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TERMINATION OF TRANSFERS UNDER THE COPYRIGHT ACT OF 1976

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For the first time since 1909 Congress has enacted a comprehensive revision of copyright law. Signed by President Ford on October 19, 1976, the new Copyright Act for most purposes will become effective on January 1, 1978.¹ One of the most sig-

¹ Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified at 17 U.S.C.A. §§ 101-810 (West Supp. IV part 1, 1976)) (transitional and supplementary provisions of the Act are contained in 17 U.S.C.A. note prec. § 101 (1976)).

nificant and most complex departures from prior law contained in the new Act relates to the termination of transfers.²

The termination provisions were designed to guarantee that authors shall retain a reversionary interest in their works. The purpose itself is not new, but the manner of its implementation differs markedly from the patterns of the past. The 1909 Act and its predecessors had provided for two consecutive terms of copyright.³ In order for a work to continue to be protected beyond its first term it was necessary that the copyright be "renewed." It was thought that at the time for renewal rights previously granted to others by the author would revert to the author. The House Committee that reported out the 1909 Act explained:

It not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the [first] term of twenty-eight years, your committee felt that it should be the exclusive right of the author to take the renewal term, and the law should be framed as is the existing law, so that he could not be deprived of that right.⁴

The renewal provisions were thus intended to benefit authors by enabling them or their families to have a second opportunity to market their works after an original sale of copyright. But why should authors be singled out for this paternalistic treatment when other property owners are presumed to be sophisticated sellers and are denied a second chance? Is it (as the Supreme Court rhetorically inquired) that "authors are congenitally irresponsible, [and] that frequently they are so sorely

² Even the effective date of these provisions is uncertain. Text accompanying notes 174-81 *infra* (Section VA).

³ Copyright Act of 1909, 17 U.S.C. § 24 (1970). The pattern of two consecutive terms rather than a single term of copyright was first instituted in the Statute of Anne, 1709, 8 Anne, c. 19, and was contained in every American copyright law from 1790 through 1909.

⁴ H.R. REP. NO. 2222, 60th Cong., 2d Sess. 14 (1909). See also *Harris v. Coca Cola Co.*, 73 F.2d 370, 371 (5th Cir. 1934) ("The second period is intended, not as an incident of the first for the benefit of the then owner of the expiring copyright, but as a second recognition extended by the law to the author of work that has proven permanently meritorious . . ."), *cert. denied*, 294 U.S. 709 (1935); *White-Smith Music Publishing Co. v. Goff*, 187 F. 247, 251 (1st Cir. 1911) ("There are at least sentimental reasons for believing that Congress may have intended that the author, who according to tradition receives but little for his work, and afterwards sees large profits made out of it by publishers, should later in life be brought into this kingdom.").

pressed for funds that they are willing to sell their work for a mere pittance"?⁵ Regardless of the merit of the foregoing proposition, it ignores the most compelling justification for a reversionary right: an author's property, unlike other forms of property, is by its very nature incapable of accurate monetary evaluation prior to its exploitation.⁶

Whether a popular song, a novel, or a play will strike the public fancy and prove to be a continuing best seller or will meet the more common fate of swift oblivion poses a problem that authors and publishers both admit is pure guess work. An author (at least one without a reputation of past success) will necessarily be in a poor bargaining position when initially negotiating the sale of copyright.⁷ A second chance may well be warranted for an author at a time when the economic worth of his or her work has been proven. This reasoning is somewhat less persuasive when the original sale is on a percentage royalty basis so that the author automatically shares in whatever returns his or her work may bring. Even in such a case, however, the nature of the royalty formula (*e.g.*, whether based on gross receipts or "net profits" defined in such a manner as to leave virtually nothing after deduction of "costs") and the numerical amount of the percentage may well vary depending upon the author's bargaining position.

These circumstances amply justify a second chance for authors even when comparable protection is not offered to other forms of property. Congress recognized this premise when it enacted the Copyright Act of 1976. The *House Committee Report*, the most important piece of legislative history concerning the new Act, refers to the necessity of "safeguarding authors against unremunerative transfers . . . 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."⁸

Although the new Act retains the renewal structure for works in statutory copyright as of January 1, 1978, it discards the

⁵ *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 656 (1943).

⁶ See *Bartok v. Boosey & Hawkes, Inc.*, 523 F.2d 941, 944-45 (2d Cir. 1975) (citing 2 M. NIMMER, COPYRIGHT § 113, at 462 (1963) [hereinafter cited as TREATISE]).

⁷ This rationale was suggested in B. RINGER, RENEWAL OF COPYRIGHT, COPYRIGHT OFFICE STUDY No. 31, at 125 (1960).

⁸ H.R. REP. NO. 94-1476, 94th Cong., 2d Sess. 124 (1976) [hereinafter cited as H. REP.].

renewal structure for works created after such date as well as for works protected only by common law (or state law) copyright until the effective date of the new Act. The renewal structure is procedurally clumsy and difficult.⁹ Because reversion under the renewal system is tied to the term of copyright, some works may be injected into the public domain by an inadvertent failure to renew. Finally, the objective of a second chance for authors was largely frustrated by the Supreme Court decision in *Fred Fisher Music Co. v. M. Witmark & Sons*,¹⁰ recognizing the validity of assignments of renewal rights prior to their vesting.¹¹

The termination provisions of the new Act constitute an attempt to avoid the difficulties encountered under the renewal concept, while at the same time achieving a reversion of rights. A single term of copyright exists for works created after the effective date of the new Act,¹² which prevents unintended injection of works into the public domain by failure to renew. Reversion occurs through the termination of transfers and licenses, and is initiated by termination notices, rather than through the termination of an original copyright term and the creation of a second term. The *Witmark* problem is avoided by the invalidation of agreements for postreversion grants until the reversion has occurred.¹³ Whether procedural simplicity has been attained is more debatable.¹⁴

I. SUBJECT MATTER OF STATUTORY TERMINATION

A. *To What Types of Grants Do the Termination Provisions Apply?*

In general, the termination provisions apply to any "transfer" of copyright¹⁵ and to nonexclusive licenses of copyright or of any right comprised in a copyright.¹⁶ A "transfer" includes

⁹ See generally 2 TREATISE, *supra* note 6, at § 116.

¹⁰ 318 U.S. 643 (1943).

¹¹ See generally 2 TREATISE, *supra* note 6, at § 117.21.

¹² 17 U.S.C.A. §§ 302, 303 (West Supp. IV part 1, 1976).

¹³ See text accompanying notes 197-208 *infra* (Section VI).

¹⁴ The length of this Article attests to a rather negative conclusion on this point.

¹⁵ 17 U.S.C.A. §§ 203(a), 304(c) (West Supp. IV part 1, 1976).

¹⁶ *Id.* "Non-exclusive grants were included in the right [of termination] on the strength of the argument that, otherwise, there would be nothing to prevent a transferee from avoiding the effect of the provision by compelling the author to grant him a perpetual non-exclusive license along with a statutorily limited transfer of exclusive rights." SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL

not only assignments (as understood under the old Act), but also exclusive licenses and any other conveyance of copyright or of any exclusive right comprised in a copyright.¹⁷ A mortgage ("hypothecation") is included under the statutory definition of a "transfer of copyright ownership"¹⁸ and hence is subject to termination.

Certain grants are excluded, however, from statutory termination.¹⁹ We turn now to these exclusions.

1. Certain Grants of Common Law Copyright

Because common law copyright²⁰ will be preempted on January 1, 1978,²¹ any grant executed after that date necessarily will be of statutory copyright,²² and therefore will be subject to termination.²³ But grants of common law copyright may be executed prior to January 1, 1978. The only pre-January 1, 1978 grants that are subject to termination are grants "of the renewal copyright or of any right under it."²⁴ It might be argued that a grant of common law copyright is not terminable because it is not a grant of "renewal [statutory] copyright." A grant of common law copyright, however, could include a grant of the right

REVISION OF THE U.S. COPYRIGHT LAW, 1965 REVISION BILL, 89TH CONG., 1ST SESS. 73 (Comm. Print 1965) (Part 6) [hereinafter cited as REGISTER REPORT].

¹⁷ 17 U.S.C.A. § 101 (West Supp. IV part 1, 1976):

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

¹⁸ *Id.*

¹⁹ The reference here is only to termination that occurs by operation of law under the Copyright Act. The parties to any grant may additionally include in its terms provisions for termination under any conditions therein prescribed, and nothing in the Act inhibits such provisions. *Id.* §§ 203(b)(6), 304(c)(6)(F); see H. REP., *supra* note 8, at 128, 142.

²⁰ On the nature of common law copyright, see 1 TREATISE, *supra* note 6, at § 11.

²¹ See 17 U.S.C.A. § 301 (West Supp. IV part 1, 1976).

²² Works not yet reduced to a tangible medium of expression remain the subject of common law copyright. See *id.* 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. This is analogous to a grant of common law copyright under the 1909 Act that becomes subject to the renewal provisions if subsequent to such grant the work qualifies for statutory copyright. See, e.g., *Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 747 n.8 (2d Cir. 1975) (dictum) (citing 2 TREATISE, *supra* note 6, § 114.3, at 469), *cert. denied*, 424 U.S. 955 (1976). But if a work is never reduced to tangible form, or otherwise is ineligible for statutory copyright, such a grant of common law copyright will not be subject to the termination provisions.

²³ 17 U.S.C.A. § 203(a) (West Supp. IV part 1, 1976).

²⁴ *Id.* § 304(c). The time when termination becomes effective differs markedly between grants executed prior to and those executed after January 1, 1978. Note 46 *infra* & accompanying text.

to obtain an original term statutory copyright, and also a grant (if the author survives to the renewal period) of the right to the renewal copyright.²⁵ If, therefore, the grant of common law copyright sufficiently articulates an intent to assign or license renewal rights,²⁶ and if statutory copyright is obtained on the work before January 1, 1978,²⁷ it will be subject to the termination provisions described below. Of course, if the grant of common law copyright does not by its terms convey any renewal rights, a reversion will occur under the renewal provisions themselves, because the author (or other grantor) will be entitled to the renewal rights.

Nevertheless, a grant of common law copyright (by hypothesis made before January 1, 1978) that purports to include a grant of renewal rights when and if such rights vest will not be subject to termination if the work in which this interest is granted remains in common law copyright until January 1, 1978, when it will become subject to statutory copyright by reason of federal preemption. Such a grant will not be subject to termination under section 203(a), because it was not executed "on or after January 1, 1978." It will not be subject to termination under section 304(c) because, as previously noted, such terminations pertain only to grants "of the renewal copyright or of any right under it." In the case of a work protected by common law copyright until the effective date of the new Act, there is no renewal copyright even after the work has acquired statutory copyright; these works instead fall within the new unitary term of life of the author plus fifty years, subject to a certain minimum period of protection.²⁸ Therefore, the termination provisions of section 304(c), which relate only to grants "of the renewal copyright," are inapplicable.

This conclusion is further confirmed by the fact that section 304(c) provides for termination of grants only of works in which there was a "copyright subsisting in either its first or renewal term on January 1, 1978."²⁹ Thus, the termination provisions of

²⁵ Regarding the assignability of renewal rights at the time of the initial grant, see *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943).

²⁶ See 2 TREATISE, *supra* note 6, at § 117.1.

²⁷ Renewal of copyright is necessary if statutory copyright is obtained before January 1, 1978, but not if it is obtained thereafter. 17 U.S.C.A. § 304 (West Supp. IV part 1, 1976).

