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Development and Use of Joint Works, Collective Works, and Derivative Works

Nonprofits often collaborate with individuals and other organizations to help further their missions. As they work together towards the fulfillment of important goals, oftentimes original materials are developed along the way. Because these materials may be protectable under copyright law, a nonprofit organization should be aware of certain legal issues when it engages in a collaborative creation process with others.

This Legal Alert answers common questions that a nonprofit organization should be asking when it works with others to develop intellectual property, and then presents hypothetical situations to identify typical problems and possible solutions.

Questions to Consider

What are joint works, collective works, and derivative works?

When people work together to create and use each other's materials, under United States copyright law, this may result in the creation of **joint works, collective works, or derivative works**. The distinction between joint works, collective works, and derivative works can be difficult to discern. Indeed, various aspects within a single work could fall within all three of the categories. The analysis to determine what type of work has been created is fact-specific, and nonprofits should consult with an attorney in order to understand what intellectual property rights may exist with respect to the work, as each classification has its own consequences under copyright law. Generally speaking, however:

A **joint work** is created by two or more "authors"¹ who intend for their contributions to be merged into inseparable or interdependent parts. Certain types of work are more commonly made jointly, such as songs, movies, and operas, but ultimately, any copyrightable material can be a joint work.

A **collective work** is created when two or more authors' works are joined together into one work; however, the primary intent of the authors in creating their own contributions was to have them be separate works. Typical examples of collective works include poetry anthologies and collections of short stories.

A **derivative work** is a work that is based in whole or substantially upon one or more pre-existing works (e.g., a translation, fictionalization, motion picture version, etc.).

How do you know if you have created a derivative work?

Derivative works are created when original contributions are made to pre-existing works. Classic

¹ Under copyright law, the creator of a work is referred to as an "author" regardless of the medium in which the work is produced.

examples of derivative works include translations, movies based on novels, and sculptures based on a drawing. However, derivative works only require that a person borrow substantially from a pre-existing work, so derivative works could even include something like a revision of a website. Derivative works are *not* created when minor adjustments or contributions are made to the underlying work. A new author's contributions must show originality that is of a distinguishable variety and more than trivial in order to be considered a derivative work.

How do you know if you have created a joint work or a collective work?

Joint works and collective works are made by two or more authors. To know if there might be more than one author, nonprofits should clearly identify who is contributing to a work and understand each individual's relationship to the organization. If there are multiple contributors to a work, and each of the contributors retains an ownership interest in their own intellectual property, a joint work or a collective work may be created.

How do authors create a joint work?

If the nonprofit organization has employees and independent contractors creating work together, there are several additional factors to examine to determine if there is a risk a joint work could be created.

The main factor is the authors' primary intentions at the time the work is being created. If, at the time the contributions are being made, the authors primarily intend to make a contribution to a total work, then the combined work may be deemed a joint work. The timing of the intent is a key determining factor. If the author completes his or her contribution without intending to contribute it to a whole work, but then later allows it to be incorporated into another work, then it is unlikely that it the resulting work will be considered a joint work (instead, it might be a collective work).²

Authors do not have to create their contributions at the same time in order to form a joint work. For example, a songwriter can compose lyrics without knowing who will compose the music, but intend that the lyrics will be set to music at some point. Then, in the future, when the songwriter has a friend compose music with the intention that it be used with the lyrics, the resulting song would be jointly owned.

The contributions of the joint authors do not have to be equal and can vary qualitatively (*i.e.*, how "good" or valuable the contribution is to the total work) and quantitatively (*i.e.*, how large the contribution is to the total work).

Overall, determining whether a work is a joint work is a fact-specific analysis and an intellectual property attorney should be consulted.

How do you know if a contributor will have an ownership interest in the final work?

The answer to this question depends on the contributor's relationship to the nonprofit organization.

- *Employees.* If the individual is an employee of the nonprofit organization and engaged in creating the work within the scope of his or her employment, then the nonprofit organization will likely own such work automatically.
- *Independent Contractors.* If the individual is not an employee of the nonprofit organization, then, absent a written agreement assigning ownership to the nonprofit organization, the individual or the entity that creates the copyrightable material will likely have an ownership

² See "Calendar Fundraiser" below, for an illustrative example.

interest in any material they help create. Nonprofits should be aware that, depending on the circumstances, volunteers, interns, and program participants may be considered independent contractors under copyright law.

