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Cases of Note -- Work for Hire

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materials that are covered by the Federal copyright statute. The two cases also tell us that, while donation of unpublished items to a library does not constitute publication, sale of unpublished materials to a library may.

- **John Fogerty** showed us that an artist can't plagiarize himself or herself; that style is an important part of our repertoire, and that you can't sign away your right to individuality.
- The *Betamax* case allows consumers to time-shift their favorite programs without violating copyright law. Because of this decision, we don't become pirates every time we record a show.
- *Chakrabarty* showed us that genetic engineering was indeed an invention, and can indeed be patented as being something new under the sun.⁹¹

Together these cases showed us what is allowed, what rights we have, and helped to define the field of intellectual property for the next hundred years. The significance of these cases is just now being seen, but they will affect our legal landscape for many years to come.

Legally Speaking Endnotes

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73. Margaret Walker, *Richard Wright, daemonic genius: a portrait of the man, a critical look at his work* (New York, NY: Warner Books, 1988).
74. *Salinger* at 100.
75. *Wright* at 109.
76. *Wright* at 110. The judge went on to say that even if the letters were considered unpublished, the use of quotations was allowed by the doctrine of Fair Use.
77. *Wright v. Warner Books, Inc.*, 953 F.2d 731, 1991 U.S. App. LEXIS 28198, Copy. L. Rep. (CCH) P26830, 19 Media L. Rep. (BNA) 1577, 20 U.S.P.Q.2d (BNA) 1892 (2d Cir. N.Y. 1991) (hereafter "Wright II").
78. *Wright II* at 740.
79. *Wright* at 113.
80. *Credence Clearwater Revival, Cosmo's Factory* (Berkeley, CA: Fantasy, 1970).
81. John Fogerty, *Centerfield* (Burbank, CA: Warner Brothers Records, 1985).
82. *CBS Sunday Morning*, March 6, 2005.
83. *Sony Corporation of America Et Al. V. Universal City Studios, Inc.*, 464 U.S. 417. (1984)
84. *Sony* at 421.
85. *Sony* at 425. The *Sony* decision is quoting *Columbia Broadcasting System, Inc. v. Democratic National Committee*, 412 U.S. 94, 102 (1973).
86. *Diamond v. Chakrabarty*, 447 US 303 (1980).
87. 35 U.S.C. §101.
88. *Chakrabarty* at 305, quoting the patent application.
89. *Chakrabarty* at 305.
90. *Chakrabarty* at 308-310.
91. This is a reference to *Ecclesiastes* 1:9, which reads: "The thing that hath been, it is that which shall be; and that which is done is that which shall be done: and there is no new thing under the sun."

Cases of Note — Work for Hire

Tarzan bundolo! Kree-ga kree-ga!

by **Bruce Strauch** (The Citadel) <strauchb@citadel.edu>

The Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc., United States Court of Appeals For the Second Circuit, 342 F.3d 149; 2003 U.S. App. LEXIS 18032 (2003).

The 1909 Copyright Act sounds aged and hoary, but since it wasn't replaced until 1976 and that act didn't take effect until 1978, there's still plenty of lingering issues from the old act.

Edgar Rice Burroughs began publishing the famous **Tarzan** series in 1912 and as it took off, he formed **Edgar Rice Burroughs Inc. (ERB)** to manage his business.

Burne Hogarth was hired by a comics syndicate to illustrate Sunday strips from 1937 to 1950. His distinctive style became iconic.

In 1960, **ERB** contracted **Hogarth** to put together a series of **Tarzan** books. **ERB** contracted **Wason-Guptill** as publisher with the responsibilities of "designing and producing the book" and generally "supervising Mr. Hogarth's work." **ERB** said in the writing "we cannot and do not presume to influence or control the work of Mr. Hogarth."

Hogarth signed an agreement to produce each book for \$2,500 up front and \$2,500 on completion plus 50% of net monies realized.

I always have to pause and contemplate the ravages of inflation on the US dollar.

The book was to be copyrighted in name of **ERB** and **Hogarth** granted them this plus the renewal rights which are the big issue under the 1909 Act.

They published the first book in 1972 and the second in 1976 with piddling sales for each.