²⁸ *Id.* § 303.

²⁹ The term "copyright" here refers to statutory not common law copyright. See *id.* § 303; H. REP., *supra* note 8, at 138.

section 304(c) apply only if the work in question was the subject of statutory copyright prior to the effective date of the current Act.³⁰

2. Works Made for Hire

The new Act expressly provides that a grant from author to employer of rights in a "work made for hire" is not subject to the termination provisions regardless of when it is executed.³¹ A "work made for hire" is:

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

(2) a work specially ordered or commissioned for use as a contribution to a collective work, as a translation, as a supplementary work, as a part of a motion picture or other audiovisual work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.³²

The parties to a grant may not agree that a work shall be deemed one made "for hire" in order to avoid the termination provisions if a "for hire" relationship (within the meaning of section 101) does not in fact exist between them. Such an avoidance device would be contrary to the statutory provision that "[t]ermination of the grant may be effected notwithstanding any agreement to the contrary."³³ Insofar as a work is made "for hire" because it has been prepared by an employee within the scope of his or her employment, it is the relationship that in fact exists between the parties, and not their description of that relationship, that is determinative.³⁴ The definition quoted above,

³⁰ It might be argued that the § 304(c) requirement that copyright be "subsisting . . . on January 1, 1978" includes works not protected by statutory copyright prior to the effective date of the new Act, as long as "on" such effective date, *i.e.*, January 1, 1978, by reason of the preemptive provisions of the new Act, 17 U.S.C.A. § 301 (West Supp. IV part 1, 1976), statutory copyright did subsist in such works. What was clearly intended, however, was that statutory copyright must be "*already* subsisting when the new statute becomes effective." H. REP., *supra* note 8, at 140 (emphasis supplied).

³¹ 17 U.S.C.A. §§ 203(a), 304(c) (West Supp. IV part 1, 1976).

³² *Id.* § 101.

³³ *Id.* §§ 203(a)(5), 304(c)(5).

³⁴ See 1 TREATISE, *supra* note 6, § 62, at 238.1-39.

while allowing agreements concerning the "for hire" status of certain classes of works, contains the clear negative implication that such agreements will be unavailing unless the work is specially ordered or commissioned and falls within one of the specially designated categories.

Conversely, may the parties agree that a "work made for hire" in the statutory sense shall not be considered as made "for hire" in order to trigger the termination provisions? Generally, the parties may not by agreement alter the legal consequences—such as the term of copyright³⁵—that flow from the fact that a work is made "for hire." But the parties may by agreement vary the ownership between them of rights in a work made "for hire."³⁶ This means that the parties to an authorship "for hire" relationship could incorporate in the employment agreement, either *in haec verba* or by reference to the statutory text, termination provisions identical to those set forth in the Copyright Act. They would be given effect not by operation of law but by the consent of the parties.³⁷ If the parties are legally capable of agreeing to such termination provisions, the verbal formula employed to effectuate them should not be regarded as significant.

3. Grants by Will

A "transfer" of copyright as defined by the Act includes any "conveyance" or "alienation."³⁸ This includes gifts *causa mortis* and *inter vivos*. The termination provisions of the Act,³⁹ however, expressly exclude any grant by will.⁴⁰ Grants by intestacy are not expressly excluded, but such exclusion is unnecessary because only those grants that have been "executed"⁴¹ by the author, or in certain cases by the author's statutory successors,⁴² are subject to termination. A grant by intestate succession occurs by operation of law, not by virtue of the "execution" of a grant.

³⁵ 17 U.S.C.A. § 302(c) (West Supp. IV part 1, 1976).

³⁶ *Id.* § 201(b).

³⁷ See H. REP., *supra* note 8, at 128: "[N]othing in this section or legislation is intended to change the existing state of the law of contracts concerning the circumstances in which an author may cancel or terminate a license, transfer, or assignment."

³⁸ 17 U.S.C.A. § 101 (West Supp. IV part 1, 1976).

³⁹ *Id.* §§ 203, 304(c).

⁴⁰ See H. REP., *supra* note 8, at 125: "The right of termination would be confined to *inter vivos* transfers or licenses . . ."

⁴¹ 17 U.S.C.A. §§ 203(a), 304(c) (West Supp. IV part 1, 1976).

⁴² See *id.* § 304(c)(1).

4. Grants Other Than by the Author

a. *Grants by Renewal Claimants*

A grant executed on or after January 1, 1978 is subject to termination only if it has been executed by the author.⁴³ A grant by joint authors⁴⁴ is subject to termination even if the grant was executed by only one of several joint authors.⁴⁵ A grant executed before January 1, 1978 is subject to termination⁴⁶ if executed either by the author or authors, or by those statutory successors entitled to a claim of renewal copyright in place of the author if the author is not living at the time the renewal vests. Such successors include the author's widow or widower, children, executors, or next of kin.⁴⁷ The reason grants executed by this additional class of persons are terminable only if executed before January 1, 1978 is said to lie in the rule of *Fred Fisher Music Co. v. M. Witmark & Sons*.⁴⁸ Under that decision, a grant of renewal rights executed by an author (or presumably by an author's statutory successors) before the renewal vests⁴⁹ will be binding upon the grantor when and if the renewal later vests in the grantor. Thus, an author's spouse may have sold his or her contingent interest in the renewal long before it vests and even before the author dies. The new Act does not attempt to change this rule, but prevents its application to the additional term of years added to the renewal period.⁵⁰ "After the present 28-year renewal period has ended, a statutory beneficiary who has signed a dis-

⁴³ *Id.* § 203(a). Grants by an employer who by reason of § 201(b) is "considered the author for purposes of this title" are not subject to termination in view of the exclusion of works made "for hire" from the termination provisions.

⁴⁴ See 1 TREATISE, *supra* note 6, at § 69.

⁴⁵ This assumes that the grant in the first instance was valid, *i.e.*, that one joint author acting alone had the power to convey the rights granted. One joint author has the power to grant a nonexclusive license in a work or to assign his or her entire interest in a work to a third party. See 1 TREATISE, *supra* note 6, at §§ 77-78.

⁴⁶ As noted above, such grants are terminable only if the work that is the subject of the grant qualified for statutory copyright either before or after execution of the grant, but prior to January 1, 1978. Furthermore, the time of termination of such a grant differs markedly from the time of termination of a grant executed on or after January 1, 1978. See text accompanying notes 149-62 *infra* (Section IV).

⁴⁷ 17 U.S.C.A. § 304(c)(2) (West Supp. IV part 1, 1976); see 2 TREATISE, *supra* note 6, at § 115.

⁴⁸ 318 U.S. 643 (1943); see 2 TREATISE, *supra* note 6, at § 117.21.

⁴⁹ See 2 TREATISE, *supra* note 6, at § 116.2.

⁵⁰ The new Act adds 19 years to the second renewal term for those works already in statutory copyright as of January 1, 1978. 17 U.S.C.A. § 304(a) (West Supp. IV part 1, 1976).

advantageous grant of this sort should have the opportunity to reclaim the extended term."⁵¹

It was thought unnecessary to afford this termination right to an author's statutory successors in the case of grants executed by them⁵² on or after January 1, 1978 because of the inalienability of the successors' contingent termination rights⁵³ (as compared with the assignability of their contingent renewal rights).⁵⁴ But this distinction appears to be based upon the erroneous assumption that any grant executed by an author on or after January 1, 1978 necessarily relates to a work having first been accorded statutory copyright on or after such date. Such works are not subject to renewal copyright, but may be protected only for the unitary term of life of the author plus fifty years. An author's surviving spouse and children cannot alienate their rights to terminate before termination rights vest: until the rights revert to them they lack the power to make any additional grants that might deprive them of the benefits of termination. Therefore, it was thought unnecessary to provide for termination rights with respect to grants executed by the surviving spouse and children.

But a grant executed by an author on or after January 1, 1978 may also relate to a work that was the subject of statutory copyright prior to such date. With respect to such works, the renewal structure continues under the new Act. Thus, an author's spouse or children may execute on or after January 1, 1978 a grant of contingent renewal rights in such a work. Such a grant would not be subject to termination because it was not executed by the author. If the renewal rights vest in the surviving spouse and children (because the author has died prior to the expiration of the first twenty-eight-year term),⁵⁵ their prior grant of such renewal rights will effectively deprive them of any future interest in the work. They may not thereafter claim termination of the deceased author's original grant because it will have previously terminated by operation of law; the effectiveness

⁵¹ H. REP., *supra* note 8, at 141.

⁵² An author's surviving spouse and children are entitled to terminate grants executed on or after January 1, 1978 if the grant was originally executed by the now-deceased author. See text accompanying notes 111-18 *infra* (Section IIA(2)(b)).

⁵³ See 17 U.S.C.A. §§ 203(a)(5), 304(c)(5) (West Supp. IV part 1, 1976); text accompanying notes 197-208 *infra* (Section VI).

⁵⁴ H. REP., *supra* note 8, at 140-41.

⁵⁵ See 2 TREATISE, *supra* note 6, at § 117.3.

of the author's grant beyond the first copyright term was contingent upon the author's survival. The surviving spouse and children will not be able to terminate the author's grant until after the original twenty-eight-year copyright term has expired.⁵⁶ Thus, a grant of contingent renewal rights executed by an author's spouse or children on or after January 1, 1978 may not be recaptured by them under either the renewal or termination provisions of the new Act.

With respect to grants executed prior to January 1, 1978, may an author's successor terminate the grant if the assignment was executed before the renewal rights vested in such successor? Such a problem arises, for example, when the spouse of a living author assigns his or her contingent renewal rights in a work (which may happen when a publisher is attempting to buy up all future interests in a work), and the author dies before renewal vests. In such circumstances, the surviving spouse is clearly entitled to claim the renewal. But will the spouse's grant of contingent renewal rights made before the author's death be subject to termination under section 304(c)? The language of that section would suggest not. It describes the persons whose grants are subject to termination through an incorporation by reference of the second proviso of section 304(a), and this in turn mentions "the widow [or] widower . . . if the author be not living."⁵⁷ Arguably, then, the only grants of renewal rights by an author's spouse that are terminable are those executed after he or she has become a widower or widow. Similarly, with respect to each of

⁵⁶ Termination may not occur until 35 years after execution of the grant, or if the grant covers the right of publication, 35 years from publication or 40 years from execution of the grant, whichever is earlier. 17 U.S.C.A. § 203(a)(3) (West Supp. IV part 1, 1976); see text accompanying notes 149-55 *infra* (Section IVA). But here the first 28-year term of statutory copyright began before January 1, 1978, hypothetically the earliest possible date of the grant.

