

THE WORKS MADE FOR HIRE DOCTRINE OF THE 1976 COPYRIGHT ACT AFTER *ALDON ACCESSORIES LTD. v. SPIEGEL, INC.*

I. INTRODUCTION

Federal copyright protection has its origin in the United States Constitution, which gives Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."¹ Pursuant to this power, Congress enacted the first federal copyright statute in 1790.² After several revisions,³ American copyright law is currently codified in the Copyright Act of 1976 (1976 Act).⁴ This Act adheres to the fundamental principle that an "author" is initially⁵ considered the owner of the copyright of his work.⁶ However, section

¹ U.S. CONST. art. I, § 8, cl. 8; see *Mazer v. Stein*, 347 U.S. 201 (1954), in which the Court stated that "[t]he economic philosophy behind the [copyright] clause . . . is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.'" 347 U.S. at 219; see also THE FEDERALIST No. 43, at 288 (J. Madison) (J. Cooke, ed. 1961) (in the realm of the copyright law, the public good coincides with the individual's claim).

² Act of May 31, 1790, 1 Stat. 124-26.

³ There have been four major revisions of the Copyright Act: Act of Feb. 3, 1831, 4 Stat. 436-39; Act of July 8, 1870, §§ 85-111, 16 Stat. 198, 212-17; Act of Mar. 4, 1909, Pub. L. No. 60-349, ch. 320, 35 Stat. 1075; Act of Oct. 19, 1976, Pub. L. No. 94-553, 90 Stat. 2541.

See H.R. REP. No. 1476, 94th Cong., 2d Sess. 47, reprinted in 1976 U.S. CODE CONG. & AD. NEWS 5659-60; see also H. HENN, COPYRIGHT PRIMER 8 n.20 (1979).

⁴ 17 U.S.C. §§ 101-810 (1982, Supp. I 1983, & Supp. II 1984).

⁵ The author is initially considered the owner of the copyright of his work unless and until he transfers ownership. See 17 U.S.C. § 201(d).

⁶ 17 U.S.C. § 201(a); see also *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884). Section 102(a) of the 1976 Act enumerates the seven categories of works of authorship which copyright law protects. They are: "(1) literary works; (2) musical works, including any accompanying words; (3) dramatic works, including any accompanying music; (4) pantomimes and choreographic works; (5) pictorial, graphic, and sculptural works; (6) motion pictures and other audio-visual works; and (7) sound recordings." Section 102(b) of the 1976 Act expresses a basic tenet of copyright law that copyright protection does not "extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery . . ." 17 U.S.C. § 102(a).

The importance of determining who is the author of a work in copyright law is especially compelling when the rights which are conferred upon the author, as copyright owner, are examined. There are five such rights, commonly referred to as the "bundle of rights." N. BOORSTYN, COPYRIGHT LAW 97 (1981) (discussing 17 U.S.C. §§ 106(1)-(5)); see also H.R. REP. No. 1476, *supra* note 3, at 61-65. These are subject to certain limitations in subsequent portions of the 1976 Act. 17 U.S.C. §§ 107-118.

The copyright owner is the only person permitted to exercise these rights or to authorize others to do so. Additionally, according to § 501(b) of the 1976 Act, the copyright owner can bring actions against those who infringe upon these rights.

The first of these exclusive rights of copyright ownership is the right "to reproduce

201(b) of the 1976 Act, entitled "Works Made for Hire," alters this approach to copyright ownership:

In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.⁷

Under section 101 of the 1976 Act,⁸ a "work made for hire" is defined as:

(1) a work prepared by an employee within the scope of his or her employment; or

(2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, . . . or as an atlas if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire⁹

There are several important consequences arising from a classi-

the copyrighted work in copies or phonorecords." 17 U.S.C. § 106(1). This right is defined as "the right to produce a material object in which the work is duplicated, transcribed, imitated [sic], or simulated in a fixed form from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." H.R. REP. NO. 1476, *supra* note 3, at 61.

The second exclusive right, the right to prepare derivative works, is commonly referred to as the adaptation right. 17 U.S.C. § 106(2). The definition of derivative works is found in section 101 of the 1976 Act. The difference between this right and the right of reproduction is that infringement of the adaptation right may occur even if nothing is fixed in tangible form. H.R. REP. NO. 1476, *supra* note 3, at 62.

The third exclusive right is the right "to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending." 17 U.S.C. § 106(3). The copyright owner's right of public distribution of a particular copy or phonorecord of a work ends once he no longer owns the particular copy or phonorecord. This is referred to as the "first sale doctrine" and pertains only to public distribution. See 17 U.S.C. § 109(a); see also N. BOORSTYN, *supra*, at 102. Therefore, one who buys a lawfully made copy of a work can resell, display, or dispose of it as he wishes, in its original form, without the copyright owner's consent subject to § 602(a) of the 1976 Act. 17 U.S.C. § 109(a)-(b).

Section 106(4) of the 1976 Act provides the fourth exclusive right, that of public performance. Public performance is defined in section 101 of the 1976 Act. This right only covers "literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audio-visual works . . ." 17 U.S.C. § 106(4).

Finally, the fifth exclusive right is the right to display the copyrighted work publicly. 17 U.S.C. § 106(5). The definition of a public display of a work is found in section 101 of the 1976 Act. This right only affects "literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works . . ." 17 U.S.C. § 106(5).

⁷ 17 U.S.C. § 201(b).

⁸ *Id.* § 101.

⁹ *Id.*

fication as a work made for hire. For example, section 203(a) of the 1976 Act involving termination rights, does not apply to works made for hire.¹⁰ Furthermore, the duration of the copyright of a work registered as work made for hire under section 302(c) is seventy-five years from the date of the first publication or 100 years from the creation of the work, whichever expires first.¹¹ This is to be compared to the duration of copyright for a work of art *not* considered a work made for hire which extends for the life of an author plus fifty years.¹²

Finally, the renewal provision of section 304(a) provides that the proprietor of a "work copyrighted . . . by an employer for whom such work is made for hire" is entitled to renewal and extension of the copyright.¹³ This renewal provision causes further inequity to the artist-employee by depriving him of renewal rights in his work.¹⁴

Noticeably absent from both the works made for hire provision of the 1976 Act and the legislative history is a clear definition of the essential terms "employee," "scope of employment," and "work specially . . . commissioned," *i.e.*, work made by an independent contractor.¹⁵ As a result, it has been difficult to determine whether an individual is considered an employee or a commissioned independent contractor under the 1976 Act's definition of works made for hire.¹⁶

In June of 1984, the Second Circuit, in *Aldon Accessories Ltd. v. Spiegel, Inc.*,¹⁷ held that artists who were commissioned to create works could be considered employees acting within the scope of employment, when such works were created under the direction and supervision of the commissioning party. The *Aldon* court determined that direction and supervision were sufficient to establish a work made for hire relationship between the artists and the commissioning parties.

This Comment will analyze the Second Circuit's decision in *Aldon* concerning employees and independent contractors under the works made for hire doctrine of the 1976 Act and the inevitable consequences this case will have on issues of copyright ownership. In

¹⁰ *Id.* § 203(a).

¹¹ *Id.* § 302(c).

¹² *Id.* § 302(a).

¹³ *Id.* § 304(a).

¹⁴ For a good discussion of copyright renewals in works made for hire, see Angel & Tannenbaum, *Works Made For Hire Under S.22*, 22 N.Y.L. SCH. L. REV. 209, 216-20 (1976).

