

COPYRIGHT LAW REVISION

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STUDIES

PREPARED FOR THE  
SUBCOMMITTEE ON  
PATENTS, TRADEMARKS, AND COPYRIGHTS

OF THE  
COMMITTEE ON THE JUDICIARY  
UNITED STATES SENATE  
EIGHTY-SIXTH CONGRESS, SECOND SESSION

PURSUANT TO

S. Res. 240

STUDIES 11-13

11. Divisibility of Copyrights
12. Joint Ownership of Copyrights
13. Works Made for Hire and on Commission



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## FOREWORD

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This committee print is the fourth of a series of such prints of studies on Copyright Law Revision published by the Committee on the Judiciary Subcommittee on Patents, Trademarks and Copyrights. The studies have been prepared under the supervision of the Copyright Office of the Library of Congress with a view to considering a general revision of the copyright law (title 17, United States Code).

Provisions of the present copyright law are essentially the same as those of the statutes enacted in 1909, though that statute was codified in 1947 and has been amended in a number of relatively minor respects. In the half century since 1909 far-reaching changes have occurred in the techniques and methods of reproducing and disseminating the various categories of literary, musical, dramatic, artistic, and other works that are subject to copyright; new uses of these productions and new methods for their dissemination have grown up; and industries that produce or utilize such works have undergone great changes. For some time there has been widespread sentiment that the present copyright law should be reexamined comprehensively with a view to its general revision in the light of present-day conditions.

Beginning in 1955, the Copyright Office of the Library of Congress, pursuant to appropriations by Congress for that purpose, has been conducting a program of studies of the copyright law and practices. The subcommittee believes that these studies will be a valuable contribution to the literature on copyright law and practice, that they will be useful in considering the problems involved in proposals to revise the copyright law, and that their publication and distribution will serve the public interest.

This committee print contains the following three studies relating to the ownership of copyright: No. 11, "Divisibility of Copyrights," by Abraham L. Kaminstein, Chief of the Examining Division of the Copyright Office, with two supplements by Lorna G. Margolis and Arpad Bogsch of the Copyright Office staff; No. 12, "Joint Ownership of Copyrights," by George D. Cary, General Counsel of the Copyright Office; and No. 13, "Works Made for Hire and on Commission," by Borge Varmer, Attorney-Adviser of the Copyright Office.

The Copyright Office invited the members of an advisory panel and others to whom it circulated these studies to submit their views on the issues. The views, which are appended to the studies, are those of individuals affiliated with groups or industries whose private interests may be affected by copyright laws, as well as some independent scholars of copyright problems.

It should be clearly understood that in publishing these studies the subcommittee does not signify its acceptance or approval of any statements therein. The views expressed in the studies are entirely those of the authors.

JOSEPH C. O'MAHONEY,  
*Chairman, Subcommittee on Patents, Trademarks, and Copyrights,  
Committee on the Judiciary, U.S. Senate.*

## COPYRIGHT OFFICE NOTE

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The studies presented herein are part of a series of studies prepared for the Copyright Office of the Library of Congress under a program for the comprehensive reexamination of the copyright law (title 17 of the United States Code) with a view to its general revision.

The Copyright Office has supervised the preparation of the studies in regard to their general subject matter and scope, and has sought to assure their objectivity and general accuracy. However, any views expressed in the studies are those of the authors and not of the Copyright Office.

Each of the studies herein was first submitted in draft form to an advisory panel of specialists appointed by the Librarian of Congress, for their review and comment. The panel members, who are broadly representative of the various industry and scholarly groups concerned with copyright, were also asked to submit their views on the issues presented in the studies. Thereafter each study, as then revised in the light of the panel's comments, was made available to other interested persons who were invited to submit their views on the issues. The views submitted by the panel and others are appended to the studies. These are, of course, the views of the writers alone, some of whom are affiliated with groups or industries whose private interests may be affected, while others are independent scholars of copyright problems.

ABE A. GOLDMAN,  
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## STUDIES IN EARLIER COMMITTEE PRINTS

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4. The Moral Right of the Author.

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**Third print:**

7. Notice of Copyright.
8. Commercial Use of the Copyright Notice.
9. Use of the Copyright Notice by Libraries.
10. False Use of Copyright Notice.

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**STUDY NO. 13**  
**WORKS MADE FOR HIRE AND ON COMMISSION**  
**BY BORGE VARMER**  
April 1958

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# WORKS MADE FOR HIRE AND ON COMMISSION

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## I. INTRODUCTION

The problem to be considered in this paper is: What person should be considered the author or first copyright owner (1) of a work made by an employee in the course of his employment by another person, and (2) of a work made by one person under a commission at a fixed fee for another person?

The scope of the problem may be illustrated by the following example. A magazine publisher may obtain an article for his magazine in one of three ways:

- (1) He may assign the task of writing the article to a salaried employee;
- (2) He may commission an author to write the article for a fixed fee;
- (3) He may acquire the article from an author who has written it on his own initiative.

It is the purpose of this paper to deal with the first two situations in regard to works of all kinds that are made by employees for hire or under a commission. Using the example of an article for a magazine, the first question to be examined in each situation is: Under the present law, what are the respective rights of the magazine publisher and of the person who has written the article? The second question is: Are these rights properly allocated as between the two or should a different allocation of the rights be made in a general revision of the copyright law?

When examining these questions, it should be borne in mind that there may be some differences in result between treating an employer for hire as an "author," and treating him as the copyright owner (with the employee being the author). In short, the identity of the author may be significant for purposes other than first ownership of the copyright. Thus, under the present U.S. copyright law authorship, as distinguished from copyright ownership, may be decisive in the following situations:

(1) The citizenship of the author may be decisive in determining whether a work is eligible for copyright<sup>1</sup> and, since the implementing of the Universal Copyright Convention, in determining whether deposit, registration and domestic manufacture may be required.<sup>2</sup>

(2) Only the author (or his specified heirs or representatives) can obtain renewal of his copyright in certain instances. However, the present statute provides specially for the renewal of copyright in works made for hire.<sup>3</sup>

<sup>1</sup> 17 U.S.C. § 9.

<sup>2</sup> 17 U.S.C. § 9(c).

<sup>3</sup> 17 U.S.C. § 24. As will be noted below, although the employer is deemed to be the "author" of a work made for hire, it is not the employer as such who is entitled to the renewal, but the copyright proprietor at the time of renewal.



(3) Different results may also arise where, as in many foreign laws, the duration of copyright is based on the life of the author. Also, in foreign laws where moral rights are recognized, these rights belong to the author. If the employer is merely the first copyright owner of a work made for hire, is the duration of copyright to be measured from the death of the employee-author? And does the latter have moral rights?

In examining the legislative history of the present law, the relevant court decisions, the various legislative proposals introduced in Congress, and the foreign laws, the aforementioned distinctions between the author and a copyright owner should be kept in mind.

## II. LEGISLATIVE HISTORY OF THE PRESENT LAW

The present copyright law contains two provisions regarding works made for hire. Section 26 provides that "the word 'author' shall include an employer in the case of works made for hire," and section 24 provides 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.

Both provisions were enacted in 1909 and represented the first legislative attempt to deal with the relationship of employer and employee in the field of copyright. The law does not mention works made on commission.

One of the forerunners of the 1909 act, a memorandum draft bill of March 2, 1906,<sup>4</sup> defined the word "author" as including: (1) "Any person who employs a photographer to make a photographic portrait"; and (2) "An employer, in the case of a work produced by an employee during the hours for which his salary is paid, subject to any agreement to the contrary."

It will be noted that clause (1) in this draft bill proposed to attribute authorship to the person who commissions a photographic portrait; and that clause (2), in proposing to attribute authorship to the employer in the case of a work made for hire, defined such a work in terms of salaried employment. Not only did the 1909 act omit any reference to commissioned photographs, but it also omitted the definition of works made for hire. It might be argued that the omission of that definition indicated an intention to give employment for hire a wider scope than employment on a salaried basis; or, it might be argued conversely, that employment for hire implies salaried employment and that the omitted definition was presumably thought to be superfluous. The legislative proceedings do not cast any light on this question, but the matter has been clarified to some extent in the court decisions to which we turn next.

## III. THE COURT DECISIONS

### A. WORKS MADE FOR HIRE

One of the first cases to deal with the statutory concept of works made for hire was *National Cloak & Suit Co. v. Kaufman* (189 Fed. 215 (C.C. Pa. 1911)). The court recognized that under the 1909 act

<sup>4</sup> Conference on Copyright, Report, 3d Sess., 1906, at 13.

the employer, in this case a corporation, was author of a work created by its employees and as such entitled to copyright in the work. The court stated that under the previous case law also, a corporation was entitled to the literary product of a salaried employee. It should be pointed out, however, that the older cases cited<sup>5</sup> support only the copyright ownership of the employer, not his authorship.