⁵⁷ 17 U.S.C.A. § 304(a) (West Supp. IV part 1, 1976). "[T]he persons designated by the second proviso of subsection (a) of this section [304]" are those entitled to claim renewal. *Id.* § 304(c) Section 304(a) is the renewal provision of the Act (incorporated from the 1909 Act), and its second proviso speaks of "the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her next of kin." Only these persons are entitled to claim renewal copyright in the event the author is not living when renewal vests. Thus, only an author's widow or widower, and not the spouse of a living author, is entitled to claim renewal. Because terminable grants executed prior to January 1, 1978 must pertain to renewal rights, only a grant by one who at the time of vesting is the widow or widower, not the spouse of a living author, is subject to termination. If the author is still living when the renewal vests, a purported grant of renewal by the spouse is a nullity.

the succeeding classes mentioned in the second proviso of section 304(a), perhaps the only grants by them that are terminable are those executed at a time when there were no members of a prior class in whom the renewal rights might vest.⁵⁸ But such a construction is unduly restrictive. According to the *House Report*, grants executed by persons other than the author were made terminable under the new Act in order to counter the *Witmark* rule that

any statutory beneficiary of the author can make a valid transfer or license of future renewal rights, which is completely binding if the author is dead and the person who executed the grant turns out to be the proper renewal claimant. . . . After the present 28-year renewal period has ended, a statutory beneficiary who has signed a disadvantageous grant of this sort should have the opportunity to reclaim the extended term.⁵⁹

The objective of permitting termination of such grants can be fully achieved only if grants executed by a "statutory beneficiary" are terminable even if such grantor turns out to be the proper renewal claimant only after execution of the grant.

b. *Grants by Transferees*

Suppose that author *A* grants copyright in her work to *B*, and *B* in turn grants such copyright to *C*. *A* clearly has a right of termination against *B*. Because the grant to *C* was executed neither by the author, nor by a renewal claimant,⁶⁰ no statutory right of termination exists against *C*. This should not mean that *C* may continue to enjoy the benefit of his grant from *B* although *B*'s rights have been terminated by *A*. *C*'s rights should be cut off simply because he can succeed to no greater rights than *B* had the power to convey. If the original grant from *A* to *B* had by its terms provided for a reversion to *A*⁶¹ thirty-five years after execution, *B* would lack the power to convey rights to *C* beyond such thirty-five-year period. The fact that reversion from *B* to

⁵⁸ The children, however, fall within the same class as the widow or widower. See 2 TREATISE, *supra* note 6, at § 115.1.

⁵⁹ H. REP., *supra* note 8, at 140-41.

⁶⁰ A grant executed by a renewal claimant is, in any event, terminable only if it was executed prior to January 1, 1978. See text accompanying note 46 *supra*.

⁶¹ See, e.g., *Mailer v. RKO Teleradio Pictures, Inc.*, 213 F. Supp. 294 (S.D.N.Y. 1963) (reversionary clause in assignment of rights to protect assigner from abandonment of film project), *aff'd*, 332 F.2d 747 (2d Cir. 1964).

A occurs by operation of law rather than by the express terms of the grant to *B* does not enlarge the rights that *B* can convey to *C*.⁶²

B. *What Rights Are Subject to Termination?*

1. In General—Works, Titles, and Characters

Only such rights as were originally the subject of a grant will revert upon the termination of that grant. Moreover, to the extent that a grant includes rights based upon federal law other than the Copyright Act, state law, or foreign law, such rights are not subject to termination.⁶³

Because the title of a work is not subject to copyright,⁶⁴ the grant of a right to use a title arguably does not terminate upon the termination of rights in the work bearing the title.⁶⁵ The law of unfair competition, however, which is the source of title protection,⁶⁶ should of its own force terminate the right to use a title in one who no longer has any right in the work to which the title refers.⁶⁷

To the extent that a fictional character is not protected by copyright,⁶⁸ a grant of the right to use the character in sequels⁶⁹ would appear not to be subject to termination. But the premise of noncopyrightability of characters is questionable.⁷⁰

2. Effect of Termination When Foreign Rights Are Involved

A grant of copyright "throughout the world" is terminable only with respect to uses within the geographic limits of the United States. Because copyright has no extraterritorial op-

⁶² Cf. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1977) (if assignor purports to grant renewal rights but dies before renewal vesting, and assignee produces motion picture before commencement of renewal term, the assignee may continue to exhibit the motion picture during the renewal period).

⁶³ 17 U.S.C.A. §§ 203(b)(5), 304(c)(6)(E) (West Supp. IV part 1, 1976).

⁶⁴ See 1 TREATISE, *supra* note 5, § 34, at 140.

⁶⁵ See Stein, *Termination of Transfers and Licenses Under the New Copyright Act: Thorny Problems For the Copyright Bar*, to be published in 24 U.C.L.A. L. REV. (June, 1977).

⁶⁶ See 1 TREATISE, *supra* note 6, § 34, at 141-46.2.

⁶⁷ The owner of a literary work may claim rights in the title of the work if such title acquires a secondary meaning. See, e.g., *Tomlin v. Walt Disney Prods.*, 18 Cal. App. 3d 226, 230, 96 Cal. Rptr. 118, 120 (1971).

⁶⁸ See 1 TREATISE, *supra* note 6, at § 30.

⁶⁹ See 2 *id.*, § 129.2.

⁷⁰ See 1 *id.*, § 30, at 134.1-35.

eration,⁷¹ arguably American law is precluded from causing the termination of rights based upon foreign copyright laws. A response to this argument is that the nonextraterritoriality of copyright is irrelevant because the question here is one of contract law, not copyright law, in that it concerns the effect of a contract granting certain rights. The contract law of one nation may be applicable in another nation under the latter's conflict-of-laws rule.⁷² The conclusive answer to this problem lies in the text of the termination provisions of the Copyright Act, which expressly provide that statutory termination "in no way affects rights arising under . . . foreign laws"⁷³—that is, under foreign copyright (not contract) laws. Thus, even if the conflicts rule of a foreign nation were to call for application of the American termination rule as a rule of contract law, that rule by its own terms excepts from termination the grant of those rights arising under foreign copyright laws.

3. Limitations on Termination of Derivative Work Rights

The Copyright Act provides that notwithstanding a termination of rights thereunder:

A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.⁷⁴

Thus, a grant of motion-picture rights in a novel will authorize the preparation of a motion picture based upon the novel; even after the statutory termination⁷⁵ of such a grant, the grantee will continue to have the right to "utilize" the film made pursuant thereto.⁷⁶ In such circumstances, a grantee would not

⁷¹ See *id.*, § 65.61, at 263.

⁷² This issue is discussed at greater length in 2 *id.* § 120.4.

⁷³ 17 U.S.C.A. §§ 203(b)(5), 304(c)(6)(E) (West Supp. IV part 1, 1976).

⁷⁴ *Id.* §§ 203(b)(1), 304(c)(6)(A).

⁷⁵ A termination by the express terms of the grant (rather than by reason of the statutory termination provisions) may terminate even the right to utilize further the previously prepared derivative work. See 1 TREATISE, *supra* note 6, at § 45.2.

⁷⁶ H. REP., *supra* note 8, at 127. The Second Circuit recently applied this rule, by analogy, to the renewal context. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1977).

have the right after termination to prepare a new motion picture based upon the same novel.⁷⁷ Unfortunately, even regarding the grantee's rights with respect to the motion picture prepared prior to termination there is some ambiguity. Clearly, the grantee may continue to exhibit film prints of the motion picture. But after termination may the grantee make new negatives and prints of the previously created motion picture? In the absence of a grant such conduct would infringe the novel copyright owner's right of reproduction.⁷⁸ Arguably, the grantee's continuing right to "utilize" the derivative work after termination merely permits continued exercise of the right of public performance by exhibition of the film, but not the right of reproduction of negatives and prints.⁷⁹ The better view, however, is that a motion picture may not continue to be "utilized" in any practical sense unless the grantee has a continuing right to make new prints (and perhaps also new negatives); thus, such right or rights would continue notwithstanding termination. Producing new prints and even new negatives (if not reedited) should be treated as making new copies of a work in order to "utilize" it rather than as creating new derivative works.

Under the new Act, a motion picture and the screen play upon which the motion picture is based arguably constitute a joint work.⁸⁰ Does this mean that upon termination of rights in the screenplay, there is no continuing right to "utilize" the motion picture based thereon because such continuing right applies only to a "derivative work?"⁸¹ The *House Report* expresses the view that "[f]or this purpose, a motion picture would be considered a 'derivative work' with respect to every 'preexisting work' incorporated in it, whether the preexisting work was created independently [as in the case of a novel] or was prepared expressly for the motion picture [as in the case of a screenplay]."⁸²

⁷⁷ H. REP., *supra* note 8, at 127; see also 2 TREATISE, *supra* note 6, at § 129.6.

⁷⁸ See 17 U.S.C.A. § 106(1) (West Supp. IV part 1, 1976).

⁷⁹ The *House Report* states: "In other words, a film made from a play could continue to be licensed for performance . . ." H. REP., *supra* note 8, at 127; cf. REGISTER REPORT, *supra* note 16, at 76 (speaks of the continuing right "to distribute and perform" a film).

⁸⁰ See H. REP., *supra* note 8, at 120. Contrast this situation with that of a movie and a novel on which it is based. The movie is unquestionably derivative from the underlying novel.

⁸¹ Admittedly, this question is largely academic, because most screenplays are works made "for hire," and therefore the termination provisions are inapplicable to them.

⁸² H. REP., *supra* note 8, at 127.

Suppose the publication rights previously granted to a book publisher are terminated. Suppose further that the book as theretofore published included not only the author's manuscript, but also a special introduction prepared by someone else. May the publisher claim that the combination of manuscript and introduction renders the book as published a "derivative work," and therefore subject to the publisher's right to continue to "utilize" the work? Probably not. The work would not be regarded as a derivative work because the author's manuscript has not been recast or transformed.⁸³ But suppose the publisher prior to publication made a number of editorial changes in the manuscript and claims to have thereby published a "derivative work" for further "utilization" purposes. In most cases, such editorial revisions probably would be regarded as too minimal to warrant characterizing the result as a derivative work.⁸⁴ But if such characterization were found to be appropriate, would the publisher merely have the right to continue to sell those copies of the book printed prior to termination, or would it have the further right to print new copies of the book? As with new prints of old movies, new copies probably may be printed because this would not constitute "the preparation after the termination of other derivative works,"⁸⁵ but only of other copies of the same derivative work.

II. WHO HAS THE RIGHT TO TERMINATE?

A. *Grants Executed by the Author*

1. If the Author Survives to the Termination Vesting—In General and for Joint Authors

If the author survives to the vesting of the termination right,⁸⁶ he or she has the right to the reversion of the granted interest.⁸⁷ As we shall see below, the termination right vests upon the service of a termination notice on the transferee of the interest in the work. This means that if the author serves a notice, but dies before termination occurs, the author's estate, and not his or her statutory successors, takes the reversion. But if the

⁸³ See *id.* 57.

⁸⁴ See 1 TREATISE, *supra* note 6, at § 40.

⁸⁵ 17 U.S.C.A. §§ 203(b)(1), 304(c)(6)(A) (West Supp. IV part 1, 1976).

⁸⁶ See text accompanying notes 124-27 *infra* (Section IIA(3)).

⁸⁷ 17 U.S.C.A. §§ 203(a)(1), 304(c)(1) (West Supp. IV part 1, 1976).

author merely survives to a date at which he or she *could* serve a termination notice, but dies without serving one, the statutory successors, and not the estate, gain the right to serve such a notice and to enjoy the interests that subsequently revert by reason of such notice.

With respect to grants executed by two or more joint authors,⁸⁸ a distinction is made between grants executed prior to January 1, 1978 and those executed on or after such date. A grant executed on or after January 1, 1978 may be terminated only by a majority of the joint authors who executed it.

Before examining the meaning of "majority," it should be noted that a joint author may not "transfer" a greater copyright interest in a work than he or she owns. Thus, the author may transfer to another his or her share of the copyright and may grant a nonexclusive license in the entire work without the consent of any other joint author (subject to a duty to account to the nongranting joint authors). But the author may not grant an *exclusive* license of rights, nor may he or she transfer more than a proportionate interest in the entire work.⁸⁹ When fewer than all joint authors are empowered to act as agents for all in making an exclusive grant of rights, such a grant should be considered as having been made by all joint authors for purposes of deciding who may terminate.

