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27 April 2010

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Re: Notice of Inquiry published at Federal Register /Vol. 75, 15390-91 (March 29, 2010), regarding a possible "gap" in the 1976 Act termination provisions

This Comment, offered by Jane C. Ginsburg, Morton L. Janklow Professor of Literary and Artistic Property Law at Columbia University School of Law responds to the Notice of Inquiry published at Federal Register /Vol. 75, 15390-91 (March 29, 2010), regarding a possible "gap" in the 1976 Act termination provisions "when the grant was made prior to 1978 and the work was created on or after January 1, 1978."

The impact of the NOI is not limited to grants made in 1978. Because contracts to create multiple works in the future and transfer their copyrights are not uncommon, the Copyright Office's inquiry raises issues not only concerning the existence of any termination right for authors whose works post-date the 1976 Act's effective date but whose agreements pre-date 1978, but also as to the timing of the vesting of termination rights when the creation of the works comes after (sometimes long after) the post-1978 entry into the transfer agreement.

Interpreting the Statute

Sec. 203(a) provides (interpreted terms in **bold**):

> 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**

At first blush, the trigger event is the conclusion of the contract on or after 1/1/78, and the "gap works" thus would be excluded. But the contract must be a "grant of a transfer or license **of copyright**"; if the work does not exist at the time the agreement is entered into, there is no "grant of a transfer or license of copyright," because there is as yet no copyright whose transfer or license can form the subject matter of the grant. Under the 1976 Act, the federal copyright "subsists" with

the creation and fixation of the work.[1] The copyright does not pre-exist the creation of the work. By the same token, the statutory text ties the grant of a license of a particular right to an extant work ("**a** copyright"): the contract does not grant an abstract reproduction right (the text would then read "any right under copyright"), but a right to make copies with respect to a work whose copyright (or parts of it) is being transferred or licensed.

Thus, under the terms of the statute, the "grant" cannot be "executed" before the works come into being. There may be a signed agreement, but it is best conceptualized as an agreement to effect the grant when the works come into being; the contract grants a future interest, not a "transfer of copyright" itself. Put another way, the "grant" is "executory," not "executed." In U.S. contract law, an "executed" agreement is "one in which nothing remains to be done by either party, and where the transaction is completed at the moment that the agreement is made," while "an executory contract is a contract to do some future act."[2] In this case, the future act is to create the works, to which the copyrights will attach. Courts have recognized the distinction between "executed" and "executory" contracts in the context of grants of copyright interests.[3]

The text of sec 203(a) presents further reasons to conclude that "executed," as employed in this part of the statute, must mean "concluded transaction," and not merely "agreement signed or entered into." First, the Copyright Act is replete with references to "signed" writings or agreements.[4] If Congress merely meant "signed," it could have said so. Second, and more importantly, "executed by the author" cannot mean "signed" rather than "carried into full effect," because section 203(a) provides for the termination of non exclusive as well as exclusive licenses, but only an exclusive grant must have been made or evidenced through a signed writing. Non exclusive licenses may be oral or inferred from conduct. If "executed" did not mean (or at least did not also mean) a transaction that the author has completed, then the author could not terminate a non exclusive license. Because the statute expressly states that non exclusive grants are terminable, "executed" in 203(a) must mean something different, or at least more, than "signed agreement." (For the various uses and meanings of "executed" or "execution" in the 1976 Copyright Act, see Appendix, below.)

Thus, as to works not created until the 1976 Act's effective date, the statute is not in fact ambiguous, and there is in fact no "gap." The "grant" is not "executed" until the works are created and the future interest vests. The termination time clock thus runs from the creation of each work covered by the agreement.[5]

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[1] 17 U.S.C. § 102(a).

[2] 1 WILLIAM W. STORY, A TREATISE ON THE LAW OF CONTRACTS § 22 (5th ed. 1874); *see also* RESTATEMENT 2D OF CONTRACTS § 3 cmt. a (2007) ("The word 'agreement' contains no implication that legal consequences are or are not produced. It applies to transactions executed on one or both sides, and also to those that are wholly executory.").

[3] *See, .e.g.*, *Korman v. HBC Florida*, 182 F.2d 1291 (11th Cir. 1999).

[4] *See, e.g.*, 17 U.S.C. § 101 (commissioned works for hire); *id.* § 113(d)(1)(B) (VARA waivers); *id.* § 204(a) (signed writing required for transfer of exclusive rights); *id.* § 205(a) (recordation of "signed document"); *id.* § 205(e) (priority between conflicting transfers); *id.* § 304(c)(4) (termination of grant executed by persons other than the author).

[5] *But see* REGISTER OF COPYRIGHTS, COPYRIGHT LAW REVISION PT. 6, SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW, 89TH CONG., 1ST SESS., at 73 (Comm. Print 1965): "The [section 203] right of termination would not be retroactive. It would apply only to transfers and licenses after the new law comes into effect." This language does not, however, address the question when the transfer becomes effective.