Similar rulings were made in *Yale University Press v. Row, Peterson & Co.* (40 F. 2d 290 (S.D.N.Y. 1930)), and *Sedley Brown v. Molle Co.* (20 F. Supp. 135 (S.D.N.Y. 1937)). In *U.S. Ozone Co. v. U.S. Ozone Co. of America* (62 F. 2d 887 (7th Cir. 1932)), the copyright in a work made for hire had been secured and registered in the name of the employee. The court held that the copyright was held in trust for the employer, and that the employee could not assign any beneficial interest in the copyright.

There are two important cases involving renewal rights in works made for hire: *Tobani v. Carl Fischer, Inc.* (98 F. 2d 57 (2d Cir. 1938)); and *Shapiro, Bernstein & Co. v. Bryan* (123 F. 2d 697 (2d Cir. 1941)). The issue in both cases was whether the renewal right belongs to the employer for hire or to the employee as "actual" author. In the *Tobani* case the court held that renewals obtained by a son of the deceased employee were void.<sup>6</sup> In the *Bryan* case renewal was obtained by the employer's successor in title and the court held that the renewal was valid.

These two decisions are based on the following principles. Although the employer for hire is deemed to be the author of works made by his employees, the renewal right does not revert to him as it does to other authors. Nor does it belong to the employee as the "actual" author or to his widow or children, etc. As stated by the lower court in the *Bryan* case:

the words "proprietor of such copyright" (in sec. 24) plainly mean the proprietor at the time of renewal, and not at the time of the original copyright.

Judge Learned Hand, who wrote the opinion of the Circuit Court of Appeals in the *Bryan* case, considered the meaning of "a work made for hire." He said:

The turning point is whether the song \* \* \* was "a work made for hire." They argue that the phrase does not include works of which employees are the real authors but only those to which they made some ancillary contribution to the employer who is the chief author \* \* \*. But not only do the words suggest no such distinction, but the kind of contribution by the employee to which the phrase would then be limited would not support the issue of an original copyright to the employee; he would not be an "author," at most he would be a "co-author" \* \* \*. The "work" intended is clearly any "work" which, but for the employment, the employee could have himself copyrighted; not a work in which his right would have given him only joint interest in the copyright.

Thus, participation by the employer is not required in order to apply the statutory rules of works made for hire, and such participation alone does not make a person an employer for hire. Other cases have held the same; see for example, *Fred Fisher Music Co., Inc. v. Leo Feist, Inc.* (55 F. Supp. 359 (S.D.N.Y. 1944)), and *In re Journal-News Corp.* (104 F. Supp. 843 (S.D.N.Y. 1951)).

<sup>5</sup> *Collier Engineer Co. v. United Correspondence School Co.*, 94 Fed. 152 (C.C.S.D.N.Y. 1899); *Atwill v. Ferrett*, 2 Blatchf. 39, Fed. Cas. No. 640 (C.C.S.D.N.Y. 1846).

<sup>6</sup> The court conceivably might have held that the renewals involved were valid but held in trust for the employer's successor in title. Such a ruling would be consistent with a number of decisions on copyright registration, see for example *U.S. Ozone Co. v. U.S. Ozone Co. of America*, *supra*.

The statutory concept of employment for hire is based on the specific contractual relationship between employer and employee. The courts have not given a definition of that relationship which will cover all situations that may come up, but all the cases have involved salaried employees who received either a fixed salary or a minimum salary plus commission. At least one case, *Shapiro, Bernstein & Co., Inc. v. Jerry Vogel Music Co., Inc.* (115 F. Supp. 754 (S.D.N.Y. 1953)), has held that a work made by an employee as an extra assignment for extra pay was not a work made for hire. Hence, it may be concluded that section 26 refers only to works made by salaried employees in the regular course of their employment.

#### B. WORKS MADE ON COMMISSION

The cases which have settled problems of copyright ownership in works made on commission have generally involved portrait or group photographs. Certain principles were developed for this type of work long before the 1909 act. In more recent years the same principles have been applied also to a work of art.

The basic principle is stated in *Altman v. New Haven Union Co.* (254 Fed. 113 (D.C. Conn. 1918)), as follows:

Where the photographer takes the portrait for the sitter under employment by the latter, it is the implied agreement that the property in the portrait is in the sitter, and neither the photographer nor a stranger has a right to print or make copies without permission from the sitter.

The same principle was expressed in *Lumiere v. Pathe Exchange, Inc.* (275 Fed. 428 (2d Cir. 1921)), and *Lumiere v. Robertson-Cole Distributing Corp.* (280 Fed. 550 (2d Cir. 1922)), both cases involving portrait photographs.

In *Yardley v. Houghton Mifflin Co., Inc.* (108 F. 2d 28 (2d Cir. 1939)), the rule established for photographs was applied to a work of art. Citing the above cases, the court said:

We think the rule should be the same when a painting is made by an artist. \* \* \* We believe, therefore \* \* \* that the right to copyright should be held to have passed with the painting, unless the plaintiff can prove that the parties intended it to be reserved to the artist.

The painting in that case was a mural executed by an artist, Turner, under commission by the city of New York. Turner had obtained copyright registration and his sister, plaintiff in the case, had obtained registration of the renewal right. The court held that the copyright, if valid, was held in trust for the city of New York and consequently, that the plaintiff was not entitled to recover.<sup>7</sup>

#### IV. LEGISLATIVE PROPOSALS SINCE 1909

Most of the bills introduced in Congress between 1924 and 1940 for general revision of the copyright law contained provisions on works made for hire which differed more or less from the present law. Some of them also provided statutory rules governing certain works made on commission.

<sup>7</sup> The court further stated that only Turner's executor could legally have obtained a renewal. Although the latter statement must be considered a dictum, it might be thought to imply that the renewal right in the case of works made on commission reverts to the author or his heirs or representatives.

## A. THE DALLINGER BILL

The Dallinger bill as first introduced in the House of Representatives in 1924<sup>8</sup> provided detailed rules concerning both works made for hire and certain works made on commission. Section 45 provided:

SEC. 45. Subject to the provisions of this Act, the author of a work shall be the first owner of a copyright therein: *Provided, That—*

(a) Where in the case of an engraving, photograph, or portrait the plate or other original was ordered by some other person, and was made for a valuable consideration pursuant to that order, if the same be a representation in artistic form of the person or persons ordering such plate or other original or of some other living person or persons designated in said order then in the absence of any written agreement to the contrary, the person by whom such plate or other original was ordered shall be the first owner of the copyright, and

(b) Where the author was in the employ of some other person, and such work was made in the course of his employment by that person, the person by whom the author was employed shall in the absence of any written agreement to the contrary be the first owner of the copyright, but where such work is an article or other printed or artistic contribution to a book, newspaper, magazine, similar periodical, or catalogue there shall in the absence of any written agreement to the contrary, be deemed to be reserved to the author all rights other than the right of publication of the work as a part of such book, newspaper, magazine, similar periodical, or catalogue.

(c) In the case of a motion picture, the person, persons, or corporation manufacturing the same shall be deemed the author thereof, without prejudice to the rights of the author of any copyrighted work on which the same may be based.

Shortly after, Mr. Dallinger introduced a modified version of his bill.<sup>9</sup> Section 45 of the new bill provided in general that "the author of a work shall be the first owner of the copyright therein subject to any contract which may be made with respect thereto." It left out subsections (a) and (b) of the earlier bill, quoted above, while retaining subsection (c). The Dallinger bill was considered briefly during hearings held in the spring of 1924,<sup>10</sup> but the problems of works made for hire or on commission were not discussed.

## B. THE PERKINS BILL

The Perkins bill, introduced in the House of Representatives in 1925,<sup>11</sup> contained the following provision on works made for hire:

SEC. 4. Where any work, subject matter of copyright under this Act, has been made by an author entitled to copyright in the United States under the terms of a contract with any person or corporation, and during the course of his employment for hire by any such person or corporation, such employer shall be the first owner of the copyright in such work, subject to the terms of the agreement between the author and his employer.

The bill also provided the following rules for newspapers and periodicals, motion pictures, phonographic records and similar works:

SEC. 6. The publisher of a newspaper or other periodical shall be the first owner of the general copyright therein: *Provided, however,* That in the case of any literary or other contribution therein the author thereof shall be the owner of the copyright, and in the absence of an agreement to the contrary he shall be deemed only to have licensed the publisher to print and publish the said contribution.

SEC. 7. Where any person, association, firm, or corporation, after this Act goes into effect, shall manufacture a motion picture, or shall make and sell a phonographic record or a perforated roll or other contrivance, which shall mechanically

<sup>8</sup> H. R. 8177, 68th Cong., 1st Sess. (1924).

<sup>9</sup> H. R. 9137, 68th Cong., 1st Sess. (1924).

<sup>10</sup> Hearings before House Committee on Patents on H. R. 6250 and H. R. 9137, 68th Cong., 1st Sess. (1924).