Essentially, nonprofit organizations should be on alert whenever non-employees are contributing to the development of intellectual property with or without employees. If it is unclear whether an individual is an employee or an independent contractor, it is likely best for the nonprofit organization to consult an attorney so it can fully understand the implications from an intellectual property law perspective. Just because a nonprofit refers to someone as an employee, it does not necessarily mean that they are legally considered an employee for copyright purposes.

Why is it important to know if you have created a joint work, a collective work or a derivative work?

Each classification has different legal consequences; it is important to understand what is being created in order to understand what your nonprofit's ownership rights and obligations are with respect to the work.

Joint Works

While jointly owning a work with a third party can give rise to numerous legal issues, nonprofits should keep in mind the following three key issues:

- 1) *Joint Ownership.* When a joint work is created, the co-authors jointly own the entire work – not just his or her contribution to the work. Courts usually find that each co-owner owns a proportionate share of the joint work (*e.g.*, if there are three authors, each owns 33.3 percent of the work regardless of their input). The co-authors do not own their own contributions individually and cannot use their own contributions independently from the joint work.
- 2) *Duty to Account.* Each joint author has a duty to account to the other joint owners for a ratable share of any profit from the use or licensing of the joint work. The joint owners must distribute any such profits to the other joint owners in proportion to each joint owner's ownership rights. Joint owners can enter into a written agreement to waive this obligation.
- 3) *Right to Use and License.* While each joint owner can fully exploit their copyright rights independently (*e.g.*, by using, copying, preparing derivative works, distributing, and performing the joint work), joint owners cannot grant true exclusive licenses because one joint owner cannot prevent the others from granting licenses to third parties. From an economic perspective, this reduces the value of any exclusive license.

Collective Works

Generally speaking, in a collective work, each author retains full ownership of his or her independent contributions to the collective work, and the author who compiles the contributions will own the copyright in the collective work. Ownership of the copyright in the collective work means ownership only of the elements that are original to the author who makes the collective work – for example, the particular arrangement or compilation of the individual works. The author of the collective work does not have any ownership interest in any other author's individual contributions, just as the authors of the individual contributions do not have an ownership interest in the collective work.

Prior to making a collective work, it is important to obtain permission of the authors of the individual works to include such works in the compilation, as inclusion of a work without permission could constitute copyright infringement.

Derivative Works

Nonprofits should be aware that any time you use another's copyrightable material to create your own work, you likely need permission to do so. Usually, this permission comes in the form of a license agreement where the original author grants the right to use the work to create derivative works. If permission is not obtained, then the subsequent work could infringe on the original author's copyright. Careful attention should be paid to the scope of the license to create derivative works. Oftentimes, such licenses are limited by medium or length of time. In addition to obtaining permission to create the derivative works, the license agreement should establish the ownership of the derivative works contractually to avoid any confusion.

Finally, it is important to note that copyright protection in the derivative works only extends to material that is original to the author of the derivative works and it does not serve to extend the length of protection in the underlying copyrighted work. If the underlying work is in the public domain (*i.e.*, its copyright term has expired and is no longer protected), the author of the derivative works will not be able to prevent others from making use of the public domain material themselves. For example, if you created a *Tom Sawyer* online game, you could not prevent anyone else from using Mark Twain's novel to create their own copyrightable material (whether it is a game or a movie, or any other medium). However, you could prevent people from copying the creative elements of your game that *do not* appear in the original Mark Twain novel.

How should our nonprofit organization handle joint works?

Generally, a nonprofit organization should seek to avoid creating a joint work. To avoid creating a joint work, a nonprofit organization should obtain complete ownership from all of the contributors to a work. Importantly, independent contractors should assign their ownership interest to the nonprofit organization pursuant to a written assignment agreement. An assignment provision should be included in a nonprofit organization's standard independent contractor agreement. In addition, while contributions by employees within the employee's scope of employment are typically owned by the organization as a matter of law, it is recommended that employees enter into a written agreement assigning any rights they have to the nonprofit organization. Oftentimes, these provisions are included within an employee's initial employment agreement with the organization.

We have been generating intellectual property for some time; what do we do now?

