- the song, book, script, etc. -- and therefore, the kinds of limits that apply to commissioners of collective works should apply to all commissioned works. [n.64] In response, the commissioning parties argued, in effect, that the value of the unforeseen uses springs from the commissioning party's initial investment: "Producers risk millions of dollars. . . which substantially enlarge the value of the song, novel, or play which is the basis of the picture." [n.65] Again, as seen above, commissioning parties won this battle but only in regard to the nine categories of works listed in section 101(2).

\*31 Practicality

Ultimately, the independent contractors agreed to the application of work for hire status to nine categories of commissioned works provided that the parties have signed an agreement to that effect. [n.66] This concession was partially based on a practical consideration: if the commissioning party could not acquire all rights in these particular categories of work, marketing them subject to a multitude of termination rights would be difficult if not infeasible. In the case of motion pictures, a producer may not be able to sell a film in a foreign market unless there is one "author" for the purpose of the film's nationality. [n.67]

The commissioning parties argued that the singling out of these particular categories of works amounted to an arbitrary imposition on the parties' freedom of contract. [n.68] They argued that the artists of today are not helpless creatures; they are represented by agents, guilds, etc., and therefore, do not need statutory protection. [n.69]

The commissioning parties backed down from this all or nothing position. The legislative hearings indicate that book publishers, in a major concession, agreed to withhold their objections to reversion or termination rights (section 203 of the '76 Act) advocated by author's representatives. [n.70] (Significantly, section 203 termination rights do not apply to \*32 works for hire.) In exchange, screen writers and composers agreed to abandon their attempt to impose the patent notion of "shop right" on the categories of works that comprise section 101(2).

### Better Exploiter Doctrine

As mentioned earlier, the Register of Copyrights maintained that the salaried worker for hire could gain little from acquiring all the copyrights in a work. If in fact this were true, then the work for hire doctrine as applied to the employer/employee situation would usually be in line with the primary goal of the copyright clause: the dissemination of copyrightable works to the public. According to a recent article by Professor I.T. Hardy, [n.71] this pro- distributor policy was applied by the courts to the category of commissioned works in pre- '76 Act litigation. Hardy maintains that the '76 Act provisions for independent contractors have unsettled this previously uniform doctrine. [n.72] He cites twenty-five cases which support his "better exploiter doctrine" theory. [n.73] This unspoken doctrine vests copyright in the party who can most economically disseminate the work to the public.

As Hardy points out, the better exploiter is not necessarily the commissioning party. [n.74] This determination can only be made by the courts on an ad hoc basis. The factors considered by the courts in making this determination include: whether one party had already demonstrated an ability to commercialize the work; whether the disputed materials relate to one party's line of business in such a way as to enable him to more efficiently commercialize the work; and whether one party can offer the disputed materials to the public at a lower price. [n.75]

The pro-distributor approach to copyright distribution, as articulated by Professor Hardy, is a natural expression of Congress' belief that the grant of copyrights is primarily for the benefit of the public. This approach forms the basis for my own proposed amendment of the work for hire doctrine.

The foregoing policy considerations highlight the conflicting interests that culminated in the troublesome compromise embodied in the '76 Act work for hire provisions. The following cases illustrate the unpredictable judicial decisions that have been triggered by the ambiguous language of those provisions.

### \*33 III. Judicial Interpretations

#### A. Aldon Accessories Ltd. v. Spiegel, Inc. [n.76]

The plaintiff, Aldon Accessories Ltd., was engaged in the business of designing decorative figurines. [n.77] Aldon's creative director, Arthur Ginsberg, conceived of a line of statuettes which included a unicorn. [n.78] Ginsberg wrote to a Japanese firm to arrange for production of the statuettes; the letter contained detailed descriptions of his design. [n.79] Ginsberg traveled to Japan and worked side by side with the artists until the statuettes matched his aesthetic conception. [n.80] Ginsberg then filed for copyright registration of the figurines and indicated that they were works for hire authored by Aldon. [n.81]

Aldon displayed the figurines at a trade show attended by Defendant Spiegel. [n.82] Spiegel's buyer expressed interest in the work but failed to return Aldon's calls. [n.83] Shortly afterward, Spiegel began selling a unicorn statuette identical to Aldon's. [n.84] Aldon then filed this suit after unsuccessful attempts to get Spiegel to quit selling the unicorn. [n.85] The trial court entered judgment in favor of Aldon for copyright infringement. [n.86]

Spiegel appealed, contending that the following jury instruction was erroneous:

"A work for hire is a work prepared by what the law calls an employee working within the scope of his employment. What that means is, a person acting under the direction and supervision of the hiring author, at the hiring author's instance and expense. It does not matter whether the for-hire creator is an employee in the sense of having a regular job with the hiring author. What matters is whether the hiring author caused the work to be made and exercised the right to direct and supervise the creation." [n.87]

Spiegel contended that this instruction was not a proper construction of the new law; that the categories of work made for hire defined in section 101 were exclusive of one another; that the statuettes did not fall \*34 under one of the nine enumerated categories of works by independent contractors; and that even if they did, the statuettes could not be works for hire in the absence of a written agreement. [n.88]



The Second Circuit found that the trial judge's charge was not at odds with the intent of Congress. [n.89] The Court of Appeals focused on one of the 1909 Act considerations that were used to determine if an employer/employee relationship existed: the employer's right to supervise. [n.90] The Court held that Congress did not intend to include contractors who were "actually, sufficiently supervised" (the "Actual Control Test") [n.91] under subdivision (2) of section 101. The Court framed the issue: "is the contractor 'independent' or is the contractor so controlled and supervised in the creation of the particular work by the employing party that an employer/employee relationship exists." [n.92] The Court found that Ginsberg was in fact the artistic creator of the statuettes and affirmed the trial court's verdict for Aldon. [n.93]

Aldon highlights the problems generated by the vagueness of the '76 Act. Both the District Court and the Court of Appeals stretched their interpretive powers to accommodate a work for hire agreement prohibited by the statute, i.e., an agreement in the absence of either formal, salaried employment required by section 101(1) or a signed writing required by section 101(2). Whether consciously or unconsciously, whether "honestly" or by a deliberately overbroad reading, the Aldon court's decision has helped to provoke legislative reconsideration of the work for hire doctrine. Aldon and its progeny [n.94] have been responsible, at least in part, for Senator Cochran's attempts to amend the doctrine.