¹⁵ Throughout this Comment, "work specially . . . commissioned" will be referred to as work made by an independent contractor.

¹⁶ 17 U.S.C. § 101; see *infra* notes 78-132 and accompanying text.

¹⁷ 738 F.2d 548 (2d Cir.), *cert. denied*, 105 S. Ct. 387 (1984).

an attempt to trace the foundation of the works made for hire doctrine, Part II of this Comment will analyze the doctrine under the precursor of the 1976 Act, the 1909 Copyright Act (1909 Act).¹⁸ The legislative history and case law interpretation of works made for hire under the 1976 Act will be reviewed as well.

The distinction between employee and independent contractor will be examined in Part III. Emphasis will be placed on the lack of definitive guidelines for interpreting the works made for hire provision.

Part IV will present the facts, holding, and court's rationale of *Aldon*. An analysis of the scope of the decision and its potential impact on future litigation will follow.

Finally, Part V of this Comment will explore the legislative attempts to clarify the definition of the current works made for hire provision, thus demonstrating the necessity for reform.

II. HISTORY OF THE DOCTRINE

A. Works Made for Hire Under the 1909 Act

Under common law, prior to any statutory treatment of works made for hire, the accepted principle was that the employer had copyright ownership in the artistic product of a salaried employee.¹⁹ For example, in the early case of *Bleistein v. Donaldson Lithographing Co.*,²⁰ the Supreme Court held that the employer owned the copyright of certain advertisements which an employee had created during the course of his employment.

The first statutory codification of the doctrine was in the 1909 Act.²¹ There were two specific provisions in the 1909 Act that pertained to works made for hire. Section 26 reflected the early common law in providing that "the word 'author' shall include an employer in the case of works made for hire."²² Section 24, which addressed duration, renewal, and extension of copy-

¹⁸ Copyright Act of 1909, ch. 320, 35 Stat. 1075 (superseded by 17 U.S.C. §§ 101-810 (1982, Supp. I 1983, & Supp. II 1984)).

¹⁹ *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903); see also *Dielman v. White*, 102 F. 892 (C.C.D. Mass. 1900) (commissioning party was the author for hire of works prepared at his own expense); *Colliery Eng. Co. v. United Corresp. Schools Co.*, 94 F. 152 (C.C.S.D.N.Y. 1899); *Little v. Gould*, 15 F. Cas. 612 (C.C.N.D.N.Y. 1852) (No. 8,395); cf. *Atwill v. Ferrett*, 2 F. Cas. 195 (C.C.S.D.N.Y. 1846) (No. 640).

²⁰ 188 U.S. 239 (1903).

²¹ See *supra* note 18. For a comprehensive treatment of the legislative history behind the 1909 Act concerning works made for hire, see generally Ringer, *Copyright Office Study No. 31, Renewal of Copyright*, reprinted in 1 STUDIES ON COPYRIGHT 533-38 (A. Fisher mem. ed. 1963), and Varmer, *Copyright Office Study No. 13, Works Made for Hire and on Commission*, reprinted in 1 STUDIES ON COPYRIGHT, *supra*, at 717-35.

²² 1909 Act § 26.

right, stated that in the case of any work copyrighted "by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years"²³

These provisions were the first legislative enactments dealing with the employer-employee relationship within the realm of copyright protection.²⁴ There is no mention in the 1909 Act of commissioned works.²⁵

Moreover, the 1909 Act did not provide legislative guidelines for defining "employee" and "works made for hire."²⁶ As a result, it was left to the courts to determine the employment relationship between parties on a case-by-case basis.²⁷ The resulting judicially construed tests²⁸ focused on several factors, including: at whose instance, expense, time, and facilities the work was created;²⁹ the nature of compensation,³⁰ if any; and the employer's

²³ *Id.* § 24.

²⁴ Varmer, *supra* note 21, at 720.

²⁵ *Id.*

²⁶ See generally Simon, *Faculty Writings: Are They "Works Made For Hire" Under the 1976 Copyright Act?*, 9 J. COLL. & U.L. 485 (1983).

²⁷ Two early cases in the Second Circuit which provided an initial interpretation of works made for hire under the 1909 Act are *Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 700 (2d Cir. 1941), and *Tobani v. Carl Fischer, Inc.*, 98 F.2d 57, 59-60 (2d Cir.), *cert. denied*, 305 U.S. 650 (1938). Both of these cases held that under the works made for hire doctrine, any claims exerted by employers were superior to those of authors, their families, or their assigns. See also *infra* notes 28-32 and accompanying text.

²⁸ See Annot., 11 A.L.R. FED. 457 (1972) (analysis of the federal cases on section 26 definition of works made for hire of the 1909 Act).

²⁹ Cases have held that a factor to be considered in the determination of whether an employee created his work as a "work made for hire," within the scope of employment, is whether the work was created at the employer's instance, expense, time, and facilities. See *Scherr v. Universal Match Corp.*, 417 F.2d 497, 500 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970); *Brattleboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565, 568 (2d Cir. 1966); *Lumiere v. Robertson-Cole Distrib. Corp.*, 280 F. 550, 552-53 (2d Cir.), *cert. denied*, 259 U.S. 583 (1922); *Picture Music, Inc. v. Bourne, Inc.*, 314 F. Supp. 640, 650-51 (S.D.N.Y. 1970), *aff'd*, 457 F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972); *Irving J. Dorfman Co. v. Borlan Indus.*, 309 F. Supp. 21, 23 (S.D.N.Y. 1969); *Florabelle Flowers, Inc. v. Joseph Markovits, Inc.*, 296 F. Supp. 304, 306 (S.D.N.Y. 1968); *Kinelow Pub. Co. v. Photography in Business*, 270 F. Supp. 851, 853 (S.D.N.Y. 1967); *Olympia Press v. Lancer Books, Inc.*, 267 F. Supp. 920 (S.D.N.Y. 1967); *Von Tilzer v. Jerry Vogel Music Co.*, 53 F. Supp. 191, 193-94 (S.D.N.Y. 1943), *aff'd sub nom. Gumm v. Jerry Vogel Music Co.*, 158 F.2d 516 (2d Cir. 1946); *Sawyer v. Crowell Pub. Co.*, 46 F. Supp. 471, 473 (S.D.N.Y. 1942), *aff'd*, 142 F.2d 497 (2d Cir.), *cert. denied*, 323 U.S. 735 (1944); see generally Annot., *supra* note 28, at 468.

