

b. What Is the “Scope of Employment”?

For a work to be a “work made for hire” under the first definition provided in §101, the work must also have been created within the employee’s “scope of employment.” We turn now to this second requirement.

≡≡≡ *Roeslin v. District of Columbia*
≡≡≡ 921 F. Supp. 793 (D.D.C. 1995)

GREENE, J.: In this action, plaintiff, an employee of the Department of Employment Services (“D.O.E.S.”) of the District of Columbia, claims copyright infringement against the District for its use and copying of a computer software program (the “DC-790” system) that plaintiff developed. The matter was tried, and it is now ripe for these findings of fact and conclusions of law.

Findings of Fact

D.O.E.S. is responsible for collecting and tabulating employment statistics for the District of Columbia and the D.C. metropolitan area. It collects the statistics by mailing the Current Employment Service (“CES”) survey to area employers, and tabulating their responses. . . .

Plaintiff was hired by D.O.E.S. in November, 1986 for the position of a Labor Economist for a four year term. . . . He received a salary from the District and full benefits. At the time plaintiff was hired, he had no computer programming skills, nor was his supervisor, Mr. Groner, aware of whether plaintiff had any computer programming skills.

As a Labor Economist, plaintiff was charged with three tasks: (1) to improve employer response rate to the CES survey; (2) to expand the CES sample size; and (3) to develop industry and occupational employment projections. His job description listed his duties as: (1) planning and carrying out projects for collecting detailed economic data; (2) evaluating and adapting necessary statistical methods for the preparation of data; (3) planning, organizing and operating programs (i.e. projects) for the collection, verification and presentation of data; (4) selecting the most appropriate statistical methods; (5) preparing estimates of employment and unemployment; and (6) preparing various reports and studies. He had discretion in determining how to carry out these duties.

When plaintiff began working at D.O.E.S., employees manually collected the information from returned CES surveys and recorded the information on office record cards. A data processing staff would enter this data into the mainframe system. The estimates derived from this data were computed manually with the aid of a computer. The District anticipated the future development of the Automated Current Employment Statistics (“ACES”) mainframe system.

Prior to developing the DC-790 system, plaintiff did use a computer to assist in the carrying out of his duties, although he did not do any computer programming. Plaintiff also assisted in the “automation” of the office, that is, in transferring some of the work that was done manually to already existing computer software applications. This task also did not involve any computer programming.

Plaintiff was motivated to create the DC-790 system in June 1988 when he attended a CES conference. Upon returning from the conference, plaintiff informed his supervisor, Mr. Groner, that he believed a personal computer (“PC”) based system could be created for the District’s CES surveys. Plaintiff testified that . . . Mr. Groner informed plaintiff that creation of a PC-based program was neither feasible nor desirable, and told plaintiff not to pursue the idea because he would be too busy with his other job duties, and because D.O.E.S. had already decided to eventually implement ACES, the mainframe system. Nonetheless, plaintiff informed Mr. Groner that he would create a PC-based system on his own time. Plaintiff testified that his motivation in creating the program was to prove that it could be done and to develop job opportunities for himself. Mr. Groner told the plaintiff that the program would be “in the public domain,” which plaintiff took to mean that the system would not be owned by anybody. Mr. Groner actually believed that the District would own the program; he testified that he thought that the phrase “in the public domain” meant that the District would own the program.

In August 1988, plaintiff purchased a personal computer with his own funds. In October 1988, he purchased software using his own funds. Plaintiff taught himself how to program computers using books that he purchased with his own funds. He spent approximately 3,000 hours creating the various modules necessary to complete the DC-790 program, and creating enhancements to the system. . . . Plaintiff did all of this work at home. He also tested each module at home, using hypothetical data. Nobody at D.O.E.S. directed plaintiff to create the DC-790 system, supervised his doing so, or assisted him in doing so. He was not offered compensation for the creation of the system.

After testing each module at home, plaintiff brought each module into work to test with actual data. Some of the testing and debugging of various modules was done during office hours. Once each module worked properly, plaintiff incorporated the modules into the PC system operating at D.O.E.S. Shortly after the DC-790 system became operational, D.O.E.S. personnel ceased using office record cards. Plaintiff also created an operating manual for the DC-790 system in May 1990 in response to a request by an employee of the [Federal Bureau of Labor Statistics (“BLS”)] Regional Office. Plaintiff received positive performance appraisals based, in part, on his development of the DC-790 system. Prior to April 1991, plaintiff attempted to promote the DC-790 system to BLS, and demonstrated the system to some of its personnel during office hours.