<sup>11</sup> H. R. 11258, 68th Cong., 2d Sess. (1925).

reproduce any literary, dramatic, musical, or dramatico-musical work, such person, association, firm, or corporation shall be the first owner of the copyright in such motion picture or in such phonographic record, perforated roll, or other contrivance: *Provided, however,* That where such motion picture, or such phonographic record, or perforated roll or other contrivance is based in whole or in part upon a work in which copyright subsists, then, during the term of copyright in such work, the copyright in such motion picture shall include only the exclusive right to make, copy, vend, and exhibit it, and the copyright in such phonographic record, roll, or other contrivance shall include only the exclusive right to make, copy, and vend it: *And provided further,* That the copyright in such motion picture, or such phonographic record, roll, or other contrivance, shall be held subject to all the rights of the owner of copyright in any work upon which such motion picture, or such phonographic record, roll, or other contrivance is based.

During the hearings held on the Perkins bill these provisions were criticized by Mr. Louis E. Swarts, a representative of the Motion Picture Producers and Distributors of America, Inc.<sup>12</sup> He especially objected to the fact that motion picture producers under the proposed rules would only be owners of material written by their employees and not authors. He argued that the high salaries paid to creative employees warranted the best possible title in the producer. He considered it important to the film producer that he be considered the author not only of the film, as provided in the Dallinger bill, but also of the various contributions, script, music, etc., written for the film by employees.

#### C. THE VESTAL BILL

The Vestal bill, as first introduced in the House of Representatives in 1926,<sup>13</sup> provided as follows:

SEC. 3. Where any work, except a dramatico-musical or musical work, is created by an employee within the scope of his employment, his employer shall, as author, be the owner of the copyright in such work, in the absence of an agreement to the contrary; but this provision shall not apply to works created on special commission where there is no relation of employer and employee.

Where any dramatico-musical or musical work is created by an employee within the scope of his employment under general employment upon regular salary, his employer shall be the first owner of the copyright in such work, in the absence of agreement to the contrary; but this provision shall not apply to works created on special commission where there is no such relation of employer and employee.

When the Vestal bill was reintroduced in 1930<sup>14</sup> the second paragraph was omitted. The anomaly created thereby with respect to dramatico-musical or musical works was pointed out during hearings held before the Senate committee after the bill had passed the House.<sup>15</sup> The committee rewrote section 3 to provide as follows:

SEC. 3. In the absence of agreement to the contrary where any work is created by an employee within the scope of his employment his employer shall, as author, be the owner of the copyright in such work; but this provision shall not apply to works created under special commission where there is no relation of employer and employee, unless the parties agree otherwise.

A committee report<sup>16</sup> gave the following reasons for the proposed provision:

Section 3 of the bill is amended so as to expressly provide that in the absence of agreement to the contrary, where any work is created by an employee within the scope of his employment, his employer shall be deemed to be the author of such work and the owner of the copyright therein.

<sup>12</sup> Hearings before House Committee on Patents on H.R. 11258, 68th Cong., 2d Sess. 480-481 (1925).

<sup>13</sup> H. R. 10434, 69th Cong., 1st Sess. (1926).

<sup>14</sup> H. R. 12549, 71st Cong., 2d Sess. (1930).

<sup>15</sup> Hearings before Senate Committee on Patents on H.R. 12549, 71st Cong., 2d Sess. 86 (1931).

<sup>16</sup> S. REP. NO. 1732, 71st Cong., 3d Sess. 29 (1931).

The reason for this amendment is due to the conflicting interests which arise in the case of the production of moving pictures where authors and composers are engaged and under contract of regular employment to produce parts of a drama or a musical composition to be filmed. It is thought that under these conditions the producer of the moving picture film should not, in the absence of agreement to the contrary, be held to answer a claim for damages by an employee who in the course of his employment composes some musical work or a drama in whole or in part, or writes for his employer what are known as scenarios or interludes. It is to be noted, however, that this amendment will not apply to works created under special commission where no relation of employer and employee exists, unless there is an agreement to the contrary. It follows then that under the provisions of this amendment an employee, notwithstanding the conditions affecting his right as author, will not operate to his detriment unless he wills it, because under all circumstances he may by contract protect himself fully and reserve his rights in his productions.

Section 6 of the Vestal bill contained an additional provision according to which copyrights in photographic portraits would belong to the person for whom they were made, either for hire or on commission, in the absence of an agreement to the contrary.

#### D. THE SIROVICH BILL

The Vestal provision, as amended by the Senate committee, was adopted almost verbatim in the Sirovich bill introduced in the House of Representatives in 1932.<sup>17</sup> During the general revision hearings conducted by Mr. Sirovich in February and March 1932, Mr. R. S. Ould, a patent attorney, objected orally to the Vestal provision.<sup>18</sup> He later submitted a written statement which was made part of the record. It said:

In section 16 it is believed that the last two sentences relating to the employer-employee problem in copyright should be entirely eliminated. The provision in the bill that where any copyrightable work is created by an employee within the scope of his employment, the employer shall be considered as the author of the work, is believed to be very unfortunate, since it is quite impossible for the law to make a person an author of a work of which, in fact, he is not the author. So far as concerns the employer having either a legal or equitable title in the copyrighted work, in the absence of special agreement to the contrary, this is a matter determined under the common law from the particular facts in each case, and it is believed that any legislation whatever as to the respective rights of the employer and employee is wholly out of place in a copyright bill, and that there is doubt on the constitutional aspect.

It is noteworthy that this criticism was voiced by a patent attorney. Because of the parallels between copyrights and patents, among other things the fact that they are both covered by the same constitutional provision, it may be helpful to compare the rules governing patents in inventions made by employees for hire. These rules will be considered later in this paper.

#### E. THE DUFFY, DALY, AND SIROVICH BILLS

The Duffy bill, introduced in the Senate in 1935,<sup>19</sup> contained the following provisions:

SEC. 62. (b) In the absence of agreement to the contrary, where any work is created by an employee within the scope of his employment, his employer shall be regarded as the assignee, even without a written assignment, and shall be the

<sup>17</sup> H. R. 10364, 72d Cong., 1st Sess. (1932).

<sup>18</sup> Hearings before House Committee on Patents on General Revision of the Copyright Law, 72d Cong., 1st Sess. 479 (1932).

<sup>19</sup> S. 2465, 74th Cong., 1st Sess. (1935). A modified version of the bill, S. 3047, passed the Senate in the fall of 1935 but failed to pass the House.

owner of the copyright in such work; but this provision shall not apply to works created under special commission where there is no relation of employer and employee, unless the parties agree otherwise.

SEC. 62. (c) Copyright in the photograph of a single individual shall not be had except with the written consent of the person photographed.

The Daly bill, introduced in the House of Representatives in 1936,<sup>20</sup> contained rules identical with those of the Duffy bill.

The Sirovich bill, introduced in the House shortly after the Daly bill,<sup>21</sup> provided:

SEC. 65(i) "Author" includes an employer in the case of any work created by an employee within the scope of his employment, and such employer shall be the owner of the copyright in such work in the absence of agreement to the contrary; but this provision shall not apply to works created under special commission where there is no relation of employer and employee, unless the parties agree otherwise.

The problems of works made for hire and on commission were not discussed during the lengthy hearings on the Duffy, Daly, and Sirovich bills.<sup>22</sup> However, a memorandum submitted by the Motion Picture Producers and Distributors of America, Inc., recommended that the provision of the Duffy bill be amended so as to provide that the employer for hire be considered the author and not merely the owner of the literary and artistic material created by his employees.<sup>23</sup>

#### F. THE THOMAS BILL

The Thomas bill,<sup>24</sup> prepared by the Shotwell committee,<sup>25</sup> was introduced in the Senate in 1940. It provided:

SEC. 8. Subject to the provisions of this Act, the author of a work shall be the first owner of copyright therein: *Provided*, That the word "author" shall include an employer in the case of works made in the course of employment for hire at the instance of an employer, pursuant to a bona fide contract of service, in the absence of any agreement to the contrary, but subject to any legal or equitable rights in the work theretofore granted to any other person of which such employer had notice: *Provided, however*, That an agreement for a work or works upon special commission or order shall be prima facie evidence that such agreement is not one of employment within the meaning of this section, unless such agreement otherwise specifically provides to the contrary and a master and servant relationship exists between the parties.

The Thomas bill had no other provision regarding works made on commission. The records of the Shotwell committee show that especially the film producers, radio broadcasters, and music publishers were interested in the problem of employment for hire. The committee summarized the differing views of the authors and of these three groups as follows:<sup>26</sup>

The authors were basically opposed to the provision creating authorship artificially by making the test solely one of employment. Motion-picture producers, radio broadcasters, and music publishers insist upon the retention of the present definition of author in section 62 of the Act of 1909 or upon similar language. They suggest an alternative language such as the following:

In the absence of agreement to the contrary, where any work is created by an employee within the scope of his employment, his employer shall be considered the author of the work. This provision shall not apply to works created under

<sup>20</sup> H. R. 10632, 74th Cong., 2d Sess. (1936).

<sup>21</sup> H. R. 11420, 74th Cong., 2d Sess. (1936).

