Ninth Circuit Report: *Fox v. Dastar* Redux

Can President Eisenhower's work as an independent contractor be a work-for-hire under the copyright law?

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AS READERS OF THIS COLUMN will recall, Dastar defeated Fox's unfair competition/Lanham Act claim for false attribution in the Supreme Court last year, but the case lives on as a copyright infringement suit, and Dastar has not fared so well.

Dastar had developed a series of historical videos based upon the book *Crusade in Europe*, written by General Dwight D. Eisenhower, on the war years. The viability of the book's copyright depended upon the propriety of the renewal of the copyright by the copyright assignee/owner, under the then Copyright Act. Section 24 of the 1909 Act provided that the initial copyright would last for twenty-eight years, and that thereafter "the proprietor of 'any work copyrighted...by an employer for whom such work is made for hire' would be entitled to a renewal and extension of the copyright for an additional term of twenty-eight years, if the employer makes the appropriate application for renewal within one year prior to the expiration of the copyright original term."

However, in the cases where the work is not made for hire, only the author or his heirs may renew the copyright in the final year of the initial term. If the author is no longer alive during that period, then such right of renewal passes to the surviving spouse, children or executors of the author's estate or, in the absence of a will naming executors, to the next of kin. Thus, if no renewal is made by the appropriate family member or executor, the copyright expires.

Here, the publisher of General Eisenhower's book, Doubleday, attempted to renew the copyright in 1975, but Dastar argued that the book written by General Eisenhower, was not a work-for-hire, because he authored the book as an independent contractor. The issue thus hinged upon the facts and law dealing with whether such an independent contractor can be the author of a work-for-hire.

THE WORK-FOR-HIRE DOCTRINE

Historically, until the 1960s, the work-for-hire doctrine was generally reserved for the traditional employee/employer relationship. However, over time the courts, including the Ninth Circuit, had expanded the concept to include less traditional employment relationships, where the hiring party "had the right to control or supervise the artist's work." *Self-Realization Fellowship Church v. Ananda Church of Self-Realization.*[1]

The issue arose here because Dastar had argued, based upon the language in the Supreme Court decision in the *CCNV* case, *Commission for Creative Nonviolence v. Reid,*[2] *("CCNV")* that "because the 1909 Act did not define 'employer' or 'works made for hire,' the task of shaping these terms fell to the courts.... [T]he courts generally presumed that the commissioned party had impliedly agreed to *convey* the copyright, along with the work itself, to the hiring party."[3]

Here, Dastar argued, based upon this statement, that if the commissioning party allegedly receiving the work-for-hire, acquires the copyrights from an independent contractor through an implied agreement to convey, then the work could not be one made for hire because, with works-for-hire, the commissioning party automatically owns the copyright upon creation, in the first place, *i.e.,* there is no need to convey any rights.

The Ninth Circuit concluded that this language in *CCNV* was dictum, and that it was not inconsistent for the employing party to assert that the work was a work-for-hire, while at the time including an assignment in the agreement between General Eisenhower and his publisher, Doubleday.

The reason becomes important in that many copyright acquirers will often take a "belt and suspenders" approach in a work-for-hire agreement, characterizing the relationship as a work-for-hire, but also including an assignment, or assignment language, in the work-for-hire agreement. This seems inconsistent, indeed, because one does not need an assignment if the work is owned upon creation through the legal work-for-hire relationship.

In General Eisenhower's case, it was argued by Dastar that this was not a work-for-hire in that his agreement with Doubleday, and the negotiations between them, were to take advantage of a then-existing, but since repealed, provision of the Internal Revenue Code that would allow a first time, nonprofessional writer selling all of his rights in his work, after having held the completed manuscript for six months, to qualify for capital gains treatment. The Ninth Circuit rejected the argument that *CCNV* required a different result, and, generally agreed that an independent contractor could create a work under a work-for-hire relationship.

Important to the work-for-hire relationship was what the court would characterize as: (1) the commissioning of the work by the publisher; and (2) that the motivating factor in producing the work was the employer who induced the creation. The majority characterized General Eisenhower as a "reluctant author who historically had refused to engage in the creative process [who then] begins to write voraciously after being persuaded by a publisher." The court contrasted this with its prior decision in *Self-Realization Fellowship Church*, where the Ninth Circuit had held that copyrighted works created by a monk who had taken a vow of poverty, assigned all his possessions to the church he founded, and renounced any claim he may have had for compensation, did not result in works-for-hire because these works were "motivated by the monks own desire for self expression, rather than his publisher." The court noted here that Doubleday had its writers work closely with General Eisenhower, and had supervisory power over the work, and provided substantial staff, and that the work was authored at publisher Doubleday's expense.

ATTORNEYS FEES UNDER THE COPYRIGHT ACT

Finally, the court affirmed the award of substantial attorneys' fees, including the payment of the winning party's expert witness fees. These are not listed as taxable costs specified in 28 U.S.C. § 120, so as to be generally included in an attorneys' fees award in federal courts. The Ninth Circuit noted a split on the issue, and that courts in copyright cases had awarded costs such as electronic legal research which were not enumerated as taxable costs under Section 1920, and held that federal district courts may award otherwise nontaxable costs, including those that lie outside the scope of Section 1920, under the Copyright Act, 17 U.S.C. § 505. The court thus affirmed the award of the plaintiffs' attorneys fees and expert witness fees to Fox (the copyright assignee/owner). This will no doubt be important to prevailing parties in copyright litigation in the future.

APPELLANT JUDGE NELSON DISSENTS FROM THE WORK-FOR-HIRE CONCLUSION OF THE MAJORITY.

Judge Nelson looked at the facts and agreements between General Eisenhower and Doubleday as resulting in what she described as "the sale of a product," not General Eisenhower's "services," which she suggested would need to be found for traditional work-for-hire relationships. In Judge Nelson's view, since the work-for-hire relationship was not expanded by the courts beyond traditional employees until the mid 1960s, it would be inconsistent to include independent contractors in the scope of the work-for-hire doctrine, and thus to characterize an agreement between General Eisenhower and Doubleday entered into earlier in 1948 as a work-for-hire relationship. At that time, the work-for-hire doctrine was understood to encompass only works created by traditional employees, so Judge Nelson found it inconsistent to now characterize such a relationship as work-for-hire.

Judge Nelson also took a different view of the facts, and found it to be inconsistent for the court to transfer General Eisenhower's common law copyright interest to Doubleday, if it actually vested in Doubleday from the moment of creation under the work-for-hire doctrine. In Judge Nelson's view, General Eisenhower was shopping his work around and was looking to write his memoirs and would have written the book anyway, and this was far from the prototypical situation of work-for-hire where the motivating factor for producing the work was the employer's inducement. Judge Nelson concluded that stretching the work-for-hire doctrine to apply here "establishes a standard by which nearly any work produced with the financial and logistical support of a publisher could be considered to have been produced 'for hire.'"

It remains to be seen if creative publishers' drafting will result in a situation where this exception envelops the rule, and outside independent contractors' works will be turned into works made for hire.