



## **Does Your Association Own its Intellectual Property?**

By: Katharine Meyer, Esq.

Most associations do not have the workforce or know-how to produce all projects in-house. Therefore, many associations look to third parties to help them with certain parts of their program. Association members may write articles for the Association's newsletter, industry volunteers may help create standards or educational material, and independent contractors may create software programs in exchange for a fee. While all of these people are creating work product for the Association, does the Association own this work product? Without the right agreements in place, the answer is "no".

A fundamental principle of copyright law is that ownership vests in the person who creates the work. Therefore, even if a person is paid to create a work for the Association, the Association will not own the work unless the work is a "work made for hire". Under Section 101 of the Copyright Act, a work created by an employee within the scope of employment is considered to be a "work made for hire". However, if that work is created by a third party, the work only will be considered a "work made for hire" in certain circumstances. First, the copyrightable material must be a work specially ordered or commissioned for use as: (i) a contribution to a collective work; (ii) a part of a motion picture or other audiovisual work; (iii) a translation; (iv) a supplementary work; (v) a compilation; (vi) an instructional text; (vii) a test or answer material for a test; or (viii) an atlas. Second, the parties must expressly agree in writing that such work shall be considered a "work made for hire".

As you can see, not all work product is covered under the "work made for hire" doctrine. Therefore, even if the Association and a third party have executed a "work made for hire" agreement, the Association still may not have rights to the work in question. In order to ensure that work product intended to be "work made for hire" properly transfers to the Association, all volunteers, members and independent contractors creating such work product should sign a Work Made For Hire and Assignment Agreement. This agreement should: (i) clearly state that the work product is intended to be a "work made for hire"; and (ii) contain a "back up" assignment clause, that states that in the event the work does not qualify as a "work made for hire", the third party will take all necessary action to assign and transfer the copyright to such work to the Association.

In some cases, an independent contractor will refuse to assign copyright ownership of work product to the Association. This frequently occurs with software development agreements. In these cases, the independent contractor may only want to provide the Association with a limited license to use the software the contractor creates. There are many ways an Association can work around this problem. First, the independent contractor may agree to give the Association copyright ownership in the work product, if the independent contractor receives a permanent, royalty-free license to use the software. Second, the independent contractor may be willing to give the Association full rights to the work product in exchange for a higher fee. Third, the independent contractor and the Association may agree to jointly own the software, and permit each other to freely use the software without accounting to the other party. Fourth, the parties may agree that the independent contractor will own the coding and the Association will own the content it provides to the program. Finally, if the independent contractor refuses to give the Association ownership to the work product, the Association may want to negotiate broad licensing terms, so the Association has a permanent, exclusive, royalty-free, worldwide, freely assignable license to use the software. Additionally, the Association may want to state that the independent contractor has no right to sell the software program created specifically for the Association to third parties.

It is important for an Association to review its contracts with third parties, to ensure that all intellectual property has been properly transferred to the Association. If the Association realizes that some of its property created by third parties has not been properly assigned, the Association should consider obtaining assignment agreements from these independent contractors, members or volunteers even after the work has been created. If the Association does not properly own its intellectual property, it may become impossible to protect this material from infringers, and/or collect the economic reward it thinks it is entitled to receive.

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