



United States Copyright Office

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Reporters, ALI Restatement of the Law, Copyright

Re: Preliminary Draft No. 4

Dear Professor Revesz, Ms. Middleton, and Reporters:

The U.S. Copyright Office is responsible for administering significant portions of the nation’s copyright law and providing expert advice to Congress and federal agencies on copyright matters.¹ We have reviewed Preliminary Draft No. 4 of ALI’s proposed Restatement of the Law of Copyright, which includes revised sections on the scope of ownership (§§ 3.01-3.05) and two new sections on transfers of ownership (§§3.06-3.07).

In providing our comments on this latest draft, we retain the Copyright Office’s view that the Restatement should not displace any of the “traditional tools of statutory construction,” including examination of the statute’s text, structure, purposes, and legislative history. *See INS v. Cardoza-Fonseca*, 480 U.S. 421, 446–450 (1987). Nor should the Restatement supplant the Copyright Office’s rules and regulatory guidance that interpret and apply the text of the Copyright Act, which are entitled to ordinary and appropriate levels of judicial deference, even where they differ from views expressed in the Restatement.

In addition, we continue to urge the Reporters to avoid conflicts between the Restatement and Copyright Office regulations or other interpretive guidance, including the *Compendium of U.S. Copyright Office Practices, Third Edition* (“*Compendium*”). Such conflicts could produce significant confusion and adversely affect Copyright Office operations, especially to the extent they relate to issues the Office addresses in registering claims to copyright or administering statutory licenses under the Copyright Act. To that end, this letter notes additional Office guidance in a few areas relevant to the latest preliminary draft.

¹ 17 U.S.C. § 701(a), (b).

The Reporters asked four specific questions when circulating the draft. The Copyright Office provides the following responses:

(1) In § 3.04 (Ownership of a Joint Work), we would be particularly grateful for input regarding Comment f’s discussion of whether agreements among coauthors must be in writing; that discussion follows Illustration 13. In particular, that Comment takes the position that an agreement among coauthors, entered into before they begin creating their joint work, that specifies the proportions in which their ownership of the joint work’s copyright will vest, should be required to be in writing because such an agreement affects the ownership of the rights in the work. There appears to be no case law deciding this question one way or the other, and so we are eager to hear views on whether courts should require a writing in those circumstances.

As previously noted, the Copyright Office has expressed the view that agreements that alter initial ownership shares for a joint work should be in writing and signed.² Such an agreement should be thought of as a transfer of partial ownership shares from one co-author to another, and we believe should be subject to section 204’s written instrument requirement.³

On the other hand, we have also noted that it is less clear whether an agreement that does not alter ownership shares, but instead merely limits the rights to administer copyright interests (*i.e.*, overrides the default rule that would permit a co-owner to grant a nonexclusive license to use the whole work), similarly constitutes a “transfer of copyright ownership” within the meaning of the Copyright Act.⁴ We agree that there appears to be no case law deciding this question one way or the other. And as the Office has previously noted, “[s]ome might consider this a matter of contract rather than copyright law.”⁵ For these reasons, we recommend that Comment f further sharpen the differences between Illustrations 12 and 13, and note that this remains an unsettled question.

(2) Relatedly, in the Reporters’ Note to § 3.04 Comment f, we now express the view that some agreements that purport to address only the rights or duties of co-owners may require a writing. We identify, as an example, an agreement that only one of two co-owners can unilaterally grant exclusive licenses to use the joint work. In our view, such a license would change the usual understanding concerning a co-owner’s ownership interest in a way that gives one coauthor power that is essentially equivalent to that of a sole copyright owner. Such an agreement is therefore, equivalent to a transfer of copyright ownership that the Copyright Act requires to be in writing. Note that we also identify types of agreements among coauthors that are not the type of agreements that federal copyright law requires to be in writing. We offer the example of an agreement that no co-owner will have a duty to account to any other co-owner for any profits earned from using or licensing the work. Such an agreement does not allocate ownership or

² Letter from Sarang V. Damle, General Counsel and Associate Register of Copyrights, and Robert J. Kasunic, Associate Register of Copyrights and Director of Registration Policy & Practice, to Richard Revesz et al., American Law Institute, at 10 (Dec. 4, 2017) (“Copyright Office Dec. 2017 Letter”).

