The Termination of Transfers Provision of the 1976 Copyright Act: Is It Time to Alienate it or Amend it?

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The Termination of Transfers Provision of the 1976 Copyright Act: Is it Time to Alienate it or Amend it?

I. INTRODUCTION

Article 1, Section 8 of the U.S. Constitution empowers Congress "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." The framers of the Constitution recognized that creativity and inventiveness benefitted all of society and should therefore be encouraged. Therefore, by granting "authors and inventors" a limited monopoly in their works, the Constitution encourages "authors and inventors" to continue in their creative endeavors by receiving the fruit of their labors. With the Statute of Anne of England in mind, the first Congress drafted the first American Copyright Act in 1790, keeping with the mandate to achieve a balance between stimulating authors' creativity and promoting broad public availability of authors' creative works. Throughout the years since 1790, the Copyright Act has undergone major revisions as the sophistication of society has increased, changing the needs for copyright protection. The focus on protection of authors has remained constant. The termination of transfers provisions of both the Copyright Act of 1909 and 1976 have frequently been accused of being overly paternalistic towards authors and scientists.

1. See U.S. CONST. art. I, § 8, cl. 8. This grant of limited monopoly to authors and scientists allows them to benefit from the fruit of their labors. See Virginia E. Lohmann, Note, The Errant Evolution of Termination of Transfer Rights and the Derivative Works Exception, 48 OHIO ST. L.J. 897, 898 (1987).
3. See Lohmann, supra note 1, at 898.
4. Statute of Anne, 1710, 8 anne, ch. 19 (Eng).
6. See Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932); see also Lohmann, supra note 1, at 898.
8. See Patry, supra note 5, at 915-17.
their ability to negotiate for themselves. This overprotective approach has created a tension between authors and publishers that prevails today. Moreover, the arrival of the motion picture industry has created specialists in negotiations and contracting for both sides, changing the equation entirely. Authors are no longer at the mercy of the mighty publisher. Instead, because the termination of transfers provisions are modernly inalienable, the tables have turned so that an author contributing a bare story line may hold hostage the entire studio that developed his story line into a blockbuster movie once the termination of transfer occurs. Therefore, the balance between authors and publishers has lost its calibration. This article will trace the history of this tension through the Copyright Acts of 1909 and 1976 by examining the termination of transfers provisions of each Act. Finally, this article will evaluate the available ways to circumvent the inalienability of the termination of transfers to restore the balance between authors and publishers.

II. THE 1909 COPYRIGHT ACT

A. Purpose of the Act

The prior system of copyright, originating with the Statute of Anne, implemented the two-term copyright structure, thereby returning copyright to the living author or his executors, administrators, or assigns after the first term. As the 1790 Copyright Act underwent revisions leading to the 1870 Act, the controversy between publishers and authors became bitter as publishers' resentment grew because the paternalistic nature of the scheme clearly favored authors. In 1905, Theodore Roosevelt initiated revisions to the existing 1870 Copyright Act because of the "prevailing view . . . that authors no longer needed to be 'treated as children' and protected from their own incompetence by the renewal device." After much debate, the popular view in Congress favored replacing the two-term system with a single term based on the life of the author. Nonetheless, as a result of William A. Jenner's 1907 publication The Publisher Against the People, Congress reversed itself. Instead, concerned with the imbalance of bargaining powers between the individual author and the powerful publisher, Congress renewed the two-term

10. See Mimms, supra note 9, at 598-99.
11. See id. at 599.
12. See id. The Librarian of Congress conducted revision conferences in 1905 and 1906 during which bills emerged restructuring the copyright system to one term consisting of life plus thirty years. See id.
13. See id. at 599-600.
14. See Patry, supra note 5, at 918-19 (noting that Samuel Clemens himself testified that the only reason he profited from the success of Innocents Abroad was because he had retained the renewal term rights in the story).
copyright under the 1909 Copyright Act to allow authors a second bite at the negotiation apple when the value of the work is more accurately known.\textsuperscript{15} Hence, the renewal term was designed to rescue authors from their imprudent bargains.\textsuperscript{16}

\textbf{B. Establishing Copyright under 1909 Act}

There were two schemes of copyright protection existing under the 1909 Act: federal copyright and common law copyright.\textsuperscript{17} Common law copyright vested at the time of creation as long as the work was not published or registered with the Register of Copyrights.\textsuperscript{18} Under this scheme, the work received unlimited protection so long as it remained unpublished.\textsuperscript{19}

Federal copyright protection under the 1909 Copyright Act vested at the time of publication of the work with proper notice.\textsuperscript{20} Notice required the use of either the word "copyright," "copr.,” or “©”, in addition to the year of publication and the name of the owner of the copyright appearing on the title page or the page immediately following the title page of a literary work.\textsuperscript{21} Publication without notice or with defective notice immediately "injected the work into the public domain."\textsuperscript{22} Although the Act did not define "publication,” common law interpreted publication as occurring “when by consent of the copyright owner, the original or tangible copies of a work are sold, leased, loaned, given away, or otherwise made available to the general public."\textsuperscript{23} In order to protect authors from the harshness of defective notice, the courts could find that only a “limited publication” occurred if the publication was “not in the public domain” or generally published.\textsuperscript{24}

\begin{itemize}
\item \textsuperscript{15} See Mimms, supra note 9, at 600-01; see also Saunders, supra note 2, at 185.
\item \textsuperscript{16} See Mimms, supra note 9, at 601; see also Saunders, supra note 2, at 185.
\item \textsuperscript{17} See Melville B. Nimmer, A Preliminary View of the Copyright Act of 1976, 3-4 (1977).
\item \textsuperscript{18} See Melville B. Nimmer et al., Cases and Materials on Copyright § 1.03, at 39 (5th ed. 1998).
\item \textsuperscript{19} See id.
\item \textsuperscript{20} See id. § 3.01, at 197-98.
\item \textsuperscript{21} See id. at 198-99.
\item \textsuperscript{22} See id. at 199.
\item \textsuperscript{23} See Bell v. Combined Registry Co., 397 F. Supp. 1241, 1248 (N.D. Ill. 1975) (quoting Melville B. Nimmer, Copyright § 49 (1971) and holding that Plaintiff forfeited copyright protection in his poem when he circulated copies of it without proper notice to the American Troops in World War II) aff'd, 536 F.2d 164 (7th Cir. 1976).
\item \textsuperscript{24} See White v. Kimmel, 193 F.2d 744, 746-47 (9th Cir. 1952) (ruling that an author's desire to reproduce, circulate and distribute over 100 copies of his novel did not constitute limited publication).
\end{itemize}
C. The Two-Term Structure and Renewal

Federal Copyright protection consists of two separate terms of twenty-eight years commencing from the date of publication. During the year prior to expiration of the first term, the author had to affirmatively renew his copyright in order to obtain the second term of twenty-eight years. Failure to seek renewal prior to the expiration of the first term resulted in the work falling irrevocably into the public domain. The right to renew belonged exclusively to the author, if living, or his widow, widower, children, and then his executor or next of kin in the absence of a will returning the copyright to the original owner. This is known as reversion.

