

Understanding Copyrights and Works Made for Hire

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April 2019

Copyrights are unique among the various types of intellectual property rights because they are the most easily obtained but, arguably, the most misunderstood. And within the sphere of copyrights, the concept of “works made for hire” is particularly counterintuitive. This article gives an overview of some copyright law fundamentals and then unpacks the law regarding the requirements for a work to qualify as a “work made for hire.”

In the United States, copyrights exist from the moment that original works of authorship (such as poetry, software code, and musical works) are fixed in a tangible medium of expression (such as paper or flash memory cards). Neither publication nor registration is required to secure copyright protection. However, registration does provide additional benefits (such as statutory damages and attorneys’ fees and a presumption of validity) and is a prerequisite to filing a copyright infringement lawsuit.

The categories of works of authorship that are eligible for copyright protection include: “(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 audiovisual works; (7) sound recordings; and (8) architectural works.” Ideas, procedures, processes, systems, methods of operation, concepts, principles, and discoveries, regardless of the form in which they may be described, explained, illustrated, or embodied in an original work of authorship, are not eligible for copyright protection. Similarly, single words, short phrases, book titles, headlines, or slogans cannot be copyrighted, although they may qualify for protection as trademarks.

Except in the case of a “work made for hire,” the author of a work is the initial owner of the copyright in the work. Copyright owners have several exclusive rights, including

the rights to reproduce, distribute, publicly perform, publicly display, or create derivative works based on the work. For works created on or after January 1, 1978, copyright protection lasts from creation until 70 years after the author’s death, or, in the case of works made for hire (and pseudonymous or anonymous works), the later of 120 years after creation or 95 years after first publication.

The employer or commissioning party is considered the author and the initial owner of the copyright in a work made for hire. Although copyrights may be assigned, an assignment is less desirable than original ownership because an assignment (or a license) may be terminated by the author (or by certain family members if the author is deceased) during a five-year window beginning approximately 35 years after the date of the assignment, and the right of termination may be exercised “notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.” If a business expects a work to be of significant value over the long term, it should consider taking the steps necessary for the work to qualify as a work made for hire.

The concept of a “work made for hire” is frequently misunderstood, even by lawyers, because it does not align with widespread expectations. A work is not “made for hire” simply because one person pays another to create the work or because an agreement between the parties labels it a “work made for hire.” Under the Copyright Act (17 U.S.C. §§ 101 *et seq.*), a work created on or after January 1, 1978, is a “work made for hire” only if: (1) it is prepared by an employee within the scope of his employment; or (2) it is specially ordered or commissioned from an independent contractor pursuant to a written agreement and the work falls within one of nine statutorily defined categories. (For works created before 1978, the work-for-hire precedents under the Copyright Act of 1909 still govern.)

For works created by employees, courts apply general principles of agency and employment law to determine whether an individual is an “employee” and whether the work was created within the “scope of employment.” Courts generally apply a three-prong test to determine whether a work is an employee-created work made for hire:

- whether the work is of the kind the employee is employed to perform;
- whether the work occurs substantially within authorized work hours; and
- whether the work is performed, at least in part, to serve the employer.

If a company is uncertain whether an individual is an employee or whether the creation of the work falls within the scope of such individual’s employment, it should obtain a written agreement from the individual expressly assigning the copyright in the applicable works to the company.

For works created by independent contractors, only the following types of works are eligible to be a “work made for hire”:

- a contribution to a “collective work” (a work, such as a periodical, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole);
- a part of a motion picture or other audiovisual work;
- a translation;
- a “supplementary work” (a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes);
- a “compilation” (a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship);
- an “instructional text” (a literary, pictorial, or



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graphic work prepared for publication and with the purpose of use in systematic instructional activities);

- a test;
- answer material for a test; or
- an atlas.

This list of eligible works does not include many types of works that businesses frequently hire outside personnel to create, such as websites, logos, advertisements, photography, and custom software. For works that do fall within the defined categories, the business must have a written agreement from the author expressly stating that the work is made for hire in order for it to qualify as such.

Although the agreement and course of dealings between a business and an independent contractor may give rise to an implied nonexclusive license for the business to use the works created by the contractor, it is highly preferable to avoid relying on an implied license. Any business that

engages a non-employee to create a work and intends to own the copyright to such work should have a written agreement with the author expressly stating that the work is made for hire (if it falls within one of the eligible categories). If the work is not eligible to be a work made for hire, and as a safeguard even if it is, the written agreement should include a provision assigning the copyrights to the business, such as: “To the extent that the Work Product is not recognized as a ‘work made for hire’ as a matter of law, the Contractor hereby assigns to the Company any and all copyrights in and to the Work Product.” By doing so, a business can obtain the copyright to a work (subject to statutory termination rights) even if the work does not qualify as a “work made for hire.”

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