DePaul Law Review

Volume 5
Issue 2 *Spring-Summer 1956*

Article 4

Literary Property and Contracts of Hire

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COMMENTS

LITERARY PROPERTY AND CONTRACTS OF HIRE

It is a general rule that the owner of literary property is the person who is entitled to copyright it.[1] Often times, either as the main purpose of an employment or merely as incidental to the employment, literary work is produced which is of such quality or character that there is real monetary value in the privilege of being able to exploit it. A dispute usually occurs when either the employer or the author copyrights the work, and, in an attempt to publish it, is faced with an injunction suit or an infringement suit brought by the other party or an assign of the other party. Thus, if a person's right to literary property is traced through a contract of employment, he must search for a rule of law upon which to justify his title.

Working on the principle that an idea is still in possession of the author until he voluntarily divulges it, the common law protected the literary efforts of the author up until the time of the first publication.[2] Once published, his intellectual labors were free to the world.[3] With the aim of giving the author and his assigns some measure of reward beyond this common law right of first publication, the copyright laws, acting under constitutional mandate, secured to these people a monopoly as to publication for a period of two terms of 28 years each.[4] The law was not passed for the purpose of changing any common law rights, but was to extend those rights beyond the first publication. Thus, though the copyright laws are purely statutory, the dealings with the literary property that determine the ownership of the common law right and subsequently the copyright itself are governed by the common law. This is illustrated by the broad terms used in the copyright statute as to who is entitled to copyright. Only such people as the "author or proprietor of any work made the subject of copyright; or his executors, administrators, or assigns, shall have copyright. . . ."[5]

At common law, under certain circumstances, the master was entitled to the literary property produced by his servant. In a sense, since such an employer is neither the author, nor the assign of his servant who is the author (because in such circumstance the servant never owned the lit-

[1] Werckmeister v. Springer Lithographing Co., 63 Fed. 808 (C.C.N.Y., 1894); Gerlack-Barlow Co. v. Morris, 23 F. 2d 159 (C.C.N.Y., 1927).

[2] Carew v. Melrose Music, 92 F. Supp. 971 (D.C.N.Y., 1950).

[3] Taylor v. Metro-Goldwyn Mayer Studios, 115 F. Supp. 156 (S.D. Cal., 1953).

[4] 35 Stat. 1080 (1909), as amended, 17 U.S.C.A. § 24 (1952).

[5] 35 Stat. 1077 (1909), as amended, 17 U.S.C.A. § 9 (1952).

erary property), the copyright law provided that "the word 'author' shall include an employer in the case of works made for hire."[6] The obvious purpose of this was to make the statute conform even more to the common law rules as to the ownership of the literary property, and to avoid the intolerable situation where the employer might own the common law right of first publication and the employee, because he is the actual author, might own the right to copyright the work. It must be noted here that ownership of the literary property and the subsequent right to copyright are incorporeal rights entirely distinct from the ownership of the physical manuscript;[7] and, because of this peculiarity, it is quite common for the ownership of each to be in two different people. Thus, in the problem at hand, the employer might own and have in his possession the only manuscript of his employee, and still not be entitled either to publish or to copyright it, because the literary property has remained in the employee-author.

EMPLOYMENT CONTRACTS

Keeping in mind that in respect to the ownership of literary property, the intent of the copyright law was not to change the auhor or owner's rights[8] but to extend them beyond the first publication, the common law rule was that the employer is entitled to all the literary property of his employee that is either expressly or impliedly given to him by the contract of employment.[9] There is no presumption by the mere fact that the author is in the general employ of a person that the employer is to own such literary effort. It must be remembered that when the act saw fit to designate employer as being synonymous with author, the framers distinguished an employer from an assign, and interpreted the employer as being the owner of the literary property from the very beginning of its existence without the need of any act of assignment on the part of the actual author.[10] They saw the employee as being a tool in the hand of the employer, and that in actuality the employer was the real author in law.[11] So, when the act speaks of the employer as being the author, it contemplates a contract of hire whereby the employer is to exercise some degree of control over the actions of the employee. Thus, it has been held that the employer of an independent contractor is as a matter of right not

[6] 35 Stat. 1087, 17 U.S.C.A. § 26 (1952).

