The Work for Hire Doctrine and the Second Circuit's Decision in Carter v. Helmsley-Spear

Shannon M. Nolley
CASE NOTES AND COMMENTS

The Work for Hire Doctrine and the Second Circuit’s Decision in *Carter v. Helmsley-Spear*

**INTRODUCTION**

Authorship is central to copyright protection. The identification of who can claim authorship to a particular work determines what rights that author is entitled to in relation to that work. Beyond the benefit of initial copyright ownership, authorship also determines a copyright’s duration, the owner’s renewal rights, termination rights, derivative rights, the right to import certain goods bearing the copyright, and most recently, the rights of attribution and integrity.1 Thus, the party with whom copyright authorship vests acquires all rights and privileges related to the work. In order to determine authorship, courts often employ the work for hire doctrine. As a result, the doctrine has become a central element of debate among employers and artists.2 This doctrine, as interpreted by the courts, determines who is the legal “author” of the work.3 Generally, if the work is made in the course of the artist’s employment, the “authorship” is given to the employer.4 If the work is not created during the course of “employment,” the artist is considered the “author.”5 What becomes problematic, however, is determining what constitutes “employment.”6

In Part I, this comment examines the history of the Copyright Act of 1976 and how


5. *See supra* note 2.

the courts have interpreted the ambiguous language of the work for hire doctrine. 7 Part II examines the ruling of the Supreme Court in Community for Creative Non-Violence v. Reid, 8 which attempted to resolve the split in the circuits, and its progeny. Additionally, Part II discusses the newest developments in copyright law, including the Visual Artists Rights Act (VARA) of 1990, moral rights and VARA's impact on the district court's interpretation of the work for hire doctrine in Carter v. Helmsley-Spear, Inc. 9 Part III examines the Second Circuit Court of Appeal's interpretation of Carter 10 and the work for hire doctrine. Finally, Part IV of the comment discusses the impact of the Second Circuit's decision on the future of VARA and the work for hire doctrine. 

I. Background

A. The Copyright Act of 1976

The Copyright Act of 1976 12 was the result of twenty years of debate and compromise among authors, publishers, photographers, movie producers, and others involved in industries utilizing copyrights. One of the key issues of debate was the work for hire doctrine. 13 Employers wanted Congress to follow the narrow interpretation of authorship under the 1909 Copyright Act, allowing them a default ownership in work for which they paid. 14 While, on the other hand, artists wanted a broader definition that would better recognize the nature of their contracts with sellers, contracts with independent contractors who were never "employees" in realistic terms. 15

7. The "ambiguous" language of the Act is a result of the Act's failure to define "employee" or "scope of employment." 17 U.S.C.A. §101 (1978). See generally, Dumas v. Gommerman, 865 F.2d 1093 (9th Cir. 1989); Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises, 815 F.2d 323 (5th Cir. 1987); Aldon Accessories Ltd. v. Speigel, Inc., 738 F.2d 548 (2d Cir. 1984).
13. This paper will use "work for hire" interchangeably with the more cumbersome statutory definition of "work made for hire." 17 U.S.C. §101 (1978).
14. See Marita Covarrubias, The Supreme Court Sculpts a Definition ... Is it a Work for Hire?, 10 Loy. Ent. L. J. 353, 360 - 365 (1990). The 1909 Act provided that the copyright for works for hire vested in the employer when the author produced the work while a salaried employer. Independent artists were not considered employees per se under the 1909 Act. However, the only provision which defines "author," states that it shall "include an employer in the case of works made for hire." It did not further define "author," "employer" or "works made for hire." 17 U.S.C. §26 (1909) (repealed 1976).
15. See Covarrubias, supra note 14 at 360-365.
1996] WORK FOR HIRE DOCTRINE 105

"The 1909 Copyright Act did not contain a work made for hire provision. It simply provided that the word "author" included an employer in the case of "works made for hire." Unfortunately, "works made for hire" was undefined by the statute. As a result, the key question for courts to answer became "whether independent contractors could be considered statutory "employees.""

The Second Circuit, the "de facto Copyright Court of the United States," interpreted this language to be a presumption that the hiring party was entitled to the copyright of the work created by both employees and independent contractors. Two years before the adoption of the 1976 Act, the court held the work for hire doctrine is applicable when the employee's work is produced at the instance and expense of the employer. In other words, the artist is considered an employee when the motivating factor in producing the work is the employer who initiates the creation. These cases, followed by other courts, created an almost irrebuttable presumption that any person who paid another to create a copyrightable work was the statutory "author" under the work for hire doctrine. The buyer was thought to maintain the "right" to control simply by paying for the work and having the power to refuse to accept it, even if the buyer had no actual right to control the manner of the production of the work.

After years of debate and compromise, the 1976 Copyright Act made the buyer the

18. Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises, 815 F.2d 323, 325 (5th Cir. 1987) (hereinafter "Easter Seals").
19. Id.
21. Tepper, supra note 17. See Yardley v. Houghton Mifflin Co., 108 F.2d 28 (2d Cir. 1939), cert. denied, 309 U.S. 686 (1940) (stating that a presumption exists that a patron who solicits an artist to commission a work desires to control the publication of copies and the artist consents unless otherwise stated in the contract); Picture Music, Inc. v. Bourne, Inc, 457 F.2d 1213, 1216-17 (2d Cir.), cert. denied, 409 U.S. 997 (1972) (expanding presumption to apply whenever a work was produced at the instance and expense of the hiring party, regardless of whether he was an employer or a party commissioning an independent contractor); Brattleboro Publishing Co. v. Winnmill Publishing Corp., 369 F.2d 565 (2d Cir. 1966) (holding the presumption of copyright ownership applied to both employers and parties who commissioned independent contractors).
23. Id.
25. Easter Seals, 815 F.2d 323, 327 (5th Cir. 1987).
26. Id.
“author” and initial owner if the work was made for hire. Section 201 provided:
(a) Initial Ownership -- Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.
(b) Works Made for Hire -- In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.\(^\text{27}\)

The Act then defined “work made for hire” in § 101 as:
(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 part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.\(^\text{28}\)

The important change in the Act from prior interpretations of the work for hire doctrine is the elimination of the presumption that the employer is the author.\(^\text{29}\)

Unfortunately, Congress, again, neglected to define key terms in the definition.\(^\text{30}\) The terms “employee” and “scope of employment” are left to judicial interpretation. “Although the language of the Act seems to distinguish between employee works in subsection (1) and commissioned works in subsection (2), the distinction is not explicit.”\(^\text{31}\) For example, it is unclear whether all independent contractors are “covered, if at all, by §101(2) and its nine narrow categories.”\(^\text{32}\) Additionally, the courts are left to interpret whether an “employee” in §101(1) is to be construed as a formal employee, an “employee” under the expanded meaning of agency law, or an “employee” under the “all-embracing scope of the 1909 Act.”\(^\text{33}\) As a result of the omission of these crucial definitions that left the determination of authorship muddled, the courts filled the definitional void with a variety of conflicting interpretations.\(^\text{34}\)

\(^{27}\) 17 U.S.C. §201 (a) & (b) (1978).


\(^{29}\) See generally Corey L. Wisner, Whose Work is it Anyway?: Revisiting Community for Creative Non-Violence v. Reid in Defining the Employer-Employee Relationship Under the “Work Made for Hire” Doctrine, 12 Hofstra Lab. L. J. 393 (Spring 1995); Morris, supra note 2.

\(^{30}\) 17 U.S.C. §101(1)(1978) simply defines a “work for hire” as “a work prepared by an employee within the scope of his or her employment,” but gives no guidance how to further interpret the definition. See text accompanying note 28.

\(^{31}\) Morris, supra note 2, at 179.

\(^{32}\) Easter Seals, 815 F.2d 323, 328 (5th Cir. 1987).

\(^{33}\) Id.

\(^{34}\) Duran, supra note 1, at 1081. See Dumas v. Gommerman, 865 F.2d 1093 (9th Cir. 1989) (stating that §101 applies only to formal salaried employees); Easter Seal Society for Crippled Children v. Playboy Enterprises, 815 F.2d 323 (5th Cir. 1987) (using the “literal
Prior to the Supreme Court's decision in *Community for Creative Non-Violence v. Reid*, the courts were again left to define key elements of the work for hire doctrine on an ad hoc basis. There are three cases considered pivotal in the development of the doctrine prior to *Reid*.


*Aldon Accessories Ltd. v. Speigel, Inc.* involved a dispute over the copyright ownership of statuettes created by an independent contractor under the direction of Aldon Accessories. Aldon asserted that it had actively supervised and directed the creation of the statuettes by telling the artists what to do with every pose, but Aldon did not physically wield the sketching pen or sculpting tools. Aldon claimed that the statuettes offered by Speigel in its catalog infringed its copyright. The court held for the plaintiffs, explaining the statuettes were the product of work for hire under the 1976 Copyright Act. The court reasoned that the statuettes were designed by artists and artisans who were not regular employees of copyright holder, but who were contractors operating under the supervision and direction of the copyright holder when they designed the statuettes. Thus, the employer is the copyright holder of the work if he has "actual control" over the work.