³⁰ Cases have held that compensation to the employee for his work may be considered in determining whether an employee created his work within the scope of employment and is an integral part of the nature of his employment. See *Scherr v. Universal Match Corp.*, 417 F.2d 497 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970); *Donaldson Pub. Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639 (2d Cir. 1967), *cert. denied*, 389 U.S. 1036 (1968); *Tobani v. Carl Fischer, Inc.*, 98 F.2d 57 (2d Cir.), *cert. denied*, 305 U.S. 650 (1938); *United States Ozone Co. v. United States Ozone Co.*, 62 F.2d 881 (7th Cir. 1932); *Picture Music, Inc. v. Bourne, Inc.*, 314 F. Supp. 640 (S.D.N.Y. 1970), *aff'd*, 457

right to control and supervise an employee.³¹ This last factor has been called the "hallmark" of an employee relationship.³²

In a landmark works made for hire case, *Scherr v. Universal Match Corp.*,³³ the Second Circuit addressed the doctrine. In that case, two ex-servicemen brought an action against the United States and a corporation for copyright infringement. They claimed that the Army had permitted the manufacture and sale of matchbooks, on which were printed pictures of the statue which they created while in the Army.³⁴ While they were engaged in this project, they were relieved of their other military duties.³⁵ The Army supplied the facilities, equipment, and other materials needed for making the statue.³⁶ Following its completion, plaintiffs affixed a notice of copyright on the statue. However, in order to avoid a possible confrontation with the Army over copyright ownership, they put it in a concealed place.³⁷

The court discussed the issue whether this statue was a work made for hire under the 1909 Act.³⁸ While taking into consideration judicially construed tests regarding employment relationships,³⁹ the court noted that although the plaintiffs did not voluntarily enter into an employment relationship,⁴⁰ they voluntarily engaged in making the statue.⁴¹ Therefore, because the Army had the power to supervise,⁴² and had furnished funds, fa-

F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972); *Olympia Press v. Lancer Books, Inc.*, 267 F. Supp. 920 (S.D.N.Y. 1967); *Fred Fisher Music Co. v. Leo Feist, Inc.*, 55 F. Supp. 359 (S.D.N.Y. 1944); *Von Tilzer v. Jerry Vogel Music Co.*, 53 F. Supp. 191 (S.D.N.Y. 1943), *aff'd sub nom. Gumm v. Jerry Vogel Music Co.*, 158 F.2d 516 (2d Cir. 1946); *Sawyer v. Crowell Pub. Co.*, 46 F. Supp. 471 (S.D.N.Y. 1942), *aff'd*, 142 F.2d 497 (2d Cir.), *cert. denied*, 323 U.S. 735 (1944); *see generally* Annot., *supra* note 28, at 469.

³¹ Courts have held that this factor is essential in determining whether an employee created a work within the scope of his employment. *Scherr v. Universal Match Corp.*, 417 F.2d 497 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970); *United States Ozone Co. v. United States Ozone Co.*, 62 F.2d 881 (7th Cir. 1932); *Picture Music, Inc. v. Bourne, Inc.*, 314 F. Supp. 640 (S.D.N.Y. 1970), *aff'd*, 457 F.2d 1213 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972); *Olympia Press v. Lancer Books, Inc.*, 267 F. Supp. 920 (S.D.N.Y. 1967); *Rytvoc, Inc. v. Robbins Music Corp.*, 289 F. Supp. 136 (S.D.N.Y. 1967); *Von Tilzer v. Jerry Vogel Music Co.*, 53 F. Supp. 191 (S.D.N.Y. 1943), *aff'd sub nom. Gumm v. Jerry Vogel Music Co.*, 158 F.2d 516 (2d Cir. 1946); *see generally* Annot., *supra* note 28, at 467.

³² *Epoch Prod. Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 744 (2d Cir. 1975), *cert. denied*, 424 U.S. 955 (1976); *see Sawyer v. Crowell*, 46 F. Supp. 471 (S.D.N.Y. 1942), *aff'd*, 142 F.2d 497 (2d Cir.), *cert. denied*, 323 U.S. 735 (1944).

³³ 417 F.2d 497 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970).

³⁴ 417 F.2d at 498.

³⁵ *Id.* at 499.

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.* at 500 (construing 1909 Act § 26).

³⁹ *See supra* notes 28-32 and accompanying text.

⁴⁰ 417 F.2d at 501.

⁴¹ *Id.*

⁴² *See id.* at 500 (citing M. NIMMER, NIMMER ON COPYRIGHT § 62.1 (1968)).

cilities,⁴³ and compensation to the plaintiffs,⁴⁴ the court held that the Army and the plaintiffs had an employer-employee relationship. Thus, the statue was a work made for hire⁴⁵ and, as a result, the government had not violated any rights of the plaintiffs.⁴⁶

The court, in construing the 1909 Act's works made for hire provision, relied on the presumption of copyright ownership vesting in the employer when an employment relationship existed. This presumption was followed in other cases.⁴⁷ However, the problem presented by this presumption became apparent when considering the status of independent contractors. The 1909 Act was devoid of legislative guidance for defining who obtained the copyright of work prepared by an independent contractor.⁴⁸ The courts merely extended this presumption to include the hiring party in the case of commissioned works. This was the state of the law of works made for hire before the 1976 Act.⁴⁹

⁴³ *Id.* at 501.

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *See* *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939), *cert. denied*, 309 U.S. 686 (1940), in which the court held:

[i]f [a painter] is solicited by a patron to execute a commission for pay, the presumption should be indulged that the patron desires to control the publication of copies and that the artist consents that he may, unless by the terms of the contract, express or implicit, the artist has reserved the copyright to himself.

108 F.2d at 31 (emphasis added); *see also* *Brattleboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565 (2d Cir. 1966) (even though a newspaper publishing company created the advertisements for a paying merchant, the presumption was that the copyright remained in the hands of the merchant under the works made for hire provision of the 1909 Act); *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965).

⁴⁸ *See supra* note 26 and accompanying text.

⁴⁹ To further demonstrate the vague treatment of works made for hire under the 1909 Act, note the following comments made by Barbara A. Ringer, former Register of Copyrights, regarding this provision:

(1) A "work for hire" is not one which the author created on his own volition and then sold to a proprietor. There must have been some arrangement, going beyond an assignor-assignee relationship, before the work was undertaken.

(2) A regular salary is usually indicative of employment for hire. However, whether or not a work was "made for hire" is not necessarily dependent upon whether it was prepared by an employee exclusively during regular working hours, or for a fixed salary.

(3) The phrase "work made for hire" probably applies to some commissioned works, although not to works prepared by independent contractors as "special job assignments" or to works created by an employee entirely outside the scope of his employment.

(4) The employer need not have contributed anything in the sense of "authorship" to a work made for hire; his only contribution need be the "hire" for which the employee-author worked.

Ringer, *supra* note 21, at 537-38 (footnotes omitted).

B. *Works Made for Hire Under the 1976 Act*

The definition of works made for hire under the 1976 Act is found in section 101.⁵⁰ While section 101 essentially maintains the 1909 Act's definition of works made for hire, certain changes were made. Whereas the 1909 Act simply stated that an author is an employer in the case of works made for hire,⁵¹ the 1976 Act is narrower and limits works made for hire to the work done by an employee "within the scope of his or her employment."⁵²

Another change in the 1976 Act is the addition of a statutory distinction between employees and certain independent contractors.⁵³ Although the 1976 Act is much more specific than the 1909 Act, there is still a lack of legislative guidance for the following terms under the 1976 Act: "employee," "scope of employment," and "works specially . . . commissioned." The threshold question remains whether one is considered an independent contractor or an employee. Although such silence on Congress' part may imply congressional acquiescence to past judicial interpretations of the doctrine, one commentator has suggested that "such approval should not be implied lightly because other changes in the law may affect the course of employment tests."⁵⁴

The 1976 Act has changed the status of independent contractors but the extent of that change remains uncertain. Whereas there was no mention of the role of independent contractors in the 1909 Act, the 1976 Act *specifically* enumerates nine categories under which commissioned works are considered "for hire."⁵⁵ The confusion which has resulted from the 1976 Act arises from those situations where specially commissioned works fall outside the nine enumerated categories.

⁵⁰ 17 U.S.C. § 101.

⁵¹ 1909 Act § 26.

⁵² 17 U.S.C. § 101.

