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## Copyright Law's Concept of Employment -- What Congress Really Intended

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**103. COPYRIGHT LAW'S CONCEPT OF EMPLOYMENT—WHAT CONGRESS REALLY INTENDED**

By PROF. I.T. HARDY\*

**INTRODUCTION**

Copyright's work-for-hire doctrine is coming unglued. The doctrine provides that in some circumstances, the copyright to a work of authorship created by a hired party belongs to the hiring party, not the creator.<sup>1</sup> Because about forty percent of all copyright registrations are for works for hire,<sup>2</sup> the interpretation of what is and is not a "for hire" relationship governs thousands of dealings between artists, writers, and photographers on the one hand, and copyright using industries like publishing, music, and motion pictures on the other. Yet, in the less than ten years since the 1976 Copyright Act became effective,<sup>3</sup> courts have given dramatically different readings to the Act's work for hire provision—and all of the recent readings are wrong.

The misreadings arise because the 1976 Copyright Act specifies two types of works for hire. First, a work for hire automatically results when an employee creates a work within the scope of employment.<sup>4</sup> Second, a "specially ordered or commissioned" work can be a work for hire if two additional criteria are met; namely, that the work fall into one of nine enumerated categories,<sup>5</sup> and that the hiring and hired parties agree in writing that the

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<sup>1</sup> I use the term "creator" to mean the person who actually creates a work. I avoid the term "author" because the 1976 Act uses "author" to mean the employer in the case of a work for hire. Quotes from court opinions and other sources in this article show an inconsistent use of "author;" sometimes it means "actual creator," other times it means the copyright "author," i.e., the one deemed to be the author under the statute. Usually the context of the quotation will make clear which is which.

<sup>2</sup> Borge Varmer, *Copyright Study Number 13, Works Made for Hire and on Commission*, at 139 n.49, reprinted in 1 *STUDIES ON COPYRIGHT* 731 n.49 (Fisher Memorial Ed. 1963). Varmer's figure was based on a Copyright Office study done in 1955. The Office does not keep current figures on the number of work for hire registrations. For certain types of works, the work for hire doctrine is even more important. The 1955 study showed that 92 percent of motion picture registrations and 93.7 percent of periodical registration were made to corporate organizations, which would make those works "for hire." Varmer, 1 *STUDIES ON COPYRIGHT* at 733 n.55.

<sup>3</sup> 90 Stat. 2541 *et seq.*, Pub. L. No. 94-553 (1976). The statute is codified at 17 U.S.C. § 101 *et seq.* It became generally effective on January 1, 1978.

<sup>4</sup> 17 U.S.C. § 101.

<sup>5</sup> The categories are works created "as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplement-

work will be for hire.<sup>6</sup>

The reference to "employment" in the first type of work for hire makes the definition of that term of critical importance.<sup>7</sup> Despite the term's obvious significance, Congress did not define it; the absence of a definition has led to a variety of court interpretations. Immediately after the 1976 Act became effective, several courts suggested that Congress intended the "on special order or commission" provision to be the exclusive for-hire mechanism for independent contractors, thus confining the "employment" provision of the first statutory type of work for hire to formal employment.<sup>8</sup> Yet, in 1984, the

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tary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas . . . ." 17 U.S.C. § 101.

<sup>6</sup> Specifically, the statute requires that "the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire." 17 U.S.C. § 101.

<sup>7</sup> I will refer indifferently to the terms "employment" and "employee" as the objects of interpretation. There is no indication that Congress or anyone else attributed a significance to one term that did not equally well apply to the other. The definition section of the 1976 Act, § 101, does not use the term "employer" at all, but § 201(b) does use it, as did the 1909 Act; no significance apparently attaches to the omission of "employer" from the 1976 Act's definition.

Congress's failure to define "employment" also makes the definition of "scope of employment" critical, but to date, most court decisions addressing that issue have dealt with Governmental, not private, employees. See, e.g., *Scherr v. Universal Match Corp.*, 297 F. Supp. 107 (S.D.N.Y. 1967), *aff'd*, 417 F.2d 497 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970) (soldiers create a military sculpture); *Public Affairs Assoc's, Inc. v. Rickover*, 268 F. Supp. 444 (D.D.C. 1967) (Navy admiral writes speeches); *Sawyer v. Crowell Publishing Co.*, 46 F. Supp. 471 (S.D.N.Y. 1942), *aff'd*, 142 F.2d 497 (2d Cir. 1944), *cert. denied*, 323 U.S. 735 (1944) (Interior Department official uses subordinates to draw maps of Alaska); *Heine v. Appleton*, 11 F. Cas. 1031 (S.D.N.Y. 1857) (No. 6324) (artist hired by U.S. Government to accompany Admiral Perry to Japan and record the trip in paintings). Cf. *Schnapper v. Foley*, 667 F.2d 102 (D.C. Cir. 1981), *cert. denied*, 455 U.S. 948 (1982) (U.S. Government commissions television station to produce films). But see *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 115 F. Supp. 754, 756-57 (S.D.N.Y. 1953), *reversed on other grounds*, 221 F.2d 569 (2d Cir. 1955) (employee music composer wrote tune "outside the line of his regular duties"). If the definitions of employment and employee ever get settled for non-governmental creators, one can predict a new wave of litigation over what constitutes the "scope of employment."

<sup>8</sup> See, e.g., *Childers v. High Society Magazine*, 557 F. Supp. 978, 984 (S.D.N.Y. 1983) ("Defendant cannot possibly assert that [the hired party, a photographer requested to take pictures of actresses Valerie Perrine and Ali MacGraw] is an 'employee' of either Ms. Perrine or Ms. MacGraw"); *BPI Systems, Inc. v. Leith*, 532 F. Supp. 208, 210 (D.C. Tex. 1981) ("This work was performed at [the hired party's] place of business on his own computers. He was paid per program and no social security or income tax was deducted from his pay"); *Mister B Textiles, Inc. v. Woodcrest Fabrics, Inc.*, 523 F. Supp. 21, 23-24 (S.D.N.Y. 1981) (the court only discussed free-lance fabric designing in the

United States Court of Appeals for the Second Circuit upset that view by holding that free-lance creators hired on a one-time basis could be “employees” for purposes of the copyright act, at least when the hiring party actually directed and supervised the creator.<sup>9</sup> This holding extended the concept of copyright employment under the first proviso far beyond that of formal employment. The Second Circuit’s decision was quickly followed and expanded by the Seventh Circuit in 1986, which showed that a hiring party’s actual direction and supervision of a hired party could be found merely from the hiring party’s conclusory statements to that effect.<sup>10</sup>

Then in 1987, the Fourth Circuit implicitly rejected the Seventh Circuit’s broad reading by arguing that Congress had intended to narrow the scope of the formerly expansive work for hire doctrine.<sup>11</sup> The Fourth Circuit approved of the Second Circuit’s approach, insofar as that approach was interpreted to mean that only *actual* direction and supervision would make a hired party an “employee.” Finally, shortly after the Fourth Circuit’s opinion, the Fifth Circuit openly repudiated both the Seventh and the Second Circuit’s views by declaring that copyright employees were those whom the common law rules of agency would classify as employees.<sup>12</sup>

These sharply contrasting interpretations of an important provision of the Act make it vital to try to understand just what Congress must have had in mind when it divided works for hire into works created by “employees,” and works created “on special order or commission.”

My conclusions from examining the legislative history and the conflicting case law are simple: First, Congress meant none of what the circuit courts have said it meant, but intended, as only a few district courts implicitly have held, that “employment” means formal, salaried employment.<sup>13</sup> Congress intended that all other hiring relationships be governed by the provi-

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context of commissioned works; there was no suggestion that the “employee” provision might be applicable at all).

<sup>9</sup> *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548 (2d Cir. 1984), *cert. denied*, 469 U.S. 982 (1984).

<sup>10</sup> *Evans Newton Inc. v. Chicago Systems Software*, 793 F.2d 889 (7th Cir. 1986), *cert. denied*, 107 S. Ct. 434 (1986).

<sup>11</sup> *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*, 810 F.2d 410 (4th Cir. 1987).

<sup>12</sup> *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

<sup>13</sup> The most thoughtful of these conflicting circuit court opinions is the Fifth Circuit’s *Easter Seal* opinion. That court rejected out of hand the possibility that “employee” could mean only a formal, salaried employee with the observation that “[t]here is no reason to read the statute as creating a distinction between formal employees and formal independent contractors. It would be odd for Congress to use the term ‘employee’ to mean ‘formal employee,’ when there is no relevant body of law that draws a line between ‘formal employees’ and ‘formal’ independent contractors.” As the rest of this article shows, I disagree.

sions for works created "on special order or commission," or if a work did not fit into one of the enumerated categories, that rights be acquired by a transfer of ownership. Second, what Congress intended is clearer, more predictable, and far preferable to all the other tests used by circuit courts.

In the remainder of this article, I will illustrate the different views of what a copyright "employment" consists of by summarizing the conflicting court opinions. Then I will show why the legislative history demonstrates that Congress meant copyright employment to be the same as ordinary, formal employment. Finally, I will show why formal employment makes the most sense as the determinant of ownership under the work for hire doctrine.

### *Conflicts in the Case Law*

My summary of the case law begins with several district court cases decided before the Second Circuit's gloss on work for hire was announced in 1984; it then discusses the Second Circuit case itself, *Aldon Accessories Ltd. v. Spiegel, Inc.*,<sup>14</sup> followed by a discussion of the expansion of the *Aldon* opinion in the Seventh Circuit's *Evans Newton Inc. v. Chicago Systems Software*<sup>15</sup> opinion; the summary concludes with the Fourth and Fifth Circuits' cases, *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*,<sup>16</sup> and *Easter Seal Society v. Playboy Enterprises*.<sup>17</sup>

### *The Pre-Aldon Cases*

Three pre-*Aldon* district court cases show the early judicial reaction to the Congressional changes in the work for hire provisions. The first of these is *Mister B Textiles, Inc. v. Woodcrest Fabrics, Inc.*,<sup>18</sup> decided in 1981. In *Mister B Textiles*, a fabric converter—one who buys plain cloth to imprint designs on it for sale to the clothing, drapery, and other industries—hired a freelance designer to create fabric patterns. After the designs were created and sold, a rival copied the designs and the fabric converter sued.

The copying firm argued in defense that the designer was the copyright owner, not the converter who hired the designer, because the designer was an independent contractor and there was no written agreement providing for the converter to own the rights. The court agreed that the designer was an independent contractor, and therefore not an employee, but this was not a considered decision. Rather, the court seemed to accept this characterization of the designer as an independent contractor implicitly. There is no discussion of the possibility that the hiring relationship was one of "employment," de-

<sup>14</sup> 738 F.2d 548 (2d Cir. 1984).

<sup>15</sup> 793 F.2d 889 (7th Cir. 1986).

<sup>16</sup> 810 F.2d 410 (4th Cir. 1987).

<sup>17</sup> 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

<sup>18</sup> 523 F. Supp. 21 (S.D.N.Y. 1981).

spite the court's observation that the contractor "to some extent proceeded under [the converter's] direction."<sup>19</sup> The court also agreed that the lack of a writing meant that the converter could not be the copyright owner under the "on special order or commission" provisions of the work for hire rules.

The converter was still able to win the case, however, because the court found that it had "played a significant role in the creation of" the fabric and was hence a joint author of the work.<sup>20</sup>

The second case, *Meltzer v. Chirgotis*,<sup>21</sup> dealt with copyright in architectural plans. An individual had contracted with a home builder for the planning and construction of a new home. The builder selected an architect, who then worked with the individual. The house was built; later, the same architect worked with another client and designed and built a house very similar to the first house (which itself was very similar to a number of straightforward house designs). The individual sued the architect for copyright infringement of the plans, arguing that the plans were works made for hire, the copyright to which belonged to him.

The court was uncertain whether to apply the 1976 Act or the 1909 Act,<sup>22</sup> and analyzed the work for hire issue under both statutes. The 1976 Act analysis was brief. The court focused on the special order or commission proviso, and found that the absence of a written agreement concluded the matter: the architect, not the client, owned the copyright. No separate analysis was made to find whether the client might also have been an employer under any of the common law tests.

The third case, *BPI Systems, Inc. v. Leith*,<sup>23</sup> took an approach similar to *Mister B* and *Meltzer*. A developer of computer software hired an independent programmer to develop a series of computer programs. The programmer wrote the programs and delivered them, but later began selling similar programs without the developer's permission. The developer sued for infringement. The court skimmed over the question whether there was an employer-employee relationship between the two, noting briefly that the programs' creator performed the work at his own

place of business on his own computers. He was paid per program

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<sup>19</sup> *Mister B Textiles*, 523 F. Supp. at 24.

<sup>20</sup> This is the result that *Aldon* could have but did not reach. See *Easter Seal*, 815 F.2d at 333.

<sup>21</sup> 520 F. Supp. 847 (D.N.J. 1981).

<sup>22</sup> The court concluded that "the action" was governed by the 1976 Act because the acts of infringement took place after January 1, 1978, the effective date of the 1976 Act. The ownership issue, as distinct from the infringement issue, should have been governed by the 1909 Act, however. See *Roth v. Pritikin*, 710 F.2d 934 (2d Cir.), cert. denied, 464 U.S. 961 (1983). The initial plans in which the client claimed copyright were developed before 1978. The court's analysis under both acts reached the same result in any event.

<sup>23</sup> 532 F. Supp. 208 (W.D. Tex. 1981).

and no social security or income tax was deducted from his pay. Although Plaintiff [hiring party] could accept or reject the final product, *it had no right to control the manner of the work performed by Defendant [programmer].*<sup>24</sup>

The court concluded without further analysis that “[d]efendant was not an employee of plaintiff acting within the scope of his employment.”<sup>25</sup> The court went on to find that the programs were developed on special order or commission, but without a writing, observing that computer programs were not among the listed works that can be created for hire when done on special order or commission. Accordingly, the court held that the programmer was the copyright owner.

*BPI Systems* makes a reference to the common law test of agency as a test of copyright employment by mentioning the hiring party's absence of a “right to control” the hired party's work. Yet the court focused much more closely on the lack of salary payments or tax deductions. All three courts may be said to have approached the work for hire question in much the same way: “Employees” for purposes of the first proviso are limited to salaried employees. If the creator is an independent contractor, then the question is addressed exclusively under the second proviso. The work must fall into the nine enumerated categories,<sup>26</sup> and there must be a writing reciting a work for hire arrangement; otherwise, the copyright belongs to the creator.

### Aldon

This early judicial reaction to the 1976 Act was rejected by the Second Circuit in 1984, in *Aldon Accessories Ltd. v. Spiegel, Inc.*<sup>27</sup> In *Aldon*, an American company (Aldon) had contracted with a Japanese firm to produce porcelain unicorn and Pegasus figurines. The works therefore appeared to be “on special order or commission,” but they did not fall into the second proviso's enumerated categories, nor was there a written agreement that they be works for hire.

The works were created after Aldon sent the Japanese firm sketches and descriptions of the figurines, with indications of how they ought to be constructed. Aldon's representative then travelled to Japan, where he worked with the Japanese artist to create a satisfactory set of final sketches that detailed the figurine's “pose, . . . proportions . . . , the musculature, the way the mane was supposed to be done, the sense of its movement, the way it would be produced. . . .”<sup>28</sup> After the sketches were finished, the Japanese company

<sup>24</sup> *BPI Systems*, 532 F. Supp. at 210 (emphasis added).

<sup>25</sup> *BPI Systems*, 532 F. Supp. at 210.

<sup>26</sup> See *supra*, note 5.