Effect of this interpretation on the timing of termination of grants of rights in contracts to create works in the future

For works already in being at the time of the conclusion of a post-1977 agreement, the copyrights exist, and the grant of the transfer or license of copyright therefore is “executed” with the conclusion of the agreement: the time clock starts running from the date of the contract. Thus, there is no gap between signature and “execution.” But when the agreement provides for the future creation of works, the above analysis indicates that the termination time clock starts running not from the date of the agreement, but from the date of creation. This start date may, however, pose practical problems. The date the contract was signed provides a readily ascertainable starting point for calculating when to send a notice of termination. The date of creation of the work may prove more elusive. While the statute offers evidence of Congress’ expectation that the author should be able to identify the year date of creation,[6] the Section 203 termination clock starts ticking on the actual date. Authors’ abilities to recall or document the month and day on which they completed creating a work may be more uncertain. But this objection could equally well apply to oral or inferred-from-conduct non exclusive licenses: the date of their “execution” may be equally if not more unsusceptible to reliable documentation, yet the statute clearly provides for the termination of such licenses.

Policy considerations

Timing termination from the date of creation when the contract was entered into before the work was created seems consistent with the general structure and policy of statutory termination rights. The text of the statute[7] and its legislative history amply demonstrate Congress’ intent that authors should enjoy enforceable termination rights. The statute should be interpreted to cover as many works as possible (other than works made for hire). In the case of pre-1978 agreements to transfer rights in works not created until 1978 or later, no creative interpretation is even necessary: the plain words of the statute bring these works within the scope of the sec. 203 termination right.

In the case of post-1978 agreements for works yet to be created at the time of the contract, timing termination rights from the date of creation, rather than the date the agreement was entered into, can make a significant practical difference. Suppose, for example, a contract entered into in 1980 in which the author agrees to write and transfer publication and other copyright rights in four books. The author writes the works over the next twenty years, delivering them in 1985, 1990, 1995 and 2000 respectively. If the termination time clock runs from 1980, then the author may terminate the grant of all rights in all books in 2020; the publisher will have owned the rights not for the earlier of 35 years from publication or 40 years from “execution of the grant,” as provided in sec. 203(a)(3), but for 35, 30, 25, and 20 years respectively.[8] If the time clock runs from the

[6] 17 U.S.C. § 409(7) (application for registration “shall include” “the year in which creation of the work was created”).

[7] *E.g.*, 17 U.S.C. § 203(a)(5) (“Termination of the grant may be effected notwithstanding any agreement to the contrary . . .”).

[8] Sec. 203(a)(3)’s alternate referent dates will not help the publisher because “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*” (emphasis supplied). Thus, supposing a 1980 contract covering a work created and published in 2000, if the time clock runs from the date of the agreement, the two reference points are 2020, or 2035; under the statute the 2020 date applies. Melville Nimmer suggested that the alternate referent was added to address the problem of works not yet in being at the time of the contract:

> Note that this argument assumes that a "grant" or "transfer" of copyright may be executed before a work is written and therefore before it enters statutory copyright under the new Act. The *Register’s Report* accepts the

creation of each work, then the publisher will have the rights for at least 35 years for each book. If one interprets Section 203 as assuring publishers 35-40 years of quiet enjoyment of the transferred rights under copyright (the publisher may, of course, agree to grant the rights back much earlier, for example through an out-of-print clause), then designating an "execution" date for the grant that will shorten the interval before termination would seem inconsistent with the statutory scheme. On the other hand, if the publisher offers a contract that commits the author to create and transfer rights in several works over the course of time, perhaps the publisher has assumed the risk that the later the author delivers the contracted-for works, the less time the publisher will have to enjoy the grant before the author's termination rights vest.

Another category of "gap" works: pre-1978 agreement, but works, albeit created pre-1978, were never published before 1978 (nor were they registered)

The NOI also prompts consideration of the terminability of pre-1978 grants of rights in then-unpublished works. These works would have been the subject matter of common law copyright, but were not 1909 Act works because they were neither published nor registered as unpublished works. On January 1, 1978, by virtue of the coming into effect of the 1976 Copyright Act, these works' common law copyrights were replaced by federal copyright, as per sec. 303(a). These works thus are 1976 Act works; they are protected for the life of the author plus 70 years. Because they do not have renewal terms, they do not qualify for "extended renewal term" termination under sec 304(c) or (d).

Do they qualify for termination under section 203? Section 203 turns on the date of the grant, not the date of the work. While, as discussed above, in the absence of a work, there is no "grant," and pre-1978 agreements to transfer rights in works created after 1978 thus can be terminated, can the same be said for pre-1978 agreements regarding unpublished works? While the pre-1978 agreement may have transferred common law copyright, no federal copyright could be transferred until it came into being on January 1, 1978. At that point, the works automatically came within federal copyright, and the first publication right, formerly a common law right, became the subject of section 106(1) and (3) rights of reproduction and distribution. The "grant of a transfer or license of copyright, or of any right under a copyright" pertains to federal copyright, which in these works attached on January 1, 1978. The "execution date" for the contract thus becomes January 1, 1978, and the termination time clock would run from that date.[9]

> publishers' rationale, which suggests that the Copyright Office may believe that the termination period of a grant should be calculated from the date that the agreement is executed and not the date that the copyright interest is transferred. For unwritten (or otherwise unfixed) works this makes sense because the date that the work is fixed (and copyright is created and transferred) will be impossible to determine.