³ U.S. COPYRIGHT OFFICE, VIEWS OF THE UNITED STATES COPYRIGHT OFFICE CONCERNING PRO LICENSING OF JOINTLY OWNED WORKS 10 n.54 (2016) (“JOINTLY OWNED WORKS”), <https://www.copyright.gov/policy/pro-licensing.pdf>; 17 U.S.C. § 204(a); *see also* *Lyrick Studios, Inc. v. Big Idea Prods., Inc.*, 420 F.3d 388, 391–92 (5th Cir. 2005); *Konigsberg Int’l Inc. v. Rice*, 16 F.3d 355, 356–57 (9th Cir. 1994) (noting the requirement is intended to “ensure that the author will not give away his copyright inadvertently” (citation omitted)).

⁴ Copyright Office Dec. 2017 Letter at 10; JOINTLY OWNED WORKS at 10 n.54.

⁵ JOINTLY OWNED WORKS at 10 n.54.

control over exclusive rights and therefore does not constitute a “transfer of copyright ownership” to which the statutory writing requirement applies. We would be grateful to hear whether you agree with the approach we have taken to this issue in the Reporters’ Notes. We would also appreciate your views with regard to whether this issue merits promotion to Comment f.

We refer to our answer to question one. As a general matter, we agree with the Reporters’ Note’s approach to focusing the question on whether an agreement allocates ownership or control over exclusive rights, and the example of an agreement to waive the duty to account, which would not constitute a transfer, seems appropriate here. It may be helpful to promote this to Comment f, as part of addressing the contours at issue in question 1.

*(3) In § 3.06 (Transfers of Ownership), Comment e, we state that a transferee’s ownership of the copyright rights transferred would appear to give the transferee, in turn, the ability subsequently to alienate those rights or subdivisions of those rights (absent any contrary agreement expressed in the initial transfer agreement). We rely for this statement on 17 U.S.C. § 201(d)(1), which provides that “[t]he ownership of a copyright may be transferred in whole or in part.” In our view, this statutory language directs that transfer of copyright rights, whether by assignment or exclusive license, generally results in new ownership of the rights or subrights transferred, along with the ability to exercise those rights. Moreover, the new ownership is subject again to § 201(d)’s alienability provisions, which means that the transferee may freely alienate the rights that have been transferred. This position is in tension with the Ninth Circuit’s opinion in *Gardner v. Nike*, where that court held that an exclusive licensee cannot transfer its rights without express permission from the licensor. 279 F.3d 774, 780 (9th Cir. 2002). We would be grateful for your views regarding our treatment of *Gardner*.*

As noted in the Office’s December 2017 letter, we are supportive of the approach taken by Comment e on this topic.⁶

(4) In § 3.07 (Formal Requirements for Transfers of Ownerships), Comment h, we deal with an issue related to the timing of the written instrument requirement on which there appears to be little or no case law – i.e., whether a written transfer agreement made in advance of the creation of a work should be effective immediately upon the work’s fixation or should instead be understood as a promise to execute a transfer in the future. Our view is that the effect of the agreement depends on its terms, and we offer two illustrations (Nos. 4 and 5) that are meant to distinguish between transfers effective as soon as the work is created and transfers that are effective only after additional actions are taken. We would be grateful for your views on whether we’ve set out a correct understanding of this issue.

The draft rightfully notes that transfers of future ownership can become effective no earlier than the moment of a work’s creation. As Reporters’ Note h helpfully acknowledges, the Copyright Office has concluded, “as a matter of copyright law a transfer that predates the existence of the copyrighted work cannot be effective until the work of authorship (and the copyright) come into

⁶ Copyright Office Dec. 2017 Letter at 12.

existence.”⁷⁷ We otherwise agree that the effect of an agreement is dependent upon its terms, and find illustrations 4 and 5 helpful on this point.

