Analysis of International Work-for-Hire Laws

The following memorandum addresses the concept of works made for hire in the international arena. Specifically, it discusses how the copyright laws of the United States, Australia, the United Kingdom, France, Germany, China, and Japan treat creative works when the author is either an employee or an independent contractor.

Executive Summary

Japan and three common law states (the United States, Australia, and the United Kingdom) recognize works made for hire in the employment context by providing for the vesting of ownership in an employer for the creative works of employees made in the course or scope of employment. Australia, however, does make an exception for the works of professional journalists.

France, Germany, and China, all civil law countries, vest initial ownership of such a work in the employee, but Chinese law provides for a mandatory two-year license to the employer by the employee. German courts also often will imply a contractual transfer of ownership to the employer based upon an employment agreement. In most cases, moral rights are retained by the employee author as they are inalienable once originally vested in the employee. All three nations have specific exceptions for software, ownership of which vests in the employer. France and Germany have similar exceptions for audio-visual works, and France and China have exceptions for collective works.

In the case of works by independent contractors, Japan and the three common law nations vest initial ownership of such works in the contractor, although all provide for the freedom to contract otherwise. The U.S. limits the definition of works made for hire to nine specific categories of works. Further, both Australia and the United Kingdom limit the application of the general rule to artistic and literary works. Ownership of sound recordings and films in these two nations will vest in the commissioning party absent some other agreement.
France and Germany do not distinguish the works of employees from those of independent contractors. The same rules and exceptions apply based on the type of work at issue. Independent contractors in China are governed by the commissioning agreement. The two-year mandatory license is limited to employer/employee situations. However, the exceptions for collective works and software apply equally to independent contractors as to Chinese employees.

I. Works Made for Hire in the United States

The work-made-for-hire doctrine governs authorship of copyrightable works by employees and independent contractors. When a work is deemed one made for hire, authorship is attributed not to the original creator of the work, but to the employer of the author or the commissioner of the work. 17 U.S.C. § 201(b) (2000). This attributed authorship carries all of the vested rights of the copyright; the original creator of the work retains no residual rights because no rights ever vest in him or her. For all practical purposes under the law, the employer or commissioning party is the original creator of the work. In the U.S., works made for hire are subject to a different term of protection than are works authored through traditional means. The copyright term for a work made for hire is 95 years after first publication or 120 years after creation of the work, whichever comes first. 17 U.S.C. § 302(c).

The definitions of § 101 of the Copyright Act detail the circumstances which result in works made for hire. Under U.S. law, a work is one made for hire if it is:

1. a work prepared by an employee within the scope of his employment

or

2. a work prepared under special order or commission by an independent contractor, provided that the parties have signed an agreement designating the work as one made for hire, and provided that the work falls into one of nine categories enumerated in the statute. These categories generally cover: contribution to a collective work, part of
an audio-visual work, translation, supplementary work, compilation, instructional text, atlas, test, and test answer material.\(^1\)

In the case of an independent contractor, the application of work for hire is relatively clear-cut since the commission agreement must state explicitly in writing that the work is intended to be one made for hire. U.S. courts have had more difficulty recognizing works made for hire that stem from employer-employee relationships, the main issue being how to differentiate employees from independent contractors. In 1989, the Supreme Court determined that common-law agency principles should determine whether an individual is an employee or not for work-made-for-hire purposes. Comm. For Creative Non-Violence v. Reid, 490 U.S. 730 (1989). In applying these common law principles, Reid enumerated nearly fifteen different factors for a court to consider. Two years later, the Second Circuit narrowed this cumbersome test, citing the five most significant factors for work-for-hire analysis. Aymes v. Bonelli, 980 F.2d 857, 862 (2nd Cir. 1992). According to the Second Circuit, these decisive factors are (1) whether the purported employee had a right to control the work and the manner of its creation, (2) the level of skill required to produce the work, (3) the tax treatment of the purported employee, (4) whether or not the claimed employee received employee benefits, and (5) whether the employer held the right to assign further projects beyond the work in question. Id. at 862-63. The Sixth Circuit has followed suit in applying this narrower analytical model. Hi-Tech Video Prods. v. Capital Cities/ABC, Inc., 58 F.3d 1093, 1097 (6th Cir. 1995).