<sup>27</sup> 738 F.2d 548 (2d Cir. 1984).

<sup>28</sup> *Aldon*, 738 F.2d at 549-50. Similar events took place later with a Taiwanese firm.

For simplicity, I refer only to the Japanese connection.

had a model maker fashion a three-dimensional replica of the figurines. Aldon's representative and the Japanese firm's model-maker "spent hours and hours changing shapes, adjusting attitudes and proportions" to achieve a satisfactory appearance.<sup>29</sup> The Second Circuit concluded from this evidence that while Aldon's representative was not an artist, "he actively supervised and directed the work step by step."<sup>30</sup>

After Aldon imported and sold the figurines, the Spiegel company copied and sold substantially similar ones. Aldon sued for infringement; Spiegel defended partly by arguing that the Japanese ceramics firm, not Aldon, was the author and hence the copyright owner of the figurines.

Although the suit was brought under the 1976 Act, the district court instructed the jury in the definition of "employee" in essentially the way a court would have done under the 1909 Act.<sup>31</sup> Based on this instruction, the jury concluded that the Japanese firm was an employee of Aldon's for purposes of the work for hire doctrine. On appeal, Spiegel argued that though Aldon would have been an employer under the 1909 Act, under the 1976 Act the Japanese firm was an independent contractor creating the work "on special order or commission." The Act's "special order" provision required a written agreement before a contractor's work could be "for hire;" there had been no writing; therefore, Aldon did not own the copyright and could not bring suit.

The Second Circuit held, however, that the fact that a work is not created by a regular, salaried, employee did not preclude its being created by an "employee" within the meaning of the first work for hire proviso. Relying on the agency law test of the right to direct and control, the court found that the Japanese firm was indeed Aldon's employee under that proviso.

The essence of Spiegel's argument was that the 1976 Act divided works for hire into two groups: those created by regular, salaried employees, and those created by independent contractors. The Second Circuit concluded instead that the Act divided works for hire a different way: between those created at the behest of a hiring party who directs and controls the creator's efforts, and those created at the behest of a hiring party who does not.

In making this division, the Second Circuit relied on the determination that "[n]othing in the 1976 Act or its legislative history indicates that Congress intended to dispense with . . . prior law applying the concepts of 'employee' and 'scope of employment.' . . . The new Act does not define these key terms, thus suggesting that it is necessary to look at the general law of

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<sup>29</sup> *Aldon*, 738 F.2d at 550.

<sup>30</sup> *Aldon*, 738 F.2d at 550.

<sup>31</sup> "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. *Aldon*, 738 F.2d at 551.

agency as applied by prior copyright cases in applying subdivision (1) [the employment provision] under the new Act.”<sup>32</sup> We will see later that this observation is incorrect.<sup>33</sup>

Evans Newton

*Aldon* can easily be read to say that it is a hiring party's *actual* direction and control, in contrast to a mere “right” to direct and control, that sets up an employment relationship for work for hire purposes. But that limited reading was not adopted by the next major work for hire case, *Evans Newton Inc. v. Chicago Systems Software*<sup>34</sup> decided in May, 1986, in the Seventh Circuit.

Evans Newton, Inc. sold record keeping systems to schools. When personal computers became popular, the company developed specifications for a computer program to accomplish record keeping functions. It contracted with Chicago Systems Software to write the programs and a users' manual. The contract called for all “programming done by Chicago Systems Software [to be] the exclusive property” of Evans Newton. Chicago Systems completed the work, and turned it over to Evans Newton, which began marketing it. Then, in apparent violation of the contract, Chicago Systems began selling a competing and substantially identical program and users' manual. Evans Newton sued. Chicago Systems defended with the argument that it was an independent contractor under the “on special order or commission” provisions, that there was no signed writing that called for the programs to be works for hire, that it was a co-author with Evans Newton and therefore a co-owner of the copyright and hence that it had every right to sell the software along with Evans Newton.

The trial court found that Chicago Systems was an independent contractor,<sup>35</sup> but concluded the software was a work for hire anyway. On appeal, the Seventh Circuit affirmed on the basis of the *Aldon* opinion. *Aldon*, according to the Seventh Circuit's confusing summary, “found that the proper issue was

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<sup>32</sup> *Aldon*, 738 F.2d at 552. Though *Aldon* was interpreting the 1976 Act, one commentator has astutely pointed out that the initial contract and work on the figurines was done in the fall of 1977, when the 1909 Act was still in effect. All later figurines could be viewed as derivative works; initial ownership of the original figurines should therefore have been decided under the 1909 Act. See Comment, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 UNIV. PENN. L. REV. 1281, 1303 n.118 (1987). By 1977, the cases under the 1909 Act included both a broad scope for the work for hire doctrine under the statute, as well as a common law presumption giving ownership of unpublished works to the commissioning party.

<sup>33</sup> See the discussion of legislative history beginning with the text at note 50.

<sup>34</sup> 793 F.2d 889 (7th Cir. 1986), *cert. denied*, 107 S. Ct. 434 (1986).

<sup>35</sup> *Evans Newton*, 793 F.2d at 893-94.

not . . . whether the defendant was an employee or an independent contractor, but rather "[was] the contractor "independent" or [was] the contractor so controlled and supervised . . . that an employer-employee relationship exist[ed].'"<sup>36</sup>

To support its affirmance, the Seventh Circuit noted that the trial judge had "believed [Evans Newton's] testimony that [it] supervised and directed the work, and that [Chicago Systems] merely used their programming skills to produce the work according to [Evans Newton's] specifications."<sup>37</sup> Evidently because of this testimony alone, the appellate court held to be "not clearly erroneous" the district court's conclusion that the software was created for hire and that Chicago Systems had infringed Evans Newton's copyrights.<sup>38</sup>

Recall that in *BPI Systems*, the hiring party was found not to have a right to direct and control the hired party's computer programming work,<sup>39</sup> while in *Evans Newton*, the hiring party was found actually to have directed and controlled similar work. On that basis, the two cases came out differently. But on their facts, there is little to distinguish them: both presented freelance computer programmers hired to write computer programs. Plainly, *Evans Newton* went far beyond *BPI Systems* in construing the definition of a copyright "employment."

### Brunswick Beacon

In January, 1987, the Fourth Circuit decided *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*,<sup>40</sup> a case that was almost identical to a well-known Second Circuit case of some twenty years earlier, *Brattleboro Publishing Co. v. Winmill Publishing Corp.*<sup>41</sup> In both cases, a business agreed with a local newspaper to have the newspaper create an advertising layout and then print the resulting advertisement in the paper. The business later ran the advertisement in another newspaper, and the first newspaper sued the second for copyright infringement.

When this situation first arose under the 1909 Act in *Brattleboro Publishing*, the Second Circuit declared the advertisement to be a work for hire and

<sup>36</sup> *Evans Newton*, 793 F.2d at 894, quoting *Aldon*, 738 F.2d at 552.

<sup>37</sup> *Evans Newton*, 793 F.2d at 894. *Easter Seal* noted pointedly that the *Evans Newton* "court was unable to recount any evidence that [Evans Newton] 'actually controlled' [Chicago System's] production of the computer program or manual . . . ." *Easter Seal*, 815 F.2d at 334.

<sup>38</sup> The case could have been decided on the more straightforward ground that the signed writing, though it said nothing about "works for hire," operated as a *transfer* of copyright to Evans Newton. The "for hire" doctrine could have been avoided altogether.

<sup>39</sup> See *supra*, text accompanying notes 23-26.

<sup>40</sup> 810 F.2d 410 (4th Cir. 1987).

<sup>41</sup> 369 F.2d 565 (2d Cir. 1966).

the business to be a copyright "employer" and hence the copyright owner. The court expressly decided that the newspaper was an "independent contractor," but that the statutory work for hire doctrine should apply to independent contractors as well as to employees. The decision, issued in 1966, marked a major change in work for hire doctrine because before that time, independent contractors were not considered to be statutory "employees."

When the same situation arose under the 1976 Act in *Brunswick Beacon*, the Fourth Circuit refused to follow *Brattleboro's* reasoning. Over a strong dissent,<sup>42</sup> the majority noted that Congress had substantially re[written] the Copyright Act" in regard to works for hire,<sup>43</sup> and "nothing suggest[ed] that [the newspaper's staff] who prepared the advertisements were employees of the advertisers working in the scope of their employment by the advertisers."<sup>44</sup>

The opinion did acknowledge that in circumstances of close supervision, as happened in *Aldon*, a finding of an employment relationship might be warranted.<sup>45</sup> But in *Brunswick Beacon* itself, "[t]here are no comparable circumstances. Without doubt the advertisers told the *Beacon* what they wanted, but there is no suggestion that they supervised *Beacon* employees as they developed the advertisements or directed the manner of the work's completion."<sup>46</sup>

*Brunswick Beacon* therefore implies a construction of "employment" that is far narrower than the Seventh Circuit's finding of employment from almost nothing more than the mere fact of a hiring relationship.

### Easter Seal

Finally, in 1987, the Fifth Circuit extensively discussed the history of the work for hire rule in *Easter Seal Society v. Playboy Enterprises*.<sup>47</sup> *Easter Seal* featured a contest between on one side Playboy Enterprises and a public television station and on the other a sympathetic, but ultimately losing plaintiff, the Easter Seal Society for Crippled Children and Adults of Louisiana. The contest concerned Playboy's "adult" film *Candy, the Stripper*.

The Easter Seal Society contracted, through an entertainer acting on its behalf, with a New Orleans public television station to make a film for showing during an Easter Seal telethon. The film centered on a staged Mardi-Gras-style parade and a Dixieland jazz band jam session. No discussion of copyright was made. The television station took general directions from the

<sup>42</sup> *Brunswick Beacon*, 810 F.2d at 414 (Hall, J. dissenting).

<sup>43</sup> *Brunswick Beacon*, 810 F.2d at 412.

<sup>44</sup> *Brunswick Beacon*, 810 F.2d at 413.

<sup>45</sup> *Brunswick Beacon*, 810 F.2d at 413.

<sup>46</sup> *Brunswick Beacon*, 810 F.2d at 413.

<sup>47</sup> 815 F.2d 323 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

entertainer, but essentially determined for itself the proper camera placement and footage. The station then edited the raw footage into a short finished tape that was later broadcast by the Easter Seal Society.

The station was later approached by another television producer who, unbeknownst to it, was acting for Playboy Enterprises and who was looking for footage of Mardi Gras parades. The station excerpted forty minutes from the Easter Seal footage and sent it to the producer, who incorporated it into *Candy, the Stripper*, a film shown over cable television on four separate occasions. One or more participants in the parade footage recognized themselves on the cablecast and complained to the Easter Seal Society, which brought suit against Playboy Enterprises and the television station.

The television station defended on the grounds that it rather than the Easter Seal Society was not the copyright owner. The Fifth Circuit affirmed. In affirming, the court reviewed what it saw as the steady expansion of the work for hire concept over the years of the 1909 Act, and offered several interpretations of the work for hire provisions.<sup>48</sup> The correct interpretation,

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<sup>48</sup> The first interpretation is that "employee" means anyone who would be an "employee" under the usual agency rules. With this interpretation, a court would find most freelance creators to be "independent contractors" and governed by the "on special order or commission" provision. Only certain types of works under that provision are eligible to be works for hire; other types, or any type of work about which the parties have made no written agreement, could not be works for hire at all.

The second, so-called "conservative," interpretation is almost the opposite of the first. It assumes that any creator hired by another party would be considered to be a copyright "employee" and the resulting work would be "for hire," unless the work fell into one of the listed categories. Works in those categories could be "for hire" only if the parties had agreed to that result in writing. See O'Meara, "*Works Made For Hire*" Under the Copyright Act of 1976—Two Interpretations, 15 CREIGHTON L. REV. 523 (1982). This approach is demonstrably incorrect. See *infra*, note 145.

In brief, the first interpretation treats the special order provision as giving most freelance creators an unwaivable copyright to their works, but giving them *permission* to waive their rights for the specially enumerated works. The second interpretation *prohibits* all freelance creations from being anything other than "for hire," unless they fall in one of the enumerated categories and the parties have agreed about the work's status in writing.

The third interpretation is that of the Second Circuit in *Aldon*. A copyright "employee" is one over whom a hiring party has exercised *actual* and supervision, not just a right of direction. In the absence of actual direction, the status of any created works by a hired party must be judged under the "on special order or commission" provision. With actual direction, the hired party becomes an "employee" and the work becomes a work for hire regardless of its category or the presence of a writing.

The Fifth Circuit determined that the first interpretation must be correct: those who are "employers" of "employees" under agency law own the copyrights resulting from the employees' efforts; freelance creators cannot have their

according to the Fifth Circuit, is that "employee" means the same as "servant" under agency law. This interpretation, the court suggested, is broader than the notion of formal employee, but narrower than the finding of older cases that almost any hired party intended the copyright to reside in the hiring party.

The Fifth Circuit concluded, in short, that Congress acted to narrow the class of cases in which a hiring party would own the copyright to a work created by a hired party. Whether Congress narrowed or broadened the class of works made for hire is open to question,<sup>49</sup> but it is not true that Congress meant for courts to use the general law of agency to construe the term "employee." In fact, Congress meant nothing more than the ordinary English meaning of employee—one who is a formal, salaried employee. This conclusion is amply supported by the 1976 Act's legislative history, and happily avoids many of the problems that other interpretations engender.

#### *Legislative History*<sup>50</sup>

That Congress intended "employee" to mean formal employee can be

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works be treated as "for hire" unless the works fall into the listed categories and both parties sign a writing. *Easter Seal*, 815 F.2d at 334-335.

<sup>49</sup> See *infra*, text accompanying notes 138-41 and note 141.

<sup>50</sup> A number of commentators have discussed the legislative history of the work for hire provision in the 1976 Act. Student-written Notes often focus on using the legislative history to promote a particular policy, typically one of according more rights to creators, as against those who hire creators. This article does not advocate furtherance of one policy over another. My research and analysis has convinced me that Congress intended "employment" to mean formal, salaried employment, and that judicial adoption of that definition will make work for hire cases more predictable and logically consistent; but I do not address in these pages whether such a definition benefits copyright creators any more than copyright users or the ultimate consumers of copyrightable works.

For a good, compact summary of the work for hire legislative history, see W. PATRY, *LATMAN'S THE COPYRIGHT LAW* 117-125 (6th ed. 1986). For examples of other articles containing discussions of the legislative history of the work for hire provision, see Angel & Tannenbaum, *Works Made for Hire Under S. 22*, 22 N.Y.L. SCH. L. REV. 209 (1976); DuBoff, *An Academic's Copyright: Publish and Perish*, 32 J. COPR. SOC'Y U.S.A. 17 (1984); Galloway, *Authorship and Copyright of Works Made for Hire: Bugs in the Statutory System*, 8 ART & L. 573 (1984); O'Meara, "Works Made for Hire" Under the Copyright Act of 1976—Two Interpretations, 15 CREIGHTON L. REV. 523, 526 (1982) (short discussion leading to conclusion that "it is possible to recite legislative history in support of nearly any interpretation of work made for hire"); Note, *The Creative Commissioner: Commissioned Works Under the Copyright Act of 1976*, 62 N.Y.U. L. REV. 373 (1987); Note, *Free Lance Artists, Works for Hire, and the Copyright Act of 1976*, 15 U.C. DAVIS L. REV. 703 (1982); Note, *The Works Made for Hire Doctrine Under the Copyright Act of 1976—A Misinterpretation: Aldon Accessories Ltd. v. Spiegel, Inc.*, 20 U.S.F.L. REV. 649 (1986); Note, *The Freelancer's Trap: Work for Hire Under*

seen from the lengthy record of the effort to revise the 1909 Copyright Act. For purposes of this article, we can divide that record into several parts. First came a series of thirty-five studies beginning in 1955, each of which addressed a different facet of copyright doctrine.<sup>51</sup> Following that, in 1961, came the *Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* ("Register's Report"), a narrative discussion of issues and recommendations for a new copyright act.<sup>52</sup> After issuing the Register's Report, the Copyright Office held a number of meetings to discuss the report with participants from industries and trade groups strongly interested in copyright law. Congress later published transcripts of these meetings along with other written comments.

