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THE WORK MADE FOR HIRE AND JOINT WORK COPYRIGHT DOCTRINES AFTER CCNV v. REID: “WHAT! YOU MEAN I DON’T OWN IT EVEN THOUGH I PAID IN FULL FOR IT?”^a

I. INTRODUCTION

In a decision that is destined to have a profound impact on the computer industry, the United States Supreme Court issued a ruling on June 5, 1989, in *Community for Creative Non-Violence v. Reid*,¹ (CCNV) detailing the limits of work made for hire under the U.S. copyright law. The Court held that the proper interpretation of section 101(1) of the United States copyright law work made for hire provision is a literal interpretation applying agency law principles to determine whether or not an author is an employee or an independent contractor.² This article examines the Court’s decision, the questions left unanswered by the decision, and its importance to the computer industry.

Section 101 (“Definitions”) of the Copyright Act of 1976³ (“Copyright Act”) states:

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

***288 II. ANALYSIS**

A. The CCNV Decision

To fully understand the importance of the decision, a brief discussion of the facts and circumstances is warranted. The Community for Creative Non-Violence (CCNV) is a Washington, D.C., nonprofit organization dedicated to eliminating homelessness, and Reid is a sculptor in Baltimore, Maryland. CCNV had an idea for a sculpture to depict the plight of the homeless. CCNV selected Reid as the artist who could make the idea a reality. CCNV and Reid entered into an oral agreement for this transaction and did not discuss the question of copyrights.⁵ The dispute between CCNV and Reid developed over the copyright to the statue. This dispute is similar to the unfortunate beginning of many computer programming projects.

Reid and CCNV negotiated the cost for construction of the statue.⁶ CCNV agreed to make the base for the statue. As a result, CCNV members made periodic visits to Reid's studio in Baltimore to coordinate construction of the base with construction of the statue.⁷ After the sculpture was finished, Reid was paid in full and the work was displayed at the annual Pageant of Peace in Washington, D.C.⁸ At the conclusion of the pageant, CCNV returned the statue to Reid for minor repairs prior to CCNV taking it on a tour of several cities.⁹ Reid objected to CCNV's ambitious itinerary and refused to return the statue to CCNV.¹⁰ Competing certificates of copyright were filed and CCNV sued Reid seeking return of the sculpture and a determination of copyright ownership.¹¹

Because of the conflict among the circuit courts of appeals over ***289** the proper interpretation of the work made for hire provisions of the U.S. copyright law, the United States Supreme Court granted certiorari.¹²

CCNV presents a textbook example of the conflicts in the application of the work made for hire provisions of the U.S. copyright law. To resolve the dispute, the United States Supreme Court had to interpret the work made for hire provisions of the Copyright Act.¹³

Section 201(a) of the Copyright Act provides that copyright ownership "vests initially in the author of the work."¹⁴ Usually the author is the party who actually creates the work, taking the idea and reducing it to a fixed, tangible form of expression.¹⁵ The Copyright Act, however, makes an important exception for a work made for hire. Under section 201(b),¹⁶ if the work is for hire "the employer or other person for whom the work was prepared is considered the author."¹⁷

Additionally, if programmer Brian Byte writes a program for the User Company and the parties or the facts do not properly make the computer program delivered to the hiring party a work made for hire, then the programmer, not User Company, is considered the author under the U.S. copyright law.

The classification of a work as a work made for hire has serious repercussions affecting the rights of the parties. For instance, as mentioned above, the initial ownership of the copyright,¹⁸ the termination rights,¹⁹ the copyright's duration,²⁰ the copyright owners' renewal rights²¹ and the right to import certain goods bearing the copyright²² *290 are all affected by this classification.