If you have been creating intellectual property in collaboration with others or derived from materials owned by third parties, especially if it is valuable intellectual property, then it is important for you to consult an intellectual property attorney. An attorney will help you determine whether your work is protectable and what type of work you have created (joint, collective, or derivative), and will be able to advise you on how to proceed in a way that aligns with your organization's goals. For example, an attorney can help you negotiate with other joint owners, obtain any necessary licenses, waivers, and assignments, and even obtain copyright registration for the work.

When do we need to find an attorney?

Typically, it is easier to discuss the process of intellectual property development with an intellectual property attorney *prior to* engaging in any development activities. That way, the attorney can help you pre-plan the development process and draft the appropriate template agreements that all contributors are required to enter into prior to beginning their work. This manages the expectations of everyone involved and can help prevent any disputes later on. Even if the development process has already begun or has been completed, an intellectual property attorney can assist in negotiating any assignment agreements with the other authors to obtain ownership of the copyrighted material.

Hypothetical Examples

In the following section, we will work through some potential scenarios that nonprofits may encounter with respect to the creation of intellectual property. In each scenario, we have highlighted areas of concern and potential approaches.

Afterschool curriculum

Hypothetical: A school hired an independent contractor, William Creator, to develop a curriculum for its new after-school arts and literature program. In its agreement with Mr. Creator, the school did not discuss who would own the copyright of the materials created or how it could be used. The school has been using the curriculum for several years within its classrooms, and over time, it has added to it. After several years, what was a 100-page curriculum has blossomed into a 150-page curriculum that the school considers invaluable to its program. Now, the school wants to license out its curriculum to programs in other states. One of those partner schools sends over an agreement pursuant to which it would receive a license to the 150-page curriculum. The partner school requests a representation that the school owns or otherwise has the right to license the curriculum and has the right to license it to the partner school.

Issues Raised and Potential Approaches:

- **Ownership in the Original Curriculum:** The school likely cannot make the statement that it owns the curriculum outright. Because Mr. Creator was an independent contractor, he retained ownership over the underlying material. Therefore, the school probably only has an implied license to use the curriculum in its programming and may not have the right to license it out to others to use.
- **Ownership in the New 50 Pages:** In addition to not having ownership over the original 100-page curriculum, the new 50 pages may be considered to infringe the underlying 100 pages. From the fact pattern, there is no indication that Mr. Creator gave the school the right to make alterations or updates to the underlying 100-page curriculum. Ultimately, the school should discuss its situation with an intellectual property attorney to evaluate the risks of entering into the agreement with the partner school. The intellectual property attorney may also look into whether it makes sense to approach to Mr. Creator and ask for either an assignment of the rights or other clarification of the school's license rights.

Calendar Fundraiser

Hypothetical: An artists' collective, Artists Inc., is looking to raise funds. Various artists decide that they would like to allow Artists Inc. to use some of their work that had been previously displayed at Artists Inc.'s gallery, arrange it into a calendar and sell it to the public as a fundraiser for Artists Inc. Artists Inc.'s sole employee gathers the submissions, selects the artwork to be used, and uses a service available online to put the calendar together. Artists Inc. then markets and sells the calendar to the public and collects the funds. One month into the sales, Tina, the artist whose work was used for February, tells Artists Inc. that she is going to allow another organization to create and sell miniature prints of her image. Artists Inc. is disappointed by this because it was planning on selling separate miniature prints of all the works when it completed the calendar sales.

Issues Raised and Potential Approaches:

- **Collective Work.** Here, it is unlikely that this will be considered a joint work. The various artists independently created the images without primarily intending them to be placed into a calendar. The calendar is likely a collective work, and Artists Inc. alone owns it, while each contributing artist retains ownership over the image he or she submitted.

- *Scope of License.* From the facts, it does not appear as though any of the artists entered into written license agreements allowing Artists Inc. to use their images in the calendar. While Artists Inc. probably has an implied license from each artist, it would be a best practice for Artists Inc. to obtain a written license agreement from each artist granting Artist Inc. the right to use each work in the calendar and for anything else it would like to do (such as selling miniatures of the individual prints).

