WORK MADE FOR HIRE

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We get questions fairly often about "work made for hire." Others refer to this as "work for hire" or "work for contract." All of these terms refer to the same thing—the ownership of some creative output commissioned at another's request.

There's a bit of mystery surrounding the work made for hire doctrine, especially when it comes to independent contractors that develop software. And rightfully so. U.S. Copyright Law does not treat all creative works equally.

Generally speaking, the work made for hire doctrine is important, because it automatically transfers copyright ownership from an employee or independent contractor to the hiring party. This automatic transfer is governed by statute. Section 101 of the U.S. Copyright Law defines a "work made for hire" 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 a 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.

It's easiest to understand the "work made for hire" doctrine through example.

Employee to Employer

If you're an employee and you create something copyrightable within the scope of your employment, your employer automatically owns the copyright. In other words, software, images, and videos that you develop as an employee are not yours. They're owned by the company. No assignment is necessary. It's automatic.

Independent Contractor to Company

If you're an independent contractor, the second work made for hire definition applies. If the company orders or commissions a copyrightable work from the independent contractor, the company owns the copyright if:

1. the work comes within one of the nine categories of works listed in part 2 of the definition, and

2. there is a written agreement between the parties specifying that the copyrightable work is a work made for hire.

This is why many independent contractor agreements contain a "work made for hire" clause. But there's a dangerous loophole lurking in the law.

Noticeably absent from the nine categories is something called a "literary work." Computer software is deemed to be a literary work for copyright purposes. As a result, unless computer software falls into one of the other nine categories, it is not a work made for hire under the copyright statute. Absent a written assignment to the hiring party, the independent contractor is the author and owner of any developed software. Obviously, this might not be what the parties intended.

Key Takeaways

Copyright ownership is easiest in an employee-to-employer relationship. Although copyright is automatically assigned to the employer, it's still important to have an intellectual property policy in place to handle the details of the disclosure and practical transfer.

If you're a startup company working with independent contractors, it's critical that you get a written copyright assignment to any literary works created by the contractor for your business. Relying on the "work made for hire" doctrine is fraught with serious issues. The safest approach is to get a full intellectual property assignment. Such an assignment should cover copyrights, trademarks, patents, and trade secrets. An intellectual property assignment can be executed as part of an independent contractor agreement. The independent contractor should agree to assist you with any formalities required to perfect the assignment.