Sufficiently Supervised Commissioned Workers: Mythical Beasts Sculpted from Old Law

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I. INTRODUCTION: A MODERN FAIRY TALE

One day Behemoth Corporation approached Famous Artist with an offer for her to design its latest product. Famous agreed to sculpt a fire-breathing dragon to serve as a model for aluminum castings. Priscilla, president of Behemoth, was fascinated by Famous's artistic ability. She also had certain ideas about how a dragon's snout should look, so she frequently visited Famous's studio, stood over her shoulder, and made suggestions whenever possible. Despite Priscilla's help, the mythical beast was completed. A few days later, Behemoth started casting replicas, and Famous sent them an invoice for $9000. All was well until Priscilla refused to pay Famous, claiming that the fee was too high. Famous ran to her attorney, Merlin, for advice. In order to persuade Priscilla to pay, Merlin advised Famous to register copyright and file for an injunction to cease production of the dragons. After a few days, the parties met in court and Famous was thrown out for lack of copyright ownership. Bewildered by the outcome, Merlin later explained that while Famous was shaping stone into art, Priscilla's overbearing presence transformed a commissioned artist into an employee.

As a part of the Copyright Act of 1976, Congress designed the "work made for hire" definition to distinguish between works prepared on commission and works prepared by an employee within the scope of employment. This comment discusses the following: 1) what the "work made for hire" provisions mean in light of the legislative history; 2) how corporate compliance with the provisions has adversely affected commissioned workers; 3) how recent court cases have resulted in obsolete interpretations of the "work made for hire" definition; and 4) what is being done by the Legislature to clarify the present definition of "work made for hire."

II. THE NEW WORK MADE FOR HIRE PROVISION: THIS KNIGHT SERVES TWO MASTERS

The Copyright Act of 1976,1 [hereinafter the New Act] provides

that in the case of a “work made for hire,” the employer, or other person for whom the copyrightable work was prepared, is considered both the author and the owner of all of the rights comprised in the copyright. Furthermore, the New Act says that employers shall own the copyright to the “work made for hire” unless the parties have expressly agreed to the contrary in a written agreement signed by them. However, the New Act defines a “work made for hire” as either: (1) a work prepared by an employee within the scope of his or her employment; or (2) a specially ordered or commissioned work that fits into one of nine specific categories if the parties expressly agree in a signed written instrument that the work shall be considered a “work made for hire.” The nine categories are: a contribution to a collective work; a part of a motion picture or other audiovisual work; a translation; a supplementary work; a compilation; an instructional text; a test; answer material for a test; and an atlas.

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


Section 102(a) defines copyrightable work. It states that “[c]opyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” 17 U.S.C. § 102(a) (1982).

Copyright ownership comprises the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;
(2) to prepare derivative works based upon the copyrighted work;
(3) 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;
(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and
(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display copyrighted work publicly.


3. A “work made for hire” is:

(1) a work prepared by an employee within the scope of his or her employment; or
(2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.


4. Id.
the commissioned work does not fall into one of the nine categories, it cannot qualify as "work made for hire" even if the parties so agree.\(^5\) Famous's dragon, for example, should not qualify as "work made for hire" because sculptured works are not included among the nine categories.

Before the New Act took effect on January 1, 1978, the common law presumption was that copyright ownership of a commissioned work would vest in the commissioning party, unless the intention of the parties proved otherwise.\(^6\) However, the reason for changing the common law "work made for hire" definition was to create a provision compromising the separate interests of employers and commissioned workers.\(^7\) The House Report, which explains the New Act, states:

> 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.\(^8\)

Part of the rationale for Congress's giving greater rights to commissioned workers is constitutional. Article I grants Congress the legislative power "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."\(^9\) Such a

\(^{5}\) If a work does not fall within one of the above categories, then even if it has been prepared by one person upon the special order or commission of another, it will not qualify as a 'work made for hire,' with the special legal consequences which flow from this designation.

\(^{6}\) Brattleboro Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565 (2d Cir. 1966) (where copyright ownership cannot be determined based on the intent of the parties, the presumption of ownership runs in favor of the employer); Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298 (9th Cir. 1965) (where a party is commissioned by another, it is presumed that the mutual intent of the parties is that copyright ownership vests in the commissioning party); Yardley v. Houghton Mifflin Co., 108 F.2d 28 (2d Cir. 1939) (in the absence of proof that the parties intended that the commissioned artist own the copyright, copyright ownership vested in the city which commissioned the artist).


\(^{8}\) Id.

\(^{9}\) U.S. CONST. art. I, § 8, cl. 8. James Madison, chronicler of the debates in the Constitutional Convention, stated in regard to the efficacy and purpose of the patents and copyright clause:

> The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged in Great Britain to be a right at common law. The right to useful inventions, seems with equal reason to belong to the in-
mandate would seem to go against the idea that copyright ownership could ever vest in an employer. Indeed, the issue has arisen in the past, but the Supreme Court has found that “work made for hire” provisions are constitutional.10

Congressional intent that copyright law conform to constitutional requirements was accomplished by designing the New Act so that copyright ownership would normally vest in commissioned workers.11 Comparison of the “work made for hire” definition in a 1963 preliminary draft bill to the final bill of 1976 illustrates this point. The 1963 draft bill did not permit any commissioned works to qualify as “works made for hire.”12 The final draft of the bill was longer because Congress added the nine specific categories as exceptions to all the other types of commissioned works, provided the parties agree in

ventors. The public good fully coincides in both cases with the claims of individuals.


10. The Supreme Court ruled that the employer held the copyright in the creative products of its employees. Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903); see also M. Nimmer, supra note 5, § 1.06(C) (1986) (Employers as Authors).