Throughout this period, according to plaintiff’s testimony, he relied on Mr. Groner’s statement to him that nobody would own the DC-790 system and that it would be in the public domain. Plaintiff stated that he first learned that the District asserted a proprietary interest in the program in April of 1991. At that time, he was provided with a copy of a letter from the District to the State of Maine, in which the District stated that it had a proprietary interest in the program. . . .

When plaintiff learned that the District claimed a proprietary interest in the DC-790 system, he confronted Mr. Groner. He told Mr. Groner that if anyone owned the system (rather than it being in the public domain), then he did, as the author of the program. Plaintiff and Mr. Groner met to discuss the issue, at which time plaintiff requested recognition by the District that he had independent ownership of the program, in exchange for which the District would be allowed free use and distribution of the software. He also requested a promotion.

In June of 1991, plaintiff placed a copyright notice on the initial screen of the DC-790 system. In June, through counsel, he notified the District’s Corporation Counsel and the Mayor’s office of his claim of copyright ownership. He also demanded that the District stop using the system. In December of that year, he filed for and received Copyright Registration No. TXu 514 262 for the DC-790 system. The District never filed an application to register a copyright for the system.

Despite plaintiff’s notice of copyright ownership, employees of the District continued using the system. Mr. Groner never instructed his employees to cease using the system.

Plaintiff also gave notice that he would make no further modifications to the program if these modifications required programming. From November of 1992 until June or July of 1993, plaintiff was temporarily reassigned to the District’s Office of Management, Information and Data Systems. During this time, plaintiff was working under a job description of computer programmer analyst. Plaintiff did not work on the DC-790 system while placed on this assignment. While the DC-790 system was rendered inoperable during this time period, due to an employee error, plaintiff was not asked to assist in correcting the problem.

In November of 1991, the District requested installation of the ACES system. The installation of this system was completed in January 1993. . . .

Conclusions of Law

I

The central issue in this case is whether plaintiff, as the author of the DC-790 system, or defendant, as plaintiff’s employer, is the owner of the copyright on the DC-790 system. . . . The copyright statute defines a work made for hire as “a work prepared by an employee within the scope of his or her employment.” *Id.* at §101. Because plaintiff has received a copyright registration for the DC-790 system, the presumption is that plaintiff

owns the copyright. 17 U.S.C. §410(c). The burden is thus on the defendant to establish that the system is a work made for hire.

The Supreme Court has held that to determine whether an individual was an employee, and whether he created a work within the scope of his employment, courts should look to the general common law of agency. *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 740 (1989). There is no dispute in this case that plaintiff was an employee of defendant. The question is whether he created the DC-790 system within the scope of his employment.

The Restatement (Second) of Agency, which the Supreme Court cited in *Reid*, states that:

- (1) Conduct of a servant is within the scope of employment if, but only if:
 - (a) it is within the kind he is employed to perform;
 - (b) it occurs substantially within the authorized time and space limits; [and]
 - (c) it is actuated, at least in part, by a purpose to serve the master.

Restatement at §228. . . .

A. With regard to the first prong, the Court finds that developing computer software is not the kind of work plaintiff was employed to perform. Plaintiff was hired as a labor economist, not as a computer programmer. There is no reference in his job description to computer programming; nor was his supervisor aware of whether plaintiff had any programming skills when he was hired. Plaintiff was hired to improve certain aspects of the CES survey and develop projections based on that survey. He was not hired to create a computer program that would assist the entire office and receive, process, and transmit the survey results.

Defendant makes much of the fact that plaintiff used computers at work, and that defendant allowed plaintiff, during work hours, to learn how to use computers. This, however, does not prove that computer programming was part of plaintiff's job duties or necessary to performing his job duties. Many people use computers in the work place, including plaintiff's coworkers, but do not program computers. The two skills are quite different—while many people operate computers, few have the technical ability or training necessary to program them.

