What Do You Mean, I Don't Own My Website?

By Jonathan Soifer, Shareholder, Sandberg Phoenix

It happens all the time. A company hires a web developer to design its website. Time passes, and the company decides it's time to make changes to the website. When the company ask the developer for the files related to the website, the developer says that he owns the copyright, and that he won't give the company the files without additional payment. Similar stories happen with artwork for packaging or photographs for catalogs. When they try to enforce what they think is theirs and stop others from copying their artwork or photographs, they find they don't own the copyrights. The company, which has paid for the website or artwork or photographs only has one question - how can this be? I paid for the website design, artwork, photoshoot, etc. How can I not own the copyright?

The question as to who owns copyrights starts with the US Constitution. Art. I, Sec. 8 of the Constitution empowers Congress to "[secure] for limited times to authors and inventors the exclusive right to their respective writings and discoveries". The Constitutional directive is carried out in our copyright laws which provide that copyrights are owned by the author. (17 USC §201(a)). However, if the work is a "work made for hire", "the employer or other person for whom the work was prepared is considered the author" (17 USC §201(b)) and thus the owner of the copyright.

Aha, our company says – my web designer, artist, photographer prepared the work for the company, so the website, artwork, photographs, etc. are works made for hire, even though the web designer, artist, photographer was an independent contractor. Unfortunately, it is not that easy. There are only two situations in which a work is a work made for hire. The first is when the work is made by an employee. The second is when it is a specific type of work, as set forth in the Copyright Act and the parties expressly agree that the work is to be a work made for hire." (17 USC §101 – Definition of "Work Made For Hire").

In this situation, the work (a web site, product artwork, or photograph) is not one of the enumerated special types of work. Thus, for the work to be a "work made for hire", the independent contractor would need to be considered an employee of the company. In the seminal case of Community for Non-Violence v. Reid, 490 U.S. 730 (1989) the Supreme Court considered this question in the context of a sculptor who was hired to prepare a sculpture. The Supreme Court set forth a list of factors which can be considered when determining if the contractor is an employee of the hiring company. These factors include:

1. The hiring party's right to control the manner and means by which the product is accomplished.
2. the skill required to prepare the work
3. the source of the instrumentalities and tools for the independent contractor
4. the location of the work (i.e., where did the independent contractor produce the work)
5. the duration of the relationship between the parties;
6. whether the hiring party has the right to assign additional projects to the hired party;
7. the extent of the hired party's discretion over when and how long to work;

8. the method of payment;
9. the hired party's role in hiring and paying assistants;
10. whether the work is part of the regular business of the hiring party;
11. whether the hiring party is in business;
12. the provision of employee benefits; and
13. the tax treatment of the hired party.

In that case, the Supreme Court determined that the sculptor was the owner of the copyright in the sculpture even though he had been paid to produce the work.

The reality is that rarely will an independent contractor be considered an employee of the hiring company. In fact, most agreements with independent contractors make clear that the independent contractor is not an employee. Thus, it will be the rare occasion that work done by one who is not an employee is determined to be a work made for hire.

So then, if the work is not a work made for hire, how does the company protect itself? The answer is that this will be accomplished through the agreement between the company and the author. Prior to hiring the independent contractor, the company will need to ensure that the agreement between the company and the author gives the company the rights it needs. It is not enough to say that the work is a work made for hire. The courts will look through that. Rather, for the company to be the owner of the copyrights in the work, the agreement will need to set out in writing that the independent contractor is transferring the rights in the particular work to the company. (17 USC §201(a)). If the company does not need full ownership of the copyrights, then the company will to ensure that the rights it does need (such as to make modifications to the work) are built into the agreement.

In conclusion, if and when you hire an independent contractor to design a website, prepare product artwork, coordinate a photoshoot for a catalog, or even make a logo, carefully review your agreement, or have your lawyer review the agreement, to ensure that you are getting the rights you need and you fully understand the terms of the contract.

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