After the Register's Report, the Copyright Office in 1963 issued a preliminary draft of a copyright act (the "Preliminary Draft"). As with the Register's Report, the Preliminary Draft was the subject of discussion sessions and written commentary. Following issuance of the draft, three identical bills were drawn up and introduced into the 88th Congress in 1964: S. 3008, H.R. 11947, and H.R. 12354 (collectively the "1964 Bill"). Revised bills were introduced the following year as H.R. 4347 and S. 1006 (together referred to as "H.R. 4347" or "the 1965 bill"), in the 89th Congress, which held extensive hearings. The work for hire provisions of H.R. 4347, with some elaborations, became the scheme adopted in the 1976 Act.

Throughout the studies, the reports, the discussions, and the hearings, the comments of nearly every participant showed an understanding that "em-

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*the Copyright Act of 1976*, 86 W. VA. L. REV. 1305 (1984); Comment, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 U. PA. L. REV. 1281 (1987).

<sup>51</sup> "These studies, covering practically all aspects of American copyright law, narrate the history and describe the provisions of the present United States Copyright Law, as enacted in 1909 and as amended to date, describe the comparable provisions of foreign laws and international conventions analyze the numerous issues, and suggest various possible alternative solutions. These studies provided the groundwork for the Copyright Office revision report, which . . . contains the tentative recommendations of the Copyright Office for revision of the Law." Introduction, 1 STUDIES ON COPYRIGHT, *supra* note 2, at ix.

<sup>52</sup> 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) [hereafter cited as REGISTER'S REPORT]. The Grossman edition of the legislative history materials is a convenient single source for the relevant committee reports, prints, and so on that make up the history of revision of the 1909 Act. Unfortunately, the pages within each volume are not continuously numbered, but simply contain the pagination from the reproduced materials. Still, I think it will be helpful to readers to have the volume number of the Grossman edition supplied in abbreviated form. I will therefore provide citations such as "*reprinted in* 3 OMNIBUS LEGIS. HIST."

ployment” meant formal, salaried employment; nothing from Congress, either in the language of the Act or in the committee reports, has ever suggested otherwise.

### *The Varmer Study*

Of the thirty-five copyright studies sponsored by the Copyright Office and begun in 1955, study number thirteen, prepared by Borge Varmer in 1958, dealt with works made for hire.<sup>53</sup> Varmer’s study features telling and direct evidence of copyright scholars’ thinking at that time about works made for hire under the 1909 Act.

The 1909 Act’s provision for works for hire was quite brief; it simply noted that “the word ‘author’ shall include an employer in the case of works made for hire.”<sup>54</sup> No definition for “work made for hire” was offered, nor any definition for “employer.” In analyzing this provision, Varmer began with a discussion of what Congress meant by vesting copyright ownership in the for-hire employer. He specifically noted that the concept of “employee” was ambiguous, precisely because it might refer either to salaried employees, or to a concept of “wider scope.”<sup>55</sup>

To clarify that ambiguity, he reviewed the cases that had dealt with employment. He found the ambiguity consistently resolved: “[A]ll the cases have involved salaried employees who received either a fixed salary or a minimum salary plus commission. . . . Hence it may be concluded that section 26 [of the 1909 Act] refers *only to works made by salaried employees in the regular course of their employment.*”<sup>56</sup> He made no mention of a “right to direct and control” test, of common law of agency tests generally, or of any other of the looser tests espoused by recent courts.

Varmer treated commissioned works, a concept well-known in copyright case law at that time, as entirely separate from works created in an employment relationship. He noted quite plainly that the 1909 Act did not mention commissioned works at all,<sup>57</sup> and he divided his discussion into separate subsections labelled “Works Made for Hire,” and “Works Made On Commission.”<sup>58</sup> He never once suggested that the two categories overlapped in the sense that a “specially ordered or commissioned” work could also be one made by an “employee,” as *Aldon* implied. Indeed, he noted that because the 1909 Act did not address commissioned works, one of the issues open for

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<sup>53</sup> Borge Varmer, *Copyright Study No. 13, Works Made for Hire and on Commission*, reprinted in 1 *STUDIES ON COPYRIGHT*, *supra* note 2, at 719.

<sup>54</sup> 1909 Act, § 26.

<sup>55</sup> Borge Varmer, *Copyright Study No. 13, Works Made for Hire and on Commission*, reprinted in 1 *STUDIES ON COPYRIGHT*, *supra* note 2, at 720.

<sup>56</sup> *Id.* at 722 (emphasis added).

<sup>57</sup> *Id.* at 720.

<sup>58</sup> *Id.* at 720, 722.

resolution under the revision of that Act was the question whether commissioned works ought to be treated the same as works made by employees.<sup>59</sup> Nowhere in the study did Varmer conclude that a hiring party's right to direct and control the work of a commissioned party might push the relationship into the "employment" category.

### *The Register's Report*

In 1961, the Copyright Office issued the Register's Report on copyright law revision. The Report responded to Varmer's points with two firm recommendations. One was that "works made for hire" should be defined specifically as "works created by an employee within the regular scope of his employment." The second was that commissioned works be excluded from "for hire" status.<sup>60</sup>

This second result, excluding commissioned works from "for hire" status, would be accomplished through the "works made for hire" definition itself, which was designed to eliminate the possibility that the concept of works for hire "might be thought to include works made on special commission."<sup>61</sup> As an example of what the exclusion of specially ordered works from "for hire" status meant, the Report noted that when the various pieces of a work of multiple authorship like an encyclopedia were created "by independent authors, each author [would be] the initial owner of his contribution, and the publisher [would have to] acquire his rights by assignment."<sup>62</sup>

Barbara Ringer, then Chief of the Examining Division of the Copyright Office and later the Register of Copyrights, described the recommendations as only a clarification of existing law on works for hire: "First, with respect to works made for hire, I think the report in essence recommends that the present law be retained. [Other than adding a definition, the report] would leave the present law undisturbed."<sup>63</sup> The Report itself described existing court decisions as "not generally regard[ing] commissioned works as 'made for

<sup>59</sup> *Id.* at 735.

<sup>60</sup> REGISTER'S REPORT, *supra* note 52, at 86-87, reprinted in 3 OMNIBUS LEGIS. HIST.

<sup>61</sup> *Id.* at 86.

<sup>62</sup> *Id.* at 87.

<sup>63</sup> STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 88TH CONG., 1ST SESS., 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 144 (Comm. Print 1963) (statement of Barbara Ringer, Copyright Office), reprinted in 3 OMNIBUS LEGIS. HIST. [hereafter REPORT DISCUSSION]. Ringer evidently felt that some cases under the 1909 Act had found commissionees to be copyright renewals in 1960 that "the phrase 'work made for hire' probably applies to some commissioned works . . ." Barbara Ringer, Copyright Study Number 31, reprinted in 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 538. Her support for this statement is questionable. She cites only one case, *Tobani v. Carl Fisher, Inc.*, 36 U.S.P.Q. 97 (S.D.N.Y. 1937),

hire.'"<sup>64</sup> This comment was consistent, of course, with Varmer's conclusions.

Representatives of the motion picture industry, which characteristically dealt with a large number of individual creators,<sup>65</sup> raised a number of objections to the Register's Report,<sup>66</sup> but their objections were not based on any

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*modified on other grounds*, 98 F.2d 57 (2d Cir. 1938), *cert. denied*, 305 U.S. 650 (1938), and Varmer's study.

In *Tobani*, the hired party was not, however, considered a commissionee. He was hired for a period of time as a music arranger, paid a combination of salary, piece prices, and bonuses, worked on a number of arrangements, and apparently worked for no one else during the period. The district court concluded that: "It is idle . . . to try and spell out of the relation anything more than an ordinary hiring for pay." 36 USPQ at 98. Even the Second Circuit concluded that the party who had hired Tobani was "an employer for hire." 98 F.2d at 59. Both opinions refer repeatedly to "employment," neither mentions the words "commission" or "special order."

The page that Ringer cites in Varmer's study (page 130, *reprinted in* 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 722) does not in fact say that commissioned works are sometimes held to be "for hire" under the 1909 Act. In 1964, Ringer again made the claim that "it is true . . . that some works made on special order or commission have been construed by the courts as coming within the ambit of the 'works made for hire' concept under the present law." STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 89TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 5: 1964 REVISION BILL WITH DISCUSSIONS AND COMMENTS 145 (Comm. Print 1965) (statement of Barbara Ringer, Copyright Office), *reprinted in* 4 OMNIBUS LEGIS. HIST. [hereafter 1964 BILL]. This statement, delivered orally, is of course not footnoted; presumably Ringer was thinking of her earlier statement.

<sup>64</sup> REGISTER'S REPORT, *supra*, note 52, at 86, *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>65</sup> Among those contributing to the creation of a motion picture are "the writer[s] of the treatment, the story, the screen play, the adaptation, the songs, the background score, the musical arrangements [and] the rewriters thereof, the art directors, costume designers, set designers, color directors, sound directors, cinematographers, directors, producers, editors, cutters, and their respective assistants, as well as performers and musicians[.]" REPORT DISCUSSION, *supra*, note 63, at 358 (comments of Edward A. Sargoy, for the Motion Picture Association of America, Inc.), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>66</sup> Two concerns were singled out: one with the Register's Report's proposed recommendation that employers not be considered "authors" even if they retained copyright ownership of works created for hire, and a second with a possible narrowing of the circumstances of employment by the report's use of the phrase "regular scope of employment."

On the first point, the Register had proposed that employers have the right to own copyrights produced by their employees, but that they not be formally recognized as "authors" themselves.

The [1909 Act's] provision (sec. 26) defining "author" as including "an employer in the case of works made for hire" has also been criticized on the ground that the employer is not in fact the author and should not be designated as such. It has been suggested that the statute, instead of indicating

inaccuracy in the report's statement that commissioned works were not regarded as works for hire, or that "employment" meant anything other than regular, salaried employment.<sup>67</sup>

To the contrary, their comments implicitly recognized that very understanding of "employment." For example, the Register's Report proposed that employers would have ownership of their employees' works under the statute, but that the employer would not be considered to be the "author" of employees' works. Universal Pictures' representative Joseph A. Dubin disagreed with the Report's proposal to deny employers the status of "authors," but he still couched his discussion in terms of the salary-paying employer: "[N]o one to this date has suggested, outside the Copyright Office report, that an employer *who meets a weekly payroll* should not be entitled . . . to be the author [of a work created by an employee within the scope of

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that the employer is the author, should merely provide that the right to secure copyright vests in the employer. We would adopt this suggestion.

REGISTER'S REPORT, *supra*, note 52, at 87, *reprinted in* 3 OMNIBUS LEGIS. HIST. This departure from the 1909 Act act raised the concern that copyright protection in foreign countries might be compromised or difficult to ascertain because those countries granted certain protections only to "authors" as such. See REPORT DISCUSSION, *supra*, note 63, at 153 (comments of Adolph Schimel, Universal Pictures Co., Inc.); *id.* at 359 (comments of Edward A. Sargoy, for the Motion Picture Association of America, Inc.), *reprinted in* 3 OMNIBUS LEGIS. HIST. 153, 359.

On the second point, the Register's attempts at clarification by means of the phrase, "regular scope of employment," brought forth objections because of fears that "regular scope" was too narrow, but not because the concept of employment was being changed from the law as summarized by Varmer. A representative of Universal Pictures Co., Joseph A. Dubin, for example, argued that the phrase implied that employees such as movie actors might create works like song lyrics or dialog that were not within their "regular" duties and the employer would consequently not become the owner of the works. REPORT DISCUSSION, *supra* note 63, at 157, *reprinted in* 3 OMNIBUS LEGIS. HIST.

The Motion Picture Association's representative, Edward A. Sargoy, expressed the general desire of his industry to "retain the present 'made for hire' language in order to preserve and continue the body of law which has arisen around it." REPORT DISCUSSION, *supra*, note 63, at 359, *reprinted in* 3 OMNIBUS LEGIS. HIST. (comments of Edward A. Sargoy, for the Motion Picture Association of America, Inc.).

<sup>67</sup> See, e.g., REPORT DISCUSSION, *supra*, note 63, at 384-835, *reprinted in* 3 OMNIBUS LEGIS. HIST. (comments of Harriet F. Pilpel and Morton David Goldberg) ("We would proceed on the premise that 'authors' under the Constitution should be regarded wherever possible as the actual creators of the works on which copyright is secured."); *id.* at 411 (statement of John F. Whicher) ("I concur with Mr. Sargoy's doubts as to the advisability of eliminating from the statute the idea that the employer is the author (not just the owner) of works made for hire . . .").

employment].”<sup>68</sup>

Another participant in the discussions, John Schulman, chairman of the American Patent Law Association's<sup>69</sup> Committee on Copyright, commented that giving copyright to the employer would take away authorship from the employee. To this comment Dubin responded that existing law treating employers as authors “take[s] away nothing from the author, for the very simple reason that he can write on speculation, he can come in and give you his finished product, *instead of sitting down week by week and drawing weekly compensation* and not facing any risks at all.”<sup>70</sup>

Schulman himself objected to the Report's scheme of allocating ownership in employment situations by a fixed statutory rule. He proposed that employers and employees have the right to agree to ownership as a matter of contract. But Schulman, like Dubin, saw “employment” as meaning salaried employment: in referring to the desirability of contractual, rather than statutory, ownership rules, he said: “It should be possible for me to make a contract and say, ‘even though I am employed, *and you pay me X dollars a week*, nevertheless I want to own title to the copyright and I give you only an exclusive right to use the motion picture.”<sup>71</sup> Employment for Schulman, in other words, also involved a regular, weekly salary.

Not only did Dubin and Schulman seem to accept “employment” as meaning formal employment, they and other participants also paid little heed to the Report's exclusion of specially ordered works from “for hire” status. In view of later controversy over specially ordered works,<sup>72</sup> this quiet acceptance of the Report's proposal seems odd.

The likely explanation of it is that specially ordered works were not controversial early in the revision process because in 1961, as Ringer had noted, specially ordered works fell outside the scope of federal statutory law. To be sure, a body of case law had developed that created a strong presumption of “employer” ownership of commissioned works,<sup>73</sup> but these cases were entirely a matter of state common law rights in unpublished works, not a matter of statutory work for hire law.<sup>74</sup> Federal statutory protection attached under the 1909 Act only when a work was “published.”<sup>75</sup>

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<sup>68</sup> REPORT DISCUSSION, *supra*, note 63, at 155, *reprinted in* 3 OMNIBUS LEGIS. HIST. (comments of Joseph A. Dubin) (emphasis added).

<sup>69</sup> Now known as the American Intellectual Property Law Association.

<sup>70</sup> REPORT DISCUSSION, *supra*, note 63, at 155 (comments of Joseph A. Dubin) (emphasis added), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>71</sup> REPORT DISCUSSION, *supra*, note 63 (comments of John Schulman) (emphasis added), at 153-54, *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>72</sup> *See infra*, text accompanying notes 90-101.