This point has been questioned as unconstitutional and unfair to employees. At the legislative discussions for the New Act, screenwriters and composers for motion pictures proposed a “shop right” for employees. Patent law uses the “shop right” doctrine, which means that “with some exceptions, the employer would acquire the right to use the employee’s work to the extent needed for purposes of his or her regular business, but the employee would retain all other rights as long as he or she refrained from the authorizing of competing uses.” H.R. Rep. No. 1476, 94th Cong., 2d Sess. 121, reprinted in 1976 U.S. CODE CONG. & ADMIN. NEWS 5659, 5737.

The “shop right” doctrine would also preserve the right to a copyright for the creator if a corporate owner was no longer a going concern. Hearings on H.R. 4347, H.R. 5680, H.R. 6831, and H.R. 6855 Before Subcommittee No. 3 of the House Comm. of the Judiciary, 89th Cong., 1st Sess. (1966).

At least two commentators have stated that these recommendations to change ownership rights of employers and employees were not adopted for the following reasons: 1) difficulty to statutorily define whether or not a particular use of a work competes with the employer’s use; 2) impracticalities of dividing rights where it is the product of multiple employees; 3) users of works would not know with whom they were to negotiate so as to acquire the necessary rights. Angel & Tannenbaum, supra note 2, at 212.

The overall reasons for granting all rights to an employer are: “(1) the work is produced for the employer and under his direction; (2) the employee is compensated for his work; and (3) since the employer pays the costs and bears the risk of any loss, he should reap any gains.” Angel & Tannenbaum, supra note 2, at 211, n.8.


12. Id.
writing that the work is “for hire.” Furthermore, in the process of developing the bill, the special interest groups, which are represented by one or more of the nine categories, had to convince Congress that certain corporate entities could be creators for copyright purposes.

III. THE COMMISSIONED WORKER: A DAMSEL IN DISTRESS

Despite the “carefully balanced compromise” that emerged as the New Act, independent contractors whose work falls into one of the

The Project does not contain the development of the New Act definitions because § 101 was never commissioned to a researcher. Interview with Daphne Gronich, Copyright and Litigation Counsel, Twentieth Century Fox Film Corp., (Apr. 11, 1986) (Ms. Gronich researched some of the sections in the Project).
The cases do hold that ‘employment for hire’ exists where there is the relationship of ‘master and servant,’ that is, where the person receives compensation and is subject to control and regulation by the person for whom he performs the work.

KARP:
[S]ome of the difficulty . . . is that we are trying to lump together two situations that are really inconsistent and unrelated. I don’t disagree . . . that a motion picture is a work authored by a motion picture company. . . . It’s a composite work . . . .
I am concerned about the situation where someone orders a book written. . . . The book is written by the author, the man who sat down and wrote it. Then somebody else says, ‘I am the author under this section, because I was your employer-for-hire.’ . . .
Now, you’ve got entirely different situations. In one case you’ve got a composite work in which the producer brings together the efforts of many creative skills and talents and merges them. . . . In the other, you’ve got a work written by a natural author, and ‘author’ as the word was used in the Constitution.
Then you have a definition here [as suggested by Tannenbaum] which would open the door to persons who could not be deemed the author to come in and claim so-called ‘authorship’ under a presumption which I think is unnatural: that the man who paid the money to the man who did the writing thereby became the author of the work.

15. See supra note 7 and accompanying text.
nine categories have complained about a variety of abuses.\textsuperscript{16} The abuses have mostly been attributed to companies in the publishing industry who have allegedly exerted unequal bargaining power upon freelance writers and artists.\textsuperscript{17}

In the past, a magazine publisher, for example, would purchase from the writer the right to publish an article in North America for use in one issue only. The rights for publication in issues distributed in other geographical areas would involve a separate transaction between the publisher and the writer. This practice had enabled commissioned writers to retain their rights as copyright owners and receive additional remuneration by selling the same work in other markets and media.\textsuperscript{18}

In a "work for hire" situation, however, writers generally do not retain any saleable rights. Unfortunately for freelance writers, when the New Act took effect, publishers commanded that they sign "work for hire" contracts in order for copyright ownership to vest in the company rather than the actual creator.\textsuperscript{19}

The reality of this situation was depicted by a frail young illustrator, Robin Brickman, when she spoke to the Committee on the Judiciary to amend the New Act.\textsuperscript{20} She explained that a corporate publisher commissioned her to do twenty-seven black and white illustrations for the interior pages of a wildlife book. When she tried to negotiate for either more money or a limited use contract, the publisher’s art director made it clear to her that agreeing to "work for hire" was a prerequisite to getting the job. Since she needed the money, Robin signed the agreement and thereby relinquished all present and future rights to the drawings. After the drawings were completed, the publisher, without the artist’s knowledge or consent, chose one of the interior drawings, added color to it, and used it as

\textsuperscript{16} The inequities experienced by authors have prompted amendment of the Copyright Act of 1976. \textit{A Bill to Amend the Copyright Law Regarding Work for Hire: Hearing on S. 2044 Before the Comm. on the Judiciary, 97th Cong., 2d Sess. 4-5 (1982) [hereinafter Hearing on S. 2044].}

Customarily, a freelance magazine writer sells the first North American publication rights to a magazine publisher and negotiates whatever additional rights the publisher may wish to purchase for additional remuneration. \ldots

Some publishers have seized the wording of part 2 of the work made for hire definition dealing with a work that is specially ordered or commissioned for use as a contribution to collective work as an excuse to write contracts that give themselves the copyright and all the inherent rights therein. The contracts that are offered by these publishers are considered by our membership to be an act of piracy.

\textit{Id.} (Statement of June Roth, President of the American Society of Journalists and Authors); see also the statement by a representative of The Authors League of America, Irwin Karp. \textit{Id.} at 7-8.

\textsuperscript{17} \textit{Id.} at 2-4.

\textsuperscript{18} \textit{Id.} at 4-5.

