U.S. Copyright Law Casebook

{in development}

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This part:

Story Arc 5

Ownership and Licensing

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Ownership and Licensing

A. Introduction

A.1. What now?

This swath of the casebook looks at ownership and licensing. People new to copyright may find this area of the law to be unexpectedly rich. Indeed, it is a topic area rife with surprises. Those surprises can be intriguing for the student. But in the real world of authors, rights buyers, and licensees, legal surprises can be really nasty – or, on the other side, fantastically delightful.

For lawyers, surprises are almost always trouble. Even a surprise that's wonderful for the client probably isn't great for the lawyer, because whatever it is, the lawyer would certainly rather have seen it coming. So that means ownership and licensing is an area warranting wary but intense curiosity.

Ownership and licensing is also an area that will be particularly interesting to those attracted to a transactional practice or other non-litigation practice. Strictly speaking, of course, there's really no such thing as transactional law and litigation law. All law can be relevant to a given lawsuit or transaction. Nevertheless, the material concerning copyright ownership and licensing is of particular interest and usefulness to lawyers doing transactional work, including mergers and acquisitions. Additionally, this subject matter is right in the wheelhouse for general counsels and for attorneys doing wills, trusts, and estates.

A.2. How does this fit in?

An archetypal case for copyright infringement – infringement of the reproduction right – can be broken down into four elements: (1) a valid

copyright, (2) owned by the plaintiff, (3) actually copied by the defendant, and (4) substantially appropriated. The material in this portion of the casebook is relevant to that second element – the plaintiff's ownership of the copyright.

Other material within this portion of the casebook does not, as a procedural matter, tend to come up in the prima facie case. Rather, its procedural home is with the defenses. Potential defenses are almost limitless, but big defenses in copyright are fair use, first sale, license, and copyright misuse. The material here, of course, fills out the affirmative defense of license. Those other defenses are explored as such elsewhere in this book, yet the material in this part of the book does have relevance to defenses of first sale, copyright misuse, and even fair use.

B. The Basics, the Myths, and the Statutory Law of Ownership and Licensing

B.1. The most important and fundamental aspects

B.1.a. The relationship of ownership and authorship

Ownership starts with authorship. The author of a copyrightable work is the owner of the copyright. And the author stays the owner until the author assigns it in whole or in part, or until the author dies. (Like money, you can't take copyright with you.)

The connection of authorship and ownership is clear in the U.S. Constitution's provision that gives Congress the power to create copyright law:

> "The Congress shall have Power … To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

United States Constitution, Article I, Section 8, clause 8

In 1976, Congress minded the particulars of its constitutional sanction to enact copyright law "by securing … to Authors … the exclusive Right to their … Writings" with the Copyright Act's § 201(a). That section provides that ownership of copyright "vests initially in the author or authors of the work."

And in the next sentence, the statute provides that there may be more than one author, in which case the co-authors are co-owners: "The authors of a joint work are coowners of copyright in the work."

Thus, it is crystal clear as a matter of law that authors are the initial owners of copyright. All the troubles with ownership – all the interpretive issues for courts, all the interesting bits for us to study – arise in answer to essentially two questions:

- Who counts as an author?
- What can and can't happen in terms of the author transferring ownership or granting licenses to others?

Even when getting into the details of these questions, we will see that the tie between authorship and ownership remains a persistent theme. (For instance, under some circumstances, some grants of ownership can be nullified. Who has such an extraordinary power? The answer is authors or their heirs.)

B.1.b. Co-owners, divisions of ownership, transfers of ownership

A copyright can be owned by multiple persons.

If a work has two authors, then those two authors are co-owners. Each has a separate 50% ownership stake in the whole copyright. Their ownership interest is separate in the sense that they can transfer their 50% as they like without the blessing of their co-author.

We can use vocabulary you may have learned about real property. In copyright, co-authors' form of ownership is "tenancy in common." That is to say that if one co-author dies, the 50% ownership interest goes to the author's heirs or devisees. (That is as opposed to "joint tenancy," where the death of one joint owner makes the surviving owner the 100% owner of the property.)

A copyright's ownership interest can also be divided up so that different people own different parts of the copyright. That is, one party could own 100% of one part of the copyright, and a different person could own 100% of another part of the copyright. Thus, a single author, starting out owning 100% of the copyright to their novel, could assign the movie rights to a Hollywood producer. As a formal matter, the author is assigning to the producer the exclusive right to make a derivative work in the form of a motion picture.

The division of one copyright into these distinct parts works according to the "bundle of sticks" metaphor you may be familiar with from studying real property law. A copyright is a bundle of sticks, and the owner can pull sticks out of the bundle and give different sticks to different people. And, of course, any given "stick" can have multiple owners, each of whom owns a percentage.

Obtaining ownership of the whole copyright – or a portion of it – is called a "transfer." It isn't complex, but it does have to be done right – including with a signed writing. And similar to concerns with title to real property, assignees of copyright may need to concern themselves with recordation in case there is a dispute about priority multiple parties claim to be assignees.

B.1.c. Works made for hire

If you want a copyright, but because of a lack of time or talent you can't do the creative work yourself, you can have the whole copyright assigned to you. Then it's yours. But there's also another way: the law of works made for hire.

Works-made-for-hire doctrine is of huge importance in copyright law. The doctrine is a departure from copyright's usual strong allegiance to creators as authors and therefore owners. The work-for-hire doctrine provides that, under certain circumstances, if you hire someone to create a copyrightable work for you, then you, as the hiring party, will be deemed the author of the work and therefore also the owner of the copyright.

But merely hiring someone is not nearly enough! Whether a work qualifies as a work made for hire depends on strict application of very particular rules set out by statute. And even though the statute is particular and strict, it leaves various questions unanswered that thus require caselaw for interpretation.

Rather than try to summarize work-made-for-hire doctrine here, we'll just say that it is somewhat complicated and it can diverge widely from people's expectations and be very unforgiving. Bottom line, works-made-for-hire doctrine presents a real pitfall for unwary lawyers.

B.1.d. Copyright recaptures

Moving up several notches from work-for-hire doctrine in the realm of complexity and surprise is the world of terminations of transfer under the 1976 Act and the effect today of transaction-eviscerating renewals made yesteryear, in the time of the 1909 Act.

Copyright law loves authors. So much so, in fact, that through amendments and wholesale reform, U.S. copyright law has remained committed to providing mechanisms for the recapture by authors, or their heirs, of copyright interests previously licensed or assigned to others. It's a nightmare for Hollywood studios, Nashville labels, and Manhattan publishing houses, but it's a boon for artists from Everytown U.S.A. who were late bloomers in the fame-and-acclaim department. More importantly, for lawyers, it is an area rife with opportunities and traps.

More later, but for now, appreciate this: The potential of copyright recapture is a big part of what makes works made for hire so important. If the work in question was a work made for hire, then the hiring party is deemed the author and owns the copyright at the very moment it springs into existence. That means that the hiree, despite being the creator-in-fact, cannot yank the copyright away. After all, in such a situation, the hiree isn't legally the "author," and there's no transfer to terminate.

B.1.e. License and licenses

The word "license" is subject to a lot of confusion in copyright. There will be much more to say about license and licenses later on. But here are some basics.

In the world of copyright, there are "exclusive licenses" and "nonexclusive licenses." It's tempting to say that these are "two types of licenses," but that's not very accurate. People writing about copyright law and people engaged in copyright-related business transactions use the term "nonexclusive license" to mean a "license," and they use the term "exclusive license" to mean ownership of a cleaved-off portion of the copyright – i.e., one of the sticks in the bundle. Thus, when the author of a novel grants a producer the exclusive right to make a derivative work in the form of a motion picture, it is commonly said that the producer now owns an "exclusive license" to make a film version of the novel.

As a grant of ownership of a piece of the copyright, an exclusive license must be conveyed by way of a signed writing to be valid. Also, the owner of the exclusive license – as a copyright owner – has standing to sue for infringement within the ambit of that ownership interest.

By contrast, a nonexclusive license of a copyright is a real "license" in the normal sense. It means that if the licensee is sued for copyright infringement, the licensee can repel the claim with a defense of license. A nonexclusive license is not an ownership interest in the copyright. Correspondingly, the conferring of a nonexclusive license need not be in writing to be valid. It need not even be expressed. A nonexclusive license may be implied. Also correspondingly, a nonexclusive license does not give the holder any standing to sue for copyright infringement.

When anyone says "license" without a modifier – it must be assumed they are talking about a "nonexclusive" license – i.e., a real *license*, as opposed to a subdivided ownership interest.

A good way to think about license is the following: License is to intellectual property as consent is to intentional tort law. And license is to copyright infringement as consent is to a cause of action for trespass or battery. If I tell you that you can punch me, then you have a consent defense to a claim of battery, were I to bring one. And if I tell you that you can make a copy of my copyrighted work, then you have a license defense to a claim of copyright infringement, were I to bring one.

Let's also nip this in the bud: A license is not a contract.

It does not make sense to speak of either a nonexclusive license as a contract nor an exclusive license as a contract. An exclusive license is ownership of part of a copyright. A nonexclusive license is a license – legally cognizable as an affirmative defense to infringement. Neither is a "contract," and thinking as such will only lead to confusion.

Now a license can be something exchanged in a contract. That's the same as with consent. We could have a contract where you agree to pay me $20 and I agree to consent to you parking your car on my lawn during the football game. And we could have a contract where I agree to pay you $100 and you agree to license me to stage a performance of your play this weekend. And as far as exclusive license goes, just as we could have a contract for the sale of a piece of land, we could also have a contract for the sale of the movie rights to your play. But none of that makes a license a contract.

B.2. Myths of Copyright Ownership

B.2.a. Myth: By Chattel Ownership

Ownership of a physical object in which a copyrighted work is embodied has nothing to do with the ownership of the copyright. This seems intuitive to people when it comes to mass-marketed books and photographic prints. But many people intuit that ownership of some unique, original work of art (such as an oil painting on canvas) also means that the owner has the copyright. Alternatively, they may intuit that there is at least some exclusive right to make copies. Either way, that is absolutely not true.

The same thing applies with regard to private letters or a handwritten diary. Ownership of the physical medium (sheets of paper, a bound notebook) is unconnected from ownership of the copyright. And conveying ownership of a tangible medium of expression does not convey ownership of any copyright. If you send a handwritten letter through the mail to someone, it seems quite clear that in doing so you have transferred ownership of the physical letter (the paper and the ink residue thereon) to the recipient. But there is no intellectual property interest that travels along with that physical property.

With some familiarity with copyright law and the way the whole concept works, it seems quite obvious, indeed logically necessary, that physical possession or ownership of a tangible embodiment of a copyrighted work can't include ownership of the copyright. Yet many people are stubbornly resistant to the idea that owning an original work of art does not also mean they have the copyright. Nothing in statute provides a basis for such a belief or even hints at such a notion. Yet, presumably because some people are so attracted to the idea of chattel ownership being connected to copyright ownership, that Congress nipped the whole matter in the bud in the '76 Copyright Act. Section 202 of Title 17 explains: "Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied." And to make sure the matter is put fully to rest, the section goes on: "Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object{.}"

By the way, you can also sell a copyright without transferring ownership of any chattel. See 17 U.S.C. § 202 ("nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object").

Now, all that being said about ownership, license is a different matter. The owner of a physical embodiment of a copyrighted work might be able to argue that they have an implied license that came with the sale of a tangible embodiment of the copyrighted work. That could depend on things like circumstances, indications of intent, custom, and so on.

~~Suppose an artist sells one of their original paintings on canvas to a museum, and then suppose the artist sues the museum for copyright infringement of the public display right when the museum puts the painting up on a gallery wall. On these facts, the museum will surely win on an implied~~

~~license defense. (One imagines fair use could also rescue the museum, though going there would inevitably muddy things.)~~

~~Note that anyone can construct arguments for implied license based on such things. Suppose the artist sold their painting to a private art collector, and years later the painting was resold to someone else, and years later it ended up sold again, this time to a museum. Even then – all privity laundered away – it would seem highly unlikely that an implied license theory could fail to be a complete defense for the museum's public display. Yet what if the museum then reproduced the painting as posters or postcards for sale in the gift shop? The museum would almost certainly lose. Without any additional facts, implied license would be too far-fetched in such a scenario.~~

B.2.b. Myth: By Real Property Ownership

If someone comes on your property without permission and takes photographs or shoots video, do you own the copyright, or do they?

They do. Of course.

If people could own the copyright to recordings and photography made on their property without their authorization, things would be a whole lot easier for businesses that are targeted by investigative journalists.

In another class, you may have read the case of *Food Lion v. Capital Cities /ABC,* 194 F. 3d 505 (4th Cir. 1999). It is sometimes assigned in Property, Torts, and Mass Media Law courses. The facts are that two television reporters working for ABC News used false resumes to get jobs at Food Lion supermarkets to investigate unwholesome goings-on in the meat department. The reporters surreptitiously videotaped some 45 hours of footage. Some of that footage was used in a 1992 broadcast of the news magazine program *PrimeTime Live*. Footage that was broadcast appeared to show Food Lion workers repackaging expired fish with a new date, combining beef past its expiration date with fresh beef, and putting barbeque sauce on expired chicken – to mask its odor – after which it was put on sale with the gourmet food selections.

Food Lion filed a lawsuit against ABC based on the way in which ABC acquired the footage, alleging trespass and a slew of torts. But there was no way Food Lion would have been able to maintain a claim for copyright infringement. Why not? Authors own the copyright to what they create. Not realty owners.

In case you're curious, Food Lion won – sort of. It didn't get the millions in compensatory damages it sought. Instead it got nominal damages for trespass to land totaling $2.00 – one dollar for each reporter who trespassed. And to answer another question you may have, Food Lion didn't pursue a defamation claim either. Defamatory statements have to be false to be actionable. You can draw your own conclusions about why Food Lion may have omitted to pursue defamation.

B.2.c. Myth: By Unjust Enrichment, Fraud, Deceit

Food Lion's unsuccessful lawsuit – discussed immediately above – also sought recovery for claims, beyond trespass, for fraud and for breach of the duty of loyalty. (A duty of loyalty is generally owed by employees to their employer. And, anyone would have to agree, the undercover ABC journalists who got jobs at Food Lion were certainly not being loyal to Food Lion.)

Under such circumstances – where the copyrighted footage was deceitfully obtained – even if Food Lion couldn't be the initial owner of the copyrighted footage, could they at least get a court to order the transfer of the copyright? That is, could a court order a transfer of ownership from the creators, who relied on deceit in the work's creation, to the party so deceived?

The answer is clearly no.

Such a thing might be available by means of state law. (State law has many mechanisms to move property ownership around – particularly in circumstances of fraud, deceit, or unjust enrichment.) But the United States of America, in its federal instantiation, has been jealously possessive of the copyright system it has created, and it does not want states messing with it. Not only do federal courts have exclusive jurisdiction over copyright infringement suits, but the '76 Act 's § 301, titled "Preemption with respect to other laws," powerfully excludes state law from entering into the copyright space.

Section 301(a) provides that "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103˜ are governed exclusively by this title." The statute draws a line under the matter by stating that following the Act's effective date, "no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State." 17 U.S.C. § 301(a).

So, when all was said and done, Food Lion had a runt of a claim for trespass, but they had absolutely no claim for copyright infringement. And fairness doesn't enter into it – no matter how epically unfair Food Lion may have thought it had been treated.

While Food Lion had absolutely no claim for copyright infringement, they did have an immense sense of victimhood born of their pious suffering.

So Food Lion sued for copyright infringement anyway.

If the law is not on your side, but if you are very strongly convinced that fairness *is* on your side, then under our Anglo-American legal tradition there's a place to take that: equity. And, indeed, guided by the light of their self-righteousness, Food Lion brought a suit for declaratory judgment that they owned the copyright to the footage by way of the equitable theory of constructive trust, which is a doctrine generally available as a matter of state law.

Sued in Food Lion's heartland in the U.S. District Court for the Middle District of North Carolina, Capital Cities/ABC filed a 12(b)(6) motion to dismiss. After roundly rejecting another of Food Lion's claims, the court turned to the constructive trust theory for gaining copyright:

> "Plaintiff's alternative, constructive trust theory is similarly unavailing. As Plaintiff recognizes, the Copyright Act specifically preempts rights recognized under state law that are equivalent to the exclusive rights provided for by federal copyright law. 17 U.S.C. § 301. Here, Plaintiff seeks a declaration of copyright ownership based on state law. The Copyright Act sets out the elements of copyright ownership˜. Plaintiff's attempt to expand upon or circumvent this right by relying on state law is preempted.

Food Lion v. Capital Cities/ABC, 946 F. Supp. 420, 422 (M.D.N.C. 1996). The constructive trust theory was thus rejected by way of a 12(b)(6) dismissal. *Id.*

Wait, you might say. Let's change the facts because, admittedly, Food Lion wasn't a very sympathetic plaintiff (notwithstanding the halo Food Lion saw in the mirror). Let's say instead criminals break into your house and film a video of their vandalizing and destroying the inside of your home. The criminals then upload the video online. They make lots of money off of it. You want the copyright to their film. You *deserve* the copyright. Could you have a court order the transfer of the copyright to you?

The answer would still be no. Even if you came up with some strategy for overcoming § 301's preemption of state law, then as individual authors, the criminals would be protected by 17 U.S.C. § 201(e), which is titled "Involuntary Transfer." That section provides:

> "When an individual author's ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under title 11 {federal bankruptcy law}."

Whether you can get a court to order as restitution all the money the criminals have made from the video is a different matter entirely. Copyright law doesn't necessarily prohibit that. But the copyright itself will stay with the author.

B.2.d. Myth: By Paying for the Copyright, by Agreement, by Contract

If you and the love of your life hire a photographer to take photographs for your wedding, and you pay them hundreds of dollars in cash, and it's an enforceable oral contract, will you and your spouse own the copyright to the photographs? No, not on these facts. What if there was an enforceable written contract? Again, on these facts – without something more – you will not have the copyright.

What if you expressly agree with the photographer orally – witnessed by several other people – that in exchange for some specified amount of money (it doesn't matter how much), the photographer will (1) take photos of your wedding and (2) give you the photos in the form of digital files and (3) you will own the copyright to all the photos.

No, even on these facts, you will not end up owning the copyright. That's even though everyone agreed that you'd own the copyright and even though you paid for it.

There are certainly ways to structure this deal such that you will end up with the copyright. And that's covered below. But neither payment nor agreement nor binding contract will, by itself, do the job.

B.3. Copyright Act of 1976 on Ownership and Licensing

B.3.a. The role of statute

Compared to the subject of copyrightable subject matter or infringement, statutory text plays a more featured role when it comes to issues of copyright ownership and licensing. Caselaw is critically important in many respects. But when it comes to ownership, sometimes questions are answerable just from the relevant statutory text. (That's not to say the careful lawyer doesn't need to consult cases or treatises to make sure that the statutory text is all that's relevant on the matter!)

B.3.b. About the '76 Act

The current U.S. copyright statute is the Copyright Act of 1976. The '76 Act was a wholesale rewriting of the copyright statute by Congress, undertaken in 1976 with an effective date of January 1, 1978. (The '76 Act replaced the 1909 Act, but that act still has modern relevance for works dating to before 1978.)

The '76 Act has been amended many times since its original passage, but the current statute is still commonly referred to as the 1976 Act notwithstanding its later amendments. The '76 Act was encoded in Title 17 of the United States Code, and its section numbering begins at 17 U.S.C. § 101. The fact that the first section of the code under the '76 Act is § 101 helps to avoid confusion with the '09 Act, whose section numbering began with § 1.

That first section, § 101, is an important one to know because it contains definitions of terms that are used throughout the succeeding provisions. Sometimes, on a given point of law, the text in § 101 is the principal text concerned.

The '76 Act is organized into chapters, of which there are more than a dozen. The numbering of sections corresponds to chapters like the numbering of hotel rooms corresponds to floors. Chapter 1 (titled "Subject Matter and Scope of Copyright") consists of § 101 and subsequently numbered sections beginning with a 1 (§ 102, § 103, and so on). Chapter 7 ("Copyright Office") is § 701 et seq. If you're looking for § 1507, you'll find that in Chapter 15 ("Copyright Small Claims").

B.3.c. The '76 Act on ownership

For ownership, we will be most concerned with sections gathered together as Chapter 2, which is titled "Copyright Ownership and Transfer."

We will encounter the actual statutory text further below – under the heading of specific topics to which the statutory text is germane. But for a forest-for-the-trees perspective, know that there are five sections in Chapter 2. They are:

- § 201 Ownership of copyright
- § 202 Ownership of copyright as distinct from ownership of material object
- § 203 Termination of transfers and licenses granted by the author
- § 204 Execution of transfers of copyright ownership
- § 205 Recordation of transfers and other documents

In addition, definitions from § 101 will be important. As a heads-up, those will include definitions for the following terms:

- "copyright owner"
- "derivative work"
- "fixed"
- "joint work"
- "pseudonymous work"
- "transfer of copyright ownership"
- "work made for hire"

That last one, "work made for hire," is a biggie. The operative provision on the ownership of works made for hire is § 201(b). But that provision has only 53 words in it. The really important stuff about works made for hire is in the definition of "work made for hire" in § 101, which has about 350 words on the topic.

C. Ownership by Authorship

C.1. Lead-in

Ownership starts with authorship. The author of a copyrightable work is the owner of the copyright. And the author stays the owner until the author assigns it in whole or in part, or until the author dies. (Like money, you can't take copyright with you.)

The connection of authorship and ownership is clear in the U.S. Constitution's provision establishing the power of Congress to create copyright law:

> "The Congress shall have Power ... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

United States Constitution, Article I, Section 8, clause 8

The 1976 Copyright Act, 17 U.S.C. § 201(a), provides that ownership of copyright "vests initially in the author or authors of the work." And in the next sentence, the statute provides that there may be more than one author, in which case the joint authors are co-owners of the copyright: "The authors of a **joint work** are coowners of copyright in the work."

Insofar as the statute says what it says, the law is clear. But troubles – i.e., interpretive questions – arise as to what it means to be an author.

The term "author" is not defined by the statute. According to *CCNV v. Reid* (U.S. 1989), the author is the person "who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection."

For further elaboration on the meaning of authorship, we'll need caselaw. And caselaw does not answer questions in the abstract. For caselaw, there has to be a case, which means there has to be a claim, a plaintiff, and a defendant.

Questions of the meaning of authorship come up in two important contexts. Each context makes for a different sort of question.

In one context, you get a "whether" question: The plaintiff sues the defendant for copyright infringement, and the defendant counters that the plaintiff's claim fails because the alleged copyrighted work is not protected by

copyright at all for want of authorship. That is, the question is *whether anyone* could be the author. In other words: Is the work a "work of authorship" at all? A couple of examples of this would include a pattern of cracks appearing in desiccated mud on the plaintiff's land or a set of newly discovered facts uncovered by the plaintiff's clever archival research. No one is the author of such things as patterns emerging from nature or historical facts. (Cases engaged with such authorship questions are found elsewhere in this casebook.)

In the other context, you get a "who" question: The plaintiff and the defendant agree that the work is copyrightable, and they agree that ownership comes from authorship, but they maintain incompatible contentions concerning ownership. The question then concerns *who among rivals* actually counts as author of a given work. In other words: Who authored the work? Was it the one person, the other person, or both? These are the questions we are concerned with in this portion of the casebook.

The procedural posture giving rise to such questions can vary. One is where plaintiff sues a defendant for infringement, and the defendant counters that the defendant is a co-author, in which case the co-author was within their rights to reproduce the work, display it, distribute it, etc. Or the plaintiff might sue the defendant for infringement, and the defendant counters that the plaintiff isn't author at all (and therefore not an owner) because the defendant is the sole author. Or it might not be an infringement case at all. The plaintiff might allege co-authorship in suing the defendant for a share of the defendant's profits – an action called an "accounting." And other procedural postures can require courts to decide such questions as well.

C.2. 1976 Act's Section 201(a)

§ 201 · Ownership of copyright

(a) Initial Ownership.—Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a **joint work** are coowners of copyright in the work.

{remainder of § 201 omitted}

Definitions from § 101

A "**joint work**" is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

C.3. Joint authorship and co-ownership

{The following text was created by starting with text from Greene v. Ablon, 794 F.3d 133 (1st Cir. 2015) and substantially reworking it and adding to it. Thus, this text should not be taken to represent the text of that case, but the editor/reworker is not the "author" of this entire passage in the common, non-copyright-law sense of that word.}

When are two contributors joint authors?

Under the Copyright Act, a joint work is "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101.