The court interpreted the legislature's failure to define the words "employee" and "scope of employment" in §101(1) to indicate an intent to rely on the general law of agency as applied by prior law. The court reasoned that Congress would not have changed prior law drastically without any discussion of that change in the legislative interpretation to determine whether an employer/employee relationship exists, looking to agency law); Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co., 810 F.2d 410 (4th Cir. 1987) (applying a supervision and control test); Evans Newton v. Chicago Systems Software, 793 F.2d 889 (7th Cir. 1986) (interpreting the work for hire using a "right to control" test); Aldon Accessories Ltd. v. Speigel, Inc., 738 F.2d 548 (2d Cir 1984) *cert. denied*, 469 U.S. 982 (1984) (establishing the "actual control" test to determine employer/employee relationship)


38. *Id.*

39. *Id.* at 553.

40. *Id.* at 550-51.

41. *Id.* at 553.


43. *Id.*

44. *Id.* at 552 (noting the cases that followed the 1909 Act).
history.\textsuperscript{45} The court explained that it could find no indication that §101(2) was intended to refer to contractors who were to be considered “employees” acting within the scope of their employment.\textsuperscript{46} As a result, the court created three categories from §101 (1) & (2).\textsuperscript{47} It divided § 101(1) into two parts, one that applies to “formal” employees, and a second that applies to independent contractors who are considered “employees” acting within the “scope of their employment.”\textsuperscript{48} It read §101(2) as a narrowing of the old doctrine with respect to formal independent contractors by removing the presumption that the commissioner was the author of any work done for hire.\textsuperscript{49}

The Seventh and Fourth Circuits followed Aldon, but altered the “actual control test” by applying it in “cases with less compelling evidence that the hiring party has asserted actual control.”\textsuperscript{50} The Seventh Circuit changed the test to a “right to control” test and suggested that an employer/employee relationship may exist where the employer could have controlled the work but chose not to.\textsuperscript{51} The Fourth Circuit explained there can be no employer/employee relationship where there has been no supervision or direction in the manner of the work’s completion and where the contractor has not signed a written agreement giving copyright ownership to the commissioner.\textsuperscript{52} The court concluded that the issue was whether the defendant was sufficiently directed and supervised to be considered an employee.\textsuperscript{53}

2. Easter Seal Society for Crippled Children\textsuperscript{54}

The second “famous” case prior to Reid was the Fifth Circuit’s decision in Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises.\textsuperscript{55} In this case, the Easter Seal Society (“Easter Seals”) sued Playboy Enterprises and a local public television station for Playboy’s use of film clips that had

\textsuperscript{45} Id.
\textsuperscript{46} Covarrubias, supra note 14, at 365 (citing Aldon, 738 F.2d 548, 552 (2d Cir. 1984), cert. denied, 469 U.S. 982 (1984)).
\textsuperscript{47} It effectively divided § 101 as follows;
   (1) (a) formal employees acting within the scope of their employment
   (b) independent contractors considered employees acting within the scope of their employment
   (2) independent contractors and commissioned works.
\textsuperscript{48} See Aldon, 738 F.2d at 552-53.
\textsuperscript{49} See Aldon, 738 F.2d at 552-53; See also Easter Seal Society for Crippled Children v. Playboy Enterprises, 815 F.2d 323, 332 (5th Cir. 1987).
\textsuperscript{50} Covarrubias, supra note 14, at 367. See generally Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co., 810 F.2d 410 (4th Cir. 1987); Evans Newton v. Chicago Systems Software, 793 F.2d 889 (7th Cir. 1986).
\textsuperscript{51} Evans Newton, 793 F.2d at 894.
\textsuperscript{52} Brunswick Beacon, Inc., 810 F.2d at 413-14.
\textsuperscript{53} Id.
\textsuperscript{54} 815 F.2d 323 (5th Cir. 1987).
\textsuperscript{55} Id.
been originally shot by the television station for Easter Seal’s use.\textsuperscript{56} Easter Seals had contracted with the station to shoot footage of a staged Mardi Gras-style parade and musical jam session to be broadcast during its National Easter Seal Telethon.\textsuperscript{57} Some time later, the station’s director of broadcasting received a request from a Canadian television producer for Mardi Gras parade footage.\textsuperscript{58} The station director sent forty minutes of tape copied from the field tapes.\textsuperscript{59} Portions of this tape were used in an “adult” film entitled “Candy, the Stripper.”\textsuperscript{60} The tape was shown a total of four times in a period of two days, during which one or more viewers in the New Orleans area recognized themselves in the field footage now part of “Candy.”\textsuperscript{61} Although no discussion of copyright had occurred between Easter Seals and the television station prior to the first videotaping, Easter Seals argued that it acquired copyright ownership of the film because it was shot “for hire.” The court held for the defendants and explained that because the television station was an independent contractor, the Easter Seal Society was not the statutory “author.”\textsuperscript{62} Therefore, the use of the field tapes in “Candy, the Stripper” could not have infringed on the Society’s rights.\textsuperscript{63} The court created a bright line rule for determining whether a work was made for hire under the 1976 Act by holding that “[o]nly works by actual employees and independent contractors who fulfill the requirement of §101(2) can be ‘for hire’ under the new statute. Copyright ‘employees’ are those persons called ‘employees’ or ‘servants’ for purposes of agency law.”\textsuperscript{64}

Unlike the Second Circuit, the court in \textit{Easter Seals} found that Congress did intend, in the 1976 Act, to change the work for hire status of commissioned words under the 1909 Act.\textsuperscript{65} The court explained that “a work is ‘made for hire’ within the meaning of the Copyright Act of 1976 if and only if the seller is an employee within the meaning of agency law, or the buyer and seller comply with the requirements of §101(2).”\textsuperscript{66} The court called its reasoning the “literal interpretation” of the Act.\textsuperscript{67} In applying this test, a court would first determine whether or not the seller is an


\textsuperscript{57} 815 F.2d at 324.

\textsuperscript{58} Id.

\textsuperscript{59} Easter Seal Society for Crippled Children v. Playboy Enterprises, 815 F.2d 323, 323 (5th Cir. 1987). A field tape is the unedited tape of the event.

\textsuperscript{60} Id. at 324-25.

\textsuperscript{61} Id. at 325.

\textsuperscript{62} 815 F.2d at 337.

\textsuperscript{63} Id.

\textsuperscript{64} Easter Seal Society for Crippled Children v. Playboy Enterprises, 815 F.2d 323, 337 (5th Cir. 1987).

\textsuperscript{65} “We are convinced that Congress meant to alter the status of commissioned works, which means that it meant to alter the ‘work for hire’ doctrine under the 1909 Act. The problem is figuring out the precise contours of the intended alteration.” \textit{Id.} at 331.

\textsuperscript{66} \textit{Id.} at 334.

\textsuperscript{67} 815 F.2d at 329.
employee or an independent contractor, using agency law rules. It specifically divided §101 (1) & (2), asserting that they are distinct and uninterchangeable rules. The court reasoned:

Section 101(1) applies to sellers who are employees. If the work was in the scope of employment, an agency-law employee is a copyright employee, and the employer is the 'author.' Section 101(2) applies to independent contractors. All works by independent contractors -- 'works specially ordered or commissioned' -- are not works for hire unless the work comes within the nine narrow statutory categories and parties agree in a signed instrument.

Thus, if an independent contractor’s work does not make him an “employee” within the bounds of agency law, the contractor - not the employer - is considered the author and therefore, the copyright holder. If, however, this independent contractor’s work is for use as one of the nine categories of §101(2), the employer is considered the author unless the parties have explicitly provided otherwise in writing.

In deciding to adopt the “literal interpretation” approach, the Fifth Circuit also evaluated two other types of reasoning: (1) the “conservative interpretation” and (2)

---

68. The Restatement (Second) of Agency §220(2) (1958) provides several parameters for determining employee status. Note, “servant” is synonymous with “employee” for the purposes of agency law.

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 detail 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 part of the regular business of the employer;
(i) whether or not the parties believe they are creating the relation of master and servant;
(j) whether the principal is or is not in business.


70. Id.

71. Id.

72. 17 U.S.C. §101(2)(1978) provides that a work for hire is a work specially ordered or commissioned for use as (1) a contribution to a collective work, (2) as part of a motion picture of other audiovisual work, (3) as a translation, (4) as a supplementary work, (5) as a compilation, (6) as an instructional text, (7) as a test, (8) as answer material for a test, (9) or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. Easter Seals, 815 F.2d at 328 (numbers added).