\textsuperscript{19} \textit{Id.}

\textsuperscript{20} \textit{See Hearing on S. 2044, supra note 16, at 2.}
the book jacket without further compensating Robin. She summarized the ordeal when she said, "The theft of my income was sanctioned by copyright law."\(^{21}\)

In addition to relinquishing the benefits of copyright ownership, commissioned workers for hire are denied state benefits. Except in California, commissioned workers are ineligible for unemployment, workers compensation, and disability insurance because they are not employees.\(^{22}\) Furthermore, they are not eligible for company benefits that employees are entitled to. Robin Brickman expressed her situation as follows:

> It is important to you to understand what work for hire means to me. I do not have any of the usual benefits an employee can expect. I have to pay for my studio, utilities, art supplies, and equipment. I do not get group health insurance, paid vacations, sick leave, or unemployment insurance. I feel trapped.\(^{23}\)

**To the Rescue: More Legislation?**

Congress did not intend to intensify the commissioned workers' predicament when it drafted the New Act.\(^{24}\) Likewise, the commissioned worker's current situation has not gone unnoticed. Senate Bills S. 2044, S. 2138, and S. 2330 were introduced to amend the "work made for hire" provisions. S. 2330 was introduced very recently and will be discussed at the conclusion of the comment.

S. 2044 would have eliminated three categories from the "work made for hire" definition. The three categories were: 1) contributions to magazines, anthologies, encyclopedia or other "collective work"; 2) components of a motion picture or other audiovisual work; and 3) instructional texts.\(^{25}\) The bill, introduced by Senator Thad Cochran in 1982, was not acted upon by Congress. In the following year the Senator introduced Senate Bill S. 2138, which was more forceful than the previous bill.\(^{26}\) The modifications were based on

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21. *Id.* at 2-4 (Statement of Robin Brickman, professional illustrator). In 1979 Robin's gross income was $6,995. Eighty-three percent of that income was derived from work for hire. Her 1980 income was $8,455, with work for hire comprising fifty-nine percent of the income. The book jacket was worth an additional $500-800 income. *Id.* at 3.

22. *Id.* at 4.

23. *Id.* In California, however, creators of commissioned works are eligible for unemployment, workers' compensation, and disability insurance benefits. See *Cal. Lab. Code* § 3351.5(c) (West 1971 & Supp. 1987); see also Colby, *Copyright Revision Revisited: Commissioned Works as Works Made for Hire under the United States Copyright Act*, 5 *Whittier L. Rev.* 491, 513 n.58 (1983).


26. S. 2138, 98th Cong., 1st Sess. (1983); see also Crawford, *Copyright: The Issue of
the plight of the commissioned worker which became more apparent
in the Senate Hearings for Senate Bill S. 2044.27 In addition to elimi-
nating categories from the "work for hire" definition, Senate Bill S.
2138 would have provided that all rights which a commissioned
worker assigns must be specifically enumerated in a written agree-
ment with separate compensation paid for each right. The bill also
would have mandated that the commissioning party may only acquire
the rights to a work that it reasonably expected to exercise.28 The
desired result was to allow copyright ownership to vest in the true
creator, to equalize the bargaining power between authors and com-
missioning parties, and to give authors an opportunity to exploit their
creations further.

Another provision of the bill would have helped commissioned
workers to obtain federal social security benefits. Senate Bill S. 2138
provided that a commissioning party who failed to withhold social se-
curity and income taxes would not be presumed an employer.29 As a
result, the amendment would have provided a much needed clarifi-
cation for the ambiguous definition of "employee." However, since
Congress did not act upon Senate Bill S. 2138,30 the New Act's lack of
a precise definition for "employee" induced the emergence of other
issues.31

Work For Hire, COM. ARTS, May-June 1984, at 15. Crawford quoted Senator Cochran's
statement to Congress regarding S. 2138 as follows:

Because publishers enjoy a superior bargaining position, they are able to de-
mand a work-for-hire contract as a condition of publication. . . . Mr. President,
our copyright laws were enacted to promote and protect the creation of liter-
ary, artistic, musical, and other works. Yet our work-for-hire laws are depriv-
ing all artists, not only the new, young creators, of much of the income
generated by their work; and, in many cases are forcing them to abandon their
careers. Society will be deprived inevitably of the richness that diversity of
style and interpretation bring to literary and artistic expression unless Con-
gress acts.

27. Crawford, supra note 26, at 15.
28. S. 2138, 98th Cong., 1st Sess. (1983); see also Colby, Employment for Hire, 1984
A.B.A. SEC. PAT., TRADEMARK AND COPYRIGHT L. 307. This committee report recom-
manded pre-legislative panel discussions, as in the 1976 Act and S. 2044, to resolve the
issues raised by S. 2138. There is no record that such Congressional discussions were
ever held.
30. June Walton, of Senator Cochran's staff, explained that if a bill has not been
acted upon before the end of the Congressional session, it "dies." In order for the bill
to receive further consideration, it must be reintroduced at the next session. Tele-
31. "[N]either the text of the Act nor the Committee Reports make any attempt
to define the key terms, 'employee' and 'scope of employment.'" M. NIMMER, supra
note 5, § 5.03(B)(1) (1986). But see PRELIMINARY DRAFT, supra note 14, at 273-74. Dur-
ing the discussions to draft the bill, Samuel W. Tannenbaum suggested that the words
"employer and employee" be substituted by "master and servant." The suggestion was
rejected by Abraham L. Kaminstein, the then-acting Register of Copyrights and
chairperson of the committee discussion, because it sounded "medieval."
IV. THE MYTHICAL BEAST: COMMISSIONED EMPLOYEES FOR HIRE

Recent cases have had to decide whether a commissioned worker whose work does not fall into one of the nine categories could qualify as an employee for hire under the “work made for hire” definition.