The words "inseparable" and "interdependent" are key. Courts have held that "inseparable" contributions "have little or no independent meaning standing alone," as might frequently be the case with collaboration on a written text like a play or a novel. *Childress v. Taylor,* 945 F.2d 500, 505 (2d Cir.1991). On the other hand, "interdependent" contributions "have some meaning standing alone but achieve their primary significance because of their combined effect, as in the case of the words and music of a song." *Id.*

Intent is crucial, and so is the time when the intent is measured. For a work to be "joint," the authors must have intended at the time the writing is done that their contributions be merged into "an integrated unit." *Id.*

The authors' contributions don't need to be equal or roughly equivalent – either quantitatively or qualitatively. Rather, the requirement is only that each author's contribution be more than de minimis.

Co-authorship means co-ownership

Authors who create a joint work co-own the copyright in that work. This is required by 17 U.S.C. § 201(a), but it also follows as a conceptual and logical matter from the fact that copyright protection, in the general case, attaches to the work's actual creator.

Assuming some agreement to the contrary has not been made ahead of time, joint authors share "equal undivided interests in the whole work." *Thomson v. Larson,* 147 F.3d 195, 199 (2d Cir. 1998). Even if it is clear that one co-author has contributed more – or even much more – to the work than another co-author, the co-authors are nevertheless equal co-owners of the copyright.

The privileges and obligations of a co-owner

By having an equal, undivided interest in the whole work, each copyright co-owner "has the right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint author for any profits that are made." *Thomson v. Larson* at 199. This means that among joint authors who have not made some other legally binding arrangement, each has total discretion to grant nonexclusive licenses to whomever they choose, without the consent of another author. But, to the extent one co-owner derives profit from sales or licenses, that co-owner must provide to any other co-owner their share – e.g., 50% if there are two authors total.

C.4. Case: Thomson v. Larson (2d Cir. 1998)

Pre-reading notes

Rent is a musical that debuted off-Broadway in 1994 and on Broadway in 1996. Its story centers on young, struggling artists in New York. The musical borrowed greatly from the 1896 opera *La Bohème* by Giacomo Puccini, which set in the bohemian culture of 1840s Paris amid a tuberculosis epidemic. *Rent* is set in lower Manhattan amid the HIV/AIDS epidemic in the late 1980s / early 1990s. The rock musical was a huge critical and popular success, garnering Tony awards, the Pulitzer Prize for Drama, and sold-out shows. *Rent* author/composer Jonathon Larson died just before the show's Broadway opening.

Lynn Thomson, who assisted Larson and participated in the creation of *Rent*, filed a lawsuit seeking recognition as a joint author. The Second Circuit ruled against Thomson, deciding she could not be an author because of a lack of mutual intent as to joint authorship.

Opinion

Edited opinion by JAMES GRIMMELMANN. *Credit and licensing notes:* This edited version of the following judicial opinion, not including the text preceding the judge's words, is by James Grimmelmann, obtained from Chapter 4.B.2 of JAMES GRIMMELMANN, PATTERNS OF INFORMATION LAW: INTELLECTUAL PROPERTY DONE RIGHT (version 1.1, August 2017). I understand the correct copyright notice to be: © 2017 James Grimmelmann. The book is licensed under the Creative Commons Attribution International License 4.0 (CC-BY 4.0) license, available at https://creativecommons.org/licenses/by/4.0/. That license contains a disclaimer of warranties and a statement of limitation of liability. The original work is available at https://james.grimmelmann.net/ipbook/. For the material I took from Professor Grimmelmann's book, I made formatting changes, including to typography, pagination, paragraph styling, etc. Superscript right- and left-pointing descending arrows ⤷⤶ enclose footnote material that has been incorporated into above-the-line text. All italicization has been omitted from the text. – EEJ

Thomson v. Larson

U.S. Court of Appeals for the Second Circuit
147 F.3d 195 (2d Cir. 1998)

Lynn M. Thomson, Plaintiff-appellant, v. Allan S. Larson, Nanette Larson, and Julie Larson Mccollum,defendants-appellees. Before FEINBERG, CALABRESI, and BRIGHT, Circuit Judges.

CALABRESI, Circuit Judge:

Plaintiff-appellant Lynn Thomson claims that, along with principal playwright Jonathan Larson, she co-authored a "new version" of the critically acclaimed Broadway musical Rent.

Background

Rent, the Pulizer Prize and Tony Award-winning Broadway modern musical based on Puccini's opera La Bohème, began in 1989 as the joint project of Billy Aronson and composer Jonathan Larson. Aronson and Larson collaborated on the work until their amicable separation in 1991. At that time, Larson obtained Aronson's permission to develop the play on his own.

In the summer of 1992, Larson's Rent script was favorably received by James Nicola, Artistic Director of the New York Theatre Workshop ("NYTW"), a non-profit theater company in the East Village. Larson

continued to develop and revise the "workshop version" of his Rent script. In the spring of 1993, Nicola urged Larson to allow the NYTW to hire a playwright or a bookwriter to help revamp the storyline and narrative structure of the play.

In May 1995, in preparation for Rent's off-Broadway opening scheduled for early 1996, Larson agreed to the NYTW's hiring of Lynn Thomson, a professor of advanced playwrighting at New York University, as a dramaturg to assist him in clarifying the storyline of the musical. ⁵Dramaturgs provide a range of services to playwrights and directors in connection with the production and development of theater pieces. According to Thomson's testimony, the role of the dramaturg "can include any number of the elements that go into the crafting of a play," such as "actual plot elements, dramatic structure, character details, themes, and even specific language."[6]

Thomson signed a contract with the NYTW, in which she agreed to provide her services with the workshop production from May 1, 1995, through the press opening, scheduled for early February of 1996. The agreement stated that Thomson's "responsibilities shall include, but not be limited to: Providing dramaturgical assistance and research to the playwright and director." In exchange, the NYTW agreed to pay "a fee" of $2000, "[i]n full consideration of the services to be rendered" and to provide for billing credit for Thomson as "Dramaturg." The Thomson/NYTW agreement was silent as to any copyright interests or any issue of ownership with respect to the final work.

In the summer and fall of 1995, Thomson and Larson worked extremely intensively together on the show. For the most part, the two worked on the script alone in Larson's apartment. Thomson testified that revisions to the text of Rent didn't begin until early August 1995. Larson himself entered all changes directly onto his computer, where he kept the script, and Thomson made no contemporaneous notes of her specific contributions of language or other structural or thematic suggestions. Thomson alludes to the "October Version" of Rent as the culmination of her collaborative efforts with Larson. That new version was characterized by experts as "a radical transformation of the show."

A "sing-through" of the "October Version" of Rent took place in early November 1995. And on November 3, 1995, Larson signed a contract with the NYTW for ongoing revisions to Rent. This agreement identified Larson as the "Author" of Rent and made no reference to Thomson. The contract incorporated by reference an earlier draft author's agreement that set forth the terms that would apply if the NYTW opted to produce Rent. The earlier draft author's agreement gave Larson approval rights over all changes in text, provided that any changes in text would become his property, and assured him billing as "sole author."

The final dress rehearsal was held on January 24, 1996. Just hours after it ended, Larson died suddenly of an aortic aneurysm. Over the next few weeks, Nicola, Greif, Thomson, and musical director Tim Weil worked together to fine-tune the script. The play opened off-Broadway on February 13, 1996, to rave reviews. On February 23, Rent's move to Broadway was announced. Since its opening on Broadway on April 29, 1996, the show has been "an astounding critical, artistic, and commercial success."

Before the Broadway opening, Thomson, in view of her contributions to Rent, sought compensation and title page dramaturgical credit from the Broadway producers. And on April 2, 1996, she signed a contract in which the producers agreed to pay her $10,000 plus a nominal $50/ week for her dramaturgical services. Around the same time, upon the producers' advice, Thomson approached Allan S. Larson, Nanette Larson, and Julie Larson McCollum ("Larson Heirs"), the surviving members of Jonathan Larson's family, to request a percentage of the royalties derived from the play. In a letter to the Larson family, dated April 8, 1996, Thomson stated that she believed Larson, had he lived, would have offered her a "small percentage of his royalties to acknowledge the contribution I made." In reply, the Larson Heirs offered Thomson a gift of 1% of the author's royalties. Negotiations between Thomson and the Larson Heirs, however, broke down.

After the parties failed to reach a settlement, Thomson brought suit against the Larson Heirs, claiming that she was a co-author of Rent and that she had never assigned, licensed, or otherwise transferred her rights. Thomson sought declaratory relief and a retroactive and on-going accounting under the Copyright Act. Specifically, she asked that the court

declare her a "co-author" of Rent and grant her 16% of the author's share of the royalties. ↵Thomson claims that she seeks 16% of the proceeds "because of her respect for Larson's role as the principal creator of the work." Thomson derives the 16% figure in the following way: she alleges that 48% of the Rent script is new in relation to the 1994 Workshop version (prior to her involvement); as co-author, she is, therefore, entitled to 50% of this part (or 24% of the total revenues); but since there are three components to Rent (book, lyrics, and music) and she did not contribute to one (music), she is entitled to 2/3, or 16% of the total revenues. Thomson also sought the right to quote freely from various versions of Rent in a book that she planned to write.↵

Thomson's Co-Authorship Claim

The Copyright Act defines a "joint work" as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101 (1994). The touchstone of the statutory definition is the intention at the time the writing is done that the parts be absorbed or combined into an integrated unit.

Joint authorship entitles the co-authors to equal undivided interests in the whole work – in other words, each joint author has the right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint owner for any profits that are made.

In *Childress v. Taylor*, our court interpreted this section of the Act and set forth "standards for determining when a contributor to a copyrighted work is entitled to be regarded as a joint author" where the parties have failed to sign any written agreement dealing with coauthorship. While the Copyright Act states only that co-authors must intend that their contributions "be merged into ... a unitary whole," Judge Newman explained why a more stringent inquiry than the statutory language would seem to suggest is required:

> An inquiry so limited would extend joint author status to many persons who are not likely to have been within the contemplation of Congress. For example, a writer frequently works with an editor who makes numerous useful revisions to

> the first draft, some of which will consist of additions of copyrightable expression. Both intend their contributions to be merged into inseparable parts of a unitary whole, yet very few editors and even fewer writers would expect the editor to be accorded the status of joint author, enjoying an undivided half interest in the copyright in the published work.

The potential danger of allowing anyone who makes even a minimal contribution to the writing of a work to be deemed a statutory co-author – as long as the two parties intended the contributions to merge — motivated the court to set forth a two-pronged test. A co-authorship claimant bears the burden of establishing that each of the putative co-authors (1) made independently copyrightable contributions to the work; and (2) fully intended to be co-authors.

1. Independently Copyrightable Contributions

Childress held that collaboration alone is not sufficient to establish joint authorship. Rather, the contribution of each joint author must be independently copyrightable.

Without making specific findings as to any of Thomson's claims regarding lyrics or other contributions, the district court concluded that Thomson "made at least some non-de minimis copyrightable contribution," and that Thomson's contributions to the Rent libretto were "certainly not zero." Once having said that, the court decided the case on the second *Childress* prong – mutual intent of co-authorship. It hence did not reach the issue of the individual copyrightability of Thomson's varied alleged contributions (plot developments, thematic elements, character details, and structural components).

2. Intent of the Parties

Childress mandates that the parties "entertain in their minds the concept of joint authorship." This requirement of mutual intent recognizes that, since coauthors are afforded equal rights in the coauthored work, the "equal sharing of rights should be reserved for relationships in which all participants fully intend to be joint authors."

Childress and its progeny, however, do not explicitly define the nature of the necessary intent to be co-authors. The court stated that "[i]n many instances, a useful test will be whether, in the absence of contractual arrangements concerning listed authorship, each participant intended that all would be identified as co-authors." But it is also clear that the intention standard is not strictly subjective.

i. Decisionmaking Authority

An important indicator of authorship is a contributor's decisionmaking authority over what changes are made and what is included in a work. See, e.g., Erickson v. Trinity Theatre, Inc. (an actor's suggestion of text does not support a claim of co-authorship where the sole author determined whether and where such contributions were included in the work); Maruel v. Smith (claimant had a contractual right to control the contents of the opera).

The district court determined that Larson "retained and intended to retain at all times sole decision-making authority as to what went into Rent." In support of its conclusion, the court relied upon Thomson's statement that she was "flattered that [Larson] was asking [her] to contribute actual language to the text" and found that this statement demonstrated that even Thomson understood "that the question whether any contribution she might make would go into the script was within Mr. Larson's sole and complete discretion." Moreover, as the court recognized, the November agreement between Larson and the NYTW expressly stated that Larson had final approval over all changes to Rent and that all such changes would become Larson's property.

ii. Billing

In discerning how parties viewed themselves in relation to a work, Childress also deemed the way in which the parties bill or credit themselves to be significant. As the district court noted, "billing or credit is … a window on the mind of the party who is responsible for giving the billing or the credit." And a writer's attribution of the work to herself alone is "persuasive proof … that she intended this particular piece to represent her own individual authorship" and is "prima facie proof that [the] work was not intended to be joint." Weissmann v. Freeman Thomson claims that Larson's

decision to credit her as "dramaturg" on the final page of Rent scripts reflected some co-authorship intent. Thomson concedes that she never sought equal billing with Larson, but argues that she did not need to do so in order to be deemed a statutory co-author.

The district court found, instead, that the billing was unequivocal: Every script brought to [the court's] attention says "Rent, by Jonathan Larson." In addition, Larson "described himself in the biography he submitted for the playbill in January 1996, nine days before he died, as the author/composer, and listed Ms. Thomson on the same document as dramaturg." And while, as Ms. Thomson argues, it may indeed have been highly unusual for an author/composer to credit his dramaturg with a byline, we fail to see how Larson's decision to style her as "dramaturg" on the final page in Rent scripts reflects a co-authorship intent on the part of Larson. The district court properly concluded that "the manner in which [Larson] listed credits on the scripts strongly supports the view that he regarded himself as the sole author."

iii. Written Agreements with Third Parties

Just as the parties' written agreements with each other can constitute evidence of whether the parties considered themselves to be co-authors, so the parties' agreements with outsiders also can provide insight into co-authorship intent, albeit to a somewhat more attenuated degree.

The district court found that Larson "listed himself or treated himself as the author in the November 1995 revisions contract that he entered into with the NYTW, which in turn incorporated the earlier draft author's agreement that had not been signed." That agreement identifies Larson as Rent's "Author" and does not mention Thomson. It also incorporates the terms of a September 1995 draft agreement (termed "Author's Agreement") that states that Larson "shall receive billing as sole author." The district court commented, moreover, that

> "[t]he fact that [Larson] felt free to enter into the November 1995 contract on his own, without the consent of and without any reference to Ms. Thomson quite apart from whatever the terms of the agreements are, indicates that his intention was to be the sole author."

Conclusion

Based on all of the evidence, the district court concluded that "Mr. Larson never regarded himself as a joint author with Ms. Thomson." We believe that the district court correctly applied the Childress standards to the evidence before it and hold that its finding that Larson never intended co-authorship was not clearly erroneous.

C.5. Case: Lindsay v. R.M.S. Titanic (S.D.N.Y. 1999)

Pre-reading notes

Can someone who doesn't actually hold or operate the camera be the author of motion picture footage taken with that camera? In the film and television world, there's usually plenty of legal paperwork that's been done that prevents the occurrence of any ownership issue that would occasion a court to engage with the question. But not always. Every once in a while something big and unforeseen lies under the calm surface.

Alexander Lindsay, a documentary filmmaker, instituted this lawsuit alleging that he was the author of filmed footage where he, himself, was not holding the camera – though the actual camera work was done according to Lindsay's directions. The footage in question was filmed at the bottom of the North Atlantic Ocean at the most famous shipwreck of all time. And to vindicate his claim, Lindsay sued the Discovery Channel and, for procedural and remedial reasons we wisely will leave undisturbed, the *Titanic* – as in the actual ship that sank in 1912.

Here, at the trial court, the motion being considered is a motion to dismiss. The court holds that Lindsay's allegations are sufficient to state a claim.

Opinion

{Citations to the plaintiff's complaint omitted without notation. Curly brackets, which may be superscript, $^{\{\}}$ denote material added by the casebook editor; superscript angle brackets $^{<>}$ denote material from a footnote worked into the body text; footnotes removed without notation; the superscript hash sign $^{\#}$ denotes one or more deleted citations. Portions of cites (parallel citations, internal-quotation source citations, denial of cert citation) removed without notation. The name "Lindsay" was substituted for references to "plaintiff" or "the plaintiff" in various places without notation. Typography (use of underlining in addition to

italics and typesetting of dashes) differs. Otherwise, deletions are marked with a superscript tilde ˜.}

Lindsay v. Wrecked & Abandoned Vessel R.M.S. Titanic

U.S. District Court for the Southern District of New York
52 U.S.P.Q.2D 1609 (1999)

Alexander LINDSAY, Plaintiff, versus THE WRECKED AND ABANDONED VESSEL R.M.S. TITANIC, HER ENGINES, TACKLE, EQUIPMENT, FURNISHINGS, Located Within One Nautical Mile of a Point Located at 41 [degrees], 43'32" North Latitude and 49 [degrees], 56'49" West, and Artifacts, and Video Located at 17 Battery Place, New York, NY, in rem, and R.M.S. Titanic, Inc.; Titanic Ventures Limited Partnership, Oceanic Research and Exploration Limited; Suarez Corporation Industries, Inc.; and Discovery Communications, Inc., d.b.a. THE DISCOVERY CHANNEL, in personam, Defendants. Decided October 12, 1999. Filed October 13, 1999. 97 Civ. 9248 (HB). Reported: 52 U.S.P.Q.2D 1609; 1999 U.S. Dist. Lexis 15837; Copy. L. Rep. P27,967.

HAROLD BAER, JR., District Judge:

˜ I. BACKGROUND

The plaintiff Lindsay, a citizen of the United Kingdom and resident of the State of New York, is an independent documentary film maker engaged in the business of creating, producing, directing, and filming documentaries. {This and other representations of fact are based on the plaintiff's amended complaint.} Defendant R.M.S. Titanic, Inc. ("RMST") is a publicly traded U.S. corporation˜. Defendant George Tulloch ("Tulloch") is a shareholder, president and member of the board of directors of RMST.˜ Defendant Tulloch {and others with overlapping ownership are collectively referenced as "RMST".} Defendant Discovery Communications, Inc. ("DCI") is a Maryland corporation doing business as "The Discovery Channel", and is engaged in the business of making, financing and distributing documentary films.

In 1993, RMST was awarded exclusive status as salvor-in-possession of the Titanic wreck site and is therefore authorized to carry on salvage operations at the vessel's wreck site. As a condition of obtaining these rights, RMST allegedly agreed to maintain all the artifacts it recovered during the salvage operations for historical verification, scientific education, and public awareness.

In 1994, plaintiff Lindsay, under contract with a British television company, filmed and directed the British documentary film, "Explorers of the Titanic," a chronicle of RMST's third salvage expedition of the Titanic. To film this documentary, Lindsay sailed with RMST and the salvage expedition crew to the wreck site and remained at sea for approximately one month. Lindsay alleges that during and after filming this documentary in 1994, he conceived a new film project for the Titanic wreck using high illumination lighting equipment.

Lindsay later discussed his idea with defendant George Tulloch and, according to Lindsay, the two agreed to work together on the venture. In March 1995, Lindsay traveled to New York and developed a comprehensive business plan for the new film project entitled, "Titanic: A Memorial Tribute." Tulloch allegedly informed Lindsay that he would agree to the plan – which purported to include provisions for compensating Lindsay for his work on the project – but that Tulloch would have to obtain approval from the RMST Board of Directors. Lindsay agreed to join RMST to raise money not only for the film project, but for other aspects of the 1996 salvage operation as well.

Lindsay moved into an office at RMST in and around April 1995. Around this time, Tulloch repeatedly told Lindsay that he would obtain approval from RMST's Board of Directors for a contract for the plaintiff based upon the terms of Lindsay's film plan. The contract was to include terms of Lindsay's compensation, including sharing in the profits derived from any film, video and still photographs obtained from the 1996 salvage operation. This contract was never executed.

As part of his pre-production efforts, Lindsay created various storyboards for the film, a series of drawings which incorporated images of the Titanic by identifying specific camera angles and shooting sequences "that reflected Planitff's [sic] creative inspiration and force behind his concept for shooting the Subject Work." Lindsay also alleges that he, along with members of his film team, designed the huge underwater light towers that were later used to make the film. Lindsay also "personally constructed the light towers" and thereafter "for approximately 3-4 weeks directed, produced, and acted as the cinematographer of the Subject Work,

underwater video taping of the Titanic wreck site, and otherwise participated in the 1996 salvage operation." He also directed the filming of the wreck site from on board the salvage vessel "Ocean Voyager" after leading daily planning sessions with the crew of the Nautile, the submarine used to transport the film equipment and photographers to the underwater wreck site. The purpose of these sessions was to provide the photographers with "detailed instructions for positioning and utilizing the light towers."

Lindsay now alleges that he was never fully compensated for his services and that, *inter alia*, the defendants are now "unlawfully profiting from the exploitation of the" film project at issue.

Lindsay originally brought this action under the Court's admiralty jurisdiction to enforce his salvage claims against defendants RMS Titanic, Inc., Titanic Ventures Limited Partners, Oceanic Research and Exploration Limited (collectively as "RMST"), and Suarez Corporation.˜

RMST˜ then answered the complaint and included counterclaims for copyright infringement arising from the Lindsay's use of certain video footage taken from the wreck during the 1996 expedition. {Subsequently,} I granted Lindsay's motion to amend his complaint to add copyright infringement claims against RMST˜ and to join Discovery Communications, Inc. ("DCI") d/b/a The Discovery Channel, for copyright infringement of what appears to be the same footage at issue in the defendants' counterclaims.

The plaintiff's amended complaint now includes 13 causes of action, including those based on copyright infringement, salvage claims, and state law causes of action for fraud, breach of contract, and conversion. The defendants now move pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure to dismiss Lindsay's copyright claims, and the plaintiff cross-moves for summary judgment on his copyright and salvage claims.

III. DISCUSSION

A. Standards for Motion to Dismiss

˜"'The task of the court in ruling on a Rule 12(b)(6) motion is 'merely to assess the legal feasibility of the complaint, not to assay the weight of the evidence which might be offered in support thereof.'"# In deciding a 12(b)(6)

motion, the Court must accept as true all material facts alleged in the complaint and draw all reasonable inferences in the nonmovant's favor.˜

B. Copyright Claims

1. Pleading Requirements

To withstand a motion to dismiss, a complaint based on copyright infringement must allege: (1) which specific original works are the subject of the copyright claim; (2) that the plaintiff owns the copyrights in those works; (3) that the copyrights have been registered in accordance with the statute; and (4) "by what acts during what time" the defendant infringed the copyright. *Kelly v. L.L. Cool J.*, 145 F.R.D. 32, 35 (1992), *aff'd*, 23 F.3d 398 (2d Cir.).

Although the complaint is not a model of clarity, it meets for the most part, these standards. With regard to the first element, the complaint refers to Lindsay**'s** copyright interest in the "Subject Work," and – as the defendants point out – makes several different references to what exactly this work constitutes.[4]

> [4] Lindsay defines the "Subject Work" as: "a new film project for the Titanic wreck using high illumination lighting equipment" ; "the documentary film *Titanic: In a New Light*" ; and "the illuminated underwater video footage."

However, piecing together these various allegations, and drawing all reasonable inferences in the plaintiff's favor, it becomes clear for purposes of this motion that the "Subject Work" consists of the illuminated underwater footage that was filmed utilizing the large light towers that Lindsay helped design and construct. Regarding the second and third elements, the plaintiff alleges that he owns these works, , and that they were accepted and registered with the U.S. Register of Copyrights.

As to the fourth element – how and when the defendants infringed the copyright – the plaintiff has satisfied his burden˜. With respect to RMST, the complaint alleges that RMST "unlawfully entered into the exclusive license agreement with DCI," , "enered [sic] into contracts conveying video clips and still images . . . to various Titanic artifacts exhibitions throughout the world," and "RMST displays images from the Subject Work on its

INTERNET web site." The complaint alleges that DCI incorporated portions of the illuminated footage into three separate documentaries that aired on certain dates in 1997. ˜

2. Authorship

The defendants first argue that the plaintiff cannot have any protectable right in the illuminated footage since he did not dive to the ship and thus did not himself actually photograph the wreckage. This argument, however, does not hold water.

