Printers' Claims to Lithographic Film Ownership: You Can't Always Get What You Want

Jeffrey D. Powell
NOTE

PRINTERS' CLAIMS TO LITHOGRAPHIC FILM
OWNERSHIP: YOU CAN'T ALWAYS GET WHAT
YOU WANT

I. INTRODUCTION

Printing is a vital medium of communication in our society. It may simultaneously inform, persuade and entertain. Virtually everyone knows that printing is a means by which quantities of images of an original subject are reproduced. Not everyone, on the other hand, is aware of the variety of printing methods, and even fewer people are familiar with the processes required to obtain a finished printed item. This note deals with a common product of one of the intermediary steps in many printing methods—lithographic films.

The easiest way to understand the function and importance of lithographic films is to work backwards from the final printed image which is produced on paper or some other surface. In all "conventional" printing processes, ink is transferred in the desired densities to the appropriate locations on the paper or other printing substrate.


2. For a discussion of the various aspects of printing production, see GRAPHIC ARTS MANUAL, supra note 1; V. Strauss, supra note 1.

3. There are several printing methods, one of which is called lithography. See authorities cited supra note 1. For purposes of this note, the term "lithographic films" includes films used in all those printing processes in which films are used, and is not limited to the films used in lithography.

4. For a brief description of the use of films in the printing process, see infra notes 11-13 and accompanying text.

4. The conventional printing processes are those which use printing presses to hold the inked image carriers. The image carriers transfer the ink to the printing surface by bringing the paper or other surface and ink into physical contact. See Bruno, Printing, supra note 1, at 401. Non-conventional printing methods include photography, thermal engraving and electrophotographic processes (such as xerography). See Gilgore, REPROGRAPHY, in GRAPHIC ARTS MANUAL 429, 430 (1980).
The most common methods of printing use plates as image carriers. Although hand engraving and movable type, at one time or another, have been the prevalent forms of image carriers, the recent trend has been toward the use of photomechanical plates in all the major printing processes. In this technique, the processing of the plate into inking and non-inking areas is done photochemically, by exposing a light-sensitized surface to light passed through lithographic film. The plate is then processed with chemicals that create image and non-image areas.

Lithographic films, therefore, are essential to the preparation of plates in today’s printing. These films are sheets of stable, transparent material such as mylar acetate or cellulose acetate which have been coated with a light-sensitive emulsion. They are similar to the film used in other forms of photography, and may be produced by a variety of techniques employing photographic principles. The films are prepared to reproduce images of the original subject in the form necessary to make the plates. The preparation of lithographic films may vary in difficulty and complexity and the cost of rendering the films will vary accordingly.

A. The Customer’s Dilemma

When a customer enters into a contract with a printer to produce copies of the customer’s work, the printer, in the course of performing his part of the bargain, will generally prepare such lithographic films in order to process the printing plates. The plates will eventually wear out, or are discarded after use.

5. Bruno, Platemaking, supra note 1, at 378.
6. See P. Mintz, supra note 1, at 199-200; Bruno, Printing, supra note 1, at 401.
8. Id. at 378-80.
9. Id. at 378-81.
10. Id.
11. See P. Mintz, supra note 1, at 84, 85; Photographic Films, in GRAPHIC ARTS MANUAL 326, 326-27 (1980) (material adapted from the Eastman Kodak Company publication PHOTOGRAPHIC MATERIALS FOR THE GRAPHIC ARTS).
12. See Bruno, Introduction to Graphic Arts Photography, in GRAPHIC ARTS MANUAL 316, 316-20 (1980) [hereinafter cited as Bruno, Graphic Arts Photography].
13. See generally V. Strauss, supra note 1, at 149-274 (detailing preparation of lithographic films); Bruno, Graphic Arts Photography, supra note 12, at 316-20 (use of photographic techniques in film preparation).
14. Occasionally, one printer will engage another printer to perform lithographic services. This note does not address transactions between printers, but focuses its attention on transactions between printers and the myriad of other classes of contractees.
15. See generally V. Strauss, supra note 1, at 199-274 (use of printing plates).
lithographic films, however, are usually retained, and can be utilized to prepare new sets of plates for subsequent reruns. Ownership and control of these films, therefore, is important to the customer because they are essential to making the plates, they generally outlast the plates, and they are often costly to produce.\textsuperscript{16}

The printer, however, may benefit from retaining custody of the films after a job has been completed. The customer generally cannot reprint a given job without the specific films required for that item (unless, of course, the customer is willing to duplicate the expense of recreating the films). As long as the printer possesses the films for any specific item, it is unlikely that the customer will be able to reprint the job elsewhere without the printer’s knowledge. If the printer retains the films, the customer will often be pressured into permitting the printer to bid on any subsequent reprinting of the job. Then, should the customer decide to bring his business elsewhere, he would have to ask the printer to return the films. Such a request might create tension or even animosity between the customer and the printer. The subtle pressure created by this situation often affords the printer a distinct advantage in obtaining additional business. Moreover, the mere ability to flatly refuse to return the films to the customer is also a factor. Regardless of any ultimate legal resolution, the printer who retains lithographic films has the power (although not necessarily the right) to delay the customer for extended periods of time and, thereby, create significant problems. The customer’s desire to avoid such problems may influence his decision whether or not to continue using that printer’s services.

While the question of ownership is most easily resolved by contractual provision, a customer may not know of the existence and importance of these films at the time of contracting,\textsuperscript{17} or may simply

\textsuperscript{16} For example, one catalogue run of 13,000 books cost a customer $121,913.00, of which $15,800.00 represented film preparation. See Printer’s Invoice from Democrat Printing and Lithographing Co. to GW School Supply Co. (Sept. 30, 1982) (combined costs for “color negative” and “typesetting, Halftone and Negatives and Paste-up”) (copy on file in office of Hofstra Law Review). In Teaching Concepts, Inc. v. Alithochrome Corp., No. 1302/80 (N.Y. Sup. Ct. filed Jan. 22, 1980), stayed by defendant’s petition for reorganization, No. 82 B 10335 (Bankr. S.D.N.Y. Feb. 23, 1982), one order from the customer called for the preparation of lithographic films and the printing of a quantity of lithographed sheets. Of the $5,680.00 total cost of the order, $2,930.00 represented charges for film production. See Printer’s Invoice from Lithochrome Co. to Teaching Concept[s] (Sept. 29, 1976) (copy on file in office of Hofstra Law Review).

\textsuperscript{17} A buyer of printing services may not be familiar with the technical processes involved, and, therefore, may be totally unaware that films are prepared by the printer in the course of producing the customer’s product. For example, a merchant who orders a catalogue

Published by Scholarly Commons at Hofstra Law, 1984
assume that the films, which were made specifically for his job and at his expense, will belong to him. In either situation, the lack of a contractual stipulation may open the door to disputes when the customer seeks to take his printing business elsewhere and the printer refuses to release the films, or when the films are damaged or lost by the printer who refuses to make reparations. This note addresses the legal issue of who, in the absence of a specific agreement, is the rightful owner of these films, and concludes that the customer has the superior claim.

B. Legal Analysis—Analogy to Copyright

Although disputes over film ownership do arise, there is a lack of legal authority directly on point. Cases of this nature tend to be settled out of court because the replacement cost of the films, although conceivably running into thousands of dollars, nevertheless, is disproportionately small when compared to the cost of litigating this complex issue.

To resolve the ownership question, therefore, one must look to legal principles developed in analogous areas. The first part of this note analyzes case law resolving disputes over copyright ownership in situations where one party commissions another to render a literary or artistic work. This analysis shows that courts have held that in the absence of an agreement to the contrary, the party at whose instance and expense the work was produced owns the copyright in the work. The second part of this note examines and applies the legal principles developed in the area of portrait and commercial photography. It is divided into three sections. The first section demonstrates that the copyright in a photograph belongs to the party at whose instance and expense the photograph is taken, unless contrary intent

18. When the cost of preparing the films is substantial, it probably is not absorbed by the printer. This note assumes that the cost of rendering these films is incorporated into the price paid by the customer. If the printer absorbs the cost of their preparation, the printer may have a legitimate claim to their ownership. Cf. Universal Map Co. v. Lutz & Sheinkman, 194 Misc. 938, 86 N.Y.S.2d 795 (N.Y. City Ct. 1949) (holding printer to be owner of lithographic plates where printer had paid for their preparation).

19. No cases could be found directly on point. One case, however, resolved the ownership of lithographic plates. See Universal Map Co. v. Lutz & Sheinkman, 194 Misc. 938, 86 N.Y.S.2d 795 (N.Y. City Ct. 1949).

20. See supra note 16.

21. See infra notes 35-81 and accompanying text.
is indicated. The second section addresses the issue of who owns the negative of a photograph taken for a customer, and concludes that the customer is the rightful owner. The final section applies the doctrines evolving from the case law in the photography area to resolve the question of lithographic film ownership. It shows that the customer should own these films.

