

Copyright Grant Termination Rights

**Ghosts of Copyright Grants Past,
Present and Future**

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What is copyright grant termination?

- Copyright grant termination allows the author of the copyrighted work to terminate an agreement regarding the work and take back the rights granted.
- The right is inalienable under the Copyright Act of 1976. Stewart v. Abend, 495 U.S. 207, 230 (1990).

Copyright Act of 1976 Termination Provisions

- 17 U.S.C. §304(c). Applies to grants executed before January 1, 1978.
- 17 U.S.C. §203. Applies to grants executed by the author on or after January 1, 1978.
- 17 U.S.C. §304(d). Applies to copyrights for which the §304(c) termination was expired when the Sonny Bono Copyright Term Extension Act (CTEA) became effective in 1998 and for which a termination right was not previously exercised.

Relevant History and Provisions from the Copyright Act of 1909

- Initial copyright term of 28 years from date of first publication. §24.
- Renewal and extension of the copyright for another 28 year term.
- Application for renewal and extension required to be made to Copyright Office within one year prior to expiration of initial term.
- Automatic reversion to author, surviving family members, executor or next of kin.

Purpose of Reversion/Termination Provisions

- Problem of valuation of work before commercial exploitation.
- Unequal bargaining power of author in relationship to publisher.
- 1909 Act, allowed the author to recapture a transfer made during the initial term.
- 1976 Act, provides the author with a “new estate,” a second chance to exploit the work for new consideration. Separate right from the initial copyright right bundle.

Copyright Act of 1976 Significantly Changed the 1909 Act Term Scheme

- One copyright term of life of the author plus 50 (70 after CTEA) years. Substantially longer than the 1909 Act.
- Termination provisions in the 1976 Act provide the right to recapture that moving to a single term scheme eliminated.

No Termination Without Taking Action

- 1909 Act rights automatically reverted to the author, surviving family members, executor or next of kin, as long as renewal registration filed with the Copyright Office.
- 1976 Act termination rights must be exercised within a specific time, following the statutory procedures.
- Work Made for Hire and grants made by will are excluded.

Works Made for Hire

- The author of a work owns the copyright, unless it's a Work Made for Hire. §201.
- The author of the copyright of a Work Made for Hire is the employer or other person for whom the work was prepared. The corporate owner is considered the author, as opposed to merely the copyright owner.

Work Made for Hire defined:

- A work created by an employee; or
- Written agreement that it is a Work Made for Hire and work is within one of 9 categories: collective work, motion picture/audiovisual work, translation, supplementary work, compilation, instructional text, test, test answers or atlas. §101.
- Neither software nor purely audio music is one of the 9 categories.

§304(c) Termination of Transfers and Licenses Covering Extended Renewal Term

- Grant executed before 1/1/1978.
- Allows author to share in the expanded copyright term of the 1976 Act.
- Excludes grants limited to the first term.
- Applies to both exclusive and non-exclusive grants.

§304(c) Persons entitled to terminate

- Focus is on who is alive at time the termination notice is served on the grantee/grantee's successor. Condition: a copy of the notice must be recorded with the Copyright Office.
- Executed by non-author. Termination by surviving persons who executed the grant.
- Executed by author. Author may terminate her share when there are co-authors.
- Deceased author. Statutorily designated persons who own more than one-half of author's termination interest.
- Deceased author. Surviving spouse owns entire interest. Spouse owns $\frac{1}{2}$ if surviving children or grandchildren.

§304(c) Persons entitled to terminate cont.

- Deceased author's surviving children and surviving children of dead child own entire interest if no surviving spouse.
- Children and grandchildren rights divided per stirpes, *e.g.*, grandchildren take through a parent, not per capita.
- Share of the children of a dead child can be exercised only by the action of a majority of those children.
- Author's executor, administrator, personal representative or trustee owns termination interest if no surviving spouse, children or grandchildren.

§304(c) Termination Requirements

- Termination period: 5 years beginning at the end of 56 years from date copyright secured or beginning 1/1/78, whichever is later.
- Advance written notice to grantee.
- Grant executed by non-author. All grantors entitled to terminate must sign.
- Grant executed by author. Signed by author. If author dead, signed by owners of more than $\frac{1}{2}$ of author's termination interest.

§304(c) Notice to grantee

- State effective date of termination, falling within the 5 year period.
- Notice served not less than 2 years or more than 10 years before termination date.
- Notice required to be recorded in Copyright Office.

§304(c) Grants terminated

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.

§304(c) Reversion of Rights

- Non-author. Rights revert to surviving grantors.
- Author. Rights revert to author.
- Deceased author. Rights revert to persons owning the termination interest, including owners who did not join in signing.