The Copyright Act of 1976 provides that copyright ownership "vests initially in the author or authors of the work." 17 U.S.C. § 201(a). Generally speaking, the author of a work is the person "who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection." *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989) (citing 17 U.S.C. § 102). In the context of film footage and photography, it makes intuitive sense that the "author" of a work is the individual or individuals who took the pictures, i.e. *the* photographer. However, the concept is broader than as argued by the defendants.

For over 100 years, the Supreme Court has recognized that photographs may receive copyright protection in "so far as they are representatives of original intellectual conceptions of the author." *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1884). An individual claiming to be an author for copyright purposes must show "the existence of those facts of originality, of intellectual production, of thought, and conception." *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, 499 U.S. 340, 346-347 (1991) (citing *Burrow-Giles*, 111 U.S. at 59-60). Some elements of originality in a photograph includes "posing the subjects, lighting, angle, selection of film and camera, evoking the desired expression, and almost any variant involved." *Rogers v. Koons*, 960 F.2d 301, 307 (2d Cir. 1992). Taken as true, the plaintiff's allegations meet this standard. Lindsay's alleged storyboards and the specific directions he provided to the film crew regarding the use of the lightowers and the angles from which to shoot the wreck all indicate that the final footage would indeed be the product of Lindsay's "original intellectual conceptions."

The fact that Lindsay did not literally perform the filming, i.e. by diving to the wreck and operating the cameras, will not defeat his claims of having "authored" the illuminated footage. The plaintiff alleges that as part of his pre-production efforts, he created so-called "storyboards," a series of drawings which incorporated images of the Titanic by identifying specific camera angles and shooting sequences. During the expedition itself, Lindsay claims to have been "the director, producer and cinematographer" of the underwater footage. As part of this role, Lindsay alleges that he directed daily planning sessions with the film crew to provide them with "detailed instructions for positioning and utilizing the light towers." Moreover, the plaintiff actually "directed the filming" of the Titanic from on board the Ocean Voyager, the salvage vessel that held the crew and equipment. Finally, Lindsay screened the footage at the end of each day to "confirm that he had obtained the images he wanted."

All else being equal, where a plaintiff alleges that he exercised such a high degree of control over a film operation – including the type and amount of lighting used, the specific camera angles to be employed, and other detail-intensive artistic elements of a film – such that the final product duplicates his conceptions and visions of what the film should look like, the plaintiff may be said to be an "author" within the meaning of the Copyright Act.

Indeed, the instant case is analogous to *Andrien v. Southern Ocean County Chamber of Commerce*, 927 F.2d 132 (3d Cir. 1991). There, the Third Circuit recognized that "a party can be considered an author when his or her expression of an idea is transposed by mechanical or rote transcription into tangible form under the authority of the party." *Id.* at 135. The plaintiff in *Andrien* had received a copyright for a map of Long Beach Island, New Jersey which was created from a compilation of pre-existing maps and the plaintiff's personal survey of the island. To transform his concepts and the information he had gathered into the final map, the plaintiff hired a printing company to print the map in final form. The plaintiff testified that the maps were made by the printer "with me at her elbow practically" and that he spent time each day at the print shop during the weeks the map was made, directing the map's preparation in specific detail. In reversing the lower court's granting of summary judgment against the plaintiff, the court noted that the

printers had not "intellectually modified or technically enhanced the concept articulated by Andrien," nor did they "change the substance of Andrien's original expression." *Id.* at 135. *See also Lakedreams v. Taylor*, 932 F.2d 1103, 1108 (5th Cir. 1991) (noting that authors may be entitled to copyright protection even if they do not "perform with their own hands the mechanical tasks of putting the material into the form distributed to the public"). It is too early to tell whether the allegations of the plaintiff here satisfy the copyright laws, but crediting his story as I must, dismissal is unwarranted at this stage of the litigation.

The defendants' argue that *Geshwind v. Garrick*, 734 F. Supp. 644 (S.D.N.Y. 1990), *vacated in part*, 738 F. Supp. 792 (S.D.N.Y.1990), *aff'd*, 927 F.2d 594 (2d Cir. 1991), mandates dismissal. That case, however, is inapposite. The plaintiff there, a producer of computer graphics animation and special effects, had contracted to produce a 15-second animation piece. The plaintiff hired Digital, a computer graphics company to, in essence, produce the animated piece. The court in *Geshwind* found that Digital, by its employee, was the "author" within the meaning of the Copyright Act. In ruling that the plaintiff was not an "author," Judge Patterson found that the plaintiff there had made only minimal contributions to the final product and had only some, if any, of his "suggestions" incorporated into the final product. *Id.* at 650. This is in stark contrast to the case at bar where Lindsay alleges that his *contributions* – not suggestions – were anything but minimal, and he describes himself as the driving force behind the final film product at issue here.

3. Joint-Authorship

In the alternative, the defendants argue that Lindsay is, at best, a joint author of the underwater footage with RMST. This contention is based on the notion that Christian Petron, the main photographer of the film, was at least a joint-author of the footage with the plaintiff. Since Petron's participation was accomplished under the auspices of a work for hire agreement with RMST, the defendants' argument continues, any rights to authorship Petron may have received via his filming were conferred upon RMST. As a joint author with the plaintiff then, RMST cannot be liable for copyright infringement since each co-author acquires an undivided interest

in the entire work and has the right to use the work as he or she pleases. *Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998); *Weissmann v. Freeman*, 868 F.2d 1313, 1318 (2d Cir.) ("An action for infringement between joint owners will not lie because an individual cannot infringe his own copyright."). Similarly, any copyright claim against DCI would fail since RMST, as a joint author, has the right to license the joint work to third parties. *Thomson*, 147 F.3d at 199.

A "joint work" under the Copyright Act is one "prepared by two or more authors with the intention that their contributions be merged into inseparable or independent parts of a unitary whole." 17 U.S.C. § 101. To prove co-authorship status, it must be shown by the individual claiming co-authorship status that each of the putative co-authors (1) fully intended to be co-authors, and (2) made independently copyrightable contributions to the work. *Thomson*, 147 F.3d at 200

Drawing all inferences in favor of Lindsay, I conclude that no such status existed in the case at bar. With regard to the intent prong of the analysis, "an important indicator of authorship is a contributor's decision making authority over what changes are made and what is included in a work." 147 F.3d at 202-3 (citing *Erickson v. Trinity Theatre, Inc.*, 13 F.3d 1061, 1071-72 (7th Cir. 1994) (actor's suggestions of text did not support a claim of co-authorship where the sole author determined whether and where such suggestions were included in the work)). In other words, where one contributor retains a so-called "veto" authority over what is included in a work, such control is a strong indicator that he or she does not intend to be co-authors with the other contributor. According to the pleadings, the plaintiff exercised virtually total control over the content of the film as "the director, producer and cinematographer" of the production. Additionally, he briefed the photographers with regards to, *inter alia*, the specific camera angles they were to employ, and Lindsay screened the film each day to make sure the proper footage was obtained. Based on these allegations, and implicit in the notion that the film crew was simply "following directions," Lindsay retained what appeared to be exclusive authority over what was included in the footage. <Along these lines, Lindsay's alleged control over the filming rendered the film crew's role to one of no more than "rote or mechanical

transcription that [did] not require intellectual modification," *Andrien*, 927 F.2d at 135, a contribution that would not be independently copyrightable. *Id.; Thomson*, 147 F.3d at 200. RMST's claims of joint-authorship would thus fail on this prong as well.>

Assuming as I must at this stage of the litigation that this is true {(that Lindsay retained what appeared to be exclusive authority over what was included in the footage)}, it can hardly be said that the plaintiff intended Petron – or any other contributor – to be a co-author. Accordingly, the claims by RMST that it – by virtue of Petron's role as a photographer under a work-for-hire agreement – was a joint-author within the meaning of the Copyright Act must fail.~

The plaintiff's~ copyright-based claims~ have survived this motion.~

SO ORDERED.

C.6. Case: Morrill v. Smashing Pumpkins (C.D. Cal. 2001)

Pre-reading notes

In this case, a defendant successfully claimed joint authorship to repel the plaintiff author's infringement claim.

The main defendant is Billy Corgan, rock vocalist and guitarist. Corgan achieved huge fame and success as the front man for the Smashing Pumpkins. The band was formed in 1988 and had multi-platinum albums and heavy radio airplay in the early and mid 1990s.

The plaintiff, Jonathan Morrill, was apparently an early supporter of Corgan, before the Smashing Pumpkins was formed. According to the facts, Morrill allowed Corgan to stay at his house and Morrill shot and produced a video to help Corgan's prior band. Corgan then left Morrill's place and, apparently, helped himself to a copy of the video Morrill produced. Years later, some of the footage was put into a Smashing Pumpkins long-form video – without permission from or notice to Morrill.

Notice that although the court holds that this case turns on intent, the court nonetheless resolved the case for the defendants on summary judgment.

Opinion

{Citations to the complaint, deposition testimony, and other court filings have been liberally omitted without notation. Italicization my differ from the original.}

Morrill v. Smashing Pumpkins

U.S. District Court for the Central District of California
157 F.Supp.2d 1120 (C.D. Cal 2001)

Jonathan MORRILL, an Individual and J.M. Productions, a sole proprietorship, Plaintiffs, v. The SMASHING PUMPKINS, an entity form unknown, Billy Corgan, an individual, Virgin Records America, entity form unknow (sic), Modi-Vational Films, entity form unknown, and Does 1-100, Defendants. No. CV00-06818CM(JWJX). David R. Olan, Olan Law Corporation, Los Angeles, CA, for Plaintiffs. Bert H. Deixler, Hayes F. Michel, Jennifer M. Crome, Proskauer Rose LLP, Los Angeles, CA, for Defendants. ORDER GRANTING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT.

MORENO, District Judge.

Presently before the Court is Defendants The Smashing Pumpkins, Billy Corgan, Virgin Records America, and Modi-vational Films' Motion for Summary Judgment. {T}he Court hereby grants Defendants' Motion for the following reasons.

I.
Statement of Facts

The allegations in this case arise from events transpiring in St. Petersburg, Florida in 1986. At that time, Plaintiffs Jonathan Morrill and J.M. Productions ("Morrill") completed an "original music video/documentary" entitled "Video Marked," which depicted Defendant Corgan and his then-existing music group, The Marked. "The purpose of this endeavor was to create an assortment of music videos for Corgan and his bandmates in order to help them get started with their musical careers."

Video Marked was created around the time when Corgan and The Marked were staying at Morrill's home in St. Petersburg. Upon completion of the video, Video Marked was played at some clubs where The Marked performed, as a promotional tool for the band. At some point later in 1986, Corgan left St. Petersburg. After Corgan's departure, Morrill noticed that one of the copies of Video Marked was missing, and his "prime suspect" was Corgan. Morrill never mentioned the missing video to Corgan, nor did he pursue any further use of Video Marked until 1996, when he approached Corgan at a Smashing Pumpkins concert and inquired whether Corgan would consider marketing Video Marked. Upon Corgan's refusal, Morrill abandoned any planned use of Video Marked.

Allegedly unbeknownst to Morrill, in 1994 Defendants Corgan, The Smashing Pumpkins, and Virgin Records America released a video entitled "Vieuphoria," which contained short clips of images taken from Video Marked. Vieuphoria, a ninety-minute video, contained about forty-five seconds of material from Video Marked. Although Vieuphoria was released in 1994, it was not until 1998 that Plaintiff purportedly learned of its existence.

On May 22, 2000, Morrill filed suit in the Superior Court of the State of California, County of Los Angeles. Removal to this Court was ordered because of the likelihood that Plaintiffs' claims were at bottom disguised copyright claims subject to preemption under 17 U.S.C. § 301(a). Plaintiffs moved to remand and Defendants moved for judgment on the pleadings pursuant to Federal Rule of Civil Procedure 12(c). This Court dismissed Plaintiffs motion and treated Defendants' motion as a motion for summary judgment, ultimately dismissing Plaintiffs' breach of contract, negligent misrepresentation, and constructive trust claims. Plaintiffs filed a First Amended Complaint, followed by a Second Amended Complaint. On July 19, 2001, Defendants moved for summary judgment on Plaintiffs' remaining claims for copyright infringement, breach of confidence, fraud and deceit, declaratory relief, and injunctive relief. {That motion} is presently before this Court.

II.
Applicable Standard

Summary judgment is appropriate when "˜there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed.R.Civ.P. 56(c).~

III.
Analysis

A. Copyright Infringement

Morrill alleges that he is the sole owner of the copyright for Video Marked. He asserts that the certificate of registration he obtained in 1998 from the Register of Copyrights is proof of his sole copyright ownership. Morrill further contends that use, without his authorization, of portions of Video Marked in The Smashing Pumpkins' video, Vieuphoria, is an infringement of his copyright in Video Marked.

Defendants allege that Morrill's copyright infringement claims are invalid {because} Defendant Corgan is a joint author of Video Marked and therefore cannot be held liable for infringing the copyright of a work he co-owns˜.

Section 101 of the Copyright Act of 1976 defines a "joint work": "A 'joint work' is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101. As the Ninth Circuit has determined, "for a work to be a 'joint work' there must be (1) a copyrightable work, (2) two or more 'authors,' and (3) the authors must intend their contributions be merged into inseparable or interdependent parts of a unitary whole." *Aalmuhammed v. Lee*, 202 F.3d 1227, 1231 (9th Cir. 2000).

It is undisputed that Video Marked is a copyrightable work and that it was intended to serve as a unitary whole, specifically as a music video created to promote Defendant Corgan and his band, The Marked. It is also undisputed that Morrill directed, produced, and edited the video and that Corgan and The Marked composed and performed the music played in the video. Both contributions, Morrill's filming and editing of the video and Corgan's performance and composition of the songs, satisfy the requisite level of copyrightable expression necessary to support a claim of joint authorship. See *Ashton Tate Corp. v. Ross*, 916 F.2d 516, 521 (9th Cir. 1990) ("our circuit holds that joint authorship requires each author to make an independently copyrightable contribution").

Merely making a copyrightable contribution is not enough to establish joint authorship, however. See *Aalmuhammed*, 202 F.3d at 1232 ("authorship is not the same thing as making a valuable and copyrightable contribution"). Each contributor must also be deemed an "author" of the work. The Ninth Circuit's *Aalmuhammed* decision lists three criteria for determining, in the absence of a contract, whether a contributor should be considered an "author" for the purpose of joint authorship: (1) whether the purported author controls the work and is " 'the inventive or master mind' who 'creates, or gives effect to the idea,' " *Aalmuhammed*, 202 F.3d at 1234 (quoting *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 61 (1884)); (2) whether the "putative coauthors make objective manifestations of shared intent to be coauthors," *Id*.; and (3) whether "the audience appeal of the work turns on both contributions and 'the share of each in its success cannot be appraised.' " *Id*.

While these factors are helpful in determining whether a contributor should be considered a joint author of the work, the *Aalmuhammed* court noted that "[t]he factors articulated in this decision ... cannot be reduced to a rigid formula, because the creative relationships to which they apply vary too much." *Aalmuhammed*, 202 F.3d at 1235. In applying these three criteria to the facts involved in *Aalmuhammed*, the Ninth Circuit found that a consultant on Spike Lee's movie, "Malcolm X," was not a joint author of the film. The court determined that *Aalmuhammed*'s work as an "Islamic Technical Consultant," which included some original script writing, did not rise to the level of control, objective intent, and impact on the film's success necessary to satisfy the requirements for joint authorship.

Morrill's claim that he is the sole author of Video Marked attempts to trace the *Aalmuhammed* factors. First, he asserts that he "exercised total control over the work." Morrill alleges that he shot the videos, chose the locations, directed every individual during shooting, and edited the final product by himself. Second, he contends that the intent of the parties was for Morrill to be the video's sole author. Morrill supports this claim with evidence that he affixed his name as the producer on several segments of Video Marked, and that he retained sole possession of the copies of Video Marked. Morrill does not discuss the third *Aalmuhammed* factor, the source of the audience appeal in the work.

Morrill's attempt to paint himself as the sole force behind Video Marked misses the primary purpose of his work: he was shooting a music video. The video's music was therefore the central component of the completed work. While Morrill's filming, editing, and producing may have helped shape and present The Marked's music for its audience, without the music itself Video Marked would not exist. Morrill's discussion of ownership and control omits the fact that it was Corgan and his band who wrote and performed the songs filmed by Morrill. Although Morrill may have directed the production and editing of the video, Corgan and The Marked had sole control over the writing and the performing of the video's music. See *Forward v. Thorogood*, 985 F.2d 604, 605 (1st Cir. 1993) ("The performer of a musical work is the author, as it were, of the performance."). In a music video, the creator of the songs and the creator of the images are both "the inventive or master

mind[s]" whose work comes together to produce a unitary whole. See *Aalmuhammed*, 202 F.3d at 1229. Since both parties had creative control over separate and indispensable elements of the completed product, the first *Aalmuhammed* factor favors a finding of joint authorship.

The other two criteria discussed by the court in *Aalmuhammed* also suggest joint authorship of Video Marked. First, the parties' words and behavior evidences an intent to be co-authors of the video. Morrill videotaped The Marked as a promotional tool for the band; he admits that Video Marked was shown to audiences at venues where The Marked was performing. See Morrill Dep. at 126:23-127:2. In his Complaint, Morrill described Video Marked as a work "created with Corgan and his band." Compl. 13. In his deposition, Morrill referred to Video Marked on multiple occasions as a "collaboration" between himself and Corgan. Further, in 1996 Morrill asked Corgan for his permission to market Video Marked. These statements and actions by Morrill are inconsistent with an intent to be the video's sole author. Instead, Morrill's words and actions appear to be "objective manifestations of a shared intent to be coauthors." *Aalmuhammed*, 202 F.3d at 1234.

Morrill's claim that the parties had agreed that Morrill was to be the sole author of Video Marked is based on, if anything, his own subjective intent. Morrill contends that his affixation of his name as the producer of the video signifies that he was the sole author. However, "producer" does not necessarily mean "author." See *Aalmuhammed*, 202 F.3d at 1232 (noting that an author of a movie might be a director, a star, a producer, a cinematographer, an animator, or a composer).

Morrill also asserts that since he retained possession of all of the copies of Video Marked, he was its sole owner. Mere possession of a videotape does not translate into copyright ownership, however. The case of *Forward v. Thorogood*, 985 F.2d 604 (1st Cir. 1993), is directly on point. The plaintiff in *Forward* had paid for and arranged recording sessions for the band, George Thorogood and the Destroyers. After the sessions were complete, the band had agreed that the plaintiff could keep the tapes for his own enjoyment. Later, the plaintiff claimed that his possession of the tapes made him the sole owner of the copyright to the tapes. The First Circuit upheld the district

court's determination that the mere agreement by the band that the plaintiff could have physical possession of its recording tapes did not mean that band had consented to convey its interest in the copyright of those tapes to the plaintiff. Id. at 606. Like the plaintiff in *Forward*, Morrill's possession of the copies of Video Marked does not translate into sole copyright ownership of the tapes. Further, Morrill's own failure to trace or recover his missing copy of Video Marked, after he suspected that Corgan had taken it, discredits his claim of sole ownership.

Finally, Morrill's own statements, made during his deposition, reveal the parties' shared intent to create a joint work. In recounting his 1996 conversation with Corgan in which Morrill requested permission to use Video Marked, Morrill stated, "I said, 'Billy, now that you have achieved this superstar status, don't you think that our early collaborations have certain marketability?" ' Morrill Dep. at 115:2-5 (emphasis added). When Corgan turned down Morrill's offer, Morrill recalled thinking, "I appreciated an artist not being satisfied with the quality of his work and not wanting to have it marketed." Morrill Dep. at 115:23-25 (emphasis added). Morrill remembered that Corgan "expressed an opinion on not wanting [Video Marked] to be marketed because of the poor audio quality on his end. He loved the video aspects that I took care of." Morrill Dep. at 116:13-15. Thus, Morrill's own deposition describes a shared intent to be joint authors; the parties agreed that Morrill would execute "video aspects" and Corgan would supply the music.

Morrill does not discuss the third *Aalmuhammed* factor, the source of the audience appeal of the work. See *Aalmuhammed*, 202 F.3d at 1234. At the time when Video Marked was first displayed, at the clubs where The Marked was playing, the appeal of the work presumably was based on the audience's ability to hear additional performances by the band and to view the band in a different light. After Corgan's new band, The Smashing Pumpkins, gained success, the appeal of "View Marked" was most likely based on the audience's ability to view images of a younger Corgan. This is suggested by the packaging for Vieuphoria, which advertises "super secret, super special extra stuff shot by the band." Since the audience appeal, then, rests both on the video's visual aspects and on the composition and

performance of the music, this factor also weighs in favor of finding View Marked to be a joint work.

Notwithstanding the *Aalmuhammed* factors, Morrill additionally asserts that the certificate of registration he obtained from the Register of Copyrights demonstrates that he is the sole author of Video Marked. This registration did not occur until 1998, however, about twelve years after the video's initial publication. Section 410(c) of the Copyright Act states that a certificate of registration is prima facie evidence of the validity of the copyright only if registration occurred "before or within five years after first publication of the work." 17 U.S.C. § 410(c). In cases where registration occurs more than five years after initial publication, "[i]t is within the court's discretion what weight to give the copyright registrations in determining the validity of the copyright interests of those works for which plaintiffs are not entitled to an automatic presumption of validity." *Religious Tech, Center v. Netcom On-Line Comm. Serv., Inc.*, 923 F.Supp. 1231, 1242 (N.D. Cal. 1995).

Here, as discussed above, all three factors discussed by the *Aalmuhammed* court point towards a finding of joint authorship for Video Marked. This music video was created by two authors, the video's producer and the band itself, with the intention that their respective contributions be merged into inseparable parts of a unitary whole. In discussing the question, "Who, in the absence of a contract, can be considered an author of a movie?" the Ninth Circuit in *Aalmuhammed* stated that depending on the type of movie, different individuals might be considered its author. Most significantly, the court noted, "[w]here the visual aspect of the movie is especially important, the chief cinematographer might be regarded as the author. And for, say, a Disney animated movie like 'The Jungle Book,' [the author] might perhaps be the animators and the composers of the music." *Aalmuhammed*, 202 F.3d at 1232. Similarly, for a music video, authorship is found in both the band's music and the director's visual animation of the band.

In the case of a sound recording, the law is clear: absent an employment relationship or express assignment of copyright, the copyright for the sound recording "will be either exclusively in the performing artists, or (assuming

an original contribution by the sound engineers, editors, etc., as employees of the record producer), a joint ownership between the record producer and the performing artists." M. Nimmer & D. Nimmer, 1 Nimmer on Copyright § 2.10[A] [3] (2001). The case of a music video is equally clear: absent a written agreement, the copyright for the music video is a joint ownership between the performing artists and the video's producer (assuming an original contribution by the producer or an employee of the producer).[1] Therefore, this court finds that Corgan is a joint author of View Marked.

> [1] Here, Morrill's contribution to the video was original. Defendants argue in the alternative that Morrill has no copyright interest in Video Marked since he has pointed to no specific conversation or document suggesting that Corgan and The Marked gave Morrill any right to exploit the filmed footage of their performance. Defendants, however, have not proffered any evidence suggesting that Morrill created Video Marked as a "work for hire." See *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 751-53 (1989). Absent evidence of an agreement that Morrill's contributions to the video were meant to be that of an employee of the band, Morrill's original work as a producer and director of the video satisfies the requirements for establishing joint authorship of Video Marked, as discussed above.

As a joint author, Corgan cannot be held liable for copyright infringement based on his use of View Marked in The Smashing Pumpkins' video, Vieuphoria. Each author of a joint work is a tenant in common. See *Picture Music, Inc. v. Bourne, Inc.*, 314 F.Supp. 640, 646 (S.D.N.Y.1970). "A co-owner of a copyright cannot be liable to another co-owner for infringement of the copyright." *Oddo v. Ries*, 743 F.2d 630, 632-33 (9th Cir. 1984). The fact that Corgan used only visual elements of View Marked in Vieuphoria does not subject him to liability for copyright infringement; since a joint work is created as a unitary whole, a joint author can use or license any portion of the joint work without infringing its copyright. *Id.* at 633. Morrill therefore has no standing to sue Corgan for infringement of the copyright in View Marked.

Finally, Corgan's position as a joint author of View Marked gives him the power to grant a non-exclusive license for the use of this work. See *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 558-59 (9th Cir. 1990). Consistent with this right, Corgan granted Defendant Virgin Records America a non-exclusive licence to distribute Vieuphoria, which contained scenes from View Marked. A non-exclusive license to use a joint work need not be explicit. *See id*. By conveying a video that used material from his joint work, Corgan impliedly granted a non-exclusive license to Virgin to distribute this material. Virgin, as a non-exclusive licensee of a copyright co-owner, therefore cannot be subject to copyright liability for its use of Video Marked.