Then along came **Walt Disney** and suddenly big money was at stake. In 1994, **ERB** licensed the right to the **Tarzan** character to **Disney** for the animated movie. **ERB** got \$15 million. **Hogarth** died in 1996. The movie came out in 1999. **Hogarth's** heirs saw \$\$ signs and their lawyer demanded **Disney** cease-and-desist showing the movie as it infringed their copyright in the books.

Now we can pause and imagine the Disney legal juggernaut lumbering into action to crush these poor folks. Just how the movie infringed the books is never discussed. The case never got to that point.

Disney contended that **Hogarth's** art work in the Books was a "work for hire" that **ERB** could validly license. The **Hogarth's** lost at the district court level, and the case went to the Second Circuit. The issues under the 1909 Act were "work for hire" and the renewal term.

Renewal

The 1909 Act had a copyright term of 28 years and a renewal term of 28 if applied for within one year of expiration. The author could assign copyright, and could assign the renewal prior to 27 years running. But until year 27, it was an "expectancy" which was voided by the author's death prior to vesting date. The renewal right would then belong to the estate. See *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373, 374-78 (1960).

And they say the only math lawyers can do is divide a settlement by three. Let's prove them wrong. 1996 (date of Hogarth's death) - 1972 = 24. We were yet to 27 years, and the family saw their opening.

Of course, given the unequal bargaining power of publisher and author, the author would hand over copyright plus renewal long before the exploitation of the work could determine its value. Hence the only fortuitous event — from the heirs' perspective — was the author's death prior to renewal.

The 1976 Act improved on safeguarding authors by permitting termination of the grant within a period of five years beginning at the end of thirty-five years from the date of execution of the grant. 17 U.S.C. § 203(a)(3).

Of course, neither provision of the 1909 or 1976 Acts applied to "works for hire."

Is Commissioned Art a Work for Hire?

ERB said **Hogarth** was not an employee but rather an independent contractor commissioned to do some work. Over sixty years, the Second Circuit has considered the issue of someone paid to create a copyrightable work and found that the hirer was almost invariably the "author" under the "work for hire" doctrine. The Fifth Circuit calls it "an almost irrebuttable presumption." *Easter Seal Society for Crippled Children v. Playboy Enterprises*, 815 F.2d 323, 327 (5th Cir. 1987).

Yes indeed, that is a twisted sounding case. So much so I actually looked it up. It involves the creation of a Mardi Gras parade to promote Easter Seals. The film then got into the hands of Playboy that used part of the parade sequence in an "adult" film "Candy, the Stripper." Many of the volunteers in the scene were not pleased with the use and their recognizable faces.

The Fifth Circuit found the title "delightful" which is certainly a strange use of the

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word. They went on to say it is "seriously rivaled" title-wise only by *United States v. 11 1/4 Dozen Packages of Article Labeled in Part Mrs. Moffat's Shoo Fly Powders for Drunkenness*, 40 F. Supp. 208 (W.D.N.Y. 1941).

But enough of this legal ribaldry.

Beginning in *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939) the Court created a presumption that absent an agreement to the contrary, the commissioning party wanted control and the artist consented. *Id.* at 31.

But What About the Renewal Term?

Did the parties intend for the commissioner to get that too?

This appeared to be settled in 1955 in a dispute over song lyrics. *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570 (2d Cir.). The song writer got paid a big five dollars, and the Second Circuit ruled that the writer thereby gave up his copyright, BUT the renewal term required a separate assignment. This was confused, however, by the song writer being an independent contractor.

Until the mid-1960's, the federal courts looked for an employer/employee relationship in finding a work for hire. The Ninth Circuit was the first to find a work for hire in a commissioned work in *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298 300 (9th Cir. 1965). In 1965, the Second Circuit held independent contractors explicitly fell in the category of work for hire. *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 568 (2d Cir. 1966).

Subsequently, the Second Circuit held "the purpose of the [1909 Act] is not to be frustrated by conceptualistic formulations of the employment relationship" and applied the "instance and expense" test in determining a work for hire. *Picture Music, Inc. v. Bourne, Inc.* 457 F.2d 1213, 1216 (2d Cir. 1972).

Independent contractors could now create works for hire and the agreement surrendering copyright was outside the renewal right question.