The majority-joint-author rule should operate in the following fashion. If only two joint authors joined in a grant, both must agree to terminate. If three joint authors joined in a grant, any two of them have the power to terminate.⁹⁰ Suppose that a work is written by five joint authors, only three of whom join in executing a grant either of their interest in the copyright or of a nonexclusive license of the work. Any two of the three executing joint authors may terminate the grant. It would not be sufficient for the two nonexecuting joint authors to join only one execut-

⁸⁸ Concerning what constitutes joint authorship, see *id.* § 101 (definition of "joint work"); 1 TREATISE, *supra* note 6, at § 69.

⁸⁹ Joint ownership of copyright is conceptualized as a tenancy in common. A tenant in common may grant nonexclusive licenses in the jointly authored work or may transfer his or her share of the tenancy in common (may sell or give away his or her share of the copyright). The tenant may *not* use the tenancy so as to exclude co-tenants from similar use (may not grant an *exclusive* license nor assign an exclusive ownership in the work). See 1 TREATISE, *supra* note 6, at §§ 76-78.

⁹⁰ This seems to be true even if the three joint authors shared the work unequally (say, 60%, 20%, 20%) and only the two minority authors voted to terminate. 17 U.S.C.A. § 203(a)(1) (West Supp. IV part 1, 1976) speaks only of a majority of "authors" not of authors' interests.

ing joint author for termination purposes: the three together would not constitute a majority of the authors who executed the grant.⁹¹ If two of three executing joint authors join in a termination (regardless of how many authors wrote the work), they thereby terminate the rights granted by the third executing joint author. It is the grant *per se*, and not merely the terminating authors' respective grants of rights therein, that is terminated. A termination by two of the three executing joint authors also affects the rights of the remaining joint authors who neither joined in the original execution of the grant nor in its subsequent termination. Whatever rights were properly conveyed in a joint work are terminated if the requisite number of authors who made the grant join in the termination. This is true even though the grant and its termination may affect (either favorably or adversely) the rights of nongranting joint authors.⁹²

Grants executed by two or more joint authors prior to January 1, 1978⁹³ are terminable by each executing joint author even if a majority of the executing joint authors do not join in such termination. The termination is effective, however, only with respect to the interest of the terminating joint author, not with respect to the interests of the other executing joint authors. Suppose, for example, that a work is jointly written by *A*, *B*, and *C*, who share the copyright equally. If all three joint authors join in executing a grant of renewal rights in the work to *D* in advance of the vesting of such rights, and if all three authors survive to the time of such vesting, then absent any termination of the grant, *D* will be entitled to the renewal term of copyright in the work.⁹⁴ Suppose at the time the authors are able to terminate *A* wishes to terminate the grant, but neither *B* nor *C* is willing to join in the termination. As indicated above, if this were a grant

⁹¹ If the grant was of a nonexclusive license, the majority-termination right may prove illusory without unanimous agreement to terminate. A single joint author *may* be able to grant such a license; any author who does not wish the grant to terminate may remake it immediately upon termination. The effect of such a termination would be to free the terminating joint authors of any contractual restrictions on their further grants of nonexclusive licenses. *But see* note 217 *infra* & accompanying text, suggesting that only a majority of those who made the grant (and therefore had the right to terminate) may regrant the terminated rights.

⁹² This is also true of grants executed prior to January 1, 1978, although, as indicated below, the requisite number of authors required for termination differs with respect to such grants.

⁹³ Such grants are terminable only if they are of renewal rights. *See* 17 U.S.C.A. § 304(c) (West Supp. IV part 1, 1976).

⁹⁴ *See* 2 TREATISE, *supra* note 6, at § 117.2.

executed on or after January 1, 1978, no termination could occur because the consent of a majority of joint owners is required for this purpose. With regard to grants executed prior to January 1, 1978, *A* alone may terminate his grant to *D*, but such a termination will not divest *D* of the rights she acquired under the grant from the nonterminating joint authors, *B* and *C*. *D* and *A* will thus become tenants in common of the rights in the work granted by *A*, *B*, and *C*. If the rights granted to *D* were exclusive, the termination will make the rights nonexclusive and both *A* and *D* will have power to grant licenses.⁹⁵

Why may only a majority of joint authors (or successors) terminate a grant executed after the effective date of the new Act, while any individual executing joint owner may terminate a grant executed prior to the effective date? The rationale for this distinction that is suggested in the *House Report*⁹⁶ relates to the legal consequence of the failure of a grantor of renewal rights to survive until such rights vest. In such circumstances, the renewal rights pass to the grantor's statutory successors⁹⁷ and the original grantee takes nothing from the original grantor. Thus, in the above hypothetical, if *B* does not survive until the renewal interests vests, then upon such vesting *B*'s widow and children will be entitled to *B*'s interest in the renewal rights, and *D* will acquire nothing from *B*. If *A* and *C* survive until vesting, however, *D* will nevertheless acquire their respective interests in the renewal. Thus, *B*'s grant will have terminated by operation of law, although neither *A* nor *C* joined in such termination and their respective grants of rights to *D* are not terminated.⁹⁸ Because joint-author grants of renewal rights thus terminate individually by operation of law upon an author's death, it was thought "inappropriate"⁹⁹ to require anything more than individual termination via the termination provisions.

But this reasoning does not convincingly justify the distinction between grants executed before and after the effective date of the new Act. Logically, such an argument would point instead to a distinction between vested and contingent rights. After all, a

⁹⁵ Cf. *Sweet Music, Inc. v. Melrose Music Corp.*, 189 F. Supp. 655 (S.D. Cal. 1960) (two joint authors assigned contingent renewal rights in one instrument, one died before vesting of renewal right, renewal right shared by assignee and successors of deceased); 2 TREATISE, *supra* note 6, § 117.23, at 502 (renewal problem).

⁹⁶ H. REP., *supra* note 8, at 141.

⁹⁷ See 2 TREATISE, *supra* note 6, at § 115.

⁹⁸ But see *id.* § 117.23, at 500.

⁹⁹ H. REP., *supra* note 8, at 141.

grant made prior to January 1, 1978 could have been executed after the first copyright term and thus could be a grant of a vested right. It would still be a grant of the renewal copyright and hence subject to termination under section 304(c). But if any of the grantors die after the execution of the grant, the grantee's rights will not be divested in any degree, and individual termination by operation of law will not occur. Yet individual termination is possible under the termination provisions. On the other hand, a grant executed on or after January 1, 1978 is subject to termination under the provisions of section 203(a) even if it is a grant of renewal rights in a work in statutory copyright before that date.¹⁰⁰ If such a grant is one of contingent rights, made in the first term of copyright, it would be subject to individual termination by operation of law, as discussed above. Yet in this case it was not thought "inappropriate" to require majority consent for termination. Because individual termination by operation of law is never a possibility in the case of vested rights and always a possibility in the case of contingent rights, it seems odd that Congress did not base an exception to majority termination on the vested-contingent distinction, rather than on the effective date of the Act.

2. If the Author Does Not Survive to the Termination Vesting

a. *Ownership of the Termination Interest upon the Author's Death*

If an author dies before the rights subject to termination have been vested in him or her by such termination,¹⁰¹ the author's termination interest passes to the author's surviving spouse and children (and in some cases, grandchildren) in the proportions described below. This ownership of a deceased author's termination interest bears on the determination of three different questions. First, who is entitled to cause termination?¹⁰²

¹⁰⁰ Grants executed on or after January 1, 1978 are subject to termination under § 203(a) regardless of when the work was created and whether or not renewal rights are thereby granted. Only works created and in statutory copyright prior to January 1, 1978, however, are subject to a renewal term. See 17 U.S.C.A. § 304 (West Supp. IV part 1, 1976).

¹⁰¹ For discussion of the time of vesting, see text accompanying notes 123-27 *infra* (Section IIA(3)). Of course, if the author survives until vesting, the author owns the rights thus terminated. If the author dies thereafter, the rights that have thus vested in the author pass with the remainder of his or her estate by will or intestacy.

¹⁰² Text accompanying notes 111-22 *infra* (Section IIA(2)(b)-(c)).

Second, who are the recipients of the rights thus terminated?¹⁰³ Third, who may make further grants of the rights thus terminated?¹⁰⁴ Among those who own a particular termination interest, the individuals who perform each of the three functions specified above may vary. Before considering which individuals may perform each particular function, we must describe the composition and proportionate ownership of those who succeed to a deceased author's termination interest. The successors include:

(1) The widow or widower.¹⁰⁵ A surviving spouse owns the entire termination interest if the author has left no surviving children or grandchildren. If the author has left any surviving children or grandchildren, the surviving spouse owns one-half of the termination interest.¹⁰⁶

(2) The author's surviving children.¹⁰⁷ If there is no surviving spouse, the children own the entire termination interest, equally divided among them.¹⁰⁸ If there is a surviving spouse, the children own one-half of the termination interest, also equally divided among them.

(3) The author's surviving grandchildren. With respect to any child of the author who does not survive to the termination vesting,¹⁰⁹ any surviving children of such nonsurviving child own in equal shares the termination interest that such nonsurviving child would have owned had he survived the author.

If, upon the death of an author prior to the vesting of the termination right, there is no surviving spouse, and no surviving children or grandchildren, no one may exercise the right of termination under the Act.¹¹⁰

¹⁰³ Text accompanying notes 140-48 *infra* (Section III).

¹⁰⁴ Text accompanying notes 216-20 *infra* (Section VIIB).

¹⁰⁵ "The author's 'widow' or 'widower' is the author's surviving spouse under the law of his domicile at the time of his death, whether or not the spouse has later remarried." 17 U.S.C.A. § 101 (West Supp. IV part 1, 1976).

¹⁰⁶ *Id.* §§ 203(a)(2)(A), 304(c)(2)(A).

¹⁰⁷ "A person's 'children' are that person's immediate offspring, whether legitimate or not, and any children legally adopted by that person." *Id.* § 101.

¹⁰⁸ If a surviving child (or grandchild as discussed below) is under the age of consent, the child's termination interest may be exercised by a legally appointed guardian, who would constitute a "duly authorized agent" within the meaning of § 203(a)(4) and § 304(c)(4). H. REP., *supra* note 8, at 126.

¹⁰⁹ A deceased child's termination interest passes to his or her children (the author's grandchildren) whether or not such child predeceased the author, as long as both the child and the author died prior to the vesting of the termination interest. If the child died after such vesting, then the termination rights pass to the child's estate.

¹¹⁰ In this respect the termination right differs from the renewal right, which in the

b. *The Majority Requirement*

If a grant is executed by an author who does not survive until the vesting of the termination interest,¹¹¹ a statutorily defined "per stirpes majority" of those who succeed to the deceased author's termination interest¹¹² is entitled to terminate the grant. This majority requirement is applicable to grants executed by an author both prior to¹¹³ and after¹¹⁴ January 1, 1978. Because the surviving spouse, if there is one, owns one-half of the deceased author's termination interest,¹¹⁵ he or she must join in any termination. Also, if there are surviving children or grandchildren, at least one such child's interest must be joined in a termination before a majority of those entitled to exercise the termination interest could be constituted. If there is no surviving spouse, then a majority of these children are required to join in a termination. If an author's child does not survive to termination vesting, but one or more children of such deceased child do survive, then these grandchildren share equally the interest that would otherwise have belonged to their deceased parent (the author's deceased child).