73. Id. at 329.
the “Aldon Accessories compromise.” 74 The court stated under the “conservative interpretation” that it does not matter whether the seller is a formal employee or an independent contractor. 75 Under such an analysis, the court “disregards the employee/independent contractor relationship and utilizes a ‘right to control’ standard.” 76 This approach follows a “traditional” analysis for §101(1), asserting that if the work was undertaken at the instance and expense of the buyer, and if the buyer had the right to control the work, regardless of whether or not the right was exercised, then the seller was a legal employee. 77 Thus, if the work was “commissioned and the buyer had the right to control, then the seller was an employee under §101(1).” 78

If the buyer would prevail under this analysis, the court would then seek to determine if the disputed work falls within the nine categories codified in §101(2). Under the “conservative” view of the statute, the seller would be afforded “special protection.” 79 The Easter Seals court was critical of this approach because it felt that it did not comport with legislative intent to more closely define the work for hire doctrine. 80 In fact, the court said that this approach made “the nine narrow categories of § 101(2) completely mysterious.” 81 The court questioned why an author of “answer material for a test” would get special protection from the traditional expansive “work for hire” doctrine when a musician or sculptor would not. 82 The court stated that “it would be anomalous to give these activities special protections beyond those accorded other types of commissioned works.” 83 The court noted, however, the difficulty of determining “the precise contours of the intended alteration.” 84

The final interpretation considered by the Easter Seals court was the “Aldon Accessories compromise.” 85 The Fifth Circuit examined the Second Circuit’s reasoning behind the “actual control” test in Aldon v. Speigel 86 and summarized the Aldon court’s test, as follows: is the contractor ‘independent’ or is “the contractor so controlled and supervised in the creation of the particular work, that an employer-employee relationship exists.” 87 The Aldon court’s decision was a compromise because while it recognized the dichotomy between employees and independent contractors, unlike the “conservative interpretation,” it limited the employer’s

75. Id. at 331.
76. Morris, supra note 2 at 184.
77. 815 F.2d at 331.
78. Morris, supra note 2 at 184.
79. Easter Seal Society for Crippled Children v. Playboy Enterprises, 815 F.2d 323, 331 (5th Cir. 1987).
80. Id.
81. Id.
82. Id.
83. Id.
84. Easter Seal Society for Crippled Children, 815 F.2d at 331.
85. Id.
86. 738 F.2d 548 (2d Cir. 1984), cert. denied, 469 U.S. 982 (1984).
87. Easter Seals, 815 F.2d at 332 (citing Aldon, 738 F.2d at 551).
authorship by requiring that there be “actual control.”

The Fifth Circuit strongly disagreed with the Aldon decision and detailed the following four problems with the “actual control” test: (1) the rule is unnecessary in cases where “work for hire” is raised by the defendant to question the validity of the plaintiff’s copyright since any plaintiff who actual controls an independent contractor will the a co-author of the work; (2) it makes the outcome of “work for hire” analysis too fact-specific for each work and therefore is less predictable by buyers and sellers; (3) it does not eliminate the need for a determination of employee versus independent contractor since the “actual control” test applies only to independent contractors; (4) it slides to easily into the vague and expansive “right to control” test. The Easter Seals court concluded that the “Aldon compromise” was more an interpolation of the statute than an interpretation of it. In addition, the Fifth Circuit urged that this interpolation of the statute was an “insurmountable” problem because there “is simply no way to milk the ‘actual control’ test of Aldon Accessories from the language of the statute.”

As a result of the shortcomings of the “conservative interpretation” and the “Aldon Accessories compromise,” the Easter Seals court held that the “literal interpretation” was the more reasonable test. The “literal interpretation” test (1) makes sense out of the nine narrow categories in §101(2); (2) ties the meaning of “work for hire” to a well-developed doctrine in agency law; (3) affords buyers and sellers the greatest predictability; and (4) creates a moral symmetry between agency law and copyright law.

3. Dumas v. Gommerman

Despite the Fifth Circuit’s assertions that its test was the most reasonable, the test was not followed by the Ninth Circuit in the next major “work-for-hire” case. Dumas v. Gommerman articulated a third view of the work for hire doctrine, asserting that only works of formal, salaried employees are covered by §101(1).

In Dumas, the widow and representative of the estate of graphic artist Patrick Nagel brought suit against Stefan Gommerman, a Los Angeles art gallery owner. The suit alleged copyright infringement of lithographs that Nagel had produced for ITT

88. Morris, supra note 2 at 185.
89. Easter Seal Society for Crippled Children v. Playboy Enterprises, 815 F.2d 323, 334 (5th Cir. 1987).
90. Id. at 331.
91. Morris, supra note 2 at 185 (citing Easter Seals, 815 F.2d at 334).
92. Id. at 334.
93. Easter Seals, 815 F.2d at 335.
94. Dumas v. Gommerman, 865 F.2d 1093 (9th Cir. 1989).
95. Id.
96. Id. at 1105.
97. Id. at 1094.
Cannon.\textsuperscript{98} Nagel had been commissioned by ITT Cannon in 1979.\textsuperscript{99} The agreement was made to create four works of art as part of a promotional campaign through a purchase order which did not specify that the works were works for hire or that the copyright was transferred to ITT Cannon.\textsuperscript{100} As a result of the failure of the promotional giveaway, ITT Cannon was left with several extra sets of lithographs.\textsuperscript{101} Several years later Gommerman learned of the existence of these lithographs and in 1985 purchased the remaining sets and copyrights to the works from ITT Cannon.\textsuperscript{102} In January 1986, Gommerman registered each of the four works in his name.\textsuperscript{103} After Dumas learned of the purported copyright transfer she notified Gommerman and ITT Cannon of her claim of copyright ownership, and filed a conflicting registration of copyright in 1987.\textsuperscript{104} Dumas contended that Nagel, as an independent contractor, was the author of the ITT works.\textsuperscript{105} Under the 1976 Copyright Act, Nagel retained ownership of the copyrights and as the successor in interest, Dumas was entitled to damages and declaratory relief for copyright infringement.\textsuperscript{106}

The Court of Appeals for the Ninth Circuit affirmed the granting of the preliminary injunction of the District Court and concluded that Nagel was not an “employee” of ITT for the purpose of §101(1).\textsuperscript{107} Since the ITT works did not meet the requirements of a commissioned work under §101(2) the lithographs were not “works made for hire.”\textsuperscript{108} In reaching its decision, the Ninth Circuit looked to the Fifth Circuit’s decision in \textit{Easter Seals} and the legislative history of the 1976 Act, for guidance.\textsuperscript{109} The court found that §101(1) covered only “formal, salaried employees” while §101(2) encompassed “only certain types of specially commissioned works.”\textsuperscript{110} In rejecting the proposition that independent contractors could be covered by §101(1), the court asserted that the drafters intended to create a bright line between employees and independent contractors.\textsuperscript{111} The \textit{Dumas} court said that “[w]here the artist holds himself or herself out as a freelancer, the employer should anticipate that the commissioned work will not be a work for hire under §101(1).”\textsuperscript{112} When the relationship between the parties is ambiguous, however, the court suggested the following factors would be relevant in determining the employee or independent contractor status: (1) whether the artist worked in his or her own studio or on the

\begin{itemize}
  \item[98.] Hyde & Hager, \textit{supra} note 56 (citing \textit{Dumas}, 865 F.2d at 1094).
  \item[99.] Dumas v. Gommerman, 865 F.2d 1093, 1094 (9th Cir. 1989).
  \item[100.] \textit{Id}.
  \item[101.] \textit{Id}.
  \item[102.] \textit{Id}.
  \item[103.] \textit{Id}.
  \item[104.] \textit{Id}. at 1094-95 (9th Cir. 1989).
  \item[105.] \textit{Id}. at 1095.
  \item[106.] \textit{Id}.
  \item[107.] \textit{Id}. at 1105.
  \item[108.] \textit{Id}. at 1105.
  \item[109.] \textit{Id}. at 1096-1105 (9th Cir. 1989).
  \item[110.] Hyde & Hager, \textit{supra} note 55 at 705-6 (citing \textit{Dumas}, 865 F.2d at 1098 - 1105).
  \item[111.] Morris, \textit{supra} note 2 at 187 (citing \textit{Dumas}, 865 F.2d at 1104).
  \item[112.] \textit{Dumas}, 865 F.2d at 1105.
\end{itemize}
premises of the buyer; (2) whether the buyer is in the regular business of creating works of the type purchased; (3) whether the artist works for several buyers at a time, or exclusively for one; (4) whether the buyer retains authority to assign additional projects to the artist; (5) the tax treatment of the relationship by the parties; (6) whether the artist is hired through the channels the buyer customarily uses for hiring new employees; (7) whether the artist is paid a salary or wages, or is paid a flat fee; and (8) whether the artist obtains from the buyer all benefits customarily extended to is regular employees.113