#### B. Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprise (Easter Seal) [n.95]

The "Easter Seal" decision represents the opposite end of the interpretive spectrum. Easter Seal, in direct contrast to Aldon, narrowly construed \*35 the work for hire doctrine and attempted to clarify and simplify its provisions in an effort to eliminate the need for congressional reconsideration.

Plaintiff Easter Seal Society contracted with a New Orleans television station, WYES, to videotape a staged "Mardi-Gras style" parade and a "Dixieland" musical jam session. [n.96] The tape was intended to be used in connection with the National Easter Seal Telethon; copyright interests in the tape were not mentioned. [n.97]

Entertainer Ronnie Kole, on behalf of the Easter Seal Society, offered a number of layman's suggestions to the WYES unit director regarding the taping of the staged parade. [n.98] Kole also made suggestions regarding the filming of the jam session but had no voice in deciding various technical decisions such as lighting and sound recording. [n.99]

Some time after the tape was aired nationally in 1982, the WYES director received a request from a television producer for the Mardi Gras parade footage. [n.100] The director sent a copy of the Easter Seal Society tape to the producer who then used it in an "adult" film entitled "Candy, the Stripper." [n.101] Defendant Playboy was involved in the creation, production, and distribution of "Candy." [n.102]

"Candy" was shown in 1983 on national cable television; one or more of the participants in the telethon footage recognized themselves in the defendant's film. [n.103] In August 1983, the Easter Seal Society sued Playboy on grounds of copyright infringement. [n.104] The district court held that the WYES unit director was not an employee of the Easter Seal Society and that WYES held the copyright in the videotape in accordance with the work for hire doctrine. [n.105]

On appeal, The Fifth Circuit framed the issue: "What effect, if any, did the Copyright Act of 1976 have on the work for hire doctrine developed under the 1909 Act?" [n.106] The court held that the scope of the \*36 doctrine had been greatly restricted under the '76 Act and, therefore, affirmed the decision of the district court. [n.107]

The Fifth Circuit stated that at the time of the adoption of the '76 Act, the work for hire doctrine had developed into an "almost irrebuttable" presumption that anyone who paid another to create a copyrightable work was the statutory "author." [n.108] This presumption was based on the "right to control" test. [n.109] Under the right to control test the buyer/commissioning party did not have to demonstrate control over the manner of production of the work; mere power to refuse the work was sufficient to establish that control. [n.110]

The Fifth Circuit found the language of the '76 Act to be equivocal. [n.111] Particularly puzzling was the meaning of "employee": should it be construed as a formal employee, as an employee under the expanded meaning of agency law, or should it be given its broad, 1909 Act meaning which included everything but the enumerated categories of section 101(2)? [n.112] The Fifth Circuit then examined the three existing interpretations of the New Act:

(1) Literal Interpretation. An interpretation which is implicit in numerous cases, [n.113] this approach construes the doctrine as it appears on its face, i.e., as establishing two discrete categories of work for hire. Section 101(1) applies if the employee, as defined by agency law, creates the work in the scope of employment. [n.114] Section 101(2) applies to independent contractors only if their work falls under one of the nine enumerated categories and only if the parties agree in a signed instrument. [n.115] Under the literal interpretation, if a work does not come within the ambit of either two sections, it cannot be a work for hire.

\*37 (2) Conservative Interpretation. This approach, which has received little support, [n.116] essentially ignores the '76 Act. Under this interpretation, if a work was created at the instance and expense of the employer/buyer and if the employer/buyer had the right to control the work, the employee/seller then comes within section 101(1). The distinction between the employee and the independent contractor is irrelevant unless the work falls under one of the nine categories of section 101(2). Section 101(2) is treated inclusively, i.e., these enumerated works could also be works for hire if the special requirement of the signed writing is met. [n.117] Under this approach, virtually any kind of copyrightable work is potentially a work for hire.

(3) The Aldon Compromise. In Aldon, the 2d Circuit reached its characterization of the doctrine to prevent a third party infringer (Spiegel) from disputing the validity of Plaintiff

Aldon's copyright. [n.118] However, the Fifth Circuit viewed the decision arrived at in Aldon as an interpolation rather than as an interpretation of the doctrine. [n.119] In an attempt to achieve a compromise between the literal and conservative interpretations, the Aldon court created an "actual control" test. [n.120] In contrast, the Fifth Circuit stated: "Even were the language of the statute to produce absurd results, we would depart from it with trepidation." [n.121] In essence, the Fifth Circuit criticized the Aldon decision as being overly complicated, unpredictable, and unwarranted by the language of the doctrine. [n.122]

\*38 The Fifth Circuit adopted the literal interpretation, holding that a work is made for hire "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 section 101(2)." [n.123] The Fifth Circuit stated that the literal "bright-line" interpretation is the "best interpretation": 1) it makes sense out of the nine categories of section 101(2); 2) it provides greater predictability insofar that courts can easily turn to the Restatement of Agency law in order to determine if the creator of the work is an employee or an independent contractor; and 3) it provides a moral symmetry: a buyer cannot be an "author" within the meaning of the '76 Act unless he is responsible for the negligent acts of the seller. [n.124] In addition, while the "actual control" and the "right to control" tests are \*39 relevant, they cannot by themselves transform an independent contractor into an employee. [n.125]

### C. Summary of the Aldon and Easter Seal Interpretations

The Aldon and Easter Seal Society courts have attempted to fill in the blanks left by Congress. The vagueness of the work for hire doctrine combined with the broad power of judicial interpretation has resulted in two widely divergent decisions. The Aldon approach appears to be a deliberate misinterpretation; perhaps the Aldon court has created a "nonrule" -- a rule deliberately out of sync with the legal landscape in an attempt to force the legislative hand. [n.126] The Fifth Circuit's conservative approach, by contrast, is an attempt to salvage the doctrine.