⁵³ *Id.* Section 101 enumerates the following nine categories of commissioned works as works made for hire:

1. contributions to a collective work;
2. parts of a motion picture or other audiovisual work;
3. translations;
4. supplementary works;
5. compilations;
6. instructional texts;
7. tests;
8. answer material for a test; and
9. atlases.

See Note, *The Freelancer's Trap: Work For Hire Under the Copyright Act of 1976*, 86 W. VA. L. REV. 1305 (1984); see also *supra* text accompanying note 9.

⁵⁴ Simon, *supra* note 26, at 492; see also 17 U.S.C. § 101.

⁵⁵ See *supra* note 53.

A review of the legislative history of the 1976 Act⁵⁶ indicates that Congress was cognizant of the problem of protecting the rights of independent contractors.⁵⁷ In effect, Congress stated that the statutory change in the works made for hire definition of section 101 had provided the solution:

The status of works prepared on special order or commission was a major issue in the development of the definition of "works made for hire" in section 101, which has undergone extensive revision during the legislative process. The basic problem is how 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. The definition now provided by the bill represents a compromise which, in effect, spells out those specific categories of commissioned works that can be considered "works made for hire" under certain circumstances.⁵⁸

Early commentators on the 1976 Act's section 101 definition of works made for hire thought Congress had done much to clarify the confusion of who owned the copyright of works made by independent contractors.⁵⁹ Nonetheless, despite Congress' attempts to specify those works by independent contractors considered works made for hire, these commentators noted the probability of future controversy.⁶⁰

In fact, as *Aldon* demonstrates, litigation has ensued on this very question.⁶¹ Due to the continued uncertainty as to what constitutes employment and what falls within the category of commissioned works under the 1976 Act's works made for hire provision, courts may inconsistently interpret whether one is an employee or an independent contractor.

As a result, interpretation of this key doctrine has been significantly expanded in ways Congress probably had not anticipated. While section 201 of the 1976 Act maintains the presumption that

⁵⁶ H.R. REP. No. 1476, *supra* note 3, at 121.

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ Angel & Tannenbaum, *supra* note 14, at 239; see, e.g., Childers v. High Soc'y Magazine, Inc., 557 F. Supp. 978, 984 (S.D.N.Y. 1983), where the court held that a photographer was not an employee, but rather an independent contractor. Therefore, because the parties did not expressly agree in a written instrument that the photographs were works made for hire, they were not.

⁶⁰ Angel & Tannenbaum, *supra* note 14.

⁶¹ See also Sygma Photo News, Inc. v. Globe Int'l, Inc., 616 F. Supp. 1153 (S.D.N.Y. 1985); Iris Arc v. S.S. Sarna, Inc., 621 F. Supp. 916 (E.D.N.Y. 1985); Peregrine v. Lauren Corp., 601 F. Supp. 828 (D. Col. 1985); Schmid Bros., Inc. v. W. Goebel Porzellanfabrik KG, 589 F. Supp. 497 (E.D.N.Y. 1984); Gallery House, Inc. v. Yi, 582 F. Supp. 1294 (N.D. Ill. 1984).

copyright ownership vests in the employer in employment relationships,⁶² a classification and definition of employment relationships⁶³ is not always a simple matter. As will be discussed further in this Comment, the *Aldon* case held that the work of independent contractors which falls outside the nine enumerated categories of the works made for hire definition of section 101, but which had been sufficiently "supervised" and "directed," was considered to be within the scope of employment. Therefore, this work was eligible for copyright registration as a work made for hire.⁶⁴ This holding creates a new interpretation of the works made for hire doctrine under the 1976 Act.⁶⁵

One commentator has suggested that this doctrine is conducive to two simultaneous interpretations, one "radical," the other "conservative."⁶⁶ The "radical" view is that the work must either be prepared by an employee "within the scope of . . . employment"⁶⁷ or, if the work is prepared by an independent contractor, it *must* fall into one of the nine categories of subsection (2) of the works made for hire definition of section 101.⁶⁸ This view creates a strict dichotomy between independent contractors and employees. The "conservative" approach, however, does not establish mutually exclusive categories separating works of employees from works of independent contractors.⁶⁹ The only distinction is that any work done by someone not considered a regular employee can be classified as a work

⁶² 17 U.S.C. § 201(b).

⁶³ See *infra* notes 73-77 and accompanying text.

⁶⁴ 738 F.2d at 551-54 (trial judge's instructions upheld). *But see*, Sygma Photo News, Inc. v. Globe Int'l, Inc., 616 F. Supp. 1153, 1156 (S.D.N.Y. 1985) (court found that photographer was not so controlled and supervised as to be considered an employee under the works made for hire doctrine).

⁶⁵ The effect of the *Aldon* holding has been far-reaching. For example, photographers often work as freelancers and thus are considered independent contractors. After *Aldon*, attorneys are advising photographers to take precautions to protect the copyright in their works even though the work of photographers does not fall within the enumerated categories of commissioned works under 17 U.S.C. § 201(b). All contract terms should be clearly and fully written in before any work is performed. There should be no possibility of confusion remaining. See Madlin, *Five Cases That Made History*, PHOTO DIST. NEWS, Sept. 1985, at 25.

Furthermore, songwriters and music publishers have also become cognizant of the *Aldon* decision. Attorneys for songwriters are now being urged to "draft appropriate language, and to instruct . . . clients . . . to a course of conduct which will reinforce the contractual language, as, if, and when it is challenged." Siegel, "The Songwriter-Music Publisher Relationship and the Implications of 'Employment for Hire,'" N.Y.L.J., Oct. 4, 1985, at 5, col. 2. Although precautionary measures are always advisable, after *Aldon* the possibility of confusion of copyright ownership for independent contractors is even greater.

⁶⁶ O'Meara, "Works Made for Hire" Under the Copyright Act of 1976—Two Interpretations, 15 CREIGHTON L. REV. 523 (1982).

⁶⁷ 17 U.S.C. § 101.

⁶⁸ O'Meara, *supra* note 66, at 526-27.

⁶⁹ *Id.* at 527.

made for hire if it is sufficiently supervised and directed.⁷⁰ However, in order for any of the nine enumerated works of subsection (2) to be considered works made for hire, there must be an agreement to that effect in writing.⁷¹

An analysis of section 201 of the 1976 Act indicates that it is easy to formulate both of these interpretations from the statutory language of the current provision.⁷² There are no clear guidelines for defining the distinction between independent contractors and employees.

III. EMPLOYEE OR INDEPENDENT CONTRACTOR?

The determination of whether one is considered an employee or an independent contractor in copyright, as in other areas of the law, is not an easy task. As the Supreme Court wrote in 1944, there is a view that:

"common-law standards" are those the courts have applied in distinguishing between "employees" and "independent contractors" when working out various problems

The argument assumes that there is some simple, uniform and easily applicable test which the courts have used, in dealing with such problems, to determine whether persons doing work for others fall in one class or the other. Unfortunately this is not true.⁷³

Forty years later, *Aldon* illustrates that this distinction is still a difficult one to make.

As there is no established rule for deciding if one is an employee or an independent contractor, it is evident from a review of the case law that each case has been determined according to its own facts.⁷⁴ Numerous indicia have been developed to serve as

⁷⁰ See *supra* note 31 and accompanying text (cases construing 1909 Act).

⁷¹ *Id.*

⁷² See 17 U.S.C. § 201(b).

⁷³ NLRB v. Hearst, 322 U.S. 111, 120 (1944).

