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April 30, 2010

Marybeth Peters
Register of Copyrights
U.S. Copyright Office
101 Independence Avenue SE
Washington, DC 20059-6000

Re: Notice of Public Inquiry; request for comments: 75 Fed. Reg. 15390 (3/29/10)

Dear Register Peters:

We write in response to your Notice of Inquiry and Request for Comments regarding the termination of grants of transfers of copyrights for works that are created on or after January 1, 1978, pursuant to contracts dated before January 1, 1978 (we refer to such works as “Straddling Works”). As suggested by Example 1 in the Notice of Inquiry, this issue has significant consequences for a large number of songwriters of popular music who entered into “term” songwriter agreements before 1978 calling for the creation and delivery of many new compositions for a period of years that in most cases included the delivery of Straddling Works to the music publisher.

Summary of Comments

We have concluded that the best interpretation of the termination of transfer provisions of the Copyright Act of 1976 is that authors of Straddling Works have a right to terminate transfers of such works pursuant to Section 203 of the Act governing grants of transfers of copyright executed by the author on or after January 1, 1978. This conclusion finds support in Congressional intent in enacting the termination provisions, rules of statutory interpretation, and the common law applicable to agreements purporting to transfer copyrights in works not yet created.

In our view, a grant of transfer of the copyright in a Straddling Work is not “executed” until the transfer of copyright is vested in the transferee, *i.e.*, until a copyright subsists in the work by virtue of the work’s creation (which in turn requires that the work is fixed in a copy or phonorecord). It follows that a grant in rights to a Straddling Work cannot be “executed”, for the purposes of Section 203, until the Straddling Work is created (which by definition is after January 1, 1978) and the copyright therein “subsists”. Thus, Congress neither intended to nor

inadvertently provided for a “gap” in termination rights for authors of Straddling Works.¹ To the contrary, pursuant to Section 203(a)(3), the termination right for Straddling Works may be exercised during the five year period beginning at the end of thirty-five years from the work’s creation; or if the transfer agreement covers the right of publication, the five year period beginning at the earlier of thirty-five years of the date of publication or forty years from the date of creation. We further recommend that the Copyright Office address by regulation the possible administrative difficulty of determining date of creation. Such regulation might provide, for example, that the work shall be deemed created, and thus the transfer executed, on the date the author delivers the work to the transferee, absent proof of an earlier date of creation presented by the author or referenced in a document filed with the Copyright Office to record the transfer.

Such a statutory interpretation regarding Straddling Works is also supported by logic and music publishing industry practice; if the grant of transfer of all works under a music publishing agreement were deemed “executed” upon the signing of the agreement to transfer copyrights in works to be created, then a composer subject to a decades-long exclusive future works agreement might have the right to terminate a transfer for a given work shortly after, or conceivably even before, the work has actually been created. Such a possibility is certainly not what the music publisher or the author would have bargained for, and is not addressed by the thirty-five years from publication or forty years from execution of grant alternative set out in Section 203(a)(3).

In short, in both examples set out in the Notice of Inquiry, the author of the Straddling Works must have the right to terminate the grant of transfer. To find that the Act provides no right of termination for Straddling Works, as opposed to other works created after January 1, 1978, is irreconcilable with the Congressional intent to provide termination rights to all authors (except for certain well-defined excluded categories of works), general rules of statutory construction, and common law doctrine. A contrary interpretation would also be out of balance with the commercial expectations of the parties to music publishing agreements.

The 1976 Act Supports the Conclusion That There Should Be No Gap

A Framework for Analysis

The U.S. Supreme Court has recognized that “Statutory construction . . . is a holistic endeavor. A provision that may seem ambiguous in isolation is often clarified by the remainder of the statutory scheme – because the same terminology is used elsewhere in a context that