A. Today’s Beast

The case of Peregrine v. Lauren Corp. typifies the current status of commissioned workers under the “work made for hire” definition. The case involved an advertising agency which verbally commissioned the plaintiff to take photographs for use in a brochure. The photographer delivered the pictures, but the agency refused to pay the artist for his services, claiming that the charges were excessive. To encourage payment, the photographer registered copyright for the photographs and sued for infringement. The advertising agency attacked subject matter jurisdiction by claiming that the photographer did not own the copyright due to the “work made for hire” provisions in the New Act.

In an attempt to state the applicable law the district court incompletely expressed it as “[a] work prepared by an employee in the scope of his or her employment . . . .” Rather than state the “work made for hire” definition in its entirety, the court chose to disregard the provision for “specially ordered or commissioned works” here and throughout the entire opinion.

However, the court did not fail to look up the meaning of em-

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33. Irwin Karp anticipated such an issue during discussions for a preliminary draft of the New Act. See PRELIMINARY DRAFT (Karp), supra note 14, at 274.
35. The amount was $4200. Id.
36. The New Act provides as follows:
   In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate. The evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court. 17 U.S.C. § 410(c) (1982).
   The court mistakenly cited § 401(b), which actually concerns the form of copyright notice. Peregrine, 601 F. Supp. at 828. In the next sentence the court makes another citation error by saying that § 201(a) provides that a copyright vests at the moment of creation. Id. Rather, 17 U.S.C. § 302(a) (1982) should have been cited by the court.
37. 17 U.S.C. § 501(b) (1982) says that only the legal or beneficial owner may institute an action for infringement.
ployee\textsuperscript{39} in Melville Nimmer's treatise on copyright. The court quoted the treatise which stated that "the crucial question in determining an employment relationship is whether the alleged employer has the right to direct and supervise the manner in which the writer performs his work."\textsuperscript{40} The court then concluded that the plaintiff was an employee because the advertising agency had the right to tell the photographer what to do.

Hypothetically, if the photographer was not an employee, the court stated that "[i]t is instructive to consider the longstanding presumption that the mutual intent of parties to the creation of an artistic work, whether employer/employee or independent contractor, was to vest title to the copyright in the person at whose insistence and expense the work was done."\textsuperscript{41} This statement is erroneous because it disregards the "work made for hire" definition as stated in the New Act. Furthermore, even if the court's interpretation was correct under the common law, section 301 and its legislative history make clear that Congress intended the New Act to preempt and replace previous copyright law.\textsuperscript{42}

\textsuperscript{39} Professor Nimmer applies the general agency doctrine relating to master and servant. M. NIMMER, supra note 5, § 5.03(B)(1)(a) (1986).

"Master and servant" refers to an "employer-employee" relationship. The relationship develops from an express or implied employment contract between a master (employer) and servant (employee). \textsc{Restatement (Second) of Agency} § 2 (1958).

The servant is expected to perform services, usually for salary, and is under the master's control. An independent contractor is distinguished as one who is not under the employer's direct control, but serves the employer only as to the results of her work, but not as to the method by which the work is done. \textit{Id.} § 220. \textit{But see Id.} § 2, comment d:

\begin{quote}
The words 'master' and 'servant' are frequently used with a limited meaning in statutes. \textit{The definition of these words in this section are not applicable in the interpretation of such statutes.}

The word 'employee' is commonly used in current statutes to indicate the type of person herein described as servant. \textit{Id.} (emphasis added).
\end{quote}


\textsuperscript{41} Peregrine, 601 F. Supp. at 829.

\textsuperscript{42} \textit{See supra} note 7 and accompanying text. \textit{See also} Latman & Ginsburg, \textit{Work Made For Hire}, 190 N.Y.L.J. Nov. 18, 1984, at 1, col. 1. (Alan Latman and Jane Ginsberg state that "a 'work made for hire' under the 1909 Act could embrace independent contractor situations," but "[u]nder the 1976 Act, if there is no regular employment relationship, a commissioned work is not a work made for hire unless the work fits cer-
B. Before the Beast: Days of Fidelity to Legislative History

An appropriate response to the Peregrine decision is to decipher how case law has regressed toward legendary interpretations. The first instance in which a federal court had been asked to construe the reach of the “work for hire” provision of the New Act occurred in Mister B Textiles v. Woodcrest Fabrics. The case involved an alleged copyright infringement of a fabric design by a manufacturer. Woodcrest, the infringer, defended by claiming that Mister B did not truly own the copyright to the fabric design. Woodcrest based its argument on the “work made for hire” definition of the New Act.

The facts of this case indicate that a commissioned designer created a new fabric pattern with participation of Mister B’s employee. Misses specified categories, and the parties agree in writing that the work be considered a work made for hire.” Id. at 4, col. 1-2).


Childers involved a freelance photographer who filed suit for infringement. The defendant argued that common law should govern rather than the statutory law definitions. The court rejected this claim, stating that the New Act had changed the law for commissioned works. Childers, 557 F. Supp. at 984.

The Roth court affirmed Childers by stating that the dual system of common law and statutory law was abolished, and thus federal copyright law governed all infringement claims arising after 1978. Roth, 710 F.2d at 938.

Roth further commented on the legislative history of the New Act: “The legislative history of § 301 makes clear a congressional intent to preempt previous law and replace the labyrinth of statutory and common law authority with a single, generally applicable federal statute.” Id. at 938. In addition, the case quoted House of Representatives Report Number 1476:

Instead of a dual system of ‘common law copyright’ for unpublished works and statutory copyright for published works ... the bill adopts a single system of Federal statutory copyright from creation.... Common law copyright protection for works coming within the scope of the statute would be abrogated, and .... a single Federal system [would be substituted for] the present anachronistic, uncertain, impractical and highly complicated dual system.