According to the congressional record from the hearings discussing the 1909 Act, only five percent of the copyrighted works were ever renewed.

Under the 1909 Act, all of the rights that attached to the copyright could be assigned. These rights included the right of reproduction, distribution, performance, display, and preparation of derivative works. These rights transferred on assignment as a whole rather than individually. Section 28 of the Copyright Act of 1909 provided that the author could assign his copyright by written instrument either during the first term or, after renewal, the second term. Because the second term did not accrue until after the first term was renewed during the twenty-seventh year, it was an expectancy only until such time as it actually vested. Because the author may not own the renewal rights at the time of renewal they become due by virtue of his death, and any purchaser who entered an agreement with the author

25. See 17 U.S.C. § 24 (1999), which provides in part: Duration, renewal and extension. The copyright secured by this title shall endure for twenty-eight years from the date of first publication. ... the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: And provided further, ... 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 next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright.

Id.

26. See id.
27. See id.
29. See Nimmer, supra note 18, § 5.02 at 337 n.1.
30. See Mimms, supra note 9, at 599 n.43.
32. See id.
33. See id.
34. See Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 375 (1960); see also Mimms, supra note 9, at 612-13; see also Saunders, supra note 2, at 186.
assigning the second term prior to the renewal assumed the risk that the renewal expectancy might not come to fruition. 35

The statute left unresolved whether the second term could be assigned during the first term. 36 In Fisher Music Company v. M. Witmark & Sons, 37 the Supreme Court addressed that issue affirmatively holding that an author's contract assigning the second term of copyright must be honored. In that case, the authors of the song "When Irish Eyes Are Smiling" assigned both terms of their copyright rights in the song by contract to Witmark. 38 The contract provided for the assignment of all rights and renewals in the song. 39 In compliance with the contract, Witmark applied for and registered the renewal copyright. 40 Two weeks later, Graff, the only surviving author, also renewed the copyright in his own name and thereafter sold his renewal copyright to Fred Fisher Music Co., Inc. in spite of the prior contract with Witmark. 41 Without permission from Witmark, Fisher published and sold copies of the song. 42 Witmark filed suit for copyright infringement to enjoin any further infringement. 43 Eventually, the United States Supreme Court granted certiorari to determine whether a contract assigning the renewal term during the first term was valid in light of the statutory construction and intent of Congress behind section 23. 44

Mr. Justice Frankfurter, writing the opinion for the Court, drew from the language of the 1709 Statute of Anne that expressly included the author's assigns as renewal beneficiaries. 45 Tracing the issue throughout the revisions since then, he noted that the 1790 statute expressly gave the right to renew to the author, his "executors, administrators, or assigns", while the 1831 revision eliminated "assigns." 46 Justice Frankfurter considered the omission only minor in the context of the overall purpose of the amendment—to further broaden the rights granted to authors. 47 In so holding, the purpose of the 1909 Act to protect authors and their families would be fulfilled by allowing the author to assign the renewal term before

35. See Mimms, supra note 9, at 612-13.
36. See id. at 601-02.
37. 318 U.S. 643 (1943).
38. See id. at 645.
39. See id.
40. See id. at 646.
41. See id. at 646 n.2.
42. See id.
43. See id.
44. See id. at 645-47.
45. See id. at 650.
46. See id (emphasis added); see also Mimms, supra note 9, at 602.
47. See Fisher Music Co., 318 U.S. at 650-51.
it had been secured. And so he ruled. An agreement to assign the renewal term would be binding on the author provided he survived. But, the assignment of the second term by agreement during the first term was an expectancy which only vanished if the author did not survive. In that case, the renewal right then vested in the statutory beneficiaries.

Once again this decision sparked the debate between authors and publishers. If an author could assign both terms of copyright during the first term, what was the purpose of the second term? Publishers would refuse to purchase copyright if it did not include both terms, thus defeating the purpose of the two-term structure. To further complicate matters, the issue of copyright in derivative works came into play.

D. Derivative Works

A derivative work is a work substantially based on the initial or underlying work made with the permission of the original author. Of course, if the underlying work is in the public domain, then no authorization is required. Section 7 of the 1909 Copyright Act defines derivative works as follows:

Compilations or abridgements, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title; but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

Provided the derivative work meets the originality requirements for vesting
copyright, separate copyright attaches to the new work. Therefore, a movie based on a novel, an arrangement of a song or a musical derived from a play all qualify as derivative works entitled to independent copyright. The new copyright attaches only to the new material contained within the derivative work and does not serve to revive any copyright in an underlying work that is already in the public domain. 

"[A] derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work." Additionally, publication of the derivative work does not publish the unpublished underlying work.

**E. Effect of Reversion on Existing Derivative Works**

The author/publisher debate shifted in determining the rights of the copyright owner in the derivative work versus the rights of the copyright owner in the underlying work. The derivative works issue becomes complicated when the copyright in the underlying work expires. If the derivative work was created under the authorization of assignment of a work in its first term of copyright, the assignment dissolves at the end of the first term and the author or statutory beneficiary resumes ownership of copyright by operation of the renewal provision of the 1909 Copyright Act. The new term is deemed a "new estate" allowing the owner of the renewal term to exploit the work free from any licenses, assigns or other agreements made during the initial term.