The initial dispute in CCNV revolved around the section 101(1) interpretation of "employee." Essentially, was the sculpture, *Third World America*, "a work prepared by an employee within the scope-of his or her employment" under section 101(1)? If the answer to this question is no, then the analysis proceeds to section 101(2) to determine whether the work fits into one of the nine enumerated categories.²³ The Court noted that the sculpture did not fit within the categories of section 101(2).²⁴ Thus, the resolution of the work for hire nature of the sculpture began with an examination of the applicability of section 101(1).²⁵

To analyze the section 101(1) question, the Court held, consistent with the court of appeals, that the section 101(1) term "employee" should be construed in light of the general common law of agency.²⁶ In determining whether a hired party is a section 101(1) employee under the general common law of agency, the Court required that the following factors be considered:

the hiring party's right to control the manner and means by which the product is accomplished, the skill required, the source of the instrumentalities and tools, the location of the work, the duration of the relationship between the parties, whether the hiring party has the right to assign additional projects to the hired party, the extent of the hired party's discretion over when and how long to work, the method of payment, the hired party's role in hiring and paying assistants, whether the work is part of the regular business of the hiring party, whether the hiring party is in business, the provision of employee benefits, and the tax treatment of the hired party.²⁷

The Court stated that none of these factors was determinative.²⁸

When the Supreme Court applied these factors in CCNV it concluded that Reid was an independent contractor rather than an employee of CCNV.²⁹ The Court noted that while CCNV members directed enough of Reid's work to ensure that he produced a sculpture that met their specifications, the extent of control which CCNV exercised over the details of the sculpture was not the determining factor in *291 deciding whether Reid was an employee.³⁰

The Court recognized that the very nature of the nine enumerated categories of section 101(2) required the hiring party to exercise a significant amount of control over the hired party and the final product.³¹ The unifying feature of the categories is that they are usually prepared at the

direction and risk of the hiring party.³² Remember that the Court rejected the notion that the right to control was determinative of the section 101(1) question of who was an employee.³³ Indeed, if it were determinative, then section 101(2) would not need to be considered.

B. Unanswered Questions

In affirming the court of appeals, the Supreme Court opened the door to more questions and remanded the case for determination of whether CCNV and Reid are joint authors of the work *Third World America*.³⁴ A “joint work” is defined in section 101 of the Copyright Act as a “work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”³⁵ If the work is found to be a “joint work” under section 101, then the authors would be co-owners of the copyright in the work under section 201(a).³⁶

C. Implications for the Computer Industry

The implications of co-ownership of a work have remarkably different *292 considerations if the work is a computer program as opposed to a sculpture like *Third World America*. Perhaps most indicative of these differences is the relatively low dollar cost and short amount of time necessary for duplication of a computer program as contrasted with a sculpture. In *CCNV*, Reid indicated that the cost to create a master mold of the sculpture is \$5,000, and to cast it in bronze would cost \$35,000.³⁷ In contrast, a computer program, which took a million dollars or more of system developer and programmer time, could be reproduced for under \$5.00 in a matter of minutes.³⁸

The District Court for the Northern District of California addressed the issue of an alleged joint authorship of computer software in *Ashton-Tate Corp. v. Ross*.³⁹ The defendant Ross sought another programmer, Randy Wigginton, to assist in the development of a new spreadsheet program.⁴⁰ Other than a non-disclosure agreement, there were no formal or written contracts between the two programmers.⁴¹ As such, the copyright questions were left for the district court to determine. The two programmers worked separately on their respective portions of the computer program and only occasionally got together and “brainstormed.”⁴² At one of these meetings, Ross gave Wigginton a sheet of paper on which he had handwritten a list of user commands he felt the program should contain.⁴³

As the software development project progressed, the two programmers had a disagreement over how the software should be brought into the marketplace.⁴⁴ Wigginton approached the plaintiff, Ashton-Tate, to see if it would be interested in publishing the software. When Ross learned of Wigginton’s meeting with Ashton-Tate he terminated the business relationship between himself and Wigginton.⁴⁵ Wigginton then went to work for Ashton-Tate and altered his interface program to function with a product (“Full Impact”) under development by Ashton-Tate. *293 ⁴⁶ It is this

altered user interface program which Ross claimed was a “joint work” under the Copyright Act.⁴⁷