In addition, the Office has identified the following points in the most recent draft (in the order they appear in the Preliminary Draft, rather than in order of importance).

Section 3.02

As noted in Section 3.02, it is the Office’s position that, in order to be registrable, a work must be authored by a human. To support this characterization of the Office’s viewpoint, we recommend including a citation to the relevant section of the *Compendium*: “The U.S. Copyright Office will register an original work of authorship, provided that the work was created by a human being. The copyright law only protects ‘the fruits of intellectual labor’ that ‘are founded in the creative powers of the mind.’”⁸

Section 3.03

As stated in the Office’s December 2017 letter, the Office appreciates that Section 3.03(b) correctly take the position that, to be considered a joint author, a person must contribute original authorship to the work. As the *Compendium* instructs, “[t]he Office takes the position that each joint author must contribute a sufficient amount of original authorship to the work.”⁹

We retain the concerns that in Comment and Reporters’ Note *e*, the Restatement takes the position that a joint author’s contribution must be “significant enough that the contributor can fairly be classified as an intellectual originator, or author, of the unitary whole.” This requirement does not appear in the plain letter of the statute and the Copyright Office does not currently have a view on whether such a “significance” requirement should be read in. The word “significant” appears to source from the Seventh Circuit’s decision in *Seshadri v. Kasraian*,¹⁰ but tests adopted by other appellate courts do not include the significance of a work as an element.¹¹

⁷⁷ See U.S. COPYRIGHT OFFICE, ANALYSIS OF GAP GRANTS UNDER THE TERMINATION PROVISIONS OF TITLE 17, at iii (2010), <http://www.copyright.gov/reports/gap-grant-analysis.pdf>; Gap in Termination Provisions, 76 Fed. Reg. 32,316 (June 6, 2011) (adjusting recordation practices for terminations of transfer to reflect that transfers cannot be effective until after a work of authorship is created).

⁸ See U.S. COPYRIGHT OFFICE, COMPENDIUM OF U.S. COPYRIGHT OFFICE PRACTICES § 306 (3d ed. 2017) (“COMPENDIUM (THIRD)”) (quoting *Trade-Mark Cases*, 100 U.S. 82, 94 (1879)).

⁹ COMPENDIUM (THIRD) § 505.2; see also *Moral Rights in Our Copyright Laws: Hearings on S. 1198 and S. 1253 Before the Subcomm. on Patents, Copyrights and Trademarks of the S. Comm. on the Judiciary*, 101st Cong. 210–11 (1989) (statement of Ralph Oman, Register of Copyrights and Assistant Librarian for Copyright Services, U.S. Copyright Office).

¹⁰ 130 F.3d 798, 803 (7th Cir. 1997) (“To be a joint author, an assistant or collaborator must contribute significant copyrightable material.”) (citing *Childress v. Taylor*, 945 F.2d 500, 506–07 (2d Cir. 1991) (agreeing with Register of Copyrights and other appellate courts that contributions of authors to a joint work must be separately copyrightable but not discussing “significance” of such contributions); *Erickson v. Trinity Theatre, Inc.*, 13 F.3d 1061, 1070–71 (7th Cir. 1994) (rejecting position that contribution of “uncopyrightable plot ideas” could be enough to be joint author and adopting requirement that contribution be able to “stand on its own as the subject matter of copyright”).

¹¹ See *16 Casa Duse, LLC v. Merkin*, 791 F.3d 247, 255 (2d Cir. 2015) (joint authors must have “(1) made independently copyrightable contributions to the work; and (2) fully intended to be co-authors”); *Direct Techs., LLC*

Though the definition of author may permit in some instances excluding individuals based on their trivial role in creation, at least one court has cautioned against making normative judgments about the significance of a contribution rather than looking at the intent of the parties and the course of the work's creation.¹² In light of this current state of the law, we again suggest that it may not be appropriate to elevate a "significance" requirement to the black letter law; instead, perhaps phrasing like "more than minimal" or "sufficient" may help convey the point intended by black letter law § 303(c).

Section 3.04

In Reporters' Note *c*, the Office appreciates the inclusion of the statement regarding the law of foreign jurisdictions as related to licenses.