<sup>22</sup> Hearings before House Committee on Patents on Revision of the Copyright Laws, 74th Cong., 2d Sess. (1936).

<sup>23</sup> *Id.* at 1186.

<sup>24</sup> S. 3043, 76th Cong., 3d Sess. (1940).

<sup>25</sup> National Committee of the United States of America on International Intellectual Cooperation, Committee for the Study of Copyright.

<sup>26</sup> Congressional Record, Vol. 86, No. 3, 136 (1940).

special commission where there is no relation of employer and employee, unless the parties agree otherwise.

In summary, the provisions regarding employment for hire proposed in the aforementioned general revision bills fall into two main categories: those which designated the employer for hire as the author and those which considered him as the copyright owner (or the assignee of the actual author). The Vestal bills of 1926 to 1931, the Sirovich bills of 1932 and 1936, and the Thomas bill of 1940 belong to the former group; while the Dallinger bill of 1924, the Perkins bill of 1925, the Duffy bill of 1935, and the Daly bill of 1936 belong to the latter. It should also be noted that all the bills which defined the employer for hire as the author also provided, as the present law does not, that he was deemed to be the author in the absence of an agreement to the contrary.

Two of the earlier general revision bills provided special rules for contributions to periodicals. The first Dallinger bill of 1924 (which extended the same rule also to contributions to books or catalogs) provided that in the absence of a contrary agreement, the employee-author was deemed to reserve all rights other than the right of publication in such a periodical (or book or catalog). The Perkins bill of 1925 provided that the author of a contribution to a periodical shall be the copyright owner, and in the absence of a contrary agreement, the publisher shall be deemed to have a license to print and publish the contribution. None of the later revision bills contained any comparable provisions regarding such contributions.

The Dallinger bill of 1924 and the Perkins bill of 1925 also had special provisions for motion pictures. The Dallinger bill specified that the manufacturer of a motion picture shall be deemed the author thereof, while the Perkins bill specified that the manufacturer of a motion picture (or of a sound recording) shall be the first owner of copyright therein.

Several of the general revision bills dealt specially with commissioned portraits. The Dallinger bill provided that the person ordering an engraving, photograph, or other portrait of a living person shall be the first owner of copyright. The Vestal bill of 1930 provided that the person ordering a photographic portrait shall be the first owner of copyright. The Duffy bill of 1935 and the Daly bill of 1936 took a somewhat different approach in providing that copyright could not be had of the photograph of a person without his written consent.

Except for the foregoing provisions regarding portraits, the various general revision bills did not provide affirmative rules regarding the ownership of copyright in commissioned works. Instead, most of the bills contained the negative proviso that the provisions regarding the authorship or ownership of works made by employees would not apply to commissioned works in the absence of a contrary agreement. It was apparently contemplated that commissioned works would be dealt with under the rules established by the court decisions.

## V. FOREIGN LAWS

### A. WORKS MADE FOR HIRE

Statutory provisions concerning works made for hire are found in the copyright laws of the British Commonwealth, Ireland, Thailand, the Netherlands, and Turkey. The laws of the Commonwealth, Ire-



land, and Thailand invest the employer for hire with first copyright ownership, while the laws of the Netherlands and Turkey regard the employer for hire as author. The provisions of the new copyright laws of the United Kingdom and India are slightly different from the provisions in force in the other Commonwealth countries, the latter being adopted from the United Kingdom Copyright Act of 1911. In various countries which have no statutory provisions concerning copyright in works made for hire, rules have been formulated by the courts. The following is a brief survey of the relevant statutory provisions of Canada (as representing the law in the Commonwealth countries except United Kingdom and India), the United Kingdom (as representing the law in United Kingdom and India), the Netherlands and Turkey, supplemented by some remarks on the principles followed in certain countries with no statutory provisions in this field.

#### *Canada*

Section 12 (3) of the Canadian copyright law of 1921<sup>27</sup> provides:

(3) Where the author was in the employment of some other person under a contract of service or apprenticeship and the work was made in the course of his employment by that person, the person by whom the author was employed shall, in the absence of any agreement to the contrary, be the first owner of the copyright; but where the work is an article or other contribution to a newspaper, magazine, or similar periodical, there shall, in the absence of any agreement to the contrary, be deemed to be reserved to the author a right to restrain the publication of the work, otherwise than as a part of a newspaper, magazine, or similar periodical.<sup>28</sup>

The provision is almost identical with the provisions of the Dallinger and Perkins bills.<sup>29</sup> Probably the latter were modeled on the old British Act. It should be noted that in all cases of works made for hire an express agreement regarding the copyright governs. Otherwise, the author-employee who works for a newspaper or periodical is favored over other employees inasmuch as he may restrain his employer or others from using his work otherwise than as a part of a newspaper or periodical. His position in this respect is improved under the new United Kingdom Act, as noted below.

#### *United Kingdom*

The new United Kingdom Copyright Act of 1956<sup>30</sup> provides for works made for hire in section 4(2) and (4). For the sake of continuity, the first five subsections will be quoted in full:

4. (1) Subject to the provisions of this section, the author of a work shall be entitled to any copyright subsisting in the work by virtue of this Part of this Act.

(2) Where a literary, dramatic or artistic work is made by the author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, and is so made for the purpose of publication in a newspaper, magazine or similar periodical, the said proprietor shall be entitled to the copyright in the work in so far as the copyright relates to publication of the work in any newspaper, magazine, or similar periodical, or to reproduction of the work for the purpose of its being so published; but in all other respects the author shall be entitled to any copyright subsisting in the work by virtue of this Part of this Act.

(3) Subject to the last preceding subsection, where a person commissions the taking of a photograph, or the painting or drawing of a portrait, or the making of an engraving, and pays or agrees to pay for it in money or money's worth, and the work is made in pursuance of that commission, the person who so commissioned

<sup>27</sup> CAN. REV. STAT. c. 55.

<sup>28</sup> Since the employer is merely the first copyright owner and the employee is referred to as "the author," it would seem that the latter retains his moral rights under sec. 12 (7) of the Act.

<sup>29</sup> See *supra* pp. 7 and 8.

<sup>30</sup> 4 & 5 ELIZ. 2, c. 74.

the work shall be entitled to any copyright subsisting therein by virtue of this Part of this Act.

(4) Where, in a case not falling within either of the two last preceding subsections, a work is made in the course of the author's employment by another person under a contract of service or apprenticeship, that other person shall be entitled to any copyright subsisting by virtue of this Part of this Act.

(5) Each of the three last preceding subsections shall have effect subject, in any particular case, to any agreement excluding the operation thereof in that case.

As indicated above, the position of the newspaper or periodical employee, or the "staff journalist,"<sup>31</sup> is somewhat improved under the new Act. Previously he parted with the entire copyright in the absence of an agreement to the contrary. He could, unlike other author-employees, restrain his employer from using his works otherwise than as a part of a newspaper or periodical. But he did not have other remedies. For example, he could not obtain damages for such use. Under the new Act the staff journalist retains the copyright except the right to publish in newspapers and periodicals. The Copyright Committee proposed to retain the rule of the 1911 Act,<sup>32</sup> but the rule was amended during the debates in Parliament.<sup>33</sup> Generally, it was felt that first ownership of copyright in works made for hire as a rule should vest in the employer. As stated by Lord Lucas:

Perhaps it is right that under a contract of service the whole of the creator's brain and muscle should be at the disposal of the employer.<sup>34</sup>

However, there was strong sentiment for giving journalists in this respect an even better status than the 1911 Act. Lord Mancroft said:

Instead of applying the idea of a restrictive covenant, the copyright is to be split, the newspaper proprietor getting newspaper rights and the author retaining all other rights.<sup>35</sup>

It is this principle of a split copyright which is embodied in the new United Kingdom Act.<sup>36</sup>

#### *The Netherlands*

Article 7 of the Netherlands copyright law of 1912<sup>37</sup> provides:

*Article 7.* If a literary, scientific, or artistic work is produced in the service of another person, such person shall be deemed the author thereof, unless otherwise agreed between the parties.

The provision seems to establish a relationship between employer and employee similar to the one provided by the U.S. copyright law. Although the U.S. law does not state that an employee may preserve his rights as author by contract, it seems likely that a contractual stipulation to this effect will be recognized also in the United States.

<sup>31</sup> This is the term used during the Parliamentary debates in which a distinction was made between the "staff journalist" and the "commissioned" or "free-lance journalist."

<sup>32</sup> Copyright Committee, Report, CMD. NO. 8662, at 101 (1951).

<sup>33</sup> House of Lords, Official Report, 14 Feb. 1956; Vol. 195 (No. 59) col. 897.

<sup>34</sup> House of Lords, Official Report, 29 Nov. 1955; Vol. 194 (No. 39) col. 881.

<sup>35</sup> *Id.* at 884.