The court in Ashton-Tate stated that “[i]n order for an author to obtain an interest in a joint work, federal copyright law requires that the contribution made by that author to the joint work is, by itself, protectable under the Federal Copyright Act.”⁴⁸ While finding that Ross’s contribution was not enough to sustain a finding of a joint work,⁴⁹ the district court correctly noted that a fundamental concept of federal copyright law is that expressions of ideas, not the ideas themselves, give rise to protected interests.⁵⁰ “Accordingly, when an author contributes only ideas to the development of a work, whether or not it is a joint work, without reducing those ideas to an expression, that author does not obtain an interest in the work.”⁵¹ As the Ninth Circuit Court of Appeals stated in *S.O.S., Inc. v. Payday, Inc.*,⁵² “the supplier of an idea is no more an ‘author’ of a program than is the supplier of the disk on which the program is stored.”⁵³

The district court in Ashton-Tate noted the difficulty of attempting:
to determine where in the continuum between idea and expression *294 one finds the line that, once crossed, transforms an idea into a protectable expression. In the field of computer programming it is settled that once a program reaches the source code or object code stage of development, it is an expression subject to copyright protection. . . . But prior to this stage of development, ideas become expressions only if they are ‘original works of authorship fixed in any tangible medium of expression,. . .,[sic] from which they can be perceived, reproduced, or otherwise communicated. . . .’ Copyright protection does not extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery regardless of the form it is presented.⁵⁴

In applying these principles to the Ashton-Tate facts, the district court focused on the handwritten list of user commands that Ross gave to Wigginton.⁵⁵ The court commented that many of the commands were quite common and already in use on other computer programs. The court further stated that:

There is nothing innovative or novel about the labels that Ross proposed Wigginton use for the program or the order in which they are listed on the document. The single sheet of paper does not contain any source code. The document clearly falls short of the threshold separating ideas from expressions. All Ross gave to Wigginton was a list of commands he thought should be included in the program. Ross did not contribute in any manner, including the drafting of source code, in the implementation of his suggested commands. Ross merely told Wigginton what tasks he believed the interface should allow the user to perform. This list of commands is only an idea that is not protected under federal law.... Because Ross only contributed ideas to the Full Impact interface, which by themselves are not protectable, the program is not a ‘joint work’ between Ross and Wigginton.⁵⁶

After discussing some of the other proprietary rights issues raised, the district court granted Ashton-Tate’s motion for summary judgment.⁵⁷

III. CONCLUSION

The analysis of the copyright principles of “work made for hire” differs from the analysis of the copyright principles concerning “joint work.” The primary difference hinges on the conflict between ownership *295 and possession. As previously mentioned, all of the creators/authors of a joint work are co-owners of the copyright in that work.⁵⁸ However, while all parties may own the work, it is often difficult to share possession of tangible items such as sculptures without incurring substantial reproduction costs. On the other hand, intangible work such as computer programs can be easily reproduced and therefore possessed by all creators at once. Each co-owner could then, with nominal effort, build upon the “joint work” and create new works to be distributed. These new works could prove even more successful than the original once in the marketplace. What do CCNV and the developing case law concerning copyrights in “works made for hire” and in a “joint work” mean for the lawyers serving the computer industry? Essentially, they emphasize the need for well thought out and properly drafted written agreements. Both the party hiring computer services and the hired party (that is, the programmer) must clearly address the copyright and other proprietary rights involved in the transaction. Both parties need to consider the question of ownership of the work; is the work intended to be a joint work or a work made for hire? The contracting parties also need to consider the facts of the transaction and the governing statutory language because the facts may dictate what a court will do if a dispute arises. The United States Supreme Court did just such a factual analysis when it determined that Reid was an independent contractor under the U.S. Copyright Act.⁵⁹ Furthermore, the parties need to consider the nature of the work itself (namely, its tangibility or intangibility). A tangible work, such as a sculpture, may be significantly more expensive⁶⁰ to reproduce than an intangible work, such as a computer program, which could be reproduced at a nominal cost. All these factors will affect the type of contract arrangements to be made by the parties.

Failure to consider the various factors denoted above will likely result in a loss of ownership rights by one party or the other. As the Supreme Court stated in CCNV, “The contours of the work for hire doctrine therefore carry profound significance for freelance creators — including . . . computer programmers.”⁶¹ Likewise, the determination of a joint work will have a profound impact on that work in the copyright marketplace.