Several of these factors are rooted in agency law and were referenced from the Circuit Court of Appeals for the District of Columbia decision in Community for Creative Non-Violence ("CCNV") v. Reid.114 The Dumas court, however, stressed that these factors were only to be used when the relationship between the parties was ambiguous.115

The varying decisions in Aldon, Easter Seals, and Dumas are demonstrative of the division among the circuits in interpreting the ambiguous language of the work for hire doctrine under the 1976 Copyright Act. The Fifth and District of Columbia Circuits favored a literal interpretation of the Act, while the Second, Fourth, and Seventh Circuits chose a supervision and control standard, and the Ninth Circuit followed a formal, salaried approach.116 Recognizing this split among the circuits, the Supreme Court granted "CCNV"'s petition for certiorari to resolve this conflict.117

C. Community for Creative Non-Violence v. Reid118

In 1985, the Community for Creative Non-Violence ("CCNV"), a Washington, D.C. organization dedicated to eliminating homelessness, entered into an oral agreement with Reid, a sculptor, to create a statue dramatizing the plight of the homeless.119 This statue was intended for display at the 1985 Christmas pageant in Washington.120 Aside from receiving design instruction and occasional physical assistance from CCNV funded workers, Reid created the statue in his studio and did not use CCNV facilities.121 When Reid finished the statue he delivered it for the pageant.122 After, the statue was returned to Reid following the pageant for minor repairs; following the repairs, however, Reid refused to return the statue to CCNV because he believed that its physical composition could not endure the nationwide tour

113. Morris, supra note 2 at 188 (citing Dumas, 865 F.2d at 1105).
115. Dumas v. Gommerman, 865 F.2d 1093, 1105 (9th Cir. 1989).
116. Morris, supra note 2 at 189.
117. Id.
118. Reid, 490 U.S. 730.
120. Id. at 730, 733.
121. Hyde & Hager, supra note 56 at 706 (citing Reid, 490 U.S. at 734, 752.)
122. Reid, 490 U.S. at 735.
planned by CCNV.\textsuperscript{123} Both parties, who had never discussed copyright ownership of the sculpture, then filed competing copyright registration certificates.\textsuperscript{124} CCNV filed suit to determine the legal owner of the statue's copyright.\textsuperscript{125}

The District Court for the District of Columbia ruled for CCNV and held that the statue was a "work made for hire" as defined in the Copyright Act of 1976.\textsuperscript{126} The court reasoned that because §201(b)\textsuperscript{127} vests copyright ownership of works for hire in the employer or other person for whom the work is prepared, unless there is a written agreement to the contrary, the statue was owned exclusively by CCNV.\textsuperscript{128}

The Court of Appeals for the District of Columbia Circuit reversed the district court's decision and adopted the "literal interpretation" of the Fifth Circuit.\textsuperscript{129} The court concluded that a copyrightable work of an independent contractor cannot be a work for hire under the Act unless it falls into one of the enumerated categories of section 101(2) and the parties agree in writing that the work is to be a work for hire.\textsuperscript{130} Ruling in Reid's favor, the Court held: (1) Reid was an independent contractor under the rules of agency law; and (2) that the statue did not satisfy § 101(2) definition, since sculpture is not one of the nine categories of "specially ordered or commissioned" works contemplated by the statute.\textsuperscript{131} Additionally, the parties had not agreed in writing that the sculpture would be a work for hire.\textsuperscript{132}

The Supreme Court affirmed the appellate court's decision, after weighing all the relevant factors, and holding that Reid was not an employee but an independent contractor.\textsuperscript{133} As a result, the statue was not a work made for hire and he was merely the statutory "author" of the work.\textsuperscript{134} The first part of the Court's analysis was to define "a work prepared by an employee within the scope of his or her employment" under §101(1).\textsuperscript{135} To define the terms "employee" and "scope of employment," are not defined in the Act, the Court stated that "where Congress uses terms that have

\textsuperscript{123} Id.
\textsuperscript{125} Id. at 735.
\textsuperscript{126} Id.
\textsuperscript{127} §201 (b) states:
Works Made for Hire. - In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.
\textsuperscript{128} Reid, 490 U.S. at 735-36 (citing 17 U.S.C. §§ 101, and §201(b) (1978)).
\textsuperscript{129} Morris, supra note 2 at 188-89 (citing Community for Creative Non-Violence v. Reid, 846 F.2d 1485 (D.C. Cir 1989), aff'd, 490 U.S. 730, 736 (1989)).
\textsuperscript{130} Reid, 490 U.S. at 736 (citing 17 U.S.C. §101(2) (1978)).
\textsuperscript{131} Reid, 490 U.S. at 736.
\textsuperscript{132} Id.
\textsuperscript{133} Id. at 736, 752.
\textsuperscript{135} Id. at 738.
accumulated settled meaning under . . . the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms.”¹³⁶ The Court determined that Congress intended these terms to describe the conventional master-servant relationship as understood by common-law agency doctrine.¹³⁷ The Court noted that Congress’ intent to incorporate agency law is suggested by § 101(1)’s use of the term, “scope of employment,” a widely used term of art in agency law.¹³⁸ Establishment of a federal rule of agency, rather than reliance on state agency law, is particularly appropriate when considering the Act’s express objective of creating a national, uniform copyright law.¹³⁹ As a result, the Court agreed with the court of appeals that the term “employee” should be understood in light of the general common law of agency.¹⁴⁰

The Court rejected the “control” tests of the Second, Seventh, and Fourth Circuits and asserted that “importing a test based on a hiring party’s right to control, or actual control of, a product would unravel the ‘carefully worked out compromise aimed at balancing legitimate interests on both sides.’”¹⁴¹ The factors that the Reid Court used to determine whether a hired party is an employee under the general common law of agency included but were not limited to:

(1) the hiring party’s right to control the manner and means by which the product is accomplished;
(2) the skill required;
(3) the source of the instrumentalities and tools;
(4) the location of the work;
(5) the duration of the relationship between the parties;
(6) whether the hiring party has the right to assign additional projects to the hired party;
(7) the extent of the hired party’s discretion over when and how long to work;
(8) the method of payment;
(9) the hired party’s role in hiring and paying assistants;
(10) whether the work is part of the regular business of the hiring party;
(11) whether the hiring party is in business;

¹³⁶ Id. at 739 (citing NLRB v. Amax Coal Co. 453 U.S. 322, 329, 101 S. Ct. 2789, 2794 (1981)).
¹³⁸ Reid, 490 U.S. at 740. See, RESTATEMENT (SECOND) OF AGENCY §228 (1958).
¹⁴⁰ Id.
(12) the provision of employee benefits;
(13) and the tax treatment of the hired party.\textsuperscript{142}
This list is modeled from the provisions in the Restatement (Second) of Agency.\textsuperscript{143}
The Court said that no one of these factors is dispositive, but are to be applied to the relevant facts of the case and then weighed to determine whether or an employment relationship existed.\textsuperscript{144}

The Supreme Court also rejected the formal, salaried employee interpretation of the Ninth Circuit stating that, "[w]hile there is some support for such a definition in the legislative history . . . [t]he Act does not say 'formal' or 'salaried' employee, but simply 'employee' . . . [e]ven the one court of appeals, to adopt what it termed a formal, salaried employee test, in fact embraced an approach incorporating numerous factors drawn from the agency law definition of employee which we endorse."\textsuperscript{145}

A court first should ascertain whether the work was prepared by an employee or an independent contractor, using the principles of general common law of agency, to determine whether a work is for hire under the Act.\textsuperscript{146} After making this determination, the court can apply the appropriate subsection of §101.\textsuperscript{147} Thus, the "literal interpretation" of the Fifth Circuit and the appellate court below seemingly became the new yardstick in work for hire cases.\textsuperscript{148}

\textbf{D. The Cases Following Reid}

The cases that have following Reid have further defined the factors enumerated by the Supreme Court. The Third and the Second Circuits have each decided a key case in the interpretation of Reid.