\(^{1}\) In 1999, Congress added sound recordings to the work-made-for-hire category list. Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. 106-113, 113 Stat. 1501 (Nov. 17, 1999). The next year, the Work Made For Hire and Copyright Corrections Act of 2000 struck the sound recordings amendment, but failed to completely close the door. Pub. L. No. 106-379, 114 Stat. 1444 (Oct. 27, 2000). Instead, the 2000 Act added a statement that neither the insertion nor the deletion of sound recordings from the list “shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination by the courts or the Copyright Office.” Thus, although sound recordings are no longer on the inclusive work-for-hire list, some doubt remains as to their potential to be recognized as works made for hire.
II. International Works Made for Hire

Work-made-for-hire analysis is more complicated in the international arena. To begin with, U.S. circuit courts have demonstrated a split on whether U.S. work-for-hire law governs when the work originates abroad. In an infringement suit by Russian newspapers against a U.S. newspaper publisher, the Second Circuit found that Russian law governed the question of copyright ownership of works created in Russia (although U.S. law controlled on the infringement issue). *Itar-Tass Russian News Agency v. Russian Kurier, Inc.* 153 F.3d 82, 90 (2nd Cir. 1998). Since Russian law expressly excludes newspaper articles from works made for hire, the newspapers were not the proper owners of the infringed pieces and had no standing to bring the suit. *Id.* at 92.

The Second Circuit noted in its *Itar-Tass* decision that other courts have failed to consider conflict of law issues when applying U.S. work-for-hire law to international copyright cases. One such case is the Tenth Circuit’s decision in *Autoskill, Inc. v. National Educational Support Systems, Inc.* 994 F.2d 1476, 1488 (10th Cir. 1993). In *Autoskill*, the court reviewed a challenge to the Canadian plaintiff’s ownership of its copyright entirely under U.S. work-for-hire doctrine despite the fact that the work at issue was created in Canada.

The application of foreign copyright law to works made for hire convolutes the situation further still, for the reason that most nations have not recognized a cohesive work-for-hire doctrine as has the U.S. Instead, work-for-hire rules in other countries often vary based on the type of work at issue and are contained within laws dealing with specific categories of works. The material below examines and summarizes the treatment of what would be works made for hire under U.S. law in two other common law jurisdictions, Australia and the United Kingdom, two European Community civil law nations, France and Germany, and two Asian civil law nations, China and Japan.² The following material draws heavily from Paul Edward Geller’s treatise *INTERNATIONAL COPYRIGHT LAW AND PRACTICE* (Paul Edward Geller ed., 15th ed. 2003).

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² As Sutherland attorneys are not licensed to practice copyright law in these jurisdictions, this summary should not be treated as exhaustive or definitive.
A. Common Law Jurisdictions

1. Australia

Australia recognizes no general category of “works made for hire.” Instead copyright ownership for employees and independent contractors under Australian law depends on the type of work created.

Section 35 of the Australian Copyright Act of 1968 governs copyright ownership for literary, dramatic, musical, and artistic works. Copyright Act, 1968, § 35 (Austl.). The general rule for these works parallels the U.S. work-for-hire rule. When the author of such work is an employee, the general rule places copyright ownership in the hands of the employer so long as the work is made in pursuance of employment or under contract of service or apprenticeship. Copyright Act, 1968, § 35(6). However, that same provision allows for an exception in the employment context for professional journalists. Copyright Act, 1968, § 35(4). The ownership of any work for a newspaper or periodical in Australia may be governed by agreement; otherwise, Australian law splits the ownership rights in the work. For journalistic works that pre-date July 30, 1998, the employer receives only the right to publish it in a newspaper or periodical, the right to broadcast it, and the right to reproduce the work for such publication or broadcasting. The journalist employee retains all other ownership rights in the work. For journalistic works created after July 30, 1998, the employer takes a much broader range of rights; the journalist employee retains only the rights of reproduction for inclusion in a book or in any material and visible hard copy format.

The general rule for independent contractors of literary, dramatic, musical, and artistic works is the converse of that governing employees. For these categories of authorship, the original author, not the commissioner of the work, controls the copyright. This does not, however, preclude an agreement by which the copyright will vest in a commissioning party. Copyright Act, 1968, § 197(1). The prominent exception in which a commissioning party will take the copyright even in the absence of an agreement arises with respect to photographs, portraits, and engravings. Copyright Act,
1968, § 35(5). Photographs, portraits, and engravings made before July 30, 1998 or those made after that date for a private and domestic purpose\(^3\) vest ownership in the commissioner of the work.