Footnotes

- a Copyright (c) 1990 Alan S. Wernick.
- aa B.S., 1974, Ohio State University (Accounting); J.D., 1978, Capital University. Mr. Wernick practices in the Columbus Ohio office of Hahn, Loeser & Parks.
- 1 [109 S.Ct. 2166 \(1989\)](#).
- 2 [Id. at 2173](#).
- 3 [17 U.S.C. § 101 \(1978\)](#).
- 4 [Id.](#)
- 5 [CCNV, 109 S.Ct. at 2169](#).
- 6 The difference in cost is based on the casting material used. Reid initially proposed that the statue be cast in bronze at an approximate cost of \$100,000.00. Reid's next proposal, to cast the statue out of a material known as "Design Cast 62" for \$15,000.00 was accepted by CCNV. [Id.](#)
- 7 [Id.](#)
- 8 [Id. at 2170](#).
- 9 [Id.](#)
- 10 [Id.](#)
- 11 [Id.](#) The trial court found that the sculpture was a work made for hire under [section 101](#) of the Copyright Act and that CCNV was the exclusive owner of the copyright. The trial court granted CCNV a preliminary injunction ordering the sculpture's return. [Community for Creative Non-Violence v. Reid, 652 F.Supp. 1453, 1456-57 \(D.D.C. 1987\)](#). The District of Columbia Court of Appeals reversed and remanded the case, holding that the statue was not a work made for hire, and thus, Reid was the owner of the copyright in the statue. [Community for Creative Non-Violence v. Reid, 846 F.2d 1485, 1494-99 \(D.C. Cir. 1988\)](#).
- 12 [CCNV, 109 S.Ct. at 2170-71](#); see, e.g., [Aldon Accessories Ltd. v. Spiegel, Inc., 738 F.2d 548 \(2d Cir. 1984\)](#), cert. denied, [469 U.S. 982 \(1984\)](#) (Contractors fall under work made for hire provision); [Brunswick Beacon, Inc. v. Schock-Hopchas Pub. Co., 810 F.2d](#)

410 (4th Cir. 1987)(Employees fall under work made for hire provision); [Easter Seal Soc’y for Crippled Children & Adults of La., Inc. v. Playboy Enters.](#), 815 F.2d 323 (5th Cir. 1987) (Contractor does not fall under work made for hire provision); [Evans Newton Inc. v. Chicago Sys. Software](#), 793 F.2d 889 (7th Cir. 1986), cert. denied, 479 U.S. 949 (1986)(Employee falls under work made for hire provision); [Dumas v. Gommerman](#), 865 F.2d 1093 (9th Cir. 1989)(“nonsoderized” graphic artist does not fall under work made for hire provision); [Community for Creative Non-Violence v. Reid](#), 846 F.2d 1485 (D.C. Cir. 1988)(Independent contractor does not fall under work made for hire provision).

13 [CCNV](#), 109 S.Ct. at 2168; see 17 U.S.C. §§ 101, 201(b) (1976).

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15 [CCNV](#), 109 S.Ct. at 2171; see 17 U.S.C. § 102 (1978).

16 17 U.S.C. § 201(b) (1978).

17 [CCNV](#), 109 S.Ct. at 2171.

18 17 U.S.C. § 201(b) (1978).

19 17 U.S.C. § 203(a) (1976).

20 17 U.S.C. § 302(c) (1976).

21 17 U.S.C. § 304(a) (1976).

22 17 U.S.C. § 601(b)(1) (1982).

23 See supra text accompanying notes 3 and 4.

24 [CCNV](#), 109 S.Ct. at 2171.

25 Id.

26 Id. at 2173.

27 Id. at 2178-79.

28 Id. at 2179.

29 Id.

30 Id. The Court also found that the other circumstances of the case weighed heavily against finding an employment relationship. For instance, Reid, a sculptor, was involved in a skilled occupation. He supplied his own tools and worked in his own studio miles away from CCNV's offices, which made daily supervision of his activities impracticable. Reid was also retained for less than two months. During and after this time CCNV had no right to assign additional projects to Reid. Apart from the contract deadline for completing the work, Reid had absolute freedom to decide when and how long to work. The payment to Reid was a sum dependent on completion of a specific job (this is how independent contractors are usually compensated). Reid had total discretion in hiring and paying assistants; and CCNV did not pay payroll or social security taxes, provide any employee benefits, or contribute to unemployment insurance or worker's compensation funds. Id.