¹ The first mention of the Straddling Works “gap” issue appears to be in the General Guide to the Copyright Act of 1976, which the Copyright Office issued in September 1977. The Guide, which notes in its preface that it is not intended to provide a legally authoritative interpretation of the Act, gives the following example and conclusion: “A publishing company, on July 1, 1977, makes a contract with Norbert Novelist for a new book. The book is not written until July 20, 1979. The rights transferred in the July 1, 1977 contract would not be subject to termination. The grant was made before January 1, 1978 but not for a work in which copyright was subsisting on the effective date of the new law.” These comments were based on analysis of a single book publishing contract, not a multiple works music publishing contract. We recognize and appreciate that the Register’s Notice of Inquiry and Request for Comments is aimed at re-examining this issue with the view to issuing regulations or adopting a more formal Copyright Office position.

makes its meaning clear (citation omitted) or because only one of the permissible meanings produces a substantive effect that is compatible with the rest of the law. (citations omitted).” *United Savings Ass’n v. Timbers of Inwood Forest Association*, 484 U.S. 365, 371 (1988); see also *U.S. v Boisdore’s Heirs*, 49 U.S. 113, 122 (1850).

A court will look beyond “the particular statutory language at issue” and examine “the language and design of the statute as a whole.” *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 1291 (1988). “It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme.” *Davis v. Michigan Dept. of Treasury*, 489 U.S. 803, 809 (1989).

Traditional tools of statutory construction include, when appropriate, legislative history to determine whether Congress “had an intention on the precise question at issue.” *Chevron, U.S.A., Inc. v. NRDC, Inc.*, 467 U.S. 837, 843 n. 9 (1984); accord *NLRB v. United Food & Commercial Workers Union, Local 23*, 484 U.S. 112 (1987); *INS v. Cardoza-Fonseca*, 480 U.S. 421, 446-48 (1987). If the court, having studied the statutory text, structure and history, is left with the unmistakable conclusion that Congress had an intention on the precise question at issue, “that intention is the law and must be given effect.” *Chevron*, 467 U.S. at 843 n. 9.

The 1976 Act

The 1976 Act’s termination of transfer provisions were part and parcel of Congress’ intent to provide greater protection for authors vis-à-vis publishers. In that vein, according to statements of the Register of Copyrights at the time of the negotiations leading to the 1976 revision, the termination provisions of the new Act finally settled what was once “by all odds the most explosively controversial provision of the bill”² and resolved the problem identified as “protection of authors against unremunerative transfers, ”³ where an author sold his birthright for a mess of pottage.”⁴

Congressional Intent

The Supreme Court, in *New York Times v. Tasini*, 533 U.S. 483, 496 n. 3 (2001), commenting in part on your 2001 letter to Rep. McGovern, noted that the 1976 Act intentionally adjusted the balance of copyright protection from publisher to author:

² See generally Benjamin Melniker & Harvey D. Melniker, *Termination of Transfers and Licenses Under the New Copyright Law*, 22 N. Y. L. Sch. L. Rev. 589 (1976-1977); *Hearings on Copyright Law Revision Before Subcomm. No.3 of the House Comm. on the Judiciary*, 89th Cong., 1st Sess. at 1866 (1965) (statement of Register of Copyrights).

³ REGISTER OF COPYRIGHTS, COPYRIGHT LAW REVISION PT. 6, SUPPLEMENTARY REPORT ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 1965 REVISION BILL 71, 89th Cong., 1st Sess. (Comm. Print 1965).

⁴ REGISTER OF COPYRIGHTS, COPYRIGHT LAW REVISION PT. 3, PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW AND DISCUSSIONS AND COMMENTS ON THE DRAFT, 88th Cong., 2d Sess. (Comm. Print 1964).

“Two Registers of Copyrights have observed that the 1976 revision of the Copyright Act represented ‘a break with a two-hundred-year-old tradition that has identified copyright more closely with the publisher than with the author.’ Letter from M. Peters to Rep. McGovern, reprinted in 147 Cong. Rec. E182 (Feb. 14, 2001) (hereinafter Peters Letter) (quoting Ringer, First Thoughts on the Copyright Act of 1976, 22 N.Y.L.S.L.Rev. 477, 490 (1977)). The intent to enhance the author's position vis-à-vis the patron is also evident in the 1976 Act's work-for-hire provisions. See *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 742-750, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989); **see also 17 U.S.C. § 203(a)(5) (inalienable authorial right to revoke a copyright transfer)**. Congress' adjustment of the author/publisher balance is a permissible expression of the ‘economic philosophy behind the [Copyright Clause],’ i.e., ‘the conviction that encouragement of individual effort [motivated] by personal gain is the best way to advance public welfare.’ *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 558, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985) (quoting *Mazer v. Stein*, 347 U.S. 201, 219, 74 S.Ct. 460, 98 L.Ed. 630 (1954)). (bold emphasis supplied)