The U.S. Supreme Court's recent decision to grant certiorari to examine the work for hire issue [n.127] combined with the recent willingness of Congress to consider Senator Cochran's proposed amendment [n.128] indicate that Aldon and Easter Seal Society have served to stimulate reconsideration of the doctrine.

### IV. Senator Cochran's Proposed Amendment

Since 1982, Senator Thad Cochran (R-Miss) has introduced four bills to revise the work for hire doctrine. [n.129] Additionally, the Senator has recently offered a less ambitious version of his bill as an amendment to the Berne Convention Implementation Act of 1988. [n.130] The Senator's 1987 bill, S.1223, [n.131] offers a detailed look at the ramifications of authorship as defined by the doctrine.

Each section of Cochran's bill reflects his concern over the unequal bargaining positions of independent contractors. He believes that the superior bargaining power of institutional commissioning parties, such \*40 as publishers, forces freelance artists into nonnegotiable agreements, deprives them of their copyright profits, and forces them to abandon their careers. [n.132] His proposal is designed to "restore the ability of independent contractors to claim authorship of their own works, and to realize profits from the exploitation of their works." [n.133]

## SECTION ONE

### a. Employee defined

Senator Cochran narrowly defines "employee" in order to avoid the Aldon- type reclassification of independent contractors into employees. An employee, for the purposes of the work for hire doctrine, must meet two requirements:

- 1) the purported employee must receive all employment benefits due under applicable State and Federal law [n.134] and
- 2) the employer must withhold taxes from the payments to the employee, and must remit those taxes to the IRS. [n.135]

### Commentary

This proposal creates a bright-line test to distinguish employees from independent contractors. By limiting the criterion to benefits and taxes, Cochran offers an easy-to-follow guideline for contracting parties and the courts. In this regard, Cochran's proposal is far superior to the tenfactor Agency Law test proposed by the Fifth Circuit. [n.136] Furthermore, this approach is a logical refinement of Congressional intent that "employment" means formal, salaried employment. [n.137]

### b. Work for Hire status for commissioned works limited to contributions to motion pictures

Senator Cochran proposes to eliminate eight of the nine categories of works specially ordered or commissioned which are presently \*41 eligible for work for hire status under section 101(2). The eliminated categories are works specially ordered or commissioned for use: as a contribution to a collective 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. Independent contractors whose work falls into one of the eight categories would be statutorily precluded from conferring work for hire status upon such work by agreement. [n.138] The creators of such commissioned works would not be precluded from transferring most of their rights by assignment. However, they would be unable to transfer "all rights" unless their works were translations, atlases, tests or answer material

for tests. [n.139] While eliminating eight of the categories from section 101(2), Senator Cochran has added four categories of separate contributions in his revised section 201(c): separate contributions to a compilation; to any instructional text; in any supplementary work; and in any part of an audiovisual work other than a motion picture. For those works that fall under revised section 201(c), partial termination rights would be retained by the creator (Partial termination rights will be addressed below in Senator Cochran's proposed revision of section 203(a)(3)).

According to Cochran, works specially ordered or commissioned as part of a motion picture should be the only category of commissioned works eligible for work for hire status. [n.140] Cochran offers two reasons for this exception: 1) motion pictures are uniquely collaborative works and therefore work for hire agreements are indispensable in this category; and 2) employees in the motion picture industry are protected by union and guild contracts and are therefore less likely to be the victims of overreaching. [n.141]

### Commentary

This proposal prohibits the vast majority of independent contractors from entering into work for hire contracts regardless of the relative bargaining positions involved. Senator Cochran attempts to protect freelance artists from themselves as well as from possible overreaching and economic duress exerted by commissioning parties.

This proposal typifies the extreme bias that characterizes the Senator's bill. The denial of work for hire status for encyclopedias, for example, sacrifices practicality while protecting the freelancer at all costs.

\*42 Paradoxically, the only category left intact under Cochran's amendment -- works that are part of a motion picture -- involves a class of independent contractors who do not suffer from bargaining inequities and do not need the protection of the statute. Cochran overlooks the fact that freelancers whose work falls under the eliminated categories may also be represented by agents or guilds and should not be denied the right to contract as they please.

The right to possess the bundle of rights that accompany copyright (including the termination right) must entail the right to transfer all of them. Cochran's proposal does not merely attempt to protect creator's rights; it dictates possession of certain rights. In addition to trampling on the fundamental right to own or alienate property, this proposal violates the fundamental liberty of contract. Why should a competent contracting party be precluded from relinquishing all of his or her copyright interests where it is to his benefit to do so, or for that matter, to his detriment if he so chooses?

Furthermore, by allowing freelancers who contribute works in four categories (tests, answer material for tests, translations, and atlases) to freely transfer "all rights," Senator Cochran simply contributes more complexity to an already confusing doctrine.

### c. Redefinition of "joint work"

The Senator proposes that the old touchstone for joint work, intent of the parties, be changed to an objective test: each co-author must make a "genuine contribution to the creation of the work." [n.142] Furthermore, in order to eliminate any after-the-fact claims of joint authorship, the parties must agree in advance, in writing, that the work will be considered a joint work. [n.143]

#### Commentary

Insofar that ad hoc determination of co-authorship based on "genuine contribution" rewards actual rather than intended contribution, this proposal is in line with the underlying purposes of copyright law. [n.144] This proposal prevents the commissioning party who fails on a "work for hire" claim from resorting to a false post hoc "joint work" claim. [n.145] However, \*43 if an employer in fact makes a "genuine contribution" to a work, why should he go unrewarded merely because the contribution was unanticipated? Both valid and fraudulent post hoc claims of joint ownership are prohibited by this meat-ax style provision.

