Expression
Copyright

Copyright Reversions and Terminations

Eric E. Johnson

ericejohnson.com

IP PITFALL:

Missing the opportunity to get back a copyright assigned in the past

Some important context: Transfers and licenses:

Review

- Copyright transfers (assignments and exclusive licenses) must be in writing.
- Non-exclusive licenses need not be in writing and can be implied.
- With works made for hire, the employer is the author, and no assignment from worker to hirer is necessary.

Currently, there are two ways to recapture transferred copyrights:

- 17 U.S.C. § 304(c)
  – for pre-1978 transfers
  —(that's '09 Act times)
- 17 U.S.C. § 203
  – for post-1977 transfers
  —(that's '76 Act times)

Currently, there are two ways to recapture transferred copyrights:

17 U.S.C. § 304(c)
– for pre-1978 transfers
—(that's '09 Act times)

17 U.S.C. § 203
– for post-1977 transfers
—(that's '76 Act times)

Context: Renewals under the '09 Act:

- The initial term was 28 years.
- Copyrights had to be renewed at 28 years, or the work entered the public domain.
- During the initial term, authors could only transfer rights for the duration of that term.
- The policy was to give authors a second chance to make money from new leverage after works became successful.
- That policy was thwarted by *Fred Fisher Music* (1943), holding that original-term authors could bind themselves ahead of time to renew in favor of the grantee. This became standard industry practice.
- Dead authors exception: Original-term authors could not bind their heirs to renew in favor of grantees.
- This led to some big downstream problems for some buyers (such as a Hollywood studio that bought a script from an author and then made a movie from it).

17 U.S.C. § 304(c)
for pre-1978 transfers

- Copyright extension legislation has tacked many years on to the end of existing copyrights.
- The idea of § 304(c) is to give the benefit of those extensions to the authors, rather than give a windfall to assignees.
- Works-made-for-hire can't be recaptured!

17 U.S.C. § 304(c)
for pre-1978 transfers

- Transfers affected include assignments and licenses.
- There are termination windows beginning at the 56th year (§ 304(c)) and 75th year of the copyright (if not exercised at 56th) (§ 304(d)).
- Derivative works made by the transferee can continue to be reproduced, distributed, and displayed by the transferee.
  - But after termination, there is no right to make further derivative works.
  - The derivative continuation exemption is limited. E.g., a songwriter's license to a record company to make a sound recording for an album didn't permit the use of that sound recording in a post-termination movie.
  - An exception to the allowance for continued exploitation of derivative works comes from *Stewart v. Abend* (U.S. 1990).

17 U.S.C. § 304(c)
for pre-1978 transfers

Stewart v. Abend (U.S. 1990)

The creator of a derivative work (e.g., a movie made from a script) may not be privileged against the holder of the copyright to the original work (e.g., the script) to continue to reproduce, display, and distribute the derivative work if all of the following are true:

- the copyright on the original work was assigned or licensed prior to its renewal
- the author died prior to renewal
- the statutory successor filed a renewal with the copyright office in the 28th year of the initial term

When this happens, the successor to the original author holds great leverage for negotiating a new license with the derivative creator.

17 U.S.C. § 304(c)
for pre-1978 transfers

Stewart v. Abend (U.S. 1990)

The creator of a derivative work (e.g., a movie made from a script) may not be privileged against the holder of the copyright

to th ce,
disp ing
are
- t ed
- t
- t
of

I know, I know this is a lot of detailed stuff. But it is really important that you know about this and at least be able to spot the issue. This could come up in a legal practice that on the surface seems to have nothing to do with copyright or IP!

When this happens, the successor to the original author holds great leverage for negotiating a new license with the derivative creator.

17 U.S.C. § 203
for post-1977 transfers

- The idea of § 203 is to give the artists who signed away copyrights back when they had no bargaining leverage a second chance to get a better deal.
- You could call it "paternalistic."

17 U.S.C. § 203
for post-1977 transfers

- It allows terminations of transfers and licenses after 35 years by the author or author's heirs.
- The author can't sign-away their termination rights.
- The first transfer window opened up on January 1, 2013.
- § 203 impacts many contemporary works.
- Works-made-for-hire can't be recaptured!

17 U.S.C. § 203
for post-1977 transfers

Clarification!

Works made for hire

- The creator of the work (hiree) can't recapture from hirer. The hirer is deemed the author from the very beginning, and there is no transfer. (That's easy.)
- It also seems pretty clear that the author/hirer can't terminate a grant to someone else under § 203 either. *(Weirdly, however, I couldn't find a source on this exact point.)*

17 U.S.C. § 203
for post-1977 transfers

- The grant must have been executed by the author to be terminable. (§ 203(a))
- *(Note that this is in accord with the policy premise — to benefit authors who originally sold copyrights with little bargaining leverage.)*

17 U.S.C. § 203
for post-1977 transfers

- Must serve notice between 10 and 2 years in advance of the effective date of the termination
- *(Note the need for arithmetic, need for complex docketing, and possible malpractice trap.)*

17 U.S.C. § 203
for post-1977 transfers

- Derivative works may continue to be utilized under the terms of their original grants after termination. But this does not apply to the making of new derivative works.
  - So a transferee can sell DVDs, do streaming
  - But the transferee can't make sequels after termination