To that effect, the House Report on the Copyright Act of 1976 stated with respect to Section 203, that:

“A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited. Section 203 reflects a practical compromise that will further the objectives of the copyright law while recognizing the problems and legitimate needs of all interests involved.”⁵

Likewise with respect to Section 304, as the Supreme Court eloquently stated in *Mills Music, v. Snyder*, 469 U.S. 153, 172-73 (1985):

“[T]he termination right was expressly intended to relieve authors of the consequences of ill-advised and unremunerative grants that had been made before the author had a fair opportunity to appreciate the true value of his work product. That general purpose is plainly defined in the legislative history and, indeed, is fairly inferable from the text of § 304 itself.”

Despite Congress’ unequivocal intent to protect authors from unremunerative transfers, Congress carved out a number of discrete exceptions to authors’ broad termination rights. These exceptions reflect a compromise – the product of more than a decade of hearings and industry negotiations regarding ownership, duration, renewal, and termination issues – pursuant to which works made for hire and grants by will were excluded from termination, transferees were accorded a right of first negotiation upon an author’s termination of transfer, and holders of

⁵ H.R.REP. NO 1476, 94th CONG, 2d SESS. 124 (1976).

rights in derivative works were accorded certain rights to continue to exploit such works even following termination.⁶

Yet nowhere in the legislative record did any party question that, with the exception of these specifically delineated exceptions, the termination right would be all-inclusive. Although in the many years preceding the Act, there was no shortage of statements regarding the termination provisions by the various negotiating parties, we have found no statement calling for the treatment of Straddling Works as a separate category of non-terminable works.

Given Congress' expressed intent to favor authors and the hard fought compromise reflected in the termination provisions of the 1976 Act, it could not have been Congress' intent to countenance exceptions to the "inalienable authorial right to revoke a copyright transfer" other than those expressly enumerated in the Act.

We do recognize that the House Report on the Copyright Act of 1976 contains an example regarding the operation of Section 203(a)(3) denominated, "Contract for book publication executed on April 10, 1980; book finally published in 1987," that indicates that the 5-year termination period would begin on August 10, 2020 (40 years from execution) rather than in 2022 (35 years from publication), since the date that is 40 years from execution is the earlier date. That example does not pertain to Straddling Works and seems to presume that the book was already created when the publishing agreement was signed. In any event, to the extent the example suggests that "execution of the grant of transfer" refers to the signing of the contract rather than the work's creation, we believe that it is outweighed by the other evidence of Congressional intent and additional authority we present in this letter and should not be read to apply to the issue of whether authors may terminate transfers in Straddling Works.

The Statutory Scheme

Analysis of other provisions of the Act further illustrates the leap in logic that would be required to interpret the term "execution of the grant of transfer" by the "author" to refer to the making of a contract to transfer rights in a non-existent work.

Under the 1976 Act, copyright protection subsists in "original works of authorship fixed in any tangible medium of expression." Section 102(a). There can be no copyright until there is an "author" and there can be no "author" until there is a fixed work. A work is created when it is fixed. Section 101 (defining when a work is created and when it is fixed). And copyright in a work may not be transferred until there is a copyright to transfer. Section 101 (defining "transfer of copyright ownership"). Finally, termination rights are vested only in "authors" (or their heirs). Section 203. With all of these definitional underpinnings to the 1976 Act, it would require a considerable stretch for the execution of a grant to be deemed to occur before the work is

⁶ The exhaustive process of industry negotiation and compromise regarding the 1976 Revision in general and the ownership and termination of transfer provisions in particular have been described in detail by Jessica D. Litman in *Copyright, Compromise and Legislative History*, 72 Cornell L. Rev. 857 (1987).

created and before there is an “author” to execute a grant of transfer.⁷

Given Congressional intent to favor authors, the absence of a specified exception for Straddling Works, and the need for an “author,” work,” and subsisting copyright to effect a transfer, any ambiguity regarding authors’ right of termination with respect to Straddling Works must be read to accord authors such right.

