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NOTES

Copyright Ownership of Commissioned Computer Software in Light of Current Developments in the Work Made for Hire Doctrine

When several parties to the creation of a copyrightable work contractually fail to allocate their individual copyright interests, they must rely upon statutory law to apportion those rights. The "work made for hire"¹ provision of the Copyright Act² ("the Act") recognizes that awarding copyright protection to the person who physically produces an item does not always provide an incentive for others to create. Therefore, the copyright in a work for hire case is awarded to the employer of the artist, or to the one who initiated the copyrightable project. However, the courts have not agreed when the work for hire exception should apply. Because of the varied application, the Supreme Court recently interpreted the work for hire provision in *Community for Creative Non-Violence (CCNV) v. Reid*.³ The Court held that determination of employment status under the work for hire provision should follow the common law definition of a servant under agency law.⁴ The Court's ruling will profoundly affect many types of commissioned copyrightable works. It will leave many entrepreneurs, who would commission copyrightable works, with little or no economic incentive to do so. Computer software is particularly hard hit by the Court's ruling because much of the software produced in this country is commissioned. There is also legislation pending in Congress that would further modify the definition of work for hire to the detriment of parties who commission copyrightable works.⁵

After introducing the origins of copyright law and its applicability to computer software, this Note will analyze the Supreme Court's recent decision in *CCNV v. Reid*. The Note will then discuss special problems

1. Hereinafter "work for hire" is used interchangeably with the more cumbersome phrase "work made for hire."

2. The Copyright Act is encoded at 17 U.S.C. §§ 101-810.

3. 109 S. Ct. 2166 (1989) [hereinafter *CCNV v. Reid*].

4. *Id.* at 2173.

5. S. 1253, 101st Cong., 1st Sess., 135 CONG. REC. 7341-44 (1989).

encountered in applying the Court's interpretation of the work for hire provision to the field of computer software. Thereafter, the Note will describe how the Court's ruling and the pending work for hire legislation fail to promote the primary goal of copyright law in cases involving commissioned works. Because any discussion of commissioned works must necessarily address the possibility of joint authorship, this Note will then critically examine the use of joint ownership as a compromise solution to the neglected treatment of commissioning parties under the work for hire provision.

Recognizing that Congress is not likely to abandon its special protection of free-lance artists, this Note proposes that Congress add a "borrowed servant" exception to the work for hire provision to reward those parties who commission copyrightable works from a business organization instead of a free-lance artist. A borrowed servant exception would award copyright to the hiring party in cases in which the copyrightable work was made by an employee of an independent contractor/business. The employee of the independent contractor would be considered the borrowed employee of the commissioning party for purposes of copyright. The addition of a borrowed servant rule would have a beneficial effect in the area of commissioned computer software and other types of copyrightable works that often require the assistance of a third party's employee for their completion. Unless commissioning parties are given the protection they deserve under copyright doctrine, many works that could be beneficial to society will never be initiated.

I. ORIGIN AND EVOLUTION OF COPYRIGHT LAW

Congress has enacted American copyright laws pursuant to an express grant of power in the United States Constitution.⁶ The expressed purpose of these laws is to promote the intellectual progress of society.⁷ This constitutional purpose is accomplished by giving authors a monopoly to exploit their creation for a limited time as they see fit.⁸ Copyright doctrine necessarily assumes that authors will opt to sell copies of their work for personal economic gain and societal benefit, rather than prevent the dissemination of their work to the public's detriment. Theoretically, the public good is best advanced by the creation and dissemination of a maximum number of works. The intended result of copyright law is to provide persons with an economic incentive to create works useful to the public, and this is done by rewarding them for their work in the marketplace. Copyright law necessarily seeks to strike a balance

6. U.S. CONST. art. I, § 8, cl. 8 ("[t]he Congress shall have Power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").

7. M. NIMMER, *NIMMER ON COPYRIGHT* § 1.03[A], at 1-32 (1990) ("The primary purpose of copyright is not to reward the author, but is rather to secure 'the general benefits derived by the public from the labors of authors.'").

8. *CCNV v. Reid*, 109 S. Ct. at 2173.

between protection and competition by restricting dissemination in order to reward creativity.⁹

Three types of federally created intellectual property protections are currently available in the United States. These include patent law, copyright law, and trademark law.¹⁰ A patent can be obtained for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof."¹¹ An invention must satisfy strict requirements before it is afforded patent protection. The inventor must convince the Patent and Trademark Office that the innovation is novel, useful, and non-obvious.¹² A patent gives the inventor a seventeen-year monopoly to exploit his invention in the United States to the exclusion of all others.¹³ This artificially created monopoly is the means by which the Constitution directs Congress to "promote the Progress of Science."¹⁴ Theoretically, by allowing inventors to profit from their work, Congress can provide others with an economic incentive to make their inventive ideas a reality.

Copyright law is generally considered the weakest of the three types of protection, but is the easiest to obtain. To register the copyright in a work, an author must merely demonstrate in the copyright application that the creation is an original work of authorship fixed in a tangible medium of expression.¹⁵ However, unlike a patent, only limited administrative approval is required regarding threshold creative content. To receive the full array of federal copyright protection, authors need only publish their work with a notice of copyright.¹⁶ Copyright protection means simply that no one may legally sell copies of a work without the

9. *Whelan Assocs., Inc. v. Jaslow Dental Laboratory, Inc.*, 797 F.2d 1222, 1235 (3d Cir. 1986) ("the purpose of the copyright law is to create the most efficient and productive balance between protection (incentive) and dissemination of information, to promote learning, culture and development"). See Sholkoff, *Breaking the Mold: Forging a New and Comprehensive Standard of Protection for Computer Software*, 8 *COMPUTER L.J.* 389, 397 (1988), for a brief discussion of the rationale behind the theory of copyright law.

10. See Semiconductor Chip Protection Act of 1984 ("S.C.P.A."), Pub. L. No. 98-620, 98 Stat. 3347 (1984) (codified at 17 U.S.C. §§ 901-914) (1977). This special portion of copyright law provides a scope of protection for these functional works that lies somewhere between that of "ordinary" copyright and patent. See also Petraske, *Non-Protectible Elements of Software: The Idea/Expression Distinction is Not Enough*, 29 *IDEA* 35 (1988) (advancing an argument in favor of creating a form of intellectual property protection for computer software along the lines of the S.C.P.A.).

11. 35 U.S.C. § 101 (1988).

12. *Id.* § 101-103.

13. *Id.* § 154.

14. See *CCNV v. Reid*, 109 S. Ct. 2166.

15. 17 U.S.C. § 102 (1982) (seven works of authorship are: 1) literary; 2) music and lyrical; 3) dramatic; 4) choreographic; 5) pictorial, graphic and sculptural; 6) audiovisual; and 7) sound recordings). See also Sholkoff, *supra* note 9, at 449 (advancing an argument in favor of creating an eighth work of authorship explicitly for computer software; Sholkoff asserts that computer software cannot receive proper protection as a literary work under copyright law).