Roth involved a freelance writer who filed suit for additional royalties pursuant to an oral contract. Since there was no written agreement between the parties stating that her contribution to a best selling book would be “work for hire”, the plaintiff would have prevailed under the 1976 Act. However, the district court had ruled that the plaintiff entered the contract prior to the effective date of the New Act, January 1, 1978. The court of appeals affirmed that the New Act could be applied only prospectively, not retroactively. Roth, 701 F.2d at 936-37. For further analysis of Roth v. Pritkin see Note, The Freelancer’s Trap: Work for Hire Under the Copyright Act of 1976, 86 W. VA. L. REV. 1305 (1983-84).


44. Section 301(a) says that all equitable rights to tangible works created after January 1, 1978 are governed exclusively by the New Act. 17 U.S.C. § 301(a) (1983).
ter B proved to the court that the designer proceeded under its direction. However, Woodcrest contended that in order for a commissioned work to qualify as a "work for hire" the work must fit into one of the nine categories and, in addition, the parties must agree in writing that the work is for hire. On this issue the court sided with Woodcrest, the infringing party. The court agreed that "a fabric design produced by an independent contractor at the request of another party could not be a work for hire," and therefore "the independent contractor would be the 'author' of the work and copyright owner." To further substantiate its interpretation, the court quoted the part of the New Act's legislative history which describes the operation of the "work for hire" provision: "[t]he 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." The court could have stopped its analysis at this point and dismissed the suit, despite the wrongful act of infringement by the prevailing party. However, in order to prevent the infringing party from prevailing, the court determined that the close working relationship had produced a "joint work." "A 'joint work' is a work prepared by two or more authors with the intention that their contribution be merged into inseparable or interdependent parts of a unitary whole." As co-creators of a "joint work," Mister B's employee and the commissioned designer qualified as co-owners of copyright in the work. Co-ownership status gave Mr. B the requisite interest it needed to maintain the suit and eventually prove infringement. More importantly, the court was able to come to an equitable decision while adhering to the mandates of the New Act and its legislative history.

46. *Id.* at 24.
47. *Id.* The court also pointed out that the commissioned party could transfer rights in writing to the commissioning party. This rule is supported by 17 U.S.C. § 204 (1982). Apparently, no such contract existed between Mister B and the designer.
51. "Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work." 17 U.S.C. § 201(a) (1982).

The court also refers to the legislative description of "joint works." "Under the Bill, as under present law, co-owners of a copyright would be treated generally as tenants in common, with each owner having an independent right to use or license the work." *Mister B Textiles*, 523 F. Supp. at 25. Note, however, that the court erroneously cited to page 120 in the House of Representatives Report while the actual location of the description is as follows: H.R. REP. NO. 1476, 94th Cong. 2d Sess. 121, reprinted in 1976 U.S. CODE CONG. & ADMIN. NEWS 5659, 5736.
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The decision in Mister B was followed in several subsequent decisions, but has been ignored after the court of appeals negated the distinction between employees and independent contractors in Aldon Accessories, Ltd. v. Spiegel, Inc.

C. Three Mythical Beasts Surface: Two in The Orient and One Somewhere Else

Aldon Accessories, Ltd. v. Spiegel, Inc. held that statuettes sculpted by artisans who were sufficiently supervised independent contractors, qualified as “work made for hire.” By so holding, the Second Circuit invented a third subdivision in addition to the original two subdivisions in the work for hire definition.

The unfortunate thing about Aldon is that it gives credence to similar cases, such as Peregrine and Town of Clarkstown v. Reeder, which have regressed to pre-New Act common law in their interpretation of work for hire. The common law test that these cases used to determine whether a creation was “work for hire” was merely whether or not the commissioning party had the right to supervise and direct the work. Aldon, at the very least, qualified the “right to

52. Roth v. Pritikin, 710 F.2d 934 (2d Cir. 1983) (see supra, note 42 for a description of this case); see also May v. Morganelli-Heuman & Assoc., 618 F.2d 1363, 1368 n.4 (9th Cir. 1980) (Architect had drawn plans prior to 1978, thus the New Act was not applicable. However, the court said that if the New Act was retroactive, the architect would not be subject to “work for hire” because of the lack of writing and nonapplicability of the architectural drawings to the proscribed categories.); Everts v. Arkham House Publishers, Inc., 579 F. Supp. 145, 149 (W.D. Wis. 1984) (A poet was the sole creator and there was no written agreement that the poems were “work made for hire.” The court ruled that only certain categories of commissioned works fall within the “work for hire” definition of the New Act.); Aitken, v. Empire Constr. Co., 542 F. Supp. 252, 256 (D. Neb. 1982) (A commissioned architect was not a “worker for hire” because his designs did not fit into the statutory categories, and there was not a written “work for hire” agreement. However, the court proceeded to analyze whether the architect was subject to adequate direction and control in order to qualify as an employee according to common law.); Meltzer v. Zoller, 520 F. Supp. 847 (D. N.J. 1981) (Homeowner claimed he owned the architectural plans to his house alleging that the house’s architect was subject to “work for hire.” The architect was not considered a “worker for hire” since architectural drawings are not within the proscribed categories and there was no signed agreement stating that a “work for hire” situation existed.).

54. Id.
55. Id. at 552.
56. Interview with noted copyright law expert Richard Colby, Professor, Pepperdine University School of Law (Jan. 25, 1986).
supervise and direct” by requiring that the commissioning party “actually and substantially exercise . . . the right.”

Aldon’s interpretation of the work for hire definition emerged out of the following scenario. Aldon Accessories, Ltd. wanted to make and mass market statuettes of a winged horse and a unicorn. Aldon’s president prepared rough sketches and arranged for oriental artists to sculpt the models. Subsequently, the president made a special trip to the Far East and worked closely with artists in Japan and Taiwan. After the works were completed, Aldon registered its claims to copyright and identified itself as the author under the “work made for hire” provision. Spiegel, the defendant, later sold unauthorized copies of the works. Aldon sued for infringement and won in the district court.