The Common Law Rule that a Grant of Transfer in Future Works is not executed Until the Copyright Subsists Supports a Conclusion That There Should Be No Gap

The common law has long provided that the purported transfer of a thing not yet in existence or in the transferor’s possession does not vest legal title in the transferee, but at most constitutes an executory agreement to sell or equitable lien amounting to a contractual claim for specific performance. *See* Samuel Williston, *Transfers of After-Acquired Personal Property*, 19 HARV. L. REV. 557 (1906). As one court explained: “An assignment of something which has no present, actual, or even potential existence when the assignment is made, does not operate to transfer the legal title to that thing when it does come into existence (citations omitted).... [In such a case] the legal title remains in the assignor (citation omitted), and at law that title is not transferred until either the equitable lien is enforced by judicial decree or some new act intervenes by which the assignor puts the assignee in possession thereof (citations omitted). *Matter of Black v. Sully*, 138 App.Div. 562, 565-66 (N.Y. 1910)(internal citations omitted).

That venerable common law rule has been applied to purported transfers of works of authorship not yet created and inventions not yet invented in a variety of cases and contexts.

In *T.B. Harms & Francis, Day & Hunter v. Stern et al*, 229 F. 42, 49 (2d Cir. 1915), *vacated on other grounds*, 231 F. 645 (2nd Cir. 1916), the Second Circuit considered the legal effect of a contract that “‘sold, assigned, and transferred’ the right ‘to print, publish, and sell’ all compositions which [the composer] ‘might write’ during a period of five years from the date of agreement.” The Court held:

“Such an agreement could not operate at law to vest the legal title in the defendants to these compositions, for the reason that the compositions were not at the time in existence. There could be no valid sale unless the thing to be sold was in *rerum natura* and under the immediate control of the vendor. The common-law doctrine is expressed in the maxim ‘Licet dispositio de interesse futuro sit inutilis tamen potest fieri declaration praecedens quae sortiatur effectum interveniente novo actu.’ The common law prevents the sale of things which the vendor has not in his possession by falling back upon the common-sense notion that if one has not a thing to sell he cannot sell it. To every contract of sale an actually or potentially existing subject is necessary. At law one cannot transfer by a

⁷ Section 204, entitled “Executions of transfers of copyright ownership,” does not undermine that conclusion. Section 204 requires a writing signed by the copyright owner for a transfer of copyright to be effective. But it does not require that the writing be contemporaneous with the transfer, and courts have held that the writing need not be contemporaneous. Nor does the Section 204 address agreements to transfer works not yet created, for which we argue that, in addition to the writing requirement, the transfer is not executed until the work has been created.

present sale what he does not then own, although he expects to acquire it. But, while the contract was without effect at law as a contract of sale, it operated as an executory agreement to sell. (Citations omitted).”

See also Associated Newspapers v. Phillips, 294 F. 845 (2nd Cir. 1923) (journalist’s agreement to furnish “six articles per week” could not constitute a contract to sell the articles because they did not yet exist); *Buck v. Virgo*, 22 F. Supp. 156, 157 (D.N.Y. 1938) (“unwritten musical compositions may be sold and the *equitable* title to the composition attaches *when the composition comes into existence and vests in the grantee.*”)(emphasis added)(citing *T.B. Harms, supra*).

Applying analogous reasoning, in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 376 (1960), the Supreme Court held that a purported assignment of a renewal right was an assignment of a mere expectancy, not a vested right, since the renewal right would vest in the purported assignee rather than the author’s statutory heirs only if the author survived the initial copyright term. As the Court explained, a purchaser of a renewal right “is deprived of nothing” if the author dies before the right to renew accrues. “Like all purchasers of contingent interests, he takes subject to the possibility that the contingency may not occur.” 362 U.S. at 378. Similarly, the purported transferee of a work not yet created enjoys a mere expectancy in a future copyright that might come into existence if and when the work is actually created.