16. 17 U.S.C. § 401 (1988).

author's permission for the duration of the copyright.¹⁷ Generally, an author receives a copyright monopoly for life plus fifty years unless the work is deemed to be work for hire, in which case the protection extends one hundred years from creation or seventy-five years from first publication, whichever expires first.¹⁸ Still, the proper focus when analyzing the usefulness of any copyright law should be the extent to which society benefits by its application. Perhaps the best indicator of this benefit is the extent to which individuals are left with a financial incentive to conceive and produce culturally or intellectually useful works.¹⁹

Copyright differs from patent because it protects an original expression of an idea, but does not protect the underlying idea itself. "[I]n no case does copyright protection . . . extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery."²⁰ Ascertaining the point at which the expression begins and the idea ends is critical to determining the scope of protection available for a particular type of work. Because this distinction is usually quite vague, "no principle can be stated as to when an imitator has gone beyond copying the 'idea,' and has borrowed its 'expression.'"²¹ The distinction is further complicated because establishing a line between idea and expression for one type of copyrightable work is of little help in separating idea from expression in another.²² The breadth of copyright protection on a particular type of work must necessarily develop over a long period through numerous court decisions.

Computer software is a relative newcomer to the field of copyright,²³ and consequently, its scope of protection is still developing.²⁴ Computer software currently receives copyright protection as literary work,²⁵ despite the fact that a computer program has little in common with a novel or a poem. The Copyright Act of 1976, as amended in 1980, defines a computer program as "a set of statements or instructions to be used

17. *Id.* § 106.

18. *Id.* § 302(a) and (c).

19. *Mazer v. Stein*, 347 U.S. 201, 209, *reh'g denied*, 347 U.S. 949 (1954). "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.'" *Id.*

20. 17 U.S.C. § 102(b) (1988).

21. *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960).

22. *See supra* note 5 and accompanying text.

23. The Copyright Office first announced, in 1964, that computer software was copyrightable. *See Cary, Copyright Registration and Computer Programs*, BULL. COPYRIGHT Soc'y. 362, 363 (1964). It was not until 1980 that Congress amended the Copyright Act to explicitly include computer software. 17 U.S.C. §§ 101, 117 (1980).

24. *See generally* Abrams, *Statutory Protection of the Algorithm in a Computer Program: A Comparison of the Copyright and Patent Laws*, 9 COMPUTER L.J. 125 (1989). *See also* Sholkoff, *supra* note 9.

25. *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984).

directly or indirectly in a computer in order to bring about a certain result.”²⁶ Until recently, it was uncertain whether copyright protection extended beyond the source code²⁷ representation of a computer program. Software protection developed rapidly after a program’s representation in object code²⁸ was found within its sphere of copyright in the landmark case of *Apple Computer, Inc. v. Franklin Computer Corp.*²⁹ Soon after *Apple*, the Third Circuit Court of Appeals held that a program’s logical structure or organizational scheme is also part of the program’s expression, and is thus protected by its copyright.³⁰ In its broadest reading, *Whelan Associates, Inc. v. Jaslow Dental Lab., Inc.* suggested the potential scope of copyright protection for software when it stated that a court could find copyright infringement if the plaintiff showed that (1) the defendant’s software is substantially similar to the copyrighted program, and (2) the defendant had access to the plaintiff’s software.³¹ Some courts have also found that a program’s visual screen output can be protected under a copyright separate from that of the program.³² However, this protection is uncertain in light of a 1988 Copyright Office ruling that limited copyright registration to one per program.³³

Copyright ownership “vests initially in the author or authors of the work.”³⁴ Unfortunately, neither the Constitution nor Congress has defined “author” in the context of copyright. In the past, the Supreme Court has construed “author” to mean “originator” when used in its constitutional sense.³⁵ Traditionally, the person who physically puts an

26. 17 U.S.C. § 101 (1988).

27. Source code is the computer program as written in one of many higher level languages such as FORTRAN, COBOL, Pascal, and others. Most programs can be written in any higher level language; however, different languages are specifically designed to be more efficient for specific applications.

28. Object code is the representation of the source code in machine language: a collection of “0”s and “1”s that is readable only to the computer.

29. *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983) (“[A] computer program, whether in object code or source code, is a ‘literary work’ and is protected from unauthorized copying, whether from its object or source code version.”).

30. *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222, 1239 (3d Cir. 1986), *cert. denied*, 479 U.S. 1031 (1987) (“The ‘expression of the idea’ in a software computer program is the manner in which the program operates, controls and regulates the computer in receiving, assembling, calculating, retaining, correlating, and producing useful information.”).

31. 797 F.2d at 1231-32.

32. *See, e.g.*, *Sterm Elecs., Inc. v. Kaufman*, 669 F.2d 852 (2d Cir. 1982) (holding visual output copyrightable as an audiovisual work); *Digital Communications Assocs., Inc. v. Softklone Distrib. Corp.*, 659 F. Supp. 449 (N.D. Ga. 1987) (holding that visual output can be copyrighted separately as a compilation).

33. *Copyright Office Notice on Computer Screen Registration*, 36 Pat. Trademark & Copyright J. (BNA) 152, 152-55 (1988).

34. 17 U.S.C. § 201(a) (1988).

35. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 57-58 (1884); *Goldstein v. California*, 412 U.S. 546, 561 (1973). (“While an ‘author’ may be viewed as an individual who writes an original composition, the term, in its constitutional sense, has been construed to mean an ‘originator,’ ‘he to whom anything owes its origin.’”)

idea into a copyrightable form is considered to be the author. Copyright must, therefore, have special rules for those cases in which one person initiates the work while another transforms the idea into a tangible form. The dilemma is to determine which party should be considered the author for purposes of copyright — the originator who conceived the idea and initiated the work, or the author who physically made the item. Recall that, under copyright doctrine, any financial benefit given to the author is “secondary” to the purpose of promoting the cultural and intellectual progress of society.³⁶

Congress created the work for hire provision of the Act to deal with that class of cases when the copyrightable item originates from one party and is physically authored by another. “In the case of a work for hire, the employer or other person for whom the work was prepared is considered the author for purposes of [copyright].”³⁷ Theoretically, by awarding an employer the copyrights in works made by employees, other employers will have a financial incentive to initiate works which will also benefit society generally.

To encourage the commencement of artistic works, the work made for hire provision awards copyright to the work’s initiator rather than to its traditional “author.” Although the Copyright Act of 1909 explicitly declared employers the authors of works made by their employees,³⁸ the courts broadened the doctrine’s application to include commissioned works made by independent artists.³⁹ However, in response to pressure from free-lance artists, Congress revised the work for hire provision to restrict its application in cases involving free-lance artists.⁴⁰ The definition of a work for hire, as enacted in the Copyright Act of 1976, reads as follows:

A “work for hire” is -

- (1) a work prepared by an employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture

36. See *supra* notes 6-9 and accompanying text. See also *United States v. Paramount Pictures*, 334 U.S. 131 (1947). “The copyright law . . . makes reward to the owner a secondary consideration. . . . It is said that the reward to the author or artist serves to induce release to the public of the products of his creative genius.” *Id.* at 158.

37. 17 U.S.C. § 201(b) (1988).

38. The Copyright Act of 1909, Pub. L. No. 60-349, 35 Stat. 1075, *amended by* Pub. L. No. 94-553, 90 Stat. 2541-2602 (1976).