⁷⁴ For example, the employee or independent contractor distinction was discussed in early cases concerning terms of the Internal Revenue Code. See, e.g., *Azad v. United States*, 388 F.2d 74 (8th Cir. 1968); *Saiki v. United States*, 306 F.2d 642 (8th Cir. 1962). The definition of the common law employee in 26 CFR §§ 31.3121(d)-1(c) (1962) was cited in *Saiki*:

(c) Common law employees.

(1) Every individual is an employee if under the usual common law rules the relationship between him and the person for whom he performs services is the legal relationship of employer and employee.

(2) Generally such relationship exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished.

guidelines for making such a determination.⁷⁵ Professor Nimmer has suggested that a review of *Restatement (Second) of Agency* section 220 provides a good basis for analyzing an individual's employment status under the works made for hire doctrine.⁷⁶ Agency law is useful in that it sets out certain factors which are indicative of whether one is considered an employee or an independent contractor.⁷⁷

That there are no decisive guidelines for establishing the work-

That is, an employee is subject to the will and control of the employer not only as to what shall be done but how it shall be done. In this connection, it is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if he has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is an employer. Other factors characteristic of an employer, but not necessarily present in every case, are the furnishing of tools and the furnishing of a place to work, to the individual who performs the services. In general, if an individual is subject to the control or direction of another merely as to the result to be accomplished by the work and not as to the means and methods for accomplishing the result, he is an independent contractor. An individual performing services as an independent contractor is not as to such services an employee under the usual common law rules. Individuals such as physicians, construction contractors, public stenographers, and auctioneers, engaged in the pursuit of an independent trade, business, or profession, in which they offer their services to the public, are independent contractors and not employees

(3) Whether the relationship of employer and employee exists under the usual common law rules will in doubtful cases be determined upon an examination of the particular facts of each case.

Saiki, 306 F.2d at 648 (citation omitted).

⁷⁵ See *supra* notes 28-32 and accompanying text.

⁷⁶ 1 M. NIMMER, NIMMER ON COPYRIGHT § 5.03[B] (1985).

⁷⁷ The Restatement provides:

§ 220. Definition of Servant

(1) A servant is a person employed to perform services in the affairs of another and who with respect to the physical conduct in the performance of the services is subject to the other's control or right to control.

(2) In determining whether one acting for another is a servant or an independent contractor, the following matters of fact, among others, are considered:

(a) the extent of control which, by the agreement, the master may exercise over the details of the work;

(b) whether or not the one employed is engaged in a distinct occupation or business;

(c) the kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of the employer or by a specialist without supervision;

(d) the skill required in the particular occupation;

(e) whether the employer or the workman supplies the instrumentalities, tools, and the place of work for the person doing the work;

(f) the length of time for which the person is employed;

(g) the method of payment, whether by the time or by the job;

(h) whether or not the work is a part of the regular business of the employer;

(i) whether or not the parties believe they are creating the relation of master and servant; and

(j) whether the principal is or is not in business.

RESTATEMENT (SECOND) OF AGENCY § 220 (1958); see *infra* notes 108-10 and accompanying text.

ing status of an individual as either an employee or independent contractor, indicates that there needs to be a more detailed explanation in the 1976 Act for providing whether one is to be considered an employee or an independent contractor. The distinction is crucial, because it could mean the preservation or loss of an author's copyright protection in his own work. The ambiguous nature of this distinction provides the setting for the *Aldon* case.

IV. *ALDON ACCESSORIES LTD. v. SPIEGEL, INC.*

A. *Factual Background*

Aldon Accessories Ltd. primarily designed and marketed figurines and other decorative pieces for the home.⁷⁸ It promoted sales nationwide through catalogs, a showroom in New York City, and exhibit booths at trade shows.⁷⁹ Arthur Ginsberg, Aldon's principal in charge of the creative and production side of the business, conceived the idea of creating statuettes of mythological creatures, including a unicorn and Pegasus. Ginsberg first contracted with a Japanese firm to make these statuettes in porcelain, and then with a Taiwanese firm to make the statuettes in brass.⁸⁰ According to Ginsberg, although he was not an artist, he "actively supervised and directed the work step by step."⁸¹ Aldon filed a certificate of copyright registration of these items as the author based on the works made for hire provision.⁸²

This litigation arose when Aldon attempted unsuccessfully

⁷⁸ 738 F.2d at 549.

⁷⁹ *Id.*

⁸⁰ *Id.* at 549-50.

⁸¹ *Id.* at 550. Ginsberg's testimony, which the court reproduced, described his view of his participation in the development of the statuettes:

An artist that had worked with me and I sat down together, and we took some of the sketches that we had made on my previous visit . . . and we tried to go over those sketches that we both had done together, to come up with a shape or form that would satisfy me for its acceptability. And finally the artist and I agreed on a certain kind of pose, certain proportions for the horse, the musculature, the way the mane was supposed to be done, the sense of its movement, the way it would be produced . . . [a]nd setting up sketches at that first instance, that would at once be aesthetically pleasing to me and that would have marketability and at the same time as a practical matter could be made economically.

After the sketches were agreed upon we had a model maker who makes models in clay, and interpreting from a two-dimensional sketch to a three-dimensional model takes a lot of work until it is satisfactory. And the model was prepared in front of me, and we spent hours and hours changing shapes, adjusting attitudes and proportions until finally I thought there was a model that I liked.

Id. at 549-50.

⁸² *Id.* at 550.

to get Spiegel, its competitor,⁸³ to discontinue sales of brass unicorns which Aldon claimed were identical to its own.⁸⁴ Accordingly, Aldon brought an action against Spiegel in the United States District Court for the Southern District of New York claiming copyright infringement.⁸⁵ The jury returned a verdict in favor of Aldon and Spiegel appealed.⁸⁶ On appeal, the Second Circuit found that only two of Spiegel's arguments warranted discussion, one of which will be analyzed in this Comment.⁸⁷

Spiegel argued that the trial judge erroneously charged the jury on the doctrine's scope under the 1976 Act.⁸⁸ Specifically, Spiegel argued that the following instruction, which was perhaps correct under the 1909 Act, was erroneous under the 1976 Act. The Judge charged that:

[a] work for hire is a work prepared by what the law calls an employee working within the scope of his employment. What that means is, a person acting under the direction and supervision of the hiring author, at the hiring author's instance and expense. It does not matter whether the for-hire creator is an employee in the sense of having a regular job with the hiring author. What matters is whether the hiring author caused the work to be made and exercised the right to direct and supervise the creation.⁸⁹

Spiegel contended that regular employees and independent contractors are separately treated under the 1976 Act, and that independent contractors are covered exclusively by subdivision (2) of the definition of works made for hire in section 101.⁹⁰ As the Japanese and Taiwanese artists were not regular employees of Aldon, they had to be independent contractors for Aldon to be the copyright owner. The porcelain and brass statuettes could not be con-

⁸³ *Id.* at 549.

⁸⁴ *Id.* at 550.

⁸⁵ An important aspect of the *Aldon* case which should not be overlooked is an examination of the parties involved. One commentator has suggested that the outcome might have been different had this not been a suit brought by a commissioning party as copyright owner against an alleged infringer. 1 COPYRIGHT L.J. 38 (N. Boorstyn ed. 1984).

Nevertheless, despite the parties involved, the precedential value of the *Aldon* holding may have grave consequences in future works made for hire cases, especially those involving independent contractors.

⁸⁶ 738 F.2d at 549.

⁸⁷ *Id.* This Comment will address the scope of the works made for hire doctrine under the 1976 Act. The other issue to which the court responded was the propriety of the jury instructions on access and similarity. *Id.* at 553-54. A discussion of this issue is beyond the scope of this Comment.