## SECTION TWO

The collective works category under section 101(2) is accorded special treatment, similar to the shop rights doctrine. [n.146] Senator Cochran proposes to add four of the categories eliminated from section 101(2) to his revised section 201(c). [n.147] Thus, revised section 201(c) would provide that "the copyright in each separate contribution to a collective work, or to a compilation, or to any instructional text; in any supplementary work; and in any part of an audiovisual work other than a motion picture, is distinct from the copyright in the large work (or revision thereof) as a whole." [n.148] The owner of the copyright in one of the four additional works would have the same limited rights, absent an express transfer, which were formerly confined to the owner of a collective work. [n.149]

In line with his goal to "prevent overreaching on the part of publishers or other entities that enjoy a superior bargaining position with respect to individual authors," [n.150] Senator Cochran proposes to further restrict the transferee's rights to only those rights "which the transferee reasonably anticipates exercising." [n.151]

#### Commentary

Section 201(c), in its present form, acts as a default provision which protects the rights of contributors to collective works in the absence of a work for hire agreement or other assignment of copyrights. Senator Cochran's proposal to expand section 201(c) to

encompass four additional categories provides additional protection for freelancers. However, this protection is acquired at the expense of the commissioning parties who lose the opportunity to acquire "all rights" in those categories of work. As the commissioning party is generally in a better position to exploit the work for the benefit of the public, the consumer is the ultimate loser under this proposal.

#### \*44 SECTION THREE

Current section 202 [n.152] provides that the transfer of copyrights in a work does not include transfer of the property right in the material object in which the copyright is embodied unless the parties agree otherwise. [n.153] Conversely, the transfer of property rights in the material object does not transfer copyrights in that object. [n.154] Cochran proposes to clarify this language by requiring a "written agreement that expressly provides for the conveyance of such property rights." [n.155]

#### Commentary

This proposal protects the artist from the unintentional conveyance of either the material work or the ownership of copyrights in that work. The writing requirement eliminates the old common-law presumption that when an author sold his manuscript, he also sold the literary property right. [n.156]

#### SECTION FOUR

Under the '76 Act, termination of copyright transfers and licenses by the author "may be effected at any time during a period of five years beginning at the end of the thirty-five years from the date of execution of the grant." [n.157] This termination right does not apply to works for hire. [n.158]

Senator Cochran proposes to add a partial termination right to the five categories of works listed in his revised section 201(c) mentioned above. This revision would allow the copyright owner to "have the statutory right to reclaim any assigned or licensed right in the work that the user had not exercised by publication within three years after the date of execution of the assignment or license." [n.159] Cochran reasons that this revision will prevent the user from hoarding copyrights that were not really needed. [n.160]

#### \*45 Commentary

Although this proposal appears to permit the creator of a copyrightable work to maximize his copyright profits, the allocation of copyright should ultimately be geared toward the maximum public benefit, i.e., allocation to the "better exploiter." [n.161] The artist should not be automatically entitled to those rights unless he can demonstrate he is

the "better exploiter." [n.162] Automatic reversion of copyright will insure, in many cases, that the work will lie dormant in the hands of the creator who has neither the financial resources nor the nationwide distribution network necessary to exploit the work. [n.163] Furthermore, the "user" may deliberately choose to retain unexercised rights in order to effectuate a delayed-timing exploitation scheme, thereby preventing dilution of or interference with those rights. As the value of unexercised rights will, in many cases, be the result of the user's initial financial investment, the user should retain the right to exploit them.

### C. Summary of the Cochran Proposal

Senator Cochran proposes to eliminate the problems inherent in a statute born of compromise. However, the Senator's bill clarifies the work for hire doctrine largely at the expense of the commissioning party. The proposal stems from his belief that Congress enacted the doctrine for the benefit of independent contractors and that they are being cheated by judicial misinterpretation of the doctrine as well as by the overreaching of institutional commissioning parties. [n.164] Although the Senator recognizes that the doctrine was the product of compromise, he is attempting to eliminate the bulk of that compromise in order to favor his own constituency. He complains that commissioning parties have used nonnegotiable "all rights" contracts as a condition of publication \*46 of the freelancer's work. [n.165] However, the Senator's own proposal contains certain nonnegotiable provisions that favor only the freelance artist.

Specifically, Senator Cochran's proposal to eliminate eight of the nine enumerated categories from section 101(2) forces a significant number of independent contractors out of the work for hire picture: "unless the work falls within either clause (1) or clause (2), it cannot be a work for hire." [n.166] While the proposal permits the artists to transfer their copyrights by assignment or license, the transfer is subject to restrictions: the freelancer retains partial termination rights as well as full termination rights after thirty-five years. [n.167] Unless the work happens to fall under one of Senator Cochran's exempted categories (translations, atlases, tests, answer material for tests), commissioning parties will be required to hire on as "employees" those freelance artists whose special services are required only for a particular, short-term project. The end result will be the elimination of many freelance artists from the workforce.

Senator Cochran's proposal completely reverses the 1909 Act presumption insofar as it relates to independent contractors. The proposal narrows the scope of the doctrine substantially; interferes with the parties' right to freely enter into contracts; and places restraints on the alienability of copyrights. The overwhelming independent contractor bias of his proposal suggests why it has not and will not be approved in its present form. The Cochran proposal violates the "better exploiter" doctrine: the author, not the public, is the beneficiary of S.1223.

### V. COUNTER-PROPOSAL



#### A. Congress Should Adopt Senator Cochran's Definition of "Employee"

For the purposes of the work for hire doctrine, Congress should adopt Senator Cochran's definition of employee, i.e., an employee must receive State and Federal employment benefits and the employer must deduct employment-related taxes from the payments to the employee.

#### \*47 Commentary

Among the employment benefits that a work for hire employee must receive is a regular salary. This requirement reflects the intent of Congress. [n.168] Additionally, the two criteria that comprise this definition are easily verified and enable the parties to know quickly and with certainty where they stand.