The application of the legal principles developed in the commissioned works and photography cases is appropriate in resolving the issue of lithographic film ownership. In all three situations, one party engages another for the express purpose of obtaining an end product: a work of art or literature, a photograph or a printed product. In each situation, one item is created expressly pursuant to the order of the customer. Another property, however, is created as a direct and predictable result of each engagement: the copyright in the commissioned works cases, the photographic negative in the photography cases, and the lithographic films in the printing process. Moreover, ownership of copyright, photographic negative, and lithographic film enables the owner to exercise control over the reproduction of the printed product. Lithographic film ownership should, therefore, be accorded the same treatment as ownership of copyright in these analogous cases, and the customer should own the films unless otherwise agreed.

C. Bases for Printer's Claims

The printer, however, may advance three arguments to support his claim of film ownership. First, the contract did not mention films, but referred only to a finished product. The customer ultimately received exactly what he had bargained for, and is entitled to no more. His expectations at the time of contracting were, therefore, fully satisfied.

Second, the printer initially owned the unexposed film, and since the printer was only using his own property in accordance with his customer's request, the finished exposed film, although altered,

22. See infra notes 82-93 and accompanying text.
23. See infra notes 94-124 and accompanying text.
24. See infra notes 125-37 and accompanying text.
25. Cf. Hochstadter v. H. Tarr, Inc., 188 Misc. 561, 68 N.Y.S.2d 762 (App. Term. 1947) (customer contracted with a photographer to have pictures taken and prints made from the negative; the court reasoned that at the time of contracting, the customer had no expectation of retaining custody of the negatives); Pollard v. Photographic Co., 40 Ch. D. 345, 346 (1888) (photographer argued customer ordered only prints and received everything for which she had bargained).
should still belong to the printer.\(^2\) Third, the contract, silent as to ownership of the films, is governed by a trade usage, according to which, in the absence of an agreement to the contrary, such films customarily remain the printer’s property.\(^2\)

The printer’s first argument, that the customer is only entitled to that for which he expressly bargained, is unpersuasive. Contractual terms are not restricted to express provisions. The courts may incorporate implied terms to comport with the intentions of the contracting parties. When an artistic, literary, or photographic work has been produced pursuant to a contract which was silent as to the copyright in the work, the courts have construed agreement to include an implied provision that the party at whose instance and expense the work was created intended to control its reproduction.\(^2\)

Such a presumption is in accord with the view articulated by Judge Friendly in *Scherr v. Universal Match Corp.*,\(^2\) a case deciding the ownership of the copyright in a sculpture:

> [I]t is not unreasonable to assume in the absence of contrary proof that the parties expected the purchaser to wind up owning the work [of art] lock, stock, and copyright and that the artist set his price accordingly. To allow the artist to retain the copyright would thus

---

26. *Cf.* Hochstädter v. H. Tarr, Inc., 188 Misc. 561, 68 N.Y.S.2d 762 (App. Term. 1947) (resolving a dispute between a photographer and his customer over the ownership of photographic negatives). In *Hochstädter*, Justice Hammer wrote: “In my opinion a photographer owning a plate or film which, upon employment, is furnished as part of the transaction of taking a photograph for a customer, continues in such ownership in the absence of agreement providing otherwise.” *Id.* at 563, 68 N.Y.S.2d at 764 (Hammer, J., concurring); Pollard v. Photographic Co., 40 Ch. D. 345, 352 (1888) (photographer, accused of unauthorized reproduction of a customer’s photograph, argued that he was only using the negative, allegedly his property, to make prints, which, he asserted, constituted a lawful use of his own property).

27. *See, e.g.*, Teaching Concepts, Inc. v. Alithochrome Corp., No. 1302/80 (N.Y. Sup. Ct. filed Jan. 22, 1980), *stayed by defendant’s petition for reorganization*, No. 82 B 10335 (Bankr. S.D.N.Y. Feb. 23, 1982). One litigated issue was whether the customer who had ordered both printing work and film preparation in a single order, although each item was listed and priced separately on the order, was the rightful owner of the films produced by the printer. *See* Plaintiff’s Complaint at 1-2, *Teaching Concepts*. The printer refused to deliver the films, claiming ownership based on trade usage. *See* Defendant’s Affidavit in Opposition to Motion for Summary Judgment at 2, *Teaching Concepts* (citing *National Association of Printers and Lithographers (NAPL)*, *Trade Customs of the Printing and Lithographic Industries* \(\S\) 6 (1975), *reprinted in* C. Alessandrini, *Agreements Between Printers and Customers*, inside back cover (1980) (an NAPL publication)). The NAPL’s position is that “[a]rt work, type, plates, negatives, positives and other items when supplied by the printer shall remain his exclusive property unless otherwise agreed in writing.” *National Association of Printers and Lithographers*, *supra*, at \(\S\) 6.


deprive the purchaser of his bargain and give the artist a
windfall.\textsuperscript{30}

In addition, Judge Friendly looked to the intention of the parties at
the time of contracting. He reasoned that such a conclusion was in
accord with what the parties had “contemplated . . . or at least
what they probably would have contemplated if they had thought
about it.”\textsuperscript{31} Applying the foregoing rationale, it may be presumed
that, had the parties negotiated lithographic film ownership at the
time of contracting, the customer would have bargained for and ob-
tained such ownership in express contractual terms. The customer’s
interest in negotiating for such ownership would be heightened by
the knowledge that he would be bearing the cost of their
preparation.

The printer’s second argument also lacks merit. While the unex-
posed, unprepared lithographic films may be the property of the
printer at the outset, these films are irrevocably changed to conform
to the customer’s order. Such films cannot be restored to their pre-
use state and are of no significant value to the printer since the
printer may not use the films to reproduce the customer’s work with-
out the customer’s permission. Such unauthorized reproduction
would violate copyright law\textsuperscript{32} if the work was protected by copy-
right,\textsuperscript{33} or would almost certainly violate an implied contractual cov-
enant not to reproduce the customer’s work without his permission.\textsuperscript{34}

Thus, in a printing contract, the lithographic films are trans-
formed upon the customer’s order, and at the customer’s expense,
into an entirely new property, in which the printer by law has few, if
any, rights. Ownership of this new property need not be expressly
agreed upon for the customer to be deemed the owner. Rather,
through the incorporation of an implied provision in the contract, it

\begin{itemize}
  \item \textsuperscript{30} Id. at 502.
  \item \textsuperscript{31} Id.
  \item \textsuperscript{32} 17 U.S.C. § 106 (1982) provides that the copyright owner has, inter alia, the exclu-
                 sive right to reproduce the copyrighted work.
  \item \textsuperscript{33} “Copyright protection subsists . . . in original works of authorship fixed in any tan-
  \item \textsuperscript{34} Cf. Corliss v. E.W. Walker Co., 64 F. 280 (C.C.D. Mass. 1894) (recognizing an
                 implied covenant not to make unauthorized copies of a photograph from the negative without
                 customer’s authorization, but holding on the facts that customer had waived his claim by per-
                 mitting many unauthorized copies to be produced and distributed without objection); Moore v.
                 Rugg, 44 Minn. 28, 46 N.W. 141 (1890) (contract between photographer and sitter included,
                 by implication, the photographer’s agreement not to use the negative without the sitter’s
                 authorization).
\end{itemize}
is equitable and entirely proper that the customer be granted full ownership of the lithographic films. Such incorporation would comport with analogous case law.

The printer's third argument, based on trade usage, merits some examination. The final part of this note analyzes the elements required of a legally recognizable trade usage. It demonstrates that the usage relied upon by printers fails to satisfy these legal requirements and is, therefore, inoperative. This note concludes that a presumption of lithographic film ownership should be indulged in favor of the customer, at whose instance and expense it was produced. Such a presumption, however, is rebuttable. The parties may expressly agree to the contrary, or contravention may be effected where both parties have knowledge, in fact, of a practice to the contrary and have indicated their acquiescence thereto.

II. COPYRIGHT AND COMMISSIONED WORKS

A commissioned work is a work produced by one party pursuant to a special order of another.\textsuperscript{35} When the product is original and set in a tangible medium, it is copyrightable.\textsuperscript{36} The owner of the copyright has the exclusive right to control the work's reproduction.\textsuperscript{37} If a copyrightable commissioned work is produced, and there is no express agreement as to copyright ownership, the determination of who is entitled to control the work’s reproduction may be of great significance. Disputes over copyright ownership in such situations have been resolved by the courts, and the principles of law which have evolved are discussed herein.

In resolving copyright ownership questions, courts have looked to the relationship between the commissioner and the commissionee. This part of the note delineates the factors which have persuaded the courts to confer ownership upon the commissioner, and suggests that the printer-customer relationship is characterized by the same attributes. It is, therefore, proper to apply these principles to the question at hand, and to conclude that the customer is the rightful owner of the lithographic films.