⁸⁸ *Id.* at 551.

⁸⁹ *Id.*

⁹⁰ *Id.*

sidered works made for hire because they did not fall under any of the nine enumerated categories, and the artists did not sign an agreement which stated that the statuettes were works made for hire.⁹¹ Since neither the requirements for employees nor those for independent contractors under the doctrine were met, Spiegel claimed that Aldon could not be the copyright owner.

Spiegel also argued that the instruction permitted the jury to find that the work was made for hire by an independent contractor, if the work was done "at the hiring author's instance and expense" and where "the hiring author . . . exercised the right to direct and supervise the creation."⁹² This, Spiegel claimed, was a new treatment of independent contractors outside the scope of section 101.⁹³

B. *Holding and Rationale*

The appellate court, in an opinion by Chief Judge Feinberg, agreed that Spiegel was correct in its contention that the statuettes could not be considered works made for hire under subdivision (2) of the works made for hire definition of section 101. However, the court held that the district judge's instruction was proper.⁹⁴ The district court stated that subsection (1) of the works made for hire definition of section 101 of the 1976 Act pertaining to employees and scope of employment was applicable.

In its analysis of the case, the appellate court cited several decisions construing the 1909 Act's works made for hire provisions concerning employer-employee relationships.⁹⁵ The court stated that there was nothing in the 1976 Act or its legislative history which indicated that Congress meant to dispense with the prior law (1909 Act) concerning "employees."⁹⁶

The court found that Ginsberg was "in a very real sense, the artistic creator."⁹⁷ Even though he did not personally construct the statuettes, there was enough evidence, according to the court, to find that Ginsberg "actively supervised" and "directed" the artists.⁹⁸ Therefore, the artists in *Aldon* could be classified as

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.* at 551-52.

⁹⁵ *Id.* at 552 (citations omitted).

⁹⁶ *Id.* (citing *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Constr. Co.*, 542 F. Supp. 252, 257-58 (D. Neb. 1982)).

⁹⁷ *Id.* at 553.

⁹⁸ *Id.*; see *Florabelle Flowers, Inc. v. Joseph Markovits, Inc.*, 296 F. Supp. 304 (S.D.N.Y. 1968).

employees and would be statutorily treated as such under section 101.⁹⁹ Aldon was considered the copyright owner.

C. Analysis

The appellate court in *Aldon* succinctly phrased the key issue when it asked "is the contractor 'independent' or is the contractor so controlled and supervised in the creation of the particular work by the employing party that an employer-employee relationship exists[?]"¹⁰⁰ The court's holding, however, obliterates any distinction between employees and independent contractors, a distinction which is crucial to the works made for hire provision of the 1976 Act.¹⁰¹

An analysis of the court's conclusion of law with respect to employees and independent contractors is necessary to understand the rationale behind the court's holding and the impact such a holding will have on future cases.

The *Aldon* court, in making its determination of the status of the works in this case, reviewed—for guidance—several 1909 Act cases which interpreted the works made for hire provision with respect to employment relationships.¹⁰² These court-construed tests held that an employer-employee relationship could be presumed, whether an employee was "regular" or "formal."¹⁰³ The *Aldon* court, however, failed to fully analyze the specific facts before it in making its determination.

The essence of the *Aldon* court's opinion was that although the 1976 Act changed the status of the independent contractor,¹⁰⁴ Congress did not intend to narrow the status of "regular" employee under the doctrine.¹⁰⁵ The court stated that nowhere in the legislative history did Congress indicate that the 1976 Act would affect contractors who were properly supervised and directed. These individuals would be treated as "employees" act-

⁹⁹ 738 F.2d at 553.

¹⁰⁰ *Id.* at 552.

¹⁰¹ See 1 COPYRIGHT L.J. 38 (N. Boorstyn ed. 1984).

¹⁰² See *supra* notes 28-32 and accompanying text.

¹⁰³ 738 F.2d at 552; see also *Gallery House, Inc. v. Yi*, 582 F. Supp. 1294 (N.D. Ill. 1984); see *supra* notes 20-49 and accompanying text.

¹⁰⁴ The court stated that the 1976 Act was changed in an attempt to rectify the injustices done to those independent contractors who created works with little or no assistance from the hiring party. 738 F.2d at 552 (citing H.R. REP. NO. 1476, *supra* note 3, at 121).

¹⁰⁵ The court noted that had Congress meant "to narrow the type of employment relationships within the work for hire doctrine to include only 'regular' employees, it is unlikely that there would have been no discussion of this change in the legislative history." *Id.*

ing within "the scope of employment."¹⁰⁶

In an attempt to define the ambiguous use of the key terms of "employee" and "scope of employment," the *Aldon* court cited Professor Nimmer,¹⁰⁷ and suggested "that it is necessary to look at the general law of agency as applied by prior copyright cases in applying subdivision (1) under the new Act."¹⁰⁸ Although this was a plausible suggestion, the court did not follow its own advice. Nowhere in the opinion did the court review the general laws of agency under section 220 of the *Restatement (Second) of Agency*.¹⁰⁹ The *Aldon* court could have applied each of the factors listed in section 220 in making a determination of employment.¹¹⁰ Instead, the court did not apply these guidelines and instead merely noted that Aldon's control and participation in the creation of the statuettes was sufficient to create an employment rather than commission relationship.¹¹¹

The *Aldon* court also relied on precedent interpreting the 1976 Act's works made for hire provision concerning independent contractors. Several of these cases concerned copyright ownership of the works made by architects.

For example, the Ninth Circuit, in *May v. Morgenalli-Heumann & Assocs.*,¹¹² applied the 1909 Act's provision for works made for hire, because the events at issue occurred before the effective date of the 1976 Act.¹¹³ *May* involved a suit brought by an architect against a homeowner and an architecture firm for, *inter alia*, copyright infringement.¹¹⁴ The court held that under the doctrine, when an employer hired an employee or independent contractor to produce work of artistic nature, prior courts *presumed*, in the absence of contrary proof, that the parties expected the employer to own the copyright.¹¹⁵ The court found, however, that custom and usage in the architectural profession allows the architect to retain control over his work. This custom and usage could be considered extrinsic evidence rebutting the presump-

¹⁰⁶ *Id.*

¹⁰⁷ *Id.* (citing 1 M. NIMMER, NIMMER ON COPYRIGHT § 5.03[B][1] (1983)).

¹⁰⁸ *Id.*

¹⁰⁹ RESTATEMENT (SECOND) OF AGENCY § 220 (1958). The definition of a servant as given in the Restatement contains many determining factors which the court here should have reviewed. See *supra* note 77 and accompanying text.

¹¹⁰ See *supra* note 77.

¹¹¹ 738 F.2d at 553.

¹¹² 618 F.2d 1363 (9th Cir. 1980).

¹¹³ The 1976 Act became effective on January 1, 1978. 17 U.S.C. § 101.

¹¹⁴ 618 F.2d at 1365.