Lastly, a different set of copyright rules governs the ownership of Australian sound recordings, cinematographic works, audio and video broadcasts, and typographical arrangements of published works.\(^4\) Copyright Act, 1968, §§ 97-100. For these categories, the law vests copyright ownership in either an employer or a commissioning party over the originating author. Sound recordings are owned by the owner of the master recording; the producer of a film is the sole owner of the film’s copyright. Copyright Act, 1968, §§ 97-98. Likewise, anyone commissioning a sound recording or work of cinema is deemed the owner of that work. \textit{Id.}\footnote{\textit{Id.}} Broadcasts are owned by the licensed entity making the broadcast, usually a broadcast network, rather than the individual performers; and typographical arrangements are the property of the publisher rather than the author of the published material. Copyright Act, 1968, §§ 99-100.

2. The United Kingdom

Work-made-for-hire copyright functions in the U.K. in a manner similar to that in Australia in that the law varies based on the type of work at issue. The law governing the primary grouping, literary, dramatic, musical, and artistic works, parallels that for those categories in Australia – when the work is made in the course of employment, copyright will vest in the employer, otherwise it will vest in the author. Copyright, Designs, and Patents Act, 1988, c. 48 § 11 (Eng.). The copyrights in commissioned works by independent contractors may vest fully in the commissioning party where an agreement pre-exists that assigns the ownership in the future work. C.D.P.A., 1988 c. 48 § 90.

\(^3\) E.g., family portraits and wedding photographs.
\(^4\) Australian law defines these categories as “subject matter other than works.” Copyright Act, 1968, §§ 84-112E (Austl.)
Sound recordings, broadcasts, and cable programs also receive similar treatment to that found in Australia. For these works, ownership will vest initially in the party who initiates and directs the creation of the work, without regard to any distinction between employees and independent contractors as the supervised creators of the work. C.D.P.A., 1988 c. 48 § 9(2).

Like U.S. courts, those in the U.K. consider a variety of factors to determine employment versus contract labor, including the presence of employee tax and benefits treatment, although the primary test is “whether the work undertaken forms an integral part of the business.” Lionel Bently, *United Kingdom, in 2 INTERNATIONAL COPYRIGHT LAW AND PRACTICE UK-56* (Paul Edward Geller ed., 15th ed. 2003).

Works made for hire are subject to the freedom of contract in the U.K. As noted, independent contractors may freely assign their authorship to the commissioning party. Likewise, employers may agree to permit employees to retain the copyrights in certain works even when they are created in the course of employment. British courts have also been inclined to imply the existence of such agreements in both types of case where the facts warrant.

In practice, Australia and the U.K. each resemble the U.S. in their treatment of works made for hire even though both countries lack a single provision that specifically designates certain works as such. Both of these common law countries vest copyright ownership in the employer for works made within the scope of employment, and both require an agreement, either express or implied, to similarly divest the rights of an independent contractor, except for specific categories of works. The most significant difference appears to lie in Australia and the United Kingdom’s presumptive treatment of certain independently contracted works as works made for hire where the U.S. would require an express agreement. Most notable is the inclusion of sound recordings, which cannot qualify for work-for-hire status under the U.S. Copyright Act, as currently amended.
B. Civil Law Jurisdictions

The protection available in many civil law countries is often termed “author’s rights,” as opposed to the term “copyright” employed in the United States. This is due to the emphasis under civil law ideology on a primary goal of protecting an author’s rights in his work. The U.S., on the other hand, attempts to strike a balance between authors’ rights and the public’s right of access, employing copyright as a tool to maximize the overall output of creative works for public consumption. Generally speaking, the result of this ideological difference is that whereas U.S. law governing works for hire tends to treat the employer or commissioning party as the author, civil law nations treat all rights as vesting in the author despite any status as employee or independent contractor. PAUL GOLDSTEIN, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE § 5.2.1.4 (2001). However, this difference does not preclude the author from transferring some or all of his rights to his employer, and some civil law jurisdictions will imply the existence of an agreement to do so. Id. The end result may be largely the same as when the employer takes the rights to the work from the outset, but the differing theory ensures that any residual, inalienable rights (usually moral rights) remain with the employee author.