The analysis begins by identifying the relationship between the parties involved. When one party produces a work upon the special order of another, the relationship between the parties may fall into

\begin{footnotes}
\footnote{35. See Cambridge Research Institute, Omnibus Copyright Revision 101 (1973); 1 M. Nimmer, Nimmer on Copyright § 5.03 [8][2][d] (1981).}
\footnote{36. 17 U.S.C. § 102(a) (1982).}
\footnote{37. See 17 U.S.C. § 106 (1982).}
\end{footnotes}
one of two basic categories. The first, the traditional employer-employee relationship, is generally characterized by a high degree of control exercised by the employer over the details of the work performed by the employee.\textsuperscript{38} The second, the commissioner-commissionee relationship, is characterized by the same basic attributes as the employer-employee relationship except that the degree of control exercised by the commissioner over the details of the work performed by the commissionee is significantly less.\textsuperscript{39} A commissioned work, for example, may be executed by an independent contractor.\textsuperscript{40} In the following discussion, therefore, a commissionee is distinguished from an employee, and the works produced from each relationship will be examined separately.

A. "Works Made for Hire" Doctrine

If a work is produced by an employee, within the scope of his employment, such a work is classified as a "work made for hire"\textsuperscript{41} by the Copyright Act of 1976 ("1976 Act").\textsuperscript{42} The 1976 Act confers copyright ownership upon the employer in the case of a work made for hire.\textsuperscript{43} The 1976 Act does not, however, define the terms "employee" or "scope of employment,"\textsuperscript{44} and Congress probably intended that the traditional doctrines of agency law be applied.\textsuperscript{45} The application of these doctrines to copyright law prior to 1976 is, therefore, necessary to a meaningful interpretation of the 1976 Act.

The Copyright Act of 1909 ("1909 Act"),\textsuperscript{46} predecessor to the

\textsuperscript{38} See, e.g., Scherr v. Universal Match Corp., 417 F.2d 497, 500 (2d Cir. 1969), cert. denied, 397 U.S. 936 (1970). Other significant factors include considerations indicating at whose instance and expense the work was created, and who provided the facilities and means to produce the work. \textit{Id.} at 500-01. See generally 1 M. Nimmer, supra note 35, § 5.03[B][1][a] (discussion of employment as applied to copyright law).

\textsuperscript{39} See, e.g., Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298 (9th Cir. 1965) (commercial artist commissioned by retailer to prepare illustrations for catalogue); Yardley v. Houghton Mifflin Co., 108 F.2d 28 (2d Cir. 1939), cert. denied, 309 U.S. 686 (1940) (artist commissioned to render painting); Dielman v. White, 102 F. 892 (C.C.D. Mass. 1900) (artist hired to design and produce mosaic panels).

\textsuperscript{40} See Brattleboro Publishing Co. v. Winmill Publishing Co., 369 F.2d 565, 568 (2d Cir. 1966).

\textsuperscript{41} 17 U.S.C. § 101 (1982).

\textsuperscript{42} 17 U.S.C. §§ 101-810 (1982).

\textsuperscript{43} In the case of a work made for hire, the employer, or the person for whom the work was produced is, for the purposes of copyright, the author of the work. 17 U.S.C. § 201(b) (1982). The author of a copyrightable work is entitled to copyright protection under the 1976 Act. \textit{Id.} § 201(a).

\textsuperscript{44} 1 M. Nimmer, supra note 35, § 5.03[B][1].

\textsuperscript{45} \textit{Id.}

\textsuperscript{46} Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075 \textit{amended by} 17 U.S.C. §§ 101-810
1976 Act, provided that the employer, in the case of a work made for hire was the owner of the resulting copyright.\textsuperscript{47} The 1909 Act also failed to define "employee" or "scope of employment." However, under the 1909 Act, as amended, the courts were often called upon to resolve copyright ownership disputes whose resolutions required the interpretation and application of these terms.\textsuperscript{48}

The works made for hire doctrine, enunciated by the 1909 Act, was actually the embodiment of prior case law.\textsuperscript{49} Both statute and case law reflected the fundamental principles of master-servant law, under which the acts of the servant, while pursuing the master's business, are imputed to the master. The acts of the employee who produces a copyrightable work pursuant to his employer's order are likewise imputed to the employer.\textsuperscript{50} The employer, therefore, is considered the author of such a work for the purposes of copyright.

While factors, such as compensation and supervision, are to be considered in determining the existence of an employer-employee relationship, they are not necessarily decisive.\textsuperscript{51} The two most important issues are whether the putative employer: (1) possessed the ultimate right to accept or reject the work, and (2) was the motivating factor behind the creation or production of the work.\textsuperscript{52}

The application of these principles is exemplified by the decision in \textit{Murray v. Gelderman}.\textsuperscript{53} The plaintiff, Murray, compiled a book of recipes from famous New Orleans restaurants. The concept had


\textsuperscript{48} See, e.g., \textit{Murray v. Gelderman}, 566 F.2d 1307 (5th Cir. 1978); \textit{Scherr v. Universal Match Corp.}, 417 F.2d 497 (2d Cir. 1969), \textit{cert. denied}, 397 U.S. 936 (1970). When the work was not produced by an employee, or was produced by an employee outside the scope of his or her employment, the party actually producing the work was considered the author of the work. See \textit{Siegel v. National Periodicals}, 508 F.2d 909 (2d Cir. 1974); \textit{Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.}, 115 F. Supp. 754 (S.D.N.Y. 1953), \textit{rev'd on other grounds}, 223 F.2d 252 (2d Cir. 1955).

\textsuperscript{49} See, e.g., \textit{Bleistein v. Donaldson Lithographing Co.}, 188 U.S. 239, 248 (1903); \textit{Colliery Engineer Co. v. United Correspondence Schools Co.}, 94 F. 152 (C.C.S.D.N.Y. 1899).

\textsuperscript{50} \textit{Cambridge Research Institute, supra} note 35, at 102.


\textsuperscript{53} 566 F.2d 1307 (5th Cir. 1978) (applying 1909 Act).
been originated by one of the defendants, and Murray had agreed to write the book only if she were given complete editorial control over its content. The defendants agreed. Although it was intended that Murray would be compensated for her work, and while she was reimbursed for her out of pocket expenses, she received no periodic salary.

The critical issue before the court was defining the relationship between Murray and the defendants. Murray argued that since she was granted complete editorial discretion, the defendants did not have the supervisory control required to establish an employer-employee relationship. She noted that “an employer is entitled to the copyright only when the work was created by the employee within the scope of his employment.” In concluding that there was, in fact and law, such a relationship, the court stated that the determinative factor “appears to be whether the work was created at the employer's insistence and expense, or, in other words, whether the motivating factor in producing the work was the employer who induced its creation.” The fact that the writer had been granted substantial creative latitude did not, in itself, destroy the employer's right of proprietorship in the copyright. The court held that the defendants were entitled to the copyright.

In deciding whether an employment relationship existed in works made for hire cases, the courts have considered factors such as the motivating force behind the work's creation, compensation, supervision, and ultimate control over the final product. With the exception of close supervision, the customer-printer relationship is characterized by these same attributes. However, as seen in Murray, and Picture Music Inc. v. Bourne, Inc., supervision is not essential in establishing an employer-employee relationship.

Analyzed under the works made for hire doctrine, it would appear that the customer should own the lithographic films. However, the copyright in a work made for hire, as a result of the master-

54. Id. at 1309.
55. Id. at 1310.
56. Id.
57. Id. at 1310-11.
58. Id. at 1309-10.
59. Id. at 1310.
60. Id. at 1310-11.
61. 566 F.2d 1307 (5th Cir. 1978).
62. 457 F.2d 1213 (2d Cir.), cert. denied, 409 U.S. 997 (1972). For a discussion of this case, see infra notes 76-79 and accompanying text.
servant relationship, is within the ambit of copyright statutes. As such, it may be distinguished in some degree, from the preparation of lithographic films. Lithographic film ownership is not determined by statute, and the customer-printer relationship is not that of master-servant. More closely analogous is the situation where the copyright in the work in question was produced as a result of a special commission. Works prepared by a special commission are not performed within the scope of traditional master-servant employment. In such situations, the courts were left without statutory guidance. For this reason and because the relationship of customer-printer more closely resembles that of commissioner-commissionee, the manner in which the courts have resolved disputes involving commissioned works is highly relevant to the issue of lithographic film ownership.