§304(c) Limitations on reversion rights

- Derivative works (based on the pre-existing work) rights granted continue after grant terminates. No new derivative works.
- Reverting rights vest on date notice of termination served.
- After reversion, further grant of author's rights must be signed by same number/proportion of owners required for termination. Further grant covers non-signers.
- Further grants valid only if made after the effective date of termination. Except, after notice of termination, further grant may be made with original grantee.
- If grant not terminated under §304(c), continues in effect for the rest of the copyright renewal term.

Time frame for copyrights in their first term on 1/1/1978

- 12/31/77 is the latest date for first term copyrights.
- §304(a) addresses the duration of copyrights in their first term on 1/1/1978. For works created on or after 1/1/1978, there is only one term, and no first and second terms.
- The first term is for 28 years from the date the copyright was originally secured.
- Renewal and extension for a further 67 year term.
- First terms for all copyrights ended by 12/31/2005. All 1909 Act copyrights are now in their second term.
- Since the 1909 Act applies to all copyrights secured before 1/1/1978 and the first term is for 28 years, followed by a second term of 67 years ($28 + 67 = 95$), the 1909 Act remains relevant until 2072. ($1977 + 95 = 2072$).

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

- Limited to grants by the author.
- Applies to exclusive and non-exclusive grants.
- One author. Author may terminate grant.
- Two or more authors. Majority of granting authors must join termination. No provision allowing an author to terminate her share, as in §304(c)(1).
- Deceased author. Same termination scheme as in §304(c). More than ½ of author's termination interest required to be exercised. That author's interest is exercised as a unit, as in when there are co-authors.
- 51% interest required. Who plans for that?

§203 Termination Requirements

- Termination period. 5 years beginning at the end of 35 years from the date of grant execution. §304(c) is from date copyright secured.
- Termination period for grants covering publication. 5 years beginning at end of 35 years from execution, or, for publication right, 35 years from publication or 40 years from execution date, whichever comes first.
- Advance written notice to grantee.

§203 Notice to Grantee

- State effective date of termination, falling within the 5 year period.
- Notice served not less than 2 years or more than 10 years before termination date.
- Notice required to be recorded in Copyright Office.
- Same procedure as §304(c).

§203 Grants terminated

- 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.
- Same language as §304(c).

§203 Reversion of rights

- Author. Rights revert to author.
- Deceased author. Rights revert to persons owning the termination interest, including owners who did not join in signing.
- Same result as §304(c) regarding authors.

§203 Limitations on reversion rights

- Derivative works (based on the pre-existing work) rights granted continue after grant terminates. No new derivative works.
- Reverting rights vest on date notice of termination served.
- After reversion, further grant of author's rights must be signed by same number/proportion of owners required for termination. Further grant covers non-signers.
- Further grants valid only if made after the effective date of termination. Except, after notice of termination, further grant may be made with original grantee.
- If grant not terminated under §203, continues in effect for the rest of the copyright term.
- Language similar to §304(c), but not verbatim.

§ 304(d) -Termination Rights Provided in Subsection (c) Which Have Expired on or Before the Effective Date of the Sonny Bono Copyright Term Extension Act.

Requirements:

- Copyright in its renewal term.
- §304(c) termination right has expired.
- Termination right not previously exercised.
- Grant executed before 1/1/1978.
- Applies to both exclusive and non-exclusive grants.
- §304(c) conditions apply, except for the time frame termination may be effected.
- Termination period is 5 years beginning at the end of 75 years from original copyright date.

56 years vs. 35 years

- §304(c) applies to termination of grants made before 1/1/1978, for copyrights in either their first term or renewal term on 1/1/1978.
- 12/31/1977 last day to make a §304(c) grant.
- §304(c) termination the later of 56 years from date copyright secured or 1/1/1978.
- §203 applies to grants executed by the author on or after 1/1/1978. Termination 35 years from execution, or, for publication right, 35 years from publication or 40 years from execution date, whichever comes first.
- [What a difference a day makes!](#)

Impact of termination rights

- Statutory choice of beneficiaries prevails over author's choice.
- Only those alive at the time termination vests are interest owners.
- Springing rights. The right to terminate occurs in the future, calculated from the date copyright secured, grant execution or publication date.
- Shifting rights. Spouse, children, grandchildren own interests only if author dies before termination.
- Possible 13 year termination notice window, if termination notice sent at earliest date and effective termination date is latest possible.
- Original grantee's contractual rights become unenforceable, without breaching the contract.
- Under §203, author can renegotiate grant at any time and start a new 35 year period running.
- §304(c) extends to non-authors to allow the persons who could claim renewal under the 1909 Act (§24, extending to next of kin) to continue to claim renewal under the 1976 Act.