#### B. Congress Should Retain the Enumerated Categories of Works Specially Ordered or Commissioned

The nine categories of commissioned works eligible for work for hire status have a logical nexus. In each case, the work contributed is part of a larger work that would be difficult if not impractical to market if each contributor retained his or her respective bundle of rights. As stated by the Ninth Circuit judge in *Easter Seal*, "the nine kinds of activities listed in section 101(2) . . . all involve situations where, in addition to owning the copyrights in the works by contract, it would be very useful for buyers to be able to become statutory "authors." [n.169]

#### C. Congress Should Add Partial Termination Rights For The "Better Exploiter" Independent Contractor

Congress should make the following addition to section 201(b): "After a period of five years from the date of formation of a work for hire contract, an independent contractor shall have the right to reclaim those rights in the work that have not yet been exploited by the commissioning party provided that the independent contractor can demonstrate to the Copyright Office that he or she is in the better position to exploit the rights sought."

#### Commentary

The exclusive monopoly granted by copyright should not exist without regard to the fundamental purpose of copyright: the public benefit. [n.170] The imbalance of power in the marketplace often dictates that a commissioned party must relinquish all rights or join the ranks of the unemployed. However, the right of the commissioning party to own

copyright for all purposes should be subject to the commissioned party's ability to demonstrate that he is the better exploiter of some application of the copyright.

Better exploiter status is determined on an ad hoc basis. As mentioned, those factors to be considered in determining whether a party is a better exploiter include: an existing clientele for the product embodying \*48 the copyright, an existing distribution network, the size of that network, and the over-all efficiency and cost of commercialization of the product. [n.171]

#### D. Congress Should Vest All Copyrights In The Commissioning Party In The Absence Of A Written Agreement To The Contrary

Section 101(2) states that a specially ordered or commissioned work is not a work for hire unless the parties expressly agree in writing. This provision should be changed to read: "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, unless the parties expressly agree in a written instrument to the contrary. After a period of five years from the date of the commission, the independent contractor shall have the right to reclaim those copyrights in the work that have not yet been exploited by the commissioning party provided that the independent contractor can demonstrate to the Copyright Office that he or she is in the better position to exploit the rights sought."

#### Commentary

This proposal provides that, with or without a written instrument, the same policy consideration will govern the parties' agreement, i.e., copyrights are granted primarily for the benefit of the public, not the author. The underlying presumption that the commissioning party is the better exploiter will hold true in most instances.

#### E. Congress Should Redefine Joint Work

Section 101 defines joint work as: "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." This definition should be reworded: "A joint work is a work prepared by two or more authors whose individual, genuine contributions are merged into inseparable or interdependent parts of a unitary whole."

#### Commentary

Similar to the Cochran proposal, this redefinition of joint work rewards the actual rather than the intended contributor. Unlike the Cochran proposal, however, a post hoc claim to co-authorship would be permitted provided that the claimant could prove he or she made a genuine contribution to the work.

#### \*49 VI. The Cochran And Counter Proposals Applied To The Aldon Facts

##### a. Impact of Cochran proposal

Under the Senator's proposal, the Japanese artists would not have qualified as employees for the purpose of section 101(1): they received neither State nor Federal employment benefits; Federal taxes were not deducted from their payments. Furthermore, the unicorn statuettes would not have qualified under the Senator's proposed section 101(2) as they were not "specially ordered or commissioned as part of a motion picture", the only category remaining under the Senator's proposal. Therefore, the statuettes would not have been works for hire. Additionally, the Senator's proposed revision of joint works would have prevented Ginsberg from claiming joint authorship post hoc in spite of his substantial contributions to the work. Furthermore, the Japanese artists could have asserted their own copyrights against Spiegel directly.

##### b. Impact of counter-proposal

The counter-proposal adopts Senator Cochran's narrow definition of "employee." Therefore, the Japanese artists would not have qualified as employees under section 101(1). Although the counter-proposal retains the nine categories of commissioned works eligible for work for hire status under section 101(2), the statuettes do not qualify as work for hire under any of the enumerated categories. However, the counterproposal offers a definition of joint work in which "genuine contribution" is the gravamen. Ginsberg's genuine contribution would entitle him to claim joint authorship and file suit against Spiegel on Aldon's behalf.

## CONCLUSION

The work for hire doctrine, as it is defined in the '76 Act, has proven to be an unpredictable allocator of copyrights. The doctrine has spawned at least three interpretations: literal, conservative, and the Aldon compromise. The contradictory judicial interpretations of the doctrine have provided an impetus for reform, as evidenced by the recent willingness of Congress to review Senator Cochran's proposal. [n.172] In order to eliminate those contradictions, Congress must clearly define the terminology of the doctrine and must abandon the kind of unworkable compromise that characterizes the '76 Act. By enacting a work for hire doctrine which offers clear guidelines, Congress will enable interested parties to contract intelligently and eliminate unnecessary litigation.

[n.a] J.D. 1989, University of San Diego. The author is grateful to USD Professor Paul Horton for his valuable comments.

[n.1] 17 U.S.C. § § 101-810 (1982, Supp. I 1983, & Supp. II 1984).

[n.2] See, Beckett, The Copyright Act of 1979: When is it Effective?, 24 Bull. Copyright Soc'y U.S.A. 391 (1977).

[n.3] 17 U.S.C. § § 101, 201(b) (1982, Supp. I 1983, & Supp. II 1984).

[n.4] Hardy, Copyright Law's Concept of Employment-What Congress Really Intended, 35 J. Copyright Soc'y U.S.A. 210 (1988).

[n.5] 17 U.S.C. § § 101, 201(b) (1982, Supp. I 1983, & Supp. II 1984).

[n.6] H.R. Rep. No. 1476 & S. Rep. No. 437, 94th Cong., 2d Sess., (1976) reprinted in [1976] U.S. Code Cong. & Ad. News 5659, 5736-5737 [hereinafter cited as H.R. Rep. No. 1476].

[n.7] See Generally, Omeara, "Works Made for Hire" Under the Copyright Act of 1976 -- Two Interpretations, 15 Creighton L. Rev. 523 (1982).

[n.8] S. 2044, 97th Cong., 2d Sess. (1982); S. 2138, 98th Cong., 1st Sess., (1983); S. 2330, 99th Cong., 2d Sess. (1986); and S. 1223, 100th Cong., 1st Sess., (1987). Senator Cochran also introduced a work for hire amendment as a proposed amendment to the Berne Convention Implementation Act of 1988, S. 1301, 100th Cong., 2d Sess. (1988).