\textit{1. Marco v. Accent Publishing Company}\textsuperscript{149}

In Marco, the Third Circuit held that a freelance photographer was an independent contractor after it weighed the Reid factors to and concluded the work was for hire under §101(1) and §101(2).\textsuperscript{150} Marco was hired to photograph jewelry for Accent

\textsuperscript{142} Reid, 490 U.S. at 741 - 42. See, Wishner supra note 29, at 398-414 (discussing the Reid factors).
\textsuperscript{143} Reid, 490 U.S. at 753. See supra note 68 for list of parameters defined in Restatement (Second) of Agency § 220(2) (1958).
\textsuperscript{145} Id. at 743, n.8.
\textsuperscript{146} Id. at 751.
\textsuperscript{147} Id.
\textsuperscript{148} This decision is seen by some scholars as another compromise between competing interests, similar to the Copyright Act of 1976. See, Tepper, supra note 17; Morris, supra note 2.
\textsuperscript{149} Marco v. Accent Publishing Co., 969 F.2d 1547 (3d Cir. 1992).
\textsuperscript{150} Id. at 1550 - 52.
Magazine's monthly trade journal for the costume jewelry industry. Accent supplied the jewelry and props, sketched the shots, and retained the right to have unsatisfactory shots redone. Marco worked independently in his studio, subject to Accent's deadlines. On several occasions Accent's art director would pose live models supplied by Accent. After a dispute arose as to copyright ownership, Marco moved for a preliminary injunction to prevent Accent from reproducing his photographs. The district court found that Accent's art director had sufficiently directed, supervised, and provided artistic contribution to the photographic work, and denied the injunction. The Court of Appeals for the Third Circuit, however, vacated the district court's decision and remanded the case.

The appeals court held that "a magazine publisher's regular practice of commissioning photographs of its own conception does not create an employment relationship with an experienced photographer who uses his own equipment; who works at his own studio, on days and times of his choosing, without photography assistants hired by the publisher; and who receives payment without income tax withheld, without employee benefits, for discrete assignments rather than for hourly or periodic work." Moreover, the court added three additional factors to the 13 delineated in Reid. Using the Restatement (Second) of Agency, it added the "hired party's occupation," "local custom," and "actual control over the details of the work." The court recognized that Reid did not say considering "actual control" was erroneous, but merely that it was not dispositive in the determination of an employment relationship.

2. Aymes v. Bonelli

Another notable case to follow Reid came from the Second Circuit in the 1992 case of Aymes v. Bonelli. Like the Third Circuit, the Aymes court also held that the plaintiff, a computer programmer, was an independent contractor after conducting a Reid analysis. In 1980 Aymes was hired to create a computer program by the defendant, Bonelli, the president and chief executive officer of Island, a retail store.

151. Id. at 1548.
152. Id.
153. Id. at 1549.
155. Id.
156. Id. at 1553.
157. Id. at 1552.
158. Wishner, supra note 29, at 403.
159. Marco v. Accent Publishing Co., 969 F.2d 1547, 1550 (3d Cir. 1992) (citing RESTATEMENT (SECOND) OF AGENCY §220(2) (b) & (c) respectively).
162. Id. at 864.
s selling swimming pools.\textsuperscript{163} During the two years that Aymes worked for Bonelli, he created a series of programs called “CSALIB” which maintained receipt records, inventory, sales figures and other accounting information.\textsuperscript{164} In September 1982, Aymes left Island when Bonelli decided to cut Aymes’s hours.\textsuperscript{165} Bonelli refused to pay Aymes his $14,560 in back pay and for the use of CSALIB, unless Aymes signed a release of his rights to CSALIB.\textsuperscript{166} Aymes refused and instead registered CSALIB with the copyright office and filed suit against Bonelli for copyright infringement.\textsuperscript{167}

The Court of Appeals reversed the lower court’s decision and held that it erroneously misapplied the law.\textsuperscript{168} The appeals court asserted that the \textit{Reid} factors “should not merely be tallied but should be weighed according to their significance in the case.”\textsuperscript{169} The Third Circuit elaborated that in “virtually every situation” the following factors would be significant: (1) the hiring party’s right to control the manner and means of creation; (2) the skill required; (3) the provision of employee benefits; (4) the tax treatment of the hired party; and (5) whether the hiring party has the right to assign additional projects to the hired party.\textsuperscript{170} These factors should be given more weight in the analysis because they are usually highly probative of the true nature of the employment relationship.\textsuperscript{171}

When it seemed that the courts finally resolved the work for hire debate, Congress enacted an amendment to the Copyright Act of 1976.\textsuperscript{172} This amendment, though long awaited, has further muddled interpretations of a work made for hire.

\textit{E. The Visual Artists Rights Act (“VARA”) of 1990}\textsuperscript{173}

In 1990, Congress passed VARA in an attempt to align with the international community and conform to the guidelines set forth in the Berne Convention for the Protection of Literary and Artistic Works.\textsuperscript{174} The United States has long avoided to

\begin{itemize}
\item \textsuperscript{163} \textit{Id.} at 859.
\item \textsuperscript{164} \textit{Id.}
\item \textsuperscript{165} \textit{Id.}
\item \textsuperscript{166} Aymes v. Bonelli, 980 F.2d 857, 859 (2d Cir. 1992).
\item \textsuperscript{167} \textit{Id.}
\item \textsuperscript{168} \textit{Id.} at 861 - 862.
\item \textsuperscript{169} \textit{Id.} at 861.
\item \textsuperscript{170} \textit{Id.}
\item \textsuperscript{171} Aymes v. Bonelli, 980 F.2d 857, 861 (2d Cir. 1992).
\item \textsuperscript{172} 17 U.S.C. (1978).
\item \textsuperscript{173} 17 U.S.C. §101 (1992).
\end{itemize}
joining the Convention because it believed that the Convention’s protection of “moral rights”175 was inconsistent with U.S. Copyright laws.176 The term “moral rights” is meant to capture those rights of a spiritual, non-economic and personal nature.177 The rights spring from a belief that an artist in the process of creation injects his spirit into the work and that the artist’s personality, as well as the integrity of the work, would therefore be protected and preserved.178 U.S. copyright law has been exclusively motivated by the benefit which the public is to derive.179 This is contrary to the notion of moral rights, however, which are designed primarily to vindicate the artist’s individual rights, while the public derives secondary benefits from the recognition of the artist’s rights.180 The common belief in the United States was that existing federal and state statutes, as well as common law principles of defamation,181 invasion of privacy,182 and contract law183 adequately provided the necessary protections for moral rights.184

In the past, the U.S. attempted to assert its influence in copyright protection on the international community through the Universal Copyright Convention (“UCC”), administered by the United National Educational, Scientific, and Cultural Organization (“UNESCO”).185 In 1984, however, the U.S. left UNESCO and, as a result, could no longer exert much influence over other countries under the UCC.186 The United States instead joined the Berne Convention to protect U.S. intellectual property interests internationally, to ensure an advantageous position for itself in the global market, and to establish a negotiating platform from whence it could influence future international


The 1928 revision to the Convention established a third principle. Under Article 6bis, the moral rights of attribution and integrity are recognized. Under this principle, authors not only have the right to claim authorship of a work, they also have the right to object to modifications of the work which prejudice their honor or reputation. Id.

175. Moral rights are also known as “droit moral,” from the French phrase “droit d’auteur” or author’s rights. Stephen Fraser, Berne, CFTA, NAFTA & GATT: The Implication of Copyright Droit Moral and Cultural Exemptions in International Trade Law, 18 HASTINGS COMM/ENT L. J. 287, 290 (Winter 1996).

176. Id. at 296.


178. Id.


180. Id.

181. Iglendza supra note 174, at 190 n19.

182. Id. at 190 n20.

183. Id. at 190 n21. In his article, Iglendza argues that contract law has been unsatisfactory as a common law cause of action to protect an artist’s moral rights as a result of unequal bargaining power. Id.

184. Id. at 189.

185. Fraser, supra note 175, at 296.

186. Id.
copyright policy.\footnote{187} By adopting the VARA, Congress amended the Copyright Act of 1976 to include §106A which provides authors with the rights of attribution and integrity.\footnote{188} The right of attribution includes the right to claim authorship of a work and the right to prevent the use of the artist's name as the author of a work not created by that artist.\footnote{189} The right of integrity can be divided into two separate prongs.\footnote{190} The first prong gives an author the right to prevent any intentional distortion, mutilation, or modification of the work that is prejudicial to the author's honor or reputation.\footnote{191} This alteration must be both prejudicial and intentional.\footnote{192} The second prong of the right of integrity allows the author to prevent the destruction of work of recognized stature.\footnote{193}