Based on the foregoing discussion, Defendants' Motion for Summary Judgment on Plaintiffs' claim of copyright infringement is *granted*.˜

{*Editor's note:* The court discussed and granted defendants' motion for summary judgment on the additional claims for breach of confidence and for fraud and deceit.}

IT IS SO ORDERED.

Questions to ponder

In "Bullet with Butterfly Wings" by The Smashing Pumpkins, Billy Corgan sings:

> The world is a vampire
> Sent to drain
> Secret destroyers
> Hold you up to the flames
> And what do I get
> For my pain?
> Betrayed desires
> And a piece of the game
>
> Despite all my rage, I am still just a rat in a cage

The Genius.com music website offered the following interpretation: "In saying the world is a vampire, Corgan suggests that everyone around him wanted something, similar to the lust that a vampire feels."

Questions: Was Morrill a vampire? Do you think Corgan thought of him that way?

Sarcastic rhetorical question: Who stayed at whose house and got who to work for free to help who become a rock star?

Regarding Corgan's lyrics of being left with "Betrayed desires / And a piece of the game," Genius.com offers that Corgan "gets to know that rather than fulfill his artistic purpose, he is simply fulfilling a commercial obligation, and he gets to cash his check."

The website suggests Corgan is commenting on "artists being made to feel like commercial objects."

Another sarcastic, rhetorical question: If you're going to be disrespected and objectified, is it at least better to get credited and invited to participate financially?

D. Ownership by Hire

D.1. Lead-in

One person can hire another person to create a copyrightable work, and the hiring party can then own the copyright. But mere payment is not enough. Nor is agreement. And mutual intent is not enough either. There are two ways to accomplish ownership by hire. One is assignment, which is pretty straightforward. The other is works made for hire doctrine, which is complex.

D.2. Explanation of works-made-for-hire doctrine

D.2.a. General considerations

The general rule is that the author (creator) of a copyrighted work owns the copyright, but the author/creator can assign the copyright to another person. "Works made for hire" is an exception to that general rule. The copyright to a work made for hire is owned by the hiring party, and the hiring party is considered the author of a work made for hire.

Frequently the law in this area is referred to as "work for hire" or "works for hire" doctrine. That phrasing, in fact, may be the most common. But the statute has the word "made" inserted into the phrase: "work made for hire," "works made for hire." Either phrasing is fine. But if you are doing a text search of documents, cases, or literature, you should try the formulations with and without "made." Also the phrase and concept is sometimes abbreviated as WFH or WMFH, so be aware of that as well.

We'll keep this explanation will be inconsistent in its phrasing –all the better to accustom the reader to the varied ways the doctrine is referred to.

Whether or not a work is a work for hire is determined by the definition of "work made for hire" in 17 U.S.C. § 101. Courts tend to be very strict in applying the statutory requirements.

The statute prescribes two ways (and only two ways) by which a work can be a work made for hire: One way is that the work is prepared by an employee within the course and scope of employment. The other way involves certain kinds of specially commissioned works under certain circumstances.

And, importantly, the analysis of whether a work qualifies as a work made for hire is determined by the facts and circumstances existing at the time the work is created. So if a hiring party wants to be the owner of a copyright to a

work they are hiring someone to create, then that hiring party is best served by seeing to the propriety of the arrangements in advance.

D.2.b. Employee/scope-of-employment works

Copyrightable works created by an employee can be works made for hire in favor of the employer, in which case the employer is deemed the author and is thus the initial owner.

For a work to qualify as a work made for hire under the employee/scope-of-employment category, there are multiple necessities. For one, there must be a real, bona fide employee/employer relationship. Then, additionally, the work must be created within the course and scope of employment. But any type of work can qualify, which distinguishes employment works from specially commissioned works. (As will be discussed soon, work-for-hire status via special commissioning is available only for certain categories of works.)

Employment versus independent contracting

Crucially, the law requires for scope-of-employment works made for hire that there be a real, bona fide employment relationship between the hired creating party and the hirer/owner of the copyrighted work.

A person may be hired by and work for someone without being an employee. Many legal consequences flow from the distinction. At some level, everyone already appreciates this. For instance, if you have a plumber come over to your house to fix a leaking faucet, you would not call the plumber your "employee." And, indeed, the law largely follows common language usage in this regard. But the details are important.

The law commonly uses the term "independent contractor" to denote a person hired to do a job where the hirer/hiree relationship is not one of employment. So the distinction is often talked about as the distinction between independent contractor and employee. People do not tend to talk about "the distinction between 'independent contractors' and 'employers' – but they could, because the distinction matters on both the hirer and hiree side.

Many legal consequences flow from the distinct categorizations of contractor/contractor and employer/employee. And those consequences occur in different realms of the law: taxation, unemployment insurance, workers compensation, wage/hour regulation (including minimum wage), tort liability, and many more. Importantly, different legal regimes have different rules and doctrine for determining whether a contract for labor or services

constitutes an employment relationship. And a worker who is an employee for taxation purposes may or may not be an employee for wage-and-hour regulation. And so on.

One thing that various approaches have in common is that the agreement of the parties about the status of their relationship does not control. It's widely understood that if the parties' agreement controlled, then given that one party usually has superior bargaining power (generally the employer), then it would be easy for that party to manipulate the categorization to their advantage. And the legislature's collection of choices in areas like wage/hour regulation, unemployment insurance, workers compensation, and discrimination laws reflects a legislative decision to prevent purely private ordering between hirers and hirees. (For example, minimum wage would be a nullity if workers could agree to forgo it.)

All that carries over to copyright. An agreement, even a written one, that the relationship is one of employment does not control. Yet it might be helpful to or influential on the court's determination.

Given the many different paths that various legal regimes have forged for categorizing a relationship as employer/employee or not, when it came to works made for hire, copyright law could adopt any of many existing alternatives or could produce something bespoke. The '76 Act is silent on the issue.

CCNV's agency/factors approach

The U.S. Supreme Court spoke to the matter in the case of *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989). The court held in *CCNV* (as it's commonly called) that, first of all, the agreement of the parties about the status of their relationship does not control. What will control the determination of employment status is the common law of agency. That law provides a factors-based analysis.

Here are factors courts look at since *CCNV v. Reid*:

- employer's control over the work (more tends toward employment)
- employer's control over the employee (more tends toward employment)
- employer is in the business of producing such works (tends toward employment)

- indicia of employment, such as taxes withheld from employee's pay check, etc. (these suggest employment)
- hiring party's right to control the manner and means by which the product is accomplished (tends toward employment)
- the skill required (depends, but more skill *can tend against* employment)
- the source of the instrumentalities and tools (employers tend to provide such things; independent contractors tend to supply their own tools)
- the location of the work (if the work is at the hirer's premises, that can suggest employment)
- the duration of the relationship between the parties (longer tends toward employment)
- whether the hiring party has the right to assign additional projects to the hired party (tends to suggest employment)
- the extent of the hired party's discretion over when and how long to work (associated with employment)
- the method of payment (indicates either way depending on the payment method's association with employment or contracting)
- the hired party's role in hiring and paying assistants (hiree's ability to delegate tasks to workers that the hiree pays *tends away* from employment)
- whether the work is part of the regular business of the hiring party (tasks with the hirer's regular business suggests employment)
- whether the hiring party is in business (tends toward employment)
- the provision of employee benefits (suggests employment)
- the tax treatment of the hired party (indicates either way)

No one of these factors is determinative, of course. (There wouldn't be much sense in calling them "factors" otherwise.) But, in particular, it should be emphasized that even tax treatment is not determinative.

While doctrine emphasizes that no factor is determinative and that all factors are to be taken into account, empirical work by legal scholar Ryan Vacca has established that as courts make these determinations, some factors turn out to be more significant than others.

Prof. Vacca's findings about factor importance

Professor Vacca found that these factors are the most important to courts:

- the tax treatment of the hired party
- the provision of employee benefits
- the method of payment

The next most important factors to courts are:

- the skill required
- the source of the instrumentalities and tools
- whether the hiring party has the right to assign additional projects to the hired party

For the full analysis, see Ryan Vacca, *Work Made For Hire – Analyzing the Multifactor Balancing Test*, 42 FLA. ST. U. L. REV. 197 (2017), https://ir.law.fsu.edu/lr/vol42/iss1/8.

Course and scope of employment

The work must be created in the course of and within the scope of employment.

Courts tend to just talk about "scope of employment," but they really mean more than that; thus, the phrase "course and scope of employment" may be more helpful.

Scope matters, for instance, in that a work created at the office during working hours may not qualify. A love letter written furtively at one's desk during a slow afternoon would not be within the scope of employment for lawyers or staff at a law firm.

But the actual "scope" of employment isn't everything. A work that's related to the subject matter of the employment, but which is created at home, off the clock, may not qualify. The outcome will depend on things like whether working at home was part of the job.

Courts tend to look for three things to indicate the work being within the course and scope of employment: (1) It is the kind of work that the employee has been hired to do. (2) The work is done at least in part for the benefit of the employer. (3) The work more-or-less occurs during employment hours at the place of employment. Whether that's limited to 9:00 a.m. to 5:00 p.m. weekdays at the employer's physical location will depend on the kind of job it is. Hospital emergency room nurses don't take their work home with them.

Lawyers inevitably do. A phrase that's used in the cases is "occurs substantially within the authorized time and space limits."

Bottom line, there's a lot of potential room for litigating the issue.

D.2.c. Specially commissioned works

The other path by which a hirer can own the copyright to a hiree's creative work as a work for hire is where the work has been specially commissioned.

But not every bona fide special commission arrangement will work! There is more to it, and the requirements – which are not necessarily intuitive – are strictly enforced.

First, there must be an express written agreement saying that the work will be considered a work made for hire. There might be wiggle room in the wording, but if you're drafting the agreement with an eye toward validity, the smartest course would be to use the words "work made for hire" in describing what the parties are agreeing to.

Second, that written agreement must be signed by both parties.

Third, the work being commissioned must be for use as one of the following:

- a contribution to a collective work
- a part of a motion picture or other audiovisual work
- a translation
- a supplementary work (e.g., forewords, charts, tables, appendixes, indexes that would accompany the author's main text in a book)
- a compilation
- an instructional text
- a test
- answer material for a test
- an atlas

Looking over the nine categories you can see an imprint left by the visitors to Capitol Hill in 1976. Hollywood showed up to tell Congress what it needed, as did atlas publishers and the educational publishing industry – which walked away with three of the nine categories.

Note that these categories are strictly applied. For instance, a sound recording that exists by itself, not paired with or for the purpose of pairing with moving visual imagery, does not qualify as under "audiovisual work."

D.3. Hiring context generally

D.3.a. Hiring to create – without gaining copyright

Gaining only physical objects

If you hire someone to create a sculpture or to paint a portrait in oil on canvas – what is the transaction really about? Well, you may not be a good example, because if you are reading this book, you are studying copyright law. But when a regular person without legal training hires an artist to create a bust or a portrait in tribute to a friend or colleague – what do you think they expect to get? Or: When a real property owner or business owner hires an artist to create a sculptural work or a mural or some other large piece of art for an important physical space like a building lobby or plaza – what do you think they expect to get out of the transaction?

In such a situation, the hiring party may only have been thinking about the physical art. Maybe they thought the copyright would come along with the physical art. Maybe they didn't think about anything other than getting the physical object. Or maybe their state of mind was somewhere in-between: For instance, perhaps the word "copyright" never entered their brain, yet they nonetheless assumed they would be able to do things that involve reproducing and distributing copies of the artwork – such as featuring it in pictures on a website, in books or brochures, and so forth.

Artists are frequently hired in situations such as these. And if no particular arrangements are made with regard to copyright, the hiring party will end up only with title to the physical object embodying the artistic work and no copyright ownership. The Copyright Act's § 202 contemplates exactly such a possibility and seems to regard it as the default. Titled "Ownership of copyright as distinct from ownership of material object," the statute clearly provides that a transfer of a physical object does not effect a transfer of any associated copyright.

If, from the circumstances of the transaction, it seems clear that the hiring party justly expected to be able to reproduce and distribute the artwork in some form, then the legal outlet may be implied license. But injustice cannot effect a transfer of copyright ownership.

Gaining only services

What if a regular person hires a photographer to take photos of an event? Or a videographer to shoot video footage? In such a situation, the hiring party may not even end up with any physical object, much less the copyright. Perhaps all they will have gotten in the end is digital files – or perhaps just intangible services.

This is in fact a very common and likely situation when people hire a wedding photographer. The couple might end up only with digital copies – perhaps only the images the photographer chooses to share afterward. And those images might come with no license for reproduction.

Or what about hiring a business consultant, lawyer, or physician? The copyright to the documents drafted by such professionals by default remains with those professionals. In fact, to provide you with the legal right to even see "your" medical records at the doctor's office or "your" client files at the law firm, you may need to lean on state laws or regulations that provide patients or clients with a right of access to such records.

Suffice it to say that these sequelae of copyright law cause real-world surprise and dismay for people on an everyday basis.

D.3.b. Gaining copyright ownership through assignment

It is quite possible to avoid inadvertent disappointment for those who pay for the service of artists and professionals. Structuring the transaction such that the work will qualify as a work made for hire is one way. But work-for-hire doctrine has peculiar requirements and isn't fit for all circumstances.

What if you want … but … ?

What if you want to hire someone to create a copyrightable work, and you want to wind up owning the copyright, but the person you're hiring won't be your bona-fide employee, and the work you want created isn't among the nine categories for specially commissioned works?

What you want is doable. You can get the copyright to the work through assignment.

Assignment is typical and the requirements are easier

You shouldn't think of works for hire as the typical way in which someone becomes the owner of a copyright to the work they paid a creator to

produce. Assignment is the most straightforward and standard means of accomplishing this.

Without regard to the law of works for hire, you can create a written agreement ahead of time, such that the work will be assigned to you upon creation. Cue contract law here, because it's typical to arrange things as a contract, memorialized in writing, when the arrangement is a mutual exchange of promises including services on the one hand and payment on the other. But notably, for a valid assignment of copyright there is no need for a valid contract. Moreover, the writing effecting the assignment need only be signed by the assignor.

D.3.c. WMFH's salient advantage: invulnerability to recapture

Compared with an assignment, there is one extremely important advantage to the hiring party in gaining ownership of and being deemed the author of a work via the doctrine of works made for hire. That advantage is that the hiring party is not vulnerable to losing the copyright in the future through the recapture mechanisms copyright law provides to natural authors and their heirs (i.e., § 203 and § 304, discussed elsewhere). In many contexts – including, for instance, the motion-picture industry – the difference is monumental.

D.4. Statute (by Hire)

D.4.a. Note regarding statutory text

For the reader's convenience, words in the statutory text that have corresponding definitions in § 101 have been bolded and underlined. Terms that are close but noticeably different in wording to defined terms are italicized in addition to being bolded and underlined (in this regard, note that 17 U.S.C. § 101 provides definitions for enumerated terms "and their variant forms"). The corresponding statutory definitions then immediately follow.

D.4.b. 17 U.S.C. § 201(a), (b), (d), (e) and definitions

§ 201 · Ownership of copyright

(a) Initial Ownership.—Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a **joint work** are coowners of copyright in the work.

(b) **Works Made for Hire**.—In the case of a **work made for hire**, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.

(c) {omitted: subsection "Contributions to Collective Works"}

(d) ***Transfer of Ownership***.—

(1) The ownership of a copyright may be ***transferred*** in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be ***transferred*** as provided by clause (1) and owned separately. The ***owner*** of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the ***copyright owner*** by this title.

(e) Involuntary ***Transfer***.—When an individual author's ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been ***transferred*** voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, ***transfer***, or exercise rights of ***ownership*** with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under title 11. *{Note: Title 11 of the U.S. Code is "Bankruptcy."}*

Definitions from § 101 of terms in § 201

"**Copyright owner**", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

A "**joint work**" is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

A "**transfer of copyright ownership**" is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

A "**work made for hire**" is—

(1) a work prepared by an employee within the scope of his or her employment; or

(2) a work specially ordered or commissioned for use as a contribution to a **collective work**, as a part of a **motion picture** or other **audiovisual work**, as a translation, as a **supplementary work**, as a **compilation**, as an **instructional text**, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a "**supplementary work**" is a work prepared for **publication** as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes, and an "**instructional text**" is a ***literary***, ***pictorial, or graphic work*** prepared for **publication** and with the purpose of use in systematic instructional activities.

In determining whether any work is eligible to be considered a work made for hire under paragraph (2), neither the amendment contained in section 1011(d) of the Intellectual Property and Communications Omnibus

Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, nor the deletion of the words added by that amendment—

(A) shall be considered or otherwise given any legal significance, or

(B) shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination, by the courts or the Copyright Office. Paragraph (2) shall be interpreted as if both section 2(a)(1) of the Work Made for Hire and Copyright Corrections Act of 2000 and section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, were never enacted, and without regard to any inaction or awareness by the Congress at any time of any judicial determinations.

Relevant note of the U.S. Copyright Office appended to quoted statutory language:

The Satellite Home Viewer Improvement Act of 1999 amended the definition of "a work made for hire" by inserting "as a sound recording" after "audiovisual work." Pub. L. No. 106-113, 113 Stat. 1501, app. I at 1501A-544. The Work Made for Hire and Copyright Corrections Act of 2000 amended the definition of "work made for hire" by deleting "as a sound recording" after "audiovisual work." Pub. L. No. 106-379, 114 Stat. 1444. The Act also added a second paragraph to part (2) of that definition. Id. These changes are effective retroactively, as of November 29, 1999.

Definitions from § 101 of terms in § 101 definitions of § 201 terms

(in order of appearance in WMFH definition)

A "**collective work**" is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.

"**Motion pictures**" are audiovisual works consisting of a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

"**Audiovisual works**" are works that consist of a series of related images which are intrinsically intended to be shown by the use of **machines** or **devices** such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied.

A "**compilation**" is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term "compilation" includes **collective works**.

"**Publication**" is the distribution of **copies** or **phonorecords** of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute **copies** or **phonorecords** to a group of persons for purposes of further distribution, ***public performance***, or ***public display***, constitutes publication. A ***public performance*** or ***display*** of a work does not of itself constitute publication.

"**Literary works**" are works, other than **audiovisual works**, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, **phonorecords**, film, tapes, disks, or cards, in which they are embodied.

"**Pictorial, graphic, and sculptural works**" include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans. Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.

Definitions from § 101 of terms in § 101 definitions of § 101 definitions of § 201 terms

(corresponding to "audiovisual works" definition above and further terms below)

A "**device**", "**machine**", or "**process**" is one now known or later developed.

(corresponding to "publication" definition above)

"**Copies**" are material objects, other than **phonorecords**, in which a work is **fixed** by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a **machine** or **device**. The term "copies" includes the material object, other than a **phonorecord**, in which the work is first fixed.

"**Phonorecords**" are material objects in which sounds, other than those accompanying a motion picture or other **audiovisual work**, are **fixed** by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a **machine** or **device**. The term "phonorecords" includes the material object in which the sounds are first **fixed**.

To "**perform**" a work means to recite, render, play, dance, or act it, either directly or by means of any **device** or **process** or, in the case of a **motion picture** or other **audiovisual work**, to show its images in any sequence or to make the sounds accompanying it audible.

To "**display**" a work means to show a **copy** of it, either directly or by means of a film, slide, television image, or any other **device** or **process** or, in the case of a **motion picture** or other **audiovisual work**, to show individual images nonsequentially.

To *perform* or *display* a work "**publicly**" means—

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to **transmit** or otherwise communicate a ***performance*** or ***display*** of the work to a place specified by clause (1) or to the public, by means of any **device** or **process**, whether the members of the ***public*** capable of receiving the ***performance*** or ***display*** receive it in the same place or in separate places and at the same time or at different times.

Definitions from § 101 of terms in § 101 of terms in § 101 definitions of § 101 definitions of § 201 terms

A work is "**fixed**" in a tangible medium of expression when its embodiment in a **copy** or **phonorecord**, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being **transmitted**, is "fixed" for purposes of this title if a fixation of the work is being made simultaneously with its ***transmission***.

To "**transmit**" a ***performance*** or ***display*** is to communicate it by any **device** or **process** whereby images or sounds are received beyond the place from which they are sent.

D.4.c. 17 U.S.C. § 202 and definitions

§ 202 · Ownership of copyright as distinct from ownership of material object

Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied.

Transfer of ownership of any material object, including the **copy** or **phonorecord** in which the work is first **fixed**, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does ***transfer of ownership of a copyright*** or of any exclusive rights under a copyright convey property rights in any material object.

Definitions from § 101 of terms in § 202

"**Copyright owner**", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

"**copies**" *{see above}*

"**phonorecords**" *{see above}*

"**fixed**" *{see above}*

A "**transfer of copyright ownership**" is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

D.5. Case: CCNV v. Reid (U.S. 1989)

D.5.a. Pre-reading notes

The most important interpretation of the '76 Act's work-made-for-hire provisions comes from *CCNV v. Reid*.

A charitable organization called the Community for Creative Non–Violence (CCNV) sought to raise awareness of the problem of homelessness in Washington, D.C. The organization hired sculptor James Earl Reid to produce a work of sculpture depicting a homeless family – mother, father, and baby – huddled for warmth around a steam grate. The agreement between CCNV and Reid was oral. After the sculpture was completed, both CCNV and Reid applied for copyright registration.

The U.S. Supreme Court's opinion explained how to interpret and apply the Copyright Act's work-for-hire provision. The case cemented the strict construction of the statutory provision's limited paths by which a work can qualify as a work made for hire. And, importantly, the case explained that in determining what counted as "employment," courts were to use the conception of an employer/employee relationship from the common law of agency. Doing that application here, the Supreme Court held that CCNV was not a bona fide employer and Reid was not CCNV's employee. The court went through a long list of agency law factors, but as a small sample:

Reid worked with his own tools, worked hours of his choosing at his own place, and wasn't paid like an employee (with a paycheck that had withholding for Social Security, etc.).

D.5.b. Opinion

Edited opinion by Gary Myers. *Credit and licensing note:* This edited version of the following judicial opinion, not including the text preceding the judge's words, is by Gary Meyers, obtained from Gary Myers, Copyright Law: An Open Source Casebook dated Spring 2019. I understand the correct copyright notice to be: © 2019 Gary Meyers. The book is released under the Creative Commons attribution license (CC-BY 4.0), also called "Creative Commons Attribution 4.0 International" license, available at https://creativecommons.org/licenses/by/4.0/. That license contains a disclaimer of warranties and a statement of limitation of liability. The original work is available at https://scholarship.law.missouri.edu/oer/3/. Typesetting has been altered. Ellipses have been restyled as a superscript tilde ˜, which may occur in conjunction with altered paragraph breaks and spacing.

Community for Creative Non-Violence v. Reid

Supreme Court of the United States
490 U.S. 730 (U.S. 1989)

COMMUNITY FOR CREATIVE NON–VIOLENCE, et al., Petitioners, v. James Earl REID. No. 88–293. Appealed from the D.C. Circuit. Argued March 29, 1989. Decided June 5, 1989. Counsel: *For petitioners CCNV:* Robert Alan Garrett (argued), Terri A. Southwick, and L. Barrett Boss. *For respondent Reid:* Joshua Kaufman (argued), Jeffrey B. O'Toole. *For amicus Register of Copyrights:* Lawrence S. Robbins (argued). Amici curiae briefs: *Urging reversal:* the Computer and Business Equipment Manufacturers Association; Intellectual Property Owners, Inc.; Magazine Publishers of America, Inc. *Urging affirmance:* American Society of Magazine Photographers et al.; The Professional Photographers of America, Inc.; Volunteer Lawyers for the Arts, Inc. *Other:* American Intellectual Property Law Association. 270 U.S.App.D.C. 26, 846 F.2d 1485 (1988), affirmed by a unanimous court.

Justice Thurgood Marshall delivered the opinion of the Court:

In this case, an artist and the organization that hired him to produce a sculpture contest the ownership of the copyright in that work. To resolve this dispute, we must construe the "work made for hire" provisions of the Copyright Act of 1976, 17 U.S.C. §§ 101 and 201(b), and in particular, the provision in § 101, which defines as a "work made for hire" a "work prepared

by an employee within the scope of his or her employment" (hereinafter § 101(1)).