<sup>73</sup> *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323, 325 (5th Cir. 1987), *cert. denied*, 56 U.S.L.W. 3661 (U.S. March 28, 1988) (no. 87-482).

<sup>74</sup> *Easter Seal*, 815 F.2d at 325.

<sup>75</sup> 1909 Act, section 2 (“Nothing in this title shall be construed to annul or limit the

The Register's Report proposed only a slight change in this state-federal dichotomy. Federal copyright protection would attach not on "publication," as it did under the 1909 Act, but whenever a work was "publicly disseminated by the publication of copies, registration in the Copyright Office, public performance, or the public distribution of sound recordings."<sup>76</sup> That is, federal protection would attach when a work became available to the public, not just "published" as that term of art had come to be defined. But before dissemination, common law protection would still apply, including the presumption that commissioning parties owned the copyright to works they commissioned.

### *The Preliminary Draft of 1963*

During 1963, the Copyright Office issued a "Preliminary Draft" of a copyright act.<sup>77</sup> No doubt because of the lack of objection to the Register's Report's exclusion of commissioned works from "works for hire," the Preliminary Draft carried forward that same exclusion, along with the Report's proposed definition of works made for hire. Section 14 of the Draft provided that: "In the case of a work made for hire, the employer shall, for purposes of this title, be considered the author and shall have all the rights comprised in the copyright unless the parties have expressly agreed otherwise."<sup>78</sup> A footnote to this sentence said that "A 'work made for hire' would be defined elsewhere as a work prepared by an employee within the scope of the duties of his employment, but not including a work made on special order or commission."<sup>79</sup>

This new wording accomplished several things. It reversed the Register's prior position that employers would not be considered to be the "authors" of their employees' works, acceding to complaints made during the discussions of the Report primarily by representatives of the motion picture

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right of the author or proprietor of an unpublished work, *at common law or in equity*, to prevent . . . copying . . .") (emphasis added) and section 10 ("Any person . . . may secure copyright for his work by publication thereof with the notice of copyright required by this title . . ."). Certain works could also be copyrighted by deposit and registration without publication, *see* section 12, but failure to do so did not curtail common law rights as section 2 made plain.

<sup>76</sup> REGISTER'S REPORT, *supra*, note 52, at 43, *reprinted in* 3 OMNIBUS LEGIS. HIST. *See also* the discussion preceding this recommendation, *id.* at 39-43.

<sup>77</sup> STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 88TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 3: PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW AND DISCUSSIONS AND COMMENTS ON THE DRAFT (Comm. Print 1964), *reprinted in* 3 OMNIBUS LEGIS. HIST. [hereinafter PRELIMINARY DRAFT].

<sup>78</sup> PRELIMINARY DRAFT, *supra*, note 77, at 15 (footnote omitted), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>79</sup> *Id.* at 15 n.11.

industry.<sup>80</sup> The new wording also incorporated an additional provision allowing employers and employees "expressly" to agree to transfer back all or some of the rights automatically vesting in the employer, so that ownership in an employment situation was not rigidly fixed by statute but only presumptively established.<sup>81</sup> And finally, the draft added to the Register's Report's definition of "work made for hire" an express statement that specially ordered or commissioned works would not be considered "works for hire." In spite of these changes from the Register's Report, the Preliminary Draft's new wording did not suggest any change in the concept of "employment."

Unlike the Register's Report, however, the Preliminary Draft's exclusion of specially ordered works from work for hire status provoked emphatic objections. This sudden awakening to the problem of specially ordered works can best be explained by another, seemingly unrelated, change from the Register's Report to the Preliminary Draft.

The Report proposed to preserve common law rights in undisseminated works, and to begin federal rights at the time of dissemination. The Draft proposed to move the inception of statutory copyright to the time of a creator's first fixation of a work in a tangible medium.<sup>82</sup> This change, a major one for United States copyright law, meant that federal copyright protection for a work would attach at the moment of the work's *creation*—not just first publication or dissemination. The change turns out to be intimately involved with both the work for hire concept and the so-called "reversion" concept.

Under the 1909 Act, creators were given a "second chance" at profiting from works previously assigned to others through the mechanism of "renewal." Copyright was available in two terms, an original term of twenty-eight years, and a renewal term of the same duration. An assignment of rights in one term did not necessarily mean an assignment of rights in the renewal term. In theory, creators whose work sold for a low price early on would get back the second, more valuable renewal term later.<sup>83</sup> The Regis-

<sup>80</sup> PRELIMINARY DRAFT, *supra*, note 77, at 257 (Comm. Print 1964) (statement of Abraham L. Kaminstein, Register of Copyrights), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>81</sup> *Id.*

<sup>82</sup> PRELIMINARY DRAFT, *supra*, note 77, § 20 at 18-19, *reprinted in* 3 OMNIBUS LEGIS. HIST. Alternatives were proposed for this section, which governed the duration of copyright, but both began: "Copyright in a work . . . shall subsist from its creation . . ." *Id.* (emphasis added).

<sup>83</sup> The renewal provision turned out to be more complicated and troublesome and less advantageous to authors than had been envisioned at the time of enactment. For one thing, an author could assign the rights to the renewal term to a publisher, for example, during the initial term. As long as the author was alive at the beginning of the renewal term, the assignment was valid and the publisher enjoyed the renewal. Only if the author died before the beginning of the renewal period was the assignment ineffectual; in that case, specified members of the author's family could obtain the right to the renewal. *See* Fred Fisher

ter's Report recommended that the renewal system be replaced with a single term of protection, but that creators have a right of reversion, i.e., a right to reclaim any transfers or assignments of copyright after a specified number of years.<sup>84</sup>

In the Preliminary Draft, the Copyright Office continued to adhere to the reversion concept,<sup>85</sup> but concluded that a single federal system of protection for all works, whether disseminated to the public or not, was simpler and preferable to the continuation of a dual federal and state system.<sup>86</sup> This meant that the common law of literary property, which still had some life left in it under the Register's Report,<sup>87</sup> would be preempted, at least insofar as it protected unpublished but tangibly fixed works:

On and after the effective date of this act, all rights in the nature of copyright in works for which copyright protection is available . . . shall be governed exclusively by this title. Thereafter, no person shall be entitled to copyright, to literary or intellectual property rights, or to any equivalent legal or equitable right in any such work under the common law or statute of any State.<sup>88</sup>

With this new provision—eventually enacted as Section 301 of the 1976 Act—the state of existing law surrounding commissioned works was drastically changed. The 1909 statute had made clear that the “employer” of an “employee” would have the right to obtain copyright in the employee's

Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943). For an exhaustive discussion of the history of copyright renewal, see Barbara Ringer, *Copyright Office Study Number 31*, reprinted in 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 503.

<sup>84</sup> REGISTER'S REPORT, *supra*, note 52, at 92-94, 3 OMNIBUS LEGIS. HIST. The Register's Report had proposed that authors making a grant of rights could, after twenty years' time, revoke the grant and get back their copyrights. This provision, like the earlier renewal provision, was designed to protect authors from assignments of copyright that would later prove improvident or disadvantageous: no matter how bad the bargain turned out to be, perhaps because an author's copyrighted work turned out years later to be extremely and unexpectedly valuable, the author could eventually get the copyright back. *Id.*

<sup>85</sup> PRELIMINARY DRAFT, *supra*, note 77, § 16, Alternatives A & B, at 15-16, reprinted in 3 OMNIBUS LEGIS. HIST.

<sup>86</sup> STAFF OF HOUSE COMMITTEE ON THE JUDICIARY, 88TH CONG., 2D SESS., COPYRIGHT LAW REVISION, PART 4: FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW 3 (Comm. Print 1964) (statement of Barbara Ringer, Copyright Office), reprinted in 3 OMNIBUS LEGIS. HIST. [hereafter FURTHER DISCUSSIONS ON DRAFT].

<sup>87</sup> REGISTER'S REPORT, *supra*, note 52, at 41 (“we believe there are overbalancing reasons to preserve the common law protection of undissemated works . . .”), reprinted in 3 OMNIBUS LEGIS. HIST.

<sup>88</sup> PRELIMINARY DRAFT, *supra* note 77, § 19 at 18, reprinted in 3 OMNIBUS LEGIS. HIST.

works. The common law developed a corresponding presumption that, at least under certain circumstances, one who commissioned, but did not “employ,” another to create copyrightable works was the party who would obtain and own the resulting federal copyrights. The common law, in other words, developed the equivalent of a “work for hire” doctrine for commissioned works, but one that fell outside the scope of the “work for hire” component of the federal statute. The Preliminary Draft proposed both to preempt this common law and to rule out the possibility that commissioned works could be “for hire” under the resulting statutory scheme. The Preliminary Draft also made clear that the reversion principle by which creators could reclaim their works years after an assignment would *not* apply to works created for hire, hence making the question of what works could be “for hire” a highly significant one.

Not only, then, did the Preliminary Draft prevent commissioned works from being “for hire” under the federal statute—that concept was already incorporated in the Register’s Report—but it effectively preempted the common law of commissioned works, preventing those works from being “for hire” in any sense, and it gave commissioned creators an inalienable right of reversion in assigned copyrights after twenty-five years.<sup>89</sup> Common law had afforded commissioned creators no comparable right of reversion and was for that reason distinctly more favorable to commissioning parties than the Preliminary Draft.

This combination of elements understandably concerned those industries employing multiple authors—motion pictures, textbook, and reference publishers. The work of freelance writers and artists that had previously been considered the work of the hiring studio or publisher under common law

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<sup>89</sup> The Preliminary Draft offered alternative ways of achieving the goals of reversion.

Alternative A was that authors could get back a grant of rights after twenty-five years. Alternative B was that they could get back the rights after twenty years, if “the profits received by the transferee . . . are strikingly disproportionate to the compensation . . . received by the author . . . .” PRELIMINARY DRAFT, *supra*, note 77, ¶ 16 at 16 (footnote omitted), *reprinted in* 3 OMNIBUS LEGIS. HIST. The second alternative was roundly criticized as an invitation to litigation over the meaning of “strikingly disproportionate” and for other reasons. See PRELIMINARY DRAFT, *supra*, note 77, at 278 (alternative B “would encourage litigation and be a cloud on titles”) (statement of Richard Colby, Motion Picture Association of America Copyright Committee), *reprinted in* 3 OMNIBUS LEGIS. HIST.; *id.* at 282 (alternative B is “a system for encouraging multitudinous litigation”) (statement of Horace S. Manges, Joint Committee of the American Book Publishers Council and the American Textbook Publishers Institute); *id.* at 292 (alternative B “is an inexcusable litigation-breeder”) (statement of Alfred H. Wasserstrom); *id.* at 289 (“I don’t think [alternative B’s] indefinite transfer of the right of reversion or reformation would ever sit right in this country”) (statement of John Schulman). Only the first alternative received serious consideration.

would, under the draft, become the property of the freelancer. Even if the work was transferred outright to the publisher, the creator would eventually be able to get it back; these industries thus faced a sharply limited period of time in which they could exploit specially ordered works.

Representatives of the copyright using industries vigorously objected to these changes. Representatives of writers' and composers' groups supported them. Barbara Ringer characterized the situation as one of "outright opposition [that is] strong and articulate" to the whole concept of reversion, coupled with support for it that was just "as strong and deep-seated . . . ."<sup>90</sup>

### *Employment Meant Formal Employment*

Yet, with perhaps one exception, when participants on both sides of the controversy stated their objections, they referred to a concept of "employment" that obviously meant salaried employment. Horace S. Manges, for example, who represented the joint copyright committee of the American Book Publishers Council and the American Textbook Publishers Institute, complained that the exclusion of specially ordered works would be detrimental to the book publishing industry. "Publishers would be discouraged completely from using any freelancer. There would be a necessity of *putting people on the payroll whom the employers wouldn't want to put on the payroll*, and where the employees would prefer to work as independent contractors."<sup>91</sup> He meant, of course, that putting people "on the payroll" would be the only way to avoid a work's being considered "on special order or commission." Manges plainly did not imagine a freelancer could be considered an "employee."

John R. Peterson, representing the American Bar Association, echoed that notion: "I don't think there is any valid philosophical or economic difference between the situation in which you have a man on a continuing basis of orders which justifies *placing him on your payroll*, and the situation in which you give him a particular order for a particular job."<sup>92</sup> That Peterson saw fit to point out the similarities in these two circumstances shows his view that the Preliminary Draft improperly distinguished them—but distinguished them in the way that everyone else distinguished them: salaried employment versus all other hiring relationships.

Both Peterson and Manges preferred a broader provision on works for hire, expressed by another participant as a proposal to change the Act's term

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<sup>90</sup> PRELIMINARY DRAFT, *supra*, note 77, at 277, reprinted in 3 OMNIBUS LEGIS. HIST.

<sup>91</sup> *Id.* at 259 (statement of Horace S. Manges, Joint Comm. of the American Book Publishers Council and the American Textbook Publishers Institute) (emphasis added).

<sup>92</sup> *Id.* at 260 (statement of John R. Peterson, American Bar Association) (emphasis added).

from "employer" to "hirer."<sup>93</sup> Significantly, that suggestion was never adopted.

Other participants in the discussion who also preferred a broader provision objected to the Draft's treatment of works on special order or commission because the exclusion preserved a distinction between "employment" and a commissioning relationship that was a pure formality: "It seems to me," said Saul N. Rittenberg of MGM, "that the present draft has given more emphasis to formalism than necessary. If I commission a work from a man, . . . and I pay for it, what difference does it make whether I put him under an employment contract or establish an independent contractor relationship?"<sup>94</sup> Once again, his objection implies an understanding that the Preliminary Draft was indeed based on a distinction between formal employment and something else—otherwise there would have been no reason to complain about formalisms.

Similar remarks were made in a written comment by participant Joseph A. Adelman. Adelman plainly indicated his understanding that the "employment" relationship in the Preliminary Draft was one of formal, salaried employment because he objected to that very feature of the draft: "It might be helpful," Adelman said, "not to restrict the description of a 'work made for hire' to the *technical employer employee relationship*."<sup>95</sup> If the Copyright Office had meant something other than the "technical" employment relationship by its language in the Preliminary Draft, then of course this comment would have been unnecessary, or the understanding it reflects might have been corrected by representatives of the Office; but in fact neither this comment nor the others like it were challenged.

A representative of the American Textbook Publishers Institute, Bella L. Linden, similarly objected to the exclusion of works created on special order or commission from the status of works for hire: "no encyclopedia company or reference book publisher *can possibly employ experts* in every field of scientific and literary endeavor in order to produce the composite works which they market and sell."<sup>96</sup> Again in written remarks, the Institute repeated that thought: "It is neither practical nor possible (if top specialists in a variety of areas are required) *to hire these specialists as employees on a full-time basis*."<sup>97</sup> Even more emphatic was the Institute's complaint that when "publishers of maps, atlases, encyclopedias and similar reference and collective works" hire freelance writers, "[t]he publisher is in reality the creator of such

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<sup>93</sup> *Id.* at 268 (statement of Edward A. Sargoy, American Bar Association).

<sup>94</sup> *Id.* at 272 (statement of Saul N. Rittenberg, MGM).

<sup>95</sup> *Id.* at 321 (statement of Joseph A. Adelman) (emphasis added).

<sup>96</sup> *Id.* at 297 (statement of Bella L. Linden, American Textbook Publishers Institute) (emphasis added).

<sup>97</sup> *Id.* at 341 (statement of the American Textbook Publishers Institute) (emphasis added).

works and hires individuals to prepare segments of it under its supervision and control,"<sup>98</sup> and yet would not be the copyright owner.

