MOSES & SINGER LLP

Client Alert

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Work Made For Hire Agreement Cannot Be Retroactive

Having independent contractors agree that a copyrightable work is a work made for hire can, under certain circumstances, allow employers to capture the entire term of the copyright. If a work is not a work made for hire, even if the full copyright is assigned to the employer, the individual creators or their successors can recover the copyright after 35 years. However, work made for hire agreements cannot be retroactive. A work that is not work made for hire when it is created cannot thereafter be made into work made for hire by a subsequent agreement.

This rule was reaffirmed in the recent case of Gary Friedrich Enterprises v. Marvel Characters.

Gary Friedrich created the cartoon character Ghost Rider in 1971. Friedrich was a free-lancer when he created the character. Ghost Rider was picked up by Marvel Comics in 1972 and became a huge success.

In 1978, in response to the then-new Copyright Act of 1976, Marvel had Friedrich sign an agreement stating that all of Friedrich's work for Marvel was work-made-for-hire. The agreement also assigned to Marvel all rights in any work governed by the agreement "forever."

The copyright in the original Ghost Rider character entered its renewal term in 2001. In 2007, Friedrich sued Marvel, claiming that the renewal term of the copyright belonged to him and that Marvel's continued use of the character infringed Friedrich's copyright.

The Federal District Court in Manhattan granted judgment to Marvel, holding that the assignment of all rights "forever" gave Marvel the renewal term of copyright. However, on June 11 the Court of Appeals reversed, holding that the agreement was ambiguous as to whether it applied to works created before it was signed.

Friedrich had cross-moved in the District Court for a judgment that he was the author of Ghost Rider (or at least a joint author). This raised the issue of whether Ghost Rider was a "work made for hire." If it was, Marvel was the author in the eyes of the law and owned the renewal term of copyright. On appeal, Friedrich urged the Court of Appeals to hold that Ghost Rider was not a work made for hire.

In response, Marvel relied on the part of the 1978 agreement, which allegedly created a work made for hire relationship. However, following established precedent, the Court of Appeals held the work-made-for-hire part of the 1978 agreement ineffective as to works created before the agreement was signed, including Ghost Rider. The Court of Appeals said that copyrightable works were either works made for hire when created or

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not, and subsequent agreements could not change their status. Nevertheless, the Court of Appeals remanded the case to the District Court for further fact finding because it was not clear from the record whether Ghost Rider was a work-made-for-hire when it was created.

Work Made for Hire Under Current Law

The work made for hire issue in the Friedrich case arose under the copyright law as it was before 1978. Nowadays, work-made-for-hire applies to two categories of work: Work by employees within the scope of their employment and work by non-employees, such as independent contractors or consultants, if there is a written agreement specifying that the work is work made for hire and if the work is one of nine different kinds listed in the Copyright Act. If a work is not a work made for hire, the greatest duration of copyright that employers can obtain is the first 35 years of the term of copyright. The rights assigned to the employer can be terminated thereafter by the author or the author's statutory successors, and no agreement waiving that termination right in advance is enforceable.

Best Practices:

1. If you engage someone to create what will be a copyrightable work, make sure that there is a written agreement before the work begins specifying that the work will be work-made-for-hire.

2. Because even a written agreement specifying work-made-for-hire is not effective if the creator is not your employee and if the work to be done does not fall within the nine statutory categories, include a back-up clause assigning all rights to you in any event. This will assure your ownership of the rights at least for the 35 years provided by statute.

For more information about this article, please contact David Rabinowitz.

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