I

[Petitioner is the Community for Creative Non-Violence (CCNV), a nonprofit association dedicated to eliminating homelessness in America. In the fall of 1985, CCNV decided to participate in the Christmastime Pageant of Peace in Washington, D.C., by sponsoring a display to dramatize the plight of the homeless.

CCNV members decided to commission a sculpture of a modern Nativity scene in which, instead of the traditional Holy Family, the two adult figures and the infant would appear as contemporary homeless people huddled on a street-side steam grate. The steam grate would be positioned atop a platform within which special-effects equipment would emit simulated "steam" through the grid. The title for the work was to be "Third World America," and a legend for the pedestal was to read: "and still there is no room at the inn."

CCNV was referred to respondent James Earl Reid, a Baltimore sculptor who agreed to complete the sculpture. The parties agreed that the sculpture would be made of "Design Cast 62," a synthetic substance that could meet CCNV's monetary and time constraints, could be tinted to resemble bronze, and could withstand the elements. The parties agreed that the project would cost no more than $15,000, not including Reid's services, which he donated. The parties did not sign a written agreement, and neither party mentioned copyright.

Reid made several sketches of figures in various poses. At CCNV's request, Reid sent CCNV a sketch of a proposed sculpture showing the family in a creche-like setting. CCNV also took Reid to see homeless people living on the streets and pointed out that they tended to recline on steam grates, rather than sit or stand. From that time on, Reid's sketches contained only reclining figures. Various CCNV member visited Reid to check on his. CCNV rejected Reid's proposal to use suitcases or shopping bags to hold the family's personal belongings, insisting instead on a shopping cart. After Reid finished the statue, it was taken to Washington,

D.C. and mounted on its base. After the pageant, the sculpture was returned to Reid for minor repairs. When CCNV asked for the return of the sculpture for a multi-city tour, Reid refused and filed a certificate of copyright registration for the work. CCNV then filed a competing copyright claim.]˜

II

A

The Copyright Act of 1976 provides that copyright ownership "vests initially in the author or authors of the work." As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection. The Act carves out an important exception, however, for "works made for hire." If the work is for hire, "the employer or other person for whom the work was prepared is considered the author" and owns the copyright, unless there is a written agreement to the contrary. Classifying a work as "made for hire" determines not only the initial ownership of its copyright, but also the copyright's duration, and the owners' renewal rights, § 304(a), termination rights, and right to import certain goods bearing the copyright. The contours of the work for hire doctrine therefore carry profound significance for freelance creators—including artists, writers, photographers, designers, composers, and computer programmers—and for the publishing, advertising, music, and other industries which commission their works.

˜

Petitioners do not claim that the statute satisfies the terms of § 101(2). Quite clearly, it does not. Sculpture does not fit within any of the nine categories of "specially ordered or commissioned" works enumerated in that subsection, and no written agreement between the parties establishes "Third World America" as a work for hire.

[The Court turned, then, from § 101(2)'s standards for "works made for hire" by independent contractors to the general § 101(1) standard for "employees," who presumptively make all their works for hire.] The starting point for our interpretation of a statute is always its language. The Act nowhere defines the terms "employee" or "scope of employment." It is,

however, well established that "[w]here Congress uses terms that have accumulated settled meaning under . . . the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms." In the past, when Congress has used the term "employee" without defining it, we have concluded that Congress intended to describe the conventional master- servant relationship as understood by common-law agency doctrine. Nothing in the text of the work for hire provisions indicates that Congress used the words "employee" and "employment" to describe anything other than " 'the conventional relation of employer and employee.' " On the contrary, Congress' intent to incorporate the agency law definition is suggested by § 101(1)'s use of the term, "scope of employment," a widely used term of art in agency law.˜

[The Court then rejected CCNV's proposal alternatives, a "right to control the product" as "actual control" of the product, as incompatible with the specific additions to Section 101(1) that Congress had enacted in Section 101(2).] Section 101 clearly delineates between works prepared by an employee and commissioned works. Sound though other distinctions might be as a matter of copyright policy, there is no statutory support for an additional dichotomy between commissioned works that are actually controlled and supervised by the hiring party and those that are not.

We therefore conclude that the language and structure of § 101 of the Act do not support either the right to control the product or the actual control approaches. The structure of § 101 indicates that a work for hire can arise through one of two mutually exclusive means, one for employees and one for independent contractors, and ordinary canons of statutory interpretation indicate that the classification of a particular hired party should be made with reference to agency law.˜

Finally, petitioners' construction of the work for hire provisions would impede Congress' paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership. In a "copyright marketplace," the parties negotiate with an expectation that one of them will own the copyright in the completed work. With that expectation, the parties at the outset can settle on relevant contractual terms, such as the price for the work and the ownership of reproduction rights.

To the extent that petitioners endorse an actual control test, CCNV's construction of the work for hire provisions prevents such planning. Because that test turns on whether the hiring party has closely monitored the production process, the parties would not know until late in the process, if not until the work is completed, whether a work will ultimately fall within § 101(1). Under petitioners' approach, therefore, parties would have to predict in advance whether the hiring party will sufficiently control a given work to make it the author. "If they guess incorrectly, their reliance on 'work for hire' or an assignment may give them a copyright interest that they did not bargain for." This understanding of the work for hire provisions clearly thwarts Congress' goal of ensuring predictability through advance planning. Moreover, petitioners' interpretation "leaves the door open for hiring parties, who have failed to get a full assignment of copyright rights from independent contractors falling outside the subdivision (2) guidelines, to unilaterally obtain work-made-for-hire rights years after the work has been completed as long as they directed or supervised the work, a standard that is hard not to meet when one is a hiring party." Hamilton, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 U. Pa. L. Rev. 1281, 1304 (1987).

In sum, we must reject petitioners' argument. Transforming a commissioned work into a work by an employee on the basis of the hiring party's right to control, or actual control of, the work is inconsistent with the language, structure, and legislative history of the work for hire provisions. To determine whether a work is for hire under the Act, a court first should ascertain, using principles of general common law of agency, whether the work was prepared by an employee or an independent contractor. After making this determination, the court can apply the appropriate subsection of § 101.

B

We turn, finally, to an application of § 101 to Reid's production of "Third World America." In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party's right to control the manner and means by which the product is accomplished. Among the other factors relevant to this inquiry are the skill

required; the source of the instrumentalities and tools; the location of the work; the duration of the relationship between the parties; whether the hiring party has the right to assign additional projects to the hired party; the extent of the hired party's discretion over when and how long to work; the method of payment; the hired party's role in hiring and paying assistants; whether the work is part of the regular business of the hiring party; whether the hiring party is in business; the provision of employee benefits; and the tax treatment of the hired party. See Restatement (Second) of Agency § 220(2) (1958) (setting forth a nonexhaustive list of factors relevant to determining whether a hired party is an employee). No one of these factors is determinative.

Examining the circumstances of this case in light of these factors, we agree with the Court of Appeals that Reid was not an employee of CCNV but an independent contractor. True, CCNV members directed enough of Reid's work to ensure that he produced a sculpture that met their specifications. But the extent of control the hiring party exercises over the details of the product is not dispositive. Indeed, all the other circumstances weigh heavily against finding an employment relationship. Reid is a sculptor, a skilled occupation. Reid supplied his own tools. He worked in his own studio in Baltimore, making daily supervision of his activities from Washington practicably impossible. Reid was retained for less than two months, a relatively short period of time. During and after this time, CCNV had no right to assign additional projects to Reid. Apart from the deadline for completing the sculpture, Reid had absolute freedom to decide when and how long to work. CCNV paid Reid $15,000, a sum dependent on "completion of a specific job, a method by which independent contractors are often compensated." Reid had total discretion in hiring and paying assistants. Indeed, CCNV is not a business at all. Finally, CCNV did not pay payroll or Social Security taxes, provide any employee benefits, or contribute to unemployment insurance or workers' compensation funds.

Affirmed.

—|—|—

E. Ownership by Collecting, Assembling

E.1. Explanation regarding collective works

Many people, in one form or another, put a lot of effort into collecting together a number of copyrighted works. Journals and magazines collect and publish articles written by different authors. Anthology editors collect poems, short stories, and the like to publish together. And probably more people than not like to play amateur DJ and put together a bunch of songs that sound great together in the form of a mixtape or playlist – for a road trip, a party, a friend that needs cheering up, or for no reason at all.

A collection of other people's copyrightable works can be a copyrightable work in itself. The Copyright Act of 1976 calls this a "collective work." And § 201 makes a few points about collective works.

The statute provides that copyright in each work within a collective work is distinct from the copyright in the collective work itself. The owner of the collective work is the author of that collective work – the person who creates the collection. And the author and thus owner of a contribution to a collective work is the person who authored the work that constitutes the contribution. This is true even if the contribution did not exist prior to the project of creating the collection.

Suppose you write an essay at the invitation of someone who is producing an anthology of essays around a certain theme. By contributing, you've given the collective work author the right to distribute your essay as part of the anthology. But absent some other arrangement, you haven't transferred away your copyright. What's more, the law assumes by default that the collective work author/owner has the right only to reproduce and distribute your essay as part of the anthology. You'll see this upon examination of § 201(c).

(By the way, if you collect physical art pieces, then you don't gain copyright to the constituent works in your collection. But enough has been said about that elsewhere.)

E.2. 17 U.S.C. § 201(c) and definitions

§ 201 · Ownership of copyright

(c) Contributions to **Collective Works**.—Copyright in each separate contribution to a **collective work** is distinct from copyright in the

collective work as a whole, and vests initially in the author of the contribution. In the absence of an express ***transfer of the copyright*** or of any rights under it, the ***owner of copyright*** in the **collective work** is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that **collective work**, and any later **collective work** in the same series.

Definitions from § 101 of terms in § 201(c)

A "**collective work**" is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.

"**Copyright owner**", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

A "**transfer of copyright ownership**" is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

E.3. Case: New York Times v. Tasini (U.S. 2001)

New York Times Co. v. Tasini

Supreme Court of the United States
533 U.S. 483 (2001)

NEW YORK TIMES CO., INC., ET AL. v. TASINI ET AL. No.00-201. Appealed from the Second Circuit. Argued March 28, 2001. Decided June 25, 2001. GINSBURG, J., delivered the opinion of the Court, in which REHNQUIST, C. J., and O'CONNOR, SCALIA, KENNEDY, SOUTER, and THOMAS, JJ., joined. STEVENS, J., filed a dissenting opinion, in which BREYER, J., joined.

JUSTICE GINSBURG delivered the opinion of the Court.

This copyright case concerns the rights of freelance authors and a presumptive privilege of their publishers. The litigation was initiated by six freelance authors and relates to articles they contributed to three print

periodicals ({The New York Times, Newsday, and Sports Illustrated}). Under agreements with the periodicals' publishers, but without the freelancers' consent, two computer database companies {LEXIS/NEXIS and UMI} placed copies of the freelancers' articles-along with all other articles from the periodicals in which the freelancers' work appeared-into three databases. Whether written by a freelancer or staff member, each article is presented to, and retrievable by, the user in isolation, clear of the context the original print publication presented.

The freelance authors' complaint alleged that their copyrights had been infringed by the inclusion of their articles in the databases. The publishers, in response, relied on the privilege of reproduction and distribution accorded them by § 201(c) of the Copyright Act, which provides:

> "Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series."

17 U. S. C. § 201(c).

Specifically, the publishers maintained that, as copyright owners of collective works, i.e., the original print publications, they had merely exercised "the privilege" § 201(c) accords them to "reproduc[e] and distribut[e]" the author's discretely copyrighted contribution.

{W}e hold that § 201(c) does not authorize the copying at issue here˜ because the databases reproduce and distribute articles standing alone and not in context, not "as part of that particular collective work" to which the author contributed, "as part of ... any revision" thereof, or "as part of ... any later collective work in the same series." Both the print publishers and the electronic publishers, we rule, have infringed the copyrights of the freelance authors.˜

It is so ordered.

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F. Ownership by Transfer

F.1. Discussion

Context

Here we look at key statutory provisions of the current law regarding transfers of copyright ownership. Those provisions are 17 U.S.C. §§ 201(d)-(e), 204, & 205. These sections are not all of the important statutory law. But these sections have the fundamentals that apply to all contemporary copyright transactions. Saved for a bit later are some niche-use, but very significant, provisions concerning terminations of transfers.

Key takeaways

Here are some key takeaways for which you will find the textual basis in 17 U.S.C. §§ 201(d)-(e), 204, & 205:

- A "transfer" is a change in ownership of copyright rights – either the whole copyright or some particular exclusive right within the copyright.
- Giving someone a *non*exclusive license is *not* a transfer.
- Giving someone an *exclusive* license *is* a transfer.
- A transfer, to be valid, must be in writing and signed by the transferor.
- States can't mess around with what federal copyright law gives to individual authors by changing ownership by operation of state law.
- Through transfers, copyrights can be carved up into pieces. In other words, the "bundle of sticks" metaphor of property applies. The owner of the whole copyright can remove sticks from the bundle (i.e., carve off pieces of the exclusive entitlement) and transfer them separately to different parties. (For instance, such unbundled sticks could be: the exclusive right to make, reproduce, and distribute a motion picture version; the exclusive right of public performance within California for the next three years; the exclusive right to make, reproduce, and distribute a Spanish-language translation; etc.)

- The transferee (i.e., the new owner) of a particular exclusive right (i.e., some cleaved-off piece of the copyright, some stick in the bundle) has the right to sue for infringement within the scope of their right.
- The Copyright Act provides a mechanism for recording transfers.
- Since two persons can't each be sole owners of the same copyright or the same exclusive license, the Copyright Act has a scheme for determining priority in disputes over title.

F.2. Statute

17 U.S.C. §§ 201(d)-(e), 204, & 205 and definitions

Note: For the following selections of statutory language, the relevant definitions from § 101 are provided first. Then, in the subsequent statutory text, terms having definitions are bolded and underlined. Terms that are close but noticeably different in wording to defined terms are italicized in addition to being bolded and underlined (in this regard, note that 17 U.S.C. § 101 provides definitions for enumerated terms "and their variant forms"). The corresponding statutory definitions then immediately follow.

Definitions from § 101 of terms in §§ 201(d)-(e), 204, & 205

"**Copyright owner**", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

"**Registration**", for purposes of sections 205(c)(2), 405, 406, 410(d), 411, 412, and 506(e), means a registration of a claim in the original or the renewed and extended term of copyright.

A "**transfer of copyright ownership**" is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

The "**United States**", when used in a geographical sense, comprises the several States, the District of Columbia and the Commonwealth of Puerto Rico, and the organized territories under the jurisdiction of the United States Government.

§ 201(d)-(e) re transfer of ownership of copyright

(d) ***Transfer of Ownership***.—

(1) The ownership of a copyright may be ***transferred*** in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be ***transferred*** as provided by clause (1) and owned separately. The ***owner*** of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the ***copyright owner*** by this title.

(e) Involuntary ***Transfer***.—When an individual author's ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been ***transferred*** voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, ***transfer***, or exercise rights of ***ownership*** with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under title 11. *{Note: Title 11 of the U.S. Code is "Bankruptcy."}*

§ 204 · Execution of transfers of copyright ownership

(a) A **transfer of copyright ownership**, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the ***transfer***, is in writing and signed by the ***owner*** of the rights conveyed or such ***owner's*** duly authorized agent.

(b) A certificate of acknowledgment is not required for the validity of a ***transfer***, but is prima facie evidence of the execution of the ***transfer*** if—

(1) in the case of a ***transfer*** executed in the **United States**, the certificate is issued by a person authorized to administer oaths within the **United States**; or

(2) in the case of a ***transfer*** executed in a foreign country, the certificate is issued by a diplomatic or consular officer of the United

States, or by a person authorized to administer oaths whose authority is proved by a certificate of such an officer.

§ 205 · Recordation of transfers and other documents

(a) Conditions for Recordation.—Any **transfer of copyright ownership** or other document pertaining to a copyright may be recorded in the Copyright Office if the document filed for recordation bears the actual signature of the person who executed it, or if it is accompanied by a sworn or official certification that it is a true copy of the original, signed document. A sworn or official certification may be submitted to the Copyright Office electronically, pursuant to regulations established by the Register of Copyrights.

(b) Certificate of Recordation.—The Register of Copyrights shall, upon receipt of a document as provided by subsection (a) and of the fee provided by section 708, record the document and return it with a certificate of recordation.

(c) Recordation as Constructive Notice.—Recordation of a document in the Copyright Office gives all persons constructive notice of the facts stated in the recorded document, but only if—

(1) the document, or material attached to it, specifically identifies the work to which it pertains so that, after the document is indexed by the Register of Copyrights, it would be revealed by a reasonable search under the title or registration number of the work; and

(2) **registration** has been made for the work.

(d) Priority between Conflicting ***Transfers***.—As between two conflicting ***transfers***, the one executed first prevails if it is recorded, in the manner required to give constructive notice under subsection (c), within one month after its execution in the **United States** or within two months after its execution outside the **United States**, or at any time before recordation in such manner of the later **transfer**. Otherwise the later transfer prevails if recorded first in such manner, and if taken in good faith, for valuable consideration or on the basis of a binding promise to pay royalties, and without notice of the earlier ***transfer***.

(e) Priority between Conflicting ***Transfer of Ownership*** and Nonexclusive License.—A nonexclusive license, whether recorded or not, prevails over a conflicting **transfer of copyright ownership** if the license is evidenced by a written instrument signed by the ***owner*** of the rights licensed or such owner's duly authorized agent, and if

(1) the license was taken before execution of the ***transfer***; or

(2) the license was taken in good faith before recordation of the ***transfer*** and without notice of it.

G. Ownership by Recapture (Renewals and Termination of Transfer)

G.1. Lead-in, context, and warning

Lead-in

Copyright law has a long tradition of giving authors and/or their heirs the ability to recapture copyright interests they previously relinquished. These means were provided for, albeit in different ways, under both the 1909 Act and 1976 Act. And the '09 Act in this regard remains important today because plenty of valuable copyrighted works were subject to transactions prior to January 1, 1978 – the effective date of the '76 Act – and without engaging with the law that applied to those transactions, a lawyer today cannot determine who has what rights in the here and now.

The treatment in this book will only scratch the surface of the law in this area. Yet you may be surprised that this brief encounter leaves you begging for less.

Context & Warning

The law regarding copyright recaptures (terminations of transfer and '09 Act renewals) is very complicated, has very high stakes, and requires the right actions at the right time to avoid irrevocably prejudicing a client's interests. On top of all that, and notwithstanding lengthy and baroque statutory text that was drafted to cover a vast multitude of contingencies, there remains in many corners of this area of law a woeful lack of clarity and a large helping of legal uncertainty. But there's more: Complications multiply in practice from factual uncertainty and coordination problems among what can be a vast number of interested parties.

Arguably, the law in the area of renewals and terminations of transfers is the perfect storm: fairness-defying inflexibility, intense complexity, and in many of the details and ramifications, a whole lot of fogginess.

If you learn or retain nothing else from this material – and hopefully you will learn and retain more than one thing – but if you learn and retain just one single thing, then learn and retain this: The law in this area is very dangerous for parties and their lawyers in the sense that it is really easy to screw things up and get blindsided by very bad consequences.

G.2. Explanation of copyright recaptures through renewals and terminations

G.2.a. Why?

It's best, and easiest, to start here: Why did Congress provide mechanisms by which authors could recapture copyright interests they relinquished in the past? The answer is a sad story, which has played out many times in many variations, but runs something like this: A young, poor, unknown, and naïve creative genius signs away all their rights in their one opus, or their few big hits, or maybe their entire oeuvre. Their work goes on to boffo success, generating millions and millions of dollars for the shrewd rights buyers and various publishers, producers, record companies, film studios, etc. Everyone makes a ton of money except the brilliantly talented author/artist who has become famous and acclaimed but remains destitute. Or even worse, maybe they never live to see their success. But their widow and children do – watching their departed's star rise, or as much of it as they can see through the dilapidated window of their life of poverty.

Congress absorbs this story like a heartbroken theater-goer who is a fourth-wall-breaking character in their own movie. Congress figures: "Wait a minute! Copyright only exists because we said it does! It's an entirely artificial, made-up form of property – something we can legislate into being because the Constitution says we can. So we can just change it! You know, like in the movies, when you have a time machine, and you need to fix a mistake you made, so you just set the destination time to a few minutes before you made the time jump in the first place!"

Then someone looks at Congress and raises their eyebrow and gets a quizzical expression.

And that's when Congress enthusiastically says, "What could possibly go wrong?"

Everyone looking on from the audience, of course, feels themselves cringing as the irony surges over them. It's hijinks, buddy. They are about to ensue.

G.2.b. Three recapture mechanisms

There are three, basic recapture mechanisms to be aware of:

- **'09 Act renewal "dead author's exception":** Under the 1909 Act, heirs of authors who died during the first 28-year copyright term could renew the copyright for a second 28-year term and in so doing wipe the slate clean of prior assignments and licenses. (This recapture mechanism can no longer be used. But it is important for understanding what rights exist today.)
- **17 U.S.C. §304(c) for post-1977 terminations of pre-1978 transfers:** This provision of the 1976 Act concerns assignments and licenses that happened under the time of the 1909 Act. It provides recapture windows at the 56th and, sometimes, at the 75th year.
- **17 U.S.C. §203 for terminations of post-1977 transfers:** This provision allows terminations of grants and licenses after 35 years by the author or author's heirs.

G.2.c. '09 Act renewal "dead author's exception"

Under the 1909 Act, heirs of authors who died during the 28 years of a copyright's existence could renew the copyright for an additional 28 years and in so doing wipe the slate clean of prior assignments and licenses – thus recapturing the copyright from any previous buyers of rights.

This strange rule is not written in the 1909 Act itself; rather, it is an outcome of the provisions of the 1909 Act, industry practice, and subsequent caselaw. Here's how it came about.

Under the 1909 Act, copyright consisted of a term of 28 years. The author could then renew for an additional 28 years. At renewal, it was a fresh, brand-new copyright, unencumbered by first-term transfers. The mechanism of the '09 Act renewal thus allowed a "second bite at the apple" – that is, a second chance to negotiate a good deal.

But rights buyers got wise. They demanded – and it became established, routine practice – that when a copyright was assigned, the assignor would also contractually agree to renew in the name of the assignee. The validity of the author's obligation to renew in favor of the assignee was upheld in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943).

Yet there was a wrinkle: Heirs weren't bound by the author's contractual commitment. The freedom of the executor of the author's estate to renew the copyright in the estate's own favor was upheld in *Miller Music Corp. v.*

Charles N. Daniels, Inc., 362 U. S. 373 (1960). Thus, under what became known as the "dead author's exception," heirs could renew the copyright at 28 years and, in so doing, wipe out all assignments and licenses. At that point, the heirs could, with increased bargaining power, enter new negotiations for the rights.

G.2.d. § 304 terminations of pre-'78 transfers

This provision of the 1976 Act concerns pre-1978 transfers (i.e., transfers that happened under the 1909 Act). And "transfers" here refers to both assignments and licenses.

Importantly, works-made-for-hire are not subject to recapture under § 304.

Here's the story: The '76 Act lengthened existing copyright terms. At the same time, it provided a recapture mechanism through § 304(c). The idea of this provision was to give the benefit of these '76 Act extensions to authors rather than to give a windfall to assignees and licensees. When the Sonny Bono Copyright Term Extension Act of 1998 extended copyrights again, Congress added § 304(d), which offered yet another opportunity for termination, this time keyed to the newest term extension.

As a result, under the current law, there are two termination windows. The first is tied to the 56th year (§ 304(c)). The second is tied to the 75th year of the copyright and is available under some circumstances where a termination was not exercised for the 56th year (§ 304(d)).

The termination provisions of § 304 are limited by what's called the ***derivative works exception***. Under the exception, despite termination, derivative works already created by the transferee can continue to be "utilized" by the transferee after termination. But there is no right to make further derivative works unless new authorization is obtained.

The derivative continuation exemption is limited. For example, a songwriter's license to a record company to make a sound recording for an album didn't permit the record company to use that sound recording in a post-termination movie. See *Fred Ahlert Music v. Warner/Chappell Music*, 155 F.3d 17 (2d. Cir. 1998).

G.2.e. §203 for terminations of 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. Unlike the rationale for § 304, there is no issue here about who gets the benefit of an extension of the copyright term. Rather, § 203 is purely about giving authors a chance to undo a transfer so as to be able to bargain for better terms.

The provision allows terminations of transfers (including assignments in whole, exclusive licenses, and nonexclusive licenses) about 35 years after the transfer by the author or author's heirs. There's a five-year window for serving notice.

The grant or license must have been executed by the author to be terminable.