The termination interest of the grandchildren, however, may be exercised only upon agreement by a majority of them.¹¹⁶ Suppose, for example, that a deceased author leaves a surviving spouse, two surviving children, three children of a daughter who has predeceased the vesting of the termination interest, and two children of a predeceased son. If the surviving spouse wishes to terminate, but the two surviving children do not, then in order to achieve a majority it would be necessary that two of the children of the daughter or both children of the son join with the surviving spouse. A single child of each predeceased child together with the surviving spouse would not be sufficient to constitute a majority because each group of grandchildren may act only by majority action.¹¹⁷ But one child of the author

absence of a surviving spouse and children passes to the author's executor or next of kin. See 2 TREATISE, *supra* note 6, at §§ 115.2-3.

¹¹¹ On when termination rights vest, see text accompanying notes 123-27 *infra* (Section IIA(3)).

¹¹² See text accompanying notes 101-10 *supra* (Section IIA(2)(a)).

¹¹³ 17 U.S.C.A. § 304(c) (West Supp. IV part 1, 1976).

¹¹⁴ *Id.* § 203(a).

¹¹⁵ For the respective ownership interests of the surviving spouse, children, and grandchildren, see text accompanying notes 101-10 *supra* (Section IIA(2)(a)).

¹¹⁶ 17 U.S.C.A. §§ 203(a)(2)(C), 304(c)(2)(C) (West Supp. IV part 1, 1976).

¹¹⁷ See H. REP., *supra* note 8, at 125-26.

may join with the surviving spouse and thereby constitute a majority of those owning a termination interest, even if a majority of the surviving children oppose termination. Similarly, if an author leaves no surviving spouse or children, but three children of a deceased daughter and two of a deceased son, the author's grants may be terminated by both of the son's children and two of the daughter's but the three children of the daughter or both of the son's and one of the daughter's could not terminate alone. Although the rights of the children, like those of the grandchildren, are divided equally among them and "exercised on a per stirpes basis,"¹¹⁸ majority action is required with respect to the entire termination interest, and also within each class of grandchildren, but not within the class of children.

c. *When the Nonsurvivor Is a Joint Author*

If a grant is executed by two or more joint authors, and one joint author does not survive until the termination vesting, the termination interest of that deceased author may be exercised by a majority (determined by the rules discussed above) of those who succeed to ownership of the interest.¹¹⁹ Whether such a majority may terminate its deceased joint author's grant without the consent of any of the other joint authors who joined in the execution of the grant, or whether termination may occur only if a majority of the joint owners¹²⁰ join in the termination, will depend upon when the grant was executed. If execution occurred on or after January 1, 1978, majority approval of the joint authors (or those who control the respective termination interests of deceased joint authors) is required, in the same manner as majority consent of joint authors would be required if all of them survived to the termination vesting.¹²¹ If execution occurred prior to January 1, 1978, those who control a given deceased joint author's termination interest may terminate without joining the other joint authors or their representatives, in the same manner as would be permitted if all of the joint authors had survived to the termination vesting.¹²²

¹¹⁸ 17 U.S.C.A. §§ 203(a)(2)(C), 304(c)(2)(C) (West Supp. IV part 1, 1976).

¹¹⁹ *Id.* §§ 203(a)(1), 304(c)(1).

¹²⁰ In each case, the termination interest of a joint author who died before vesting would be controlled by the majority vote of the deceased author's surviving spouse, children, and grandchildren, as described above. *See id.* §§ 203(a), 304(c).

¹²¹ *See* text accompanying notes 86-100 *supra* (Section IIA(1)).

¹²² *Id.*

3. When and in Whom Do Termination Rights Vest?

Although the rights subject to termination¹²³ do not revert until the termination date specified in the notice of termination, the rights of those who are recipients of the terminated rights¹²⁴ vest upon the date the notice of termination is served.¹²⁵ Therefore, the class of those who may claim as recipients of the terminated rights is determined as of the date the termination notice is served. If an author serves a notice of termination of a grant he or she had made, but dies prior to the date of termination specified in the notice, the terminated rights will pass to the author's estate, not to the surviving spouse and children. If, on the other hand, the author dies prior to service of the notice of termination, even if he or she dies after commencement of the time when such notice could have been served,¹²⁶ service of the notice by the surviving spouse and children will vest the terminated rights in them rather than in the deceased author's estate. The executor of the author's estate may not serve a notice on the estate's behalf. This distinction will prove important when the author's will disposes of the author's estate to persons other than the surviving spouse and children, or distributes the estate to them in different proportions than they would be entitled to take as statutory successors to the termination interest.¹²⁷ Similarly, if a deceased author's spouse and children join in serving a termination notice, but the spouse dies before the date of termination specified in the notice, the spouse's estate will be entitled to the spouse's share of the termination interest; if the spouse dies before service of the termination notice, the children, upon service of a notice, will be entitled to the entire termination interest.

B. Grants Executed by Persons Other Than the Author

Grants executed on or after January 1, 1978 are subject to termination only if executed by the author.¹²⁸ Grants (of renewal rights) executed prior to January 1, 1978, however, are subject

¹²³ Text accompanying notes 63-85 *supra* (Section IB).

¹²⁴ The recipients are discussed at text accompanying notes 140-48 *infra* (Section III).

¹²⁵ 17 U.S.C.A. §§ 203(b)(2), 304(c)(6)(B) (West Supp. IV part 1, 1976).

¹²⁶ Text accompanying notes 163-82 *infra* (Section VA).

¹²⁷ Text accompanying notes 101-10 *supra* (Section IIA(2)(a)).

¹²⁸ 17 U.S.C.A. § 203(a) (West Supp. IV part 1, 1976).

to termination if executed either by the author or by any of the author's successor renewal claimants—the author's surviving spouse, children, executors, or next of kin.¹²⁹ Who among these renewal claimants may terminate a grant executed by any of them? The answer is that “the surviving person or persons who executed it” may terminate the grant.¹³⁰

The *House Report* makes clear that all of the persons still surviving who joined in a grant of renewal rights must join in the termination.¹³¹ In particular, a single grantor may not terminate his or her portion of the grant (unless he or she is the sole survivor), and a nonunanimous majority may not terminate the grant. This is in contrast to grants executed by an author who does not survive until termination vesting. Such author-executed grants (whether executed before, on, or after January 1, 1978) may be terminated by majority action of the deceased author's surviving spouse, children, and grandchildren.¹³² In the case of grants executed by renewal beneficiaries, if anything less than the unanimous approval of the beneficiaries were to be required, it would necessitate deciding whether a surviving spouse owns a one-half interest in the renewal (and is therefore entitled to a fifty percent voting interest in termination) or whether his or her interest is no greater than that of each of the surviving children. Because this issue was unclear under the 1909 Act, and remains unclear under the renewal provisions incorporated from the 1909 Act into the new Act,¹³³ avoiding the question for termination purposes by requiring unanimous approval was thought prudent.¹³⁴

Note that the unanimous consent of just the renewal beneficiaries who joined in a given grant is required for termination. Moreover, with regard to the executing beneficiaries, the consent of only “the *surviving* person or persons who executed” a

¹²⁹ *Id.* § 304(c).

¹³⁰ *Id.* § 304(c)(1).

¹³¹ “[W]here the grant was executed by a person or persons other than the author, termination can be effected only by the unanimous action of the survivors of those who executed it.” H. REP., *supra* note 8, at 141.

¹³² Text accompanying notes 111-18 *supra* (Section IIA(2)(b)).

¹³³ See *De Sylva v. Ballentine*, 351 U.S. 570 (1956); 2 TREATISE, *supra* note 6, at § 115.11.

¹³⁴ H. REP., *supra* note 8, at 141. The *House Report* adds that “greater difficulties would be presented if any attempt were made to apply the majority principle to further beneficiaries in cases where one or more of the renewal beneficiaries are dead.” *Id.*

grant is required for termination.¹³⁵ Does this require survival until the renewal vests or until the termination vests?¹³⁶ The language clearly must refer to survival until the termination vesting because failure to survive until renewal vesting would mean that the grant of contingent renewal rights is ineffective¹³⁷ and hence would not require termination.

If all or some of the renewal beneficiaries who join in a given grant of renewal rights survive until the renewal vesting, but none of them survives until the termination vesting, the grant is not terminable. The right of termination does not pass to the *inter vivos* or *causa mortis* successors of such nonsurviving beneficiaries because a condition to the right of termination is that the grantors (and not their successors) survive until the termination vesting.¹³⁸

The principle of unanimity is likewise applicable to grants executed by renewal beneficiaries of joint authors. If joint authors *A*, *B*, and *C* are all dead at the time of renewal vesting, a grant of renewal rights executed by all three surviving spouses and all surviving children could be terminated only by the consent of all surviving grantors; the surviving statutory successors of *A* and *B* could not terminate alone. If, however, only *A*'s widower and children (or the widower alone) had executed the grant of renewal rights,¹³⁹ termination of such grant would require only the consent of the surviving executing grantor(s).

III. WHO ARE THE RECIPIENTS OF TERMINATED RIGHTS?

Anyone who had the right to terminate a given grant,¹⁴⁰ not just someone who in fact joined in requesting the termination,¹⁴¹ will own the rights thus terminated¹⁴² to the extent of his or her

¹³⁵ 17 U.S.C.A. § 304(c)(1) (West Supp. IV part 1, 1976) (emphasis supplied).

¹³⁶ The two vesting periods come at different times. Compare 2 TREATISE, *supra* note 6, at § 116.2, with text accompanying notes 123-27 *supra* (Section IIA(3)).

¹³⁷ See 2 TREATISE, *supra* note 6, at § 117.3.

¹³⁸ 17 U.S.C.A. § 304(c)(1) (West Supp. IV part 1, 1976).

¹³⁹ This would mean that only nonexclusive rights could have been granted. See 1 TREATISE, *supra* note 6, at § 77.

¹⁴⁰ Text accompanying notes 86-139 *supra* (Section II).

¹⁴¹ 17 U.S.C.A. §§ 203(b), 304(c)(6) (West Supp. IV part 1, 1976). As indicated at text accompanying notes 86-139 *supra* (Section II), with respect to grants executed before January 1, 1978 by persons other than the author, those who have the right to terminate and those who in fact terminate necessarily constitute the same group of persons.

¹⁴² See H. REP., *supra* note 8, at 127.

proportionate share of the termination interest.¹⁴³ Thus, if an author does not survive to the termination vesting, and the author's successors terminate, the rights that the author theretofore granted will revert to his or her surviving spouse, children, and surviving children of the author's predeceased children, including those among them who were not a part of the majority that effectuated the termination. Rights granted on or after January 1, 1978 by joint authors will revert to all of the granting joint authors and not merely to the majority of the joint authors who joined in termination. Rights granted prior to January 1, 1978 by joint authors will revert to each individual joint author who terminates, and will not inure to the other joint authors, because each joint author has the right to terminate only with respect to his or her own interest in the grant.¹⁴⁴ A joint author who did not join in the execution of a given grant in his or her work (whenever executed) will not be the recipient of rights upon termination of such a grant because the author was not eligible to join in the demand for termination.¹⁴⁵

Rights granted before January 1, 1978 by persons other than the author as renewal successors¹⁴⁶ will revert to all of those who executed the grant who survive until the termination vesting.¹⁴⁷ But the Act does not specify the proportionate ownership of each of the surviving renewal successors in the rights thus returned to them. The successors own the reverted rights in the same proportion as they would have owned them if no such grant had been executed in the first instance.¹⁴⁸

¹⁴³ See text accompanying notes 101-10 *supra* (Section IIA(2)(a)).