Since the VARA's enactment in 1990, however, there has been little case law following it. The first case to interpret VARA was the District Court for the Southern District of New York's 1994 decision in \textit{Carter v. Helmsley-Spear, Inc.}\footnote{194} The

\begin{flushleft}
\begin{itemize}
\item \footnote{187} Iglendza, \textit{supra} note 174 at 188 - 89. \textit{See also}, William Belanger, \textit{U.S. Compliance with the Berne Convention}, 3 GEO. MASON INDEPENDENT L. REV. 373 (Summer 1995).
\item \footnote{188} 17 U.S.C. 106A provides, in a relevant part:
\begin{enumerate}
\item Rights of attribution and integrity — subject to section 107 and independent of the exclusive rights provided in section 106, the author of a work of visual art —
\begin{enumerate}
\item shall have the right —
\begin{enumerate}
\item to claim authorship of that work, and
\item to prevent the use of his or her name as the author of any work of visual art which he or she did not create;
\end{enumerate}
\item shall have the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation...
\end{enumerate}
\end{enumerate}
\item 17 U.S.C §101 defines "a work of visual art" as —
\begin{enumerate}
\item a painting, drawing, print, or sculpture, existing in a single copy, in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved, or fabricated sculptures of 200 or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author, or
\item a still photographic image produced for exhibition purposes only, existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.
\end{enumerate}
\item It also provides that a "work of visual art" does not include —
\begin{enumerate}
\item any poster, map, globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;...
\item any work made for hire... (emphasis added).
\end{enumerate}
\item \footnote{189} 17 U.S.C. §106A(1); \textit{see supra} note 188.
\item \footnote{190} Iglendza, \textit{supra} note 174 at 194, \textit{citing} 17 U.S.C. §106A(2); \textit{see supra} note 188.
\item \footnote{191} Iglendza, \textit{supra} note 174 at 194.
\item \footnote{192} \textit{Id}.
\item \footnote{193} \textit{Id}.
\item \footnote{194} Carter v. Helmsley-Spear, 861 F.Supp. 303 (S.D.N.Y. 1994). \textit{See} Iglendza, \textit{supra} note 174 for a full examination of the district court's decision based on VARA.
\end{itemize}
\end{flushleft}
district court ruled in favor of the plaintiffs and held that under VARA, the artists were entitled to an injunction against the removal of their work from the defendant’s building.\(^{195}\) Initially, the court determined that the statue was a “work of visual art” as defined by §106A and the definitions set forth in §101.\(^{196}\) Since a “work made for hire” is an exception to this rule, the court then had to determine whether or not the work was made for hire under §§101(1) & (2).\(^{197}\) If the court had determined that the statue was a work for hire, VARA would not be applicable and the defendants would be considered the author of the work. However, after weighing the factors according to the Reid test, the court concluded that the statue was not a work for hire and that the plaintiffs were independent contractors. As a result, the court applied § 106A to determine the extent of protection and the remedies afforded to the plaintiffs.\(^{198}\)

On appeal, however, the “de facto copyright court” reversed the district court’s decision. The Second Circuit Court of Appeals disagreed with the weight the lower court had given to the relevant Reid factors, holding that the plaintiffs were employees of the defendant and that the statue was a work made for hire, which exempts it from protection under VARA.\(^ {199}\)

II. THE SECOND CIRCUIT’S DECISION IN CARTER V. HELMSLEY SPEAR

A. Facts

Plaintiffs, John Carter, John Swing, and John Veronis are professional sculptors who work together and are known collectively as the “Three-J’s” or “Jx3.”\(^ {200}\) Defendants, 474431 Associates (“Associates”) and Helmsley-Spear, Inc. are the owner and managing agent respectively, of a commercial building located at 47-44 31st Street in Queens, New York.\(^ {201}\)

In February of 1990, Associates entered into a 48 year lease with 47-44 31st Street Associates, L.P. (“Limited Partnership”) whose employed SIG Management Company (“SIG”) to manage the building.\(^ {202}\) In December of 1991, SIG entered into a one-year agreement with the plaintiffs.\(^ {203}\) In the agreement, the plaintiffs were to “design, create and install sculpture and other permanent installations in the building, primarily the lobby.”\(^ {204}\) Under the agreement, the plaintiffs had “full authority in design, color and style” of the art work to be installed, while SIG retained the authority to direct the

\(^{195}\) Carter, 861 F.Supp. at 329.

\(^{196}\) Id. at 313 - 16.

\(^{197}\) Id. at 316 - 22.

\(^{198}\) Id. at 322 - 29.


\(^{200}\) Id. at 80.

\(^{201}\) Id. at 79 - 80.

\(^{202}\) Id. at 80.

\(^{203}\) Id. at 80.

location of the installation of the artwork within the building.\textsuperscript{205} The plaintiffs were to retain ownership of the copyright to their work, and SIG was to receive fifty percent of the proceeds from any exploitation.\textsuperscript{206} In January 1993, SIG and the plaintiffs signed an agreement extending the contract for an additional year.\textsuperscript{207} In December 1993, however, Corporate Life took over as manager and assumed the agreement with the plaintiffs, again extending the contract.\textsuperscript{208}

The artwork that is the subject of this litigation is a very large "walk-through sculpture" occupying most, but not all, of the building's lobby.\textsuperscript{209} The artwork consists of a variety of cultural elements constructed from recycled material, much of it metal, affixed to the walls and ceiling, and a vast mosaic made from pieces of recycled glass embedded in the floor and walls.\textsuperscript{210} Elements of the work include a giant hand fashioned from an old school bus, a face made of automobile parts, and a number of interactive components.\textsuperscript{211} These assorted elements make up a theme relating to environmental concerns and the significance of recycling.\textsuperscript{212}

In April 1994, Limited Partnership filed for bankruptcy and the original lease was terminated, surrendering the property to the defendant owners.\textsuperscript{213} It was then that defendant, Helmsley-Spear, became the new managing agent of the building.\textsuperscript{214} Representatives of defendants informed the artists that they could no longer continue to install artwork at the property, and instead had to vacate the building.\textsuperscript{215} Additionally, these representatives made statements indicating that the defendants intended to remove the art work already in place in the building's lobby.\textsuperscript{216} Consequently, the plaintiffs brought this action under VARA, seeking a permanent injunction to prevent Helmsley-Spear from altering or destroying the art work in the lobby.\textsuperscript{217}

\textbf{B. The Court's Analysis}

The Second Circuit agreed with the District Court's interpretation of the sculpture as a "work of visual art" under VARA. Evaluating the District Court's interpretation of the facts under the requisite "clearly erroneous" standard, the Court of Appeals

\begin{itemize}
  \item \textsuperscript{205} \textit{Id.}
  \item \textsuperscript{206} \textit{Id.}
  \item \textsuperscript{207} \textit{Id.}
  \item \textsuperscript{208} \textit{Id.}
  \item \textsuperscript{209} Carter v. Helmsley-Spear, 71 F.3d 77, 80 (2d Cir. 1995) \textit{cert. denied} 64 U.S.L.W. 2372, 37 U.S.P.Q.2d 1020.
  \item \textsuperscript{210} \textit{Id.}
  \item \textsuperscript{211} \textit{Id.}
  \item \textsuperscript{212} \textit{Id.}
  \item \textsuperscript{213} \textit{Id.} at 80 - 81.
  \item \textsuperscript{214} Carter v. Helmsley-Spear, 71 F.3d 77, 81 (2d Cir. 1995) \textit{cert. denied} 64 U.S.L.W. 2372, 37 U.S.P.Q.2d 1020.
  \item \textsuperscript{215} \textit{Id.}
  \item \textsuperscript{216} \textit{Id.}
  \item \textsuperscript{217} \textit{Id.}
\end{itemize}
affirmed the District Court’s finding that the artists created a “thematically consistent, inter-related work whose elements could not be separated without losing continuity and meaning,” thus constituting a single piece of work. Additionally, the Court of Appeals agreed with the District Court’s holding that the work was not “applied art” which would preclude it from protection under VARA. The Second Circuit said that interpreting applied art to include parts of a work that are affixed to a floor, wall or ceiling (as utilitarian objects) would render meaningless VARA’s protection for works of visual art installed in buildings.

The Court of Appeals, however, did not agree with the District Court’s determination of the relevant facts in accordance with the Reid tests. As a result, the Second Circuit proceeded to review, de novo, the ultimate legal conclusion as to whether or not the sculpture was a “work for hire” and found some of the lower court’s factual conclusions clearly erroneous. The court noted that the district court properly applied the five relevant factors set out by this Circuit in Aymes. Nevertheless, it determined that the district court had misweighed some of these factors in light of the circumstances of the case. The court said that the district court correctly found: (1) the evidence supports the finding that the plaintiffs controlled the work’s “manner and means,” and (2) the artists’ conception and execution of the work required great skill in execution. The court concluded that this indicated that the plaintiffs could have been independent contractors. However, the court of appeals said that the district court erred in its evaluation of the three remaining factors.