If "employer" meant simply to hire, whether as salaried employee or independent contractor, or "employee" meant anyone over whom another exercised supervision and control, then comments like these would have been illogical, for publishers constantly "employ" writers and experts in that broader sense. That the statements were made at all shows that the participants viewed the Preliminary Draft's language of "employment" as applying *only* to salaried employment.

A comment by the American Book Publishers Council, Inc. offers further confirmation of this point:

"[W]orks for hire"—in which copyright is by law owned by the employer—would be redefined [in the Preliminary Draft] to include *only work done by a salaried employee in the scope of his regular duties*, and would exclude works made on special order or commission. This would mean that many kinds of work, the copyright to which has been thought the property of the publisher as an employer—such as forewords, translations, art work, indexes—might be held to be *not* for hire.<sup>99</sup>

There is no suggestion in this language that the book publishers thought some specially ordered works might also be works of "employees" under a "right to direct and control" or any other test. To the contrary, they objected to the Preliminary Draft's language precisely because it appeared to deny them the copyright ownership of "forewords, translations, art work," and the like, materials that are typically prepared by creators other than "salaried employees" working within the scope of their duties of employment.

Still another participant in the discussions observed that the

term of "employee for hire" has thrown our comptrollers and accountants throughout the whole publishing industry into a tizzy. Where you get an outside entity and you ask them to create a work for hire, and it's the express intention of all the parties that that work product be the exclusive product of the commissioner or the orderer, their comptrollers and accountants start going into a real tailspin the minute they start seeing the word "employee," *because this means social security, withholding, and all the other attendant mechanical housekeeping tasks.*<sup>100</sup>

<sup>98</sup> *Id.* at 340-41.

<sup>99</sup> FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 250 (first emphasis added; second emphasis in original), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>100</sup> PRELIMINARY DRAFT, *supra*, note 77, at 267 (statement of E. Gabriel Perle, Time, Inc.) (emphasis added), *reprinted in* 3 OMNIBUS LEGIS. HIST.

Again, if the Draft's use of "employee" meant anything broader than full time, salaried employee, for whom social security withholding is necessary, then these comments would have been senseless.

Over and over again, in short, when participants in the extensive discussions on the Preliminary Draft referred to the works for hire provision, they assumed that "employment" meant formal, salaried employment.<sup>101</sup>

### *Reversion*

What most disturbed the copyright-using industries who rely on numerous contributors—the motion picture and textbook publishing industries, primarily—was not simply that they might have to obtain copyright by means of an assignment from freelancers, but rather that an assigned work that was *not* for hire could be reclaimed in a specified number of years by the actual creator under the inalienable "reversion" provisions.

Irwin Karp, who represented the Authors League of America and who strongly supported the reversion provision, was the first to articulate this thought:

You can always get an assignment of [the creator's] rights if you are actually paying him a lump sum. You can take them away from him; they [i.e., publishers] do it right now. Your problem is whether he is going to get them back after twenty-five years under a reversion clause. I think that the semantics of "on commission," "works made for hire," and so forth aren't really the issue. The issue is reversion.<sup>102</sup>

Karp was right. Saul N. Rittenberg of MGM said that he saw little difference in the concepts of "employers" and "commissioners." He concluded that "if the reversion provisions were not in the law, perhaps it wouldn't make too much difference. But if there are to be reversion provi-

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<sup>101</sup> One possible exception is the statement of a lawyer in attendance, Samuel W. Tannenbaum, that the works for hire provision might be better rewritten to give copyright rights to the "master" in a "master-servant" relationship, instead of to the "employer" in an "employment" relationship. PRELIMINARY DRAFT, *supra*, note 77, at 273-74, *reprinted in* 3 OMNIBUS LEGIS. HIST. Tannenbaum went on to define the relationship of master and servant as one in which the servant "receives compensation and is subject to control and regulation by the person for whom he performs the work." *Id.* at 274. That classic legal formulation, which might support the concept of "employment" as something broader than formal employment, did not catch on and was not mentioned again. Indeed, Register of Copyrights Abraham Kaminstein promptly dismissed the suggestion with the observation that "'master and servant' sounds medieval." *Id.*

<sup>102</sup> PRELIMINARY DRAFT, *supra*, note 77, at 262-63, *reprinted in* 3 OMNIBUS LEGIS. HIST.

sions, I think it could make a great deal of difference."<sup>103</sup>

Horace Manges, representing the Joint Copyright Committee of the American Book Publishers Council and the American Textbook Publishers Institute, made the same point. His clients had earlier agreed, with some reluctance, to an extension of the term of copyright from two twenty-eight-year terms, to a single term of life plus fifty years. But their agreement had come before the Preliminary Draft appeared with its exclusion of specially ordered works and its preemption of the common law of commissioned works.<sup>104</sup> The combined effect in the Preliminary Draft of a narrowed scope of employer ownership for specially ordered works, plus a reversion right in creators, took publishers aback. Manges explained that "[t]hese new matters are so completely prejudicial" that the Joint Committee he represented would have to reconsider its agreement on the life-plus-fifty term.<sup>105</sup> The Joint Committee in fact did reconsider and proposed instead that works created on special order or commission should be considered made for hire "if the parties so agree in writing."<sup>106</sup>

#### *The 1964 Revision Bill*

The Preliminary Draft ripened into three identical bills, S. 3008, H.R. 11947, and H.R. 12354, introduced in the 88th Congress in 1964 (the "1964 Bill"). The 1964 Bill incorporated an about-face on the matter of specially ordered works. Instead of excluding them from the status of works created "for hire," as had the Preliminary Draft, the 1964 Bill adopted Manges' suggestion and proposed that a work made for hire include "a work prepared on special order or commission if the parties expressly agree in writing that it shall be considered a work made for hire."<sup>107</sup> In addition, the reversion period was lengthened from twenty-five to thirty-five years.<sup>108</sup> Barbara Ringer

<sup>103</sup> PRELIMINARY DRAFT, *supra*, note 77, at 272 (statement of Saul N. Rittenberg of MGM), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>104</sup> FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 34, *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>105</sup> *Id.*

<sup>106</sup> FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 274 (statement of the American Book Publishers Council and the American Textbook Publishers Institute), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>107</sup> 1964 BILL, *supra*, note 63, § 54 at 31, *reprinted in* 4 OMNIBUS LEGIS. HIST.

<sup>108</sup> 1964 BILL, *supra*, note 63, § 16 at 10, *reprinted in* 4 OMNIBUS LEGIS. HIST. This was presumably done to accommodate a number of industry objections. The music industry, for example, complained that so few songs become successful sellers that more than twenty-five years' exploitation of the few was necessary to recoup losses on the many. See PRELIMINARY DRAFT, *supra*, note 77, at 283 (a twenty-five year reversion "would mean the death knell of the industry") (statement of Julian T. Abeles, Music Publishers' Protective Association, Inc.) *reprinted in* 3 OMNIBUS LEGIS. HIST. The publishers of texts and encyclopedias noted that the time to prepare an encyclopedia was so great that a twenty-

explained in a meeting on the 1964 Bill that "strong objections" to the Preliminary Draft's provision for specially ordered works, based on the practical problem of reversion, led the Copyright Office to revise its stance on these matters.<sup>109</sup>

As might have been predicted, strong objections from other quarters also arose in response to the Copyright Office's shift, especially from Irwin Karp, representing the Authors League.<sup>110</sup> The Authors League was able to accept the Copyright Office's proposed extension of the reversion term from twenty-five to thirty-five years, but regarded the reversion provision overall to be ineffective because employers in practice would use their bargaining power to insist that creators sign "work for hire" clauses<sup>111</sup>—and works for hire could not, under the terms of the 1964 Bill,<sup>112</sup> revert to the original creator.

Other participants in the discussion regarded the very existence of any reversion right in creators as fundamentally unacceptable. Horace Manges, for the American Book Publishers Council, said that "while section 16 [on reversion] is a decided improvement over what it was in the [preliminary] draft, it is still intolerable."<sup>113</sup> Sidney A. Diamond, of London Records, concluded that "[w]e now find that we have a new word, 'reversion,' instead of renewal, and the problems, if anything, would be multiplied rather than diminished."<sup>114</sup> Robert V. Evans of the Columbia Broadcasting System noted his view that "it's very difficult to say anything good about section 16 [the reversion section]. I think at best it's an extreme case of misguided paternalism . . . ."<sup>115</sup>

The debate over works created on special order or commission in connection with reversion appeared at this point to be headed for a standoff. Representatives of the publishing, music, and motion picture industries lined up against reversion and against any narrowing of the "specially ordered works" part of work for hire law; for their part, writers and composers were

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five year reversion could mean "a work that is comprised of 7,000 or 10,000 individual contributions might conceivably be 'owned' by the publisher for one or two or three years only . . . . *Id.* at 291 (statement of Bella L. Linden, American Textbook Publishers Institute).

<sup>109</sup> 1964 BILL, *supra*, note 63, at 145 (comments of Barbara Ringer, Copyright Office), *reprinted in* 4 OMNIBUS LEGIS. HIST.

<sup>110</sup> See comments of Irwin Karp, Authors League of America, in 1964 BILL, *supra*, note 63, at 146-48, *reprinted in* 4 OMNIBUS LEGIS. HIST.

<sup>111</sup> 1964 BILL, *supra*, note 63 at 156 (statement of Irwin Karp), 4 OMNIBUS LEGIS. HIST.

<sup>112</sup> Section 16, 1964 BILL, *supra*, note 63, at 10, *reprinted in* 4 OMNIBUS LEGIS. HIST.

The 1964 Bill adopted the language of a "termination" provision, rather than a "reversion" provision. This language remains in the 1976 Act. See 17 U.S.C. § 203.

<sup>113</sup> 1964 BILL, *supra*, note 63, at 156, *reprinted in* 4 OMNIBUS LEGIS. HIST.

<sup>114</sup> *Id.* at 160.

<sup>115</sup> *Id.*

determined to have a reversion provision and to keep initial copyright ownership in the hands of freelance creators.

Fortunately for the revision effort, the seeds for a compromise had already been sown in earlier remarks by both sides. Book publishers had not been opposed to the notion that composers commissioned to write symphonies should be considered "authors," and not be held to the status of creators of works "for hire." The publishers' objections focused less on the solitary creative genius than on the work-a-day world of professional writers who contracted to prepare "introductory material or art work and . . . translations, encyclopedias, maps, and tests."<sup>116</sup>

Irwin Karp of the Authors League, on the other hand, had strongly advocated the reversion provisions and the exclusion of specially ordered works from "for hire" status.<sup>117</sup> Yet even he had agreed that works of authorship, such as dictionaries, encyclopedias, and other reference materials, could be handled appropriately in some special fashion that differed from the handling of specially ordered works from solo creators.<sup>118</sup>

#### *H.R. 4347 (the 1965 Bills)*

These early points of agreement led eventually to the 1965 bills, H.R. 4347 and S. 1006 ("H.R. 4347"), which the Copyright Office described as "a carefully worked out compromise aimed at balancing legitimate interests on both sides."<sup>119</sup> The 1965 Bill specified that works created on special order or commission would be considered "for hire" only if they were certain, specified types of works:

A "work made for hire" is: . . .

a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture, as a translation, or as a supplementary work, if the parties expressly agree in writing that the work shall be considered a work made for hire.<sup>120</sup>

In other words, the bill tried to ensure that the categories of greatest

<sup>116</sup> FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 274 (statement of American Book Publishers Council, Inc. and American Textbook Publishers Institute), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>117</sup> FURTHER DISCUSSIONS ON DRAFT, *supra*, note 86, at 313-14 (statement of the Authors League of America, Inc., signed by their counsel, Irwin Karp), *reprinted in* 3 OMNIBUS LEGIS. HIST.

<sup>118</sup> *Id.* at 314.

<sup>119</sup> STAFF OF THE HOUSE COMM. ON THE JUDICIARY, 89TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 6: SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW: 1965 REVISION BILL 66 (Comm. Print 1965), *reprinted in* 4 OMNIBUS LEGIS. HIST. [hereafter SUPPLEMENTARY REPORT].

<sup>120</sup> SUPPLEMENTARY REPORT, *supra*, note 119, at 174, 4 OMNIBUS LEGIS. HIST.

concern to publishers would be "for hire," but those of greatest concern to the Authors League would not.

The motion picture industry was satisfied with the bill; its agreement was described by Adolph Schimel, testifying for the Motion Picture Association of America in Congressional hearings. Because works "on special order or commission" had always been the problem, Schimel's testimony not surprisingly reflects the typical assumption that employment meant formal employment. In describing the work of writers who contribute to a motion picture he said: "There are, generally, a number of writers who render their services in each step of the progress to the final shooting script and these writers *may be employees working on a weekly salary, they may be employees working under term contracts or they may be commissioned to render particular services* in one or more steps in the process of completing the final script."<sup>121</sup> Schimel obviously allowed that a creator could be an employee on something other than a weekly salary, but he still drew a line between "employee" as someone who receives a salary, either indefinitely or for a fixed term, and someone who receives a commission. He did not suggest that someone accepting a commission, if directed and controlled, would also be an "employee."

In the same hearings, Leonard Zissu of the Composers & Lyricists Guild of America, an organization representing individual creators whose interests were opposed to the motion picture industry's representatives, referred to the "author" of a work as being "the employer for hire—as well as a party who specially orders or commissions a work for motion picture and certain other uses under a writing which says that the work shall be considered as one made for hire, *as if it were an ordinary employment-for-hire relationship . . .*"<sup>122</sup> Again, note that the emphasis is on employment versus commissioning, not on any common law test of the right to direct and control.

In a Supplemental Memorandum responding to the position of the Motion Picture Association Of America, Zissu also mentioned that "[t]he increased corporate employment of lawyers, doctors, engineers, and other professionals augurs the continued enlargement of the employee author class."<sup>123</sup> This statement clearly accepts "employment" as formal employment, for if free-lance creators who are directed and controlled are considered

<sup>121</sup> *Copyright Law Revision: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before Subcomm. No. 3 of the Comm. on the Judiciary, Part 2*, 89th Cong., 1st Sess. 1047 (1965) (statement of Adolph Schimel, on behalf of the Motion Picture Association of America, Inc.) (emphasis added), *reprinted in 6 OMNIBUS LEGIS. HIST.*

<sup>122</sup> *Copyright Law Revision: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before Subcomm. No. 3 of the Comm. on the Judiciary, Part 1*, 89th Cong., 1st Sess. 264 (1966) (statement of Leonard Zissu, Composers & Lyricists Guild of America) (emphasis added), *reprinted in 5 OMNIBUS LEGIS. HIST.* [hereinafter *Hearings on H.R. 4347*].

<sup>123</sup> *Hearings on H.R. 4347, supra*, note 122, at 275 (Supplemental Memorandum of

employees, it would make no sense for Zissu to have referred to "the employee author class," let alone to any "continued enlargement" of that class.

Despite the motion picture industry's agreement with H.R. 4347, the publishing industry remained dissatisfied with the bill's listing of only four types of commissioned works that could be "for hire,"<sup>124</sup> until it eventually came to agreement with representatives of writers' groups. In an historic<sup>125</sup> memorandum dated April 6, 1965,<sup>126</sup> eight strongly interested groups on both sides of the dispute reached agreement on a work for hire provision that added several categories to those specially ordered works that would be considered "for hire" and hence not susceptible to reversion. To H.R. 4347's four categories of commissioned or specially ordered works that could be "for hire," it was proposed that works prepared "as a compilation, as text or test material, as an atlas, [and] as a history or statement of activities of a private business or organization"<sup>127</sup> be added.