B. Commissioned Works

The courts have treated commissioned works in the same manner as works made for hire. In doing so, the courts have typically

63. The cases discussed in this section were decided under the 1909 Act, as amended, which did not expressly provide for the disposition of copyright in commissioned works. The 1976 Act, which amended the 1909 Act, in its entirety, enumerates several categories of works previously considered commissioned works by the courts which may qualify for status as works made for hire, see 17 U.S.C. § 101 (1982) (definition of “work made for hire”). These categories, therefore, may be subject to the special consequences resulting from such designation. These consequences may affect the author's domicile, renewal rights, and the termination of grants by operation of law. For the significance of a work being made for hire, see 1 M. Nimmer, supra note 35, § 5.03[A].


In any event, the approach taken by the courts in the absence of statutory guidance is sound, and applicable to the issue of lithographic film ownership. The statutory construction issue is beyond the scope of this note, and will not be addressed.

64. See Brattleboro Publishing Co. v. Winmill Publishing Co., 369 F.2d 565 (2d Cir. 1966). Courts have frequently confused the concepts of works made for hire and commissioned works. See, e.g., Picture Music, Inc. v. Bourne, 457 F.2d 1213 (2d Cir.), cert. denied, 409 U.S.
used the terms "employer" and "commissioner" interchangeably when dealing with commissioned works. One should be aware of the technical distinction between an employer in a work made for hire situation and an "employer" in the case of a commissioned work. In the former, the copyright was granted to the employer by statute, but in the latter, the copyright was judicially conferred.

Notwithstanding the technical difference between a work made for hire and a commissioned work, the result was the same: The party at whose request and expense the work was produced was held to own the copyright. For example, in *Dielman v. White*, a well-known artist was commissioned by the United States Government to create two mosaic panels for the Congressional Library Building in Washington, D.C. The design itself and the production of the panels was left to the direction of the artist. In holding that the commissioner, the United States Government, was the rightful owner of the copyright to this work, the court concluded that "the patron has a right to make and permit, to any extent, reproductions of the work of art sold to him," and that this result was clearly established unless the contract expressly provided to the contrary.

The fundamental principle enunciated in *Dielman* was reiterated in *Yardly v. Houghton Mifflin Co.*, where an artist executed a painting pursuant to a written contract which was silent concerning ownership of the copyright. In analyzing the respective rights of artist and patron, Judge Swan concluded:

If [an artist] is solicited by a patron to execute a commission for pay, the presumption should be indulged that the patron desires to control the publication of copies and the artist consents that he may, unless by the terms of the contract, express or implicit, the artist has reserved the copyright to himself.

---

997 (1972); Brattleboro Publishing Co. v. Winmill Publishing Co., 369 F.2d 565 (2d Cir. 1966); Bernstein v. Universal Pictures, Inc., 379 F. Supp. 933, 939 (S.D.N.Y. 1974), rev'd on other grounds, 517 F.2d 976 (2d Cir. 1975). While a commissionee may produce a work for a commissioner, the former is not necessarily the employee of the latter. In fact, while employment in the traditional master-servant sense is essential in a work made for hire situation under the 1909 Act, it is unnecessary in cases of commissioned works.

65. *See supra* notes 46 & 47.
66. *See infra* notes 67-79 and accompanying text.
68. *Id.*
69. *Id.* at 894.
70. *Id.*
71. 108 F.2d 28 (2d Cir. 1939), cert. denied, 309 U.S. 686 (1940).
72. *Id.* at 31.
Both Dielman and Yardly, therefore, stand for the proposition that in the absence of agreement to the contrary, the commissioner is presumptively the owner of the copyright in a commissioned work. Both cases reached this result without any analysis of employment factors.

In other cases, particularly those involving independent contractors, the courts have applied employment relationship principles. In Brattleboro Publishing Co. v. Winmill Publishing Co., a merchant contracted with a newspaper to prepare and publish an advertisement. The court held that the copyright was owned by the party at whose instance the work was produced, unless an express agreement to the contrary had been established. In reaching its decision that the merchant-commissioner was the rightful owner of the copyright, the court concluded that the principles underlying the "works made for hire" doctrine were applicable to independent contractors as well as employees.

Even where an independent contractor has contributed substantial creative input to a work, the commissioning party has traditionally been granted copyright ownership. For example, in Picture Music Inc. v. Bourne, Inc., a song writer had been engaged to help adapt a portion of the sound track from a successful motion picture to a format suitable for introduction to the pop music market. In the process, the writer rearranged the music and added lyrics of her own. Although she had made significant additions to the work as an independent contractor, the court noted that her commissioner had always maintained the right to direct and supervise the details of the work done, and had retained the ultimate right to accept, reject, or modify the final product. In holding that the commissioner was entitled to copyright ownership, the court concluded that the right to accept, reject, or modify the work was a critical factor in establishing the commissioner-commissionee relationship and that the subsequent copyright ownership should vest in the commissioner.

73. 369 F.2d 565 (2d Cir. 1966).
74. Id. at 567.
75. Id. at 568.
77. Id. at 1214.
78. Id. at 1216-17.
79. Id. at 1217.
C. Copyright Principles Applied to Lithographic Films

Thus, where a commissioner engages a commissionee, who could be an independent contractor, to produce a work at the commissioner's insistence, subject to the commissioner's acceptance, rejection or modification, and the work is copyrightable, it has been presumed that the commissioner will be the owner of the copyright, as well as the work itself. Just as an engagement to render a commissioned work results in the creation of a new property—the copyright—so the printing contract results in the creation of a new property—the lithographic films. When a customer commissions the printer to produce a quantity of printed sheets, and the printer must first prepare a set of lithographic films, the customer is the motivating force behind the creation of the films. Although the printer may be an independent contractor who controls the fine details of the work performed, it is the customer who ultimately exercises the right to accept, reject, or modify the films, and it is the customer who pays for their preparation.

These are the same factors that have convinced the courts, in the absence of contrary intent, to incorporate the implied provision of copyright ownership in commissioned works contracts. It is logical to apply the same principles to printing contracts, and to conclude, therefore, that the customer is entitled to ownership of the lithographic films produced pursuant to such contracts.

III. Copyright, Photography and Photographic Negatives

In resolving disputes over the copyrights in commissioned works,

80. The extent to which a customer may accept, modify or reject the actual films themselves may vary from case to case, and may be direct or indirect. For example, the customer may desire to preview the finished product before the job is printed, particularly where the films prepared are complex or the quantity of printed sheets is to be substantial. Since the films are used to produce the printing plates, which in turn form the actual printed image, if the films are not to the customer's liking the printed product will a fortiori fail to satisfy him. It is possible to see how the job will turn out before it is actually printed through the use of "proofs." For a discussion of color proofing, see Bruno, Color Proofing, in GRAPHIC ARTS MANUAL 365 (1980). After examining the proofs, the customer and printer are able to correct any mistakes or make any alterations desired by the customer. Through the proofing procedure, the customer directly exercises his right to accept, modify, or reject the films. The customer may also indirectly control the preparation of lithographic films by refusing to accept the finished product. The customer might do this where the printer failed to match colors as agreed or failed to meet other specifications. Because of the waste of resources possible in the latter practice, it is often desirable to preview the job through the mechanism of some form of proof.

81. See supra note 18.
the courts have looked to the relationship between the person ordering the work and the person actually producing it. Where a customer hires a photographer to take and print a photograph, the relationship between the parties closely resembles that of commissioner-commissionee. In photography cases, however, the courts have often characterized the customer-photographer relationship as one of employment. The term "employment" used in this context may be misleading. It does not indicate the traditional employer-employee relationship, but rather connotes a commissioner-commissionee relationship. The term "employment" in the following opinions is characterized by essentially the same factors discussed in the commissioned works cases: (1) the "employer," was the motivating force who initiated the production of the photograph; and (2) the "employer" paid for the photographic services. This distinction is emphasized to avoid confusion, and to demonstrate that the photograph itself is not a work made for hire because the photographer is not an employee of the customer in the traditional sense.

A. Copyright in Photographs

In resolving controversies over the copyrights in photographs, courts have applied the legal principles developed independently in the commissioned works area—with the same results. For example, in Press Pub. Co. v. Falk, a public figure had posed for a photographer, at the photographer's request. The court decided that the motivating force behind the creation of the photograph was the photographer, and that the picture had not been taken for the sitter. As a result, no "employment" relationship existed. The negatives and the copyright were held to belong to the party at whose instance and expense the picture was taken—in this case, the photographer.