39. See, e.g., *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1217 (2d Cir. 1972), *cert. denied*, 409 U.S. 997 (1972) (“that she acted in the capacity of an independent contractor does not preclude a finding that the [copyrightable work] was done for hire”); *Brattleboro Publishing Co. v. Windmill Publishing Corp.*, 369 F.2d 565, 567 (2d Cir. 1966) (party “at whose instance and expense the work is done” should be entitled to the copyright in the work).

40. Note, *Joint Authorship of Commissioned Works*, 89 COLUM. L. REV. 867, 868-75 (1989) (a brief history of the development of the work for hire provision).

or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work for hire.⁴¹

This provision has caused numerous interpretation problems because Congress failed to include a definition of "employee" in the Act. Depending on the legal context, the term "employee" carries many legal meanings; for instance, an employee is one thing under tax law and quite another under agency law. The incentive to create computer software is significantly affected by the definition of "employee" because most commercially valuable software is written by traditional programming employees. Unlike most copyrightable works, commissioned computer software usually is developed by independent corporations as opposed to free-lance programmers. In many instances of commissioned software, the work for hire provision will distort the goals of copyright by awarding copyright to the commissioned independent corporation that neither initiated nor physically wrote the computer program.

The contours of the work made for hire doctrine carry profound significance for free-lance creators and those entities that commission their works.⁴² A broad definition of employee would include independent artists who are subject to the control of the commissioning party while the copyrightable work is physically made. A narrow reading would restrict the definition to include only formal salaried employees. Only after the circuit courts began to diverge significantly in their interpretation of "employee" was the Supreme Court finally pressed to grant certiorari in *CCNV v. Reid*.⁴³ Justice Marshall, writing for a unanimous court, announced that the definition of employee under the Act was to follow the common law definition of a servant under agency law.⁴⁴

II. ANALYSIS OF *CCNV v. Reid*

The Community for Creative Non-Violence ("CCNV") hired Reid to make a statue to dramatize the plight of the homeless while on display in the Christmastime Pageant of Peace in Washington D.C. Reid was a free-lance artist who was sympathetic to CCNV's cause of eliminating homelessness in America. Members of CCNV conceived a plan to make a modern-day nativity scene in which a homeless family would be substituted for the holy family, with a caption that read: "and still there is no room at the inn."⁴⁵ The statue was to consist of one infant

41. 17 U.S.C. § 101 (1988).

42. *CCNV v. Reid*, 109 S. Ct. 2166, 2171 (1989).

43. *Id.*

44. *Id.* at 2173. See also RESTATEMENT (SECOND) OF AGENCY § 220 (1958) (definition of servant), *infra* note 78.

45. *CCNV*, 109 S. Ct. at 2169.

and two adult figures huddled over a streetside steam grate that was to emit artificial steam. CCNV and Reid arrived at a verbal agreement by which Reid would sculpt the three human figures and CCNV would make the artificial steam grate and the pedestal for the statue. Reid offered to donate his services, and the parties agreed to limit the other costs to no more than \$15,000. Neither party mentioned copyright until months after the project was completed.

Members of CCNV controlled many details throughout the planning and construction of the statue to ensure that the final product met their specifications.⁴⁶ For instance, Reid originally proposed that the figures be in a creche-like setting with the mother seated, holding the baby in her lap, and the father standing behind her looking at the baby over the mother's shoulder.⁴⁷ After a CCNV member showed Reid how homeless people tended to lie on steam grates to keep themselves warm, rather than sit or stand, this proposal was dropped in favor of reclining figures.⁴⁸ CCNV also rejected Reid's idea of using a suitcase or shopping bags to hold the family's belongings, insisting instead on a shopping cart.⁴⁹ In order to check his progress and coordinate the construction of the base, CCNV members visited Reid on numerous occasions during the sculpting. The sculpture was eventually completed and delivered to CCNV, where it was attached to the steam grate and pedestal made by CCNV and then placed on display as planned.⁵⁰ The copyright dispute did not arise until the parties disagreed over CCNV's plan to tour the statue in several cities to raise money for the homeless. After their disagreement, both parties filed competing certificates of copyright registration.

The district court found that Reid was an employee under the work for hire provision of the Act, making CCNV the owner of the copyright and the statue.⁵¹ The Court of Appeals for the District of Columbia reversed and remanded, holding that the statue was not work for hire, and that Reid owned its copyright.⁵² The court held that Reid was an independent contractor under agency law and, therefore, the statue was not "prepared by an employee" under section 101(1), and that section 101(2) did not apply because sculpture was not one of the nine special categories of commissioned works.⁵³

There has been much disagreement about who is an employee under the work made for hire provision of the Act.⁵⁴ Four different interpretations of the employment subsection emerged from the federal courts.

46. *Id.* at 2179.

47. *Id.* at 2169.

48. *Id.*

49. *Id.*

50. *Id.* at 2170.

51. *Id.*

52. *CCNV v. Reid*, 846 F.2d 1485, 1494 (D.C. Cir. 1988).

53. *Id.*

54. 17 U.S.C. § 101 (1982).

The first held that the copyrightable material was prepared by an employee only if the hiring party retained the right to control the work.⁵⁵ A second held that the hiring party must actually exercise control over the work's production.⁵⁶ A third view, shared by the court of appeals in *CCNV v. Reid*,⁵⁷ was that the phrase, "employee within the scope of his or her employment," carried its common law agency meaning.⁵⁸ A fourth held that Congress intended the term "employee" to refer only to formal salaried employees.⁵⁹ The Supreme Court, however, agreed with the court of appeals that "the term 'employee' should be understood in light of the general common law of agency."⁶⁰

The Court rejected the "right to control test" because it focused too heavily on the relation between the hiring party and the product, without adequately considering the relationship between the parties.⁶¹ Under the common law of agency, the right to control the details of the work is usually the most important factor to consider, but it alone will not determine whether the hired party is an employee or an independent contractor.⁶² The Court also rejected the right to control test because to do otherwise would give subsections 101(1) and (2) superfluous coverage. The reasoning is that the commissioning party usually has the right to control the characteristics of at least some of the types of "specially ordered or commissioned" works in subsection (2).⁶³ The "right to control test" would allow these works to be considered works for hire under subsection (1) when they are unable to meet the more stringent requirements of subsection (2). The Court rejected this possibility by finding that the two subsections were "intended to provide two mutually exclusive ways for works to acquire work for hire status."⁶⁴

55. See, e.g., *Peregrine v. Lauren Corp.*, 601 F. Supp. 828, 829 (D. Colo. 1985); *Clarkstown v. Reeder*, 566 F. Supp. 137, 142 (S.D.N.Y. 1983) ("the employment relationship rests . . . on the right to control and not the exercise of that right").

56. See, e.g., *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*, 810 F.2d 410 (4th Cir. 1987); *Evans Newton, Inc. v. Chicago Sys. Software*, 793 F.2d 889 (7th Cir. 1986), cert. denied, 479 U.S. 949 (1986); *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F.2d 548, 552 (2d Cir. 1984), cert. denied, 469 U.S. 982 (1984) ("if an employer supervised and directed the work, an employer-employee relationship could be found even though the employee was not a regular or formal employee").

57. *CCNV v. Reid*, 846 F.2d 1485 (D.C. Cir. 1988).