[n.9] 17 U.S.C. § 201 (a)-(b) (1976).

[n.10] 17 U.S.C. § 101 (1976).

[n.11] Id.

[n.12] Pub. L. No. 60-349, 60 Stat. 1075 (1909).

[n.13] See, *Bleistein v. Donaldson Lithography Co.*, 188 U.S. 239 (1903).

[n.14] See, *O'Meara*, *supra* note 7, at 524.

[n.15] *Picture Music, Inc. v. Bourne, Inc.*, 314 F. Supp. 640, 651 (1970).

[n.16] See, *Siegel v. National Periodical Publishing, Inc.*, 508 F.2d 909, 914 (1974).

[n.17] Section 101(2) addresses the work of independent contractors or freelancers: "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."

[n.18] 17 U.S.C. § 201(c): "Contributions to Collective Works. -- Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series."

[n.19] *Id.*

[n.20] See, HR. Rep. No. 1476, *supra* note 6, at 121. Borge Varmer's comment addressed this analogy: "If an employee makes an invention in the course of his general employment or through the use of his employer's facilities, he is entitled to secure the patent, but his employer will have a 'shop right' in such patent." Varmer points out the parallel that exists between independent contractors under the work for hire doctrine and inventors: "if an employee is hired specifically for the purpose of making a particular invention, or if during his employment he is specifically assigned to work on an invention, the employer is considered to be entitled to ownership of the patent and may compel the employee to assign to him the patent secured by the employee."

[n.21] See supra, note 18.

[n.22] 17 U.S.C. § 101 (1976).

[n.23] 17 U.S.C. § 201(a) (1976).

[n.24] See supra, note 6 at 120.

[n.25] Id.

[n.26] See, *Meltzer v. Zoller*, 520 F. Supp. 847, 216 U.S.P.Q. 776 (D.N.J. 1981).

[n.27] See supra, note 24.

[n.28] See, e.g., *Mister B Textiles Inc. v. Woodcrest Fabrics, Inc.*, 523 F. Supp. 21, (S.D.N.Y. 1981).

[n.29] See, A. Latman, *The Copyright Law* 115-117 (6th ed. 1986)

[n.30] Id.

[n.31] Id.

[n.32] See, *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir.), cert. denied, 469 U.S. 982, 105 S. Ct. 387, 83 L.Ed.2d 321 (1984).

[n.33] B. Varmer, Study No. 13, *Works Made for Hire and on Commission*, 1 *Studies on Copyright* 717, 720 (Arthur Fisher mem. ed. 1963).

[n.34] Id.

[n.35] See *supra*, note 4 at 212.

[n.36] See *supra*, note 33 at 722.

[n.37] *Id.* citing the basic principle as stated in *Altman v. New Haven Union Co.* 254 Fed. 113 (D.C. Conn. 1918): "Where the photographer takes the portrait for the sitter under employment by the latter, it is the implied agreement that the property in the portrait is in the sitter, and neither the photographer nor a stranger has a right to print or make copies without permission from the sitter."

[n.38] *Id.*

[n.39] *Id.* at 727.

[n.40] 17 U.S.C. § 101(2).

[n.41] See, Hearings on H.R. 9203 Before the Subcomm. of the Senate Comm. on Appropriations, 83rd Cong., 2d Sess. (1955).

[n.42] S. 22, 94th Cong., 2d Sess., 122 Cong. Rec. 2815, 2833 (1976).

[n.43] See, H.R. Rep. No. 1476, *supra* note 6, at 122, [1976] U.S. Code Cong. & Ad. News 5737.

[n.44] *Id.*

[n.45] U.S. Const. art. I, § 8, cl. 8.

[n.46] H.R. Rep. No. 2222, 60th Cong., 2d Sess. (1909). This report states: "The Constitution does not establish copyrights, but provides that Congress shall have the power to grant such rights if it thinks best. Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given. Not that any particular class of citizens, however worthy, may benefit, but because the policy is believed to be for the benefit of the great body of people, in that it will stimulate writing and invention to give some bonus to authors and inventors."

[n.47] House Committee on the Judiciary, 87th Cong., 1st Sess., Copyright Law Revision: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law (Comm. print 1961), reprinted in 3 Omnibus Copyright Revision Legislative History (George S. Grossman, ed. 1976) [hereinafter cited as Register's Report].

[n.48] Id. at 6.

[n.49] Id.

[n.50] Id.

[n.51] See supra, note 46, at 86. The Register of Copyrights, in his comments on ownership of copyright stated: "It is more practical, we believe, to continue the present rule that all rights vest in the employer. Where employees are in a position to do so, they may bargain -- as some have done -- for a share of the revenue derived by the employer from subsidiary uses of the work. Most employees are not in this position, but they would probably gain little or nothing from having rights which their employers would require them to assign."

[n.52] Copyright Law Revision, Part I: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before Subcomm. No. 3 of the Comm. on the Judiciary, 89th Cong., 1st Sess. (1966) (statement of Leonard Zissu, Composers & Lyricists Guild of America), reprinted in 5 Omnibus Copyright Revision Legislative History 266 [hereinafter Hearings on H.R. 4347, Part 1].

[n.53] Memorandum by the Copyright Committee of the Motion Picture Association, Re H.R. 4347, Copyright Law Revision, Part 2: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before Subcomm. No. 3 of the Comm. on the Judiciary, 89th Cong., 1st Sess. (1966), reprinted in 6 Omnibus Copyright Revision Legislative History 996-997 [hereinafter Hearings on H.R. 4347, Part 2].

[n.54] Copyright Law Revision, Part 3: Preliminary Draft for Revision U.S. Copyright Law and Discussion and Comments on the Draft, 88th Cong., 1st Sess. (1963) (statement of Saul Rittenberg, MGM Studios), reprinted in 3 Omnibus Legis. Hist. 271-272.