<sup>36</sup> As to the distinction between newspaper and periodical employees on the one hand and other employees on the other, the recent Canadian *Report on Copyright* has the following to say about the problem: "Should this special treatment of employed contributors to periodicals (*e.g.* members of a newspaper staff) be extended to all employees? This is, we think, out of the question. It will be noted that the employed periodical contributor's right of restraint is not to restrain the use to use for the express or immediate purpose for which the contribution was made, but only to restrain it to periodical use. To carve out categories of use to which publication should be restrainable by employees in other businesses would be impossible. If we moved in the other direction and restrained use of all employers to the immediate purposes of works it would place an intolerable restraint on employers, as for instance, in the case of business letters written by employees. We think that the general principle that copyright in a work made in the course of an author's employment by another person should vest in that person unless there is an agreement to the contrary is the correct one and that there should be no qualification in favour of employee contributors to periodicals. Needless to say the present statutory qualification, or a variation of it, could be created by agreement between the employer and the employee." (p. 46)

<sup>37</sup> "Staatsblad," 1932, item 308.

*Turkey*

The Turkish copyright law of 1951<sup>38</sup> deals with employment for hire in the first paragraph of article 8 which provides:

*Article 8.* The author of a work is the person who has created it. The authors of works produced by officials, employees, or workers, as part of their duties are the persons who have appointed or who employ them, unless the contrary results either from a contract between the parties concerned or from the nature of the work. This rule shall also apply to legal entities.

Compared with the Netherlands provision, this provision contains the additional qualification that the nature of a work may cause authorship to vest in the employee. It is not clear to what kinds of works this would apply. Otherwise, the Turkish provision seems to follow the same principle as the Netherlands and the United States.

*Countries without statutory provisions regarding works made for hire*

One of the basic principles of the Berne Convention, to which most of the countries in question belong, is the strong tie between the author and his works. Principally, the author is the first copyright owner. However, there are certain deviations from this principle, and at least some of the Berne countries recognize in their judicial practice a rule governing works made for hire which is similar to the one found in the statutes of the British Commonwealth. This is the case, for example in Germany and Scandinavia. Runge, in his work on copyright,<sup>39</sup> states that in Germany the copyright in literary works (the German word "Schriftwerke" includes also dramatic works) and certain pictorial works (not including works of art; in German, "Kunstwerke") often, as a result of the employment contract, vests in the employer rather than the author-employee. Runge states:

It is true that copyright also in this case first comes into existence in the person of the author. However, as soon as it exists, the title passes to the employer either by express agreement (for example, a stipulation in the employment contract) or, as a rule, by tacit agreement.<sup>40</sup>

The recent report of the Swedish Copyright Committee states:

In certain employment relations it is implied in the employment contract that the author gives to his employer the entire copyright in works created within his employment.<sup>41</sup>

The rules mentioned are derived from the general law of contracts which has developed along fairly uniform lines in the European countries. Similar rules may therefore be assumed to apply elsewhere in Europe.

## B. WORKS MADE ON COMMISSION

A number of countries have statutory provisions regarding copyright in commissioned works.

Of these, only the laws of China and Venezuela provide generally that the copyright in any commissioned work belongs to the person who commissioned it, in the absence of an agreement to the contrary.<sup>42</sup>

In the rest of these countries, the same rule applies to certain types of works only. The various statutes of the British Commonwealth limit the rule to engravings and photographs in general and paintings

<sup>38</sup> "Resmi Gazete," 1951, page 2397.

<sup>39</sup> RUNGE, URHEBER UND VERLAGSRECHT 28-29 (1948).

<sup>40</sup> *Id.* at 29.

<sup>41</sup> UPPHÖVSMANNARATT TILL LITTERARA OCH KONSTNARLIGA VERK, LAGFÖRSLAG AV AUKTORRÄTTSKOMMITTEN 277 (1956).

<sup>42</sup> Art. 16 of the Chinese Copyright Law of 1944, and Art. 144 of the Venezuelan Copyright Law of 1928.

or drawings of portraits.<sup>43</sup> The Italian copyright law applies the rule to photographs,<sup>44</sup> and the Japanese copyright law applies it to photographic portraits.<sup>45</sup>

The British Copyright Committee thought it arbitrary to single out certain types of works for special treatment in this respect, and recommended generally that—

in the absence of an express contract to the contrary, the copyright in a work which has been created for valuable consideration in pursuance of an agreement to create it \* \* \* should vest in the person giving the consideration.<sup>46</sup>

This proposal, however, was opposed strongly in both Houses of Parliament, the members of which took exception especially to the effect it would have on freelance journalism.<sup>47</sup>

In countries which have no statutory rules regarding copyright in commissioned works, the courts have, like the U.S. courts, formulated rules according to which the copyright in certain types of works will vest in the persons who commissioned them, subject to agreements to the contrary.<sup>48</sup>

## VI. ANALYSIS OF BASIC ISSUES

### A. WORKS MADE FOR HIRE

#### *Employer or employee as initial copyright owner generally*

Under the present law the employer of a work made for hire is deemed to be the author, and is thereby the initial owner of the work.<sup>49</sup> This rule may be said to have in its favor simplicity and definiteness in result, once an employment relationship is established. It may also be argued that the present law has worked satisfactorily in practice; that employee-authors are compensated for their work; that the product of employment should ordinarily belong to the employer; that the present law is in accord with the result that would usually be brought about by contract or trade custom; and that in unusual cases employees may reserve rights to themselves in their contracts with the employers.

On the other hand, it may be argued that the concept of designating the employer as the author of an intellectual creation of another person is artificial; that the actual creator is intended to be the primary beneficiary of copyright; that since copyright works may be used commercially in a number of ways beyond their use in the employer's business, the employee-creator should ordinarily be the beneficiary of such other uses; and that the burden of contracting otherwise should be placed on the employer.

<sup>43</sup> See, for example, sec. 12(2) of the Canadian Act of 1921, and sec. 4(3) of the U.K. Act.

<sup>44</sup> Art. 88 of the Italian Copyright Law of 1942.

<sup>45</sup> Art. 25 of the Japanese Copyright Law of 1899. See also Art. 24.

<sup>46</sup> Report, *op. cit. supra*, note 30, at 100. See also the very recent Report of the Canadian Royal Commission, at 47-48. The Canadian Commission recommended that copyright in a commissioned work should vest in the person commissioning it, but the Commission made a distinction in case of works "commissioned or ordered for a particular purpose communicated to the author before the work was made." In such a case, "the author should have the right to restrain the use of the work for another purpose by publication or what otherwise would be an infringement if the author owned the copyright."

<sup>47</sup> Official Reports, *op. cit. supra*, notes 30-31.

<sup>48</sup> See, for example, as to Germany, RUNGE, *op. cit. supra*, note 37, at 29; and the Swedish Copyright Committee Report, *op. cit. supra*, note 41, at 278.

<sup>49</sup> A survey made in the Copyright Office [see Appendix A attached to the study on "Duration of Copyright" to appear later in this series of committee prints] shows that of the copyright claims registered during the first six months of 1955, about 39% were for works of which corporations or other group organizations were the "authors." With the addition of a small amount (probably less than 1%) for works made for individual persons as employers, this figure can be taken as an estimate of the percentage of copyrighted works that are made for hire.

As long as copyright ownership as between employer and employee<sup>50</sup> can be provided for by contract, it may make little practical difference in most situations whether one or the other is considered to be the initial copyright owner in the absence of a contract. It could be argued, however, that the burden of contracting, i.e., deviating by contract from the statutory rule, should be placed on the shoulders of the party who is ordinarily in a better position to carry this burden. This party would seem to be the employer, by reason of his stronger bargaining position and more convenient recourse to expert legal advice. On the other hand, it could be argued that the burden of contracting should be so placed that the need for a contract would arise infrequently. It seems likely that if the statute did not vest copyright in the employer, he would commonly insist upon an assignment of copyright to him.

It is enlightening to note how the U.S. patent law<sup>51</sup> has worked out in this connection. The 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.<sup>52</sup>

A subsidiary question is raised if copyright is to be vested initially in the employer. Should he be designated somewhat artificially as the "author" or merely as the first owner of copyright? Prior revision bills have differed on this point, as do foreign laws. The choice of designation should be made with appreciation of the consequences, noted earlier,<sup>53</sup> which may be incident to the status of authorship, regardless of questions of copyright ownership. For example, whether the employer or employee is deemed to be the author may determine the eligibility of a work for protection where its eligibility depends upon the nationality of the author, or may determine the duration of copyright under a system where the term is based on the life of the author.<sup>54</sup>

<sup>50</sup> Also to be considered is the need of third persons, who are prospective users of the work, to know who owns the copyright. This need may be accommodated by provisions as to notice, registration or other devices creating presumptive ownership.

<sup>51</sup> Title 35, U.S. Code. Under section 111, "application for patent shall be made by the inventor \* \* \*." Under section 261, "application for patent, patents or any interest therein, shall be assignable in law by an instrument in writing."