To be sure, work that is incidental to the conduct authorized by the employer, even if it is not central to the employee's job duties, also falls within the scope of employment. Restatement at §229. To determine whether computer programming was incidental to plaintiff's employment, a court may consider such factors as whether this was the type of activity commonly done by labor economists, and whether it was likely that plaintiff would engage in such an activity. *Id.* The Court finds that while developing the DC-790 system did help the functioning of the work place, it was not the type of activity in which plaintiff would be reasonable [sic] expected to engage.

Moreover, it is disingenuous for the District now to claim that developing the DC-790 system was within the scope of plaintiff's job duties. Plaintiff originally approached Mr. Groner about writing a computer program that would perform the functions of the system. Plaintiff testifies, very credibly, that Mr. Groner discouraged him from doing so, stating that it would detract from his ability to perform his other job duties and that D.O.E.S. had already decided to implement the ACES system. It is unfair for the District to now claim that an activity it discouraged—developing the system—was within the scope of plaintiff's employment.

B. Second, the Court must determine whether the development of the system "occurred substantially within the authorized time and space limits." The Court finds that it did not. Plaintiff credibly testified that he spent 3,000 hours outside of normal working hours

creating the modules of the DC-790 system. He did this at home using a computer he purchased with his own funds. It is true that plaintiff tested each module at work. It is also true that once each module was operational, it was used in the work place. Nonetheless, the substantial amount of time plaintiff spent creating the DC-790 system, which is what is at issue in this case, was done on his own time outside of the office. . . .

C. Finally, the Court will address whether plaintiff was motivated to create the system, at least in part, by a purpose to serve the master. Plaintiff testified that he created the program for two reasons: (1) to create job opportunities for himself; and (2) to prove it could be done. The Court finds that plaintiff was motivated by each of these purposes. To be sure, the DC-790 system benefitted his employer, and the Court could fairly infer that part of plaintiff's motivation was to achieve this result. However, the Court finds that plaintiff was primarily motivated by self-fulfilling purposes. . . .

On the whole, then, the Court finds that defendant has not established that the DC-790 system was a work made for hire. . . .

Note on Employer Ownership of Trade Secrets

Many cases involving employee assertions of copyright ownership also present trade secrecy claims. As discussed in Chapter 3, although previous Copyright Acts generally required that a work be “published” to be eligible for federal copyright protection, the Copyright Act of 1976 abandoned that requirement. Under the present Act, copyright subsists in original, fixed works created after January 1, 1978 even if the works are concealed from the general public. In addition, as discussed in greater detail in Chapter 4, the 1976 Act extends copyright protection to computer software, a subject matter that frequently embodies economically valuable, nonpublic innovation.¹

The standards used to determine whether a work is created within the scope of employment under copyright law and trade secret law are similar, but not identical. In copyright cases, courts have followed the three-step test set forth in *Roeslin v. District of Columbia*, *supra*, which is based on the general scope-of-employment provision of the Restatement (Second) of Agency, §228. In trade secrecy cases, courts have relied on a different test, originally set forth in §397 of the Restatement (Second), that focuses more narrowly on ownership of employee-developed inventions.² That test does not ask whether the employee was motivated in part by a desire to serve the employer, but only whether the invention relates to the type of work the employee was hired to perform, and in particular whether the employee's duties are “inventive” or “noninventive.” Thus, if an employee “is employed to do experimental work for inventive purposes, it is inferred ordinarily . . . that patentable ideas arrived at through the experimentation are to be owned by the employer. This is even more clear where one is employed to achieve a particular result which the invention accomplishes. On the other hand, if one is employed merely to do work in a particular line in which he is an expert, there is no inference” of employer ownership. Restatement (Second) of Agency §397, cmt. a (1958); *see also* Restatement (Third) of Unfair Competition §42, cmt. c (1995) (adopting this

1. A trade secret is any information that derives independent economic or competitive value from not being generally known to the public or to competitors and is subject to reasonable measures to maintain its secrecy. *See* Uniform Trade Secrets Act §1; Restatement (Third) of Unfair Competition §39 (1995).

2. Patent rights, in contrast, always vest initially in the individual named in the patent as the inventor. Employment contracts routinely provide for assignment of any patents resulting from the employee's research.