Plus, in the *Hogarth* case, the *Tarzan Books* were derivative works with ERB holding copyright to the originals. The Second Circuit had previously ruled that the copyright owner has the right to "direct and supervise" the artist, which if he directs and supervises sufficiently, makes it a work for hire. *Id.* at 1216.

Copyright — 1909 Act Slowly Squeezed Out of Issue

Playboy Enterprises, Inc. v. Dumas, United States Court of Appeals for the Second Circuit, 53 F.3d 549; 1995 U.S. App. LEXIS 10191 (1995).

Freelance artist **Patrick Nagel** created 285 works of art for **Playboy** between 1974 and 1984.

What? You never looked at the skin magazine in question during those years? Well then, you've probably seen these on calendars — silkscreens of uber-babes in semi-erotic poses. They were big on squatting in high heels.

Nagel died in the last year just as he was starting to emerge as a major artist. He had been invited on a Good Morning show where he was coaxed into participating in what was then the new exercise called "aerobics," and had a heart attack.

Nagel got \$800 to \$1,200 each during his life. After his death, **Playboy** marketed them as "The Playboy Collection by Patrick Nagel." Being savvy, **Playboy** only sold the ones done after 1978.

The heirs did nothing, but an uneasy **Playboy** brought a declaratory judgment action asking for a ruling that it owned all the paintings that had appeared in the magazine.

The only chance the heirs had was a claim for the art under the 1909 Act which did not define "employer" or "work for hire" as clearly as the 1976 Act.

Which is to say that in the year 2002, they might have gotten the renewal rights to a few of the paintings. There's that math again. 1974 + 28.

However, the Second Circuit had by then applied the "interest and expense" test to works for hire and said the test was met when the "motivating factor in producing the work was the employer who induced the creation." *Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974). Also, "an essential element of the employer-employee relationship, [is] the right of the employer 'to direct and supervise the manner in which the writer performs his work.'" *Picture Music, Inc. v. Bourne, Inc.*,

457 F.2d 1213, 1216 (2d Cir.).

In *Siegel*, **Superman** was held not a work for hire because, although it was revised at the request of publishers, it had existed fully blown long before the relationship was formed.

The district court held the **Nagel** paintings were not done at **Playboy's** "expense" because Nagel as an independent contractor had his own tools and assistants. The Second Circuit held this flat wrong saying expense could be nothing more than the artist being paid. *Royalties* on the other hand weight against work for hire. See *Donaldson Publishing Co. v. Bregman, Vocco & Conn, Inc.*, 375 F.2d 639, 642 (2d Cir. 1967).

Playboy actually controlled certain aspects of the paintings plus paid money meeting the "interest and expense" requirement.

And everything after 1978 **Playboy** got because in the later act work for hire was explicitly defined as something done in scope of employment or commissioned "if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire ..." 17 U.S.C. § 101 (1988).

The evidence got a little flaky there, but **Nagel** had accepted checks which in each instance read "by endorsement, payee acknowledges payment in full for services rendered on a work-made-for-hire basis."

Questions & Answers — Copyright Column

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QUESTION: Recently there has been discussion on several listservs about "orphaned works." What are they?

ANSWER: The simple answer is that an orphaned work is a copyrighted work with no living parents. More specifically, it refers to works for which the copyright holder is unknown or whose owner is difficult or impossible to locate. Under the 1909 Copyright Act the problem was often solved by the renewal requirement. After the first 28 years of copyright protection, a copyright holder had the opportunity to extend the copyright an additional 28 years, but he had to apply for a renewal. Failure to renew meant that the work entered the public domain after the first term of copyright. Most orphaned works passed into the public domain after the first term due to failure to renew. While this has always been a problem

for some older copyrighted works, with the extension of the copyright term to life of the author plus 70 years or 95 years after date of first publication for works of corporate authorship, the problem is even more acute.

The **Register of Copyrights** is currently seeking comments from libraries and others about the problems encountered in dealing with orphaned works since the addition of 20 years to the copyright term extended the time in which obtaining permission to use orphaned works must continue to be sought. It may create an inappropriate burden on the users of copyrighted works to try to obtain permission to reproduce orphaned works since it is virtually impossible to do so. The **Register** hopes to be able to make a statutory recommendation to ease or eliminate this problem so that these works that are

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