Works made for hire are not within reach of § 203 terminations. Consider that for a work-made-for-hire, the hirer is deemed the author. They are, in essence, the author-in-law. Because the hiring party is legally the author, that hirer gets title to the copyright without any transfer. And since there is no transfer, there is nothing for the individual creative talent (the author-in-fact) to terminate.

Also, testamentary grants, accomplished by will, cannot be undone with a § 203 termination.

When drafting § 203, Congress observed what had happened to renewal rights for living authors in *Fred Fisher Music* (U.S. 1943), which left recapture by renewal an option effectively limited to heirs (the "dead author's exception"). This time around, Congress wanted to ensure all authors – living or dead – would get the benefit of the "second bite at the apple" for copyright deals they ended up regretting. So Congress specifically provided that § 203 termination rights could not be waived in advance or signed away.

Now if the author does die before the termination window opens up, then surviving family members can effect a termination, but that can become a difficult coordination exercise. The statute prescribes how it works, but, bottom line, the more people who are involved by way of marriage, parentage, and co-authors, the more complicated it gets.

The first termination window opened up on January 1, 2013, and terminations have been brisk.

G.3. Statute

17 U.S.C. §§ 203 text and corresponding definitions (for "new era" / post-1977 transfers)

§ 203 · Termination of transfers and licenses granted by the author

(a) Conditions for Termination.—In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a ***transfer*** or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a **joint work**, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, as follows:

(A) The widow or widower owns the author's entire termination interest unless there are any surviving **children** or ***grandchildren*** of the author, in which case the **widow** or **widower** owns one-half of the author's interest.

(B) The author's surviving **children**, and the surviving **children** of any dead ***child*** of the author, own the author's entire termination interest unless there is a **widow** or **widower**, in which case the ***ownership*** of one-half of the author's interest is divided among them.

(C) The rights of the author's **children** and ***grandchildren*** are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's **children** represented; the share of the **children** of a dead ***child*** in a termination interest can be exercised only by the action of a majority of them.

(D) In the event that the author's **widow** or **widower**, **children**, and ***grandchildren*** are not living, the author's executor, administrator, personal representative, or trustee shall own the author's entire termination interest.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of ***owners*** of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) Effect of Termination.—Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other ***persons owning*** termination interests under clauses (1) and (2) of subsection (a), **including** those ***owners*** who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) A **derivative work** prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other **derivative works** based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the ***owners***, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants that arise under this title, and in no way affects rights arising under any other Federal, **State**, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

Definitions from § 101 of terms in § 203

A person's "**children**" are that person's immediate offspring, whether legitimate or not, and any children legally adopted by that person.

"**Copyright owner**", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

A "**derivative work**" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship, is a "derivative work".

The terms "**including**" and "**such as**" are illustrative and not limitative.

A "**joint work**" is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

"**State**" includes the District of Columbia and the Commonwealth of Puerto Rico, and any territories to which this title is made applicable by an Act of Congress.

A "**transfer of copyright ownership**" is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

The author's "**widow**" or "**widower**" is the author's surviving spouse under the law of the author's domicile at the time of his or her death, whether or not the spouse has later remarried.

G.4. Case: Milne v. Stephen Slesinger, Inc. (9th Cir. 2005)

Pre-reading notes

This case, *Milne v. Stephen Slesinger, Inc*. (9th Cir. 2005), involves an attempted copyright termination for mild-mannered children's book bear character Winnie the Pooh. The Ninth Circuit rejected the termination because it held that the 1998 amendments creating § 304(d) only authorized termination of licenses and assignments executed prior to January 1, 1978. In the case of Winnie the Pooh, there was an intervening transfer – a revocation and re-assignment in 1983. Thus, no termination could be exercised now, because a termination now would require terminating the 1983 re-grant, something that the 1998 legislation does not permit.

Opinion

Edited opinion by Gary Myers. *Credit and licensing note:* This edited version of the following judicial opinion, not including the text preceding the judge's words, is by Gary Meyers, obtained from Gary Myers, Copyright Law: An Open Source Casebook dated Spring 2019. I understand the correct copyright notice to be: © 2019 Gary Meyers. The book is released under the Creative Commons attribution license (CC-BY 4.0), also called "Creative Commons Attribution 4.0 International" license, available at https://creativecommons.org/licenses/by/4.0/. That license contains a disclaimer of warranties and a statement of limitation of liability. The original work is available at https://scholarship.law.missouri.edu/oer/3/. Typesetting has been altered. Ellipses have been restyled as a superscript tilde ˜, which may occur in conjunction with altered paragraph breaks and spacing.

Milne v. Stephen Slesinger, Inc.

U.S. Court of Appeals for the Ninth Circuit
430 F.3d 1036 (9th Cir. 2005)

CLARE MILNE, by and through MICHAEL JOSEPH COYNE, her receiver, Plaintiff-Appellant, v. STEPHEN SLESINGER, INC., Defendant-Appellee. September 13, 2005, Argued and Submitted, Pasadena, California; December 8, 2005, Filed. No. 04-57189.

Appeal from the United States District Court for the Central District of California. D.C. No. CV-02-08508-FMC. Florence-Marie Cooper, District Judge, Presiding. Milne v. Stephen Slesinger, Inc., 2003 U.S. Dist. LEXIS 7942 (C.D. Cal., May 8, 2003). Affirmed. COUNSEL: *For plaintiff-appellant Milne:* David Nimmer (argued), Los Angeles, California, Elliot Brown and Bryce Gee. *For defendant-appellee Stephen Slesinger, Inc.:* Roger L. Zissu (argued), New York, New York, Patrick T. Perkins, David Donahue, Correne Kristiansen, and Jerome B. Falk, Jr. JUDGES: J. Clifford Wallace, Barry G. Silverman, and Consuelo M. Callahan, Circuit Judges.

CONSUELO M. CALLAHAN, Circuit Judge:

This copyright action arises from a termination notice sent by the appellant to the appellee, seeking to recapture rights to various characters created by her grandfather, Alan Alexander Milne, who authored the "Winnie-the-Pooh" children's books. Milne originally granted various rights in those works to the appellee in 1930. Then, in 1983, due to a change in copyright law in 1976, Milne's heirs considered terminating the 1930 grant outright, but instead entered into a new agreement that revoked the original grant and re-issued rights in the works to the appellee. The appellant seeks to invalidate the 1983 agreement based on 1998 legislation. The 1998 legislation only authorizes the termination of copyright agreements executed before 1978. Because the 1983 revocation and re- grant were valid, we affirm the district court's decision.˜

In the 1920s, Alan Alexander Milne ("the author") created in his classic children's books the characters of the boy Christopher Robin and his stuffed bear, Winnie-the-Pooh, as well as their friends Eeyore, Owl, Piglet, Rabbit, Kanga, Roo, and Tigger. Four of those works are involved in this action: (1) *When We Were Very Young;* (2) *Winnie-the-Pooh;* (3) *Now We Are Six;* and (4) *House at Pooh Corner* (collectively, "Pooh works"). U.S. copyrights in the Pooh works were registered between 1924 and 1928, and renewed between 1952 and 1956.

[In 1930, the author granted exclusive merchandising and other rights in the Pooh works, throughout the U.S. and Canada, to Stephen Slesinger, Inc. (SSI) for the entire period of copyright and any renewal thereof, in exchange for royalties.]˜

In 1956, the author passed away and was survived by his widow and their son, Christopher Robin Milne. The author's will bequeathed all beneficial

interests in the Pooh works to a trust for the benefit of his widow during her lifetime ("Milne Trust"), and, after her death, to other beneficiaries ("Pooh Properties Trust"), which included his son, Christopher, and Christopher's daughter, Clare. Clare is the author's sole grandchild and the plaintiff-appellant in this case.

In 1961, SSI granted exclusively to Walt Disney Productions ("Disney") the rights it had acquired in the 1930 grant, and Disney agreed to pay certain royalties to SSI. Around the same time, Disney also entered into a similar agreement with the author's widow and the Milne Trust, granting Disney exclusive motion-picture rights, foreign-merchandising rights, and other exclusive rights in the Pooh works in exchange for royalties

In 1971, the author's widow passed away and, in 1972, her beneficial interests under the Milne Trust were assigned to the Pooh Properties Trust in accordance with the author's will. This meant that the Pooh Properties Trust would receive the author's copyright interest in the Pooh works plus the royalties payable under the 1961 Milne-Disney agreement.˜

In 1983, faced with the possibility that Christopher might seek to terminate the rights Disney had received in 1961 from SSI, Disney proposed that the parties renegotiate the rights to the Pooh works. Christopher accepted Disney's proposal and, using the bargaining power conferred by his termination right, negotiated and signed on April 1, 1983 a more lucrative deal with SSI and Disney that would benefit the Pooh Properties Trust and its beneficiaries.

The new agreement acknowledged the 1930 grant and the 1961 assignment of rights to Disney, and observed that although ownership of the copyrights had been transferred to the Pooh Properties Trust, there were "disputes[which] had existed[.]" Recognizing that the author's heir, Christopher, may well have a right of termination under the 1976 Copyright Act, the agreement declared that the parties were resolved to "clarify certain aspects of their contractual arrangements and to settle revised agreements." Christopher therefore agreed not to seek termination of the existing arrangements in return for executing the new agreement. The agreement then provided for the revocation of the 1930 and 1961 agreements in favor of the new agreement, followed by the re-granting (on the same page)

of the rights in the Pooh works to SSI. In exchange for royalties, SSI turned around and granted Disney the radio, television, motion-picture, and merchandising rights to those works.

One result of the 1983 agreement was an increase of the amounts that the Pooh Properties Trust received over the sums that had been payable under the 1961 Milne-Disney agreement. The Pooh Properties Trust now received double SSI's share of the royalties, compared to about half of SSI's share before the 1983 agreement. Thus, the renegotiations between the parties resulted, by some estimates, in a net gain of hundreds of millions of dollars to the Pooh Properties Trust, which included Clare as a prime beneficiary.

On November 4, 2002, motivated by the recent enactment of the CTEA and its favorable treatment of authors' heirs, Clare set out to recapture the rights to the Pooh works. Toward that end, she served SSI with a notice of termination, which referenced November 5, 2004 as the effective date for termination of the 1930 grant of rights to SSI. The same day that she served the termination notice, Clare entered into an agreement with Disney, assigning the rights expected to revert to her in 2004.

[Clare sought a declaratory judgment that her termination was effective to terminate SSI's rights in the Pooh works. SSI argued that the notice was invalid because the 1930 grant was revoked by the 1983 agreement. The District Court held the notice invalid, and Clare appealed.]~

A. Right of Termination Under the CTEA

Clare argues that she properly terminated SSI's rights in the Pooh works. We hold that the district court's contrary conclusion is correct.

In a copyright case, as in most cases, the language of the statute provides the starting point for our analysis. The CTEA provides in relevant part:

> In the case of any copyright other than a work made for hire, subsisting in its renewal term on the effective date of the Sonny Bono Copyright Term Extension Act [effective October 27, 1998] for which the termination right provided in subsection (c) [of this section] has expired by such date, where the author or owner of the termination right has not previously exercised such termination right, the exclusive or nonexclusive grant

> of a transfer or license of the renewal copyright or any right under it, *executed before January 1, 1978,* by any of the persons designated in subsection (a)(1)(C) of this section, other than by will, is subject to termination. . . .

17 U.S.C. § 304(d).

Although Clare's termination notice purports to terminate the 1930 grant under the CTEA (section 304(d)), that statute provides a termination right to only those transfers or licences "executed *before* January 1, 1978[.]" *Id.* (emphasis added). The only pre-1978 grant of rights to SSI, and the only grant to SSI specified in the termination notice, was the 1930 grant made by the author to Slesinger. The 1930 grant, however, was terminated by the beneficiaries of the Pooh Properties Trust upon the execution of the 1983 agreement. Accordingly, there was no pre-1978 grant of rights to SSI in existence when Congress enacted the CTEA in 1998.

The sole grant of rights to SSI, either at the time of the CTEA's enactment or when Clare served her termination notice, was the grant of rights embodied in the 1983 agreement. As the district court correctly explained, however, this grant is not subject to termination under section 304(d) because it was not "executed before January 1, 1978," as the statute expressly requires. 17 U.S.C. § 304(d).

1. "Agreement to the Contrary"

Faced with the reality that she is dealing with a post-1978 agreement, Clare attempts to circumvent the 1983 agreement by claiming that another provision of the CTEA, 17 U.S.C. § 304(c)(5), requires this court to regard the 1983 agreement as an "agreement to the contrary" that does not prevent her from terminating SSI's rights to the Pooh works. Section 304(c)(5) states that a "[t]ermination . . . may be effected notwithstanding any agreement to the contrary, including any agreement to make a will or to make any future grant." 17 U.S.C. § 304(c)(5).

The statute does not define the phrase "agreement to the contrary," although it does provide two examples of agreements that would constitute an "agreement to the contrary": "an agreement to make a will" and an agreement "to make any future grant." *Id.* The undisputed fact that the

1983 agreement does not fall into either category supports the district court's finding that the 1983 agreement is not "an agreement to the contrary."~

Clare also relies on the Second Circuit's decision in *Marvel Characters, Inc. v. Simon,* 310 F.3d 280 (2d Cir.2002), to support her claim that the 1983 agreement is an "agreement to the contrary" under section 304(c)(5). The contract at issue there was a settlement agreement between the parties, which ended a series of lawsuits filed in the 1960s by the creator of a copyrighted work. The creator argued that the settlement agreement should not be given effect because it contractually changed the nature of the copyrighted work, labeling it as a "work made for hire" many years after its creation. The effects of this after-the-fact label were to make the creator an "employee for hire" rather than the author of the copyrighted work, and to foreclose his right to terminate the grant he had made in the copyrighted work. Thus, unlike the issue presented in the case at bar, the issue facing the Second Circuit was "whether § 304(c)(5)'s phrase 'any agreement to the contrary' includes a settlement agreement stating that a work was created for hire[.]" *Id.* at 290.

After examining the legislative history and considering the purpose of section 304(c), the court concluded "that an agreement made subsequent to a work's creation which retroactively deems it a work for hire constitutes an agreement to the contrary under § 304(c)(5) of the 1976 Act." *Id.* at 292. The Second Circuit held that an employer cannot contractually transform a creator or author of a copyrighted work into an "employee for hire." *Id.* The court expressed concern that if it held otherwise, works not satisfying the relationship-based "for hire" test could be coerced by post-facto agreements that designate such works to be something they are not: "works for hire."

The facts, reasoning, and holding of *Marvel* have little relevance to this case because, here, there is no after-the-fact attempt to recharacterize the work or a prior agreement. Instead, the 1983 agreement involves contractual provisions that operated prospectively through the revocation of an existing grant and the making of a new one. As the district court recognized, "[t]he parties in the 1983 [a]greement did not attempt to change or modify the nature of their association with one another, or alter the character of their long-standing author/grantee relationship."

Reinforcing this reasoning are the undisputed facts that the 1930 grant was expressly revoked by the Pooh Properties Trust, which made a new grant of rights to SSI that, *inter alia,* was more lucrative for the author's heirs. The fact that the 1983 agreement was meant to protect the continuing viability of the author's grant of rights to SSI is evident from the agreement itself. In that vein, it is important to note that the parties describe their 1983 agreement as a "new agreement *for the future* which the parties believe would not be subject to any right of termination under 17 U.S.C. Secs. 203 or 304(c)."

Neither *Marvel* nor any other of Clare's cited authority supplies a basis for us to question the district court's decision or to undo the 1983 agreement, which was freely and intelligently entered into by the parties. The beneficiaries of the Pooh Properties Trust were able to obtain considerably more money as a result of the bargaining power wielded by the author's son, Christopher, who was believed to own a statutory right to terminate the 1930 grant under section 304(c) of the 1976 Copyright Act. Although Christopher presumably could have served a termination notice, he elected instead to use his leverage to obtain a better deal for the Pooh Properties Trust. His daughter, Clare, was a beneficiary of this new arrangement, and her current dissatisfaction provides no reason to discredit the validity of the 1983 agreement and the rights conferred thereby.

2. Legislative History of Section 304(c)˜

After more than 50 years of advancement of the Pooh works in the marketplace, their value was sufficiently demonstrated, and the 1976 Copyright Act provided Christopher a window for termination. The Pooh Properties Trust recognized the perceived right to terminate as a valuable bargaining chip, and used it to obtain an advantageous agreement that doubled its royalty share relative to SSI's share. Thus, the 1983 agreement exemplifies the increased bargaining power that Congress intended to bestow on authors and their heirs by creating the termination right under the 1976 Copyright Act. As the 1983 agreement appears to be the type expressly contemplated and endorsed by Congress, we do not consider it to be a prohibited "agreement to the contrary" under section 304(c)(5).˜

B. "Moment of Freedom"

Clare also advances the theory that the 1983 agreement did not serve to revoke the 1930 grant to Slesinger because no "moment of freedom" was built in between the agreement's simultaneous revocation and re-granting of rights in the Pooh works. She claims that section 304(c)(6)(D) requires such a "moment of freedom" before a re-grant of rights may take place, and that without such a moment of freedom, the 1983 agreement is nothing more than an amendment to the original 1930 agreement, one that is terminable under the CTEA.

Section 304(c)(6)(D) reads as follows:

> A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid *only if it is made after the effective date of the termination.* As an exception, however, an agreement for such a further grant may be made between the author [or statutory heir(s)] . . . and the original grantee or such grantee's successor in title, after the notice of termination has been served. . . .

17 U.S.C. § 304(c)(6)(D). This provision sets forth the proper timing mechanism for grants and agreements to make grants where the statutory termination under section 304(c)(5) has been exercised. But Clare does not contend and cannot contend that in 1983 anyone exercised a *statutory* right of termination with respect to the Pooh works.

Clare's sole support for her position is found in a treatise authored by the late-Professor Melville Nimmer. In his treatise, Professor Nimmer expressed his *assumption* that this subsection—which on its face applies only to the statutory termination of a prior copyright grant—is intended to benefit authors and should therefore be extended to prohibit a simultaneous contractual termination and re-grant of copyright rights. *See* 3 M. NIMMER, NIMMER ON COPYRIGHT § 11.07(6th ed.1978). ˜

We note that the district court reasonably posited that if Congress intended to require a "moment of freedom," it would have clearly said so. After all, such an implied condition is difficult to harmonize with the statute's purpose of benefitting the original grantee or with other provisions of Title 17. For example, three other statutory provisions require advance

notice of termination to be served at least two years before the effective date of the termination. 17 U.S.C. §§ 203(a)(4)(A), 304(c)(4)(A), 304(d)(1).

During the two-year period between service of the notice and the termination's effective date, the original grant remains in effect so that the holder of the termination right is no freer to walk away from the to-be-terminated grant than he was before he served the notice. Thus, contrary to the argument advanced by Clare and the Nimmer treatise, section 304(c)(6)(D) does not require a "moment of freedom" between termination of a grant and the creation of a new grant in its place because it allows the author or his heirs to enter into a binding agreement with the original grantee after service of the termination notice but before its effective date.˜

III

For the foregoing reasons, the district court correctly declared Clare's termination notice ineffective. The CTEA's termination provision does not apply to post-1978 agreements such as the parties' 1983 agreement, which continues to control the parties' rights and royalty shares in the Pooh works. In addition, Clare is unable to show that the 1983 agreement constitutes an "agreement to the contrary" under section 304(c)(5), and thus the courts cannot disregard the 1983 agreement. Nor are we persuaded by Clare's "moment of freedom" argument. Quite simply, there is no principle of logic, canon of statutory construction, or consideration of fairness that supports Clare's reading of the CTEA. Accordingly, the decision of the district court is AFFIRMED.

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H. Licensing (Nonexclusive License, Implied License)

H.1. What is a license?

What is a license? A license is a permission or consent for the licensee to do something otherwise within the licensor's exclusive rights – with "exclusive rights" meaning the right to exclude others.

License is legally cognizable as an *affirmative defense* to an action for infringement or misappropriation based on some form of intellectual property (copyright, patent, trademark, trade secret, or right of publicity).

H.2. Is a license a contract? No!

Is a license a contract? Many courts say so. For example: " ... a license is a contract ... " *Foad Consulting Group, Inc. v. Azzalino*, 270 F.3d 821, 828 (9th Cir. 2001) (copyright case); " ... a license is a contract ... " *Datatreasury Corp. v. Wells Fargo & Co.*, 522 F.3d 1368, 1371 (Fed. Cir. 2008) (patent infringement case).

But no, a license is not a contract.

And courts that say a license is a contract are being hasty with language. They couldn't possibly really mean it, because if licenses were contracts, that would create a huge mess.

A document with legal effect need not be a contract to have legal force. For instance: wills, codicils, grants, receipts, articles of incorporation, warranties, leases, affidavits, and deeds are all legal documents that have legal effect, yet they are distinct from contracts.

Perhaps as a side effect of the amount of time spent in the first year of law school studying contracts, followed by yet more when studying for the bar, lawyers seem to have an ingrained tendency to want to apply contracts doctrine to legal documents in order to answer questions about their meaning and validity. But that instinct needs to be tempered.

H.3. What's the difference?

Here's a natural question to ask: What's the difference between licenses and contracts?

Unfortunately, that's a problematic question for two reasons. First, it implies that licenses and contracts are two species of a single genus. But that's not at all a helpful way to think about things. Second, by asking for "the difference," the question implies there's one crucial distinction between contracts and licenses. That's not true either.

Probably in part this sort of framing comes from visualizing things. It's natural to visualize a license as a legal document that says "LICENSE" at the top, followed by many paragraphs of legalese in 12-point Times New Roman or Arial, followed by signatures at the end. And it's natural to visualize a contract the same way but with "CONTRACT" at the top.

But free your mind. Licenses and contracts are not alternatives to one another. They are not two species of some greater legal concept. They are just different things entirely.

So how to distinguish contracts and licenses?

A contract is a legally enforceable bargain between two parties. A license is a permission or consent provided by a person (the licensor) with some exclusive rights for another party (the licensee) to do something that otherwise would be within the licensor's exclusive rights. So, really, they're simply two different things entirely.

Here's a sampling of key, practical differences between licenses and contracts:

- ***Requirement of consideration***: Contracts need consideration to be valid. Licenses don't.
- ***Requirement of offer and acceptance***: There must be an offer and an acceptance before a contract springs into being. An offer without an acceptance is just an offer, not a contract. But a license can be legally brought into existence by only one party. The license is a legal thing in full – even before any action is taken by any would-be licensee.
- ***Persons against whom enforcement may be sought***: Contracts bind only the contracting parties. Licenses are good against the licensor's co-owners. And licenses are generally valid against later owners.
- ***Changed minds:*** Contract law abhors specific performance, yet a license, if it has been paid for or relied upon, can endure as an affirmative defense despite claimed revocation.

One of the best ways to think about a license in the intellectual property context is to see it as the same basic concept as consent in the intentional tort context. You can't come on my land. You can't punch me in the face. Those things are within my exclusive rights. And "within my exclusive rights" really just means that if you do such a thing then I will have a good claim against you in a lawsuit. If you come on my land, I can sue you for trespass. If you punch me in the face, I can sue you for battery. But if I give you consent, and then you come on my land or punch me in the face, I will lose my tort lawsuit against you. I could prove a prima facie case for trespass to land if you come on my land. And I could prove a prima facie case for battery if you punch me. But nevertheless I will still lose if you prove consent, because consent is an affirmative defense.

License is the same. If you copy my copyrighted novel, then I have a claim for copyright infringement that I can bring against you in a lawsuit. But not if I told you that you could. Then, even if I prove a prima facie case for infringement against you, I'll still lose if you prove an affirmative defense of license.

H.4. A license can be part of a contract

While a license isn't a contract, it is very much true that a license can be part of a contract. For instance, a contract might provide that party A licenses B to perform a copyrighted play in exchange for a promise to pay 10% of ticket revenues. Consider that a license is one of many things that can be exchanged in a contract: money, title to chattels, a nonexclusive copyright license, an exclusive license for a copyrighted work, fee ownership of real property, a leasehold of real property, a release of tort liability, a release of a debt, a promise to render services in the future, a promise to refrain from certain conduct in the future, etc.

Yet if there's a contract in which a copyright license is exchanged for money or an obligation to pay money in the future, that doesn't make the license a contract any more than it makes money a contract.