The question becomes, then, what rights does the owner of the copyright in the derivative work have to exploit his derivative work once the reversion in the
underlying copyright occurs? The first line of cases to decide this issue held that the derivative work owner lost the right to further exploitation. In *Fitch v. Schubert*, the first such holding, Plaintiff obtained copyright in the underlying work as a statutory beneficiary when his cousin Clyde Fitch died intestate passing the remaining interest in the first term of copyright in his play, *Barbara Frietchie, the Frederick Girl*, to Fitch's mother. Fitch's mother then bequeathed the copyright interest to the Actor's Fund of America. In 1925, the Shuberts contacted Actor's Fund of America and secured copyright license to produce a musical version of the play. The first term expired in 1928, with next of kin Clyde Fitch obtaining renewal for the second term. Fitch entered into an agreement with the Shuberts granting them license on payment of royalties to continue exploiting their derivative work. Despite this agreement, Fitch sued the Shuberts enjoining any further exploitation of their derivative work, carrying out his threat to bar use of the musical unless the Shuberts agreed to pay even more money. The Court denied the injunction based on the licensing agreements, reserving judgment as to the term of license. Thus, the holding established that the proprietor of a derivative work cannot further exploit that work without first acquiring license from the statutory beneficiary to the renewal term of the underlying work.

The second major decision on this issue came by way of *G. Ricordi & Co. v. Paramount Pictures, Inc.* concerning the production of the famous opera Madame Butterfly. In 1897, John Luther Long wrote the novel *MADAME BUTTERFLY* and secured copyright. Long assigned his copyright in the novel to David Belasco who subsequently created the derivative play. In 1901, Long and Belasco contracted with G. Ricordi to write the libretto for an operetta based on the play. Although Long renewed the copyright to the novel in 1925, Belasco failed to renew copyright in the play. Consequently, the new material contained in the play fell
into the public domain. \^{82} Paramount Pictures obtained the motion picture rights of the renewal term in the novel in 1932. \^{83} Ricordi sued Paramount Pictures under the premise that he held the motion picture rights of his operetta. \^{84} However, the court held that Ricordi’s copyright only protected the new material in the operetta, not the common elements from the play or the novel, and therefore excluded motion picture rights in the operetta. \^{85} Consequently, Paramount Pictures could make a movie based on the novel and the play without using the music from Ricordi’s operetta. \^{86} Ricordi, on the other hand, could exploit the music and added material in the operetta but could not make a movie based on the story embedded in the lyrics of the music. \^{87} This case came to stand for the proposition that a “derivative work proprietor may not continue to exploit the underlying work originally granted after the transfer of rights to use that underlying work was terminated.” \^{88}

With these decisions, the court has continued to favor the author of the underlying work over the purchaser of the assignment in keeping with the constitutional framers’ intent to afford authors the limited use of their works in order to promote the scientific and useful arts. \^{89} Professor Nimmer developed his subordination theory based on this line of decisions, asserting that the derivative work rights are secondary to the rights in the underlying material when a conflict between the two interests arises. \^{90}

But, when the derivative work involved is a movie, where substantial financial investment exists in the derivative work, has the balance between author and “publisher” now reversed? \^{91} In Rohauer v. Killiam, \^{92} the second circuit shifted the balance in recognizing the equities involved when a derivative work proprietor makes a significant investment in his work. \^{93} In Rohauer, British subject Edith Hull authored the novel “The Sons of the Sheik.” \^{94} The novel received U.S. copyright protection when the work was published in the United States in 1925. \^{95} By contract signed in 1925, Hull assigned the motion picture rights to Joseph H.
Moskowitz in exchange for $21,000. In that agreement, Hull specifically agreed "to renew or procure the renewal of the copyrights in the story prior to their expiration and thereupon to assign to [Moskowitz] the motion picture rights for the renewal term." In 1926, a successful silent film starring Rudolph Valentino was produced and released in the United States. Moskowitz' assignees secured copyright protection in the film on August 24, 1926, which was renewed in 1954 by the successors in interest and then transferred to Killiam Shows, Inc. Edith Hull died in 1943 prior to the renewal year for the underlying novel. Consequently, her sole surviving child, Cecil Hull, renewed the copyright in 1952 and assigned all of her rights to Rohauer in 1965 for the equivalent of $1250. Television station WNET rebroadcast the movie Son of the Sheik on July 13, 1971 and Rohauer sued for copyright infringement. Rohauer argued that because the reversion Cecil Hull inherited constituted a "new estate" in the underlying copyright, free from all prior assigns and licenses, all rights in the derivative work resulting from the previous assignment terminated on reversion.

Despite the prior ruling in the Fisher case, the Rohauer court found the opinion far less settled. In fact, it noted that the current Register of Copyright, Barbara A. Ringer, was rather tentative on the matter, and that other law review articles were simply conclusory on the subject. In addition, other articles had been written that were quite contrary to the "settled" view:

[t]he cases indicate that the proprietor of the copyright in an authorized new work who no longer has authorization to use the underlying work may continue to use the new work in substantially identical form but may not create a new version of the new work which also constitutes a new version of the underlying work. For the first time, the court noted the evolving equities with the new medium weighing the policy considerations:

the equities lie preponderantly in favor of the proprietor of the derivative copyright. In contrast to the situation where an assignee or licensee has done nothing more than print, publicize and distribute a copyrighted story or novel, a person who with the

96. See id.
97. See id.
98. See id.
99. See id.
100. See id.
101. See id.
102. See id. at 486-87.
103. See id. at 492.
105. See id. at 492-93.
106. See id.
107. See id. at 493 (citing Professor Donald Engel in 12 BULLETIN OF THE COPYRIGHT SOCIETY 83, 119-20 & n.126 (1964)).
consent of the author has created an opera or a motion picture film will often have made contributions literary, musical and economic as great as or greater than the original author.  

Because of the difficulty in determining the identity of the statutory heirs when initially contracting with the author of the work, once the significant investment is made in the derivative work, the copyright holder of the derivative work has little means of protection. The court further noted the problem to be equally existing as to licensees and assignees in the underlying work who have not created a derivative work, but due to the lack of investment is less of a consideration. "To be sure, this problem exists in equal degree with respect to assignments or licenses of underlying copyright, but in such cases there is not the countervailing consideration that large and independently copyrightable contributions will have been made by the transferee." Furthermore, the court distinguished Rohauer from Fitch and Ricordi because only the Rohauer assignment agreement included the renewal term and therefore the latter two had no expectancy beyond the first time in utilizing the derivative work.  