The court said that the parties’ contract itself stipulated that the artists agreed “not only to install the sculpture but also to ‘render such other related services and duties as may be assigned to [them] from time to time by the Company.’” Thus, the court found that the defendants had the right to assign plaintiffs work other than the principle

218. Id. at 83 - 84.
220. Id. (referring to 17 U.S.C. §113 which states in a relevant part:
(d)(1) In a case in which –
(A) a work of visual art has been incorporated in or made part of a building in such a way that removing the work from the building will cause the destruction, distortion, mutilation, or other modification of the work as described in section 106A(a)(3) … then the rights conferred by paragraphs (2) and (3) of section 106A(a) shall not apply.
221. Carter, 71 F.3d at 85.
222. Id. at 86. The five factors include: (1) the right to control the manner and means of production; (2) the requisite skill; (3) provision of employee benefits; (4) tax treatment of the hired party; and (5) whether the hired party may be assigned additional projects. Id. See supra text accompanying note 170.
224. Id. at 86.
225. Id.
226. Id.
sculpture.227 Additionally, the court determined that there was evidence that the defendants exercised this right. The court found that on at least three different occasions the plaintiffs were assigned additional projects which they completed without further compensation, supporting the defendants’ position that the plaintiffs were employees.228

Next the court looked to the fourth and fifth factors.229 Noting that the defendants paid payroll and social security taxes, provided employee benefits such as life, health, and liability insurance and paid vacations, as well as contributed to unemployment insurance and workers’ compensation funds on the plaintiff’s behalf, the court found that these factors also weighed in favor of employee status.230 Moreover, the court noted (1) that two of the three artists filed for unemployment benefits after their positions were terminated -- listing the building’s management company as their former employer, (2) that each plaintiff was paid a weekly salary, and (3) that the plaintiffs had agreed that they would work principally for the defendants for the duration of their agreement on a 40-hour per week basis.231 The court went on to examine other Reid factors and found that the artists were provided with many (if not most) of the supplies used to create the sculpture.232 The court also found that the artists were employed for a substantial period of time -- their work continued for over two years with no set date of termination, and that they could not hire paid assistants without the defendants’ approval.233 All of these factors combined, asserted the court, weighed heavily in favor of the defendants’ position that the plaintiffs were employees and not independent contractors. In reaching this conclusion, the court declined to rule on the district court’s interpretation of the plaintiffs’ ownership of the copyright as a ‘‘plus factor’’ in the balancing of the Reid and Aymes factors.234 The court said, however, that even if it were to be weighed a ‘‘plus factor,’’ it would not change the outcome of this case.235

As a result of its examination of the factors, the Second Circuit held that the artists were employees of the defendant, and the sculpture was therefore a work made for hire as a matter of law.236 Accordingly, the work fell outside the scope of VARA’s protection and the injunction was vacated.237

227. Id.
229. Provision of employee benefits and the tax treatment of the plaintiffs.
230. Carter, 71 F.3d at 86.
231. Id. at 86-87.
232. Id. at 87.
234. Id.
235. Id.
236. Id. at 88.
237. Id. The Supreme Court has since denied review of this case, saying that even if the sculptors’ retention of copyright ownership were to be considered, it would not change the outcome of this case. 64 U.S.L.W. 44 d43.
C. Impact

The primary hurdle in any copyright infringement case is the determination of authorship. Since VARA can only be applied after authorship is determined, the Second Circuit’s decision in Carter does not directly change VARA’s application. It does, however, result in a powerful indirect effect on VARA. By expanding Reid’s interpretation of agency laws, the Second Circuit has limited the contractual advantages VARA sought to provide to artists. VARA application will often be preempted under the Second Circuit’s interpretation of the work for hire doctrine, thus, artists will be again left unprotected.

In enacting VARA, Congress intended (1) to protect the honor and reputations of visual artists, (2) to preserve and protect the works of visual art themselves, (3) and to provide a nationwide standard for the protection of moral rights. Additionally, “Congress wanted to encourage artists to create works of visual art, since the cultural heritage of the nation can only be enhanced through the creation of such art.” The scope of VARA is narrowly written to only include works of “visual art” (i.e. irreplaceable works, such as paintings, drawings, prints, and sculptures). It was carefully drawn in this way to balance the “inherently different goals of the artists and the industry exploiting the art.” Thus, the Second Circuit’s interpretations of the work for hire doctrine seems to be frustrating the goals of VARA by tipping the scales in favor of employers and taking away the limited advantages VARA provides visual artists.

1. Copyright Ownership as a “Plus Factor”

The issue of copyright ownership may be best determined by the parties, in writing, at the outset of a commissioned project. It is ironic, therefore, that the Second Circuit paid so little attention to the artists’ retention of the copyright of the work at issue. Of course, copyright ownership is not one of the factors mentioned in the Reid test for what constitutes a “work made for hire;” however, the principal issue in Reid (as in most “work made for hire” cases) was who owned the copyright. The court in Aymes felt that the absence of a formalized written agreement between

---

239. Id. (citing H.R. REP. NO. 514, 101st Cong., 2d Sess. 8 (1990)).
240. Id.
241. Id.
242. Goldscheid supra note 2, at 557.
243. William I. Schwartz, Intellectual Property Court Watch, 2 No. 4 INTELL. PROP. STRATEGIST 11, 12 (January 1996). The court declined to rule on whether the plaintiffs’ ownership of the copyright was a “plus factor” in the balancing of the factors, but did say that even if it were a “plus factor,” it would not outweigh the other factors which favored the artists as employees. Carter v. Helmsley-Spear, 71 F.3d 77, 87 (2d Cir. 1995) cert. denied 64 U.S.L.W. 2372, 37 U.S.P.Q.2d 1020.
244. Schwartz supra note 243.
Aymes and Bonelli as to copyright ownership was of great significance.\textsuperscript{245} In \textit{Carter}, however, the court declined to even consider the written agreement.

The Second Circuit’s refusal to consider the artists’ retention of copyright in the work as a “plus factor” brings to light the fundamental conflict in U.S. law between its long-held notion of copyright ownership, and the more recently recognized international concept of moral rights.\textsuperscript{246} Arguably, under VARA, the work for hire provision operates as the basis of an inquiry into the very nature of the work itself, the artist’s relation to that work, and the types of action that can be taken by any party other than the artist.\textsuperscript{247} The historic U.S. notion of copyright serves primarily to award an established property interest -- namely, a copyright -- to one of two potential claimants.\textsuperscript{248}

The moral rights extended under VARA benefit both the artist and society.\textsuperscript{249} Under the Act, artists are protected through the provision of the rights of attribution and integrity.\textsuperscript{250} Society, as a whole, benefits from the protection of artists and their work because “artists play a very important role in capturing the essence of culture and recording it for future generations.”\textsuperscript{251} As a result of the Act, a “work of visual art” is no longer viewed as an ordinary piece of property under a traditional notion of property rights where ownership and economic control dictate the fate of the work.\textsuperscript{252} Instead, an artist’s work can be protected from any alterations or destruction even after it leaves the artist’s hands, because the work is a reflection of the artist’s own personality.\textsuperscript{253} The Second Circuit, however, seems to be clinging to the old notion of copyright and property while ignoring the larger, social value of the work.

\section*{2. The Degree of Control}

The Second Circuit, nevertheless, did base its decision on the Supreme Court’s decision in \textit{Reid}. Thus, it appears that the \textit{Reid} court’s use of agency law to determine

\begin{itemize}
  \item \textsuperscript{245} Hyde & Hager \textit{supra} note 56, at 712.
  \item \textsuperscript{246} See, Recent Case, \textit{Copyright -- Visual Artists Rights Act -- Second Circuit Holds Sculpture to be Unprotected ‘Work for Hire.’} -- \textit{Carter v. Helmsley-Spear, Inc.}, 71 F.3d 77 (2d Cir. 1995), Petition for Cert. Filed, 64 U.S.L.W. 2371 (U.S. Feb. 29, 1996)(No. 95-1400), 109 Harv. L. Rev. 2110, 2114 (June, 1996); Iglendza \textit{supra} note 174; Fraser \textit{supra} note 175; Gerstenblith \textit{supra} note 179.
  \item \textsuperscript{247} Recent Case \textit{supra} note 239, at 2114. In its decision, the district court in \textit{Carter} said that “Under VARA, the ‘work made for hire’ analysis, is undertaken for a different purpose: The hired party’s employment status is analyzed to ascertain whether a work created by that party may be considered a ‘work of visual art.’” As such, it is logical to consider copyright ownership when the ‘work made for hire’ analysis is necessary in an action seeking protection of a work of art under VARA.” \textit{Carter}, 861 F.Supp 303, 321-22.
  \item \textsuperscript{248} Recent Case \textit{supra} note 247, at 2113.
  \item \textsuperscript{249} Iglendza, \textit{supra} note 174 at 199 (\textit{citing} H.R. Rep. No. 514).
  \item \textsuperscript{250} 17 U.S.C. \textsection 106A.
  \item \textsuperscript{251} Iglendza, \textit{supra} note 174 at 199 (\textit{citing} H.R. Rep. No. 514).
  \item \textsuperscript{252} Iglendza, \textit{supra} note 174 at 210.
  \item \textsuperscript{253} \textit{Id}.
\end{itemize}
who is and is not an employee under the Copyright Act is in need of clarification.254 One apparent difficulty in Reid is its willingness to accept a “degree of control” analysis as one of its factors, despite its rejection of the “actual control” test.