31 Id. at 2173.

32 Id.

33 Id.

34 Id. at 2180.

35 Id. (citing 17 U.S.C. § 101 (1978)).

36 17 U.S.C. § 201(a) (1978)(“INITIAL OWNERSHIP—Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.”).

37 CCNV, 109 S.Ct. at 2170.

38 Consider, for example, how long it would take an average person to copy a particular software package and the cost of the disks on which the copy was made, compared to the amount of time and money spent developing the software package.

39 12 U.S.P.Q.2d (BNA) 1734 (1989) (motion for summary judgment).

40 Id. at 1735. Ross had begun to develop the “engine” or “back end” of the program prior to discussing the venture with Wigginton, but wanted a specialist to create a suitable user “interface” or “front end” for the spreadsheet. Id.

41 Id.

42 Id.

43 Id.

44 Id. Ross wanted to publish the software through his own company, while Wigginton wanted to use a larger more established publisher. Id.

45 Id. at 1735-36.

46 Id. at 1736.

47 Id.

48 [Ashton-Tate](#), 12 U.S.P.Q.2d (BNA) at 1736. For this proposition, the court in [Ashton-Tate](#) cites [Whelan Assocs. Inc. v. Jaslow Dental Laboratory, Inc.](#), 609 F.Supp. 1307, 1318-19 (E.D. Pa. 1985), *aff'd* on other grounds, 797 F.2d 1222 (3d Cir. 1986), cert. denied, 479 U.S. 1031 (1987); [Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Constr. Co.](#), 542 F.Supp. 252 (D. Neb. 1982). The defendants incorrectly cited the court of appeal's opinion in [Community for Creative Non-Violence v. Reid](#), 846 F.2d 1485, 1495-98 (D.C. Cir.), cert. granted, 109 S.Ct. 362 (1988) for the proposition that an author's contribution to a "joint work" does not have to be copyrightable, by itself, for that author to have an interest in the "joint work." The [Ashton-Tate](#) court noted that "the [court of appeals in] [CCNV](#) ... held that the district court incorrectly classified the work at issue as a 'work for hire' although the work should not be considered a joint work. [Ashton-Tate](#), 12 U.S.P.Q.2d (BNA) at 1736 n.1 (citing [CCNV](#), 846 F.2d at 1496 n.15)." The [CCNV](#) court remanded the case to the district court to decide whether the work could be classified as a joint work, with dictum to guide the lower court's decision. Within this dictum, the court in [CCNV](#) cited a treatise that supported the defendants' position in [Ashton-Tate](#). [Ashton-Tate](#), 12 U.S.P.Q.2d (BNA) at 1736. However, the [CCNV](#) court specifically did not adopt the position taken by the treatise. [CCNV](#), 846 F.2d at 1496 n.15; see also [Ashton-Tate](#), 12 U.S.P.Q.2d (BNA) at 1736. n.1. As noted above, the Supreme Court agreed with the [CCNV](#) court of appeals and remanded for an interpretation of whether the work could be considered a joint work.

49 [Ashton-Tate](#), 12 U.S.P.Q.2d (BNA) at 1737.

50 Id. at 1736; see also 17 U.S.C. § 102(b) (1976).

51 [Ashton-Tate](#), 12 U.S.P.Q.2d (BNA) at 1736. See also [S.O.S., Inc. v. Payday, Inc.](#), 886 F.2d 1081, 1086-87 (9th Cir. 1989).

52 886 F.2d 1081 (9th Cir. 1989).

53 Id. at 1087.

54 Ashton-Tate, 12 U.S.P.Q.2d (BNA) at 1737 (citations omitted).

55 Id.

56 Id.

57 Id. at 1740.

58 17 U.S.C. § 201(a) (1978).

59 CCNV, 109 S.Ct. at 2179.

60 Id. at 2170 (i.e., \$35,000.00 or \$5,000.00).

61 Id. at 2171.

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