¹¹⁵ *Id.* at 1368-69.

tion of ownership by the employer.¹¹⁶

When it considered the plaintiff's claim under the works made for hire provisions of the 1976 Act, the court viewed May:

as an independent contractor rather than an employee, so under Section 101 [of the 1976 Act] May's drawings would not be subject to the "works for hire" doctrine, both because of the absence of a written agreement so providing, and because the drawings do not fall within one of the prescribed categories of work.¹¹⁷

The *Aldon* court claimed that its holding was consistent with the interpretation of the 1976 Act in *May*, because there was not sufficient evidence that the hiring party in *May* actively participated in drafting the plans.¹¹⁸ However, *nowhere* in the *Aldon* opinion did the court specify how much supervision is enough to create an employer-employee relationship. The facts in *May* indicated that the hiring party did have some input into the plans.¹¹⁹

Subsequently, in *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Constr. Co.*,¹²⁰ the district court in Nebraska, relying on *May*, held that an architecture firm was an independent contractor and not an employee under the 1976 Act. The *Aitken* court acknowledged control and supervision as the key factors in deciding whether an employment relationship existed between two parties.¹²¹ The importance of the case, however, is the criteria used by the court in determining that the relationship between the plaintiff and defendant was devoid of factors characteristic of an employer-employee relationship. As the court noted:

[t]he plaintiff [alleged employee] furnished its own employees, drawing tools, and place to work. The plaintiff was not continuously or exclusively engaged by [the defendant], but was en-

¹¹⁶ *Id.* at 1369.

¹¹⁷ *Id.* at 1368 n.4 (emphasis added). The *May* court further declined to give the 1976 Act retroactive effect. *Id.*

¹¹⁸ 738 F.2d at 553.

¹¹⁹ The following finding by the court indicated that the hiring party in *May* did have some supervision over the drafting of the plans:

Quite clearly Jones and May treated the preliminary drawings as distinct from the working (final) drawings with separate fees payable with respect to each. Each type of drawing was the bargained for consideration for the fee applicable to it. Moreover, there was nothing in the contract that obligated Jones to accept working drawings from May in the absence of Jones's authorization of their preparation in the manner required by the contract May's duty to prepare working drawings was subject to the condition precedent of an authorization by Jones of their preparation.

618 F.2d at 1366 (emphasis added).

¹²⁰ 542 F. Supp. 252 (D. Neb. 1982).

¹²¹ *Id.* at 257.

gaged simultaneously by many clients and scheduled work on projects for these clients according to time priorities. [Defendant] had no control over when the plaintiff worked on its commissioned project or the means utilized when such work was performed.¹²²

The *Aldon* court did not question whether the relationship between *Aldon* and the Taiwanese and Japanese artists met the *Aitken* guidelines. For example, who supplied the tools and facility to work? Were the artists continuously engaged by *Aldon*? Did *Aldon* have control over the artists' schedule? In an attempt to make a proper analysis of the working relationship between individuals, it at least would have been appropriate to look at the factors which the *Aitken* court found significant.¹²³

Perhaps one of the major problems with the *Aldon* decision is the court's seeming disregard for the statutory language of section 101 of the 1976 Act. One case which addressed this problem is *Meltzer v. Zoller*,¹²⁴ in which the court stated that "it is a well-known canon of construction that the language of the statute is the best indication of legislative intent."¹²⁵ The issue in *Meltzer* also concerned copyright ownership of architectural drawings under the works made for hire doctrine of the 1976 Act. That court held that the architects were independent contractors, because architectural drawings are *not* within the nine categories of subsection (2) of the definition of works made for hire of section 101. Therefore, they would not be considered as works made for hire.¹²⁶

The Second Circuit in *Aldon* claimed that the *Meltzer* court was not obligated to consider the range of employer-employee relationships, because of its findings that the architecture firm was an independent contractor and the plaintiff's contribution to the architectural plans was minimal.¹²⁷ In fact, the findings of the *Meltzer* court were that "plaintiff prepared sketches illustrating in some detail features of the house which he and his wife required, and presented such sketches to the architect [T]hroughout the evolution of the plans, plaintiff contributed ideas and made certain changes and exercised approval power."¹²⁸

¹²² *Id.* at 258.

¹²³ *See id.*

¹²⁴ 520 F. Supp. 847 (D.N.J. 1981).

¹²⁵ *Id.* at 855.

¹²⁶ *Id.* The *Meltzer* court stated that it could be presumed that Congress was aware of the prior construction of the terms of the 1909 Act and purposely excluded architectural plans from the 1976 Act. *Id.*

¹²⁷ 738 F.2d at 553.

¹²⁸ 520 F. Supp. at 856-57.

The *Meltzer* court held that the homeowners could not claim copyright of the plans under the doctrine, because custom in the architect's profession rebuts the presumption of ownership in the commissioning party.¹²⁹ Since the *Meltzer* court found that the firm was not an employee but an independent contractor, the *Aldon* court was able to distinguish this case. The *Aldon* court considered the Taiwanese and Japanese artists to be employees.

The foremost problem with the Second Circuit's decision in *Aldon* is the conspicuous confusion which the court created in attempting to develop judicial guidelines for making the determination of whether an employment relationship existed. The court in *Aldon* broadly held that the Taiwanese and Japanese artists were employees and not independent contractors, therefore allowing *Aldon* to register its copyright under the works made for hire provision pertaining to employees.¹³⁰ The court found that supervision and direction were sufficient to create an employer-employee relationship; however, an assertion this broad is ambiguous. As one commentator has written on use of such a determination concerning the supervisory aspect of works made for hire, "what is essential to one court may be of little relevance to another, and may even be discounted on occasion by the court originating the factor."¹³¹

The court failed to substantiate its conclusion that the jury's finding of an employer-employee relationship was supported by ample evidence.¹³² The evidence to which the court referred could have indicated a relationship of an independent contractor just as easily as a relationship of employer-employee. After the decision in *Aldon*, any distinction between the two, under the works made for hire provision of the 1976 Act, is nebulous.

V. THE NEED FOR REFORM OF THE WORKS MADE FOR HIRE DOCTRINE OF THE 1976 COPYRIGHT ACT

There have been several attempts to reform the works made for hire doctrine. One proposal made by screenwriters and composers for motion pictures, during the revision of the 1909 Act was:

for the recognition of something similar to the "shop right" doctrine of patent law: with some exceptions, the employer would acquire the right to use the employee's work to the ex-

¹²⁹ *Id.* at 856.

¹³⁰ 17 U.S.C. § 101.

¹³¹ Simon, *supra* note 26, at 488 (footnote omitted).

¹³² 738 F.2d at 533.

tent needed for purposes of his regular business, but the employee would retain all other rights as long as he or she refrained from the authorizing of competing uses.¹³³

This suggestion was rejected because Congress feared the uncertainties of the shop right doctrine.¹³⁴ However, after *Aldon*, it appears that interpretation of the current works made for hire doctrine is no less certain.

Other legislative approaches to resolving the works made for hire controversy have been suggested. On the state level, there has been some attempt to deal with this problem. The California Legislature changed its Labor Code¹³⁵ to include a definition of employee for purposes of work made for hire as:

Any person while engaged by contract for the creation of a specially ordered or commissioned work of authorship in which the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire, as defined in Section 101 of Title 17 of the United States Code, and the ordering or commissioning party obtains ownership of all the rights comprised in the copyright in the work.¹³⁶

Similar legislation was introduced in the New York Legislature.¹³⁷ In March 1980, a bill was introduced which would have amended the New York General Business law so that:

[a] contract for the creation of a specially ordered or commissioned work of art that is stated to create a work-for-hire relationship between the artist making the work of art and the ordering or commissioning party shall automatically give to the artist the status of an employee under the laws of the state

¹³³ H.R. REP. NO. 1476, *supra* note 3, at 121.