Conversely, where a sitter engaged a photographer to produce a quantity of prints, the customer was determined to be the motivating force behind the production of the photograph. Accordingly, in

82. See, e.g., Lumiere v. Robertson-Cole Distrib. Corp. 280 F. 550, 552 (2d Cir.), cert. denied, 259 U.S. 533 (1922); White Studio, Inc. v. Dreyfoos, 156 A.D. 762, 763, 142 N.Y.S. 37, 38 (1st Dep't 1913).
83. See supra notes 42-63 and accompanying text.
84. Compare, e.g., cases cited supra note 82 (paying customer recognized as owner of copyright) with Yardley v. Houghton Mifflin Co., 108 F.2d 28 (2d Cir. 1939), cert. denied, 309 U.S. 686 (1940) (commissioner held owner of copyright).
85. 59 F. 324 (C.C.S.D.N.Y. 1894).
86. Id. at 326.
87. Id.
White v. Dreyfoos,\(^88\) the court held that the copyright belonged to
the customer, and the photographer was granted no proprietary
rights in the photographs.\(^89\)

The concept of "employment" in the context of photography en-
gagements is further explained in Altman v. New Haven Union Co.\(^90\)
The plaintiff had taken pictures of a high school class at his own
expense. It was agreed that he would charge a set amount for each
copy sold, but no minimum sales were guaranteed.\(^91\) The photogra-
pher assumed the risk of receiving no, or at least inadequate, com-
pensation for his services and expenses. The court held that no "em-
ployment" relationship existed, and therefore the copyright belonged
to the photographer.\(^92\) In Altman, the critical factor was that the
photographer was not to be paid for his services, nor was the cus-
tomer obligated in any way to defray his expenses. For that reason,
it could not be said that the customer had hired the photographer,
and the customer was unable to establish the necessary "employ-
ment" relationship to obtain copyright ownership.

It is well settled, therefore, that when a customer hires a pho-
tographer to take a picture, and the photographer is to be compen-
sated for his services, the customer is the rightful owner of the re-
sulting copyright in the absence of an agreement to the contrary.\(^93\)

B. Ownership of Photographic Negatives

The taking of a picture creates not only a copyright, but also
another property—the photographic negative. The production of the
photographic negative, which is needed to create prints, provides a
good analogy with lithographic film, which is needed to produce a
printed product.\(^94\) A body of clear decisional law resolving the analo-
gous issue of photographic negative ownership would have been

---

88. 156 A.D. 762, 142 N.Y.S. 37 (1st Dep't 1913).
89. Id. at 764, 142 N.Y.S. at 38.
90. 254 F. 113 (D. Conn. 1918).
91. Id. at 114.
92. See id. at 118.
93. See, e.g., Lumiere v. Robertson-Cole Distrib. Corp., 280 F. 550 (2d Cir.), cert. de-
nied, 259 U.S. 583 (1922) (company whose agent ordered a promotional photo taken and
printed was held to be owner of copyright); Avedon v. Exstein, 141 F. Supp. 278 (S.D.N.Y.
1956) (advertising agency which hired photographer held to own copyright to photo); White
Studios, Inc. v. Dreyfoos, 156 A.D. 762, 142 N.Y.S. 37 (1st Dep't 1913) (photographer re-
tained no proprietary rights in photograph taken at the instance and expense of sitter); Law-
rence v. Ylla, 184 Misc. 807, 55 N.Y.S.2d 343 (Sup. Ct. 1945) (owner of photographed dog
held to be copyright owner).
94. See infra note 125.
highly persuasive in resolving the lithographic film question. Unfortunately, there is a dearth of authority on point.\textsuperscript{95} Nevertheless, reasonable inferences may be drawn from several opinions to build a foundation for resolving the disposition of the photographic negatives. For example, cases which did not rely on copyright legislation have recognized that the customer was entitled to property rights beyond the prints themselves. The courts thus prohibited the unauthorized publication of photographic prints and the unauthorized use of the negatives by the photographer where an "employment" relationship had existed between customer and photographer.\textsuperscript{96}

The "employment" relationship, which gave rise to the presumption of copyright ownership in the party at whose instance and expense the photograph was taken, should also raise the same presumption with respect to ownership of the negative. However, if the customer had neither requested the production of, nor paid for the photographs, the photographer would be the proper owner of the negatives. Such an analysis was used by the court in \textit{Press Pub. Co. v. Falk},\textsuperscript{97} where a public figure had posed for a photographer at the photographer's request. The subject of the photograph received a quantity of prints at no charge, and apparently paid nothing to the photographer.\textsuperscript{88} The court observed that "the negative was not made \textit{for} [the customer],\textsuperscript{99} and therefore concluded that both "the negative, and the right to make photographs from it, belong to [the photographer].\textsuperscript{100} Since the court predicated its decision on the finding that the photographer had produced the photograph for himself,\textsuperscript{101} the implication is that when the photographer takes a picture for the customer, the negatives, as well as the copyright, belong to the customer. The dicta in \textit{Falk} directly supports this inference:

\begin{quote}
\textsuperscript{96} E.g., Corliss v. E.W. Walker Co., 64 F. 280 (C.C.D. Mass. 1894) (recognizing an implied covenant not to make unauthorized copies from a negative without customer's authorization, but holding on the facts that customer, as a public figure, had waived claim by permitting many unauthorized copies to be produced and distributed without objection); Moore v. Rugg, 44 Minn. 28, 46 N.W. 141 (1890) (contract between photographer and sitter included, by implication, photographer's agreement not to use negative without sitter's authorization); Pollard v. Photographic Co., 40 Ch. D. 345 (1888) (photographer obligated by implied contractual duty to maintain the confidence of his sitter and not reproduce her photograph without authorization).
\textsuperscript{97} 59 F. 324 (C.C.S.D.N.Y. 1894).
\textsuperscript{98} Id. at 326.
\textsuperscript{99} Id. (emphasis added).
\textsuperscript{100} Id.
\textsuperscript{101} Id.
\end{quote}
When a person has a negative taken and photographs made, for pay, in the usual course, the work is done for the person so procuring it to be done, and the negative, so far as it is a picture, or capable of producing pictures, of that person, and all photographs so made from it, belong to that person . . . 102

A direct holding on the issue of photographic negatives is found in *Colten v. Jacques Marchais, Inc.*,103 where a photographer had been engaged to photograph a large number of rare art objects. The customer claimed that there was an oral agreement that the negatives were to belong to him, but the photographer denied the existence of such an agreement.104 While the court was inclined to sustain the customer's allegations, it noted that the existence of this agreement was not necessary to the disposition of the case.105 The court stated: "It is settled law that the relationship between photographer and customer is that of employee and employer, respectively, and there exists a contract between them whereby the customer obtains all proprietary rights in the negative and in the photographs purchased by him."106 The *Colten* court then concluded that when a photograph is produced for the customer, that he, not the photographer, is entitled to "'all proprietary rights.'"107 The court determined that such rights include full ownership of the negatives.108

Although this reasoning appears to be sound, the court in *Hochstadter v. H. Tarr, Inc.*109 came to a different conclusion. In *Hochstadter*, a customer brought an action in replevin to recover five photographic negatives which were produced by the defendant-photographer at the direction and expense of the customer. Although the value of the negatives was minimal,110 the principle was of sufficient import to induce the Professional Photographers Club of New York, Inc. to enter the controversy as an *amicus curiae*.111 Appar-

---

102. *Id.* at 325.
103. 61 N.Y.S.2d 269 (N.Y. City Ct. 1946).
104. *Id.* at 270.
105. *Id.*
106. *Id.*
107. *Id.* at 271 (quoting White Studio, Inc. v. Dreyfoos, 156 A.D. 762, 763, 142 N.Y.S. 37, 38 (1st Dep't 1913)).
108. *See id.*
110. *Id.*
111. *Id.* Ownership of the negatives would give the photographer a significant degree of control in orders for prints and subsequent dealings with the customer. *See G. Chernoff & H. Sarbin, Photography and the Law* 59 (4th ed. 1971).
ently unaware of the *Colten v Jacques Marchais, Inc.* decision, which was decided one year earlier, the court noted that there was no authority directly on point, and stated: "There is nothing inconsistent with proprietary rights in the customer and the holding that custody of the plates should remain with the photographer." 

In its decision, the *Hochstadter* court relied, in part, on dicta in *Corliss v. E.W. Walker Co.* which stated that "[t]he negative may belong to the photographer, but the right to print additional copies is the right of the customer." The Court's reliance on this dicta, however, was misplaced. If the *Corliss* court had intended to state that the negative belonged to the photographer, the dicta would probably have read: The negative belongs to the photographer, but the right to make additional copies is the right of the customer. A more logical interpretation is that the *Corliss* court meant to indicate that the ownership of the negative was an open question, but the issue of who owned the right of reproduction was not. In fact, the dicta in *Corliss* was derived from *Pollard v. Photographic Co.*, an 1888 Chancery Division decision, which involved a photographer's unauthorized reproduction of his customer's uncopyrighted portrait. 

In the *Pollard* opinion, the court, after condemning the photographer's "gross breach of faith", alighted to an argument that the defendant may have made: "It may be said that in the present case the property in the glass negative is in the Defendant, and that he is only using his own property for a lawful purpose. But it is not a lawful purpose to employ it either in breach of faith, or in breach of contract." In fact, earlier in this opinion, Judge North had admitted, "I am not aware that any case has been decided as to the negative of a photograph . . . ." The *Pollard* court was not in any way implying that the negative belonged to the photographer.