<sup>52</sup> This latter situation is probably common in the creation of copyright material. It is believed that the creation of copyright material by employees (such as staff writers for newspapers, magazines, motion picture producers, advertising agencies, etc.) is usually pursuant to the specific purpose of their employment or to a specific work assignment.

A study made in the Patent Office (see Study No. 3, "*Distribution of Patents Issued to Corporations (1939-56)*," issued by the Senate Committee on the Judiciary in 1957) shows that almost 60% of all patents issued during that seventeen year period were owned by corporations.

<sup>53</sup> *Supra*, pp. 127, 128.

<sup>54</sup> If the employer is a natural person and is deemed to be the author, the term might be based on his life. But the employer is more commonly a corporation. In most foreign countries, where the term is based on the life of the author, the author is the first copyright owner and there is no special provision for works made for hire. Any title of an employer is apparently acquired by assignment from the employee-author. However, at least in some countries the courts have considered that employment implies an assignment of the copyright to the employer. Moreover, where the employee is not identified as the author on the work, the rules regarding anonymous works would seem to apply: generally, for such works, copyright is exercised by the publisher, and the term is a period of years after publication.

Regardless of the substantive provisions finally adopted, it might be helpful to clarify the scope of the concept "works made for hire." A new definition might take the form of "works created by an employee within the scope of his employment." This would serve to make it clear that works created by an employee on his own initiative outside of his employment, are not included. If the employment-for-hire rule is not to extend to works created on commission at a fixed fee, the definition might further specify "employment on a salary basis."

*Differentiation as to kinds of works*

A determination of the first copyright owner need not be made by means of an "across the board" statutory approach. The employer might be considered the first owner in certain cases, and the employee as first owner in others. Ownership in the employer seems most appropriate where the work is created by a more or less numerous team of employees, such as in the case of motion pictures, newspapers and other periodicals, and cyclopedic works (encyclopedias, dictionaries, directories, catalogs, etc.).<sup>55</sup>

If copyright were vested in the numerous team members, third persons wishing to use the entire work would find it cumbersome to deal with all of the employee-authors. Moreover, it is with respect to such works that the contribution of the employer in assembling the group, furnishing the facilities and directing the project is especially significant. Hence, even if it is not provided generally that the initial ownership of copyright in works made for hire vests in the employer, consideration might be given to such a provision for specified kinds of works such as motion pictures, newspapers and other periodicals, and cyclopedic works.

*Differentiation as to uses of works*

If the work produced by the employee is a separable part of the composite work and is capable of independent uses, an even more refined approach is possible. An example of this approach is found in the "split copyright" provisions of the first Dallinger bill of 1924<sup>56</sup> and the recent United Kingdom Act.<sup>57</sup> Under these provisions, the publisher of a newspaper, magazine or similar periodical is entitled to copyright in the contribution of his employee only insofar as it relates to reproduction of the contribution in a like publication; in all other respects the employee-author is entitled to the copyright.

The rationale of this rule would seem to be the appropriateness of limiting the copyright ownership of the employer to the extent to which exploitation of the work comes within his normal business activities for which the work was created. Conceivably, this principle might be extended to other classes of works, so that the employer would have the exclusive right to utilize the work for the purposes of his regular business activities, with the employee-author having all rights as to other uses of the work which are not competitive with the employer's business. However, unless specific kinds of works and uses were enumerated, many doubtful questions would probably arise in applying such a general principle to a variety of situations—questions regarding the purposes of the employment, the scope of the employer's regular business, the competitive nature of various uses, etc.

<sup>55</sup> The Copyright Office survey referred to in footnote 49 shows that corporations or other group organizations were the "authors" of 92% of the motion pictures and 93.7% of the periodicals registered. No figure is available for cyclopedic works since they are not registered as a separate class.

<sup>56</sup> H. R. 8177, 68th Cong., 1st Sess., section 45(b). See p. 131, *supra*.

<sup>57</sup> Section 4(2), *supra* pp. 136, 137.

## B. WORKS MADE ON COMMISSION

The statute makes no specific mention of works made on commission. There have been a few litigated cases holding that in the absence of an agreement to the contrary, the copyright in a portrait photograph made on commission belongs to the person commissioning the work; and in one case this rule was applied to a work of art (not a portrait). No reported decisions have been found involving commissioned works other than photographs and works of art, and it appears uncertain whether the same rule would apply to such other works.<sup>58</sup>

None of the various revision bills attempted to provide generally for copyright ownership in commissioned works. Some, however, expressly indicated that presumptions in favor of employers proposed with respect to works made in the course of employment did not extend to commissioned works. *E.g.*, section 3, Vestal bill, H.R. 12549, 71st Congress, 2d Session; section 8, Thomas bill, S. 3043, 76th Congress, 3d Session. These provisions might arguably have been intended to reverse the employer-for-hire rule in the case of commissioned works, perhaps without disturbing the court decisions as to portrait photographs. In some of the revision bills (for example, sec. 45(a) of the first Dallinger bill) it was specified that copyright vests in the person who orders an engraving, photograph or portrait representing a designated person.

It might be argued that the policy considerations regarding the ownership of copyright in commissioned works are in many ways similar to those with respect to works made in the course of employment. Both classes of works are produced for, pursuant to the initiative and order of, and against payment by, a person other than the creator. The differences in type of payment or regularity of working hours between the employment and commission situations would not seem to be crucial reasons for different treatment.

However, the common law generally has differentiated between the employer-employee relationship and that of the parties to a contract for a commissioned product: in broad terms, the acts of an employee as such are imputed to his employer, but those of an independent contractor are not imputed to the person for whom he performs a special commission. Underlying this distinction is the premise that an employer generally gives more direction and exercises more control over the work of his employee than does a commissioner with respect to the work of an independent contractor. Perhaps in recognition of this principle, the statutory provisions in the United States regarding the employer's ownership of copyright in works made for hire, and the corresponding provisions in the copyright laws of several foreign countries, have not been extended to commissioned works generally. Moreover, except in the case of photographs, a commission to produce a particular work is commonly the subject of a specific agreement.

The paucity of reported litigation over the ownership of commissioned works, and the absence of any proposals in prior revision efforts for legislating generally on this matter, are some indications that the present law has operated satisfactorily.

<sup>58</sup> The decisions dealing with individual or group portraits might have been influenced by considerations of privacy in the use of one's own likeness. A special rule for portraits is found in a number of foreign laws and was proposed in several of the previous revision bills.

A well-rounded statute might undertake to codify the rule established by the courts as to commissioned photographs, or to provide similarly for the commissioner's ownership of portraits (whether photographs, paintings, or other works of art). This is done in a number of foreign laws and was proposed in some of the previous revision bills. Codification, however, entails some risk of undue rigidity or of unintended changes by implication.

## VII. SUMMARY OF BASIC ISSUES

### A. WORKS MADE FOR HIRE

Should the statute provide that copyright in a work made by an employee as such will vest initially (in the absence of an agreement to the contrary):

1. In the employer generally?
2. In the employee generally?
3. In the employer with respect to specified categories of works; otherwise in the employee? If so, should the specified categories include works produced for (a) motion pictures, (b) newspapers and other periodicals, (c) cyclopedic works such as encyclopedias, dictionaries, directories and catalogs, (d) any other categories?
4. In the employer with respect to those uses of the work which are comprised in his regular business activities; otherwise in the employee? If so, should this rule be confined to one or more specified categories of works?

### B. COMMISSIONED WORKS

1. Should the statute treat commissioned works in the same manner as works made by employees?
2. Should the statute provide specially that (in the absence of an agreement to the contrary) the person giving the commission is the initial copyright owner in the case of (a) photographs generally, (b) portraits in any form, (c) any other categories of works?



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COMMENTS AND VIEWS SUBMITTED TO THE  
COPYRIGHT OFFICE  
ON  
WORKS MADE FOR HIRE AND ON COMMISSION

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**COMMENTS AND VIEWS SUBMITTED TO THE COPYRIGHT  
OFFICE ON WORKS MADE FOR HIRE AND ON COM-  
MISSION**

*By Walter J. Derenberg*

MAY 1, 1958.

This is in reply to your letter inviting comments of the members of the panel with regard to the study by Borge Varmer on "Works Made for Hire and on Commission." In my opinion, the proposed statute should provide that copyright in a work made by an employee should—in the absence of an agreement to the contrary—vest initially in the employer. While the present statutory provisions in this regard have as a whole proven fairly satisfactory, I think it would be an improvement to change the concept of "employee for hire" to "work created by an employee within the scope of his employment."