[7] American Tobacco Co. v. Werckmeister, 207 U.S. 284 (1907); Stephens v. Cady, 14 How. (U.S.) 528 (1852).

[8] Press Pub. Co. v. Monroe, 73 Fed. 196 (C.A. 2d, 1896).

[9] Boucicault v. Fox, 3 Fed. Cas. 977, No. 1,691 (C.C.N.Y., 1862).

[10] Edward Thompson Co. v. Clark, 109 N.Y.S. 700 (1904).

[11] Von Tilzer v. Vogel Music Co., 53 F. Supp. 191 (D.C.N.Y., 1943), aff'd 158 F. 2d 516 (C.A. 2d, 1946).

entitled to the literary property in the notes and work sheets of such independent contractor.[12] Though there are few cases that dwell on this distinction, it is a definite and a logical one.

There is no doubt that when a contract of employment expressly provides that the literary property or the copyright will be in the employer, that the law will give the contract that effect.[13] In such case no later assignment or any act on the employee's part is needed to vest such property in the employer. The employer at all times can sue for infringement, assign his rights, or later copyright the work. It is when the contract of employment is silent upon the subject of ownership of literary property that trouble is encountered and it is here where the court must interpret the intent of the parties. Since we are concerned with the ownership of the literary property *before* copyright, the contract of employment may be entirely oral,[14] and interpretation will depend mostly on the facts and circumstances of the case.

Where the employee is employed for the sole purpose of producing the literary product, the presumption is that the parties intended the literary propery and the right to copyright to be in the employer. In such case, by proving the employment and the fact that its purpose was to produce the literary effort, the employer has satisfied any burden of proof that he is the owner.[15] Two elements that seem to be necessary to constitute the type of employment needed to produce this result are some right to control or supervise the efforts of the employee and the obligation to compensate the employee for his labors. If the employee's services were to be rendered during certain hours of the day, on the employer's premises, and with the employer's materials, the presumption is that much stronger that the parties intended the literary property to vest in the employer as soon as it came into existence.

Where literary property is created as an incident to the main purpose of the employment, or in the course of a general as opposed to a specific employment, the problem is the same, namely, to interpret whether the intention of the parties in entering the contract of employment was that the employer should have the literary property. However, in this type case, there are no presumptions to aid the employer. In the early case of

[12] Ipswich Mills v. William Dillon, 260 Mass. 453, 157 N.E. 604 (1927).

[13] Edward Thompson Co. v. Clark, 109 N.Y.S. 700 (1904).

[14] Callaghan v. Myers, 128 U.S. 617 (1888).

[15] In Phillips v. W.G.N., Inc., 307 Ill. App. 1, 11, 29 N.E. 2d 849, 858 (1940) it was said "That which he has been employed and paid to accomplish becomes, when accomplished, the property of his employer." Other cases exemplifying this are: Bliestein v. Donaldson Lithographing, 188 U.S. 239 (1903); Colliery Engineer Co. v. U.S. Correspondence Schools, 94 Fed. 152 (C.C.N.Y., 1889).

Boucicault v. Fox[16] and its twin case, *Roberts v. Myers*,[17] Boucicault, who had been employed as an actor and stage hand, orally agreed to write a play for his employer as well as to act in it. Later, after terminating his relationship, Boucicault brought suit to enjoin the continuing performance of his work. In rejecting the defense of the producer that he, as the former employer of the plaintiff, was the owner of the literary property in the play, the court said:

> A man's intellectual productions are peculiarily his own, and although they may have been brought forth by the author while in the general employ of another, yet he will not be deemed to have parted with his right and transferred it to his employer, unless a valid agreement to that effect is adduced.[18]

At approximately the same time as these two cases were handed down, the case of *Keene v. Wheatley*[19] promulgated a seemingly contrary rule. Therein it was held that if the literary property is an outgrowth of one of the duties of the general employ, the literary property will be in the employer. In actuality, these apparently divergent views represent two attempts to apply the same rule, namely, that the ownership of the literary property will be determined by the contract of employment, and if such contract is silent on the subject, then the ownership will be deemed to have vested or remained in the author. The main difference between the two cases lies in how impressed the courts were with the common law idea that the right of first publication is an incorporal right reserved exclusively to the author, that it is almost a personal right which should not see the light of day in anyone but the person who does the labor that gave birth to it unless there is clear convincing evidence of an intent in the contract to relinquish that right to another. The one court followed that idea to its fullest, while the other court seemed to place more emphasis on the problem of who, as between the employer and employee, is entitled to the labor that produced the literary property, resolving in the end that since the employer is entitled to the actual physical and mental work of his employee, he ought to have the resultant literary fruits of that work. Thus, we have two rules, one which contemplates literary property as being more of a personal right in the author, and the other which sees literary property as being inseparable from the labor which produces it.