Melville Nimmer, *Termination of Transfers Under the Copyright Act of 1976*, 125 U. PA. L. REV. 947, 975 (1977).

[9] Any termination of rights in works unpublished as of 1/1/78, but which were the object of an earlier grant, would, upon becoming subject to termination under section 203, also be subject to that provision's exemptions of works made for hire and of already-created derivative works. Thus, for example, there would be no termination of rights in an unpublished screenplay underlying a motion picture if the screenwriter was an employee for hire. Even if the screenwriter were not an employee for hire, her recapture of rights would extend only to future motion pictures made from the screenplay, not to any films made prior to the effective date of the termination of the transfer of copyright.

APPENDIX: Meaning of "executed" in Copyright Act

Red: usage consistent with perfection of transaction [per above interpretation]
Blue: usage consistent with signing or entering into an agreement
Purple: usage consistent with either

In most cases, the signature is all that is needed to effect the transaction, so it's not surprising that most of the usage of the terms "executed" or "execution" could be interpreted to mean both entering into the agreement, and concluding the transaction. That the terms could in most cases have dual meanings suggests that "signed" or "entered into" is not the only way to read "executed" in sec 203. Given the context, the more persuasive use of the terms could in some instances mean "executed" in opposition to "executory" in the contract sense – after all, we are dealing with contracts.

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

203(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, . . .

203(a)(1): "(1) In the case of a grant **executed by one author** . . ." ; "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**" [These "executed"s must mean more than "signed" because **the grant would have had to have been effected** to be subject to later termination]

203(a)(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.

§ 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 — [both meanings apply here, because the evidence goes to **whether the transfer was effected**]

(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.

(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.

(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

Other provisions

Sec 111(e)(1)(D): “within forty-five days after the end of each calendar quarter, an owner or officer of the cable system **executes an affidavit** attesting . . .” [but this doesn’t address a grant or an agreement]

Sec. 113(d)(1)(B) (VARA waivers): “the author consented to the installation of the work in the building either before the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, or in a **written instrument executed on or after such effective date that is signed** by the owner of the building and the author and that specifies that installation of the work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal, then the rights conferred by paragraphs (2) and (3) of section 106A(a) shall not apply.”

Sec 118(b)(2) (public broadcasting compulsory license): “License agreements voluntarily negotiated at any time between one or more copyright owners and one or more public broadcasting entities shall be given effect in lieu of any determination by the Librarian of Congress or the Copyright Royalty Judges, if copies of such **agreements** are filed with the Copyright Royalty

Judges **within 30 days of execution** in accordance with regulations that the Copyright Royalty Judges shall issue."

Sec 119(c)(1)(D) (satellite compulsory license): "Agreements binding on parties; filing of agreements; public notice. — (i) Voluntary agreements negotiated at any time in accordance with this paragraph shall be binding upon all satellite carriers, distributors, and copyright owners that a parties thereto. Copies of such **agreements** shall be filed with the Copyright Office **within 30 days after execution** in accordance with regulations that the Register of Copyrights shall prescribe."

Sec 304(c) (1909 Act works termination): c) Termination of Transfers and Licenses Covering Extended Renewal Term. — In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the **exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978** [has to be in red to be consistent with earlier interpretation; is this persuasive? Same for the rest of 304(c) and (d)]

(1) In the case of a **grant executed by a person** or persons other than the author, termination of the grant may be effected by the **surviving person or persons who executed it**. In the case of a **grant executed by one or more of the authors of the work**, termination of the grant may be effected, to the extent of a particular author's share in the ownership of the renewal copyright, **by the author who executed it** or . . .

4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee's successor in title. In the case of a **grant executed by a person or persons other than the author**, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a **grant executed by one or more of the authors of the work** . . .

(6) In the case of a grant **executed by a person or persons other than the author** . . . In the case of a grant **executed by one or more of the authors of the work** . . .

304 (d) exclusive or nonexclusive **grant** of a transfer or license of the renewal copyright or any right under it, **executed before January 1, 1978**, . . . [see 304(c)]

406(2) (Error in notice): " a **document executed by the person named in the notice** and showing the ownership of the copyright had been recorded." [but this doesn't necessarily address a grant or an agreement]

512(h)(4) (isp subscriber information): "Basis for granting subpoena. — If the notification filed satisfies the provisions of subsection (c)(3)(A), the proposed subpoena is in proper form, and the accompanying **declaration is properly executed**, the clerk shall expeditiously issue and sign the proposed subpoena and return it to the requester for delivery to the service provider." [but this doesn't address a grant or an agreement]