58. *Easter Seal Soc'y. for Crippled Children and Adults of La., Inc. v. Playboy Enter.*, 815 F.2d 323, 334-35 (5th Cir. 1987) ("we hold that a work is 'made for hire' . . . if and only if the seller is an employee within the meaning of agency law").

59. *Dumas v. Gommerman*, 865 F.2d 1093, 1102 (9th Cir. 1989) ("[o]nly the works of formal salaried employees are covered by § 101(1)"). See also S. 1253, 101st Cong., 1st Sess., 135 CONG. REC. 7341-44 (1989) (this pending legislation proposes to explicitly define "employees" under the Copyright Act as formal salaried employees only and is discussed in text *infra*).

60. *CCNV*, 109 S. Ct. at 2172.

61. *Id.*

62. RESTATEMENT (SECOND) OF AGENCY § 220 (1958) (definition of servant).

63. *CCNV*, 109 S. Ct. at 2173 (citing the following as examples: a contribution to a collective work, a part of a motion picture, and answer materials for a test).

64. *Id.* at 2176.

Although the Court found the "actual control test" sound as a matter of copyright policy, it could not be rectified with the language of the statute anymore than could the "right to control test."⁶⁵ The Court determined that there was no way to extract the actual control test from either the language or structure of the statute.⁶⁶ Later in the opinion, the Court also rejected the actual control test because of its reliance on hindsight in determining copyright ownership. Congress's express goal in modifying the copyright laws was to enhance the predictability and certainty of copyright ownership through advance planning.⁶⁷ The argument being that the parties cannot predict during the planning stage the amount of control that will be exercised in the future; thus, the actual control test is unworkable. Still, the actual control test may be the best method to determine copyright ownership when the parties evidenced no copyright expectations during the planning stage and failed even to discuss copyright until after the project was completed. This is irrelevant, however, because the statute makes no distinction between those who plan and those who do not.

The Court rejected the "formal salaried employee test" in a footnote.⁶⁸ Despite finding some support for such a definition in the legislative history, the Court refused to imply the words "formal" or "salaried" when Congress could have but failed to include them explicitly.⁶⁹ There is also no settled test to determine whether a person is a formal salaried employee. Without a definition in the statute, it could mean anything from a person who receives regular compensation to a person who is an employee for Social Security purposes. Legislation is currently pending in the Senate that would amend the Act by adding the words "formal" and "salaried" to the definition.⁷⁰

After disposing of the other three tests, the Court stated that "[t]he structure of § 101 indicates that a work for hire can arise through one of two mutually exclusive means: one for employees and one for independent contractors."⁷¹ The Court noted that the provision's dual nature was the result of a grand compromise between authors and publishers.⁷² The Court determined that Congress intended the nine categories of "specially ordered or commissioned" works⁷³ in subsection

65. *Id.* at 2174.

66. *Id.*

67. *Id.* at 2178 (referring to H.R. REP. NO. 1476, 94th Cong., 2d Sess. 129 (1976)).

68. *Id.* at 2174 n.8.

69. *Id.* (in reference to VARMER, WORKS MADE FOR HIRE AND ON COMMISSION, STUDIES PREPARED FOR THE SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS OF THE SENATE COMMITTEE ON THE JUDICIARY STUDY NO. 13, 86th Cong., 2d Sess. 139, n. 49 (Comm. Print 1960)).

70. See S. 1253, 101st Cong., 1st Sess., 135 CONG. REC. 7341-44 (1989).

71. *CCNV*, 109 S. Ct. at 2174.

72. *Id.* at 2176.

73. 17 U.S.C. § 101(a) (1982) (the nine categories are: 1) a contribution to a collective work, 2) a part of a motion picture or other audiovisual work, 3) a translation, 4) a supplementary work, 5) a compilation, 6) an instructional text, 7) a test, 8) answer material for a test, and 9) an atlas).

(2) to be exclusive exceptions to the general rule that independent artists retain copyright ownership in their creations absent an agreement transferring those rights.⁷⁴ That agreement can take the form of an assignment or a writing that designates the project as work for hire. However, “only [the] enumerated categories of commissioned works may be accorded work for hire status.”⁷⁵ Therefore, the problem is to distinguish an employee from an independent contractor for purposes of ascertaining copyright ownership under the Act.

“In the past, when Congress used the term ‘employee’ without defining it, [the Court] concluded that Congress intended to describe the conventional master-servant relationship as understood by common law agency doctrine.”⁷⁶ This view is strengthened by the provision’s use of an agency term of art: “scope of employment.”⁷⁷ The Court referred to the American Law Institute’s definition of a servant in the *Restatement (Second) of Agency*⁷⁸ as a nonexhaustive list of factors that should be considered when determining whether the hired party is an employee for purposes of the Act.⁷⁹ The right to control the details of the work is an important consideration, but it alone is not determinative.

Before deciding which party was entitled to the statue’s copyright, the Court stated that “[t]o determine whether a work is for hire under the Act, a court first should ascertain, using principles of general common

74. *CCNV*, 109 S. Ct. at 2176-77.

75. *Id.*

76. *Id.* at 2172.

77. *Id.* at 2173.

78. RESTATEMENT (SECOND) OF AGENCY § 220 (1958) definition of servant provides as follows:

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

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

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

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

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

(d) the skill required in the particular occupation;

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

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

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

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

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

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

79. *CCNV*, 109 S. Ct. at 2179.

law of agency, whether the work was prepared by an employee or an independent contractor. After making this determination, the court can apply the appropriate subsection of § 101."⁸⁰ The Court agreed with the court of appeals that Reid was not an employee, but an independent contractor of CCNV.⁸¹ The Supreme Court determined that the control exercised by CCNV over the project was outweighed by other considerations. Reid was hired and paid for the completion of a specific job; he also supplied his own place to work and his own tools in the skilled occupation of a sculptor.⁸² The Court also noted that CCNV was not engaged in any business, let alone the sculpting business.⁸³ Because Reid was an independent contractor, the project could only be considered work for hire if it could be fitted into one of the nine special categories of commissioned works in section 101(2).⁸⁴ Sculpture is clearly not one of the special categories. Therefore, the statue was not work for hire, and CCNV was not its statutory author.⁸⁵ On remand, the district court could find that CCNV and Reid are co-owners of the statue's copyright if the statue was prepared "with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."⁸⁶

III. *CCNV v. REID* APPLIED TO COMPUTER SOFTWARE

The Supreme Court's ruling in *CCNV v. Reid* indicates clearly that until Congress acts, the fundamental question in the application of the work for hire provision is whether the physical author of a copyrightable work is an employee or an independent contractor. This Section will discuss the proper way to apply the Court's agency interpretation to works of computer software. In most cases involving computer programs, the existence of an employment relationship will be clear; however, in fringe cases, the special nature of computer software must be considered. This Section will then turn to an examination of the current work for hire definition in the context of the constitutional goal of copyright doctrine. The examination is necessary because the Court's recent ruling could have a devastating effect on a large class of copyrightable works that are often commissioned, such as computer software.

A. *Fitting Software Into the Current Work for Hire Definition*

The manner by which software is created is essentially the same regardless of the nature of the relationship between the parties. After identifying the purpose and specifications of a potential computer program, there are normally four fundamental steps in the development of

80. *Id.* at 2178.