With this expanded scope for specially ordered works, the publishing industry withdrew its objection to reversion:

The reason for the withdrawal by the book publishers of their strenuous opposition to the reversion provision was the compromise effected with the authors, who were its only protagonists. . . . The issue was compromised . . . by the joint memorandum of April 6, 1965 . . . .<sup>128</sup>

With only insignificant changes,<sup>129</sup> this compromise agreement was enacted into the 1976 revision. The important point is that the initial compromise reflected in H.R. 4347, and the subsequent compromise of publishers and writers' groups, were both based entirely on disagreements over works

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the Composers & Lyricists Guild of America, Inc. on the "Works Made for Hire" Provisions of H.R. 4347), *reprinted in* 5 OMNIBUS LEGIS. HIST.

<sup>124</sup> *Hearings on H.R. 4347, supra*, note 122, at 138 (statement of Horace S. Manges, Counsel to American Book Publishers Council, Inc.), *reprinted in* 5 OMNIBUS LEGIS. HIST.

<sup>125</sup> Historic at least for those interested in the history of copyright revision.

<sup>126</sup> MEMORANDUM OF AMERICAN BOOK PUBLISHERS COUNCIL, INC., AMERICAN GUILD OF AUTHORS & COMPOSERS, AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS, AMERICAN TEXTBOOK PUBLISHERS INSTITUTE, THE AUTHORS LEAGUE OF AMERICA, INC., COMPOSERS & LYRICISTS GUILD OF AMERICA, INC., MUSIC PUBLISHERS' PROTECTIVE ASSOCIATION, INC., MUSIC PUBLISHERS ASSOCIATION OF THE UNITED STATES, RE H.R. 4347, COPYRIGHT LAW REVISION: 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. 134 (1965), *reprinted in* 5 OMNIBUS LEGIS. HIST.

<sup>127</sup> *Id.*

<sup>128</sup> *Hearings on H.R. 4347, supra*, note 122, at 148 (supplemental statement of American Book Publishers Council, Inc.) *reprinted in* 5 OMNIBUS LEGIS. HIST.

<sup>129</sup> The proposed category for "a history or statement of activities of a private business or organization" was dropped. *See* 17 U.S.C. § 101.

created *on special order or commission*. From the very beginning of the revision process, the vocal antagonists and protagonists of the works for hire provision, of the reversion provision, and of the preemption of common law, all assumed that "employment" meant regular, formal, salaried employment.

### *Changes in the Law after 1965*

The history of copyright revision shows very clearly that 1909 Act cases, the Varmer study, the participants in extensive discussions with the Copyright Office, the witnesses at hearings, and the Copyright Office itself meant formal employment when they used the term "employment."<sup>130</sup> Perhaps that interpretation does not necessarily mean that Congress also intended the same meaning when it enacted the copyright statute a decade later in 1976. Yet, if Congress meant something different from the terms used uniformly in these studies, reports, comments and hearings, one would expect something in the legislative history to reflect a consciousness of that difference. There is nothing.

There is every reason to conclude, then, that when Congress enacted language hammered out by agreement between the Copyright Office and both sides of the work for hire controversy, it meant what everyone else meant: that "employment" should refer to formal, salaried employment, not the common law of agency "employment."

One of the few recent expressions of a contrary view is the statement made in the Second Circuit's *Aldon* decision that "[u]nder the 1909 Act and decisions construing it, if an employer supervised and directed the work, an employer-employee relationship could be found even though the employee was not a regular or formal employee."<sup>131</sup> After citing three cases to support that proposition,<sup>132</sup> all of them post-1965 cases, the Second Circuit then added that "[n]othing in the 1976 Act or its legislative history indicates that Congress intended to dispense with this prior law applying the concepts of 'employee' and 'scope of employment.'"

This appears to be flatly in conflict with the legislative history just discussed, for if Congress is presumed to know the law, how could it not have known about a broad judicial construction of "employment" in the cited cases?<sup>133</sup>

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<sup>130</sup> See *supra*, text accompanying notes 50-129.

<sup>131</sup> *Aldon*, 738 F.2d at 552.

<sup>132</sup> The court cited *Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737 (2d Cir. 1975), *cert. denied*, 424 U.S. 955 (1976); *Picture Music, Inc. v. Bourne, Inc.* 457 F.2d 1213 (2d Cir. 1972), *cert. denied*, 409 U.S. 997 (1972); and *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639 (2d Cir. 1967), *cert. denied*, 389 U.S. 1036 (1968).

<sup>133</sup> *Aldon*, 738 F.2d at 552. *Aldon* cited an earlier case saying essentially the same thing, *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Construction Co.*, 542 F. Supp. 252, 257 (D. Neb. 1982) ("Most court decisions interpreting the

The answer obviously lies in the chronology of copyright law developments. The expansive definition of "employer" and "employee" in copyright law did not take place until 1966, with the Second Circuit's *Brattleboro Publishing* opinion.<sup>134</sup> Before that time, the occasional common law presumption of copyright ownership in the hiring party referred to an implied agreement by the hired party to transfer the copyright to the hiring party.<sup>135</sup> It was not a presumption that the hiring party was an employer and hence entitled to the copyright under the statutory work for hire doctrine.<sup>136</sup> After *Brattleboro Publishing*, courts stopped treating cases of free-lance creators under the common law of literary property transfers, and began to treat them as statutory works for hire under the 1909 Act's work for hire provision.<sup>137</sup> Notably, *Aldon* itself cited no case older than *Brattleboro Publishing*, either in support of its conclusion about 1909 Act law, or elsewhere in the opinion.

The difference is central to an understanding of Congress's intent in writing the 1976 Act, for if Congress is presumed to know the prior law, there remains the question of which prior law Congress knew about: the "prior law" at the time the copyright act was enacted, i.e., 1976; or the law as it stood in 1963, when the Preliminary Draft first incorporated the provision for works created "on special order or commission" in essentially the form that it took on enactment; or the law as it stood in April, 1965, when the joint memorandum was submitted to Congress? If the relevant date is 1976, then *Aldon* must be right in saying that Congress would have known that when it used the term "employment," it invoked an expansive judicial definition. If the relevant dates are 1963 or 1965, then Congress's use of "employment" invoked nothing of the sort, for there were no expansive judicial definitions of that term in 1965.

As the discussion of the compromise agreement on works for hire shows, the second possibility is far more likely: had Congress really recognized a change in the case law after 1965, the legislative history would have shown that recognition. This change would have been an extremely significant one

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work-made-for-hire doctrine under the 1909 Act viewed an independent contractor in the same light as an employee.").

<sup>134</sup> *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966). The change was strongly implied in a Ninth Circuit case a year earlier, *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965), but *Lin-Brook's* observations did not amount to as express a holding as *Brattleboro Publishing's*. The one year difference between the cases is not in any event significant. The Fifth Circuit noted this history in *Easter Seal*, but did not recognize its significance for the legislative history of the work for hire rules. See *Easter Seal*, 815 F.2d at 326.

<sup>135</sup> *Easter Seal*, 815 F.2d at 325-27. See also *supra*, text accompanying note 64.

<sup>136</sup> See *Easter Seal*, 815 F.2d at 325-26.

<sup>137</sup> 1909 Act § 26: "[T]he word 'author' shall include an employer in the case of works made for hire."

for all participants and would have rendered the elaborate compromise on "specially ordered" works pointless. In particular, it would have given publishers a tremendous expansion in work for hire scope, which would in turn have undone what the Authors League had fought so vigorously to have: a "specially ordered" provision limited to specified categories of works.

It is inconceivable that Congress would have intended this sort of drastic re-interpretation without a single mention of it. Because nothing in the legislative history reflects a recognition of anything like this change by Congress, the only reasonable conclusion is that the law as it was in 1965 was the law that Congress knew about and incorporated into the work for hire provision. If this common sense view of the legislative process is valid, then *Aldon* is plainly wrong. In 1965, expansive judicial interpretations of "employment" were essentially nonexistent; courts instead applied only a presumption about a transfer of common law rights—they did not make contractors into "employees" nor their works "for hire."

The Fifth Circuit's *Easter Seal* opinion is, therefore, also wrong in saying that Congress acted to cut back a line of expansive court cases with "a radical break from 'work for hire' doctrine under the 1909 Act."<sup>138</sup> Congress was not making a radical change from 1965 work for hire law at all. It was imposing federal statutory law on what had been largely a matter of state contract law. In fact, one can easily argue that Congress *broadened* the commissioned works doctrine of common law as it had been applied by courts. In 1958, Varmer noted that the rule of commissioned works had generally been applied only to photographs and works of fine art.<sup>139</sup> By 1976, Congress had excluded those categories from "for hire" status, but had incorporated a lengthier series of works, including motion pictures, translations, instructional texts, and atlases, into the "for hire" category.<sup>140</sup> This hardly reflects an unambiguous "cutting back" of the doctrine.<sup>141</sup>

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<sup>138</sup> *Easter Seal*, 815 F.2d at 335. The Fifth Circuit said further that the 1976 Act's " 'special order or commission' phrase is reminiscent of the 'work for hire' case applying the [common law] presumption to make copyright 'employees' out of independent contractors." That was simply not true in 1965, when the "special order or commission" phrase was inserted into the revision legislation. At that time, courts had not used a common law presumption to turn independent contractors into copyright "employees," rather they simply used the common law presumption that the parties intended the hiring party to own the copyright.

<sup>139</sup> "No reported decisions have been found involving commissioned works other than photographs and works of art . . ." Varmer, 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 734.

<sup>140</sup> 17 U.S.C. § 101.

<sup>141</sup> One suspects that the works listed in the 1976 Act's categories were in practice treated as belonging to the hiring party even during the years of the 1909 Act, but these cases were seldom litigated. Publishers, motion picture producers, and other major users of copyrighted works, as well as authors and artists'

*Textual Analysis*

What is more, the reliance of *Aldon, Evans Newton, and Easter Seal* on an agency law "right to direct and control" test, in light of comments from the Copyright Office, would make the on special order or commission provision of the statute surplusage. When the Copyright Office produced H.R. 4347 in 1965, it provided that certain specified specially ordered or commissioned works could be "for hire."<sup>142</sup> This basic scheme was ultimately enacted with few changes in the 1976 Act.<sup>143</sup> Along with H.R. 4347, the Copyright Office issued a "Supplemental Report" to explain the changes from the Register's Report in 1961 to H.R. 4347.<sup>144</sup>

In the 1961 Report, the Copyright Office specifically recommended that specially ordered works not be "for hire."<sup>145</sup> The change from 1961 to 1965, according to the Copyright Office, was occasioned by testimony from book publishers and others that some specially ordered or commissioned works "by their nature deserve to be treated as 'works made for hire,'" such as "translations, maps and illustrations in books, front matter and appendixes, contributions to dictionaries and encyclopedias, and parts of motion pictures, which are prepared by freelance authors *at the instance, direction, and risk of*

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guilds, were sophisticated enough to handle matters by contract and avoid litigation in a way that individual painters, sculptors, and photographers were not. The copyright using industries could therefore rest content with the initial Register's Report that excluded commissioned works from "for hire" status, at the same time that Varmer was declaring the litigated cases on "commissioned works" to include only fine art and photographs.

<sup>142</sup> SUPPLEMENTARY REPORT, *supra*, note 119, at 67, *reprinted in* 4 OMNIBUS LEGIS. HIST.

<sup>143</sup> See 17 U.S.C. § 101.

<sup>144</sup> "The main purpose of this supplementary report is to explain why we modified or completely changed many of our earlier recommendations . . ." SUPPLEMENTARY REPORT, *supra*, note 119, at xiii, *reprinted in* 4 OMNIBUS LEGIS. HIST.

<sup>145</sup> SUPPLEMENTARY REPORT, *supra*, note 119, at 66, *reprinted in* 4 OMNIBUS LEGIS. HIST. The so-called "conservative" view of the work for hire provision discussed in *Easter Seal*, 815 F.2d at 331, (*see supra*, note 48) argues that works not listed in the "specially ordered" categories can be "for hire" *without* a writing. The history of this provision, described in the text, shows that *no* specially ordered works were to be "for hire" in the first revision efforts. When *some* specially ordered works first entered the "for hire" category, the rest were left outside of work for hire status altogether. The Supplemental Report issued by the Copyright Office to explain the 1965 Bill made the point expressly:

[C]ontributions to collective works and motion pictures, translations, and supplementary works . . . will be considered a "work made for hire" [if they are specially ordered and there is a writing]. Other works made on special order or commission *would not come within the definition* [of "work made for hire"].

SUPPLEMENTARY REPORT, *supra*, note 119, at 67-68, *reprinted in* 4 OMNIBUS LEGIS. HIST. The "conservative" interpretation is therefore wrong.

a publisher or producer.”<sup>146</sup> Implicit in this description is the assumption that works prepared at another’s “instance, direction and risk” could still be “on special order or commission.”

In *Aldon*, the Second Circuit approved the interpretation that “employment” results when a hired party creates a work “‘at the hiring author’s instance and expense’ and if ‘the hiring author . . . exercised the right to direct and supervise the creation . . . .’”<sup>147</sup> *Aldon*’s language—“instance and expense . . . direct and supervise”—closely parallels the Supplemental Report’s language about the preparation of a work at a hiring party’s “instance, direction and risk.” *Aldon*, in other words, said that works produced at another’s “instance, direction, and risk” are works created by an employee within the scope of employment.

But the Supplemental Report used “instance, direction and risk” to describe the “special order” relationship. If *Aldon* is right, then the “on special order or commission” provision is surplusage because all those relationships would be subsumed under “employment.” A statutory construction like this, that makes one entire provision out of two a superfluity, is not to be favored. That precept argues strongly for the conclusion that *Aldon* is wrong.

In addition to this legislative history, the canons of statutory construction also show that “employment” should mean formal employment. In interpreting statutory language, courts should give the words of the statute their ordinary, everyday meaning in the absence of indications to the contrary.<sup>148</sup> The ordinary meaning of “employee” is a regular, full-time, salaried employee, not one over whom another has the right of direction and control.<sup>149</sup> Judicial precedent to the contrary would, of course, be a reason to depart from the ordinary meaning rule. The Fifth Circuit in *Easter Seal* noted that the term “employee” and “scope of employment” have a substantial history in common law analysis;<sup>150</sup> therefore, according to the Fifth Circuit, Congress must have meant to refer to that history and to its associated body of interpretive law. This assertion is wrong on two counts.

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<sup>146</sup> SUPPLEMENTARY REPORT, *supra*, note 119, at 67, reprinted in 4 OMNIBUS LEGIS. HIST. (emphasis added).

<sup>147</sup> *Aldon*, 738 F.2d at 551.

<sup>148</sup> 2A N.J. SINGER, C.D. SANDS, SUTHERLAND ON STATUTORY CONSTRUCTION § 45.08 at 33 (4th ed. 1984).

<sup>149</sup> I base this assertion on my own and others’ informal reaction to the question of what “employee” means. In 1965, one dictionary defined it as “one employed by another usu. for wages or salary and in a position below the executive level.” WEBSTER’S SEVENTH NEW COLLEGIATE DICTIONARY 271 (G. & C. Merriam Co. 1965). The definition has not changed much since then. See WEBSTER’S THIRD NEW INTERNATIONAL DICTIONARY 743 (unabridged ed. 1986) (“one employed by another usu. in a position below the executive level and usu. for wages”).

<sup>150</sup> *Easter Seal*, 815 F.2d at 335.