[n.55] Id.

[n.56] See supra, note 33, at 734.

[n.57] Id.

[n.58] Copyright Law Revision, Part I: Hearings on S.597 Before the Subcomm. on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, U.S. Senate, 90th Cong., 1st Sess. (1967) (statement of Robert Dolan, Composers & Lyricists Guild of America), reprinted in 9 Omnibus Legis. Hist. 894-895.

[n.59] Hearings on H.R. 4347, Part I, supra note 52. (statement of Leonard Zissu, Composers & Lyricists Guild of America), reprinted in 5 Omnibus Legis. Hist. 273.

[n.60] Id. at 269.

[n.61] See supra, note 33, at 724. (statement of Louis E. Swarts, Motion Picture Producers and Distributors of America, Inc., quoting Hearings before House Committee on Patents on H.R. 11258, 68th Cong., 2d Sess. 480-481 (1925)).

[n.62] Memorandum of Authors League of America re 1964 Revision Bill, Copyright Law Revision, Part 5: 1964 Revision Bill with Discussions and Comments Before Subcomm. No. 3 of the Comm. on the Judiciary, 89th Cong., 1st Sess. (1965) (Irwin Karp, writing on behalf of the Authors League of America, Inc.: "Books are often published under contracts executed before the work is written, or completed. These could be deemed written on special order or commission; but they are not now considered works made for hire. Under the new definition they would be."), reprinted in 4 Omnibus Legis Hist. 239.

[n.63] Hardy, An Economic Understanding of Copyright Law's Work-Made-For- Hire Doctrine, 12 Colum.-VLA J.L. & Arts 181, 183-185.

[n.64] Hearings on H.R. 4347, Part I, supra note 52 (statement of Leonard Zissu, Composers and Lyricists Guild of America: "As the law now stands. . . the employer . . . is the one-sided beneficiary of the unforeseen business opportunity provided by supplementary or novel exploitation."), reprinted in 5 Omnibus Legis. Hist. 267.

[n.65] Hearings on H.R. 4347, Part 2, supra note 53. (statement of Adolph Schimel, Universal Pictures Co., Inc.: "It must be borne in mind that motion picture producers may and do risk millions of dollars in the production and exploitation of a film, and by their efforts and expenditures substantially enhance the value of the story, novel, or play which is the basis of the picture."), reprinted in 6 Omnibus Legis. Hist. 1048.

[n.66] 17 U.S.C. § 101(2).

[n.67] Copyright Law Revision, Part 2: Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law Before Subcomm. No. 3 of the House Comm. on the Judiciary, 89th Cong., 1st Sess. (1963) (statement of Adolph Schimel, Universal Pictures Co., Inc.), reprinted in 3 Omnibus Legis. Hist. 153.

[n.68] Hearings on H.R. 4347, Part I, supra note 52. (statement of Alfred Wasserstrom, Magazine Publishers Association: "there seems to us no reason for singling out these particular kinds of works. . . the only definition one needs to make. . . with regard to a work made for hire . . . is to say, any work specially ordered or commissioned if the parties agree"), reprinted in 5 Omnibus Legis. Hist. 166.

[n.69] Memorandum of American Book Publishers Council, Inc., and The American Textbook Publishers Institute Re Draft Copyright Proposals of the Register of Copyrights, Copyright Law Revision, Part 4: Further Discussions and Comments on Preliminary Draft for Revised U.S. Copyright Law Before Subcomm. No. 3 of the Comm. on the Judiciary, 88th Cong., 2d Sess. (1964) (memorandum of Raymond Harwood, American Book Publishers Council, Inc., and Emerson Brown, American Textbook Publishers Institute: "the antiquated concept that an author requires protection against his own improvidence in bargaining with a publisher is not true today if it ever was. Today an author is generally represented by a literary agent, by an attorney trained in the field of literary property and by tax counsel."), reprinted in 3 Omnibus Legis. Hist. 275.

[n.70] Hearings on H.R. 4347, Part I, supra note 52 (supplemental statement of American Book Publishers Council, Inc.), reprinted in 5 Omnibus Legis. Hist. 149.

[n.71] Hardy, An Economic Understanding of Copyright Law's Work-Made-for- Hire Doctrine, 12 Colum.-VLA J. L. & Arts 181 (1988).

[n.72] Id. at 183.

[n.73] Id. at 196.

[n.74] Id.

[n.75] Id. at 195-218.

[n.76] Aldon Accessories Ltd. v. Spiegel, Inc., 738 F.2d 548 (2d Cir.), cert. denied, 469 U.S. 982, 105 S.Ct. 387, 83 L.Ed.2d 321 (1984).

[n.77] Id. at 549.

[n.78] Id.

[n.79] Id.

[n.80] Id. at 549-550.

[n.81] Id. at 550.

[n.82] Id.

[n.83] Id.

[n.84] Id.

[n.85] Id.

[n.86] Id. at 551.

[n.87] Id.

[n.88] Id.

[n.89] Id. at 553.

[n.90] Id. at 552.

[n.91] Id.

[n.92] Id.

[n.93] Id. at 553, 554.

[n.94] See, e.g., *Evans Newton Inc. v. Chicago Systems Software*, 793 F.2d 889, 894 (7th Cir.), cert. denied, -- U.S. --, 107 S. Ct. 434, 93 L.Ed.2d 383 (1986); *Marshall v. Miles Laboratories, Inc.*, 647 F. Supp. 1326, 1331 (N.D. Ind. 1986); *Syigma Photo News, Inc. v. Globe International, Inc.* 616 F. Supp. 1153 (S.D.N.Y. 1985).

[n.95] *Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises*, 815 F.2d 323 (5th Cir. 1987).

[n.96] Id. at 324.

[n.97] Id.

[n.98] Id.

[n.99] Id.

[n.100] Id.

[n.101] Id. at 324-325.

[n.102] Id. at 325.

[n.103] Id.

[n.104] Id.

[n.105] Id.

[n.106] Id. at 324.

[n.107] Id.

[n.108] Id. at 327.