81. *Id.* at 2179.

82. *Id.*

83. *Id.*

84. See *supra* note 73 for a list of special categories.

85. *CCNV*, 109 S. Ct. at 2180.

86. *Id.* (quoting the 17 U.S.C. § 101 definition of "joint work").

the software: flowcharting, encoding, debugging, and documentation.⁸⁷ The order in which these steps are accomplished cannot easily be varied because each step requires the successful completion of the prior step.⁸⁸ As stated earlier, the right to control the manner and means by which a project is completed is an important factor in finding an employment relationship.⁸⁹ However, in reality, neither the programmer nor the hiring party has significant choices in deciding the manner in which a piece of software is developed. Therefore, the right to control the manner by which software is developed should carry little weight in determining whether an employment relationship exists.

The means by which a program is developed, as opposed to the manner, can involve important choices that may aid in determining whether an employment relationship exists. The party deciding the language in which a program will be written, whether portions of pre-existing software will be used, and, to a lesser extent, on what machine the program will be developed, essentially controls the means by which the software is developed. Therefore, determining the right of control factor for the agency employee test in software cases should focus on the means rather than the manner in which the software is developed.

The district court in *BPI Systems, Inc. v. Leith*⁹⁰ applied the work for hire provision to determine whether a software writer was an employee of a software publisher for purposes of copyright ownership.⁹¹ The court completely ignored BPI's significant exercise of control over the means by which the software was created when it supplied subroutines and confidential documents, and directed Leith to use them in the final product.⁹² The court then found BPI's lack of control over the manner in which the software was developed as persuasive in finding that an independent contractor relationship existed, without recognizing that neither party normally controls the manner of software development.⁹³ Software development requires a step-by-step approach that begins with identifying a logic structure, followed by encoding the program, followed

87. D. SPENCER, INTRODUCTION TO INFORMATION PROCESSING 279-89 (2d ed. 1977) (A flowchart is a schematic utilizing symbols to show how and in what order the program will process information. Flowcharts are generally used as guides for encoding the program in one of many computer languages. The program source code is written, debugged, and rewritten until shown to be free of all errors. The program becomes software after a user's manual is written which will acquaint a stranger with the program and give instructions on how to run it properly. Most programs are of little value without supporting documentation unless they are so "user-friendly" as not to require a user's manual). See also J. ARON, THE PROGRAM DEVELOPMENT PROCESS, PART 1, THE INDIVIDUAL PROGRAMMER (1974).

88. D. SPENCER, *supra* note 87.

89. See, e.g., *CCNV*, 109 S. Ct. at 2178; *Hilton Int'l Co. v. NLRB*, 690 F.2d 318, 320 (2d Cir. 1982); RESTATEMENT (SECOND) OF AGENCY § 220(1), *supra* note 78.

90. 532 F. Supp. 208 (W.D. Tex. 1981).

91. *Id.*

92. *Id.* at 210.

93. *Id.*

by debugging the software, and completed with documentation.⁹⁴ In most instances there are no significant choices to be made concerning the manner software is developed because of its inherent nature. Courts should weigh this factor cautiously in determining whether an employee relationship exists.

Control over the manner and means by which a project is accomplished should not be confused with control over the characteristics of the product itself. In both employment and independent contractor situations, the hiring party normally retains control over the characteristics of the final product.⁹⁵ It should make no difference under the agency test whether the hiring party sufficiently specified his desired outcome in advance so as to require no interference or guidance during the software development, or whether further guidance and decision-making were required during the development because of inadequate specification. The distinction between control of the programmer and control over what he or she is programming will be important in fringe cases when the existence of an employment relationship under agency law is not apparent from the facts of the case.

Another area in which the agency test should be examined more closely is in ascertaining the level of skill required for a specific job. The skill required to develop software varies greatly between specific projects. Accordingly, computer programming generally should not be treated as a highly skilled profession that requires little showing of physical control in order to establish an employment relationship.⁹⁶ Nor should computer programming always be considered the type of highly skilled occupation typically associated with free-lancers or independent contractors.⁹⁷ For instance, little skill is needed to rewrite an existing program to run on another computer; however, great skill and creativity are required to develop specialty software for use in areas not previously utilizing computers. The skill factor in determining the relationship between the parties should be decided on a case-by-case basis in disputes over copyright ownership of computer software. The Court in *CCNV v. Reid* also identified other factors in determining the existence of an employment relationship: the source of tools, the location of the work, the duration of the relationship, the method of payment, the provision of employee benefits, and the tax treatment of the hired party.⁹⁸ Most of these factors are objective and can be applied easily to cases involving computer software.

If the programmer is an independent contractor, the software produced can be deemed work made for hire only under very strict cir-

94. See D. SPENCER, *supra* note 87.

95. See, e.g., *CCNV*, 109 S. Ct. at 2174; *Dumas v. Gommerman*, 865 F.2d 1093 (9th Cir. 1989).

96. Examples of such professions include railroad engineers and airline pilots.

97. Examples of such professions include free-lance artists and building construction contractors.

98. 109 S. Ct. at 2179.

cumstances. Under the Supreme Court's recent interpretation, the parties must agree in writing that the work is for hire, and the software must be fitted into one of the nine specific categories of commissioned works under section 101(2) of the Act.⁹⁹ Whether certain software comes within section 101(2) has not yet been litigated, but there is no reason to believe that software is automatically excluded. For instance, the translation of a program from one computer language to another should be considered a translation under the Act.¹⁰⁰ Depending on the circumstances, a commissioned piece of software might also be designated work for hire as a contribution to a collective work, as a compilation, or even as an instructional text.¹⁰¹ However, unless the software can be fitted into one of the nine categories of section 101(2), a contract term designating the project as work made for hire will have no effect. Thus, parties commissioning software would be well advised to have any copyrights explicitly assigned to them, in order to avoid the likely possibility that a contract term designating the software as work made for hire would later be found defective.

B. Interpreting the Supreme Court's Ruling in the Context of Copyright Doctrine

Although the Supreme Court has settled the confusion over the work for hire provision of the Act, its application in the field of commissioned software may have an effect directly opposite to the goals of the copyright law. "[T]he immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good."¹⁰² This incentive to create is defeated when a party refrains from commissioning software out of concern that it may lose the copyright to a software business that would not otherwise have had any reason to write the program. Although there are many computer programmers, there are relatively few free-lance individuals who write specially ordered or

99. See *supra* note 73 for a list of special categories contained in § 101(2).

100. BLACK'S LAW DICTIONARY 1343 (5th ed. 1979) (definition of "translation" - "the reproduction in one language of a book, document, or speech in another language"). Computer software is classified as a literary work under copyright law. See *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984).

101. 17 U.S.C. § 101 defines a "collective work," a "compilation," and an "instructional text" as:

A "collective work" is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.

A "compilation" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.

An "instructional text" is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

102. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

commissioned software. Most commissioned software is written by employees of companies that are in the business of writing software. The award of copyright to any party other than the one at whose instance, risk, and expense the software was made amounts to nothing less than a federal subsidy, and would act as a disincentive to create.