*Hochstadter*, therefore, relied upon dicta which was taken out

112. 61 N.Y.S.2d 269 (N.Y. City Ct. 1946).
114. *Id*.
115. 64 F. 280 (C.C.D. Mass. 1894).
117. 40 Ch. D. 345 (1888).
118. *Id* at 347, 353.
119. *Id* at 351-52.
120. *Id* at 352 (emphasis added).
121. *Id* at 350.
of context and probably misinterpreted, while at the same time, made no reference to the contrary dicta in Press Pub. Co. v. Falk.\textsuperscript{122} The Hochstadter court's analysis, although flawed, reached a conclusion which is, nevertheless, consistent with case law in the copyright area and the dicta in Falk. The decisive factor in Hochstadter was the court's conclusion that the terms of the transaction were governed by a trade usage. Briefly, a trade usage is a uniform practice, followed in a given community or commercial trade, whose terms will govern a particular type of transaction unless an agreement is made to vary it.\textsuperscript{123} In Hochstadter, the usage upheld was a practice by which a photographer retained the ownership of the negatives unless there was an agreement to the contrary.\textsuperscript{124}

C. Ownership of Lithographic Films

A synthesis of the foregoing principles creates a presumption that the customer or "employer" is the owner of the photographic negatives. This presumption may be overcome by express agreement or by an operative (valid and legally applicable) usage whose force is the functional equivalent of an express agreement. Lithographic film preparation closely resembles the photographic process, and, in fact, utilizes many photographic techniques.\textsuperscript{125} Because of the similarities in the two processes, the principles which presumptively confer ownership of the photographic negatives upon the customer or "employer," rather than the photographer, provide a highly persuasive basis for analogizing this presumption to lithographic films. With only minimum extrapolation, it may be concluded that when a printer transfers the image of his customer's work onto lithographic film, it will be the customer, not the printer, who owns these films.

The relationship between customer and printer is the same as that between customer and photographer. It is the customer who is the motivating force behind the production of the lithographic films, and it is the customer who ultimately pays for their preparation in the cost of the printing job. Accordingly, the customer is entitled to

\textsuperscript{122} 59 F. 324 (C.C.S.D.N.Y. 1894).

\textsuperscript{123} While the Hochstadter Court used the term "custom" in its opinion, it should have used the term "usage." For the distinction between custom and usage see infra notes 138-43, 149-50 and accompanying text.

\textsuperscript{124} Hochstadter, 188 Misc. at 562, 68 N.Y.S.2d at 762-63.

\textsuperscript{125} Lithographic films, like photographic films, are light sensitive and images are produced by exposing the film to light. Both types of films are developed by similar chemical processes. In fact, lithographic film preparation, where cameras are used, is essentially a form of photography. See V. Strauss, supra note 1, at 169-98.
ownership of the lithographic films in the absence of an implied or express agreement to the contrary.

This principle of law was applied by the court in *Universal Map Co. v. Lutz & Sheinkman*, which decided a controversy between a printer and his customer involving ownership of lithographic plates. In *Universal Map*, the printer had produced lithographic plates at his own expense, without charge to the customer, and with the express agreement that they were to be the property of the printer. Several additional plates, however, were produced, whose ownership was not provided for in any agreement. The printer offered evidence of a trade usage to show that in the absence of a written agreement to the contrary, the printer customarily owned the plates. The proof was uncontested, and accepted as fact by the court. Accordingly, the court held that the plates not covered by the agreement were the property of the printer. This conclusion might well have reflected the expectation of the parties, and was consistent with the prior course of dealing. The fact that the plaintiff did not challenge the validity of the usage, or deny knowledge of it, would also support that conclusion.

*Hochstadter v. H. Tarr, Inc.* and *Universal Map Co. v. Lutz & Sheinkman* do not radically depart from the rationale that underlies the copyright and photographic negative decisions. Rather, when read together and harmonized, a sound rule of law emerges: When a customer hires a printer to produce a printed product, there arises a rebuttable presumption that the customer is the owner of the lithographic film. This presumption may be rebutted by express agreement, or by an interpretation of the contract incorporating an operative trade usage which is consistent with the intentions of the

126. 194 Misc. 938, 86 N.Y.S.2d 795 (N.Y. City Ct. 1949).
127. For an explanation of the difference between plates and films, see V. Straus, supra note 1, at 169-274.
129. *Id.*
130. Id. at 942, 86 N.Y.S.2d at 799.
131. *Id.* While the *Universal Map* court used the term "custom," it should have used the term "usage." For the distinction between custom and usage, see *infra* notes 138-43, 149-50 and accompanying text.
132. *Id.*
133. *Id.*
136. See supra notes 82-124 and accompanying text.
137. See infra notes 150-56 and accompanying text.
parties. The final question, therefore, is whether the trade usage asserted by the printers is worthy of legal recognition.

IV. Trade Usage

While the terms "custom" and "usage" are frequently used interchangeably, they are not technically synonymous. A custom is a common practice which, by its universal observance over an extended period of time, has become a part of the common law. As such, it is accorded legal recognition by judicial notice.

A usage, on the other hand, may be defined as a uniform, habitual practice in a particular place, or with regard to a given type of transaction, which may be limited to a specific geographic location or to a single trade. It does not, therefore, enjoy the widespread notoriety of a custom, and will not be recognized by judicial notice. Rather, a usage must be proven as a matter of fact.

A usage has also been defined as a reasonable and lawful public practice existing at a place where the obligation is to be performed, and which is either known to the parties, or is of such notoriety and uniformity that the parties may fairly be presumed to have acted in reference thereto. A usage is applied to give meaning to a contract on the assumption that it accurately reflects the intentions of the parties. In effect, then, a usage does no more than create a presumption that the parties to a transaction acted in accordance with


139. See Eames v. H.B. Claflin Co., 239 F. 631, 634 (2d Cir. 1917); Walls v. Bailey, 49 N.Y. 464, 471-72 (1872); American Lead Pencil Co. v. Nashville, C. & St. L. Ry., 124 Tenn. 57, 64, 134 S.W. 613, 615 (1911).


144. Tong v. Borstad, 231 N.W.2d 795, 799 (N.D. 1975) (citing N.D. CENT. CODE § 1-01-31 (1975)).

the terms of the practice. In contractual interpretation, usages have been applied to supply missing terms,\(^{146}\) clarify ambiguities,\(^{147}\) or even interpret words in a manner different from their everyday meanings.\(^{148}\)

Another distinction between custom and usage is that a custom commands compulsory adherence, because it has the force and effect of law,\(^{149}\) while a usage may be varied by mutual agreement.\(^{150}\) The application of usages in contractual construction is limited in that a usage cannot displace or controvert either express terms of a contract,\(^{151}\) or what is sometimes called "settled law."\(^{152}\)

The practice whereby a printer claims to retain ownership of lithographic films is not of such widespread notoriety and universality that all persons, including those outside of the trade, could reasonably be charged with its knowledge. Furthermore, the practice itself is not compulsory, but consensual.\(^{153}\) It is not, therefore, a custom, and for the purposes of this note, the practice will be examined in terms of usage.\(^{154}\)

\(^{146}\) Dixon v. Dunham, 14 Ill. 324, 326 (1853); see also Restatement (Second) of Contracts § 221 (1979) ("Usage Supplementary on Agreement"). See generally J.H.B. Browne, supra note 140, § 115 ("Addition of Term by Usage"); J.D. Lawson, supra note 140, § 183 ("Usage admissible to add unexpressed Terms to written Contracts").


\(^{148}\) See Chateaugay Ore & Iron Co. v. Blake, 144 U.S. 476, 486 (1892) (court found that "day" meant two ten-hour shifts as determined by trade usage).


\(^{150}\) See Restatement (Second) of Contracts § 221 comment d. (1979); U.C.C. § 1-205(4), 1 U.L.A. 84 (1976).

\(^{151}\) See U.C.C. § 1-205(4), 1 U.L.A. 84 (1976); Jones v. Chaney & James Constr. Co., 399 F.2d 84, 87 (5th Cir. 1968); American Lead Pencil Co. v. Nashville, C. & St. L. Ry., 124 Tenn. 57, 64, 134 S.W. 613, 615 (1911).

\(^{152}\) See, e.g., Avedon v. Exstein, 141 F. Supp. 278, 280 (S.D.N.Y. 1956) quoting Colten v. Jacques Marchais, Inc., 61 N.Y.S.2d 269, 271 (N.Y. City Ct. 1946). Although there is not an all inclusive definition of "settled law," for the purposes of this note, that term will describe a rule of law which may not be superceded or varied by contractual agreement, or by usage.