On appeal Spiegel contended that the works were not works made for hire, and therefore Aldon did not have standing to sue as the copyright owner. Spiegel based its allegation on the fact that sculptured works are not within the nine categories and that there was no signed writing which stated that the works were made for hire. The defendant further appealed on the basis that the jury instruction focused on “whether the hiring author caused the work to be made and exercised the right to direct and supervise the creation.”

Spiegel challenged the jury instruction because it allowed the jury to find eventually that the statuettes were made for hire by commissioned workers even though the works did not fit into one of the nine categories and there was no written instrument as required by subdivision (2) of the “work made for hire” definition.

In a brief analysis that discussed Aldon and Town of Clarkstown v. Reeder, one commentator succinctly explained the situation.

These two decisions, by relying on the commissioning party’s right to direct and supervise the outside contractor, threaten to blur the statutory distinction between the works of ‘employees’ and ‘specially ordered or commissioned works.’ Arguably, in separating these two types of works, Congress intended that the products of outside contractors would be considered works made for hire only under narrowly defined circumstances. . . . By redefining certain outside contractors as employees, these courts may be depriving outside contractors of the copyright ownership which Congress had intended to secure them.

In its analysis the Aldon court first applied the New Act in accordance with congressional intent. Before the court invented and con-

60. Id.
61. Aldon, 738 F.2d at 549.
62. Id. at 549-50.
63. Id. at 550.
64. Id. at 549.
65. Id. at 551.
66. Id.
68. Ginsberg & Goldberg, supra note 59, at 522.
tributed a third subdivision to the statutory work for hire definition, it had correctly determined the status of the sculpted work as not "made for hire." The court stated, "Spiegel is correct that the statu-
ettes could not be considered works for hire under subdivision (2) of
the new statutory definition."69 This finding can be attributed to nu-
merous sources which explain that, according to subdivision (2), un-
less a specially ordered or commissioned work fits into one of the
nine categories and the parties have agreed in writing that the work
is for hire, it cannot be deemed a "work made for hire."70

The primary source of interpretation is the "work made for hire"
definition itself. On its face it distinguishes those works that may not
qualify as "work for hire," and those that may if the specific subdivi-
sion (2) requirements are met.71 Likewise, the legislative history ex-
plains that "[t]he 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."72 This understanding of the law was
shared by case law, Professor Nimmer, and other authorities on
copyright.73

Since sculptured works are not included in the nine categories, the
Aldon court made a correct preliminary determination that a com-
missioned sculptor was not subject to "work for hire."74 Hypotheti-
cally, if the work had fit into a category known as "sculptured
works," the work could not have been "for hire" due to the undis-
puted fact that there was no written "work for hire" agreement be-
 tween Aldon and the commissioned artists.75

However, in order to circumvent the previously understood mean-
ing of "work made for hire," the court explained that Spiegel gave an
"overly restrictive"76 interpretation to subdivision (1) of the work for
hire definition: "a work prepared by an employee within the scope of

70. 17 U.S.C. § 101 (1982); see also H.R. REP. No. 1476, 94th Cong., 2d Sess. 121,
reprinted in U.S. CODE CONG. & ADMIN. NEWS 5659, 5737; M. NIMMER, supra note 5,
§ 5.03(B)(2)(a); Latman & Ginsberg, supra note 42, at 96.
ADMIN. NEWS 5659, 5737.
73. M. NIMMER, supra note 5, § 5.03(B)(2)(a); Latman & Ginsberg, supra note 42,
75. Id. at 553.
76. Id. at 551-52.
his or her employment . . . ." The court went on to determine that since Aldon's president sat with the artist and told him what to do, the artist was thus sufficiently supervised and directed to be deemed an employee. 77

The use of the "sufficiently supervised and directed" test can be attributed to one of many criteria traditionally used to determine the employer/employee relationship. 79 Since there is no definition for "employee" in the New Act, the court cited copyright law expert, Melville Nimmer, to justify its reliance on agency law. 80 In his treatise on copyright, Nimmer said to apply the general law of agency which in turn says that the strongest indicator of an employer/employee relationship is whether one person has the right to direct and control the work of another. 81

Under the circumstances of this case, the court's use of Nimmer's suggestion to apply the general law of agency to define employee is both ironic and misleading. 82 The court relied upon Nimmer to rationalize that a definition of work for hire that does not consider "direction and control" is overly restrictive. 83 However, the court did not cite Nimmer in regard to his understanding of the "work made for hire" definition. 84 Nimmer believed that the status of a specially ordered or commissioned work was limited to the nine categories.

If a work does not fall within one of the above [nine] categories then even if it has been prepared by one person upon the special order or commission of another it will not qualify as a 'work made for hire,' with the special legal conse-

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78. Aldon, 738 F.2d at 553.
79. 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 works;
(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(2) (1958).
80. Aldon, 738 F.2d at 552.
81. M. NIMMER, supra note 5, § 5.03(B)(1)(a).
82. See id., § 5.03(B)(2)(a).
83. See Aldon, 783 F.2d at 551-52.
84. Id. at 548-54.
quences that flow from this designation.\(^5\) By presenting an incomplete view of Nimmer's guidelines, the court was able to use Nimmer's expertise to justify an opinion that Nimmer himself would not have supported.\(^6\)

Arguably, the court overlooked Nimmer's actual interpretation because it was persuaded by the plaintiff's predicament; Aldon, a smaller company, was up against a goliath corporation.\(^7\) Another possible motivation for the court was its uneasiness with the inequitable outcome that may have resulted if it had conformed its opinion to the generally accepted understanding of the "work for hire" definition.\(^8\) For example, the alleged infringing party would have escaped liability because the alleged owner would have been stripped of its rights to claim ownership and to maintain a cause of action. Therefore, the situation suggests that the court made a result oriented decision and used a little of its own creativity to avoid what it possibly believed to be an unfair outcome.\(^9\) Applying the same logic, if the action had been between the commissioned artist and Aldon, the court probably would not have found that an employer/employee relationship existed using the same facts.\(^10\)

Notwithstanding these logical assumptions, the courts do not necessarily give a commissioned worker the benefit of the doubt when he is a party to an action. Cases such as *Peregrine* have used *Aldon*-type interpretations to deprive writers and artists of the copyright protection that Congress had intended to secure for them.\(^11\) The result of

\(^5\) M. NIMMER, supra note 5, § 5.03(B)(1) (1985).