The Court in *CCNV v. Reid* merely interpreted the work for hire provision as it was written, rather than legislating the result it wished to see. The Court found both of the rejected control tests sound as a matter of copyright policy, but simply inconsistent with the wording of the statute.¹⁰³ Before the work for hire provision created a dichotomy between employees and independent contractors, the courts presumed that a commissioned party implicitly agreed to transfer his copyright interest to the hiring party along with the product itself.¹⁰⁴ Awarding copyright to the party who controlled the details of the final product and at whose instance and expense the product was created encourages others to create. Although Congress formulated the current version of the work for hire provision with the intent of protecting free-lance artists,¹⁰⁵ the courts continued to award copyrights to commissioning parties who retained control over the details of the product.¹⁰⁶ However, significant divergence arose between the circuits in their definitions of an employee, eventually necessitating the Supreme Court to grant certiorari to settle the dispute.¹⁰⁷

The decision in *CCNV v. Reid* should be viewed as a signal to Congress that it should rewrite the work for hire provision to better promote the overall goals of copyright law. The goal of copyright is to promote the production of useful arts and information for the public good; it is not to protect authors. When the secondary purpose of protecting an author does not support this goal, it must give way to the overall aim of copyright law. It is true that the agency test for employment will produce a just result in most disputes. However, the agency test is flawed because it focuses on the relationship between the parties instead of on the relationship between the copyrightable material and the parties. The agency test fails to provide an incentive to produce in cases in which an independent contractor merely acts as a medium through which a hiring party's idea is put into a copyrightable form.

103. *CCNV*, 109 S. Ct. at 2174.

104. See, e.g., *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570, *aff'd*, 223 F.2d 252 (2d Cir. 1955); *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 31 (2d Cir. 1939), *cert. denied*, 309 U.S. 686 (1940).

105. *CCNV*, 109 S. Ct. at 2174-78 (brief recital of Congress's efforts to revise the definition a "work made for hire").

106. See, e.g., *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974); *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972); *Scherr v. Universal Match Corp.*, 417 F.2d 497, 500 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970); *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567 (2d Cir. 1966).

107. See *CCNV*, 109 S. Ct. at 2171. See also *supra* notes 42-44 and accompanying text.

The problem facing commissioning parties is illustrated in *Evans Newton, Inc. v. Chicago Systems Software*.¹⁰⁸ Evans Newton hired Chicago Systems as an independent contractor to write a recordkeeping computer program that Evans Newton intended to sell to its customers.¹⁰⁹ Evans Newton hired Chicago Systems because it had no employees with the necessary programming skills to encode a version of the software for use on microcomputers.¹¹⁰ Evans Newton provided Chicago Systems with flowcharts containing the desired logic flow for the program, numbering and coding systems, and sample printouts for the forthcoming software.¹¹¹ The court found that Evans Newton directed the work, and that Chicago Systems merely furnished the programming skills to produce the software according to Evans Newton's specifications.¹¹² The trial court found that Chicago Systems was an independent contractor but an "employee" for purposes of the Act, and the software copyright was rightly awarded to Evans Newton.¹¹³ Because Chicago Systems was also found to be an independent contractor under agency law, it would have been awarded the copyright under the agency employee test recently announced in *CCNV v. Reid*. The latter result would have been manifestly unjust because the program was conceived, initiated, and specified by Evans Newton at its own financial risk. Evans Newton and similar companies should have the same incentive to create and copyright useful software regardless of whether they can afford to retain regular programming employees.

IV. PROPOSED "WORK FOR HIRE" LEGISLATION

Legislation is currently pending in Congress that will provide further protection for free-lance artists at the expense of parties who commission copyrightable works.¹¹⁴ The bill, a self-proclaimed "artist's bill of rights," proposes four changes to the work for hire provision of the Act. The changes proposed by Senator Cochran would make the work for hire provision read as follows (changes in italics):

A "work for hire" is —

- (1) a work, *other than a specially ordered or commissioned work*, prepared by a *formal salaried* employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplemental work, as a compilation, as an instructional text, as a test, as

108. 793 F.2d 889 (7th Cir.), *cert. denied*, 479 U.S. 949 (1986).

109. *Id.* at 891.

110. *Id.*

111. *Id.*

112. *Id.* at 894.

113. *Id.*

114. See S. 1253, 101st Cong., 1st Sess., 135 CONG. REC. 7341-44 (1989).

answer material for a test, or as an atlas, if, *with respect to each such work*, the parties expressly agree in a written instrument signed by them *before the commencement of the work*, that the work shall be considered a work for hire.¹¹⁵

Although the bill purports to clarify subsection (1) "to make it consistent with the Supreme Court's decision" in *CCNV v. Reid*, the new wording actually replaces the agency employee test with some sort of payroll or tax treatment test in order to determine who should be considered an employee.¹¹⁶ However, the changes to subsection (1) would make it clear that subsections (1) and (2) are mutually exclusive, and that a commissioned party never could be considered an employee under the Act, regardless of the circumstances.¹¹⁷ Regrettably, nowhere in the bill's explanation is there any reference to how the proposed changes will promote the primary goal of copyright law.

The work for hire provision is a recognized exception to the general rule that copyright protection of an author's works provides others with an incentive to create works that further the intellectual progress of society as a whole.¹¹⁸ If protection of individual authors always promoted the primary aim of copyright law, there would be no need for a work for hire exception. The proposed changes recognize this exception with respect to formal salaried employees, but conflict with the primary goal of copyright doctrine in the area of commissioned works. The same reasoning that allocates to employers the copyrights in works made by their employees also should be applied to commissioned projects.

One justification for the formal salaried employee test is that it allows parties to predict copyright ownership before a project begins.¹¹⁹ Recall that the agency employee test can only be applied with certainty after the project is completed because it requires an assessment of the extent of control exerted over the hired party while the product is being made, in addition to other considerations.¹²⁰ Foreknowledge is important because it puts commissioning parties on notice that they must bargain and contract for copyright as well as for the product itself. The clear line drawn by a formal salaried employee test would give the work for hire provision sorely needed predictability. A drawback is that it forces commissioning parties to bargain for something to which they should already be entitled. Commissioning parties who fail to obtain such an agreement before the project is commenced will be left without recourse.

The changes the bill would make to subsection (2) would expressly state what is already implicit in the provision and would have little practical effect on the abuses it purports to remedy. First, the modi-

115. *Id.*

116. *Id.*

117. *Id.* at 7342.

118. *CCNV*, 109 S. Ct. at 2171.

119. See S. 1253, 101st Cong., 1st Sess., 135 CONG. REC. 7342.

120. See RESTATEMENT (SECOND) OF AGENCY § 220(1), *supra* note 78.

fications are intended to eliminate "blanket" work for hire agreements by requiring a separate work for hire agreement for each project.¹²¹ Second, the changes are intended to address "after-the-fact" work for hire agreements where commissioners condition payment to the free-lance artist on assignment of the artist's copyright interests in the completed work.¹²² The fact remains that no statutory language can prevent the abusive use of unenforceable adhesion contracts. Nevertheless, the additions to subsection (2) would likely have a positive influence over those commissioned projects that fit into one of the nine categories of specially ordered works for hire.