Additionally, some commenters previously expressed concern regarding use of the phrase "fractional interest," including in the black letter text to describe partial interests in copyrights, in part on the grounds that this phrase is not a statutory term.¹³ The Office notes that since those comments were submitted, the Music Modernization Act has revised Title 17 to define a "share" of a musical work as "a fractional ownership interest,"¹⁴ and the Office has separately used the phrases "fractional interest" or "fractional licensing" to describe licenses of partial interests.¹⁵

Section 3.05

Draft Comment *c* retains the incorrect characterization of *Kirk v. Harter*, as discussed in the Office's December 2017 letter.¹⁶ The First Circuit referenced Harter's tax status and benefits but did not elevate them as centrally important as suggested in the draft. Instead the next sentence noted that Harter was "highly skilled" and continued to take projects from other employers, speaking to factors 2 and 5 in *Aymes v. Bonelli*, 980 F.2d 857 (2nd Cir. 1992).¹⁷ That the First Circuit explicitly called *Aymes* "persuasive" more reasonably indicates a full adoption of the *Aymes* factors than the narrow focus on tax treatment and employee benefits proffered in the current draft.

The new paragraphs in Reporter Note *b* opining that nonjuridical entities can commission a work for hire are in direct conflict with the common law and Copyright Office practice. They should be removed. The general common law rule is that unincorporated associations are not separate

v. Elec. Arts, Inc., 836 F.3d 1059, 1069 (9th Cir. 2016) (most important question in joint authorship is who is "exercising control"); *Erickson*, 13 F.3d at 1071 (7th Cir. 1994) (joint authorship requires (1) "the parties intended to be joint authors at the time the work was created" and (2) each author's "contributions to the works were independently copyrightable").

¹² See *Aalmuhammed v. Lee*, 202 F.3d 1227, 1233 (9th Cir. 2000) (definition of "author" requires "more than a minimal creative or original contribution to the work"); *id.* at 1233–34 (cautioning against focusing on whether purported author "made a substantial creative contribution" to a work and pointing to other circuits that similarly look at intents of the parties and the circumstances around creation of the work at issue).

¹³ See, e.g., Comments of Copyright Alliance on Preliminary Draft No. 3 at 4, 29–30 (Jan. 8, 2018); Comments of Professor Jane C. Ginsburg on Preliminary Draft No. 3 at 11 (Dec. 4, 2017).

¹⁴ 17 U.S.C. § 115(e)(31).

¹⁵ See Letter from Maria Pallante, Register of Copyrights, to Doug Collins, Vice-Chairman, House Subcomm. on Courts, Intellectual Property and the Internet at 2 (Jan. 29, 2016), <https://www.copyright.gov/policy/pro-licensing.pdf>.

¹⁶ 188 F.3d 1005 (8th Cir. 1999); see Copyright Office Dec. 2017 Letter at 11..

¹⁷ *Kirk*, 188 F.3d at 1009.

entities from their members and cannot hold property absent specific state statutory provisions.¹⁸ If an unincorporated association commissioned a copyrighted work, under common law the members directing its creation would be the authors and any contractual obligations would fall on the individual commissioning members.¹⁹ For that reason, the Office considers individual authors and their unincorporated organizations “the same legal entity” and will not issue a registration listing the unincorporated organization as the author or the work as made for hire.²⁰ This practice reflects the practical implications of the common law rule: an entity that does not legally exist cannot “commission” a particular work, and recordation’s public notice function would be undermined by listing entities without legal standing as points of contact for a work.