¹³⁴ *Id.* Note the following comments made by Borge Varmer on the inability of the shop right doctrine of patent law to clarify copyright law:

The [United States] patent statute makes no special provision regarding the ownership of patents or inventions made by employees for hire, but the following rules have been developed by the courts in construing employment contracts and applying trade custom. If an employee makes an invention in the course of his general employment or through the use of his employer's facilities, he is entitled to secure the patent, but his employer will have a "shop right" in such patent. This "shop right" is in the nature of an implied nonexclusive license to utilize the patent throughout the term of protection. However, if an employee is hired specifically for the purpose of making a particular invention, or if during his employment he is specifically assigned to work on an invention, the employer is considered to be entitled to ownership of the patent and may compel the employee to assign to him the patent secured by the employee.

Varmer, *supra* note 21, at 732 (emphasis added).

¹³⁵ CAL. LAB. CODE § 3351.5(c) (West Supp. 1986).

¹³⁶ *Id.*

¹³⁷ N.Y. Assembly Bill 10010 (Mar. 4, 1980).

of New York with respect to that transaction.¹³⁸

This bill stalled in committee, despite the fact that many artists' rights groups supported it. However, these groups may reintroduce a modified version of it based on the success of the California legislation.¹³⁹

Although attempts by state legislatures are a step in the right direction, the most appropriate remedy is a federal legislative amendment to the 1976 Act. As one commentator has suggested, "since federal law preempts state law dealing with copyrights, state legislation regarding employer/employee relationships may be preempted where copyright is at issue."¹⁴⁰

Three federal bills had been proposed previously, two in the Senate, one in the House of Representatives. Senator Thad Cochran (D. Miss.) presented a bill in 1982 to amend clause (2) of the section 101 definition of works made for hire of the 1976 Copyright Act.¹⁴¹ However, it "died" at the end of the 97th Congress without being reported out of committee. Shortly thereafter, in November 1983, Cochran introduced a new bill, S. 2138,¹⁴² to the 98th Congress, which also did not win Senate approval.

In June 1984, Representative Barney Frank (D. Mass.) introduced H.R. 5911¹⁴³ to the House. This bill was identical to S. 2138 introduced by Senator Cochran; however, it also was not able to win House support.

¹³⁸ *Id.*

¹³⁹ Barry, *Legislative Proposals for "Work for Hire,"* N.Y.L.J., May 18, 1984, at 5, col. 1.

¹⁴⁰ Comment, *Free Lance Artists, Works for Hire, and the Copyright Act of 1976*, 15 U.C.D.L. Rev. 703, 717 (1982) (footnote omitted). The section of the 1976 Act which deals with federal copyright preemption over state laws is section 301(a) which provides that:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

¹⁴¹ S. 2044, 97th Cong., 2d Sess. (1982). The text of the Bill was as follows:

A Bill

To amend the copyright law regarding work for hire.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 of title 17, United States Code, is amended in clause (2) of the definition of "work made for hire" by—

- (1) striking out "as a contribution to a collective work, as a part of a motion picture or other audiovisual work,";
- (2) striking out "as an instructional text"; and
- (3) striking out "indexes," through the end of such clause and inserting in lieu thereof "indexes."

¹⁴² S. 2138, 98th Cong., 1st Sess. (1983); see Note, *supra* note 53, at 1307-09, 1335-38.

¹⁴³ H.R. 5911, 98th Cong., 2d Sess. (1984).

Currently, Senator Cochran has introduced a new bill to revise S. 2138 in the 99th Congress.¹⁴⁴ This bill alters past attempts to change the work made for hire provision of the 1976 Act. A review of it presents a clearer understanding of the problems associated with the current provision.

S. 2330 clarifies the meaning of the phrase "within the scope of . . . employment" as it is used in the definition of works made for hire.¹⁴⁵ This definition in section 101 of the 1976 Act is amended by inserting after the phrase "(1) work prepared by an employee within the scope of his or her employment" the following:

[I]f the employee receives all employment benefits due under applicable State and Federal law and the employer withholds taxes from such payments to the employee and remits such taxes to the Internal Revenue Service.¹⁴⁶

The impact of this change, if applied in a case such as *Aldon*, would be that only if the parties took appropriate action as to what their intentions were at the time the work was made (*e.g.*, giving employee benefits and withholding taxes) could an artist be considered an "employee" under the work made for hire doctrine. The presumption of employment would not automatically be applied.

The definition of "work specially . . . commissioned" currently found under subsection (2) of the section 101 definition of work made for hire would be changed to the following:

[A] work specially ordered or commissioned for use as a part of a motion picture, if for each such work the parties expressly agree in a separate written instrument signed by them prior to the commencement of any work pursuant to such an order or commission that the work shall be considered a work made for hire.¹⁴⁷

This amendment would clarify the confusion which arises under the current definition of commissioned works. The effect of this change would be to ascertain from the start the intentions of the parties.

Finally, another change proposed in Cochran's latest bill is the insertion of a new phrase at the end of subsection (2). This addition limits what could be considered work made for hire. The new addition reads:

¹⁴⁴ S. 2330, 99th Cong., 2d Sess. (1986).

¹⁴⁵ 17 U.S.C. § 101.

¹⁴⁶ S. 2330, 99th Cong., 2d Sess. (1986).

¹⁴⁷ *Id.*

unless the work falls within either clause [subdivision] (1) or clause [subdivision] (2), it cannot be work made for hire.¹⁴⁸

VI. CONCLUSION

Interpreting the meaning of "scope of employment," "employee," and "works specially . . . commissioned" as these terms are used in section 101 of the 1976 Act has become a key concern in copyright law. Because of the imprecise nature of the application of the works made for hire doctrine, the trend today is to be extremely cautious when creating works for another.

Whether one is considered an employee or an independent contractor is of crucial importance. Congress' vague approach in defining works made for hire has not only affected artists' individual rights. It has created ambiguity, as in *Aldon*, in determining who owns the copyright when competing manufacturers of artistic creations attempt to sell their goods.¹⁴⁹

As a result of the growing confusion, the necessity for clarification of the works made for hire doctrine is vital. After *Aldon*, the rights of independent contractors in their own creations are precarious at best. The Second Circuit has created more confusion than clarity. Without a formal agreement between the parties as to their respective roles and rights, the works made for hire doctrine of the 1976 Copyright Act has become a quagmire of semantics.¹⁵⁰

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¹⁴⁸ *Id.*

¹⁴⁹ 738 F.2d at 551-53; see also *Iris Arc v. S.S. Sarna, Inc.*, 621 F. Supp. 916 (E.D.N.Y. 1985).

¹⁵⁰ The reasoning behind the need for clarification of the works made for hire doctrine was expressed by Judge Friendly in his dissent in *Scherr v. Universal Match Corp.*, 417 F.2d 497, 502 (2d Cir. 1969), (Friendly, J., dissenting), *cert. denied*, 397 U.S. 936 (1970). Although *Scherr* involved the works made for hire doctrine under the 1909 Act, Friendly's dissent is also applicable to the doctrine under the 1976 Act:

[T]he Constitution, Art. I, § 8, authorizes only the enactment of legislation securing "authors" the exclusive right to their writings. It would thus be quite doubtful that Congress could grant employers the exclusive right to the writings of employees regardless of their circumstances. . . . [B]oth in the Constitution and in the Copyright Act, the emphasis is on protecting the "author" and . . . any principle depriving him of copyright and vesting this in another without his express assent must thus be narrowly confined.

417 F.2d at 502 (Friendly, J., dissenting).