The proposed legislation could have a significant effect in the area of commissioned software. Most commissioned software is made by software companies rather than free-lance computer programmers. Although there are many individuals creating and copyrighting software, there are relatively few free-lance computer programmers operating as independent contractors. The proposed legislation is intended to protect free-lance artists because of their relatively weak bargaining position with respect to those who commission their art.¹²³ However, software writing companies are not free-lance artists, and are generally on an equal bargaining plane with their commissioning counterparts. Application of the formal salaried employee test will result in a windfall for many software companies. These companies could receive the copyrights in software without contributing creatively to the product in any way. All the creative steps, which the copyright law purports to protect, would come from the commissioning party and the employee of the software company. Such an application would distort the goals of copyright by awarding copyright to a party who neither instigated the software project nor authored the completed program. Unless this distortion is recognized, there will be less economic incentive for entrepreneurs, especially those who cannot afford formal salaried programmers, to initiate software projects.

V. COMMISSIONED WORKS AND THE JOINT OWNERSHIP SOLUTION

A. *Designation as a Joint Work Will Prevent Complete Injustice*

In the absence of an assignment or the written agreement prescribed by section 101(2), joint authorship provides the only method by which a commissioner can obtain any copyright interest in a work. Section 101 of the Act defines a joint work as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."¹²⁴ Several com-

121. See S. 1253, 101st Cong., 1st Sess., 135 CONG. REC. 7343.

122. *Id.*

123. *Id.* at 7341-44.

124. See 17 U.S.C. § 101 (1982).

mentators have proposed joint authorship as a possible solution to the dilemma facing commissioners under the work for hire provision.¹²⁵ In the United States, joint owners may exploit the copyright with only a duty to account to the other co-owners.¹²⁶ In the narrow view, the freedom to exploit promotes the primary goal of copyright by giving an economic incentive to the party who is better able to disseminate the work to the public.¹²⁷ However, in the broader view, potential commissioners have less economic incentive to initiate joint works, knowing they must share profits with independent contractors who contribute to the completion of the project. In practice, the application of a joint ownership solution may be limited because the parties must intend to create a joint work while the project is produced, and all co-authors must make threshold creative contributions to the copyrightable work.¹²⁸

The application of joint ownership is limited to those cases in which the commissioner and the hired party undertake a collaborative effort to express an idea in a copyrightable form. The requisite intent may be implied without establishing any acquaintance between co-authors merely by showing that each author intended his or her work to become part of a "unitary whole."¹²⁹ The intent requirement is generally not satisfied when the commissioner's creative contribution is completed before the remainder of the work is commissioned.¹³⁰ Still, the focus of the intent requirement is the relationship between each party and the completed work, not the personal or proximity relationships between the parties. The Court remanded on the question of joint ownership in *CCNV v. Reid* because of the likelihood that the district court could find that both CCNV and Reid intended their contributions to be joined into one copyrightable work of art.¹³¹ CCNV will also have to convince the judge that its contribution had sufficient substance and creativity to warrant a finding of joint ownership.¹³²

The Act does not define what level of contribution necessarily gives rise to joint ownership. In the absence of a definition, the courts have

125. See Note, *Joint Authorship of Commissioned Works*, 89 COLUM. L. REV. 867 (1989) (This Article was published before *CCNV v. Reid* was decided. The Article advocates joint authorship in order to preserve the incentive to commission creative works.); Note, *Joint Ownership of Computer Software Copyright: A Solution to the Work for Hire Dilemma*, 137 U. PA. L. REV. 1251 (1989) (This Article was also written before *CCNV v. Reid* was decided. It nevertheless advocates the use of the agency employee test later adopted by the Court in *CCNV v. Reid*. The Note primarily focuses on reasons why the actual control employee test should have been rejected.).

126. See Note, *supra* note 125, at 877.

127. *Id.*

128. *Id.* at 883-95.

129. *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 42 F. Supp. 859, 863-64 (S.D.N.Y. 1942).

130. *Weissmann v. Freeman*, 868 F.2d 1313, 1318-20 (2d Cir. 1989) (this assumes that the commissioner did not have the requisite intent to create a joint work at the time he physically made his contribution to the final product).

131. *CCNV*, 109 S. Ct. at 2180.

132. *Id.*

varied the minimum standard of joint authorship. Some courts require a tangible contribution;¹³³ others find joint authorship for a contribution that would not be copyrightable standing alone.¹³⁴ This distinction is important for commissioned works because commissioning parties often do not contribute physical portions to the completed work (as CCNV did when it constructed the steam grate and pedestal for the completed statue). Many commissioners contribute by conceiving the idea, financing the project, and controlling the details of the completed work. These acts should also be considered when a court is determining possible joint ownership of a commissioned work.¹³⁵

The joint work solution could prevent many injustices that would otherwise occur in cases of commissioned computer software,¹³⁶ particularly in light of the Supreme Court's agency interpretation of the work for hire provision. Most commissioned software is not covered by the work for hire provision, because the nine special categories of section 101(2) cover only a fraction of potential computer programs.¹³⁷ Therefore, commissioners will be forced to rely on joint ownership as the only way to salvage any copyright interest in their software. The public loses if economic realities leave persons and businesses with little or no economic incentive to commission works of computer software. As a result, much useful software will never be initiated in cases where an individual or business understands the application of computers to its particular business but simply lacks the programming skills to make a software improvement a reality.¹³⁸ Regrettably, joint ownership will be applied often as a compromise to prevent complete injustice, rather than as a solution that will generate an incentive for others to create.

B. Proposed Legislation Intends to Restrict the Definition of Joint Works

Senator Cochran's bill to amend the definition of works made for hire also proposes two changes to the definition of "joint work" under the Act. It would amend the definition of a joint work to read as follows (additions noted by italics):

A "joint work" is a work prepared by two or more authors with the intention that their *original* contributions be merged

133. See, e.g., *Welan Assoc. v. Jaslow Dental Lab.*, 609 F. Supp. 1307, 1318 (E.D. Pa.), *aff'd on other grounds*, 787 F.2d 1222 (3d Cir. 1986); *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Constr. Co.*, 542 F. Supp. 252, 259 (D. Neb. 1982) (the judge allowed only the defendant's sketches as a possible "contribution of authorship," rejecting his control over the details of the project and his contribution of ideas).

134. See, e.g., *CCNV v. Reid*, 846 F.2d 1485, 1496 (1987); NIMMER, *supra* note 7, § 6.07, at 6-18.

135. See Note, *supra* note 125, at 892.

136. See *id.* at 1275-59.

137. See list of nine categories, *supra* note 73.

138. *Evans Newton, Inc. v. Chicago Systems Software*, 793 F.2d 889 (7th Cir.), *cert. denied*, 479 U.S. 949 (1986).

into inseparable or interdependent parts of a unitary whole, *provided that, in the case of each specially ordered or commissioned work, no such work shall be considered a joint work unless the parties have expressly agreed in a written instrument, signed by them before commencement of the work, that the work shall be considered a joint work.*¹³⁹

The changes will effectively eliminate the application of joint ownership to commissioned works. One change creates a rule that a work is not joint unless the parties agree beforehand in writing. This would leave many commissioning parties without recourse, but would nevertheless give predictability to the Act. Commissioning parties would be on notice that they must bargain and pay for copyrights in works they wish to initiate. The requirement of "original" contributions is intended to disallow the possibility of joint ownership for commissioning parties who do not contribute copyrightable material to the completed project.¹⁴⁰ This change is expressly intended to forbid any consideration of a commissioner's initiating force, financial risk, or control over the details of the work when applying the definition of joint work.¹⁴¹ The originality requirement is well-intentioned, but misguided; it protects free-lancers in the short run, but will result in fewer commissioned projects because of the decreased economic incentive to initiate such works.