[n.109] See, *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939), cert. denied, 309 U.S. 686, 60 S.Ct. 891, 84 L.Ed. 1029 (1940).

[n.110] Id.

[n.111] Id. at 328.

[n.112] Id.

[n.113] Id. at 329.

[n.114] Id.

[n.115] Id.

[n.116] Id. at 331.

[n.117] Id.

[n.118] Id.

[n.119] Id.

[n.120] Id. at 332.

[n.121] Id. at 334.

[n.122] Id. Specifically, the Fifth Circuit judge offered four criticisms of the Aldon actual control test:

- 1) The rule is unnecessary in cases where "work for hire" is raised by the defendant to question the validity of the plaintiff's copyright since any plaintiff who actually controls an independent contractor will be a co-author of the work;
- 2) The rule makes the outcome of "work for hire" analysis too fact-specific for each work and therefore less predictable by buyers and sellers;
- 3) The rule does not eliminate the need for a determination of employee versus independent contractor since the "actual control" test applies only to independent contractors;
- 4) The rule slides too easily into the vague and expansive "right to control" test.

[n.123] Id. at 335. The Fifth Circuit adopted the Restatement of Agency Law § 220 Definition of Servant:

- 1) A servant is a person employed to perform services in the affairs of another and who with respect to the physical conduct in the performance of the services is subject to the other's control or right to control.
- 2) In determining whether one acting for another is a servant or an independent contractor, the following matters of fact, among others, are considered:
  - a) the extent of control which, by the agreement, the master may exercise over the details of the work;
  - b) whether or not the one employed is engaged in a distinct occupation or business;
  - c) the kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of the employer or by a specialist without supervision;
  - d) the skill required in the particular occupation;

- e) whether the employer or the workman supplies the instrumentalities, tools, and the place of work for the person doing the work;
- f) length of time for which the person is employed;
- g) the method of payment, whether by the time or by the job;
- h) whether or not the work is part of the regular business of the employer;
- i) whether or not the parties believe they are creating the relation of master and servant;
- j) whether the principal is or is not in business.

[n.124] Id.

[n.125] Id. at 335-336.

[n.126] See, G. Calabresi, *A Common Law for the Age of Statutes*, 156 (1982).

[n.127] On November 7, 1988 the U.S. Supreme Court granted certiorari to consider the work for hire issues in *Reid v. Community for Creative Non-Violence*, 846 F.2d 1485 (D.C. Cir. 1988). The Court decided *Community for Creative Non-Violence v. Reid*, No. 88-293, on June 5, 1989. The Court held that general common law of agency principles should be applied to determine whether a work was prepared by an employee or an independent contractor.

[n.128] In the Congressional Record of October 5th, 1988, Senator DeConcini, the Chairman of the Patents, Copyrights, and Trademarks Subcommittee, expressed a willingness to schedule a new hearing for Senator Cochran's bill.

[n.129] See *supra*, note 8.

[n.130] 134 Cong. Rec. S.1301 (daily ed. October 5, 1988).

[n.131] 133 Cong. Rec. S6736 (1987).

[n.132] Id. at S6737.

[n.133] Id.

[n.134] Id. at S6738. Employment benefits may include: 1) payment of a salary or other form of regular compensation; 2) payment of overhead expenses by the employer; 3) availability of a regular workplace for the employee; 4) paid vacation and sick leave; 5) coverage under a health and disability insurance program if such a program has been established by the employer; 6) eligibility for pension benefits if the employer has established a pension plan for employees; 7) coverage under the federal social security system and the payment of obligations thereunder; 8) eligibility for unemployment insurance and payment of unemployment taxes by the employer; and 9) eligibility for workman's compensation insurance premiums by the employer if required by law.

[n.135] Id.

[n.136] See supra, note 123.

[n.137] See supra, note 4, at 212.

[n.138] See supra, note 131, at S6738.

[n.139] Id.

[n.140] Id.

[n.141] Id.

[n.142] Id. at 6739.

[n.143] Id.

[n.144] See generally, Dillenz, *What Is and to Which End Do We Engage in Copyright?*, 12 Colum.-VLA J. L. & Arts (1987).

[n.145] See supra, note 131, at S6739.



[n.146] See supra, note 20.

[n.147] See supra, note 131, at S6739.

[n.148] Id.

[n.149] Id.

[n.150] Id. at S6737.

[n.151] Id. at S6739.

[n.152] 17 U.S.C. § 202 (1976).

[n.153] Id.

[n.154] Id.

[n.155] See supra, note 131, at S6739.

[n.156] See, *Pushman v. New York Graphic Society, Inc.*, 287 N.Y. 302, 39 N.E. 2d 249 (1942).

[n.157] 17 U.S.C. § 203 (1976).

[n.158] Id.

[n.159] See supra, note 131, at S6739.

[n.160] Id.

[n.161] See generally, *supra* notes 46 & 71.

[n.162] *Id.*

[n.163] *Id.* See also, Havlicek & Kelso, *The Rights of Composers and Lyricists: Before and After Bernstein*, 16 *J. Arts Mgmt. & L.* 77 (1986). This article discusses *Bernstein v. Universal Pictures, Inc.*, 72 Civ. 542-CLB (Apr. 10, 1979) (Briant, J.) (Memorandum and Order Confirming Settlement). Bernstein involved an anti-trust suit brought by a group of composers and lyricists against the three major television networks. The plaintiffs won a complex settlement agreement which allowed them limited rights to exploit their works, similar to the partial termination rights proposed by Senator Cochran. Several years after the agreement, only one composer had exercised his exploitation rights. The composers lacked the nationwide contacts, organization, and financial resources which would have qualified them as "better exploiters."

[n.164] See *supra*, note 131 at S6736, S6737.

[n.165] *Id.*

[n.166] *Id.* at S6738.

[n.167] *Id.*

[n.168] See *supra*, note 4, at 212.

[n.169] See *supra*, note 95, at 329.

[n.170] See *supra*, note 46.

[n.171] See *supra*, note 71, at 195-218.

[n.172] See *supra*, note 128.