I further believe that the employer in such cases should be treated as the copyright owner rather than as "author," although I do not believe that if other proposed revisions of the copyright law will be undertaken, the differences between "author" and "copyright owner" referred to at page 128 of the study will remain as significant as they may appear now. More particularly, the difference with regard to the renewal referred to in point (2) at page 127 would not concern us if the renewal term as such would be abolished as had been suggested. It is true, of course, that if we should substitute a term of copyright based on the life of the author, then the question of the author's nationality and the period of protection based on his life would become important. This problem, however, already exists with regard to corporations and other juristic persons in all those countries which presently measure the term of copyright on the life of the author and a certain period thereafter. It is true that it is somewhat fictitious to refer to a corporation as "author" and for that reason it may be better simply to provide that the copyright should initially vest in the employer. In any event, it should not be necessary to provide that in cases of this sort the employer acquires the status of copyright owner in a *derivative* way, i.e., by assignment from the author or a number of authors. I believe that it is desirable and necessary to provide that copyright in a collective work, such as a motion picture, which may include literary and artistic contributions from numerous sources initially vests in the producer-employer unless otherwise provided by agreement between the parties. The laws of most foreign countries provide that the term of copyright in such collective work owned by a corporation should be limited to 50 years from publication and no yardstick based on the life of the "author" should be used.

I would also favor a special provision with regard to works made on commission along the lines that the general provision regarding works created by an employee or a group of employees should not apply to works created under special commission in the absence of an employer-employee relationship, unless the parties agree otherwise. It may also be well to add some special provisions with regard to newspaper contributions of photographs, although I would not favor legislation which would go into as much detail in this regard as does the new British Act.

Sincerely yours,

WALTER J. DERENBERG.

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*By Ralph S. Brown*

MAY 5, 1958.

The stud[y] on \* \* \* "Works Made for Hire" do[es] not seem to me to raise any serious problems, and I would be quite content to see no change made in the law except possibly to provide a more elegant definition \* \* \* as suggested on page 141 of the Varmer study.

RALPH S. BROWN

*By John Schulman*

MAY 15, 1958.

The subject of "Works Made for Hire and on Commission" is one in which I am greatly interested, and on which I ordinarily would like to comment at length. But since you have asked for a reply by May 16 and my schedule has been extremely heavy, it is not possible for me to do more than state my views briefly and categorically.

1. The concept of "authorship" by employment is, in my opinion, philosophically indefensible, and undesirable from the viewpoint of public policy. It leads to unnecessary concentration of intellectual works to the detriment of creative people and of the public. Any rights which the "employer" needs may be obtained by assignment instead of substitution.

2. The statement on page 142 of the Varmer study that the paucity of litigation indicates satisfactory operation of the present law, is a misconception. As you know, the problem of "Works Made for Hire" is coming into sharp focus in the musical field. There are the conflicting claims of authors and their families, on the one hand, and publishers and motion picture producers, on the other, concerning the important body of works copyrighted in the late 1920's and early 1930's. These copyrights are now reaching the renewal period which is one of the crucial stages. Although litigation may have been avoided for the time being, there is no lack of controversy in this area.

3. In my opinion the patent approach—referred to on page 140 of the Varmer report—is sounder than that of the Copyright Law.

4. If any concept of "authorship" by employment were to be incorporated in a revision, I would favor the following:

(a) A definition such as that in the Thomas bill, which is more precise than that in the present law;

(b) Special provisions for commissioned works which should be treated differently than those made under service contracts or relationships;

(c) The rejection of any provision which would shift authorship generally; special provision might, however, be made to cover specified categories of works which by their nature are not actually the writings of individual authors.

I regret the necessity of treating this important subject so cryptically. If at all possible, I shall try to elaborate on these comments.

Sincerely,

JOHN SCHULMAN.

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*By Elisha Hanson*

JUNE 16, 1958.

The issues treated in the Borge Varmer study, "Works Made For Hire and on Commission," are commented on below.

Subject to the provisions of any contract entered into between the employer and employee, the copyright statute should continue to recognize the employer as the owner and author of works made for hire.

A statutory provision granting the copyright to the employee-author would only result in the employer obtaining the copyright from the employee-author by contract. This would create burdensome problems for the employer and for third parties without bestowing any practical benefit upon the employee.

In the case of newspapers, magazines, and other periodicals, it frequently occurs that the work of a given employee-author which is copyrighted by the employer-publisher incorporates the valuable contribution of one or more fellow employees. These contributions commonly take any one or more of the following forms: The conception of the original idea or plot, assignment to write, editorial supervision, assistance, suggestion, collaboration, or revision of the basic work. Where these contributions are made, the end product can hardly be described as the intellectual effort of any one employee to the exclusion of all others. In those cases where the work is wholly or substantially the work of one employee, it is still true that the writing represents the fruit of the employment contract.

These same considerations apply equally to the various classes of works made for hire which are utilized by newspapers, magazines and other periodicals. Subject to the views which may be expressed on behalf of other users or producers of copyrighted works, no compelling reason appears to justify or commend the revision of the statute in respect of works made for hire.

It would not be desirable either to differentiate the ownership of certain classes of works made for hire or to limit the employer to uses in his regular business activities.

The multiplication of rules of ownership and standards for use would create difficult new problems of interpretation and accommodation on the part of users and third parties. More important, however, the parties most likely would accomplish by contract the same result now accomplished by the present statute, unless it is proposed to forbid contractual bargaining for the works of authors.

It is difficult to distinguish between the work made for hire and the work made on commission. Both are assuredly "made for hire" and should be treated in the same manner, subject to the terms of any contract between the parties.

Sincerely,

ELISHA HANSON.

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*By Edward A. Sargoy*

JUNE 25, 1958.

Borge Varmer has made a thoroughgoing objectively viewpointed survey of the basic issues involved in this special question of "Works Made for Hire and on Commission."

I have been consistently of the opinion that the simple principle of our present statute, that an employer for hire may be deemed the author, has worked effectively since 1909. There are so many creative and artistic talents that can and do contribute today to the production of a work of intellectual and artistic creation, that a basic definition of this nature is to my mind fundamental. It apparently has not caused any difficulties over the years, as indicated by the absence of any substantial litigation in such regard. The decisional material has given the term workable clarity. I think it would create more confusion than clarity in the case of copyrightable works, particularly in the field of composite creations such as television and motion-picture productions, etc., to change to the patent system, where the employer is deemed the owner by assignment from the individual inventor.

In the final analysis, the questions of authorship and ownership of the copyrightable work, as between the various contributors to the final product, depends on the contractual arrangements between the parties concerned, whether the same be expressed generally, in detail, or implied.

With the simple basic principle provided by the statute, that an employer for hire may be deemed the author, the statute need go no further in determining, limiting, restricting, or otherwise providing for what the particular contractual arrangements may be. This can be left to the common or statutory law of the various States without intruding these matters on the basic provisions of the statute.

In view of (a) the enabling amendments to section 9 of title 17 of Public Law 743, by which protection under the Universal Copyright Convention will be denied to works of an "author" who is a citizen or resident of the United States, regardless of the place of first publication; (b) the provisions of our present law for renewal of copyright (if a renewal system be retained); as well as (c) the possibility of a divisible system in any new law, I think that to depart from the simple basic principle that an employer for hire can be deemed the author would tend to create rather than solve problems.

There is also the factor to be considered that sooner or later we must face up to the question of whether protection under the statute will be accorded to those concrete products of intellectual and artistic creation of performers or interpreters which are captured in acoustically recorded fixations. We have done so under the present statute with respect to the fixations of a particular performance or performing interpretation which has been captured visually on motion-picture film. One of the major factors in solving the problem of according copyright protection under the statute to motion-picture films containing such fixations of the intellectual and artistic creations of a performing or interpretative nature, has been this very principle of our copyright statute which has permitted the employer for hire of the performers to be deemed the author of the composite motion-picture film containing their artistic and intellectual contributions (in addition to that of directors, scene and costume designers, cutters, editors, continuity writers, etc.).

In a report which I drafted, as chairman, for its committee on copyright, and which was presented to and approved by the Section of Patent, Trademark and Copyright Law of the American Bar Association, at its 1939 San Francisco convention, there was discussed, among other matters, this question of the possibility

of a right of copyright for such acoustically recorded fixations of a performing interpretation or rendition. The problem of authorship thereof, under the principle of the present statute that an employer for hire can be deemed the author, was necessarily treated, and I take the liberty of quoting from that portion of the report which deals with this question. I would say that my views are still substantially the same, as respects the usefulness of the present statutory definition of such authorship. At pages 17, and 18 of the 1939 committee reports, it was said:

"Your committee is of the opinion that the problem of determining the authorship and ownership of this new right will be solved by retaining the principles of the existing act which have solved such problem in respect of composite works such as the copyrightable motion-picture film. This requires the retention of the principle, which your committee has endorsed in preceding reports, that authorship may be accomplished by corporate or natural authors through the medium of employees for hire employed for the purposes of the creative labor involved. Under existing law, for example, a motion-picture film is a work of independent and original creation, the sole author of which is the *entrepreneur* or producer, who, for the purpose of this recodation of a single captured rendition, has financed and coordinated the intellectual labors of various persons employed not only to create or adapt source materials of a literary, dramatic, or musical nature for the rendition, but also the intellectual labors of an artistic and interpretative character of those who have performed therein and directed such performances. To the extent that any protected source material of literary, dramatic, or music nature has not been created by any employee of the producer, the rights therein (inclusive of the right to adapt the same into the new motion-picture performing version) must be acquired by contract from the original author or other owner of such source material. To consider as part author every natural person who contributes some intellectual labor of a literary, dramatic, musical, artistic, or interpretative character to the production of a composite motion-picture film, particularly where employed for such purposes, would create the anomalous situation of apportioning authorship to the host of persons engaged to more or less extent in creating or adapting source materials, editing, directing, supplying technical effects, as well as appearing in the production of a copy-righted motion-picture film.