Courts have similarly viewed purported transfers of patents in future inventions. In *In re Szombathy*, 1996 WL 417121 (Bankr. N.D. Ill. 1996), rev’d in part on other grounds, *Szombathy v. Controlled Shredders, Inc.*, 1997 WL 189314 (N.D. Ill. 1997), for example, a bankruptcy court considered whether the licensee of a bankrupt inventor had the right to technological improvements that the inventor had developed following the bankruptcy filing when the patent license agreement purported to grant to the licensee to any improvements that the inventor might later develop during the term of the patent. Under Section 365(n) of the Bankruptcy Code, if the bankruptcy Trustee rejects an executory intellectual property license, which the Trustee was held to have done in this case, the licensee may retain all intellectual property covered by the license “in existence at the time of the bankruptcy filing.” The *Szombathy* court held that given this statutory language, “the licensee’s retained rights are limited to the property rights in existence at the time of the bankruptcy filing” and thus “the licensee is not entitled to any modifications or improvements that may have been created after that date.”

The Federal Circuit has also ruled on the legal effect of assignments in future patents. At issue has been whether an assignment of a future patent requires an additional act once the invention comes into being or takes place automatically when and if that contingency occurs. The Federal Circuit has ruled that if a “contract expressly grants rights in future inventions, ‘no further act [is] required once an invention [comes] into being,’ and ‘the transfer of title [occurs] by operation of law.’” *DDB Technologies, L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008), quoting *Filmtec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1573 (Fed. Cir. 1991).

Thus, akin to *Straddling Works*, even when transfer of title in the future patent occurs

automatically, without need of a further act, the transfer does not take effect until the invention comes into being.

The Copyright Treatises Make No Mention of a Gap With Respect To Termination of Straddling Works

All the three principal copyright law treatises – Nimmer, Goldstein, and Patry -- provide strong, inferential support for our argument that the termination provisions are best interpreted to provide authors of Straddling Works the right to terminate such transfers. While giving considerable attention to the termination provisions, including the 1976 Act's transition provisions for copyrights subsisting and transfers executed prior to 1978, not one of these leading commentators identifies a gap with respect to Straddling Works.

It can be safely said, that taken together, these three seminal treatises have thoroughly dissected and analyzed the 1976 Act. In fact, they have identified other so-called “gaps” in the termination scheme but none with respect to Straddling Works. Goldstein, for example, concludes that the termination provisions would not cover “many copyright transfers that were executed after January 1, 1978, by someone other than the author.”⁸ Nimmer and Patry both identify a “termination gap” for pre-1978 grants in works that were created prior to 1978 but only published after January 1, 1978.⁹ None of these three noted scholars, while devoting a substantial section to the termination of transfers in their respective treatises, identifies any “gap” with respect to Straddling Works.

In discussing Section 203(a)(3), Nimmer notes that the Registers' Supplement Report, but not the House Report, supports an argument that “execution” of grant of transfer within the meaning of that Section refers to the signing of a publication contract for an as yet unwritten work.¹⁰ He also suggests that this argument makes sense for purposes of determining the timing of the termination right for “unwritten (or otherwise unfixed) works” under Section 203(a)(3) because “the date that the work is fixed (and copyright is created and transferred) will be impossible to determine”¹¹ (a problem we believe can be addressed by regulation, as noted on page 2 above). Nonetheless, Nimmer appears to be in full accord with our conclusion that there is no termination “gap” for Straddling Works. In discussing what types of grants are covered by the termination provisions, he states that “[b]ecause common law copyright was pre-empted on January 1, 1978, any grant executed after that date is necessarily of statutory copyright, and is therefore subject to termination,” and notes, with respect to the date of execution, that “[a] grant executed before the work has been reduced to tangible form will nevertheless be regarded as a grant of statutory copyright once the work has achieved a tangible form.”¹²

⁸ Paul Goldstein, GOLDSTEIN ON COPYRIGHT, § 5.4 (2nd ed., supplemented June 2009).

⁹ Melville B. Nimmer and David Nimmer 3-11 NIMMER ON COPYRIGHT § 11.02[A][1] (2010); William Patry, PATRY ON COPYRIGHT, § 7.49 (updated March 2010).