Finally, drawing from the legislative history of the newly enacted 1976 Copyright Act derivative works exception to the termination of transfer provisions, as well as the for above stated-reasons, the court ruled that no infringement occurred.

The Rohauer decision instantly changed the manner of deal-making within the

108. Id.  
109. See id.  
110. See id.  
111. Id.  
112. See id. at 490-91; see also Mimms, supra note 9, at 611-12.  
113. See 17 U.S.C. §§ 203(b)(1), 304(c)(6)(A); see also Rohauer, 551 F.2d at 494 n.11 (citing S. Rep. No. 94-473 at 111 (1975): "An important limitation on the rights of a copyright owner under a terminated grant is specified in section 203(b)(1). This clause provides that, notwithstanding a termination, a derivative work prepared earlier may 'continue to be utilized' under the conditions of the terminated grant; the clause adds, however, that this privilege is not broad enough to permit the preparation of other derivative works. In other words, a film made from a play could continue to be licensed for performance after the motion picture contract had been terminated, but any remake rights covered by the contract would be cut off."); see also Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1975 Revision Bill, October-December 1975, ch. XI, p. 10: "Section 203 is a compromise that attempts to balance the interests of individual authors and their transferees in a fairer way than the present renewal provision."

114. See Rohauer, 551 F.2d at 493 (noting that the owner of a derivative copyright has no effective means of protecting himself "against the eventuality of the author's death before the renewal period since there is no way of telling who will be the surviving widow, children, or next of kin or the executor until that date arrives").
motion picture industry. Assignment contracts were created and entered into with the understanding that use of the derivative work would continue even after expiration of the underlying copyright term. However, these contracts later became problematic as the court began to reverse itself.

The Rohauer opinion was also the subject of much criticism for its strained interpretation of the portion of 17 U.S.C. § 7 commonly known as the "force or validity clause":

[but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.]

Judge Friendly construed this portion solely to preclude any attempt to revive the underlying copyright simply by making minor changes. Defendants argued that this "but" clause prevented only second-generation derivative works and not, as Plaintiffs argued, the total proscription of the derivative work. The actual difficulty in interpreting the "force or validity clause" found in section 7 of the 1909 Copyright Act, as to motion picture derivative works, is that this medium did not exist at the time the 1909 Copyright Act was written. Hence, Judge Friendly attempted to ascertain the intent of the drafters on a matter that they never even contemplated.

Friendly's decision was further criticized for distinguishing Rohauer from Fitch and Ricordi on the grounds that only the Rohauer parties actually bargained for the renewal term in the assignment agreement in their exchange. Mimms notes that Judge Friendly's distinction of the cases on this ground shows his misconception of the nature of the assigned renewal interest. Because the renewal interest is a future interest, it does not vest until renewal. As with any future interest, the assignee takes only what the owner has to assign, that is, an expectancy only:

until [the renewal period] arrives, assignees of renewal rights take the risk that the rights acquired may never vest in their assignors. A purchaser of such an interest

115. See Saunders, supra note 2, at 180-81 n.4 and accompanying text.
116. See id.
117. See id. at 202.
118. See Mimms, supra note 9, at 607.
120. See Mimms, supra note 9, at 608.
121. See id.
122. See Saunders, supra note 2, at 201.
123. See id. (citing Rohauer v. Killian Shows, Inc., 551 F.2d 484, 486 (2nd Cir. 1977)).
124. See Mimms, supra note 9, at 610-11.
125. See id. at 612.
126. See id.
is deprived of nothing. Like all purchasers of contingent interests, he takes subject to the possibility that the contingency may not occur. 127

In signaling the first retreat from the Rohauer decision, the Ninth Circuit in Russell v. Price128 applied Nimmer’s subordination theory in holding that the unlicensed rental of a derivative movie in the public domain based on the play Pygmalion infringed on the play’s still existing copyright.129 George Bernard Shaw copyrighted his play Pygmalion in 1913.130 After renewing the copyright in 1941, the work remained protected through 1988.131 In 1966, for reasons not stated in the record, the copyright on the MGM film based on Pygmalion expired, thus placing the work in the public domain.132 The play’s copyright proprietors licensed Janus Films to exclusively distribute the film Pygmalion.133 Upon discovering that Budget Films was leasing copies of the film, Janus filed suit against Budget for copyright infringement.134 In reliance on the Rohauer decision, Defendants contended that anyone was free to distribute prints of the film because it was now dedicated to the public.135 The court, however, did not find the extenuating circumstances, as were present in the Rohauer case where the derivative work proprietor had made a substantial contribution to the underlying work, and thus requiring the balancing of the equities.136 Here, Budget sought to take advantage of a work in the public domain to which it had contributed nothing.137 That being the case, the court refused to extend the Rohauer decision beyond its facts to allow a noncontributing exploiter of a derivative work to continue that exploitation when a valid copyright remained in the underlying work.138 Once the derivative copyright expired, there was no longer a conflict between the underlying work and the

127. Id. at 612-13 (citing Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 378 (1960) (emphasis added)).
128. 612 F.2d 1123 (9th Cir. 1979).
129. See id. at 1128.
130. See id. at 1124.
131. See id. The copyright would have expired during the freeze period, therefore it was extended by 19 years pursuant to 17 U.S.C. § 304(b). See id.
132. See id. at 1124-25.
133. See id. at 1125.
134. See id. Initially Janus brought suit in California state court under the theory of unfair competition. See id. However, after two and one half years of litigation, the court dismissed the action for lack of jurisdiction and held that the true nature of the lawsuit was copyright infringement. See id. Janus, acting under power of attorney from the English copyright proprietors, then filed the instant action. See id.
135. See id. at 1126.
136. See id. at 1127.
137. See id. at 1127-28.
138. See id. at 1128.
derivative work. Consequently, the court reaffirmed the prior doctrine "that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work."