While the courts in the later cases do not seem to express either view in interpreting the contracts of the parties, the latter view, that if the employer by the terms of the employment contract is entitled to the actual labor which produced the literary property, he also is deemed to be entitled to the literary property, seems to be about the most consistent

[16] 3 Fed. Cas. 977, No. 1,691 (C.C.N.Y., 1862).

[17] 20 Fed. Cas. 898, No. 11,906 (C.C.Mass, 1860).

[18] 3 Fed. Cas. 977, 980, No. 1,691 (C.C.N.Y., 1860).

[19] 14 Fed. Cas. 80, No. 7,644 (C.C. Pa., 1861).

theory in explaining the later decisions. This is illustrated by the modern case of *Sawyer v. Crowell Pub. Co.*[20] Here the plaintiff while employed as Assistant Secretary of Interior had prepared and copyrighted a map while on a junket to Alaska. In defending a suit for infringement, the defendant maintained that since the map was prepared while on a government mission in connection with his duties, the literary property was in the government, and that the plaintiff was not the proper party to sue. The court allowed this defense and decided that the copyright, while valid, is held in trust for the government. To explain this decision by saying the plaintiff impliedly agreed, when he accepted his post, to the government's ownership of any literary property which he might produce in connection with his employment, is to indulge in a fiction. Obviously, when he prepared and copyrighted the maps he had no such intention, and most likely when he entered the contract, neither he nor the government even foresaw such a situation. The true rule is that the literary property will go to the one who is entitled to the labor.[21]

INDEPENDENT CONTRACTORS

Independent contractors in the field of literary property present a very special situation. Such contracts are not contracts of employment within the meaning of "employers in the case of works for hire" in the copyright statute, but more properly fit into the category of contracts for a future assignment. The most classic example of an independent contractor occurs in the commission of an artist to paint a portrait.[22] As a general rule, the person who hires an artist is interested only in the results of the contract, a finished portrait. He exercises little or no control over the technique of the artist, usually does not furnish the artist with the materials, and pays him a lump sum for the finished product without regard for the time the artist expends in painting the portrait. In fact, unless there is a violation of some personal right, it can not even be said that the person who commissions the artist has any rights in preliminary sketches or even an unfinished portrait. As to the finished portrait the proper remedy to recover it would be specific performance. The one confusing pitfall in this situation is the analogy with the photographer cases, where it has been held that the person who hires and sits for a photographer is

[20] 46 F. Supp. 471 (D.C.N.Y., 1942), aff'd 142 F. 2d 497 (C.A. 2d, 1944), cert. denied 323 U.S. 735 (1944).

[21] Cases that follow this idea are: Brown v. Mollé, 20 Supp. 135 (D.C.N.Y., 1937); U.S. Ozone Co. v. U.S. Correspondence Schools, 62 F. 2d 881 (C.A. 7th, 1932); Nat. Cloak and Suit Co. v. Kaufman, 189 Fed. 215 (C.A. Pa., 1911).

[22] E.g., Esquire v. Varga Enterprises, 185 F. 2d 14 (C.A. 7th, 1950); Yardley v. Houghton Mifflin Co., 108 F. 2d 28 (C.A. 2d, 1939), cert. denied 309 U.S. 686 (1942); Crimi v. Rutgers Pres. Church, 194 Misc. 570, 89 N.Y.S. 2d 813 (S.Ct., 1949). Contra: Schumacher v. Schwencke, 25 Fed. 466 (C.C.N.Y., 1885).

entitled to all the prints and the negatives resulting from the contract, and also is entitled to enjoin the publication of such pictures.[23] While these decisions may pay lip service to the idea that the literary property is in the sitter, the real foundation of these cases is the personal right of privacy.[24] In truth, an artist is an independent contractor in the real sense of the term, just as much so as is a doctor or a lawyer.