"Your committee is of the opinion that precisely the same considerations apply to the authorship of the recorded sound track, whether such sound track is created separately or in synchronization with the motion-picture film or used separately or in synchronization. Your committee notes with satisfaction that the last version of the Daly bill (H.R. 4871) has abandoned definitions in earlier Daly bills which provided that the performer or interpreter was to be deemed the author, although it is in disagreement with a subsidiary definition in such Daly bill to the effect that in the case of a joint rendition, the conductor or leader is deemed to be the author. Authorship should be determined as a matter of contract between the respective parties contributing to the composite result, continuing the assumption of the present act that an employer for hire has capacity for authorship."

The Thomas bill (S. 3043) as drawn by the Shotwell committee presented the following in its section 8(a), as to which there was a divergence of opinion, among the participants in the Shotwell deliberations:

"That the word 'author' shall include an employer in the case of works made in the course of employment for hire at the instance of an employer, pursuant to a bona fide contract of service, in the absence of any agreement to the contrary, but subject to any legal or equitable rights in the work theretofore granted to any other person of which such employer had notice: *provided, however,* That an agreement for a work or works upon special commission or order shall be prima facie evidence that such agreement is not one of employment within the meaning of this section, unless such agreement otherwise specifically provides to the contrary and a master and servant relationship exists between the parties."

I would find acceptable that portion of the above definition, if it would simply stop at the third comma, as follows:

"That the word 'author' shall include an employer in the case of works made in the course of employment for hire at the instance of an employer, pursuant to a bona fide contract of service, in the absence of any agreement to the contrary."

I think the foregoing, with its very slight clarification, is essentially in line with the simple definition of our present statute which has worked well for some 50 years.

I object to the qualifying provision in the above Thomas bill proposal, which qualifies the definition by the requirement that it be subject to any legal or equitable rights in the work theretofore granted to any other person of which such employer had notice. I do not think the imposition of such statutory restraints upon the freedom of one party to the contract of employment, and the incorporation of provisions of the general case law concerning notice, evidence, and status, has any appropriate place in the copyright statute.

As to the proviso clause in the above Thomas bill provision concerning works upon special commission, my inclination would be to omit it, although being merely an evidentiary aid rather than a statutory restraint, I would not have any serious objection to its inclusion.

I think the foregoing will indicate my views in general.

Sincerely yours,

EDWARD A. SARGOY.

By *Melville B. Nimmer*

JULY 8, 1958.

I have read with interest the study "Works Made for Hire and on Commission," by Borge Varmer. I feel very strongly that the present law whereby the employer of a work made for hire is automatically deemed the author and owner of the entire work is unjust and should be discarded.

In place of the above archaic rule of law, I would substitute a statutory division of rights substantially similar to that embodied in existing collective bargaining agreements between the Writers Guild of America and various television producers. Without attempting at this time a definitive exploration of the subject, I would suggest the following:

1. In the absence of an agreement to the contrary; the employer should obtain an exclusive license to use the material in, and only in, the medium in which the employer is engaged (e.g., theatrical motion pictures, film television, live television, magazine publication, etc.) for a period of 7 years from the date of delivery of the material by the employee to the employer. At the end of such 7-year period, the employer's license would become nonexclusive and would be limited to the further exploitation of material previously disseminated by the producer during the initial 7-year period (e.g., reissue of theatrical motion pictures, reruns of television films, reruns of tape or kinescopes previously made of live television broadcasts).

2. In the absence of an agreement to the contrary, all rights in the material written by the employee, other than as outlined in 1, above, would be retained by the employee. However, the employee's right to use or license the use of such reserved rights might be prohibited (in the absence of an agreement to the contrary) for a given period in order to permit the employer the exploitation of the material without competition from other media during a specified time. Thus, if the employer is a film television producer, the employee may be prohibited from using or licensing the use of—

(a) Live television rights until a date  $3\frac{1}{2}$  years after the first broadcast of the television film, or a date 5 years after the delivery of the material to the employer, whichever shall be earlier;

(b) Theatrical motion picture rights until 1 year after the first broadcast of the television film, or a date 2 years after delivery of the material to the employer, whichever shall be earlier;

(c) Radio rights until 3 years after the first broadcast of the television film, or a date 4 years after the delivery of the material to the producer, whichever shall be earlier.

However, some media would not be competitive and in such media there should be no such prohibition.

3. In those situations where the employer has not furnished to the employee in writing, the story upon which the material is to be based, the above division of rights should be mandatory upon the employer so that any agreement to the contrary which purports to grant to the employer greater rights, would not be enforceable as a matter of law. This principle should likewise be applied as to sales of material outside of the employer-employee relationship in place of the existing initial and renewal copyright terms. The objective of the renewal copyright term has been largely nullified by judicial interpretation. In any event, it presents a clumsy method of assuring the creator of future benefits from the exploitation of his material. The statutory limitation on rights which may be

granted, suggested above, would more effectively and efficiently achieve this objective.

4. Commissioned works should be treated in the same manner as that described above for works made under employment for hire.

I am fully aware that the proposals here put forth raise a number of problems which I have not here discussed, and in themselves require a good deal of careful thinking. This, however, is the time to begin such such thinking.

Sincerely yours,

MELVILLE B. NIMMER.

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*By Robert Gibbon*

(The Curtis Publishing Co.)

OCTOBER 24, 1958.

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*Works made for hire and on commission.*—We can see no benefit in changing the present theory that the employer of a work made for hire is deemed to be the author. If it were to be changed, most employers would be compelled to seek new contractual arrangements with creative employees to restore the existing status of employer as initial owner of the work. The same solution would have to be found if the status of a work written on commission were changed. The question posed here seems more academic than practical as there has been very little litigation on the subject. In the final analysis, rights in work made for hire and on commission will be determined by contracting parties.

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ROBERT GIBBON.

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*By Edward Abbe Niles*

NOVEMBER 5, 1958.

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I think it utterly unrealistic to distinguish between writings made on regular salary and on special, compensated order, for the purpose of classifying a work as for hire or not for hire. The writing in either case is for hire in the ordinary sense of the term, since in either case the work is being done on order, for compensation, and to the employer's specifications whether broad or detailed, and the work is intended to become his property.

A famous painter might by express or implied agreement have the right to elect his colors, size of the canvas, or even the subject, but this might be so whether he was doing calendars on salary or a single portrait on special order. The real and effective point of distinction is whether or not by the terms of the hiring (general or special) he was working for the other party or merely creating something for the latter's purchase or use.

This point was evidently either not adequately argued or not thought through in *Shapiro v. Vogel*, 115 F. Supp. 754 (reversed otherwise but followed on this point in 105 U.S.P.Q. 178); in any event it did not reflect itself in any reasoning whatever on the part of the courts and is not entitled to be classed as final. If I, owning a musical composition, want a waltz arrangement made, whether I have a regular staff arranger do it or whether I go outside, it is my specifications that will normally control, and the original talents of my employee are my property for the purpose of my purchase; it is thus, in a way, my work.

My suggestion would be that a "work made for hire" be defined as one made for another, either as part of the maker's general duties under an existing employment by such offer, or on special order and for compensation; with the provision that such classification might be negated by agreement between the parties, express or implied under all the circumstances, to the effect that the ownership or rights of authorship are reserved to the maker of such work, but that such classification is not negated by the fact either that the maker is given or promised authorship credit on the original or published copies or royalties on sales and uses of the work, or both, or that he is mentioned as author in any copyright registration application, domestic or foreign.

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EDWARD ABBE NILES.



By *Ellen Jane Lorenz*

MAY 15, 1959.

Your office was kind enough to express an interest in the opinions evolved through a discussion on copyright problems at the annual convention of the Church and Sunday School Publishers Association. After a review of your 1958-59 studies, the following questionnaire was sent to each of our member companies. \* \* \*.

COPYRIGHT QUESTIONNAIRE

Six members of the association responded. The number voting in favor of each proposition is shown.

\* \* \* \* \*

C. *Works for hire*

1. Which alternative do you favor:

- (a) Copyright vested in employer, [6]; or
- (b) Copyright vested in employee; or
- (c) Copyright vested in employer when in the line of regular business activities; in other cases, in the employee.

2. Should the copyright on commissioned works be handled the same? [5].  
If not, specify difference.

Voting companies: Southern Baptist Publication, Rodebeaver-Hall-Mack, Hope Publishing, John T. Benson, Lorenz Publishing, Nazarene Publishing.

ELLEN JANE LORENZ.