First, before 1965, the only judicial interpretations of “employment” in *copyright* cases showed that the term meant formal employment, not the “employment” of agency law. This was the point of the legislative history discussed above.<sup>151</sup> Second, Congress paired the “employment” provision with a provision about works created “on special order or commission,” rather than with a provision about “independent contractors,” even though the latter term is the corollary in common law analysis to “employment.” “Special order” and “commission” have none of the common law interpretive history that “employment” has. These terms seem to have been used in copyright cases in their ordinary, everyday sense—not at all in the special sense that “independent contractor” is used in the law of agency.<sup>152</sup>

*Aldon’s* and *Easter Seal’s* conclusions that Congress meant courts to rely on the common law of agency and its construction of employment relations thus misses the point: because “employer” and “independent contractor” are invariably paired in common law analysis, Congress’s failure to use the same pairing in the statute shows that something besides the common law dichotomy was meant. Both the legislative history and the presumption that words in a statute carry their ordinary meaning work nicely here to explain that Congress meant “employment” to mean what most people think it means: regular, ordinary, formal, salaried employment.

#### *Other Interpretations Lead to Problems*

Not only did Congress intend that “employment” mean formal employment, but any other interpretation leads to troublesome complications. Other interpretations have already led, for example, to confusion over whether the common law test of agency should be one of “actual control,” or merely “the right to control;” to confusion over whether the two types of works for hire are to be exclusive or overlapping categories; and to problems of unpredictability in the law governing for-hire situations. Each of these points can be demonstrated.

#### *The Problem of Actual Control versus Right of Control*

The common law test of employment rests loosely on the idea that if a

<sup>151</sup> See *supra*, text accompanying notes 131-41.

<sup>152</sup> See, e.g., *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 30 (2d Cir. 1939) (“When an artist accepts a commission to paint a picture for another for pay, he sells not only the picture but also the right to reproduce copies . . . .”), *cert. denied*, 309 U.S. 686 (1940); *Otten v. Curtis Publishing Co.*, 91 U.S.P.Q. 222, 222 (N.Y. Sup. Ct. 1951) (Copyright to a painting goes to the purchaser of the painting “where the work is created to the order and under the commission of [the] purchaser.”); *Avedon v. Exstein*, 141 F. Supp. 278, 279 (S.D.N.Y. 1956) (Plaintiff’s pleadings referred to “[t]he photograph which plaintiff agreed to produce upon special order . . . .”; the trial court accepted this characterization without comment).

hiring party has a right to direct and control the activities of a hired party, the hiring party is an employer of the hired party.<sup>153</sup> The troublesome aspect of the common law test as applied to copyright cases is the matter of directing and controlling. Is the mere "right" to control another's work enough to make one an employer? Or must one "actually" control the other? What sort of control is required? Is it control over the details of the creative activity, or control over the appearance of the end product, or merely a right to reject the end product and demand that it be done over?

To some extent, of course, these are the same problems that face a court applying the test to agency law problems, principally the problem of extending vicarious tort liability to hiring parties. In copyright cases, though, the problems seem to have loomed larger than in tort law. For one thing, the copyright case law on this point in the last few years has achieved anything but consistency in the way courts approach the issue.<sup>154</sup>

Some cases, most notably a 1978 Fifth Circuit case construing the 1909 Act, *Murray v. Gelderman*,<sup>155</sup> said firmly that a hiring party's mere right to direct and control was enough to make the hiring party an employer. *Murray* presented a hired creator who bargained successfully for artistic freedom with a hiring party. Yet the Fifth Circuit found that the hiring party *could have* retained control, and that was enough to make the creator an employee for hire. *Murray* stood for the proposition that the "right to direct and control" test was simply a euphemism for making any hiring party an "employer" for copyright purposes.<sup>156</sup>

Though claiming that Congress intended to leave past employment cases unchanged, the Second Circuit in *Aldon* nevertheless emphasized that *Aldon*, as the hiring party, actually *did* direct and control the creation of the works at issue.<sup>157</sup> The court noted, for example, that though Congress wanted to change the rule of the cases presumptively giving copyright to the party hiring an independent contractor, it showed no desire to change the outcome of the 1909 Act case law for "contractors who were *actually sufficiently supervised and directed* to be considered 'employees' . . ."<sup>158</sup> The court emphasized further that in the case before it, the plaintiff's representative "*actively supervised and directed* the creation of [the figurines]."<sup>159</sup>

*Evans Newton* agreed with *Aldon's* statement of the rule about directing and controlling. It quoted *Aldon* several times, each time including words

<sup>153</sup> See *Easter Seal*, 815 F.2d at 335 n.19.

<sup>154</sup> See *supra*, text accompanying notes 14-49.

<sup>155</sup> 566 F.2d 1307 (5th Cir. 1978). See also *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909 (2d Cir. 1974).

<sup>156</sup> See *Easter Seal*, 815 F.2d at 327.

<sup>157</sup> *Aldon*, 738 F.2d at 550. See *supra*, text accompanying notes 27-33.

<sup>158</sup> *Aldon*, 738 F.2d at 552 (emphasis added).

<sup>159</sup> *Aldon*, 738 F.2d at 553 (emphasis added).

emphasizing the *actual exercise* of supervision and control as a part of the test of employment.<sup>160</sup>

Yet on its facts, *Evans Newton* offered almost no evidence of any actual control beyond a bare assertion at trial to that effect by the hiring party. If a bare assertion like that is enough to satisfy a factual test, then the test is plainly not a serious one, but an easily manipulated tool for rationalizing results.

The Seventh Circuit's invitation to courts to manipulate results in this same way was later rejected by a district court in the Seventh Circuit. In *Sandwiches, Inc. v. Wendy's International, Inc.*,<sup>161</sup> the district court addressed the meaty issue of hamburger advertising. A restaurant owner had hired a friend in the advertising business to create a commercial. Little money was available, and the friend asked for the "rights" to the resulting advertisement as partial compensation.<sup>162</sup>

Later the friend participated in the creation of a similar commercial for the Wendy's restaurant chain. The restaurant owner's successor sued Wendy's for copyright infringement. One issue was whether the restaurant owner had been the copyright owner as an employer of a work for hire, or whether the friend was the copyright owner. The proper test of employment, observed the court, was the one approved in *Evans Newton*: "whether the hiring author caused the work to be made and exercised the right to direct and supervise the creation."<sup>163</sup> The court found that the creator of the commercial had not been an employee of the restaurant owner. Although the owner "caused the commercial to be made, . . . he never *exercised* the right to

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<sup>160</sup> According to *Evans Newton*, *Aldon* held that creators were employees when they "operated under the supervision and direction of the" hiring party. *Evans Newton*, 793 F.2d at 894. It affirmed the district court's finding that the hiring party in the case at issue "supervised and directed the work, and that [the hired company] merely used their programming skills to produce the work according to [the hiring party's] specifications." *Id.* The court also quoted from *Aldon*, saying that the Second Circuit "found that the proper issue was . . . [whether] 'the contractor [was] so controlled and supervised in the creation of the particular work by the employing party that an employer-employee relationship existed,'" *id.*, quoting *Aldon*, and again, that Congress wanted to preserve the rule "which held that 'if an employer supervised and directed the work, an employer-employee relationship could be found,'" *id.*, quoting *Aldon*. In short, the *Evans Newton* court repeatedly referred to a test based on actual direction and control.

<sup>161</sup> COPYRIGHT LAW DECISIONS (CCH) ¶ 26,085 (E.D. Wis. 1987).

<sup>162</sup> *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 at p. 20,993.

<sup>163</sup> *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS, ¶ 26,085 at 20,997, quoting *Evans Newton*, 793 F.2d at 894, n.5, which in turn was quoting *Aldon*, 738 F.2d at 551.

direct and supervise [its] creation.”<sup>164</sup> Where *Evans Newton* effectively presumed that a hiring relationship included direction and control, *Sandwiches, Inc.* effectively presumed the opposite.

These cases—*Murray, Aldon, Evans Newton, and Sandwiches, Inc.*—show that the use of a “right to direct and control” or a similar test is unbounded. Courts can and do compress and expand the test at will to achieve almost any result. *Easter Seal*'s reliance on agency law to provide a well-understood and limited test is, therefore, not going to work in the long run. As the cases just summarized show, courts since 1966 have always said they were relying on the right to direct and control test, whether they were expanding or contracting the doctrine. There is no reason to think that *Easter Seal*'s pointing out the need to rely on agency law will make the inconsistencies go away.

The Fifth Circuit itself inadvertently showed how unreliable the law of agency can be as a test of copyright ownership. The court commented on the history of judicial expansion of the doctrine of vicarious liability, but assumed that the same expansion would not happen in copyright law. “[T]here is no reason,” according to the Fifth Circuit, “for the employer/independent contractor determination to be swayed by the well-established if unprincipled tendency of courts to rule that an independent contractor is an employee in order to reach a deep pocket in a tort action under the doctrine of respondeat superior.”<sup>165</sup>

The most surprising thing about this assertion is that it ignores the cases of the last fifteen years—the cases that the Fifth Circuit criticizes<sup>166</sup>—that have applied the agency law test expansively. Unless the Fifth Circuit understands *why* those courts expanded the doctrine, it cannot predict with any confidence that the same expansion will not simply continue to happen. As it turns out, there *is* a reason courts have manipulated the concept of employment so extensively. As I have discussed at length in another article,<sup>167</sup> courts feel a pressure to give rights to the “deep pocket” in a copyright case, a pressure that is directly analogous to the pressure on courts to place tort

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<sup>164</sup> *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 at 20,997 (emphasis in original).

<sup>165</sup> *Easter Seal*, 815 F.2d at 336.

<sup>166</sup> The court notes *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972); *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909 (2d Cir. 1974); *Murray v. Gelderman*, 566 F.2d 1307 (5th Cir. 1978); and later in the opinion, *Evans Newton Inc. v. Chicago Systems Software*, 793 F.2d 889 (7th Cir.), *cert. denied*, 107 S. Ct. 434 (1986); *Marshall v. Miles Laboratories, Inc.*, 647 F. Supp. 1326 (N.D. Ind. 1986); and *Syigma Photo News, Inc. v. Globe International, Inc.*, 616 F. Supp. 1153 (S.D.N.Y. 1985).

<sup>167</sup> Hardy, *An Economic Understanding of Copyright Law's Work for Hire Doctrine*, — COLUM.-VLA J. L. & ARTS — (1988) (forthcoming).

liability on the deep pocket. In copyright cases, that pressure arises from the desire to give the copyright rights to the party who is in the better position to exploit the value of a work by bringing it to the public's attention—typically, this will be the wealthier party.<sup>168</sup>

Because courts have been sensitive to this pressure to favor the deep pocket for years, they will likely continue to be so. *Easter Seal's* hope for a well-bounded copyright doctrine of "employment" based on agency law is, accordingly, misguided. Use of the ordinary sense of formal employment for work for hire purposes, though not without marginal and difficult cases,<sup>169</sup> is far more bounded and thus more satisfactory in the copyright context.

Finally, a test that focuses on direction and control, whether actual or not, merely provides an incentive to employers to make token efforts at control to ensure that work for hire conditions are met. One can easily imagine future employers rejecting parts of creative works or demanding revisions solely to establish that their "control" is effective and that they ought to be owners of a resulting work for hire. Posturing of that sort is economically wasteful and should not be encouraged. Flexible common law tests of agency encourage it; a test of formal employment would minimize it.

#### *The Problem of Mutually Exclusive Provisions*

Works for hire come in two varieties: those created by employees, and those "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," etc., provided the parties sign an appropriate written agreement.<sup>170</sup> Are these two varieties mutually exclusive, or can a work fall into both provisions? To put it another way, we can ask whether the second provision has any applicability to works specially ordered or commissioned for purposes other than as a contribution to a collective work, as a part of a motion picture, and so on.

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<sup>168</sup> If one of the two parties to a disputed work or hire case has greater resources, market position, or experience in production and distribution of copyrighted works to the public, the public will benefit from having that party own the copyright. That party will, by definition, generally be able more cheaply and effectively to bring the work to the public. In most cases, that party will be the hiring party. If it were not, then hired parties would not contract out their creative services; they would handle both creation and distribution themselves.

<sup>169</sup> I think that *Sigwart v. Ringling Brothers*, 1984 COPYRIGHT LAW DECISIONS ¶ 25,717 (C.D. Cal. 1984), is a marginal case. An advertising agency hired a free-lance artist to work on a daily rate to produce drawings to be incorporated into advertisements. The artist worked for four weeks, submitting periodic bills for hours worked. The court construed this agreement as one not of special order or commission, but rather of employment. Under a loose, agency law test, that result is easily reached. Under a narrower test of formal employment, the same result can—and I think should—be reached, but is less certain.

<sup>170</sup> 17 U.S.C. § 101.

May works that are a contribution to a collective work, a part of a motion picture, etc. be examined to see if they are the work of "employees," even though they were specially ordered or commissioned? Congress did not answer the question specifically, but all the legislative history previously discussed suggests that the participants in the copyright revision did not think so. Moreover, the House Report on the 1976 Act strongly implies they may not. The Report notes (with understatement) that the definition of works made for hire had been "a major issue" in copyright revision.<sup>171</sup>

The Report then identifies the dilemma of commissioned works, not as one of drawing a line between them and works created by employees, but rather as one of having "to draw a statutory line between those works written on special order or commission that should be considered as 'works made for hire,' and those that should not."<sup>172</sup> The resolution, resulting from the compromise agreement described above,<sup>173</sup> was that only specially ordered or commissioned works falling into the enumerated categories and for which the parties have executed a writing would be "for hire." Other specially ordered or commissioned works would, therefore, not be "for hire" and by implication should not be considered under the provision for works created by employees.

Varmer's division of his study into works for hire and commissioned works,<sup>174</sup> as well as the testimony throughout the revision process,<sup>175</sup> show that commentators have always considered the two provisions to be mutually exclusive.<sup>176</sup> The conclusion that the two provisions are mutually exclusive makes common sense as well. Congress separated the provisions by the word "or:" "works created by employees . . . or specially ordered . . ." <sup>177</sup> The ordinary dictionary meaning of "or" is that it is disjunctive, expressing alternatives.

Yet the case law on this point is confused. Several of the earlier district court cases and some appellate cases have correctly implied that the two provisions are mutually exclusive. In *BPI Systems, Inc. v. Leith*,<sup>178</sup> discussed above,<sup>179</sup> for example, the court concluded that a work's being specially ordered prevented its being the work of an employee.<sup>180</sup> The Second Circuit's *Aldon* opinion attempted to keep the two provisions mutually exclusive by

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<sup>171</sup> H.R. REP. NO. 94-1476, 94th Cong., 2d Sess. 121, reprinted in 17 OMNIBUS LEGIS. HIST.

<sup>172</sup> *Id.*

<sup>173</sup> See *supra*, text accompanying note 119.

<sup>174</sup> See *supra*, text accompanying notes 53-59.

<sup>175</sup> See *supra*, text accompanying notes 91-101.

<sup>176</sup> *But see* note 63.

<sup>177</sup> 17 U.S.C. § 101.

<sup>178</sup> 532 F. Supp. 208 (W.D. Tex. 1981).

<sup>179</sup> See *supra*, text accompanying notes 23-26.