1. France

Under French law, only natural persons who create works may be considered authors. In addition, the law states that all the rights of a work vest in the creator or author of the work, regardless of any contract for hire or service by the author. C. IP. Art. L111-1 (2003). This applies equally to the works of employees and commissioned authors. French courts primarily abide by Article L111-1 and refuse to imply transfers of ownership to employers or commissioning parties absent real evidence of such transfers contained in an employment or commissioning agreement. Thus, generally speaking, French law disallows employers or commissioning parties from claiming ownership of works made for hire. However, the law also contains a number of loopholes exploitable by employers and commissioning parties which belie the seeming simplicity of the rule.
One such loophole rests in the category of collective works. When several authors make inseparable contributions to a work, and a separate principal initiates and directs the process and takes responsibility for publishing the overall product, the principal takes all the ownership rights in the work. This operates not as a transfer of rights from the individual authors, but a direct vesting of rights in the principal. Further, any challenge must overcome a presumption that a publisher of a work that demonstrates the traits of a collective work directed the creative process sufficiently to meet the definitional requirements. Nevertheless, because only natural persons can be authors and because moral rights are inalienable, it remains unclear in France whether any moral rights in the collective work would exist for the principal to lay claim to. Art. L121-1. Andre Lucas and Pascal Kamina, who authored the chapter on France in Geller’s treatise, counter, however, that this argument is theoretical only, and that the French code does not draw distinctions between moral and economic rights when it declares that the author’s rights shall vest in the principal of a collective work. Art. L113-5. According to Lucas and Kamina, the practical difference may exist only in a lessened vigilance by French courts to protect the rights of institutional copyright owners. 1 INTERNATIONAL COPYRIGHT LAW AND PRACTICE, at FRA-54.

Other special provisions have been enacted under French law to address specific types of creations by employees and independent contractors. As discussed earlier, Australian law creates a split ownership exception for the works of professional journalists. French law has a similar exception for journalistic works from the rules governing collective works. Regardless of whether a newspaper or periodical is considered a collective work, French journalists retain rights separately to exploit their creations. Art. L121-8.

Audiovisual works are also subject to specific statutory provisions. Under Article L113-7 of the IP Code, audiovisual works are the joint productions of several co-authors. However, L132-24 creates

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5 French law construes these provisos narrowly. Collective works are the exception rather than the rule. 1 INTERNATIONAL COPYRIGHT LAW AND PRACTICE, at FRA-52.
a presumption in opposition to the general rule of L111-1 of a transfer from these co-authors to the producer of the work.

Finally, under Article L113-9, a presumptive transfer from the author to his employer also exists when the work in question is computer software prepared under instruction from the employer. This transfer also explicitly entails only economic rights, leaving moral rights in the possession of the employee.

2. Germany

German law parallels French law in that the initial owner of copyright in a work is always the natural person who created the work. Further, in accord with the Berne Convention, German law establishes a presumption of authorship based on a customary indication of such on the work. Art. 10 UrhG (Int’l Bureau of WIPO trans. 1998), available at http://www.iuscomp.org/gla/statutes/UrhG.htm. The primary provision addressing works made for hire in the German code is Article 43 of the Copyright Law, which states that: “The provisions of this subsection shall also apply if the author has created the work in execution of his duties under a contract of employment or service provided nothing to the contrary transpires from the terms or nature of the contract of employment or service.” Art. 43 UrhG.

Although Article 43 generally serves to maintain ownership in the original author of a work regardless of employee or independent contract status, the final part of this provision has operated to permit German courts to find implied transfers in the “terms or nature” of both employment and independent contracts. While transfers of future works must be formalized in writing, ownership of completed works may pass by implied transfer. Art. 40 UrhG. Note, however, that transfers of copyright under German law operate in a unique fashion. German copyrights can never be fully assigned except by inheritance. Art. 29 UrhG. Rather, a transfer of copyright under German law, whether express or implied, will be limited to “exploitation rights,” similar to licensing under U.S. law. Art. 34 UrhG. These exploitation rights are transferable, and
their scope determined by agreement, or in the absence of a specific agreement, by the scope of the use envisioned. Art. 31, 34 UrhG.

As seen in other countries, in Germany, audiovisual and cinematographic works and computer software are all subject to specific rules in exception to the general rule which vests all rights in the author. Article 89 of the Copyright Act creates a presumption that all collective authors of an audiovisual work are presumed to have granted the exclusive exploitative rights in the work to the producer. Art. 89(1) UrhG. Article 69b creates a similar presumption in favor of the employer or commissioning party of the creator of computer software.

Finally, it should be noted that, unlike the tendency of some U.S. courts previously mentioned, German courts tend to resort to the law of the protecting country rather than German law in order to determine the author and original owner of a copyright. German law, on the other hand, still applies to determine transference of any rights of use.

3. China

The general principle under Chinese copyright law is identical to that of all the nations discussed thus far – ownership originally vests in the author of the work. However, Chinese law details several work-for-hire exceptions to this principle under which ownership and accompanying rights will vest in another for whom the work was created. This is in direct contrast to the laws of the EC countries, France and Germany, where ownership nearly always vests in the author, yet is sometimes subject to a subsequent transfer. In this way, Chinese copyright law seems closer to that of the common law states than it does EC civil law.