With the Ninth Circuit seemingly in conflict with the Second Circuit, the Supreme Court granted certiorari in Stewart v. Abend to resolve the issue. Cornell Woolrich wrote a short story first published in Dime Detective Magazine in February 1942, entitled "It Had to be Murder." In 1945, Woolrich assigned the motion picture rights to the story to B.G. De Sylva Productions agreeing also to assign the renewal term. Later, in 1953 De Sylva's successors in interest sold the motion picture rights to "It Had to be Murder" to Alfred Hitchcock and Jimmy Stewart for $10,000 and Paramount Pictures produced and distributed the resultant film "Rear Window." When Woolrich died in 1968, prior to the renewal year leaving no heirs, his executor Chase Manhattan Bank renewed the rights to "It Had to be Murder" and sold them to Abend. ABC televised "Rear Window" in 1971 and Abend sued Hitchcock, Stewart and MCA for infringement. This lawsuit settled for $25,000. However, three years later the United States Court of Appeals for the Second Circuit decided Rohauer holding that the derivative works proprietor had an independent right to exploit the derivative work even though the initial grant had terminated. Several years later in reliance on that opinion, Petitioners re-released "Rear Window" in several media forms. Once again, Abend sued claiming that this re-release combined with Petitioner's plans to make

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139. See id. (noting that the main difference between Russell and Rohauer was the nonexistence of conflicting copyright interests). The Rohauer court applied the "new estate" theory to derivative works as Nimmer succinctly stated, 

140. See id. at 1128 (citing MELVILLE NIMMER, 1 NIMMER ON COPYRIGHT, §§ 3.07(A), 3.23 (1979); see also Russell, 612 F.2d at 1128 n.13.


142. See Saunders, supra note 2, at 180.

143. See id. at 196.

144. See id. at 212. Woolrich assigned a group of stories which included "It Had to be Murder" to De Sylva for $9250. See id.

145. See id.

146. See id. at 196-97. The purchase price was $650 plus 10% of all proceeds from use of the story. See id. at 197.

147. See id. at 197. MCA, Inc., Hitchcock, and Stewart owned "Rear Window" along with the renewal rights to the film. See id.

148. See id. at 212.

149. See id. at 213 (citing Rohauer, 551 F.2d at 494).

150. See id. The new release included public exhibition of the motion picture in theaters, on cable television and videocassettes for sales and rental. The new media consisted of 35 and 16-millimeter prints for theatrical exhibition in the U.S. as well as on videodiscs and videocassettes. See id.

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a sequel, interfered with his ability to make his own derivative work.\textsuperscript{151} The Court of Appeals for the Ninth Circuit held that the assignee of a renewal term during the first term "[l]ike all purchasers of contingent interests, he takes subject to the possibility that the contingency may not occur."\textsuperscript{152} The court reasoned that because of the conflict that existed between the underlying and derivative copyrights, to rule in favor of Petitioners would curtail the rights of the underlying copyright proprietor.\textsuperscript{153} The Court could find no support for this position in either the 1909 Act or 1976 Act.\textsuperscript{154} In fact, specifically looking at the legislative history of section 24 of the 1909 Act, the Court found that when "Congress altered the provision so that the author could assign his contingent interest in the renewal term," that assignment could not divest his statutory heirs of their rights to renew.\textsuperscript{155}

Turning next to the policy issues raised in the \textit{Rohauer} decision, the Court refrained from interpreting section 7 to create a new work that extinguishes any infringement right the pre-existing work's proprietor may have held.\textsuperscript{156} In balancing the equities, the \textit{Rohauer} court made the pre-existing copyright irrelevant by "shift[ing] the focus from the right to use the pre-existing work in a derivative work to a right inhering in the created derivative work itself."\textsuperscript{157} Because this departure went against axiomatic principles of copyright—that an author owns copyright only in that which owes its originality to him—it could not survive.\textsuperscript{158} The fact remains that so long as the underlying work remains out of the public domain, it is protected no matter how intertwined with the subsequent work.\textsuperscript{159}

The final policy issue raised in the \textit{Abend} decision addressed the concomitant goal of the Copyright Act in ensuring that the public interest is protected by

\textsuperscript{151} See id. at 213-14. Abend claims that he was negotiating with HBO to create a play and a television version of the story at the time of this re-release. See id.
\textsuperscript{152} See id. at 215.
\textsuperscript{153} See id. at 216.
\textsuperscript{154} See id.
\textsuperscript{155} See id. at 217 (citing the Copyright Act of May 31, 1790, ch. XV, § 1, 1 Stat. 124 (superceded by the Copyright Act of 1976), and the Copyright Act of February 3, 1831, ch. XVI, 4 Stat. 436 (superceded by the Copyright Act of 1976)).
\textsuperscript{157} See Abend, 495 U.S. at 222.
\textsuperscript{158} See id. at 223.
\textsuperscript{159} See id. at 223-224 (citing Gilliam v. ABC, 538 F.2d 14, 20 (2d Cir. 1976) ("It is irrelevant whether the pre-existing work is inseparably intertwined with the derivative work"); Russell v. Price, 612 F.2d 1123, 1128 (9th Cir. 1979) (holding that infringement occurs when the derivative work no longer has license as long as the underlying work remains protected); 17 U.S.C. § 103 (1976) ("[C]opyright protection of a work extends to 'all matter therein in which copyright is already subsisting, but without extending the duration or scope of such copyright'") (citation omitted)).
effective dissemination of creative works. Amicus Columbia Pictures contended that some owners would refuse to negotiate or would demand such an exorbitant price that the derivative work would be retired from public use in contravention of the public interest goal of the Copyright Act. On this the Court deferred to Congress. Nonetheless, the Court commented that any exorbitant initial offer did not preclude further negotiation. Moreover, despite the desire to strike a balance between the artists’ interest and the public’s interest, the Copyright Act awards artists a limited monopoly in their work, enabling them to obtain a fair price for the fruit of their labors. Consequently, if artists choose to withhold their work from the public, that is their prerogative.

As a result of the harsh holding and potential severe ramifications in Stewart v. Abend, studios negotiating assignments of copyright on works created between 1970 and 1978 take special precaution even to the point of avoiding purchasing the work. The “Abend Danger Zone,” derived by subtracting twenty-eight years from the present date and extending to January 1, 1978, targets works that were in their first term on the effective date of the 1976 Act. Although the Abend decision attempted to protect authors, in actuality it has hurt authors.