H.5. The license-as-contract fallacy

Legal scholar Christopher M. Newman explores the license-as-contract fallacy in detail in *A License Is Not A "Contract Not to Sue": Disentangling Property and Contract in the Law of Copyright Licenses*, 98 Iowa L. Rev. 1101 (2013). In the article, Professor Newman reviews various scenarios of bizarre

outcomes that "would all be fairly straightforward implications of the premise that a license is nothing but a 'contract not to sue.'" Then he says, "Yet no one, I think, actually believes those arguments should prevail." He goes on to explain:

> "[P]racticing lawyers and judges already recognize on some level that a license is not simply a 'contract not to sue.' Yet many continue to pay lip service to this formulation, and it remains enshrined in the leading treatises on copyright and licensing. The result is that sometimes legal actors actually do fall back on the contract theory of license to analyze legal problems, often with inconsistent and counterproductive results."

Newman, 98 Iowa L. Rev. at 1106.

So, a license can be one thing *exchanged* in a contract (like money, goods, warranties). But a license is not a contract. And there is no such thing as "breach of license."

Let's say it again: *There is no such thing as breach of license*. If someone has acted beyond the scope of the license, then the licensor might have an action for infringement or misappropriation of some intellectual property right. Suppose you enter a contract with a playwright whereby you get a license to stage the writer's play during the month of September, and the writer gets $200 plus $50 per night for every night the play is performed. If you fail to pay, the writer can sue you for breach of contract. And if you perform the play in October, the writer can sue you for infringement of copyright. But there's no way the writer can sue you for breach of license because that isn't actually a thing. Or, to put it more precisely, there is no cause of action for breach of license because a license puts no obligation on the defendant to do or refrain from doing something.

There can be a cause of action for breach of contract because a contract to which you are a party puts you under a legal obligation to the other contract party that, when left unfulfilled, gives the playwright cause for legal redress. And there can be a cause of action for copyright infringement because a valid copyright creates a legal obligation for all persons in existence to not infringe the copyright. But a license just gives you the legal clearance to do something. Thus, a license, by itself, doesn't give you any legal obligation.

H.6. Contracts with licenses and conditions precedent

Understanding the distinction between the concepts of contract and license allows one to appreciate some very useful things for transactional practice.

Consider these two contracts:

- Contract A: "I license the software to you for one year. You agree to pay me $1,000 per month for 12 months."
- Contract B: "You agree to pay me $1,000 per month for 12 months. I license the software to you conditioned upon the receipt of timely payments. If any payment is not made when due, the license ceases."

What happens if you stop payment?

If you stop payment under Contract A and keep making copies (or otherwise doing things within the exclusive privilege of copyright), I can sue you for breach of contract, but not copyright infringement.

If you stop payment under Contract B and keep making copies (or otherwise doing things within the exclusive privilege of copyright), then I can sue you for copyright infringement as well as breach of contract.

Contract B offers more potential value to me because remedies for breach of contract are generally limited to expectation damages – i.e., an award of money that will put me in the position I would have been in had the contract been performed. But copyright remedies can be much bigger, potentially including statutory damages of $150,000 per infringement and an injunction.

J. Transactions in Practice, in Context

J.1. Lead-in

Here we have multiple cases, each of which involves multiple aspects of the law discussed above. These cases each provide an opportunity not just to see the doctrine applied within some factual context but also a chance to think about real-world business circumstances for copyright exploitation and ownership, and how that maps onto a lawyer's transactional practice. For these cases consider more than the doctrine that's applied. Evaluate how well the parties structured their business practices and transactions to meet their needs and achieve their goals. What could they have done differently? What could they have done better? How could they have avoided problems if they had brought more planning and legal acumen to the task beforehand?

J.2. Case: Effects Associates v. Cohen (9th Cir. 1990)

Pre-reading notes

The following case exemplifies the elasticity in the law that courts can find – in the form of implied license – to reach what appears on the facts to be a just outcome.

Opinion

Edited opinion by GARY MYERS. *Credit and licensing note:* This edited version of the following judicial opinion, not including the text preceding the judge's words, is by Gary Meyers, obtained from GARY MYERS, COPYRIGHT LAW: AN OPEN SOURCE CASEBOOK dated Spring 2019. I understand the correct copyright notice to be: © 2019 Gary Meyers. The book is released under the Creative Commons attribution license (CC-BY 4.0), also called "Creative Commons Attribution 4.0 International" license, available at https://creativecommons.org/licenses/by/4.0/. That license contains a disclaimer of warranties and a statement of limitation of liability. The original work is available at https://scholarship.law.missouri.edu/oer/3/. Typesetting has been altered. Ellipses have been restyled as a superscript tilde ˜, which may occur in conjunction with altered paragraph breaks and spacing.

Effects Associates, Inc. v. Cohen

U.S. Court of Appeals for the Ninth Circuit
908 F.2d 555 (9th Cir. 1990)

KOZINSKI, Circuit Judge:

What we have here is a failure to compensate. Larry Cohen, a low-budget horror movie mogul, paid less than the agreed price for special effects footage he had commissioned from Effects Associates. Cohen then used this footage without first obtaining a written license or assignment of the copyright; Effects sued for copyright infringement. We consider whether a transfer of copyright without a written agreement, an arrangement apparently not uncommon in the motion picture industry, conforms with the requirements of the Copyright Act.

[When Effects orally agreed to provide special effects footage for Cohen's film, the parties never discussed who would own the copyright in the commissioned footage. When Effects sued Cohen for infringement (after Cohen failed to tender full payment), the district court granted summary judgment, holding that Effects had granted Cohen an implied license to use the footage. On appeal, the Ninth Circuit held that Effects (which both parties agree is the initial copyright owner) had not transferred the copyright to Cohen, because an oral transfer of copyright ownership is invalid under 17 U.S.C. § 204(a). However, because a "transfer" of copyright is defined by 17 U.S.C. § 101 to include an exclusive license but not a nonexclusive license, the court then addressed the question whether Cohen had acquired an oral nonexclusive license to use the footage.]˜

Although we reject any suggestion that moviemakers are immune to section 204, we note that there is a narrow exception to the writing requirement that may apply here. Section 204 provides that all transfers of copyright ownership must be in writing; section 101 defines transfers of ownership broadly, but expressly removes from the scope of section 204 a "nonexclusive license." The sole issue that remains, then, is whether Cohen had a nonexclusive license to use plaintiff's special effects footage.

The leading treatise on copyright law states that "[a] nonexclusive license may be granted orally, or may even be implied from conduct." 3 M.

NIMMER & D. NIMMER, NIMMER ON COPYRIGHT § 10.03[A], at 10–36 (1989).

Cohen relies on the latter proposition; he insists that, although Effects never gave him a written or oral license, Effects's conduct created an implied license to use the footage in "The Stuff."

Cohen relies largely on our decision in *Oddo v. Ries*, 743 F.2d 630 (9th Cir.1984). There, we held that Oddo, the author of a series of articles on how to restore Ford F-100 pickup trucks, had impliedly granted a limited non-exclusive license to Ries, a publisher, to use plaintiff's articles in a book on the same topic. We relied on the fact that Oddo and Ries had formed a partnership to create and publish the book, with Oddo writing and Ries providing capital. *Id.* at 632 & n. 1. Oddo prepared a manuscript consisting partly of material taken from his prior articles and submitted it to Ries. *Id.* at 632. Because the manuscript incorporated pre-existing material, it was a derivative work; by publishing it, Ries would have necessarily infringed the copyright in Oddo's articles, unless Oddo had granted him a license. *Id.* at 634. We concluded that, in preparing and handing over to Ries a manuscript intended for publication that, if published, would infringe Oddo's copyright, Oddo "impliedly gave the partnership a license to use the articles insofar as they were incorporated in the manuscript, for without such a license, Oddo's contribution to the partnership venture would have been of minimal value." *Id.*[5]

> [5] Oddo did nevertheless prevail, but on other grounds. Ries was unhappy with Oddo's manuscript and hired another writer to do the job right. This writer added much new material, but also used large chunks of Oddo's manuscript, thereby incorporating portions of Oddo's pre- existing articles. 743 F.2d at 632. By publishing the other writer's book, Ries exceeded the scope of his implied license to use Oddo's articles and was liable for copyright infringement. *Id*. at 634.

The district court agreed with Cohen, and we agree with the district court: *Oddo* controls here. Like the plaintiff in *Oddo*, Effects created a work at defendant's request and handed it over, intending that defendant copy and distribute it.[6] To hold that Effects did not at the same time convey a license

to use the footage in "The Stuff" would mean that plaintiff's contribution to the film was "of minimal value," a conclusion that can't be squared with the fact that Cohen paid Effects almost $56,000 for this footage. Accordingly, we conclude that Effects impliedly granted nonexclusive licenses to Cohen and his production company to incorporate the special effects footage into "The Stuff" and to New World Entertainment to distribute the film.

> [6] As the district court found, "every objective fact concerning the transaction at issue supports a finding that an implied license existed." Effects's copyright registration certificate states that the footage is to be used in "The Stuff," so does the letter agreement of October 29, 1984, and Effects's President James Danforth agreed at his deposition that this was his understanding. Also, Effects delivered the film negatives to Cohen, never warning him that cutting the negatives into the film would constitute copyright infringement. While delivery of a copy "does not *of itself* convey any rights in the copyrighted work," 17 U.S.C. § 202 (1988) (emphasis added), it is one factor that may be relied upon in determining that an implied license has been granted.

Nor can we construe payment in full as a condition precedent to implying a license. Conditions precedent are disfavored and will not be read into a contract unless required by plain, unambiguous language. *Sulmeyer v. United States* (*In re Bubble Up Delaware, Inc.*), 684 F.2d 1259, 1264 (9th Cir.1982). The language of the October 29, 1984, agreement doesn't support a conclusion that full payment was a condition precedent to Cohen's use of the footage. Moreover, Effects's president conceded at his deposition that he never told Cohen that a failure to pay would be viewed as copyright infringement. ˜

Conclusion

We affirm the district court's grant of summary judgment in favor of Cohen and the other defendants. We note, however, that plaintiff doesn't leave this court empty-handed. Copyright ownership is comprised of a bundle of rights; in granting a nonexclusive license to Cohen, Effects has

given up only one stick from that bundle – the right to sue Cohen for copyright infringement. It retains the right to sue him in state court on a variety of other grounds, including breach of contract. Additionally, Effects may license, sell or give away for nothing its remaining rights in the special effects footage. ˜

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J.3. Case: Lulirama v. Axcess Broadcast (5th Cir. 1997)

Pre-reading notes

This case illustrates many points of law about ownership and licenses. Additionally, this case can provide a number of practical insights about structuring transactions and drafting documents.

Some context and a bit of advance prep will help with regard to the facts of the case.

This case comes out of the jingle business.

The defendant and counter-claimant, Axcess Broadcasting Services, has a business that concerns radio and television commercials. Axcess provides musical components (i.e., jingles and so forth) for advertisements through various radio and television stations. Thus, Axcess plays the role of jingle middleman – contracting on one side with musically talented people who can write jingles and on the other side contracting with radio stations, TV stations, and/or those stations' advertisers.

The plaintiff and counter-defendant is Lulirama Ltd., Inc. This company appears to be a loan-out corporation for Spencer Michlin, an artist with songwriting talent.

What is a "loan out" entity? This requires a bit of explanation. In the entertainment industry, production companies need to hire various actors, directors, writers, and other "talent." This hiring relationship with talent could be structured as an employment relationship, where the production company employs the individual as an employee. Or the hiring relationship could be structured as an independent-contractor deal, where the individual enters a contract with the production company whereby the individual renders services (on a non-employee basis) for the production company. Yet another way to structure the relationship is the "loan out" way, where the talent (actor/director/composer/screenwriter/etc.) does not directly contract with

the production company. Instead, the individual works for a corporate entity that is wholly owned by the individual. That corporate entity – called a "loan-out company" or "loan-out corporation" – then contracts with the production company, and the production company subsequently sends payment to the loan-out entity. (We can assume this offers various legal benefits with regard to taxes, finances, investments, and so forth that are matters for other law school classes.) The loan-out structure is relevant for our present purposes for two reasons: First, knowing about loan outs will help you avoid feeling lost while reading the case. Second, the loan-out structure has potential copyright implications: it may affect the applicability of work-made-for-hire doctrine and it may affect whether there is potential for recapturing copyright at a later date through a termination of transfer.

Axcess hired Lulirama (Spencer Michlin) to write jingles so Axcess could sell them for use by radio/TV advertisers. The deal was structured in a way that suggests the lack of involvement of lawyers with copyright expertise. And, as it so happened, the deal went sour. Axcess paid Lulirama, but Lulirama only delivered some of the jingles per their agreement. At that point, both Lulirama and Axcess claimed to own the copyright in the jingles. They sued each other.

On a summary judgment posture, the court held that Lulirama owned some of the jingles; for other jingles ownership was not determinable from undisputed facts, but regardless, Axcess had use of the jingles by way of an irrevocable nonexclusive license.

Here's a crib sheet for the parties:

Lulirama = plaintiff = counter-defendant = loan-out entity for Spencer Michlin = jingle-making talent = writer/provider/seller of advertising jingles = a ghost writer, of a sort, of jingles for Axcess = claiming to own the copyright in the jingles

Axcess = defendant = counter-claimant = buyer of advertising jingles = jingle middleman = uses jingles as raw material for its business of selling musical advertising through radio and TV stations = claiming to own the copyright in the jingles

Opinion

{Superscript curly brackets [{]} denote material added by the casebook editor. Spaces after dollar signs were removed. Superscript angle brackets [<>] denote material from a footnote worked into the body text; footnotes removed without notation; written-out number changed to numerals; portions of citations removed without indication; the superscript hash sign [#]

denotes one or more deleted citations. Where a first-reference citation was removed but a later citation to the same reference retained, the first-retained later citation was restyled as a first-reference citation.}

Lulirama Ltd v. Axcess Broadcast Services

U.S. Court of Appeals for the Fifth Circuit
128 F.3d 872 (5th Cir. 1997)

LULIRAMA LTD, INC; SPENCER MICHLIN, Plaintiffs-Counter Defendants-Appellants-Cross-Appellees, v. AXCESS BROADCAST SERVICES, INC, Defendant-Counter Claimant-Appellee-Cross-Appellant. No. 96-10892. Appealed from the U.S. District Court for the Northern District of Texas. Decided November 10, 1997. As Revised December 3, 1997. Before POLITZ, Chief Judge, KING, Circuit Judge, and DUPLANTIER, District Judge. Court's opinion by KING.

KING, Circuit Judge:

~I. FACTUAL AND PROCEDURAL BACKGROUND

In November 1991, Lulirama Ltd., Inc. ("Lulirama") and Axcess Broadcasting Services, Inc. ("Axcess") entered into a one-year business arrangement (the "Jingle Writing Agreement") in which Lulirama's president Spencer Michlin, through Lulirama, was to write and provide Axcess with 50 advertising jingles at a rate of $750 per jingle, for a total of $37,500. One third of the price was to be paid up front, with the remainder paid in four installments. Michlin's services were to be provided on a confidential basis, and he was not to provide similar services to any company selling musical advertising through radio and television stations during the time period covered by the agreement. The Jingle Writing Agreement is memorialized in a one-page billing statement signed by both parties. The statement contains handwritten notations added by Axcess which specify that the work is "for hire," that the jingles are to be delivered at a rate of 13 per quarter, and that they must be approved by Otis Conner, the president of Axcess. Axcess timely paid Lulirama under this agreement, but Lulirama provided only seven jingles.

In March 1993, the parties orally extended the Jingle Writing Agreement for an indefinite period of time{, but terminated by the parties in June 1994}. Axcess was to pay Lulirama $50,000 per year in monthly installments of $4,166, based on a rate of $1,000 per jingle.~ From March

1993 to June 1994, Axcess paid Lulirama approximately $66,658 in monthly installments of $4,166, but Lulirama provided only 29 songs. Axcess subsequently sought to have some of the money it had paid to Lulirama refunded, or, in the alternative, to have Lulirama provide it with the jingles that Axcess claimed it was due under the Jingle Writing Agreement.

Axcess sued Lulirama and Michlin in Texas state court in December 1994. The state district court granted summary judgment in favor of Axcess on a breach of contract theory and ordered Lulirama to refund some of its money to Axcess based on Lulirama's failure to provide songs due under the Jingle Writing Agreement.# Lulirama appealed, and the Dallas court of appeals reversed the state district court's entry of summary judgment while the federal case was pending before this court.#

On October 31, 1995, Lulirama˜ filed suit against Axcess in federal district court, asserting 36 claims of copyright infringement. <Lulirama and Michlin concede that any copyrights that Michlin would otherwise own as creator of the jingles are owned by Lulirama pursuant to the work for hire doctrine because Michlin wrote the jingles in the course and scope of his employment as president of Lulirama.~> Lulirama alleged that, without proper authorization, Axcess reproduced the jingles, prepared derivative jingles, distributed copies of the jingles, and authorized others to perform the jingles in violation of Lulirama's copyrights.¶

Axcess answered, asserting several affirmative defenses and alleging that it owned the copyrights to all of the jingles. Axcess also filed a counterclaim asserting a fraud claim and a claim for declaratory judgment that Axcess owned the copyrights to all of the jingles or, in the alternative, that it had "a continuing, unqualified license for the unlimited use" of the jingles.

Axcess filed a motion for summary judgment, and Lulirama filed a motion for partial summary judgment.˜ The court granted in part and denied in part Axcess's motion, dismissed its fraud claim, and denied Lulirama's motion for partial summary judgment. Specifically, the district court held that˜ Axcess owned the copyrights in the first seven jingles, and that Lulirama owned the copyrights in the subsequent 29 jingles. The district court held, however, that Axcess had an oral or implied license to use the 29 songs and that Axcess had not exceeded the scope of the license. <The district

court did not specify whether it construed the license to be exclusive or nonexclusive. However, as explained in Part II.A.2.b, infra, the license is necessarily nonexclusive because it is not reflected in a written instrument.>¶

Lulirama timely appealed and Axcess cross-appealed.

II. DISCUSSION

Lulirama challenges the district court's conclusions (1) that Axcess owns the copyrights to the seven jingles that Lulirama provided to Axcess during the first year of the Jingle Writing Agreement and (2) that Axcess has an implied or oral license to use the 29 jingles that Lulirama provided to Axcess after the first year of the Jingle Writing Agreement.˜

A. Summary Judgment

1. Standard of Review

"We review a grant of summary judgment de novo, applying the same criteria used by the district court in the first instance."# Summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law."#

2. Analysis

a. Copyright ownership of the first seven jingles

The district court concluded that Axcess owned the copyrights to the first seven jingles that Lulirama produced under the Jingle Writing Agreement on the ground that these jingles were works for hire within the meaning of the Copyright Act of 1976#.

Under the Copyright Act, copyright ownership "vests initially in the author or authors of the work." 17 U.S.C. § 201(a). "As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection." *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989). However, the Act creates an exception to this general rule that

authorship vests in the creator for "works made for hire." *See* 17 U.S.C. § 201(b). Section 201(b) of the Act provides:

> In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.

Id. Section 101 defines a "work made for hire" as follows:

> (1) a work prepared by an employee within the scope of his or her employment; or
>
> (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

Id. § 101. The two parts of this working definition are mutually exclusive: the first part applies to works created by employees; the second applies to works created by independent contractors. *See Reid*, 490 U.S. at 742-43. The district court concluded that Lulirama acted as an independent contractor for Axcess in providing the jingles pursuant to the Jingle Writing Agreement, and none of the parties dispute this conclusion.

The district court determined that the jingles written pursuant to the Jingle Writing Agreement during the first year of the agreement fit the second prong of the Copyright Act's definition of "works made for hire." In reaching this conclusion, the court relied on an affidavit that Michlin executed in conjunction with Axcess's state court action in which Michlin expressed the following understanding of the Jingle Writing Agreement:

> Under this arrangement, I was to supply Axcess' requirements for advertising jingles and provide them to Axcess through my company Lulirama. Axcess was to sell these songs to its television and radio station clients.

The district court concluded that the above statement indicated that the jingles written pursuant to the first year of the Jingle Writing Agreement were "works specially ordered or commissioned for use ... as a part of a motion picture or other audiovisual work," 17 U.S.C. § 101, based on the following rationale:

> It is best to interpret the broad term "audiovisual" to include both purely visual and purely audio works as well as combined audio and visual works. No purpose of the Copyright Act would be served by a narrower definition because there is nothing inherent, from a copyright policy perspective, in a purely visual, purely audio, or combination work to merit differential treatment.

Lulirama contends that the district court improperly expanded the class of specially commissioned works that can be works for hire within the meaning of the Copyright Act. We agree.

Lulirama also argues somewhat cursorily that the billing statement memorializing the first year of the Jingle Writing Agreement described the jingles in question insufficiently to establish a valid work for hire agreement. We need not resolve this issue because we conclude that the district court erred in holding as a matter of law that Axcess owns the copyrights to the first seven jingles. As explained in Part II.A.2.b, *infra*, Axcess has requested in the alternative declaratory judgments that it either owns the copyrights to these jingles or has an unlimited license to use them. Because we conclude as a matter of law that Axcess has, at a minimum, a nonexclusive license to use the jingles as it has, remand for determination of copyright ownership is unnecessary.˜

The Supreme Court observed in *Reid* that the legislative history of the Copyright Act of 1976 indicates that it is "a carefully worked out compromise aimed at balancing legitimate interests" of hiring parties and artists. *Reid*, 490 U.S. at 748. As such, the Court admonished that "strict adherence to the language and structure of the Act is particularly appropriate." *Id.* at 748 n.14.

A work created by an independent contractor can constitute a work for hire only if it fits one of the nine narrowly drawn categories of works

delineated in the second part of § 101's definition of "works made for hire." *See id.* at 748 ("The legislative history underscores the clear import of the statutory language: only enumerated categories of commissioned works may be accorded work for hire status."); *Easter Seal Soc'y for Crippled Children and Adults v. Playboy Enters.*, 815 F.2d 323, 328 n.8 (5th Cir. 1987) ("Only the buyers and sellers of works falling within § 101(2)'s nine categories can decide who will be the statutory author; and then only by compliance with the statute of frauds clause."). Axcess contends only that the jingles fit one of the categories listed in § 101: the category of "works specially ordered or commissioned for use ... as a part of a motion picture or other audiovisual work." 17 U.S.C. § 101. Accordingly, this is the only potential avenue to work for hire status that we address.

Section 101 of the Act defines "audiovisual works" as

> works that consist of a series of related images which are intrinsically intended to be shown by the use of machines or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied.

17 U.S.C. § 101. The plain language of this definition indicates that an audiovisual work must have a visual component.˜ Use of the term "images" in the statutory definition denotes a visual component because the definition indicates that an audiovisual work consists of "images ... *together with accompanying sounds, if any*." 17 U.S.C. § 101 (emphasis added). To conclude that an "image" within the Act's definition of "audiovisual works" need not contain a visual component would render the reference to "accompanying sounds" in the definition superfluous because "accompanying sounds" would be subsumed by the term "images." Such a statutory construction would violate the long-settled principle that each word in a statutory scheme must be given meaning. *See Bailey v. United States*, 516 U.S. 137 (1995) (noting the "assumption that Congress intended each of its terms [in a statutory scheme] to have meaning").

Moreover, § 102 of the Act lists "motion pictures and other audiovisual works" and "sound recordings" as distinct categories of works entitled to

copyright protection. *See* 17 U.S.C. § 102.˜ The district court's conclusion that "purely audio works" constitute "audiovisual works" would render the category of "sound recordings" completely empty.˜ Therefore, we cannot agree with the district court that the term "audiovisual works" encompasses "purely audio works."

Axcess argues that Michlin's statement that he agreed to provide advertising jingles to Axcess "to sell ... to its television and radio station clients" indicates that each of the jingles was commissioned for use in both the television and radio mediums. Axcess argues that, to the extent that each jingle was commissioned for use in television, each jingle is "a work specially ordered or commissioned for use ... as a part of a motion picture or other audiovisual work." 17 U.S.C. § 101. However, Michlin's statement of his understanding of the Jingle Writing Agreement does not unambiguously indicate that each jingle that he wrote pursuant to the Jingle Writing Agreement would potentially be used *both* for television and radio advertising. One could read his statement as indicating that Axcess intended to commission some jingles for use in television advertisements and other jingles for use in radio advertisements.˜

Axcess insists that a particular jingle need not have been commissioned *only* for use in an audiovisual work in order to qualify for work for hire status. Assuming that this is true, it is clear that, in order for a particular jingle to qualify as a work for hire, Axcess must have commissioned it *at least in part* for the purpose of making it a part of an audiovisual work. The summary judgment evidence in this case does not establish that at least part of the purpose for Axcess's commissioning each of the first seven jingles was for use in television advertising. Accordingly, summary judgment in favor of Axcess as to its ownership of the copyrights to the first seven jingles was inappropriate.