\(^6\) See id.

\(^7\) At least two commentators have said that the *Aldon* outcome has "the superficial appeal of the 'little guy' beating the 'big guy.'" FitzGibbon and Kendall, *The Unicorn in the Courtroom: The Concept of "Supervising and Directing" an Artistic Creation Is a Mythical Beast in the Copyright Law*, J. ARTS MGMT. & L., Fall 1985, at 23, 41.

\(^8\) In his commentary on the *Aldon* case, Boorstyn stated:

It should be noted that in this case the commissioning party, as copyright owner, sued an infringer. Had the Court found that plaintiff was not the copyright owner, the infringer could have escaped liability. It is possible that had the action been between the commissioned party and the commissioning party to determine copyright ownership, the result may have been different. In other words, in that situation, it may have been found that the commissioning party did not exercise *sufficient* direction and supervision so as to own the copyright.

Boorstyn, supra note 73, at 39.

\(^9\) *Id.* at 39-40.


\(^11\) *Peregrine v. Lauren Corp.*, 601 F. Supp. 828 (D. Colo. 1985); *see also Iris Arc v. S.S. Sarna, Inc.*, 621 F. Supp. 916 (E.D.N.Y. 1985) (sculptor who had worked closely...
Aldon’s attempt to make an equitable decision is most clearly seen in light of such cases.

It is possible that the Aldon court did not realize the repercussions of its interpretation. By removing the distinction between commissioned workers and employees as set forth in the New Act, the court has deprived many commissioned workers of copyright ownership.92 According to Aldon, a commissioned worker may be deemed an employee if the commissioning party sufficiently supervises the worker.93 In terms of the New Act this means that subdivision (1) encompasses subdivision (2).94

Although the court disregarded what Nimmer said about commissioned workers for hire being limited to the nine categories, the court’s interpretation might have been valid if it were not for two obvious factors: both the language of the New Act itself and its legislative history indicate statutory distinctions between those works that can be considered works made for hire and those that cannot.95 Section 101 of the New Act defines “work made for hire” in part 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 . . . .”96 The word or is used to express an alternative, and to give a choice between two or more things. Or can also mean and.97 The New Act’s use of or, especially in combination with the subsection numbers, tends to divide the definition into two parts. Even if or means and, the two-part nature of the definition would remain intact.98

Similarly, section 201(b) uses the word or “[i]n 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. . . .”99 Here or is used to differentiate between employers and those who commission or specially order works within the nine categories. If Congress had intended employers to encompass certain commission-

92. See Ginsberg & Goldberg, supra note 59, at 522.
93. Aldon, 738 F.2d at 552.
94. At least one commentator explained that if any commissioned work can be a work for hire under subdivision (1) because the commissioning party exercised direction and control, then the subdivision (2) requirements are of little value. Crawford, Works Made For Hire: An Update on Copyright Law, COMM. ARTS, May/June 1986, at 10, 18.
95. See supra note 85 and accompanying text.
97. BLACK’S LAW DICTIONARY 987 (5th ed. 1979).
ing parties it is doubtful that it would have used or in this section.\textsuperscript{100}

Congress's use of the phrase "other person for whom the work was prepared" in section 201(b) casts more doubt upon the \textit{Aldon} decision. If, as set forth in \textit{Aldon}, "the term 'employer' were intended to include 'independent contractor' within its meaning then there would have been no need to include the emphasized language."\textsuperscript{101} Although he would not embrace the preceding observation, the commentator who made it, further conceded that "section 201(b) supports the view that the definition of works made for hire in section 101 creates mutually exclusive categories for work prepared by employees and work prepared by independent contractors."\textsuperscript{102}

Concerning the legislative history, \textit{Aldon} correctly stated that "new work for hire" laws were designed to correct "an injustice in those situations where the contractor did all of the creative work and the hiring party did little or nothing."\textsuperscript{103} Paradoxically, within the same paragraph, the court challenged Congress's intent for a more just and constitutional system.\textsuperscript{104} The court stated, "There is no indication in the legislative history or elsewhere that Congress was focusing on contractors who were actually sufficiently supervised and directed by the hiring party to be considered 'employees' acting within 'the scope of employment.'"\textsuperscript{105} While founding its decision on what Congress did not say, the court disregarded what Congress did say, as well as how the development of the New Act supported Congress's stated intentions.

