CAN YOU SHARE THE PHOTOS YOUR EMPLOYEES TOOK AT YOUR ANNUAL PICNIC?

September 26, 2019

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A recent ruling in the 3rd Circuit, which covers Delaware, New Jersey and Pennsylvania has the potential to impact any work-for-hire agreement, especially for businesses that are incorporated or have operations in one of those states.

Under U.S. copyright law, the author of a copyright work owns the work except in limited circumstances. Work-for-hire is a copyright-specific concept that applies when a work is created by an employee as part of the employee's regular duties or when certain types of work are created as a result of an express written agreement between the creator and a third party. If a work qualifies as a "work for hire," the employer or third party is deemed the author and, therefore, owner of the work. If a work does not satisfy the statutory definition, the work can still be assigned by contract, but the author may retain certain non-waiveable rights to cancel the transfer after 35–40 years.

Work-for-hire language traditionally has been included in employee agreements and manuals, as well as in project agreements with contractors. The specifics of a work-for-hire analysis in employer-employee situations can turn on nuances such as whether the employer could have directed the performance of the work, or what skills were required to create the work. When the work-for-hire intersects with commissioned or contracted-for works, the agreement must be in writing, signed by all parties, and must state that the work is a work made for hire; it also can only cover certain types of content.

In TD Bank N.A. v. Hill, the court considered whether an employee's letter agreement that included a "bare" statement that a work is a work for hire was enforceable to vest ownership of the work in TD Bank. The Court ruled that TD Bank did in fact own the work, but not because of the language of the letter agreement. Rather, TD Bank owned the work because the creator was in fact an employee of the bank.

The Court noted that the work-for-hire statue contemplates two mutually exclusive scenarios: that of the employee-employer relationship and that of the contractor-creator relationship. Because, in the Court's view, these two scenarios cannot overlap, bare language in a letter agreement between an employee and an employer "says nothing about the scope of any individual's employment and cannot suffice on its own" to vest ownership in the employer. Thus, the Court turned to traditional laws of agency to determine the scope of the employment relationship between the parties, ultimately concluding that the work in question was prepared within the scope of the employee's duties.

The Court went on to note that a provision in an employment agreement stating that any work created outside the scope of employment would be owned by the employer is unenforceable absent specific assignment language, because work-for-hire only extends to the scope of the employment.

The ins-and-outs of the "work-for-hire" concept are confusing and prone to various exceptions and pitfalls. Accordingly, almost every work-for-hire agreement should include "fall back" assignment language to assure the hiring party retains ownership rights in the work. The hiring party should also, through written agreement, obtain power of attorney from the creating party so the hiring party can file and obtain a copyright registration,

grant licenses, and otherwise exploit the work without having to secure permissions months or years later.

Copyright ownership issues should be carefully considered every time a business hires or retains its creative and technical employees/personnel (employees and contractors alike). Ownership issues often arise in the context of website creation, social media management, advertising and marketing, and software development and maintenance

Berger Singerman's intellectual property team can work with you to assure your employee, contractor, and other intellectual property-related agreements include effective work-for-hire, assignment and power of attorney language. Let us know if you have any questions!

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