III. THE NEED FOR CHANGE

The Rohauer and Abend decisions reflect the need to revise the 1909 Copyright Act to accommodate the changing nature of derivative works. In fact, the Rohauer decision appeared to take into account the 1976 copyright revisions

160. See Abend, 495 U.S. at 228.
161. See id. (citing Brief of Amicus Curiae Columbia Pictures Indus. at 21, Stewart v. Abend, 495 U.S. 207 (1990) (No. 88-2102)). This brief stated that in the instant action, respondent demanded 50% of the movie’s future gross proceeds “which are so exorbitant that a negotiated economic accommodation will be impossible.” See id.
162. See id.
163. See id.
164. See id. at 229.
165. See id. at 228-29.
166. See Professor Ronnie Mueller Copyright Class (October 30, 1998) (unpublished lecture notes, Pepperdine University School of Law, on file with author). But see Saunders, supra note 2, at 180-81.
167. See Mueller, supra note 168.
168. See Mimms, supra note 9, at 633, quoting the response of motion picture representatives to the 1964 draft to the 1976 Copyright Act:

[It] has been and remains our position that any form of reversion whereby statutory authorization is given to the author to terminate any transfer of the copyright or of any exclusive right thereunder after a specified period of time, despite prior agreements to the contrary, is wrong in philosophy, and would be harmful in result in this day and age. [¶]...

[W]e will continue to oppose any effort to impose a statutory restraint on the freedom of persons to negotiate and contract with respect to rights in copyright properties. ...

Id.; see also Saunders, supra note 2, at 212 (noting that Abend stifled negotiations for works in their first term of copyright under the 1909 Act due to economic barriers in producing a work because of the difficulty in locating all potential heirs).
169. See Saunders, supra note 2, at 202-03.
to the 1909 Act that had not yet come into effect. While Rohauer attempted to balance the equities, taking into account the extensive investment of the derivative work proprietor, Abend returned to a strict construction of the 1909 Act, recognizing that the terms of the Act itself were ill-equipped to properly deal with a derivative work that substantially contributed to the underlying work. When derivative works consisted solely of making a play or musical from a novel, the 1909 Act solution adequately rewarded the parties for their contributions, either underlying or derivative. Allowing two opportunities to negotiate the terms of assignment to the author created the story line after a subsequent play incorporated that story seemed fair. After all, the playwright merely visualized and publicized the underlying work with minor changes. However, with the advent of motion pictures the nature of derivative works forever changed and outgrew the 1909 Act provisions. The assignee of the underlying story then makes an independent artistic effort as well as a substantial financial investment to develop the story into a motion picture, hiring box office stars and director with pre and postproduction expenses mounting into the tens of millions. This independent effort should receive protection but found none under the 1909 Act, or the subsequent law interpreting it.

Even still, the supposed purpose of allowing the author’s family to fully realize the financial value of the underlying story at time of reversion often did not materialize as demonstrated in the Rohauer case. There, Mrs. Hull received $21,000 for her initial assignment of the story. However, the daughter’s subsequent re-assignment earned only $1250. For this small sum, Rohauer, an individual far removed from the author’s family, prevented further exploitation of the derivative work until such time as the court rendered its decision nearly six

170. See Mimms, supra note 9, at 620 (noting that the apparent exception Judge Friendly made to § 24 of the 1909 Act bears uncanny resemblance to the termination of transfer provision of the 1976 Copyright Act).
171. See Rohauer, 551 F.2d at 493.
173. See Mimms, supra note 9, at 631 (referring to Irvin Karp’s comments during the hearings for the 1976 Copyright Act where, speaking on behalf of authors, he noted motion pictures should be exempt from reversion due to the great expense involved in creating something new).
174. See Josh Chetwynd, Lights, Camera, Money? Financiers play growing role in movie making, USA TODAY, March 8, 1999, at B1 (noting that according to the motion picture industry of America, the average movie costs $53.4 million and those with big-name stars easily exceed $100 million not including the additional $40 million marketing expense).
175. See Mimms, supra note 9, at 625.
176. See id.
177. See Rohauer, 551 F.2d at 486. It should be noted that the initial sum was intended to provide compensation for both terms of copyright. See id.
178. See id.
Likewise, in *Abend*, the statutory heir’s high demands placed the underlying work in litigation for several years and eventually resulted in the derivative work’s retirement until expiration of the underlying work without a second assignment. With the multiple re-assignments leading to copyright disputes between parties unrelated to the author, the policy requirement to ensure that the author or his family benefits from the assignment is often hollow.

**A. Congressional Hearings**

Beginning in 1955, Congress investigated possible revisions to the 1909 Act due to publishers’ complaints of the over-paternalistic nature of the renewal provision. In 1961 the Register of Copyright issued the *Report of the Register of Copyrights on the General Revision of the United States Copyright Law* for the purpose of crystallizing the core changes to later be incorporated into a bill. Between 1961 to 1964 members of the copyright bar met with the Copyright Office and other representatives of the interested parties to evaluate the proposals set forth in the 1961 Report of the Register and draft a bill with alternative provisions. Once the initial bill appeared in 1964, it underwent revisions during 1965 based on the voluminous comments received. Extensive negotiations and compromises ensued until the bill passed both Houses of Congress. These negotiations stalled for nearly ten years due to a conflict in Congress over the issue of community antenna television. But once that conflict was resolved in 1974, the legislative activity recommenced and resulted in the passage of revision bill S.22 by both Houses on September 30, 1976 and was signed into law by President Ford on October 19, 1976.

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179. See id. at 486-87. The infringing action occurred on July 13, 1971. The Supreme Court denied cert. on May 31, 1977. See id. at 484.
180. See Stewart v. Abend, 495 U.S. 207 (1990). The 1982 complaint prevented the re-release of the motion picture until after the Supreme Court rendered its 1990 decision. See id.; see also Rohauer, 551 F.2d at 486-87.
182. See Lohmann, supra note 1, at 901 n.36; see also Mimms, supra note 9, at 621.
184. See Mimms, supra note 9, at 621.
185. See id. at 621-22.
186. See id. at 622.
187. See id. at 622.
188. See id.
189. See S. 22, 94th Cong., reported in 122 CONG. REC. 31988 (1976).
190. See id. The House and the Senate both made revisions to the bill. However, the Conference Committee Report was adopted by both Houses. See Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976).
B. The Freeze Period

While the congressional hearings pressed forward, Congress implemented a “freeze” period between 1962 and 1977 to prevent subsisting copyrighted works in their second term from falling into the public domain.  