Though state law may alter the default rule that nonjuridical entities cannot hold property, consider whether the Copyright Act would preempt application of state law in making a work’s for-hire status turn on its state of creation. In *Community for Creative Non-Violence v. Reid*, the Supreme Court explicitly rejected applying state employment law to determine a work’s for-hire status because the Copyright Act has the “express objective of creating national, uniform copyright law by broadly pre-empting state statutory and common-law copyright regulation.”²¹ The Court instead applied the “general common law” of agency to ensure uniform application across state lines. Here, the “general common law” rule is that nonjuridical entities cannot own property and are not separate legal entities, they thus cannot commission works for hire. The draft does not grapple with this issue but merely cites cases that recite the general common law rule while considering whether it is altered by state law.²² The Office does not believe it prudent

¹⁸ See, e.g., 6 AM. JUR. 2D *Associations and Clubs* § 1 (2002) (“At common law, an unincorporated association is not an entity, and has no status distinct from the persons composing it. . . . By statute in some jurisdictions, the legislature may recognize the separate existence of an unincorporated association, granting unincorporated associations the status of legal entities empowered to acquire, hold, and transfer property, or to sue and be sued”); J.E. Keefe, Jr., Annotation, *Power and Capacity of Members of Unincorporated Association, Lodge, Society, or Club to Convey, Transfer, or Encumber Association Property*, 15 A.L.R.2d Art. 1451 (Originally pub. 1951) (“The view generally prevailing at common law is that an unincorporated association has no legal existence, and, accordingly, in the absence of legislative authority, such an association cannot take or hold property in the associate name.”); 7C Wright & Miller, *Fed. Prac. & Proc. Civ.* § 1861 (3d ed.) (“Accordingly, when state law does not permit enforcement directly against the assets of the association, plaintiff must proceed against the property of the individual members.”).

¹⁹ See Edward A. Nolfi, Annotation, *Standing to Sue for Copyright Infringement under Copyright Act of 1976*, 17 U.S.C.A. § 501(b), 82 A.L.R. Fed. Art. 509 (Originally pub. 1987) (“Although an unincorporated association is not recognized as a legal person or entity capable of owning property on its own, property may vest in the unincorporated association’s members if all of the members can be ascertained”); see also *Karl Rove & Co. v. Thornburgh*, 39 F.3d 1273, 1285 (5th Cir. 1994) (under common law, member of unincorporated association liable for contacts entered on behalf of association as member “had represented himself to be the agent of a nonexistent principal”).

²⁰ COMPENDIUM (THIRD) § 614.2(B)(8).

²¹ 490 U.S. 730, 740 (1989).

²² Only *Mills Music, Inc. v. Cromwell Music, Inc.* suggested unincorporated associations can hold copyrights in finding the ability to hold property under the New York General Associations Law. 126 F. Supp. 54, 65 (S.D.N.Y. 1954). A subsequent case, however, noted the “common law rule” that a nonjuridical entity is incapable of holding property “in the absence of a statute authorizing it to do so” and viewed *Mills Music* as an “implicit” recognition that these entities can hold “at least a beneficial interest in property” under New York state law. *Cullen v. Margiotta*, 1987 WL 890781, at *4 (E.D.N.Y. Aug. 31, 1987). In *Motta v. Samuel Weiser*, the First Circuit ruled against an ownership claim based in part on the general common law rule that an “unincorporated association . . . is not recognized as a legal person or entity capable of owning property on its own.” 768 F.2d 481, 485–86 (1st Cir. 1985). Similarly, *Third Educ. Group, Inc. v. Phelps* did not implicate work for hire issues and only briefly noted

for the draft to affirmatively endorse a position contrary to the common law rule and the stated goal of uniformity in applying the work-made-for hire doctrine.

Section 3.07

Comment and Reporters' Note *k* omit discussion of specific cases that have grappled with standing in the context of copyright transfers and adopts a principle rejected by every circuit to consider it. The comment would particularly benefit from citing *Eden Toys v. Florelee Undergarment Co.*, 697 F.2d 27, 36 (2d Cir. 1982), upfront rather than relegating the case to the Reporters' Note. In that case, the court stated that where a copyright holder did not dispute effectiveness of transfer, "it would be anomalous to permit a third party infringer to invoke [section 204] against the licensee."²³

The comment also mischaracterizes judicial skepticism towards accused infringers challenging transfers uncontested by the parties to the transfer: such challenges have been rejected by the Second, Third, Seventh, Ninth, and Eleventh Circuits.²⁴ While the comment is correct that the text of the Copyright Act does not explicitly limit who has standing to challenge a transfer of rights, it goes too far in characterizing numerous appellate courts finding limited standing as "dicta."²⁵

The Reporters' Note approvingly cites a footnote from an unpublished case from Colorado, which in turn references an N.D. Cal. decision that was overturned on appeal.²⁶ This single

that question of website material ownership required resolution of "complex and somewhat novel legal questions" regarding Wisconsin common law that the court did not attempt to resolve. 675 F. Supp. 2d 916, 927 (E.D. Wis. 2009).