The rule in the artist cases is that when the pictures are finished and delivered, all literary property passes unless expressly reserved to the artist. Before delivery or at some other time pointed out in the contract as the time when the property should pass, the contracting party has no rights in the literary or physical property other than that afforded by specific performance.[25]

Going over to the position of the author, although few cases raise this distinction, there does not seem to be any reason why an author might not occupy the status of an independent contractor. Where the author is under a contract to produce a literary work of a general kind, and no right of control or supervision is reserved, compensation being based upon the delivery of the finished product, it seems that such an author would be an independent contractor. As in the case of an artist, the employer would have no rights in the preliminary drafts or the manuscript other than specific performance. If the author refuses to assign or deliver, the contracting party would have no right to publish or to copyright, since he would neither be an author, proprietor, or assign within the meaning of the copyright statute.[26] The best case on the subject of the rights against an independent contractor in the field of written material is the case of *Ipswich Mills v. Dillon*,[27] where it was held that a party who employs an accounting firm to do an audit has no rights to the data and work sheets of the firm because of the fact that the contract employed the defendant on the basis of an independent contractor. A case handed down a year later, *Anderson v. Baldwin Law Publishing Co.*,[28] held that where the state employs a firm to report and to publish its judicial decisions for less than the cost of the work, the firm is an independent contractor, and as such is deemed to own the literary property. The court said:

> An author is not necessarily precluded from copywriting a work produced under contract with another person. . . . Where a contract is silent, there

[23] Lumiere v. Robertson-Cole, 280 Fed. 550 (C.A. 2d, 1922).

[24] For an enlightening discussion see Warren and Brandeis, The Right to Privacy, 4 Harv. L.R. 193 (1890).

[25] Esquire v. Varga Enterprises, 185 F. 2d 14 (C.A. 7th, 1950).

[26] For an interpretation of the early English copyright statute where a mere request to write a book was held to be an "employment" within their statute, see Ward v. Long, [1906] 2 Ch. 550.

[27] 260 Mass. 453, 157 N.E. 604 (1927). [28] 27 F. 2d 82 (C.A. 6th, 1928).

may be an implication in favor of the employer. But in the present case the plaintiff was an independent contractor, rather than an employee; moreover it may be inferred that the parties did not intend the plaintiff to surrender a copyright in consideration of a sum less than the bare cost of the work.[29]

Another case that recognized the possibility of there being a situation where an author might be an independent contractor was the case of *Harms & Frances v. Stern*[30] where the court said that there is no reason why specific performance as to a work in existence cannot be had against a composer who contracted to assign all the works he might produce in a period of five years. If the court had viewed such a contract as one of employment, there would be no need for specific performance, since the employer would already have had the literary property.

At this point it should be emphasized again that if the contract stipulates that the employer is to have the literary property or the copyright, it will be given such effect whether the relationship is that of employer-employee, or that of an independent contractor.[31]

CONCLUSION

The problem of who owns the literary property resulting from the personal service relationship of two contracting parties can be summarized in four short rules:

1. If the contract establishing the relationship is an employment contract in the sense that the employee is subject to the supervision and control of his employer, and the main purpose of the employment is to produce the literary property for the employer's benefit, the literary property will adhere to the employer unless the contract makes some other disposition of it.

2. If the contract is one of general employment and the literary property arises only as incidental to the general employment the ownership of the literary property will be decided by a consideration of who by the terms of the contract was entitled to the labor which produced the literary property.

3. If by a consideration of the contract, the relationship of the author is that of an independent contractor, the ownership of all literary property will remain in the independent contractor until he performs his contract, or is presented with a specific performance decree.

4. If the contract expressly specifies that the literary property is to be in the employer, it is immaterial whether the author is an employee or an independent contractor, for the contract will be given effect according to its terms.

[29] Ibid., at page 88.

[30] 229 Fed. 42 (C.A. 2d, 1915).

[31] Edward Thompson Co. v. Clark, 109 N.Y.S. 700 (S. Ct., 1904).