Keeping the Score

Hypothetical: Shaun has been working over the past few years on a documentary film, spending countless hours shooting footage, researching, gathering interviews, and cutting and editing the film. Shaun reaches out to a musically talented friend to develop the score for the film. Rachel delivers a beautifully composed complement to the film. Just as Shaun completes the film, he receives an e-mail from Rachel claiming that she should get 50 percent of any profits that the film generates.

Issues Raised and Potential Approaches:

- *Joint Work.* Rachel may be a joint owner of the film. Because she was not an employee, the work Rachel did for Shaun is not automatically owned by him. Shaun created the film knowing he would hire a musician to compose the score, and Rachel was hired with the primary intent of creating a score for the film. As a result, their merged efforts created the complete film, and Rachel likely has a 50 percent ownership interest in the film. She likely has the right to use and license the film, and they both have a duty to account to the other for any profits he brings in through their own use and exploitation of the film.
- *Assignment Agreement.* Shaun should have asked Rachel to sign an agreement assigning any copyright interests she may have to him. Now that the work has already been created, an intellectual property attorney can assist Shaun in negotiating such assignment after the fact; however, Rachel is in the better negotiating position now that the work has been completed. Having contributors to films sign such agreements is a standard practice in the film industry and an intellectual property attorney can assist a nonprofit organization with drafting a template for each contributor to sign – preferably, BEFORE development work begins.

Choreographed Together?

Hypothetical: Dance Inc. is a dance group whose members come together every Thursday night to work on choreographing a dance together. All of the members of the dance group are employees of Dance Inc. and are on Dance Inc.'s payroll. One day, Tim, a younger brother of one of the employees, stops by a practice. Tim has some experience with dancing and makes a few minor suggestions to the choreographed actions; however, he mostly spends his time working with the team to perform the dance. Tim later asks if he will be credited for his contributions to the dance.

Issues Raised and Potential Approaches:

- *De Minimis Contributions and Physical Labor.* Dance Inc. may be able to argue that Tim's contributions were so insignificant that they were de minimis and do not give him an ownership interest. In addition, physical labor does not equal creative input. Just because Tim spent many hours practicing the dance with the crew, it does not automatically mean he is an author. While Dance Inc. may agree to credit Tim to maintain a good relationship with him, Dance Inc. should consider entering into a short, written agreement with Tim clarifying that he does not have an ownership interest in the choreography.

A Collective Play

Hypothetical: Each year, an after-school theater group, Showtime Inc., takes its programs to a new school, where its employees guide the students in writing a play together. Sometimes, the students' parents and siblings join in on the writing process. Showtime Inc. does not keep track of all of the contributors to the work of the play. At the end of an eight-week program, the students have written a complex play exploring the issues facing children in their community. Showtime Inc. helps the students put on one performance, and afterwards, it takes the script and tries to license it out to other theater groups for a fee to perform at schools.

Issues Raised and Potential Approaches:

- *Joint Work.* Again, each of the contributors, young and old, have an argument to say that they were involved in the creation of a joint work. Here, they each endeavored to create a work that they intended to be merged into a single play. As a result, Showtime Inc. should be aware that these other creators may have an ownership interest in the work and therefore, have the ability to use and license the play themselves. Also, Showtime Inc. has a duty to account to the other co-owners, so will have to split any of its profits with all of the original contributors. It would have been best for Showtime Inc. to obtain an assignment of ownership from all of the program's participants. If it is unable to do this, Showtime Inc. should at a minimum obtain a waiver from each participant regarding the duty to account.
- *Unknown Contributors.* Showtime Inc. has the unique problem of not knowing who all of its contributors are, and as a result, runs the risk that someone can come forward later, claiming they have an ownership interest in the work and asking Showtime Inc. to compensate them. To manage this risk, Showtime Inc. should keep a roster of all of the participants and require any such participants to enter into a written assignment agreement prior to allowing them to participate in the program. If Showtime Inc. can show that this is its general practice, it may be able to successfully argue that a claimant who is not included on their participant list did not participate in the activities. If Showtime Inc. does not do this, it will have to tolerate the risk that a previously unidentified co-owner will come forward and claim an ownership interest in the work.
- *Minors.* A minor can claim a copyright interest in a work. Showtime Inc. should consult an attorney about its ability under applicable state law to enter into a written assignment agreement with a minor.

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