¹⁰ Melville B. Nimmer and David Nimmer, *Nimmer on Copyright*, 3-11.05[A].

¹¹ *Id.*

¹² Melville B. Nimmer and David Nimmer, *Nimmer on Copyright*, 3-11.02[A][1] at fn. 8.

The fact that neither Goldstein nor Patry nor Nimmer identify a gap in termination coverage for Straddling Works despite giving exhaustive treatment to the termination provisions and identifying other gaps in termination coverage, strongly suggests that there is no gap with respect to Straddling Works.

Recognizing Termination Rights for Straddling Works Does Not Defeat Transferee's Legitimate Contractual Expectations

Music publishers and other transferees of copyrights in Straddling Works might argue that recognizing authors' termination rights in such works defeats their contractual expectations. That argument falls apart on a number of counts.

A music publisher who entered into a term songwriting agreement shortly before enactment of the 1976 Act and who also acquired the renewal rights from the author's heirs might argue that he bargained for a full 56 years from the work's publication (which is when copyright subsisted under the 1909 Act) and that his contractual expectations will thus be defeated if the author of Straddling Works may terminate upon expiration of the 35 years from publication or 40 years from grant execution periods set forth in Section 203(a)(3). However, there is no good reason to assume that music publishers actually had such expectations or that, even if they had, Congress could not and would not override such expectations in order to protect authors. Certainly, the windfall that would inure to publishers if authors had no right to terminate grants in Straddling Works —would fly squarely in the face of the 1976 Act termination provisions and Congress' intent in enacting them.

The financial terms of the typical pre-1978 music publishing agreement, are dictated, in large measure, by the length of time the publisher will expect to have to exploit the works. Under the 1909 Act, a work could be "for hire" simply if it was created at the "instance and expense" of the publisher. See, *Twentieth Century Fox Film Corp. v. Entertainment Distributing*, 429 F.3d 869, 877 (9th Cir. 2005), cert. denied *sub nom Dastar Corp. v. Random House, Inc.*, 126 S.Ct. 2932 (2006); *Self-Realization Fellowship Church v. Ananda Church*, 206 F.3d 1322, 1326 (9th Cir. 2000); *Forward v. Thorogood*, 985 F.2d 604, 606 (1st Cir. 1993); *Estate of Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 163 (2nd Cir. 2003). In addition, publishers in effect controlled the term of copyright because they controlled the date of publication from which the term of copyright was measured under the 1909 Act.

But the sweeping changes brought into effect by the 1976 Act were foreshadowed in the initial drafts of the new copyright law presented in 1964¹³ as modified by the 1965 version of the bill.¹⁴ The 1965 draft not only contained the bulk of what eventually became the termination provisions in the 1976 Act, but also announced a sweeping change in the definition of works made for hire that also made its way into the 1976 Act, transforming the "instance and expense" test into a two-pronged inquiry: works for hire are either works created by an employee in the

¹³ H.R. 12354, H.R. 11947 and S. 3008, 88th Cong., 2d Sess. (1964).

¹⁴ H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 and S. 1006, 89th Cong., 1st Sess. (1965).

course and scope of employment, or works fitting into one of nine enumerated categories when there is a writing signed by the parties to that effect that the work is a work for hire.¹⁵

It is reasonable to assume that all contracting publishers were aware of and discounted in their bargaining, these changes in duration of copyright and in the expected length of a transfer of right.

Of course the music publishers have regularly included sweeping acquisition of rights language in musical publishing agreements nonetheless. The typical music publishing agreement has long included a “belts and suspenders” grant of rights clause on all possible legal theories. On the one hand, such contracts have boilerplate language that deems all songs created during the “term” to be works for hire (and therefore owned from inception and for the entire term of copyright by the publisher). On the other hand, the publishing agreement typically has a broad assignment of rights (drafted in the present tense) in pre-existing and non-existent works.