Axcess argues in the alternative, however, that it has a nonexclusive license to use the first seven jingles, as well as the 29 jingles produced during the period in which the parties extended the Jingle Writing Agreement without a written embodiment of the agreement. We turn now to the issue of nonexclusive license.

b. Nonexclusive license

The district court concluded that no valid work for hire agreement existed with respect to the 29 jingles written after the original Jingle Writing Agreement expired at the end of one year because the extension of the Jingle Writing Agreement was not evidenced in a writing signed by the parties. Accordingly, the court determined that Lulirama, as the employer of the creator of these works, owned the copyrights to them. Axcess does not dispute this conclusion. The district court went on to conclude that, while Lulirama owned the copyrights to these jingles, it had granted Axcess an oral or implied license to sell the jingles to Axcess's radio and television customers. Lulirama contends that the district court erred in this regard. We cannot agree.

While the Copyright Act requires that exclusive licenses be evidenced by a writing, no such writing requirement applies to nonexclusive licenses. Section 204(a) of the Act provides that "[a] transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent." 17 U.S.C. § 204(a). Section 101 of the Act defines "transfer of copyright ownership" to include exclusive licenses, but expressly excludes nonexclusive licenses. *See id.* § 101. As such, "under federal law, a nonexclusive license may be granted orally, or may even be implied from conduct." 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 10.03[A], at 10-40 (1997) [hereinafter NIMMER] (footnotes omitted); *see also I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775 (7th Cir. 1996); *Effects Assocs. v. Cohen*, 908 F.2d 555, 558 (9th Cir. 1990).

"When the totality of the parties' conduct indicates an intent to grant such permission, the result is a legal nonexclusive license ... ." 3 NIMMER, *supra*, § 10.03[A], at 10-41 (footnotes omitted). Other circuits have held that an implied nonexclusive license arises when "(1) a person (the licensee) requests the creation of a work, (2) the creator (the licensor) makes the particular work and delivers it to the licensee who requested it, and (3) the licensor intends that the licensee-requestor copy and distribute his work." *I.A.E.*, 74 F.3d at 776 (citing *Effects*, 908 F.2d at 558-59).

In this case, the above criteria are plainly satisfied. First, Axcess requested the creation of the jingles. Second, Michlin created the jingles as Lulirama's agent and Lulirama delivered them to Axcess. Third, Michlin conceded in his affidavit that he understood that, pursuant to the Jingle Writing Agreement, Axcess would sell the jingles to its radio and television customers.¶

Lulirama nevertheless advances a number of arguments as to why a nonexclusive license did not arise in this case, all of which we find to be without merit.

Lulirama first argues that a nonexclusive license cannot exist between the parties because the parties intended that Axcess would obtain full copyright ownership of the jingles pursuant to the work for hire doctrine. The Eleventh Circuit rejected a similar argument in *Jacob Maxwell, Inc. v. Veeck*, 110 F.3d 749 (11th Cir. 1997). In that case, an artist agreed to write a song for a baseball team, and the parties agreed orally that the baseball team would have an exclusive license to use the song. *See id.* at 751.˜ {T}he court concluded that, although no exclusive license existed because such a license cannot be created orally, the artist had granted the baseball team a nonexclusive license to use the jingle because it had acquiesced in the team's use of the song.˜

We agree with the analysis of the Eleventh Circuit. Under Texas contract law, illegal contracts are generally unenforceable. *See Plumlee v. Paddock*, 832 S.W.2d 757, 759 (Tex. App. – Fort Worth 1992). However, a court will sever the illegal portion of the agreement and enforce the remainder if the parties would have entered the agreement absent the illegal portion of the original bargain. *See Panasonic Co. v. Zinn*, 903 F.2d 1039, 1041 (5th Cir. 1990).

> Where the subject matter of the contract is legal, but the contract contains an illegal provision that is not an essential feature of the agreement, the illegal provision may be severed and the valid portion of the contract enforced. ... In determining whether a particular provision is severable, "the issue is whether [the parties] would have entered into the agreement absent the illegal parts."

Id; *see also Redgrave v. Wilkinson*, 208 S.W.2d 150, 152 (Tex. Civ. App. – Waco 1948, writ ref'd n.r.e.) ("If, for a legal consideration, a party undertakes to do two or more acts, and a part of them are unlawful, the contract is good for so much as is lawful, and void for the residue. Whenever the unlawful part of a contract can be separated from the rest, it will be rejected and the remainder established." (internal quotation marks omitted)); 6A ARTHUR LINTON CORBIN, CORBIN ON CONTRACTS § 1522, at 760-61 (1962) (noting the well-recognized rule that, "if a lawful consideration is given for two promises, one of which is lawful and the other unlawful, the lawful promise is enforceable" and observing that "there is no injustice to the defendant in permitting the plaintiff to abandon the illegal promise and to enforce the other one ... [because] the defendant receives everything for which he bargained and gives less in return").

To the extent that it is not inconsistent with the Copyright Act and its policies, Texas law governs our analysis of whether the parties contractually created a nonexclusive license. *See Fantastic Fakes, Inc. v. Pickwick Int'l, Inc.*, 661 F.2d 479, 482-83 (5th Cir. Unit B Nov. 1981).

˜Because Lulirama intended to convey to Axcess all of the rights associated with ownership of the copyrights to the jingles, it of necessity intended to convey the lesser-included set of rights associated with a nonexclusive license to use the jingles.˜

Lulirama finally argues that, even if the Jingle Writing Agreement created a nonexclusive license, Lulirama revoked the nonexclusive license by filing this lawsuit. This argument also lacks merit. A nonexclusive license may be irrevocable if supported by consideration. *See* 3 NIMMER, *supra*, § 10.02[B][5] ("Nonexclusive licenses are revocable absent consideration."); *Avtec Sys., Inc. v. Peiffer*, 21 F.3d 568, 574 n.12 (4th Cir. 1994); *Keane Dealer Servs., Inc. v. Harts*, 968 F. Supp. 944, 947 (S.D.N.Y. 1997); *Johnson v. Jones*, 885 F. Supp. 1008, 1013 n.6 (E.D. Mich. 1995). This is so because a nonexclusive license supported by consideration is a contract. *See Jacob Maxwell*, 110 F.3d at 752-53 (construing an implied nonexclusive license supported by consideration as an implied contract); *I.A.E.*, 74 F.3d at 776 ("Implied licenses are like implied contracts ... . ."); *Effects*, 908 F.2d at 559 n.7 (noting that an implied license is "a creature of law much like any other

implied-in-fact contract"); 3 NIMMER, *supra*, § 10.01[C][5] & n.73.1 (observing that a license can be a form of contract in the sense that it is, "in legal contemplation, merely an agreement not to sue the licensee for infringement.").˜

The record in this case provides no indication that the parties intended that Axcess's right to use the jingles was terminable at the will of Lulirama. Accordingly, we conclude that Axcess's rights under the nonexclusive license created by the Jingle Writing Agreement did not end upon Lulirama's filing the present lawsuit.˜

In sum, we conclude that the district court correctly determined that Axcess has a nonexclusive license to use the last 29 jingles created pursuant to the Jingle Writing Agreement. As we noted in Part II.A.2.a, *supra*, a triable issue of fact may exist as to whether Axcess owns the copyrights to the first seven jingles created pursuant to the work for hire doctrine. However, in its counterclaim, Axcess sought declaratory judgment that it either (1) owned the copyrights to these jingles *or* (2) had a license to use them.˜

Based on the same analysis applied to the last 29 jingles, we conclude as a matter of law that, at a minimum, Axcess has a nonexclusive license to use the first seven jingles created pursuant to the Jingle Writing Agreement. Put another way, as a matter of law, Lulirama cannot state a claim of copyright infringement against Axcess based upon Axcess's past or future use of the first seven jingles.˜

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K. Open Access and Open Source Licensing

K.1. Lead-in, key terms

Open-source and open-access licensing arise when owners of copyrighted works want to refrain from commercially exploiting their copyright in the manner envisioned by the regime of copyright law. This is done by the owner's issuance of a license to the world at large.

A couple of terms are important to understand:

> The phrase "**open access**" denotes a licensing posture whereby the author/owner shares with the world at large their work and invites anyone to reproduce and redistribute the work at will, at least under certain circumstances or upon certain conditions. In terms of copyright's exclusive rights, open-access licensing involves at least a partial relinquishment of the exclusive rights of reproduction and distribution.
>
> The phrase "**open source**" means open access plus something more: an invitation to revise the work, abridge it, expand it, reconfigure it, adapt it, modify it, etc. In terms of copyright's exclusive rights, open-source licensing involves at least a partial relinquishment of not only the exclusive rights of reproduction and distribution, but also of creating derivative works.

The reason the phrase "open source" corresponds with an invitation to adapt the copyrighted work is that the phrase originated in the software context. Here's how that happened:

Computer programs are generally written by persons as a set of instructions in a computer language that, while appearing as an arcane set of symbols and pseudo-words, is readable to coders who have learned the language. This is called "source" code, as it is the ultimate source by which the program is generated. But the source code isn't the program itself. To have a program that can run on a computer, the source code must be "compiled" into machine-readable code ready to be executed by a microprocessor that takes everything as ones and zeros. But once compiled, machine code is not something that programmers can read or edit. So giving someone a ready-to-use program in machine code only provides the recipient with the capacity to run the program and to copy and redistribute it as-is. On the other hand,

opening up the "source" code means allowing people to see how the code was written and thus revealing how it might be adapted.

While revealing source code is not technically equivalent to giving others permission to modify it, in the hacker/coder community, the phrase "open source" came to be used for software whose authors both (1) made the source code public (i.e., non-secret) and (2) gave permission for others to adapt the source code, compile it, and then use, copy, and redistribute the resulting adaptation.

K.2. The GPL, Stallman, and the Free Software Movement

{The following is adapted from Eric E. Johnson, *Rethinking Sharing Licenses for the Entertainment Media,* 26 Cardozo Arts & Entertainment Law Journal 318 (2008)*.}*

Some creators of copyrighted works have come to the conclusion that copyright is, for their situation, too strong. They would like to preserve some of the entitlements of copyright, but surrender others. That is, under the right circumstances, many copyright holders are willing to share. By the same token, they would appreciate it if others would share with them.

The copyright statute does not prescribe a means for abandoning various copyright entitlements while keeping others (or even a means for abandoning copyright interests altogether). Legally, undoing a portion of copyright entitlements can be accomplished through a public license – that is, a one-way license that is offered to the public at-large. Because a copyright is enforceable against all third parties, regardless of any pre-existing contractual privity or other relationship, a license offered to the general public has the effect of surrendering certain exclusive rights to a copyrighted work.

Richard Stallman and the GPL

In the early 1980s, computer programmer Richard Stallman, employed at MIT's Artificial Intelligence Laboratory, sent a print job for a 50-page document to the AI Lab's new, shared Xerox laser printer. He left the place where he was working to walk to the location of the printer. When he got there, he found the printer had become jammed with a previous user's print job. So, as a hacker, Stallman figured he could modify the printer software so that users wanting to print would get a message when the printer was jammed – thus allowing them to avoid the frustration of walking through the AI Lab to the printer only to find that it wasn't printing.

But Stallman was blocked from carrying out his common sense hack. When he visited a computer scientist with access to the Xerox printer's code, Stallman's request for access was rebuffed because that programmer had promised Xerox not to share the code – that is, the programmer had promised secrecy, signing an NDA (non-disclosure agreement).

And it wasn't just the Xerox printer. There was a growing trend of companies asserting proprietary rights over software code through the use of NDAs.

Stallman's frustration with the printer blossomed into frustration with a "proprietary" M.O. overtaking the hacker ethos of neighborliness. And that, eventually, begat the gigantic phenomenon, movement, and industry of open-source software.

(The story, by the way, is told in the book *Free As In Freedom: Richard Stallman's Crusade For Free Software* by Sam Williams – which, unironically, has been distributed under the GNU Free Documentation License. That means you could read it for free online – and the license allows reproduction and modification of the text for free within certain constraints.)

In 1983, Stallman undertook to develop a complete computer operating system that would be "free." Now "free" can mean at a price of zero, or "free" can mean unencumbered by legal prohibitions. Stallman was focused on the latter. Or, as he put it, not "free as in beer" but "free as in freedom."

But, of course, copyright law built on the economic incentive theory has long tied the two together.

Stallman dubbed the operating system GNU, and he espoused a moral principle as his motivation for undertaking the GNU Project:

> I consider that the golden rule requires that if I like a program I must share it with other people who like it. I cannot in good conscience sign a nondisclosure agreement or a software license agreement. . . .
>
> So that I can continue to use computers without violating my principles, I have decided to put together a sufficient body of free software so that I will be able to get along without any software that is not free.

Richard Stallman, e-mail with subject-line "new Unix implementation," Sept. 27, 1983, 12:35:59 EST, *available at* http://www.gnu.org/gnu/initial-announcement.html.

In September 1985, Stallman published the GNU Manifesto, a document containing a more complete statement of his software freedom philosophy, along with a defense of the practicality of programmers spending time building free software. Stallman also founded the Free Software Foundation, a non-profit organization, to support the free-software movement.

To make the project work, Stallman developed free software's key legal innovation: the licensing structure of the GNU Public License, or "GPL." The licensing technique, dubbed "share-alike" or "copyleft," enforces behavior in accordance with the Golden Rule. The GPL dedicates software in perpetuity to a regime in which it must be shared with others.

Cleverly, the GPL mandates that any improvements or modifications to the software must be shared on the same terms. The commandment, in essence, is this: "Since this code was shared with you, you have to share it, including your improvements, on the same terms." In other words, copyleft essentially allows anyone to do anything they want with the software except refuse to share it. This mechanism stimulates a constant stream of available updates and improvements.

To enforce the rule that modifications to the software must be shared, the GPL depends on the exclusive rights afforded by copyright law to maintain a threat of litigation against those who would "steal" the free software by making it not free for others. Thus, the commercial software industry is prevented from capturing the fruits of the free-software movement for selling and not sharing. This way of "flipping" copyright – using its exclusive entitlements to force inclusiveness – makes the "copyleft" label clever and appropriate for share-alike licenses.

The share-alike function of the GPL has had a colossal impact, fostering a thriving commons of shared intellectual property for software. Because of Stallman's license and the free-software movement it sparked, there are now operating systems, word-processing programs, spreadsheet programs, web browsers, editing programs for photos/images, audio, video and much more of interest to regular everyday people. Additionally there is a huge amount of specialized free/open-source software for scholars, researchers, scientists, and others with particular niche technical needs. And unsurprisingly – there is an enormous amount of free software, software components, coding tools, code libraries, and so forth that are of enormous value to the cyber set – coders, hackers, developers, sys admins, etc.

K.3. Creative Commons and sharing licenses for text, images, music, audio, and video

{The following is adapted from Eric E. Johnson, *Rethinking Sharing Licenses for the Entertainment Media,* 26 Cardozo Arts & Entertainment Law Journal 318 (2008).*}*

The History and Philosophy of Creative Commons

Inspired by the free-software movement, intellectual-property scholar Lawrence Lessig and others in 2001 founded Creative Commons, a non-profit organization that focuses on enabling the sharing of non-software creative works. To that end, in 2002, Creative Commons released a set of public licenses to enable the sharing of websites, music, film, photography, literature, and other works.

Creative Commons has sought to "rebuild a public domain." The project seeks to respond to the increased control over cultural media exercised by proprietary interests through a combination of expanding copyright-law protection and burgeoning technological controls. The organization states its aims as increasing the amount of publicly shared raw source material online and making access to that material easier and less expensive. Another goal of Creative Commons is focused on the viewpoint of creators: Creative Commons seeks to enable creators to share their works on more generous terms than copyright provides by default. Creative Commons stresses the use of voluntary and libertarian means to reach cooperative and community-minded ends.

The philosophical aims and policy goals of Creative Commons are more mixed and less focused than those of the free-software movement as embodied by the Free Software Foundation. Creative Commons differs from the GPL model by offering a menu of choices to suit a range of attitudes that licensors may have in sharing their work. The slogan employed by Creative Commons is "some rights reserved" – a way of distinguishing the Creative Commons movement from copyright owners who follow their copyright notices with the phrase "all rights reserved."

The natural question to ask is, if the goal of Creative Commons is to "rebuild a public domain," why employ Creative Commons licenses at all? Why reserve *some* rights? Why not reserve *no* rights? That is, why not simply waive all copyright entitlements all together? There are at least two answers to this. The first answer is the same as the answer coming from the free-software movement – to prevent capture by the proprietary industry that does not

follow the sharing ethos. The second answer is that creators of artistic works tend to feel protective over their work in ways that programmers tend not to. Specifically, it seems that artists tend to care about maintaining the artistic integrity of their works and having receiving credit for their works. Creative Commons licenses seek to address these issues through their particular licensing mechanics.

The Mechanics of Creative Commons Licenses

Creative Commons licenses, like the GNU GPL, are not transactions between two parties, but are theoretically irrevocable licenses granted to the public at large, allowing anyone who comes in contact with a work to use it according to the terms of the license. Thus, a Creative Commons license, in essence, attaches to the work itself, limiting the scope of legal entitlements available for the copyright owner of that work.

Creative Commons licenses come in various flavors, comprising four basic provisions that have been mixed-and-matched by Creative Commons into several licensing options. The four most significant provisions in Creative Commons' core suite of licenses are

(1) Attribution

(2) NonCommercial

(3) No Derivatives

(4) ShareAlike.

The "**Attribution**" provision requires licensees to give credit to the creator and to provide certain information about the source of the work. This provision is in all Creative Commons licenses. One kind of Creative Commons license, the "Attribution Only" license, contains no additional restrictions on use. It allows any use of the licensed work, so long as attribution is provided.

The "**NonCommercial**" restriction removes commercial uses from the scope of the license, preserving those avenues for the exclusive exploitation of the copyright holder.

"**No Derivatives**" is a restriction that allows licensees only to use licensed works in whole and intact. Thus, licensees are not privileged by the license to adapt the work or build on it to create new forms of the work or to incorporate parts of it into a new collective work.

Finally, the "**ShareAlike**" provision is a copyleft mechanism, essentially the same as that in the GNU GPL. If a licensee transforms the work or makes use of the work in a further work, that licensee is obligated to make the resulting work available to others on the same terms.

The licenses are commonly represented by a string of abbreviations representing the applicable restrictions.

For instance: "CC BY-SA 4.0" denotes the fourth revision of the Creative Commons Attribution-ShareAlike license. And "CC BY-NC-ND 4.0" denotes the fourth revision of the most restrictive Creative Commons license, allowing downloading and sharing, but with no alterations, and only on a non-commercial basis.

L. Public domain dedications and purposeful abandonment of copyright

L.1. Lead-in

What if a copyright owner wants to relinquish more of the copyright entitlement than is possible through an open-access or open-source license? Can a copyright owner permanently do away with the copyright over a work? The answer is maybe – but it's not easy.

L.2. About abandonment

by Brian L. Frye
Excerpt of Brian L. Frye, *A License To Plagiarize,* 43 U. ARK. LITTLE ROCK L. REV. 373 (2021).

Licensing: The source states: "To the extent possible under law, I waive all copyright and related or neighboring rights to 'A License to Plagiarize.' In addition, I explicitly permit plagiarism of this work, and specifically object to anyone enforcing plagiarism rules or norms against anyone who plagiarizes this work for any purpose. This means that you may incorporate this work, without attribution or acknowledgment, into work submitted under your own name or any other attribution, for any purpose."

{**Important editor's note:** The note about licensing – the immediately preceding paragraph – is worth reading. If you skipped it, go back.}

In theory, copyright is supposed to promote the interests of authors, by enabling them to control the disposition of their works. Ironically, our focus on ensuring copyright ownership has also reduced authorial choice by making it difficult or impossible for authors to disclaim ownership of a work. Today, copyright ownership is the default rule, and it's a sticky one. As Aaron Perzanowski and Dave Fagundes˜ observed, abandoning the copyright in a work of authorship and placing it in the public domain is complicated, costly, and uncertain.

The Copyright Act grants copyright protection to "original works of authorship fixed in any tangible medium of expression." In other words, if you create a copyrightable work of authorship, then you automatically own a copyright in that work, whether or not you want it. The Copyright Act doesn't provide any way to disclaim copyright ownership. Congress probably

assumed that people would not voluntarily abandon intangible property that doesn't require any maintenance. Or maybe it just didn't care.

In any case, it turns out that some people do want to disclaim copyright ownership and place a work in the public domain. Accordingly, the Copyright Office permits copyright owners to file a notice of abandonment, "purporting to abandon a claim to copyright or any of the exclusive rights." However, filing a notice of abandonment costs $105, and the Copyright Office doesn't even promise it will work.

Unsurprisingly, copyright owners rarely file notices of abandonment. Only 190 were filed between 1978 and 2018, and only a few of those were efforts to abandon a valid copyright. But at least some copyright owners wanted to place their works in the public domain badly enough to pay for the privilege, whether or not it actually works. Presumably, many more authors would donate their works to the public domain if it were easy, free, and effective.

Of course, authors can simply state their intention to abandon their copyright in a work and donate it to the public domain. But as the Copyright Office acknowledges, it is unclear whether such a statement actually irrevocably places a work of authorship in the public domain. If an author expressly donates a work to the public domain, the author probably cannot claim any residual copyright interest in the work. But what about termination of transfer? Perhaps the author's heirs can reclaim the copyright in a donated work. At the very least, *Golan v. Holder* says it's constitutional for Congress to remove a work from the public domain.

L.3. U.S. Copyright Office Compendium on Abandonment

2311 Abandonment

Compendium of U.S. Copyright Office Practices, Third Edition. Released by Register of Copyrights Shira Perlmutter. Effective date January 28, 2021. From Chapter 2300: Recordation.

The U.S. Copyright Office may record an affidavit, declaration, statement, or any other document purporting to abandon a claim to copyright or any of the exclusive rights granted to copyright owners under

Sections 106 or 106A of the Copyright Act, provided that the following requirements have been met:

- Content of the document. The document should identify the claim that is subject to the abandonment, preferably including the author(s), title(s), and registration number(s) for the works (if any). It should provide the full name of the party who signed the document, and it should state that the party is the current owner or coowner of the copyright and/or the exclusive rights in the work. It should state that the rights specified in the document have been abandoned. The document does not need to provide a reason or justification for the owner's decision to abandon the copyright and/or the exclusive rights specified in the document. However, the document should be legible and capable of being imaged or otherwise reproduced by the technology employed by the Office at the time of its submission. 37 C.F.R. § 201.4(c)(3).
- Signature. The document should be signed by the current owner or co-owners of the rights specified in the document or by an authorized representative of such owner(s). If the copyright has been registered, the document should be signed by the copyright claimant(s) named in the certificate of registration or by an authorized agent of the copyright claimant(s). If the copyright has been transferred or assigned to a party who is not named in the certificate, or if the copyright has not been registered, the document should be signed by all of the owners or co-owners of the rights specified in the document or by an authorized agent of such owner(s). In all cases, the document must contain the actual signature(s) of the person or person(s) who executed the document or a legible photocopy or other facsimile of the signature together with a sworn certification that satisfies the requirements set forth in Section 201.4(c)(1) of the regulations.
- Filing fee. The remitter should submit the appropriate filing fee. The fee for recording an abandonment is the same as the fee for recording a document pertaining to copyright. For information concerning this fee, see Section 2309.11 above.

{*Editor's note:* As of February 2026, that fee (which includes one work identified by one title and/or registration number) is paper $125, electronic $95; with additional transfer (per transfer) $95.}

To record an abandonment, the remitter should submit a signed copy of the document to the following address together with the appropriate filing fee:

Library of Congress
U.S. Copyright Office-DOC
101 Independence Avenue SE
Washington, DC 20559-6000

In the alternative, the document and the filing fee may be delivered by hand to the Public Information Office at the address specified in Chapter 200, Section 204.1(B)(3). The Public Information Office will provide the remitter with a date-stamped receipt that lists the title of no more than one of the works listed in the abandonment.

The Office will record an abandonment as a document pertaining to copyright without offering any opinion as to the legal effect of the document. The document will be returned to the party that submitted it, along with a certificate of recordation. In addition, the Office will create an online public record that identifies the title and registration number (if any) for the first work listed in the document, the name of the party who executed the document, the date of execution, the document number assigned to the recorded document, and the date of recordation. However, the Office will not cross-reference this record with the online public record for the registration(s) referenced in the document (if any).

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END OF PART 5
("Story Arc 5")
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