Because “degree of control” is one of the factors under agency law, courts may apply that factor alone without altering the law from the pre-Reid status.255 Just as the “actual control” test could easily slide into a “right to control” test,256 the agency evaluation could easily slide into a right to control test.257 This use of the degree of control over the details of the project can result in a blurring of the distinction between the rejected “actual control” test and Reid’s agency law test.258

The Second Circuit may, in effect, be applying the same “actual control” test it used in Aldon. Its inquiry could be seen as a shift from whether the artists were independent contractors to whether they were independent enough.259 This change, as a result, removes the protection that the 1976 Act was intended to give to commissioned workers and circumvents the careful compromise that the Act intended to embody.260

3. An Alternative Approach

Many scholars assert that Reid’s agency law approach is unsatisfactory and, therefore, must be replaced with a more effective test.261 The prevailing view is that the “formal, salaried employee test” of the Dumas court is the best, most definitive approach to the work for hire doctrine.262 The advantage of this “formal, salaried employee test” is that it provides clear guidance in the application of the work for hire doctrine.263 Instead of allowing ownership determinations to be made after the fact, based on balancing the of factors under agency rules, the “formal, salaried” definition ensures that a determination as to copyright ownership is made upon commencement of the working relationship.264 Applying the work for hire doctrine only to formal


255. Goldscheid supra note 2, at 572.

256. Following Aldon Accessories “actual control” test, the Seventh and Fourth Circuits modified it, creating a “right to control” test. See, Evans v. Newton and Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co. supra note 34.

257. Goldscheid supra note 2, at 512.

258. Id.

259. Tepper supra note 17, at 315.

260. Id.

261. See, Morris supra note 2, at 206-210; Covarrubias supra note 14, at 376-77; Duran supra note 1, at 1099-105; Lucas, supra note 254, at 1006-08; Goldscheid supra note 2, at 572-75.

262. Goldscheid, supra note 2, at 557.

263. Id.

264. Covarrubias supra note 14, at 378 (citing Statement of Ralph Oman, Register of Copyrights and Assistant Librarian for Copyright Services before the Subcommittee on Patents, Copyright and Trademarks, Senate Committee on the Judiciary, September 20, 1989, 101st
employees is purported to be simpler, more predictable, and closer to congressional intent than applying the work for hire doctrine to agency law employees.\textsuperscript{265} The legislative history, however, is difficult to decipher. The volume of this history makes it difficult to ascertain what the legislative intent was.\textsuperscript{266} It contains thirty studies, three reports by the Register of Copyrights, four panel discussions (in committee print), six subcommittee hearings, eighteen committee reports, and nineteen general revision bills spanning a period of twenty years.\textsuperscript{267} Additionally, this history is often ambiguous, making it possible to cite legislative history to support almost any proposition.\textsuperscript{268}

One proposed solution has been offered by Senator Thad Cochran, a long-time proponent of artists rights, who introduced Senate bill 1253\textsuperscript{269} in an attempt to remedy the definitional omissions of the 1976 act.\textsuperscript{270} The bill would make four changes in the definition of works made for hire:

First, the bill makes it explicit that subsections (1) and (2) of §101 of the 1976 Act are mutually exclusive. It then defines the term employee in §101 as a "formal, salaried employee."\textsuperscript{271} The third change would require written agreements for each specially ordered or commissioned work thereby eliminating blanket work for hire

---

\textsuperscript{265} Id.  
\textsuperscript{266} Tepper supra note 17, at 314.  
\textsuperscript{267} Id.  
\textsuperscript{269} S. 1253, 101st Cong., 1st Sess. §101(1989) provides:  
That Section 101 of Title 17, United States Code, is amended -  
(1) by amending clause (1) and the first sentence of clause (2) of the definition, "work made for hire" to read as follows:  
(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 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 commencement of the work, that the work shall be considered a work made for hire. Id.  
\textsuperscript{270} The terms "employee" and "scope of employment" were not defined under the Act. 17 U.S.C. §101.  
\textsuperscript{271} Again, this is the interpretation set forth by the Ninth Circuit in Dumas v. Gommerman, see note 96 and accompanying text. This approach was rejected by the Supreme Court in Reid, see note 145 and accompanying text.
agreements. The final change would require the parties to agree in a written instrument, before commencement of the work, that the work would be a work for hire.\textsuperscript{272} Thus, its definition of a work for hire in the amended §101 would refer to "a work, other than a specially ordered or commissioned work, prepared by a formal salaried employee within the scope of his or her employment."\textsuperscript{273} This language would eliminate the possibility that an author or artist, hired on a project-by-project basis, could be considered an employee, and thus be forced to relinquish ownership of his creative work.\textsuperscript{274} Such an approach could offer a more "objective, predictable standard, giving clear guidance to the courts and parties involved in creating and disseminating copyrightable works."\textsuperscript{275}

4. The Future of Employers and Artists

The Carter decision has the potential to directly impact employers and artists. By expanding the Reid boundaries of the "work for hire" provision, the Second Circuit not only places the work of the "Three-J's" in jeopardy but, if followed by later courts, also effectively threatens to withhold Congress's grant of moral rights from a large class of visual artists whom Congress presumably intended to be among VARA's primary beneficiaries.\textsuperscript{276} Employers are given the advantage by the Second Circuit's decisions in Aymes and Carter. They are given clear guidance how to design contracts that will establish artists as employees. Following the Aymes analysis, an employer can (1) make sure it retains the right to control the manner and means of creation; (2) provide various employee benefits, including unemployment and health insurance; (3) ensure that tax is withdrawn from the artist's pay; and (4) make sure it retains the right to assign additional projects.\textsuperscript{277} While some of these factors would appear to be to the advantage of the artist, especially the provision of insurance benefits, they actually serve to deny the artist's rights to the copyright. The court's interpretation of the provision of benefits as an indication of an employer/employee relationship serves as a disincentive for artists to seek these basic life necessities. By weighing these benefits against them, the courts are effectively denying artists these rights.

In the long run, artists will be the losers.\textsuperscript{278} Employers who can afford expensive art can also afford expensive lawyers who will see to it that no art is installed unless the artist has signed a waiver of the rights provided by VARA.\textsuperscript{279} As the "little guy," artists already have a contractual disadvantage in negotiating with big time

\textsuperscript{272} Duran \textit{supra} note 1, at 1104-105 (citing S. 1253, 101st Cong., 1st Sess. (1989)).

\textsuperscript{273} Goldsheid \textit{supra} note 2, at 577 (citing S. 1253, 101st Cong., 1st Sess. (1989)).

\textsuperscript{274} Id.

\textsuperscript{275} Id.

\textsuperscript{276} Recent Case \textit{supra} note 247, at 2115.

\textsuperscript{277} \textit{See}, Aymes v. Bonelli, 980 F.2d 857 (2nd Cir. 1992).


\textsuperscript{279} Id. A waiver of one's rights under 17 U.S.C. §106A places the artist at pre-VARA status where his or her rights cease with an artwork's sale. \textit{Id.}
corporations. The ad-hoc agency evaluation and the Second Circuit’s interpretation seems to further disadvantage artists because even those artists who have negotiated to retain copyright ownership of their work can be deemed employees. The Carter decision serves as a tangible reminder that artists are subject to market forces and a corporate will which effectively forces them to either waive VARA rights, or forego commission.

III. Conclusion

Because the determination of who can claim authorship to a particular work determines what rights that author is able to claim in relation to that work, the work for hire doctrine becomes central to this inquiry. Since the Copyright Act of 1976, the Circuits have struggled to interpret its the ambiguous language. In Reid, the Supreme Court attempted to resolve the Circuits’ division by delineating factors which would provide the courts with a basis to examine the circumstances of a case. The cases that have followed Reid have outlined additional factors or provided emphasis to a few “universal” ones. By enacting VARA, Congress attempted to provide courts with an alternative work for hire interpretation which would protect visual artists. Carter demonstrates, however, that the determination of authorship under VARA and the work for hire doctrine is still confused and ill defined. Since the courts have proven themselves unable to resolve this dilemma, Congress needs to amend the definition of a “work made for hire” under §101 of the Copyright Act, either as proposed by Senator Cochran or in some similar fashion, if the “true” author of the work is to be protected, and the contractual hardships faced by artists under the present interpretation are to be avoided.

Shannon M. Nolley

280. Median earnings for salaried visual artists who usually work full time were about $23,000 a year in 1992. The middle 50 percent earned between $17,600 and $30,800 a year. The top 10 percent earned more than $43,500, and the bottom 10 percent earned less than $14,600. Earnings for self-employed visual artists vary widely. Those struggling to gain experience and a reputation may be forced to charge what amount to less than the minimum wage for their work. http://peter.itse.state.md.us:81/oohlvisual_e.htm.
281. Berner supra note 278.