\(^{153}\) The practice, as applied by the printing trade, is neither compulsory nor unalterable. See Trade Customs of the Printing and Lithographic Industries, adopted by the NAPL, 1937, as amended, reprinted in C. Alessandrini, supra note 27, inside back cover (1980) ("Art work, type, plates, negatives, positives and other items when supplied by the printer shall remain his exclusive property unless otherwise agreed in writing.") (emphasis added).

\(^{154}\) It is demonstrated herein that the printers' purported practice is not a valid usage. A practice which cannot satisfy the lesser requirements of a usage cannot be considered a custom either. See, e.g., American Lead Pencil Co. v. Nashville, C. & St. L. Ry., 124 Tenn.
The rule of law as discussed in the first two parts of this note is that the copyright in a commissioned work of art or photograph belongs to the party at whose instance and expense the work was produced. The rule, however, is not "settled law" and may, therefore, be modified or contradicted by mutual agreement. The same principles should be applied to ownership of photographic and lithographic films. The threshold presumption of ownership of such films should be rebuttable by either express agreement or by a legally recognized trade usage. However, before applying any usage, it must be determined that the usage itself is valid and applicable to the parties and transactions in question, and is, therefore, "operative." In order to make such a determination, the practice claimed to be a usage must satisfy certain legal requirements.

A. Operative Usage

The elements required for an operative usage are: (1) uniformity and continuity of application; (2) notoriety; (3) peaceful acquiescence; and (4) reasonableness. Once a usage is deemed operative, it will be presumed that the usage governs the action of the parties within its scope, and that all such parties act in accordance with its terms. The foregoing elements, therefore, ensure that it will be equitable to impute constructive notice of the usage to a person who does not have actual knowledge. This note shows that the practice through which printers may claim ownership of lithographic films does not satisfy the prerequisites required of an operative trade usage.

1. Uniformity and Continuity of Application.—To be a valid usage, a given practice must be continuously and uniformly followed. Since an operative usage will govern the terms of a con-

57, 64, 134 S.W. 613, 615 (1911).
155. See 70 Harv. L. Rev. 555 (1957).
156. See supra notes 125-137 and accompanying text.
tract unless otherwise specified, it would be manifestly unfair to presume that parties have contracted in accordance with any given practice when that practice is only sporadically followed, or when its terms may vary. A valid usage must, therefore, be arduously practiced. Consistent and compulsory compliance is an indispensable prerequisite.

This fact is recognized by the National Association of Printers and Lithographers (NAPL). The NAPL suggests provisions for printing contracts and attempts to set forth various trade usages. It states: “[P]rinters and lithographers must be aware that the wide utilization of terms and conditions substantially at variance with a trade custom will more than any other measure weaken that trade custom. In fact, they can alter or nullify the custom.” The NAPL, in its effort to establish and maintain practices which are highly favorable to printers, urges its members to assiduously follow its guidelines. The very fact that it is necessary to urge continuity and uniformity in practice admits, at the least, a possibility that printers will not always assert, fully comply with, or feel compelled to follow any or all of the suggested practices.

Even occasional non-compliance with or variation of the terms of any given practice might result in its failure to satisfy the continuity and uniformity requirements, and thus prevent its legal recognition as an operative usage. It is doubtful that the printers’ alleged practice of retaining lithographic films in the absence of an express agreement to the contrary is uniformly and continuously followed. This note, however, does not seek to document the fre-
quency with which acts of non-compliance or variation occur because the alleged practice fails to satisfy the remaining three prerequisites for an operative trade usage.

2. Notoriety.—To be valid, a usage must be of such widespread notoriety that it would be fair to expect all those affected by it to know of its existence. Once operative, a usage will bind those who should have known of its terms, even where no actual knowledge exists. Some cases have held that it is the duty of any person transacting business in an industry or trade to familiarize himself with its usages. The Supreme Court, in *Chateaugay Ore and Iron Co. v. Blake*, noted that a widely prevailing, generally recognized practice would justify a presumption of knowledge, and that proof of knowledge in fact was not required. However, the Court determined that a local practice, which did not enjoy widespread notoriety, would not be operative without the cognizance of all parties concerned. Furthermore, when the notoriety of a practice is dubious, courts have shown reluctance to presume knowledge which has not...
been proven in fact.171 Similarly, any doubt as to the notoriety of the printers' practice should be resolved in favor of the customer.

3. Peaceful Acquiescence.—To be valid, a usage must be tacitly accepted by all classes affected by it.172 Consequently, if a practice is a source of frequent disputes and the parties compromise only to avoid costly litigation,173 or the customer submits to the usage only to avoid a detrimental interruption of business,174 the courts will not recognize its validity. Many sophisticated purchasers of printing typically avoid future controversies by stipulating in their printing orders that they will own all films produced for or in conjunction with their orders.175 While the printers might argue that this type of

171. See, e.g., Irwin v. Williar, 110 U.S. (1 Dall.) 499, 516 (1884) (usage of agent-brokers in Baltimore grain exchange not binding on principal without actual knowledge); Flower City Painting Contractors, Inc. v. Gumina Constr. Co., 591 F.2d 162, 165 (2d Cir. 1979) (neophyte painting contractor not bound by usage of his own trade without actual knowledge or reason to know); Peiser v. Mettler, 50 Cal. 2d 594, 608, 328 P.2d 953, 961 (1958) (usage to the effect that farm lessees could remove various items from the leased property held not binding on lessor who was not a farmer); Wooley v. Schilder, 161 Cal. App. 2d 683, 686-87, 327 P.2d 198, 201 (1958) (truckers not bound by usage of automobile dealers without actual knowledge); Katz v. Brooks, 65 Ill. App. 2d 155, 159-60, 212 N.E.2d 508, 510-11 (1965) (vendor of real property not bound by usage of real estate brokers affecting net sale price without actual knowledge of practice); Frankel v. Pitlor, 166 Neb. 219, 224, 88 N.W.2d 770, 774 (1958) (plumber not bound by usage of real estate brokers without actual knowledge); Walls v. Bailey, 49 N.Y. 464, 473-77 (1872) (trucker not bound by usage of automobile dealers without actual knowledge). 172. See Dixon v. Dunham, 14 Ill. 324, 328 (1853); J.D. LAWSON, supra note 140, § 31 (citing Dixon) (“A valid usage . . . should receive at least the tacit acquiescence of all classes engaged in the trade which it is sought to affect and control.”); cf. J.H.B. BROWNE, supra note 140, § 20 (“A custom must have been . . . acquiesced in to be valid.” (emphasis omitted)). 173. See Dixon v. Dunham, 14 Ill. 324, 327-28 (1853). 174. Oppenheimer Bros., Inc. v. Joyce & Co., 20 Ill. App. 2d 34, 154 N.E.2d 856 (1958) (usage not valid where insurance brokers, in order to maintain dealings with Lloyd's of London, were responsible to Lloyd's for all premiums, whether or not collected, because submission to such a practice was effected only by a desire to avoid disruption of advantageous business associations and, therefore, did not satisfy the peaceful acquiescence element). 175. For example, Carl Fischer, Inc., a publisher, included the following stipulation in a purchase order to a printer: “All mechanicals, art work, plates, dies and any additional tool work paid for by Carl Fischer and/or created as a result of this purchase order is the property of Carl Fischer, Inc. and shall be returned to Carl Fischer, Inc. upon request.” Purchase order from Carl Fischer, Inc. to Teaching Concepts, Inc. (July 25, 1980) (copy on file in office of Hofstra Law Review). Another publisher, Teaching Concepts, Inc., in its standard purchase orders, makes the following stipulation:

All plates, dies, films, negatives, positives, internegatives, working flats, molds, and all other materials which are produced specifically for the work described on the front of this Purchase Order, whether furnished by TCI or by the Supplier, will be the sole property of TCI and will be returned to TCI upon completion of the order, or promptly upon request by TCI.
provision supports, by implication, the existence of the usage, such provisions actually demonstrate that knowledgeable customers refuse to accept this practice, and make the required stipulations in order to avoid prospective disputes. There can be no peaceful acquiescence when a practice is widely avoided, as is the case with the printers' purported usage.

4. *Reasonableness.*—An unreasonable practice will not be given legal recognition as a valid usage.\(^{176}\) Although no litmus test has been established to determine reasonableness, the courts and writers have taken a number of different approaches. For example, J.H.B. Browne, in his treatise on custom and usage, has suggested that a practice would be unreasonable if injurious to the public.\(^{177}\) On the other hand, courts have held that if a practice is, on the whole, beneficial to the public and to all the classes directly involved, it is reasonable.\(^{178}\) The common sense notion of "fairness" has also been used.\(^{179}\)

The practice whereby the printer retains ownership of lithographic films fails to meet any of these tests. First, the practice is injurious not only to the customer, but also to the public. The customer is usually not the end user of the printed material. Rather,

---

\(^{176}\) See Paxton v. Courtnay, 2 Fost. & Fin. 131 (C.P. London Sittings, 1860), reprinted in J.D. Lawson, *supra* note 140, at 11-12; cf. J.H.B. Browne, *supra* note 140, §§ 21-23 (discussing reasonableness of customs); J.D. Lawson, *supra* note 140, § 32 ("A Custom must be reasonable.")