If the proposed legislation is enacted, entrepreneurs will have little or no economic incentive to commission computer software, knowing that they must share future profits with all independent contractors who contribute to the project. The legislation simply goes too far in protecting independent contractors at the expense of distorting the ultimate aim of copyright law in cases involving specially ordered or commissioned works. Furthermore, the predictability that the change in the definition of a "joint work" would bring to the Act could never outweigh the injustices that would result. Nevertheless, the bill purports to have the support of the Copyright Office.¹⁴² Instead of enacting this legislation or letting the law remain the way it is, Congress should rewrite the definitions of work for hire and joint work to protect free-lancers in a way that primarily promotes the public good. Otherwise, much software that could benefit the public in new ways will never be initiated; many persons who understand how a computer could streamline business in their area of expertise simply will not have sufficient economic incentive to initiate such works.

VI. CHANGES IN THE DEFINITION OF WORK MADE FOR HIRE THAT WILL PROMOTE THE PRIMARY GOAL OF COPYRIGHT LAW

Congress is not likely to abandon its protection of free-lance artists by either rewriting the work for hire provision or by rejecting Senator

139. See S. 1253, 101st Cong., 1st Sess., 135 CONG. REC. 7343 (1989).

140. *Id.* at 7344.

141. *Id.* at 7343.

142. See *id.* at 7341. A staff member of Senator Cochran stated in a telephone conversation that the bill had a good chance of becoming law.

Cochran's bill. This leaves almost no maneuvering room to make changes to the Act that will promote the primary goal of copyright in general and reestablish an incentive to commission computer software in particular. This Note supports the changes the Cochran bill would make to the work for hire provision but only if a borrowed servant exception is included that will leave copyrights in the hands of the commissioning party when the hired party is a business, rather than a free-lance individual. This exception would preserve the protection for free-lance artists, but would end the copyright windfall for businesses that provide employees to work on copyrightable projects. Most commissioned computer software is written by employees of software businesses rather than free-lance programmers. These businesses neither need nor deserve special protection from unfair dealing, because they are generally in an equal or superior bargaining position to those who commission software.

The changes that this Note proposes would leave the definition of work for hire to read as follows, with this Note's changes in bold face and Senator Cochran's retained changes in italics:

A "work for hire" is —

- (1) a work prepared by a *formal salaried* employee within the scope of his or her employment; or
- (2) A WORK SPECIALLY ORDERED OR COMMISSIONED FROM AN ENTITY OTHER THAN AN INDIVIDUAL PERSON; OR
- (3) a work specially ordered or commissioned FROM AN INDIVIDUAL PERSON for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplemental work, as a compilation, as an instructional text, as a test, as an answer material for a test, or as an atlas, *if, with respect to each such work*, the parties expressly agree in a written instrument signed by them *before the commencement of the work*, that the work shall be considered a work for hire.

The borrowed servant exception that this Note proposes would allow any commissioned work to be considered work made for hire, but only if the hired party is something other than a free-lance artist. This allows employees of independent contractors to be considered the borrowed servants of commissioning parties for purposes of copyright law, thus providing those who initiate copyrightable works with economic incentives that in the end will result in public benefit. Congress never intended to provide a windfall for businesses that provide workers for a project but that otherwise do not contribute creatively to the completed work.

The formal salaried employee test is adopted because of the much needed predictability it would bring to the Act. This change would allow parties to determine easily, before a project has begun, who is an employee for copyright purposes. Recall that the actual control employee test and the agency test can only be applied with certainty after the copyrightable work is completed. Eliminating this uncertainty should be a paramount purpose of any proposed changes. Almost everyone agrees,

including judges and members of Congress, that the purposes of copyright law are promoted when an employer is rewarded with the copyrights in works produced by his regular employees in the scope of their employment. Furthermore, there never have been and never should be any qualifications put upon the employer's entitlement to the work's copyright. An employer need only conceive an idea and direct an employee to accomplish its expression in a copyrightable form to be entitled to the work's copyright.

When an independent contractor is a business, instead of a free-lance artist, its employees should be considered the borrowed servants of the commissioner for purposes of copyright. The borrowed servant exception would allow certain commissioners to be considered authors of works under the same justifications as those applied to employers. The commissioning party conceives the idea, initiates its expression, and pays for the work's completion, the same as employers. The work is also accomplished by an employee, but in borrowed servant cases it is the employee of an independent contractor who physically expresses the idea in a copyrightable form. The borrowed servant exception would give copyright to the party who provides the inspiration for a work, rather than the party who merely provided an employee to complete the work. Such a reward gives incentive to others to initiate beneficial works that otherwise never would be commenced. This change would not affect free-lance artists in any way, and would promote the progress of those copyrightable works that often require the services of a third party's employee for completion.

This Note suggests retaining the protection of free-lance artists that Congress intended when it formulated the work for hire provision, and encourages adding the restrictions proposed by the Cochran bill. The work of an independent artist will not be work for hire unless it satisfies one of the nine special categories and the parties agree beforehand in writing. Thus, in most instances free-lance artists will retain the copyrights in all their works unless the copyright interest is expressly assigned to another. This situation forces the other party to bargain with the artist for any copyright interests that may materialize as a result of their relationship. This protection of free-lance artists will create some injustices but may eventually promote the purposes of copyright, by leaving artists with more incentive to create because they will know that they will retain all the copyrights in their works absent a written agreement providing otherwise.

The definition of joint work under the Act should not be disturbed because it allows courts needed flexibility in equitably allocating copyrights in the many unforeseeable fact settings that will inevitably occur. Senator Cochran's proposed changes to the definition of a joint work are well-intentioned, but misguided, and should not be included in any forthcoming change to the Act. There is no reason why specially ordered or commissioned works should be restricted from becoming joint works in any way, provided that the requisite intent to create a joint work was present when each party made his or her contribution to the com-

pleted project. Furthermore, joint copyright ownership should not be used as a compromise for the shortcomings in the current work for hire provisions.

VII. CONCLUSION

There is little likelihood that Congress will end the special protection given to commissioned free-lance artists in order to promote the vague theory of benefitting society through the maximum dissemination of intellectually valuable works. The political reality is that artists vote and lobby, while theories do neither. The Court's decision in *CCNV v. Reid* further cements the protection for free-lance artists and all other independent contractors. The Court's ruling will, however, give a windfall to an entire class of independent contractors to which Congress never intended to afford special protection. Independent contractor businesses that do not contribute creatively to a work but merely provide an employee to complete it should not, but will, receive the copyright in the work. Congress should include a borrowed servant exception in the work for hire provision to promote those copyrightable works that require the employee of an independent contractor for completion, such as commissioned computer software. A borrowed servant exception would preserve an economic incentive to initiate an entire class of copyrightable works. Congress should recognize that the creation of much computer software never will be commenced because parties who cannot afford programming employees will have no economic incentive to commission such works.

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