The first exception arises in the case of collective works. Article 11 of the Chinese copyright code provides that where a legal entity

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6 Recall that France also had a collective work exception whereby rights vest directly in the employer or commissioning party when the collective individual contributions to the work are inseparable.
or organization directs the creation of a work and bears the responsibility for the work, that entity is considered the author of the work. Copyright Law, 2001, art. 11 (P.R.C.), available at http://www.unesco.org/. All rights will vest in the organizational author in such a case.

The second exception is a familiar one.

A work created by a citizen in the fulfillment of tasks assigned to him by a legal entity or other organization is a work created in the course of employment. . . . [T]he copyright in such work shall be enjoyed by the author; however, the legal entity or other organization shall have priority to exploit the work within the scope of its professional activities.

Copyright Law, 2001, art. 16. Specifically designated in the statute as such works made for hire are engineering designs, computer software, and maps created with the material and technical resources of the employer as well as other works for which the employer enjoys the copyright. Article 16 essentially creates a mandatory two-year exclusive license for the employer since the employee is prohibited during that period from exploiting any ownership right in the work himself which competes with the employer’s use.

Still further, with respect to software, China has enacted Software Regulations which provide that ownership in software vests in the employer when the software is created pursuant to an employee’s duty or making exclusive use of the employer’s resources. Regulations for the Protection of Computer Software, art. 3, 10 (June 4, 1991), Charles D. Paglee trans., available at http://www.qis.net/chinalaw/prclaw93.htm. Thus with software works for hire, the author does not retain any moral rights. This is not the case under a standard Article 16 work made for hire.

The copyrights of commissioned works remain with an independent contractor unless a contract provides otherwise. The lone quirk in Chinese law with regard to independent contractors
arises when there is either no contract or the contract does not specify the uses to which the commissioning party is entitled. In such cases, a presumption arises that the commissioning party is entitled to use the work free of charge for the purpose for which it was commissioned or any use within the scope of the commission.

4. Japan

Japan’s law regarding works made for hire more resembles that of the United States than it does that of fellow civil law countries, at least with respect to works by employees. Article 15(1) of the Japanese Copyright Law provides that authorship of an employee “in the course of his duties” is attributed to the employer “unless otherwise stipulated in a contract, work regulation, or the like in force at the time of the making of the work.” Copyright Law of Japan, 2003, art. 15(1) (Japan), available at http://www.cric.or.jp (Yukifusa Oyama trans.). If the employer is a “legal entity” (as opposed to a natural person), then the law will limit the copyright term to 50 years from publication of the work. Copyright Law of Japan, 2003, art. 53(1).

Article 16 addresses ownership of cinematographic works, but, unlike both the European civil law countries and the common law countries examined above, Japan does not maintain a specific work-for-hire presumption for these types of audiovisual creations. Rather, under Article 16, films are works of joint authorship of the director, producer, and others unless they meet the work-for-hire criteria of Article 15.

Japanese law does not differentiate the copyright status of works by independent contractors. The law merely states that rights vest in the author. Copyright Law of Japan, 2003, art. 17. No exception exists for independently contracted works that parallels Article 16’s vesting of ownership in employers. Presumably, as in the U.S., the commissioning contract itself would govern whether ownership vests in the contractor or the commissioning party, although the Japanese copyright act does not contain any provisions limiting eligibility to specific categories of works as is the case in the U.S.
III. Conclusion

Despite the fact that most of the countries examined above lack a definitive copyright classification of works made for hire, the overall approach to such works is rather similar. All six countries acknowledge at least on a limited basis copyright in an employer when the employee creates the work within the scope of his employment. France is the least accommodating in this regard, allowing for such treatment only in specific instances such as collaborative works, audiovisual works, and computer software. For the remaining countries, the primary difference is that most civil law countries (the notable exception here being Japan) deem the grant to the employer as an implied transfer which reserves moral rights in the creation to the original author, while Japan and the common law states vest full authorship in the employer.

In general, the EC civil law countries make little distinction between the effect of employee status versus independent contractor status. For the remaining states, however, a practitioner should be most wary when dealing with independent contractors. While all six nations (including France and Germany) leave the ownership determination in such cases primarily to the terms of the commissioning agreement, countries such as Australia, the United Kingdom, and Germany create work-for-hire presumptions for certain types of collaborative works such as films and sound recordings, and most states issue special provisions governing computer software.