Get It In Writing: Copyright Assignments from Independent Designers

In *Malibu Textiles, Inc. v. Carol Anderson, Inc.* (Southern District of New York, 7/8/08, Judge Shira Scheindlin, presiding), the defendant conceded that it had access to plaintiff's original textile design, and that defendant's design was substantially similar to plaintiff's, but plaintiff still had a problem: defendant challenged whether plaintiff owned a valid copyright, for lack of a timely, written assignment of copyright.

Ultimately, the court ruled in favor of plaintiff Malibu, and against the infringer, but not without the costs of litigation. First, plaintiff's copyright application was inconsistent with the facts and the law. Malibu had stated in its application (prior to retaining copyright counsel) that the design was a work made for hire. However, after starting the lawsuit, their attorney filed a corrective amendment which properly stated that plaintiff owned the copyright by means of the designer's assignment to the plaintiff.[1] Fortunately, rather than finding that plaintiff had attempted to defraud the Copyright Register with its initial application, the judge found that the result was the same: plaintiff, rather than each designer, owned the designs.

Another problem: plaintiff's independent contractor designers did not provide the manufacturer with written copyright assignments until years after completing the design – indeed, until after case was commenced. Fortunately, the judge found (through the testimony of several expert witnesses) that the textile industry's custom and practice granted copyrights in the design upon purchase of the sketches. Also, prior decisions provide that as long as copyright assignments are made upon transfer of the work to the purchaser, a writing that confirms such assignment after the fact is sufficient, even if the parties execute the writing at the time of the lawsuit.

Another problem: the inconsistency between legal theories -- "work made for hire" versus "assignment" – undermined the plaintiff's claim of ownership. Fortunately, under the belated written agreements, each of the designers expressly stated that they did not challenge the plaintiff's ownership rights. Only the designers (rather than the infringers) could benefit from any inconsistent ownership theories, so the judge held that plaintiff owned the works.

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[1] The "work made for hire" doctrine technically applies only to "a work prepared by an employee within the scope of his or her employment; or a specially ordered or commissioned work" in certain limited areas: "a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas". In any event, the Copyright Act, at Section 101, requires that the parties must "expressly agree in a written instrument signed by them that the work shall be considered a work made for hire."

So why is this case a warning to all manufacturers who hire independent contractor designers? Because plaintiff had to go through a lawsuit, including the cost of discovery, depositions, expert witnesses, and a trial, to confirm what it could have done for much less money: obtained its designer's signature on an assignment at the time it paid for the design. Let this be a lesson to us all – get it in writing, or pay for it later.

For more information about these or other matters, please do not hesitate to contact us:

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