\(^{178}\) See, e.g., Steamboat New World v. King, 57 U.S. 469, 472-73 (1853) (usage whereby steamboats carried employees free of charge did not result in gratuitous carriage because benefits accrued to both of the classes involved, employer and employee); see also 21A Am. Jur. 2d *Customs and Usages* § 10, at 729 (1981) (the considerations of "benefit to the parties in interest," "benefit of the general public," and "for the benefit of the trade generally [rather than for] a particular class of individuals" are important to a determination of the reasonableness of customs and usages).

\(^{179}\) See, e.g., Bliven v. New England Screw Co., 64 U.S. (23 How.) 420 (1859) (Court upheld a usage where a sole manufacturer of a given product had unilaterally decided to allocate its production, pro rata, to its customers in time of short supply as opposed to using a first-come, first-served approach, because it was eminently fair); Metcalf v. Weld, 80 Mass. (14 Gray) 210, 213 (1859) (court held that a practice which bound seamen to accept a given innkeeper as trustee for their advanced wages, and where said trustees were selected by the employers' agents, was unreasonable because it unfairly restricted the manner in which the seamen could spend their money and was an invitation to abuse); Macy v. Whaling Ins. Co., 50 Mass. (9 Met.) 354, 362-63 (1845) (the court stated that usages are "the results of the sound common sense of practical minds engaged in the same business; each party, whether buyer or seller, giver or receiver, having his own, as well as the common advantage in view").
lithographed sheets typically become part of a book, product packaging, or a component of some finished product. In such instances, the products are purchased by the public. Any additional costs incurred as a result of the usage will ultimately be passed along to the public in the form of higher prices.

If the original printer were allowed to retain the film, and the customer wanted to reorder copies of the original work, the printer could charge prices higher than his competitors because he would not have to incur the costs of recreating the films. As long as the original printer’s prices remained below those of his competitors, whose prices would have to include the cost of recreating the film, it would be economically feasible for the customer to reorder from the original printer at the inflated price. In such a situation, the customer would be forced to choose between paying more for printing services and paying more to recreate the films. In either case, the additional costs would be unnecessary, unproductive, and amount to a waste of resources which ultimately results in higher prices. A usage that causes both higher prices and waste of resources cannot be justified without a commensurate benefit. There is, however, no benefit whatsoever to the public or to the customer to offset the injury, and, therefore, the usage should not be recognized.

Second, the practice does not benefit all classes affected. In fact, the customer, the public and the printing trade in general do not benefit from the claimed practice. The only party deriving a benefit from the usage is the individual printer who originally procured the business. He will have a competitive edge on future orders over other members of his own trade. If permitted, such a practice would hamper free competition and result in greater profits to the individual printer at the expense of the customer and the public. The practice is totally self-serving and should not be granted legal recognition.

Third, such a practice is manifestly unfair. The effect of its application in many cases would be to virtually compel the customer to continue to purchase his printing from a given printer. A usage which gives one class such control over another’s ability to freely

180. See, e.g., Dixon v. Dunham, 14 Ill. 324 (1853), wherein the court stated: Customs are instituted and admitted to promote the interests and convenience of trade under the supposition that the slight inconvenience which one class suffers by reason of them, is more than counterbalanced by the benefits to another class, and that the inducements thus offered compensate the lesser loss by the reduced charges which are thereby induced.

Id. at 328.
engage in business and whose origin lies in the ignorance of the latter class, should not be incorporated into their contracts.  

B. Usages and the U.C.C.

The Uniform Commercial Code (U.C.C.) has taken a somewhat more liberal attitude toward usages. The U.C.C. reflects a desire "to permit the continued expansion of commercial practices through custom, usage and agreement of the parties." The U.C.C. states that a valid usage is a practice whose regularity of observance would justify the expectation that it will be followed in a given transaction. In general, the U.C.C. seeks to encourage new usages.

Even if the liberal standards of the Uniform Commercial Code are applied, the manner in which a printer-customer contract should be interpreted, when inclusion of a usage creates a construction which is contrary to a presumption established by law, depends on whether the customer had actual or constructive knowledge of the practice. When actual knowledge exists, a usage may rightfully be incorporated into the contract, as it reasonably reflects the intentions of the parties. In order to impute knowledge, however, any finding that the observance of a usage was within the expectation of the parties should be based on an analysis similar to that discussed earlier in this note. The easiest and most equitable manner of

181. Cf. Metcalf v. Weld, 80 Mass. (14 Gray) 210 (1859). We fear it would not be difficult to prove a custom . . . to subject [seamen] and [their] property to a kind and degree of control which has its origin only in their ignorance and vices; but these are not the customs which give an interpretation to their contracts. . . . [The custom in question] interferes with [the seaman's] right to the direct control and enjoyment of the fruits of his own labor.  
Id. at 213.


185. See supra notes 157-81 and accompanying text. The U.C.C. speaks to "regularity of observance" and "expectation" elements as prerequisites to the application of a trade usage to a given transaction. The regularity of observance element in the U.C.C. is very much the same as the uniformity and continuity requirements under the common law. Moreover, any determination under the U.C.C. that the parties to a contract implicitly incorporated the terms of a given practice into their contract requires essentially the same analysis as was made under the common law with respect to notoriety. Compare Flower City Painting Contractors, Inc. v. Gumina Constr. Co., 591 F.2d 162, 165 (2d Cir. 1979) (a neophyte painting contractor not bound by trade usage of own trade without actual knowledge thereof or without reason to know) with U.S. v. Haas and Haynie Corp., 577 F.2d 568, 573-74 (9th Cir. 1978) (applying U.C.C., newcomer in field of carpentry subcontracting not held to otherwise operative trade usage in government contracting field); Wooley v. Shilder, 161 Cal. App. 2d 683, 686-87, 327...
preventing unfair surprise to the customer would be to require knowledge in fact for this practice to be operative. Such a requirement would result in the printers' making full and fair disclosure of their claim of film ownership to the customer at the time of contracting. Full disclosure of all trade usages is urged by the NAPL.\textsuperscript{186} This disclosure would put the customer on notice of the practice, and would permit fair and open bargaining.\textsuperscript{187} Such disclosure should be a prerequisite to legal recognition of the printers' claim.

Our system of industry and commerce is based on free enterprise and free competition. Practices which restrict enterprise and business alternatives should be closely scrutinized in the public interest. The alleged usage of the printing trade discussed in this note is such a practice. The practice fails to satisfy the most fundamental requirements of an operative usage, and therefore, it should not be applied to any transaction unless both parties are aware of it and agree (implicitly or explicitly) to abide by its terms.

V. CONCLUSION

Courts have established that when an employer or patron commissions an artist or writer to render a work of art or literature, the employer or patron is presumed to be the owner of the copyright. Similarly, if a customer or sitter employs a photographer to take a photograph, the customer or sitter is presumed to be the owner of the copyright and the negative. Both presumptions may be varied by mutual agreement. It has been demonstrated that these cases are sufficiently analogous to justify the extension of their principles to the issues of lithographic film ownership.

When a customer contracts with a printer for the delivery of a printed product, the customer causes the production of lithographic

\textsuperscript{186} See Lamparter, Introduction to C. Alessandrini, Agreements Between Printers and Customers (1980).

\textsuperscript{187} Cf. American Lithographic Co. v. Commercial Casualty Ins. Co., 81 N.J.L. 271, 80 A. 25 (1911) (noting that if a customer is unversed in special meanings of terms used in a given trade, it is incumbent on the tradesman to inform the customer of the intended meaning of their terms).
films. Although the customer may not always bargain explicitly for their ownership, he is the motivating force behind their creation. He possesses the right to accept, reject, or modify them, and he pays for their preparation. Once prepared, the films are irrevocably tailored to the customer’s product. The printer cannot use these films for his own benefit, without the customer’s authorization. The lithographic films, therefore, are implicitly part of the printing contract, and should belong to the customer. The printer’s claims that the customer does not contract for the transfer of any property except for the finished product, and that the customer deserves no more than he bargains for, are both nugatory because the films are a real part of the bargain. The customer, albeit indirectly, orders the films to be prepared, and pays for them. His inherent property rights in the films are fully justified on an implied contractual basis.

While the presumptions thus established might have been rebutted by an operative trade usage, the practice claimed by the printers does not qualify for legal recognition. Therefore, when a printing contract results in the preparation of lithographic films and there is no explicit agreement to the contrary, the customer should be the rightful owner of that newly created property.

*Jeffrey D. Powell*