¹⁴⁴ On the respective rights to terminate a grant in a work of joint authorship pre- and post-January 1, 1978, see text accompanying notes 86-100 *supra* (Section IIA(1)).

¹⁴⁵ See *id.*

¹⁴⁶ Text accompanying notes 43-62 *supra* (Section IA(4)).

¹⁴⁷ 17 U.S.C.A. § 304(c)(6) (West Supp. IV part 1, 1976). Note that all those who executed the grant and who survived until the termination vesting must join in the decision to terminate. See text accompanying notes 128-39 *supra* (Section IIB).

¹⁴⁸ The proportionate interest, however, is based upon the composition of the grantor class as of the time termination rights vest, not as of the time the grant was executed. Thus, if three of the author's children join in a grant of renewal rights, all three survive until the renewal vesting, but only two survive until the termination vesting, the rights that revert by termination will be divided equally between the two surviving children, and neither the spouse and children nor the heirs of the deceased child will have any interest in such rights. This is true because such rights "revert . . . to all those entitled to terminate the grant," 17 U.S.C.A. § 304(c)(6) (West Supp. IV part 1, 1976), and those "entitled to terminate the grant" are limited to "the surviving person or persons who executed it," *id.* § 304(c)(1) (emphasis supplied). See generally 2 TREATISE, *supra* note 6, at § 115.11.

IV. WHEN MAY TERMINATION BE EFFECTED?

A. *Grants Executed on or After January 1, 1978*

Termination of grants executed on or after January 1, 1978 generally 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."¹⁴⁹ In the case of a grant that "covers the right of publication of the work, the [five year] period begins at the end of thirty-five years from the date of publication¹⁵⁰ 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."¹⁵¹ This alternative period was added at the behest of book publishers who argued that a straight period of thirty-five years from execution of the grant could give them a shorter time to exploit a work, because a number of publication contracts are signed before the work is written, and years may elapse before it is completed and published.¹⁵²

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 Report* accepts the 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.¹⁵³

Suppose a grant includes both book-publication rights and other rights, such as motion-picture and stage rights.¹⁵⁴ Clearly

¹⁴⁹ 17 U.S.C.A. § 203(a)(3) (West Supp. IV part 1, 1976).

¹⁵⁰ See 1 TREATISE, *supra* note 6, at §§ 46-59.

¹⁵¹ 17 U.S.C.A. § 203(a)(3) (West Supp. IV part 1, 1976).

¹⁵² See REGISTER REPORT, *supra* note 16, at 75. See also H. REP., *supra* note 8, at 126.

¹⁵³ Compare REGISTER REPORT, *supra* note 16, at 75, with H. REP., *supra* note 8, at 126 (which does not mention unfixed works).

¹⁵⁴ In a technical sense, a motion picture is as susceptible to publication as a book. See 1 TREATISE, *supra* note 6, at § 56. This is not true of stage rights. See 1 TREATISE, *supra* note 6, at § 53. It is arguable, therefore, that the alternative measure is triggered by a grant of "the right of publication," 17 U.S.C.A. § 203(a)(3) (West Supp. IV part 1, 1976), regardless of whether the copies published pursuant thereto consist of conventional printed matter, motion-picture prints, or any other tangible copies. The alternative measure was probably intended to be triggered, however, only by a grant of what is referred to in industry usage as "publication rights," which is limited to book and

insofar as book-publication rights are concerned, the alternative measure of thirty-five years from publication or forty years from execution would be applicable. Would that same alternative measure be applicable to the grant of other rights, or would these be subject to the straight thirty-five-years-from-execution rule? The statutory text is ambiguous on this point, and the legislative history does not address it. Arguably, because the alternative measure is applicable not merely to the grant of publication rights, but to any grant that "covers"¹⁵⁵ publication rights, the grant per se (including those aspects of it that do not apply to publication) is subject to the alternative measure. The alternative measure should be limited, however, to the grant of publication rights within a given instrument and the straight thirty-five-years-from-execution measure should be applied to the other rights granted within the same instrument. Otherwise an undue importance is given to the form of conveyance: If one instrument transfers both book-publication and stage rights, the latter would be subject to the alternative measure, although if the parties simultaneously execute two separate instruments, one for book-publication and the other for stage rights, the alternative measure would not be applicable to the stage rights. Congress probably did not intend to exalt form bearing no relation to substance.

B. *Grants Executed Prior to January 1, 1978*

Termination of grants executed prior to January 1, 1978 may be "effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later."¹⁵⁶ The alternative measure, beginning January 1, 1978, is applicable only to those works whose renewal term of copyright was previously extended either by the several interim extensions previously enacted¹⁵⁷ or by the provisions of section

periodical publication. Consider the rationale for the alternative measure, discussed below, and the fact that book publishers were among those responsible for it.

¹⁵⁵ 17 U.S.C.A. § 203(a)(3) (West Supp. IV part 1, 1976).

¹⁵⁶ *Id.* § 304(c)(3).

¹⁵⁷ Act of Dec. 31, 1974, Pub. L. No. 93-573, § 104, 88 Stat. 1873; Act of Oct. 25, 1972, Pub. L. No. 92-566, 86 Stat. 1181; Act of Nov. 24, 1971, Pub. L. No. 92-170, 85 Stat. 490; Act of Dec. 17, 1970, Pub. L. No. 91-555, 84 Stat. 1441; Act of Dec. 16, 1969, Pub. L. No. 91-147, 83 Stat. 360; Act of July 23, 1968, Pub. L. No. 90-416, 82 Stat. 397; Act of Nov. 16, 1967, Pub. L. No. 90-141, 81 Stat. 464; Act of Aug. 28, 1965, Pub. L. No. 89-142, 79 Stat. 581; Act of Sept. 19, 1962, Pub. L. No. 87-668, 76 Stat. 555; *see* 2 TREATISE, *supra* note 6, at § 112.2 app.

304(b).¹⁵⁸ In all other instances, fifty-six years from the date copyright was originally secured will in fact occur after January 1, 1978.

In addition to the general rationale suggested above for termination of transfers, a further reason for termination exists in the case of grants executed prior to January 1, 1978. Termination of such grants permits the author (or granting member of a successor renewal class¹⁵⁹) to recapture ownership in the work during the nineteen-year additional period¹⁶⁰ that was added to the renewal term by the 1976 general revision of the Copyright Act.¹⁶¹ Congress was of the view that "the extended term represents a completely new property right, and there are strong reasons for giving the author, who is the fundamental beneficiary of copyright under the Constitution, an opportunity to share in it."¹⁶²

V. HOW IS TERMINATION EFFECTED?

A. *When Must the Termination Notice Be Served?*

Before a grant may be terminated, a termination notice must be properly served¹⁶³ upon the grantee or upon the grantee's successor in title.¹⁶⁴ Absent such service, no termination occurs. The termination notice must state the date of termination, which must fall within the five-year period during which termination may occur.¹⁶⁵ The termination notice must be served not less than two nor more than ten years before the date of termination specified in the notice.¹⁶⁶

Therefore, in the case of a grant executed on or after January 1, 1978 that does not "cover"¹⁶⁷ the right of publication,

¹⁵⁸ The interim extensions referred to above cumulatively extended to December 31, 1976 the renewal term of copyright of those works whose renewal term would otherwise have expired on or after September 19, 1962. Section 304(b) in effect added an additional extension of renewal term for such works through December 31, 1977.

¹⁵⁹ On proper renewal claimants, see text accompanying notes 43-59 *supra* (Section 1A(4)(a)).

¹⁶⁰ With respect to works previously, or by section 304(b), the subject of renewal extension, less than 19 years remain for recapture prior to the expiration of the newly created 47-year renewal term.

¹⁶¹ See 17 U.S.C.A. § 304(b) (West Supp. IV part 1, 1976).

¹⁶² H. REP., *supra* note 8, at 140.

¹⁶³ Text accompanying notes 183-95 *infra* (Section VB).

¹⁶⁴ 17 U.S.C.A. §§ 203(a)(4), 304(c)(4) (West Supp. IV part 1, 1976).

¹⁶⁵ Text accompanying notes 149-62 *supra* (Section IV).

¹⁶⁶ 17 U.S.C.A. §§ 203(a)(4)(A), 304(c)(4)(A) (West Supp. IV part 1, 1976).

¹⁶⁷ On the ambiguity of "cover," see text accompanying notes 149-55 *supra* (Section IVA).

the earliest date a termination notice may be served is twenty-five years after execution of the grant, and the latest date such termination notice may be served is thirty-eight years after execution of the grant.¹⁶⁸ In the case of a grant executed on or after January 1, 1978 that does "cover" the right of publication, the earliest and latest dates for service of a termination notice will depend upon whether the date of publication pursuant to such grant¹⁶⁹ occurs less than or more than five years after execution of the grant. If publication occurs less than five years after execution of the grant, the earliest date a termination notice may be served is twenty-five years after such publication, and the latest date a termination notice may be served is thirty-eight years after such publication. If publication occurs more than five years after execution of the grant, the earliest date a termination notice may be served is thirty years after execution of the grant, and the latest date a termination notice may be served is forty-three years after execution of the grant.

In the case of a grant executed prior to January 1, 1978,¹⁷⁰ the earliest date a termination notice may be served is forty-six years after copyright was originally secured (which is to say, eighteen years after the commencement of the renewal copyright term). The latest date such a termination notice may be served is fifty-nine years after copyright was originally secured (or thirty-one years after commencement of the renewal copyright term).

A special problem is presented with respect to those works whose renewal term of twenty-eight years under the old Act would have expired prior to January 1, 1978 but for the interim extensions enacted prior to the new Act¹⁷¹ and the additional extension provided by section 304(b). Without these extensions, such works would not have had the benefit of the additional

¹⁶⁸ The five-year period during which termination may occur in the case of such a grant expires 40 years after execution, and the latest date upon which a termination notice may be served in order to effectuate termination 40 years after execution is two years prior thereto, *i.e.*, 38 years after execution.

¹⁶⁹ Note that the relevant publication date is not necessarily the first date of publication of the work, but rather the first date of publication "under the grant." 17 U.S.C.A. § 203(a)(3) (West Supp. IV part 1, 1976). Thus, a prior publication not made pursuant to the grant would not trigger the termination period.

¹⁷⁰ Note that with respect to grants executed prior to January 1, 1978 no distinction is made between those grants that do and those that do not "cover" the right of publication. Compare 17 U.S.C.A. § 304(c)(3) (West Supp. IV part 1, 1976), with *id.* § 203(c)(3).

¹⁷¹ See notes 157-58 *supra* & accompanying text.

nineteen years added to the renewal term under the present Act. Regarding such works, the five-year period during which termination may be effected begins January 1, 1978 because this statutorily designated date is later than fifty-six years from the date copyright was originally secured.¹⁷² The latest date upon which a termination notice may be served with respect to any such work is January 1, 1981, two years before the expiration of such five-year period.¹⁷³ The earliest date for service, however, can hardly be ten years before the beginning of such five-year term, notwithstanding the provision for ten-year advance notice under section 304(c)(4)(A). Such a ten-year advance would begin on January 1, 1968. Yet even if by some foresight the parties had been aware of the ability to serve notice at that time, no notice could be legally effective until after the effective date of the current Act. But what is the effective date for these purposes? Generally, the effective date of the new Act is January 1, 1978.¹⁷⁴ This would mean that for such a work the earliest date on which a termination notice might be served is January 1, 1978.¹⁷⁵ It would further mean that only three years would remain after such date during which a termination notice might be served.