Because one of the major revisions anticipated in the new copyright act included an extension of the duration of copyright, Congress wanted to ensure that these works received the benefit of that revision once the act became law. Conversely, Congress did not want any of these works to lose the benefit of the new revision due to the fact that negotiations to enact the new legislation exceeded twenty years.

IV. THE 1976 COPYRIGHT ACT

The new act marked a significant departure from the prior philosophy of copyright law “deal[ing] with problems undreamed of by the drafters of the 1909 Act.” Under the 1976 Copyright Act, copyright protection attached at the point of creation of the work when an original work of authorship became fixed in tangible form. Consequently, the 1976 Act preempted common law copyright protection entirely. Although there were many changes incorporated in the 1976 Copyright Act, many of those changes are outside the scope of this article, which will only address the major changes that affected duration and the use of derivative works.

A. Elimination of the Two Terms of Copyright

The fundamental difference between the 1909 and 1976 Copyright Acts was the elimination of the two-term structure in exchange for a single term of life of the author plus fifty years. However, as of October 27, 1998, this term has been

191. See Melville B. Nimmer et al., Cases and Materials on Copyright § 5.01, at 336 (5th ed. 1998).
192. See id.
193. See id. at 336-37.
194. See Mimms, supra note 3, at 622 (citing Barbara Ringer, First Thoughts on the Copyright Act of 1976, 22 N.Y.L. SCH. L. REV. 477, 479 (1977)).
197. See Mimms, supra note 3, at 622-23.
extended to life of the author plus seventy years. Subsisting statutory works in their first term as of December 31, 1977, still must be renewed, but the renewal term was extended by nineteen years for a total of forty-seven years for the second term. Again, works in this category still under copyright on October 27, 1998, received an additional twenty-year extension. Copyrighted works in their second term as of December 31, 1977, received an initial nineteen-year extension and another twenty-year extension. Subsisting common law works also adopted the single term provision of life of the author plus fifty years. However, to prevent works from being injected into the public domain immediately, they were guaranteed protection until December 31, 2002. And, if the work was published between January 1, 1978, and December 31, 2002, it received protection at least until December 31, 2027. Although the Sonny Bono Act did increase the single term for these works by twenty years, it did not extend the minimum protection dates.

B. Termination of Transfers

Section 203 of the 1976 Act revived the concept of reversion by expressly allowing the author or his statutory heirs to terminate the transfer after thirty-five years from the date of the initial grant. If the grant included the right of publication, then termination could be affected thirty-five years from publication or forty years from grant, whichever was earlier. Subsisting copyrighted works as of December 31, 1977, also received a termination of transfer provision allowing the author or his statutory heirs to reclaim the nineteen-year extension period. The termination could be affected any time during a five year window beginning from the thirty-fifth year of grant provided the author or his statutory heirs gave statutory notice of termination as early as ten years, but no later than two years prior to termination. The living author, or if deceased, his statutory heirs

204. See id.
205. See id.
207. See 17 U.S.C. § 203. Section 203 states in pertinent part: "In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination . . . ."
208. See id.; see also Nimmer, supra note 200, at 975 (noting that the optional forty years was included in consideration of publishing practices to contract for a work before it is even written).
own the termination right. The author’s widow or widower owns the entire termination interest unless there are surviving children or grandchildren of the author. In that case, the widow owns a fifty percent interest and the children or grandchildren split the remaining fifty percent interest equally.

Like the reversion of the 1909 Act, the effect of the termination of transfers provisions returns all of the rights subject to grant back to the author as of the effective date of the termination. However, the termination provision expressly does not apply to derivative works. After years of stalemate between the authors and derivative users, the termination of transfers provision represented a compromise thus resolving their enduring tension. Or did it? The legislative history of section 203 indicates that reversion for the purpose of protecting authors from unremunerative transfers was the most vehemently contested issue during the revision hearings. Section 24 of the 1909 Act proved most problematic due to the ambiguity created by enforcing contractual assignments of both terms if the author survived while invalidating the contract when he did not. Some argued that enforcing the assignment into the second term defeated the purpose of the reversion provision. It was argued that the assignee was left in a dubious position unable to ascertain the statutory owner of the reversion until the twenty-eighth year of the first term. For these reasons, the renewal provision was the most litigated section of the 1909 Act thereby warranting its removal from

211. See id. § 203(a)(1).
212. See id. § 203(a)(2).
213. See id.
214. Unlike the 1909 Act, the individual rights belonging to the copyrighted work may be assigned jointly or separately. Consequently, the author may have only assigned the right to prepare a derivative work while retaining the right to perform, display, reproduce or distribute the work. See Nimmer, supra note 18, § 6.02 at 398-99.
216. See id. § 203(b)(1) which states: “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.”
217. See Mimms, supra note 9, at 625.
218. This article will summarize the key elements as to the termination of transfer provision and derivative works exception thereto but does not purport to be a complete legislative history. For a complete legislative history, see Mimms, supra note 9, at 626-34.
221. See id.; see also Mimms, supra note 9, at 626.
the new act. The countervailing arguments of the Register of Copyright nonetheless insisted on special protection for authors against unremunerative transfers because of the unpredictability of the revenues generated by derivative works and the inability of lump sum payments to adequately provide the author with his fair share of the profits educed from his work. On the other hand, derivative users and publishers refused to accept any provision other than one providing complete assignment in exchange for a lump sum payment, arguing that anything less would interfere with the parties right to contract freely and such protection is no longer warranted given authors' strengthened bargaining position modernly.

We are not blind to the attractive force of the Register’s proposals. There must always be a certain glamour in the idea of riding forth, like a knight of old, to rescue the maiden, authorship, from the dragon of unremunerative transfers. But the age when a mean-spirited publisher would offer no more than 5 pounds to John Milton for ‘Paradise Lost’ is as dead and gone as the age of chivalry. Today, the dragon is a myth; the maiden, a muscular Brünnehilde; and the gallant knight, we fear, more nearly akin to Don Quixote than to St. George.