However, such sweeping acquisition of rights language is more reflective of wishful thinking than legitimate expectation under copyright law. Certainly, the law has largely eviscerated the effectiveness of language in a music publishing agreement that deems works created during the “term” of contract to be works for hire. As the Supreme Court famously held in *CCNV v. Reid*, 490 U.S. 730, 109 S.Ct. 2166 (1989), the determination of a work for hire (if the work is not one of the enumerated categories) is made under common law agency principles, irrespective of contract language. *See also Marvel Characters v. Simon*, 310 F. 3d 280, 291 (2d Cir. 2002)(publisher cannot deem something a “work a work for hire” just by saying so).

Further, as the Second Circuit made clear in *Martha Graham School & Dance Foundation, Inc. v. Martha Graham Ctr. Of Contemporary Dance, Inc.*, 380 F. 3d 624 (2nd Cir. 2004), work for hire status of works created during a long employment that straddled the 1909 and 1976 Acts is to be determined by the law in effect on the date each work was created, not the date the employment began. The same must be true regarding Straddling Works contracts, even if that did mean that publishers’ pre-1976 Act expectations were frustrated. Just as with the 1976 Act’s work for hire provisions, Congress intended to modify the renewal and term provisions under the 1909 Act in order to protect authors. Accordingly, just as with straddling employment agreements, the author’s rights with respect to Straddling Works are probably determined under the provisions of the 1976 Act applicable to works created after January 1, 1978, even in the unlikely event that the parties to Straddling Works agreements failed to anticipate the new Copyright Act termination provisions that were about to be enacted.

Copyright Office Clarification or Congressional Fix

The Supreme Court has directed that where a statute has been interpreted by an agency charged with its implementation, “a court may not substitute its own construction of a statutory provision for a reasonable interpretation made by the administrator of the agency.” *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 844 (1984). “The

¹⁵ See generally, *Melkiner & Melkiner*, supra at fn 2

Copyright Office is a federal agency with authority to promulgate rules concerning the meaning and application of [the copyright laws]. As such, the Office's regulations must be upheld unless "they are arbitrary, capricious, or manifestly contrary to the provisions of the Copyright Act." *Satellite Broadcasting and Communications Act of America v. Oman*, 17 F.3d 344, 347 (11th Cir.) (internal citations omitted) (quoting *Chevron*, 467 U.S. at 844), *cert. denied*, 513 U.S. 823 (1994); *see also Marascalco v. Fantasy, Inc.* 953 F. 2d 469, 473 (9th Cir. 1991) ("courts should generally defer to the Register's interpretation of the copyright statute"), *cert. denied*, 504 U.S. 931 (1992); *Cable Sys. Dev. Co. v. Motion Picture Ass'n of America*, 836 F.2d 599, 608 (D.C. Cir.) (holding that judicial deference is due to Copyright Office's interpretation of 17 U.S.C. § 111), *cert. denied*, 487 U.S. 1235 (1988); *accord DeSylva v. Ballentine*, 351 U.S. 570, 577-78 (1956) (recognizing that the Copyright Office's interpretation of the Copyright Act should ordinarily receive judicial deference); *Mazer v. Stein*, 347 U.S. 201, 213-14 (1954) (listing "the practice of the Copyright Office" among determinative elements in construction of copyright statute).

We believe, accordingly, that it is within the domain of the Copyright Office, consistent with the authorities presented in this letter, to clarify by regulation or otherwise, that the Straddling Works are not excluded from Section 203 termination under the Copyright Act because the "grant of a transfer ... of a copyright" is not "executed by the author" until the work is created and the copyright thus subsists. As noted above, we further recommend that the Copyright Office address by regulation the possible administrative difficulty of determining date of creation. Such regulation might provide, for example, that the work shall be deemed created, and thus the transfer executed, on the date of the author delivers the work to the transferee, absent proof of an earlier date of creation presented by the author or referenced in a document filed with the Copyright Office to record the transfer.

If, on the other hand, you determine that the authority of the Copyright Office does not extend to such a clarification, then we urge you to ask Congress to "fix" this obvious oversight before the date in 2011 when the deadlines for serving notices of terminations for Straddling Works will begin to expire and before the explosion of litigation that is likely to occur if this issue is not clarified soon.

In the interim, the Copyright Office should conditionally accept all such terminations pending further instruction from Congress.

Please feel free to contact us with respect to this letter.

Very truly yours,



Kenneth D. Freundlich



Neil W. Netanel