<sup>180</sup> The court observed simply that: "Defendant was not an employee of plaintiff

dividing them into works created by (a) hired parties who are either formal employees or who are actually directed and controlled; and (b) hired parties who are "truly" independent.<sup>181</sup> *Easter Seal*, in contrast, separated them into works created by (a) common law of agency "employees," which includes formal employees, and (b) common law of agency "independent contractors."<sup>182</sup>

*BPI System's* mutually exclusive division accords with the legislative history, but the Second and Fifth Circuit's interpretations have a major drawback: if the two work for hire provisions are to remain mutually exclusive, the "on special order or commission" provision *must* be interpreted to mean "independent contractor"—it cannot be interpreted in the ordinary sense of "special order or commission." This consequence follows from the fact that many hiring situations will arise in which a work is "specially ordered" in the ordinary sense of those words, but in which the hiring party exercises direction and control over the resulting creation. If such a work is to fall under one or the other, but not both, of the Act's work for hire provisions, the element of "control" will force it under the employment provision. That fact in turn will require a finding that the work was not "specially ordered" for copyright purposes, even though it would be considered specially ordered in any other context.

This interpretation puts an obvious strain on the language that Congress chose to use. Recall that in *Aldon*, an American importer contracted with a Japanese firm for the latter to produce figurines. The importer's representative supervised the Japanese firm's artisans and was accordingly found to be an "employer" for the Japanese firm. If the "employment" and "special order" provisions are mutually exclusive, then *Aldon* must have found not only that artisans working at a factory in Japan were "employees" of an American importer, but also that the figurines were *neither* commissioned *nor* specially ordered. That interpretation is not just different from the ordinary meaning of the statute's words—it is precisely the opposite of them. Congress is free to adopt whatever definitions it wants, of course, but courts should not con-

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acting within the scope of his employment. The work he did was specially ordered and commissioned . . . . *BPI Systems*, 532 F. Supp. at 210.

<sup>181</sup> The Second Circuit framed the question this way: "[I]s 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?" *Aldon*, 738 F.2d at 552.

<sup>182</sup> "We hold that a work is 'made for hire' within the meaning of the Copyright Act of 1976 if and only if the seller [the hired party] is an employee within the meaning of agency law, or the buyer [the hiring party] and seller comply with the requirements of" the special order provision. *Easter Seal*, 815 F.2d at 334-35. "Furthermore, the 'specially order or commission' phrase is reminiscent of the 'work for hire' cases applying [a common law] presumption to make copyright 'employees' out of independent contractors." *Id.* at 335.

strue terms in a sense opposite to their ordinary sense absent clear evidence of Congressional intent.

More troublesome, other courts have implied that the two work for hire provisions are not mutually exclusive, but are to be examined one by one.<sup>183</sup> In *Sandwiches, Inc.*,<sup>184</sup> for example, the district court first determined that the television commercial at issue “appears to fall into the ‘audiovisual work’ category of the definition of ‘commissioned work.’”<sup>185</sup> In other words, the court determined that the commercial had been created “on special order or commission.” Yet, after observing that the parties had made no written agreement, the court went on to determine whether the “employment” provision was applicable.<sup>186</sup> If the provisions are mutually exclusive, then the court’s procedure was plainly incorrect. Once the court found that the work was “commissioned,” and hence fell under the second provision, then the absence of a writing should not have been dispositive: the work was not for hire, and the “employment” provision should never have been examined.

*Aitken v. Empire Construction Co.*<sup>187</sup> is another example of this same tendency to treat the two types of work for hire as overlapping. The case involved a dispute between an architect and a building contractor over ownership to the copyright to plans for an apartment complex. In an earlier proceeding, the court had determined that the set of plans at issue was not a commissioned work. The court in this proceeding then addressed the question whether the plans had been prepared by the architect as an “employee” of the contractor.

That two step procedure seems proper, until we look at the court’s reasoning in making the first determination. The plans could not have been “commissioned,” explained the court, “because they [did] not fall within any of the listed categories and because there was no written agreement between the parties . . . .”<sup>188</sup> But the statute does not say that a work is “commissioned” if it falls into one of the enumerated categories and there is a writing; it says that commissioned works falling into the categories and for which

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<sup>183</sup> Even *Aldon* initially suggested the one-by-one procedure when it commented that the defendant “is correct that statuettes could not be considered works for hire under subdivision (2) of the new statutory definition [the “special order” provision]. But [defendant] gives an overly restrictive interpretation of subdivision (1) . . . .” *Aldon*, 738 F.2d at 551. One would expect that if the work could be considered to fall under the second provision, but not meet that provision’s requirements, that would end the inquiry and obviate the need to look at the first provision, as the remainder of the text in this section shows.

<sup>184</sup> *Sandwiches, Inc. v. Wendy’s International, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 (E.D. Wis. 1987).

<sup>185</sup> *Sandwiches, Inc.*, COPYRIGHT LAW DECISIONS ¶ 26,085 at p. 20,996.

<sup>186</sup> *Id.*

<sup>187</sup> 542 F. Supp. 252 (D. Neb. 1982).

<sup>188</sup> *Aitken*, 542 F. Supp. at 257.

there is a writing are *works for hire*. In other words, the court did not actually determine that the plans were not commissioned; rather it determined that the requirements for a commissioned work to be “for hire” were not satisfied.

At best, the court merely omitted the first step of finding that the plans were not commissioned, a step that it could have taken, though it would have conflicted with other findings in similar cases.<sup>189</sup> The opinion strongly suggests, however, that the court in fact believed it should look at both provisions to see if either set of requirements was satisfied. If that suggestion is correct, then the court was treating the provisions as overlapping, not mutually exclusive.

A similar case is *Joseph J. Legat Architects v. U.S. Development Corp.*,<sup>190</sup> also involving a dispute between a contractor and an architect who drew up plans for the contractor. As in *Aitken*, the court found that the plans were not commissioned. The court explained this conclusion by noting that “[o]nly the specific types of work listed in [the on special order or commission provision] constitute works prepared ‘on special order or commission.’ Architectural work is not within one of those categories.”<sup>191</sup>

Again, this is simply wrong. The House Report said that the provision drew a line between “those works written on special order or commission that should be considered as ‘works made for hire,’ and those that should not.” By enumerating certain categories of commissioned works, the House Report shows that Congress left other specially ordered or commissioned works—such as architectural plans—outside the scope of the *work for hire doctrine*; it did not leave those other works simply outside the scope of “commissioned works,” nor did it push them under the “employment” provision.

The Fourth Circuit’s *Brunswick Beacon* further illustrates this judicial confusion. Recall that in *Brunswick Beacon*, a business had contracted with a newspaper to produce an advertisement for it. The question was whether the advertisement was made “for hire” or not. After quoting the two work for hire provisions, the court said that “[t]he second part of the definition has no application to this case. Even if the newspaper [falls into one of the enumerated categories], there was no agreement signed by the newspaper and advertiser designating these advertisements as works for hire.”<sup>192</sup> The court then addressed the possibility that the newspaper’s employees who prepared the advertisement at issue could also be employees of the business paying for the advertisement, concluding that they could not.

As do *Sandwiches, Inc.*, *Aitken*, and *Joseph J. Legat, Brunswick Beacon*

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<sup>189</sup> See, e.g., *Meltzer v. Zoller*, 520 F. Supp. 847 (D.N.J. 1981), in which the court assumes that architectural plans are “commissioned.”

<sup>190</sup> 625 F. Supp. 293 (N.D. Ill. 1985).

<sup>191</sup> *Joseph J. Legat*, 625 F. Supp. at 297 (citations omitted).

<sup>192</sup> *Brunswick Beacon*, 810 F.2d at 413.

implies that a work can be commissioned, but if there is no writing or the work does not fall into the enumerated categories, the court can then examine the possibility that the work was created by an "employee." That the Fourth Circuit thought the advertisements at issue were "commissioned" is made clear from its statement that *Brattleboro Publishing* "was based upon the old doctrine of commissioned work, which is inapplicable here under the current statute *because of the absence of a signed, written agreement.*"<sup>193</sup> But the doctrine is not inapplicable; rather it applies and shows that the commissioned work is not for hire.

Thus, we see some courts treating the two types of work for hire as mutually exclusive and others treating them as overlapping. If the provisions are to be mutually exclusive, as both the House Report and the comments of participants in the copyright revision process plainly show, then the two-step analysis of *Sandwiches, Inc.*, *Aitken*, *Joseph J. Legat*, and *Brunswick Beacon* is incorrect and should be discarded. If they are mutually exclusive and *Aldon's* use of the common law of agency test of employment is the correct test of copyright "employment," then courts will end up interpreting the statutory language of "on special order or commission" as meaning "by a common law 'independent contractor,'" and *not* as meaning the ordinary sense of "on special order or commission." This interpretation, needless to say, is odd if not downright foolish. The interpretation of "employee" as a formal employee, however, solves both problems by allowing the provisions to be mutually exclusive without forcing them to carry perverse meanings.

### *The Problem of Case-by-Case Uncertainty*

Any judicial rule is a balance between the convenience of clarity and predictability on one hand, and flexibility of application to specific facts on the other. A rule about "employment" and works created "on special order or commission" is no different. The Fifth Circuit criticized *Aldon* for relying on the test of "actual control" because it was too tied to specific facts: parties in a contractual relationship would not know clearly ahead of time which works would be for hire and which not. Under the *Aldon* rule, said the Fifth Circuit,

business judgments [would be] exceedingly difficult. Rather than making a relatively simple judgment about whether the [hired party] is an employ[ee] or an independent contractor, . . . [the parties] will have to predict in advance whether the [hiring party's] "actual control" over a given work will make it the "author." If they guess incorrectly, their reliance on "work for hire" or an assignment may give them a copyright interest that they did not bar-

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<sup>193</sup> *Brunswick Beacon*, 810 F.2d at 413 (emphasis added).

gain for.<sup>194</sup>

The court therefore concluded that *Aldon's* test was a poor one. The court overlooks the possibility of a flexible contract calling for one party to be the copyright owner, either by operation of the work for hire doctrine, or by a quitclaim transfer of the creator's copyright if the work should later be deemed not for hire. Parties to a business agreement will rarely be as stymied by the possibility of alternative future outcomes as the court seems to think.<sup>195</sup>

Nevertheless, we can read the court's concern as more generally directed to the laudable goal of making copyright law reach predictable results.<sup>196</sup> Yet, its suggestion that the common law of agency will avoid work-by-work determinations seems misguided. How will parties be more certain that the general agency test of employment applies or not, than they would be under *Aldon's* test of actual control? The Fifth Circuit must think that its agency test would only apply to a business relationship as a whole not to the individual works created within the relationship, whereas *Aldon's* test of "actual control" would apply to each individual work. If that were true, it might make the *Easter Seal* test more general and hence more predictable.

Nothing in agency law, however, forces that result. Indeed, in practice, an attempt to characterize a work for hire relationship apart from the individual works created within it will not likely be more successful under *Easter Seal's* general agency law test than *Aldon's* "actual control" test. The sticking point under either approach is the question of what evidence a court would rely on in order to characterize the relationship between the parties.

Two forms of evidence are likely: the language of the contract between the parties, and the conduct of the parties. If the contractual language expresses the parties' understanding that the relationship is one of employment or not, there is no reason—absent coercion, fraud, etc.—for a court to upset

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<sup>194</sup> *Easter Seal*, 815 F.2d at 333.

<sup>195</sup> Whether the hiring or hired party owns a copyright can be determined by contract; whether a work is "for hire" cannot be determined by contract. The principal difference between a work's being for hire or not as was discussed in the section on legislative history, is the 1976 Act's reversion, or "termination" provision, 17 U.S.C. § 203(a). For works *not* created for hire, the author can revoke a grant of rights after thirty-five years. A grant of rights to a work created *for* hire cannot ever be revoked. The court's comments seem to be directed to the question of who will be the initial "author" of a work, but they make more sense in regard to the termination right: it is entirely possible that the parties to a for-hire agreement might understand correctly which of them was to be the owner of any resulting copyrights, but not understand whether there would be a termination right left in the creator.

<sup>196</sup> Making contracts "flexible" through use of "quitclaim" transfers or other techniques does entail added transactions costs in drawing up the contracts; however low these costs, a predictable copyright law should be able to avoid them.

the agreement. Nor, therefore, is there any reason for the *Easter Seal* court to fear that parties would agree to one outcome, only to have a court impose a different one and give one party an "unbargained-for interest" in the copyright. *Easter Seal's* concern that the parties will mutually guess incorrectly, i.e., guess about ownership in a way that a court would later disagree with, is really an unfortunate comment on a judicial tendency to unsettle settled agreements, a concern that changing the rules of copyright's work for hire doctrine will never alleviate.

On the other hand, a court might look at the conduct of the parties to determine the nature of their relationship. This could be necessary because the contract is silent on the question of their relationship for copyright purposes, or because the court thinks that one party is overreaching the other and forcing an unbargained-for result. But what if the hiring party in a business relationship closely supervised the creation of one work, while applying little or no supervision to the next? Presumably, the court would then have to decide which works were characteristic of the relationship as a whole, if it were to avoid classifying the relationship "work by work," which the Fifth Circuit thinks would lead to unpredictable results. But obviously characterizing a whole relationship on the basis of differing amounts of supervision and control over different works is no more predictable and probably less fair than *Aldon's* requirement that "actual control" be examined work by work.

*Easter Seal's* use of the agency test of employment is, in short, no better in predictability than *Aldon's* more circumscribed test of actual control. Use of the test of formal employment, however, would *necessarily* focus attention on the relationship, not on each work created within a relationship, and therefore simplify work for hire determinations.<sup>197</sup>

### CONCLUSION

An abundance of legislative history shows that when Congress used the term "employment" in the 1976 Copyright Act, it meant formal, regular, salaried employment—not the common law of agency "employment" or anything else. One study in 1958 conducted under the auspices of the Copyright Office expressly stated the same conclusion for the 1909 Act; the subsequent commentary, arguments, and testimony throughout a lengthy copyright revision process adhered to that basic viewpoint. The disputes and negotiations

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<sup>197</sup> Varmer, who found that the 1909 Act's employment provision referred to formal employment, also thought that the employment provision focused on the relationship as a whole. At the conclusion of his study, he noted that the policy of distinguishing between an employee and an independent contractor was based on "the premise that an employer *generally* gives more direction and exercises more control over the work of his employee than does a commissioner with respect to the work of an independent contractor." Varmer, 1 STUDIES ON COPYRIGHT, *supra*, note 2, at 734 (emphasis added).

that resulted in a major compromise among interested parties on the basic scheme of the work for hire provision only make sense in those same terms.

At the time the draft copyright revision bill first incorporated the work for hire language that was ultimately enacted, no court case had found "employment" to mean anything other than formal employment. A line of cases greatly broadening the definition of "employment" arose after the draft revision bill's language was essentially fixed in 1965, but Congress did not incorporate these later cases into its understanding of the work for hire rule. Had Congress meant to incorporate these cases as part of the law "codified" in the 1976 Act, the careful compromise reflected in the Act's language would have been undone completely, and there is absolutely no evidence that Congress or the various interest groups involved thought that had happened.

An analysis of the other interpretations of "employment" shows they have substantial drawbacks. Agency law tests such as the right to direct and control or the exercise of actual control have already led courts to confused results. Individually, the tests are imprecise; worse, the line between them is blurry and subject to manipulation. Agency law tests also encourage confusion over whether the statute's two types of works for hire constitute mutually exclusive or overlapping categories, when everything in the legislative history and logical analysis points to a Congressional intention that the categories be mutually exclusive.

The most disturbing feature of the agency law tests is that those actually used or proposed by courts utterly fail to make the work for hire doctrine predictable. A far more satisfactory test of employment is that of regular, formal, employment—exactly what lay persons would think "employment" means, and exactly what every major participant in the discussions of copyright revision meant when using the term. Courts would do well to adopt it.<sup>198</sup>

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<sup>198</sup> Senator Thad Cochran of Mississippi has several times introduced bills to modify the work for hire doctrine. His recent bills propose to define "employee" as a formal employee. See S. 2033, 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).