The Copyright Office, however, suggests that for these purposes the effective date of the new Act may be October 19, 1976, the date the President signed the Act.¹⁷⁶ If this is correct, a termination notice may be served anytime after this date, and termination itself might become effective, therefore, as early as two years later, or October 19, 1978. What is the basis for the Copyright Office's suggestion that the effective date of the new Act for the purpose of service of termination notices may be October 19, 1976 rather than the generally effective date of January 1, 1978? The Act stipulates: "This Act becomes effective on January 1, 1978, except as otherwise expressly provided by

¹⁷² 17 U.S.C.A. § 304(c)(3) (West Supp. IV part 1, 1976).

¹⁷³ *Id.* § 304(c)(4)(A).

¹⁷⁴ *Id.* note prec. § 101 (transitional and supplementary provisions).

¹⁷⁵ Note that the *House Report* states that such works "become subject to termination immediately upon the coming into effect of the revised law." H. REP., *supra* note 8, at 140. This cannot mean that termination may be effected immediately, because that would conflict with 17 U.S.C.A. § 304(c)(4)(A) (West Supp. IV part 1, 1976), which requires service of a notice not less than two years before the specified termination date. The above quoted statement apparently was intended to mean that a termination notice may be served "immediately" with respect to such works.

¹⁷⁶ See 41 Fed. Reg. 50,300 (1976) (proposed regulations on term of transfer).

this Act”¹⁷⁷ The only express exception provides that the “provisions of sections 118, 304(b), and chapter 8 of title 17 . . . take effect upon enactment of this Act.”¹⁷⁸ But none of these provisions has any bearing upon the service of a termination notice.

The Copyright Office’s suggestion is predicated upon the theory that it is, indeed, “otherwise expressly provided” that the provision controlling the time a termination notice may be served is to be effective upon enactment of the Act, and not merely on January 1, 1978. Although the five-year period during which termination may occur is said to begin “on January 1, 1978,”¹⁷⁹ and although a termination “notice shall be served not less than two or more than ten years before that date,”¹⁸⁰ the Act may not become effective for service of termination notice purposes “not less than two or more than ten years before”¹⁸¹ the five-year period that begins January 1, 1978, because this would lead to the absurd conclusion that the Act became effective even before it was enacted on October 19, 1976. The result would be avoided under the Copyright Office’s suggestion, because the service provisions would become effective upon enactment. It is difficult to see, however, in what manner this particular date may be said to be “provided” for by the terms of the Act.

The earliest and latest dates for service of the termination notice in relation to the applicable five-year period for termination are the same regardless of the execution date of the grant. In each case, the earliest date is ten years before the commencement of the applicable five-year period, and the latest date is two years before the expiration of the five-year period.¹⁸² Furthermore, the time when any given termination notice must be served is flexible. Having selected a given termination date within the five-year period, and having specified that date within the termination notice, notice may be served as early as ten years before such date, and as late as two years before such date. The ten-year maximum and two-year minimum advance notice requirements are applicable to the actual date selected for termina-

¹⁷⁷ 17 U.S.C.A. note prec. § 101 (West Supp. IV part 1, 1976) (transitional and supplementary provisions).

¹⁷⁸ *Id.*

¹⁷⁹ *Id.* § 304(c)(3).

¹⁸⁰ *Id.* § 304(c)(4)(A).

¹⁸¹ *Id.*

¹⁸² *Id.* §§ 203(a)(4)(A), 304(c)(4)(A).

tion, not to the applicable five-year period as such. Suppose, for example, that termination may occur during the period of January 1, 2022 through January 1, 2027. If the actual date for termination as specified in the notice is January 1, 2026, such notice must be served not later than January 1, 2024, two years before the specified termination date. A termination notice served thereafter but prior to January 1, 2025 would be ineffective even though it is served more than two years before the expiration of the five-year period. Thus, it is important to select a termination date within the applicable five-year period that will permit compliance with the ten-year maximum and two-year minimum notice requirements.

B. Termination Notice Formalities

The termination notice must be in writing,¹⁸³ and the number and proportion of the owners of the termination interest¹⁸⁴ who acting together have the right to terminate¹⁸⁵ must sign the notice.¹⁸⁶ A "duly authorized" agent may sign in the place of any such owner.¹⁸⁷ The Copyright Act does not expressly require that agency authorization be in writing,¹⁸⁸ but caution suggests that authors, their successors, and their agents put this authorization in writing. The effective date of termination¹⁸⁹ must be stated in the notice.¹⁹⁰ The notice must be served upon the grantee or the grantee's successor in title.¹⁹¹ If the grantee has transferred some but not all of the rights that he or she acquired under the grant, whether the original grantee, his or her successor with respect to some of the rights, or both, must be served will turn on which rights are purportedly terminated under the termination notice. If all rights are

¹⁸³ *Id.* §§ 203(a)(4), 304(c)(4).

¹⁸⁴ Text accompanying notes 101-10 *supra* (Section IIA(2)(a)).

¹⁸⁵ Text accompanying notes 86-139 *supra* (Section II).

¹⁸⁶ 17 U.S.C.A. §§ 203(a)(4), 304(c)(4) (West Supp. IV part 1, 1976).

¹⁸⁷ *Id.* The term "duly authorized agent" "include[s] the legally appointed guardians or committees of persons incompetent to sign because of age or mental disability." H. REP., *supra* note 8, at 126. Presumably, such legal appointment must be made under applicable state law. See *De Sylva v. Ballentine*, 351 U.S. 570, 580 (1956).

¹⁸⁸ This question would probably be determined by the state law of agency and contracts, including the applicable statute of frauds. See *De Sylva v. Ballentine*, 351 U.S. 570, 580 (1956). But cf. 2 TREATISE, *supra* note 6, § 115.11, at 474.3 (decrying lack of uniformity in state law determination).

¹⁸⁹ Text accompanying notes 149-62 *supra* (Section IV).

¹⁹⁰ 17 U.S.C.A. §§ 203(a)(4)(A), 304(c)(4)(A) (West Supp. IV part 1, 1976).

¹⁹¹ *Id.* §§ 203(a)(4), 304(c)(4).

being terminated, all of the persons who own any portion of such rights must be served in order to effectuate the termination.

The termination notice must be recorded in the Copyright Office prior to the effective date of termination "as a condition to its taking effect."¹⁹² Thus, at some point simultaneously with or subsequent to the service of the termination notice, but prior to the termination date specified in the notice, a copy of the notice must be recorded in the Copyright Office. The rights of the class of persons entitled to claim as recipients of the terminated rights,¹⁹³ however, will have vested as of the time notice is served upon the grantee,¹⁹⁴ so that any change in the composition of such class occurring before a proper recordation in the Copyright Office will have no effect upon such vested rights. Recordation, then, is not a condition precedent to vesting, but a failure to record prior to the effective date of termination constitutes a failure to satisfy a condition subsequent, and results in divestiture.

The termination notice must further comply in form, content, and manner of service with the requirements of the Copyright Office Regulations.¹⁹⁵

VI. THE VALIDITY OF AGREEMENTS IMPAIRING THE FREEDOM TO TERMINATE OR TO MAKE FUTURE GRANTS

The effectiveness of the renewal structure under the 1909 Act (and under the new Act with respect to previously copyrighted works) was largely undermined by the holding of *Fred Fisher Music Co. v. M. Witmark & Sons*¹⁹⁶ that renewal rights may be assigned prior to their vesting.¹⁹⁷ In order to avoid a similar emasculation of the termination provisions, the new Act provides that "[t]ermination 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."¹⁹⁸ Thus, one who proposes to purchase rights in a newly created work

¹⁹² *Id.* §§ 203(a)(4)(A), 304(c)(4)(A).

¹⁹³ Text accompanying notes 140-48 *supra* (Section III).

¹⁹⁴ Text accompanying notes 123-27 *supra* (Section IIA(3)).

¹⁹⁵ 17 U.S.C.A. §§ 203(a)(4)(B), 304(c)(4)(B) (West Supp. IV part 1, 1976). Proposed regulations may be found in 41 Fed. Reg. 50,300 (1976).

¹⁹⁶ 318 U.S. 643 (1943).

¹⁹⁷ This point is discussed at some length in 2 TREATISE, *supra* note 6, at § 117.21.

¹⁹⁸ 17 U.S.C.A. §§ 203(a)(5), 304(c)(5) (West Supp. IV part 1, 1976).

may not exert greater bargaining power so as to require the author to agree to surrender his or her future right of termination as a condition of sale. Moreover, a further grant of a terminated right, as well as an agreement to make a further grant, is valid only if it is made after the effective date of termination.¹⁹⁹

These limitations upon the right of a grantee to negate an author's termination rights, as well as those upon the ability of third parties to buy up "contingent future interests as a form of speculation,"²⁰⁰ undoubtedly will be subject to all of the challenges that the ingenuity of the bar representing so-called user groups can muster. An original grantee may be able periodically to extend the time before which termination may occur if the grantee can persuade the original grantor to terminate the original grant by contract, and negotiate a new one, "thereby causing another 35-year period to start running."²⁰¹ Such a voluntary termination could occur at any time. This device is not satisfactory from the user's standpoint, because if the original termination period is imminent, the original grantor will require a substantial consideration to agree to terminate the first grant and thereby to postpone his or her reversion of rights.²⁰² If the original termination period is not imminent, the original grantor might be persuaded to agree to such a postponement for a minor consideration, but the benefit to the original grantee could be commensurately minor because the period of postponement would be relatively slight. Quite apart from these practical considerations, there is a serious legal question whether the execution of a new grant will effectively postpone the period for termination if the voluntary termination of the prior grant is conditioned by the grantee upon the grantor's consent to execute the new grant. The courts may analogize this problem to the "preexisting duty" rule under the law of contracts. Suppose, for example, that in a given contract *A*'s only duty to *B* is to pay

¹⁹⁹ *Id.* §§ 203(b)(4), 304(c)(6)(D). An agreement to make such a further grant, however, may be made after notice of termination has been served but before the effective date of termination if the grantee of such further grant is the original grantee of the terminated rights, or his or her successor in interest, and if the grantors are those qualified to make the further grant. *Id.*

²⁰⁰ H. REP., *supra* note 8, at 127.

²⁰¹ *Id.*

²⁰² This may not be true, however, if the persons empowered to terminate voluntarily the original grant are not the same as the persons who will be the recipients of the terminated rights. This might occur if the original grantor-author does not survive to the termination period, and the beneficiaries of the author's estate are persons other than his or her surviving spouse and children.

him the sum of \$5,000. *B*'s duty in return is to perform certain described services for a period of six months. Thereafter *A* and *B* enter into a new contract that purports to rescind the prior agreement, and to provide that *A*'s duty will remain the same—the payment of \$5,000—but *B*'s duty will be altered in that the same services will be required of him for one year rather than six months. The preexisting-duty rule invalidates the second agreement.²⁰³ In return for *B*'s new promise to render additional services he obtained no additional consideration from *A*, who remained obligated only to perform that which was already her preexisting duty. This preexisting duty was not extinguished by the provision in the new agreement purporting to rescind the old agreement because that provision was itself conditioned upon the execution of the new agreement. As Corbin observes, upholding the second agreement would be “arguing in a circle, making the validity of the new agreement depend upon the rescission while the validity of the rescission depended upon the new agreement.”²⁰⁴ Therefore, *B* is not bound, and under the rule of mutuality neither is *A*. Circularity is avoided only if there is a moment when *A* is bound under neither the old nor the new agreement.