²³ 697 F.2d at 36.

²⁴ *Barefoot Architect, Inc. v. Bunge*, 632 F.3d 822, 830 (3d Cir. 2011) (agreeing with Second, Ninth, and Eleventh Circuits that third-party infringer cannot challenge transfer under written instrument requirement "where there is no dispute between transferor and transferee regarding the ownership of a copyright"); *Magnuson v. Video Yesteryear*, 85 F.3d 1424, 1429 (9th Cir. 1996) (rejecting challenge by third-party infringer to transfer not executed at time of conveyance given lack of dispute between transferring parties); *Imperial Residential Design, Inc. v. Palms Dev. Grp., Inc.*, 70 F.3d 96, 99 (11th Cir. 1995) ("[W]e agree that, where there is no dispute between the copyright owner and the transferee about the status of the copyright, it would be unusual and unwarranted to permit a third-party infringer to invoke section 204(a) to avoid suit for copyright infringement"); *Billy-Bob Teeth, Inc. v. Novelty, Inc.*, 329 F.3d 586, 592–93 (7th Cir. 2003) (adopting Eleventh Circuit approach and noting that the written instrument requirement was "designed to resolve disputes among copyright owners and transferees" rather than between copyright owners and accused infringers). District courts in the Fourth and Sixth Circuits have followed these holdings as persuasive. *Great S. Homes, Inc. v. Johnson & Thompson Realtors*, 797 F. Supp. 609, 611 (M.D. Tenn. 1992) (applying *Eden Toys* as "well-reasoned" and rejecting third-party challenges to written transfers as "disserv[ing] copyright law's purpose"); *Brookwood Homebuilding & Remodeling, LLC v. Landis Reed Homes, LLC*, 267 F. Supp. 3d 685, 691 (W.D.N.C. 2017) (adopting *Eden Toys* approach and holding that "allowing [section 204] to benefit an alleged infringer would corrupt the copyright law's purpose").

²⁵ The nuance of the case law merits further discussion than the string cites in the Reporters' Note. For example, the Second Circuit recently suggested that where the transferee and transferor are *not* parties to the suit, an infringement defendant may challenge ownership because the court cannot presume both parties agree transfer was effective. *Urbont v. Sony Music Entm't*, 831 F.3d 80, 86–88 (2d Cir. 2016) (in case involving work-for-hire issues, court could not assume Marvel agreed that Iron Man theme song belonged to plaintiff composer where "Marvel is not a party to the lawsuit and has not had the opportunity to clarify its position with respect to ownership").

²⁶ *Viesti Assocs., Inc. v. Pearson Educ., Inc.*, 2014 WL 1055975, at *7 n.8 (D. Colo. Mar. 19, 2014) (citing *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 2014 WL 295854, at *9 (N.D. Cal. Jan. 27, 2014), *rev'd* 795 F.3d 997, 1005

unpublished case does not counteract numerous circuit opinions, and its elevation undercuts the ALI's mission of creating restatements that "aim at clear formulations of common law" and "reflect the law as it presently stands."²⁷ Recalibration is appropriate here.

The Office welcomes public evaluation and discussion of our copyright law and thanks the ALI and the Reporters for their attention to our comments.

Sincerely,



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(9th Cir. 2015) (finding transfer conveyed rights sufficient to sue and describing holding as "honoring the parties' contracting expectations"). *Viesti* was in the Tenth Circuit, which does not appear to have ruled on this question.

²⁷ *How the Institute Works*, AM. LAW INST., <https://www.ali.org/about-ali/how-institute-works/> (last visited Feb. 28, 2019).