During the early stages of the New Act's development, no commissioned work could be deemed a work made for hire.\textsuperscript{106} The Act evolved through the process of Congress adding specific exceptions to the clause concerning commissioned works.\textsuperscript{107} As a result, certain works could be considered works made for hire if the parties agreed in a written instrument.\textsuperscript{108} Furthermore, Congress never lost sight of the idea that, in general, specially ordered or commissioned works

\begin{itemize}
  \item \textsuperscript{100} O'Meara, \textit{Works Made For Hire: Under the Copyright Act of 1976—Two Interpretations}, 15 CREIGHTON L. REV. 523, 532 (1982).
  \item \textsuperscript{101} Id. at 532.
  \item \textsuperscript{102} Id.
  \item \textsuperscript{103} Aldon Accessories, Ltd. v. Spiegel, Inc., 738 F.2d 548, 552 (2d Cir. 1984).
  \item \textsuperscript{104} See id.
  \item \textsuperscript{105} Id. at 552.
  \item \textsuperscript{106} Crawford, supra note 94, at 18.
  \item \textsuperscript{107} See A. LATMAN & J. LIGHTSTONE, supra note 13, at 327.
  \item \textsuperscript{108} 17 U.S.C. § 101 (1982).
\end{itemize}

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would not be deemed work for hire.\textsuperscript{109}

A more detailed review of the New Act's development reveals that in 1963 a preliminary draft bill defined work made for hire 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."\textsuperscript{110} Note that even if this language were law, under an Al- don analysis any commissioned worker could qualify as an employee.\textsuperscript{111} In fact, it would be easier to find a work made for hire despite the unequivocal language. In theory, due to the requirement of a written "work for hire" agreement, it should have been more difficult for a court to find a work made for hire under the New Act.\textsuperscript{112}

Apparently, based on the endorsement of this early draft by representatives for authors, and strong opposition by publishers, nobody imagined that a resourceful court could find a way to classify any commissioned work as "work made for hire." Believing that the proposed act was against their interests, publishers and motion picture companies expressed their reasons for opposition and eventually persuaded the drafters to change the proposed act.\textsuperscript{113}

Faced with the task of making changes while preserving the foundation of the previous draft, the drafters' problem was "how to draw the proper definitional line" between commissioned works that could be deemed work for hire and those that could not.\textsuperscript{114} The drafters solved the problem by introducing four specific categories of commissioned works that could be considered work made for hire "if the parties agree in writing."\textsuperscript{115} The number of categories was eventually expanded, but none of the categories ever included the sufficiently supervised commissioned worker.\textsuperscript{116} Furthermore, "[n]othing in this legislative history suggests that Congress ever intended to allow commissioned works to be work for hire without a written contract—or, in the version which became law, a written contract relating to work in certain limited categories."\textsuperscript{117}

\textsuperscript{109} The legislative history does not suggest that Congress ever intended that any commissioned works other than those listed in the nine specific categories be deemed "work made for hire." See Crawford, supra note 94, at 23.


\textsuperscript{111} Crawford, supra note 94, at 18.

\textsuperscript{112} See SUPPLEMENTARY REP. OF REG. OF COPYRIGHTS, supra note 110, at 67.

\textsuperscript{113} See id. at 66-67.

\textsuperscript{114} SUPPLEMENTARY REP. OF REG. OF COPYRIGHTS, supra note 110, at 67 (emphasis added).

\textsuperscript{115} Id.


\textsuperscript{117} Crawford, supra note 94, at 23.
V. THE FALLEN KNIGHT: PICKING UP THE PIECES

For most commissioned workers the new “work made for hire” definition has been the source of copyright ownership and all of the potential benefits which result. However, the New Act has sanctioned the loss of valuable rights and income in the publishing industry. Furthermore, as a result of Aldon v. Spiegel, all commissioned workers, Famous Artist included, potentially share the plight of someone like Robin Brickman. Robin is the freelance book illustrator who alleged, “The theft of my income was sanctioned by copyright law.”

In response to a situation where copyright ownership is determined at the discretion of the courts, new legislation has recently been introduced to rejuvenate “work for hire.” The proposed amendments to the New Act are specifically designed to benefit commissioned workers in the publishing industries, and to restore the rights of all who are threatened by Aldon’s “control and supervision” test.

Introduced in the 99th Session of Congress, Senate Bill 2330 would amend subdivision (1) as follows: “a work prepared by an employee within the scope of his or her employment if 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.” Subdivision (2) would be changed to include only specially ordered or commissioned works “for use as a part of motion pictures” if the parties sign a work for hire agreement “prior to the commencement of any work.” To reject the idea that Congress intends for there to be any court-created subdivisions the amendment states, “Unless the work falls within either clause (1) or clause (2), it cannot be work made for hire.”

In part, this bill acts to reverse Aldon’s regression from the man-

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118. According to the New Act, not every specially ordered or commissioned work is considered “work made for hire”—only those listed in the nine categories. See M. Nimmer, supra note 5, § 5.03(B)(2)(a) (1985).
119. See supra note 16 and accompanying text.
120. See supra notes 20-23 and accompanying text.
121. In the courts, determining the status of copyright ownership for commissioned workers has become a question of fact. Boorstyn, supra note 73, at 39.
122. Text of S. 2330 and Introductory Remarks, Pat. Trademark & Copyright J. (BNA No. 32), May 1, 1986, at 18.
123. Id. at 19.
124. Id.
125. See supra note 56 and accompanying text.
126. See BNA Journal, supra note 122, at 19.
date that in order for a commissioned work to be deemed "work for hire," the work must fit into one of the nine categories, and the parties must agree in writing that the work is "made for hire." Since the bill's preciseness would clarify the "work for hire" definition, perhaps Aldon should be credited with exposing the definition's ambiguities as a step toward improving the end result.

While the New Act was still in development, a representative for lyricists and composers stood before the Senate. He testified as follows:

Let me make a suggestion to those of you whose son says he intends to be a poet, a painter, or a musician; put some money aside for him, he is going to need it. If our copyright law concerns itself more with the protection of mammoth industrial complexes, rather than with those whose works enable these industries to thrive, a career in the arts will remain the most precarious undertaking our society affords.

No society in history that we admire today eschewed the arts. If ours is to be a truly great society, it will be so only if it promotes the progress of the arts, as our Constitution so clearly states.

Unless Congress clarifies the "work made for hire" definition, the speaker's reminder will continue to be especially relevant. Until then, "work for hire" will lie on the ground trampled by Aldon's unicorn, burned by Famous's dragon.

ALEXANDER LAMBROUS

128. Id.