To conclude that the validity of a new copyright grant is conditioned upon the termination of the prior grant, while the termination of the prior grant is conditioned upon the validity of the new grant is similarly circular. Here, however, new consideration arguably is tendered on both sides. The grantee is paying for the grantor's voluntary cancellation and new grant, and the grantor is giving new consideration by postponing the period when he or she would be entitled to terminate. But the issue here is not the consideration requirement, but the prohibition of a new grant unless the prior grant is terminated. By analogy to, rather than by strict application of, the preexisting-duty rule, the courts may conclude that a grantee may not subvert the statutory rule against obtaining a new grant prior to termination of the original grant (or at least prior to the time when a notice of termination under the original grant may be served²⁰⁵) unless there is at least a moment when the grantor is bound under

²⁰³ See 1A A. CORBIN, CONTRACTS § 186 (1963).

²⁰⁴ *Id.* 159.

²⁰⁵ 17 U.S.C.A. §§ 203(b)(4), 304(c)(6)(D) (West Supp. IV part 1, 1976). On when the notice of termination may be served, see text accompanying notes 163-82 *supra* (Section VA).

neither the prior nor the new grant. During this moment, of course, the grantor could refuse to execute the new agreement. This would fulfill the statutory purpose of giving the grantor at least one chance to revoke the grant. Without such a period between the lapse of the prior grant and the commencement of the new one, there is not a new grant, but only a change in the terms of the old grant, which remains viable for the purpose of measuring the time until the termination period.

Another device is open to grantees, however, that may in some degree avoid the above difficulty. Suppose that the original grant provides that if the grantor elects to invoke the statutory right of termination the grantor will not thereafter grant the terminated rights. Such a provision is not rendered invalid by any of the terms of the new Act. Sections 203(a)(5) and 304(c)(5) merely inhibit limiting the right to terminate, which the above provision arguably would not do. Sections 203(b)(4) and 304(c)(6)(D) limit agreements to make further grants, but do not explicitly prohibit or limit agreements *not* to make further grants. Would such a limitation be of any practical value to a grantee given that termination of the grantee's rights would not be precluded? It would have some value in that in certain instances it might dissuade a grantor from exercising his or her termination rights. At the very least it would mean that the grantee in purchasing a further grant (having waived the limitation) would be required to pay a price lower than would be the case if the grantor were free to seek other buyers.

It may be argued, however, that the termination provisions of the new Act indirectly bar such agreements not to grant terminated rights. If an agreement explicitly negated the right to grant such terminated rights to anyone except the original grantee, the agreement might be said to constitute a grant of exclusive rights to the original grantee subject to the condition precedent that the copyright owner thereafter elect to exploit the work.²⁰⁶ This conditional agreement to grant exclusive rights would be purportedly nonterminable and, to that extent, void.²⁰⁷ Arguably, an agreement negating the grantor's right to grant

²⁰⁶ Such an agreement is analogous to an "output" contract, by which a single customer agrees to purchase the entire output of a seller. Output contracts are valid even though the seller is free to produce nothing, because the buyer is assured that the supplier will not sell to the buyer's competitors. 1 A. CORBIN, *CONTRACTS* § 100 (1963); 1A *id.* § 158.

²⁰⁷ 17 U.S.C.A. §§ 203(a)(5), 304(c)(5) (West Supp. IV part 1, 1976).

further terminated rights to anyone, including the other party (the original grantee), should be deemed not to negate such right with respect to the original grantee because, as a matter of contract law, as the beneficiary of this limitation the grantee retains the right to waive it. Such agreements limiting the grantor's right to grant terminated rights might also be held invalid for reasons extraneous to the Copyright Act.²⁰⁸

VII. FURTHER GRANTS AND AGREEMENTS TO MAKE FURTHER GRANTS OF TERMINATED RIGHTS

A. *When May Such Agreements or Further Grants Be Made?*

Neither a further grant nor an agreement to make a further grant of any right subject to termination will be valid unless such grant or agreement is executed after the date of termination of the original grant of such right.²⁰⁹ As an exception, an agreement to make such a further grant may be made after notice of termination has been served,²¹⁰ although the date of termination has not yet arrived, if such agreement is between persons authorized to make a further grant²¹¹ and the original grantee of the terminated grant or the grantee's successor in title.²¹² Even as between such parties, this exception does not apply to the making of further grants, but only to agreements to make further grants.²¹³ Thus, the original grantee has some advantage over others in obtaining the terminated rights. The *House Report* refers to this advantage, not entirely accurately, as "a right of 'first refusal.'"²¹⁴

Suppose that after the service of notice of termination the author contractually agrees to convey to the original grantee the terminated rights, but the author dies before the effective date of termination. Who is entitled to the terminated rights—the original grantee, the author's estate, or the author's surviving spouse and children? Because the termination interest vested

²⁰⁸ Unless such a prohibition on further grants were limited to some reasonable period, it might be held invalid as a restraint on alienation, a restraint of trade, or a restraint of competition.

²⁰⁹ 17 U.S.C.A. §§ 203(b)(4), 304(c)(6)(D) (West Supp. IV part 1, 1976). For a discussion of the date of termination, see text accompanying notes 149-62 *supra* (Section IV).

²¹⁰ Text accompanying notes 163-82 *supra* (Section VA).

²¹¹ Text accompanying notes 216-20 *infra* (Section VIIB).

²¹² 17 U.S.C.A. §§ 203(b)(4), 304(c)(6)(D) (West Supp. IV part 1, 1976).

²¹³ *Id.*

²¹⁴ H. REP., *supra* note 8, at 127.

upon service of the termination notice,²¹⁵ and because an agreement to convey such terminated rights to the original grantee may be made after service of the termination notice but before the effective date of termination, the original grantee is entitled to claim the benefit of the further grant of the terminated rights. If necessary, the grantee should be able to demand specific performance.

Assume the same facts described above, except that the author contractually agrees to convey the terminated rights to a third party (rather than to the original grantee). The agreement is invalid because it was made before the effective date of termination, and therefore the third party takes nothing. But as between the author's estate and the author's surviving spouse and children, who prevails? Because the author died after the termination interest had vested in him or her, the author's estate rather than the surviving spouse and children would be entitled to the terminated rights.

B. *Who May Make Further Grants or Agreements to Make Further Grants of Terminated Rights?*

A further grant, or an agreement to make a further grant, of any right that has theretofore been terminated by operation of the statutory termination provisions must be executed by the same number and proportion of owners of the termination interest as was necessary in order to effectuate the prior termination.²¹⁶ Thus, if a majority of owners of the termination interest was required in order to terminate the grant of a given right, a majority is also required in order to make a new grant, or an agreement to make a new grant, of the same right.²¹⁷ The

²¹⁵ Text accompanying notes 123-27 *supra* (Section IIA(3)).

²¹⁶ 17 U.S.C.A. §§ 203(b)(3), 304(c)(6)(C) (West Supp. IV part 1, 1976).

²¹⁷ This introduces a theoretical anomaly. Five joint authors must be unanimous in their execution of any exclusive grants of their copyright interest, because they are perceived as cotenants of the copyright. See notes 89-91 *supra* & accompanying text. Three of the five may terminate the grant, and, it seems, three of the five may execute a new grant of the same rights.

On the other hand, the contencancy theory of ownership, note 89 *supra*, suggests that any joint author may grant a nonexclusive license. But if three of the five grant and then terminate a nonexclusive license, two of the three must join to regrant the terminated rights, under a literal reading of 17 U.S.C.A. §§ 203(b)(3), 304(c)(6)(C) (West Supp. IV part 1, 1976). Arguably, however, an author who grants nonexclusive rights retains the right to make further nonexclusive grants, and therefore a regrant of such rights by a single author after the termination of the grant by three coauthors is the exercise by the single grantor of his or her retained (not reverted) right. But sup-

precise individuals who joined in the termination, however, need not also join in the further grant or agreement to grant.²¹⁸ Thus, some of those who joined in the termination may decline to join in a further grant, and others who did not join in the termination may be party to the further grant.

The class of those who are qualified to join in a further grant or agreement to make a further grant consists of the same individuals who were qualified to terminate the original grant and is determined as of the time the termination interest vested.²¹⁹ If after such vesting a given member of the class dies, that member's "legal representatives, legatees, or heirs at law"²²⁰ under applicable state probate laws would stand in the member's shoes for purposes of further grants and agreements to grant. Thus, if a deceased author's widow or widower is living at the time the termination vests but dies before a further grant is made, those who claim through the widow's or widower's estate would be entitled to exercise the termination interest for the purpose of joining in a further grant.

C. *Who Is Bound by Further Grants or Agreements to Make Further Grants of Terminated Rights?*

Any member of the class entitled to join in a further grant or agreement to make a further grant is bound by such further grant or agreement, regardless of whether such person in fact joins in such grant or agreement.²²¹ This, of course, assumes that a sufficient number and proportion of the owners of the termination interest join in such a grant or agreement so as to render it a valid instrument.

pose that the three granting coauthors had promised the grantee that they would not make further nonexclusive grants (although the three coauthors cannot bind the two who did not join in the grant). When such a grant is terminated, only a majority of the original grantors can regrant any nonexclusive rights, because the right to grant such rights was acquired through reversion.

Thus, it seems that a grant and termination limits the ability of individual joint authors to veto exclusive grants of rights and individually to grant nonexclusive licenses. Exceptions cannot easily be read into the statute to restore theoretical consistency, because if one exception applies for exclusive grants, and another for nonexclusive grants, almost all grants of interests in joint works are covered. Furthermore, the application of this same statutory scheme to the statutory successors of a deceased sole author (or of one joint author) suggests a legislative intent not to create a tenancy in common in reverted rights in general.

²¹⁸ H. REP., *supra* note 8, at 127.

²¹⁹ Text accompanying notes 123-27 *supra* (Section IIA(3)).

²²⁰ 17 U.S.C.A. §§ 203(b)(3), 304(c)(6)(C) (West Supp. IV part 1, 1976).

²²¹ *Id.*

VIII. THE EFFECT OF FAILURE TO TERMINATE

If the persons entitled to terminate a grant²²² fail to serve a proper termination notice within the required time,²²³ or otherwise to comply with the required formalities,²²⁴ no termination will occur by operation of the provisions of the new Act.²²⁵ The grant will continue in effect unless terminated by its own terms or for other reasons.²²⁶

IX. CONCLUSION

In the next few years the energies of copyright lawyers and the courts will be devoted in large measure to understanding and assimilating these intricate new termination provisions. If this Article does not explore all of the problems, nor offer all of the answers, it is hoped that it offers a useful base for the beginning of such exploration.

²²² Text accompanying notes 86-139 *supra* (Section II).

²²³ Text accompanying notes 163-82 *supra* (Section VA).

²²⁴ Text accompanying notes 183-95 *supra* (Section VB).

²²⁵ 17 U.S.C.A. §§ 203(b)(6), 304(c)(6)(F) (West Supp. IV part 1, 1976).

²²⁶ For a discussion of the circumstances justifying the grantor's revocation of a grant of renewal rights, see 2 TREATISE, *supra* note 6, at § 130.