The Ghost of copyright grants past

- Gary Friedrich created Ghost Rider comic strip 1971. Marvel published Ghost Rider strip. Friedrich filed, received a Renewal Copyright Registration for Ghost Rider in 2007. §304(a).
- No written agreement between Marvel and Friedrich.
- Marvel required Friedrich to sign a work made for hire agreement in 1978. Assigned rights “forever.” Friedrich did not do any work for Marvel after signing.
- 2nd Circuit: Strong presumption against the conveyance of renewal rights during the copyright’s initial term.
- “The Agreement could reasonably be construed as a form work-for-hire contract having nothing to do with renewal rights. Accordingly, the language by itself fails to overcome the strong presumption against the conveyance of renewal rights.”
- Under the Copyright Act of 1909, the parties must have intended for Ghost Rider to be a work made for hire at the time of its creation for it to be found a work made for hire. 1909 Act applies to works created and published before 1/1/1978.
- *Gary Friedrich Enterprises, LLC v. Marvel Characters, Inc.*, No. 12-893-cv, Second Circuit Court of Appeals.

The Ghost of copyright grants present

- Victor Willis, Village People cop, terminated copyrights granted to Scorpio Music (Black Scorpio) for [YMCA](#) and other songs he co-authored.
- The district court ruled that under §203(a)(1), a single author can terminate his grant separately when it was initially transferred to the grantee under an agreement that did not include the co-authors.
- Statute of limitations issues are governed by §507(b). Section 203 has no effect on the statute of limitations.
- Ownership: “It is unclear to the Court whether the fact that someone receives writing credit on an album and/or royalties necessarily means that the person also owns or claims to own a copyright interest in the work. Is it possible for an individual to be listed in the credits and receive royalties, perhaps pursuant to an agreement, but not claim copyright ownership?”
- *Scorpio Music (Black Scorpio) S.A. v. Willis*, No. 11cv1557 BTM (RBB), U.S. District Court, Southern District of California.

The Ghost of copyright grants future

- Termination gap. Which statute applies, §203 or §304(c), when an agreement between a songwriter and a record label was entered into before 1/1/1978, but the works were created after 1/1/1978? §203 is 35 years from date of grant execution vs. §304(c) 56 years from date copyright secured. Significant difference, but it's unclear which statute applies.
- Increase production of music videos as a possible way for record labels to protect themselves in the future. Music videos can be works made for hire, but purely audio works cannot.

The Ghost of Christmas Pooh

- 1924-1928. A.A. Milne published Winnie-the-Pooh books.
- 1930. Milne transferred his copyrights to Stephen Slesinger, who transferred to Stephen Slesinger, Inc. (SSI).
- 1952-1956. Renewal rights vested in Milne. He could have terminated the grant to SSI, but didn't. Copyrights set to expire 1980-1984.
- 1956. Milne died, bequeathing his interest to Milne Trust, to benefit his widow during her lifetime, and to Pooh Properties Trust after her death.
- 1961. SSI licensed to Disney.
- 1971. Milne's widow died.
- 1978. Copyright Act of 1976 takes effect. Copyrights extended to 75 years from original copyright date, 1999-2003.
- 1983. Disney, SSI, the Pooh Properties Trust, and Christopher Robin Milne entered into a new agreement.
- 1996. C.R. Milne died.
- 1998. CTEA extends copyright terms another 20 years, 2019-2023. CTEA creates §304(d) termination.
- 2002. Clare Milne, C.R.'s daughter, notified SSI of 2004 termination of 1930 grant.

The Ghost of Christmas Pooh cont.

- Issue: Should the 1983 SSI Agreement be treated as a pre-1978 agreement to be governed by the CTEA's termination provisions of 17 U.S.C. § 304(d)?
- 9th Circuit: 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.
- Also not a §304(c)(5) “agreement to the contrary.” 1983 agreement freely and intelligently entered into by the parties, resulting in a better deal for Pooh Properties Trust.
- *Milne v. Stephen Slesinger, Inc.*, 430 F.3d 1036 (9th Cir. 2005).

Some initial new case questions

- What is the terminating party's relationship to the author? Is that relationship covered by the statute?
- What are the rights of the terminating party under the applicable statute?
- Are termination rights available? Statutory time frames met, for example?
- Have the termination rights been exercised?
- Are there other possible terminating parties who should be considered?
- Is this arguably not "an agreement to the contrary?" Are there valid policy reasons for enforcing the grant?
- What happens after the grant is terminated? Deceased author, 51% ownership interest required to make a further grant.

Resources

- U.S. Copyright Office website. <http://www.copyright.gov/>
- Seattle Copyright Watch. www.SeattleCopyrightWatch.com
- Renegotiating the Copyright Deal in the Shadow of the “Inalienable” Right to Terminate, Lydia Pallas Loren, 62 Florida Law Review 1329 (2010).
- Charlie Daniels and “The Devil” in the Details: What the Copyright Office’s Response to the Termination Gap Foreshadows About the Upcoming Statutory Termination Period, Joshua Beldner, 18 B.U. J. Sci. & Tech. L. (2012).
- Viral Videos: Medicine for Record Labels in the Fight Against Copyright Termination?, Jay Patel, 32 Loy.L.A. Ent. L. Rev. 47 (2011).

Thank you for attending!

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