Both the authors’ groups and the motion picture industry representatives agreed that any proposed termination of transfers provision should exempt motion pictures and not all derivative works. Consequently, the end result met with disapproval from both groups: authors’ groups opposed the over-inclusiveness of all derivative works in the exception; motion picture industry representatives objected to the reversion concept entirely. Nonetheless, the parties compromised and accepted the terms of section 203 as enacted.

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222. See 1961 REPORT OF THE REGISTER, supra note 115, at 53; see also Mimms, supra note 9, at 626; Mimms, supra note 3, at 626.
223. See 1961 REPORT OF THE REGISTER, supra note 185, at 53; see also Mimms, supra note 3, at 626.
226. See id. at 630-31 (citing COPYRIGHT LAW REVISION, PART 2, at 265 and HOUSE COMM. ON THE JUDICIARY, 88th CONG., 2nd SESS., COPYRIGHT LAW REVISION, PART 3, PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW AND DISCUSSIONS AND COMMENTS ON THE DRAFT 294 (Comm. Print 1964) [hereinafter cited as COPYRIGHT LAW REVISION, PART 3] (comments of Irwin Karp).
227. See id. at 633.
228. See id. at 634.
1. The Derivative Works Exception

The derivative works exception to section 203 allows the existing derivative work proprietor to continue exploiting that work after the underlying copyright reverts but precludes any additional remake, sequels or other derivative works.\footnote{See 17 U.S.C. § 203(b)(1).}

An important limitation on the rights of a copyright owner under a terminated grant is specified in section 203(b)(1). This clause provides that, notwithstanding a termination, a derivative work prepared earlier may “continue to be utilized under the conditions of the terminated grant; the clause adds, however, that this privilege is not broad enough to permit the preparation of other derivative works. In other words, a film made from a play could continue to be licensed for performance after the motion picture contract had been terminated, but any remake rights covered by the contract would be cut off.”\footnote{Rohauer v. Killiam Shows, Inc. 551 F.2d 484, 494 n.11 (2nd Cir. 1977) (citing to S. Rep. No. 94-473 (1975) in enacting the 1976 Act).}

2. Who May Terminate a Transfer?

A “transfer” of copyright includes assignments as well as exclusive licenses or conveysances of any of the exclusive copyright rights.\footnote{See 17 U.S.C. § 101 ("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.").}

The termination of transfer provision does not apply to grants involving works for hire.\footnote{See 17 U.S.C. § 203(a); see also §§ 101 (defining works for hire), 201(b) (defining the employer as the author of a work for hire).}

Section 203 expressly precludes the author from divesting himself of the right to terminate the copyright transfer by any agreement.\footnote{See 17 U.S.C. § 203(a)(1) & (2): In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author’s termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author’s interest. Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grand-children . . . .}
the author from bequeathing any grant by will.234 This exclusion operates to prevent an author from disinheriting any of his statutory heirs. Intestacy may by operation of law transfer a work but this is not considered a "grant."235 When the author dies, his statutory heirs identified in section 203 inherit the inalienability of the termination rights but not before then.236 Notably, if the author survives and serves notice of termination but then dies prior to the effective date of the termination, his estate and not his statutory heirs will receive the reversion.237 On the other hand, if the author survives until the time in which he may serve notice but does not in fact serve notice, then his statutory heirs take the reversion.238 The class of recipients of the rights terminated is determined on the date notice of termination was served rather than the effective date of termination.239 Hence, if a surviving spouse of the author dies after already serving notice of termination, the spouse's estate receives the spouse's interest in the terminated rights.240 Conversely, if the spouse dies prior to serving notice, then the author's children own the termination interest equally.241

For works of joint authorship under a previously executed grant, the date of execution of the grant becomes crucial.242 For grants executed after January 1, 1978, termination requires a majority of the joint authors who executed the grant to be effected.243 A "majority" is defined as the number of joint authors rather than a majority ownership in the work.244 However, a single joint author may transfer only as much interest in the work has he himself holds.245 When the other joint authors appoint a smaller group of the joint authors to negotiate for all of the joint authors, a grant executed by this small group will be considered the grant of all when determining termination rights.246

So, the majority joint-author rule allows a majority of the joint authors who signed the original grant to terminate that grant at the proper time.247 If there were five joint authors and three signed the grant, two of the three signatories may serve notice to terminate.248 But, one of the signatories could not join with two of the non-signatories to affect termination.249

234. See Nimmer, supra note 200, at 955.
235. See id.
236. See id. at 957.
237. See id. at 963.
238. See id. at 963-64.
239. See id. at 971.
240. See id.
241. See id.
242. See id. at 964.
243. See id.
244. See id.
245. See id.
246. See id.
247. See id.
248. See id.
249. See id.
Grants of joint authorship works executed prior to January 1, 1978 do not require a majority of joint authors to effect termination. However, the termination pertains to the terminating author's interest only. Consequently, if the other authors refuse to terminate, the grantee holds the grant as a tenant in common with the terminating author.

The difference between joint authorship grants before and after the effective date of the 1976 Act is a function of the prior vesting issue where the second term did not vest until renewal in the twenty-eighth year of the first term. Consequently, the author had to survive until that period to effectuate renewal. If the author did not survive, then by operation of law the grant terminated. For this reason, Congress thought it inappropriate to require more than individual termination through the provisions of section 304. Whereas, grants executed after the effective date of the 1976 Act are subject to section 203 in which the rights have already vested. The distinction, therefore, should really be made between contingent and vested rights rather than before or after the effective date of the Act.

When the statutory heirs hold the reversion, only a majority of them may affect termination. Because a widow/widower holds a fifty percent interest, no termination may be affected without her consent. However, if there is no surviving spouse, then a "per stirpes majority" of the statutory heirs may terminate the grant executed either before or after the 1976 Act's effective date. The author's children share equally in the interest, but grandchildren of any deceased child of the author share equally in that child's interest only. Consequently, the author's grandchildren on their own do not create a majority where there are other surviving children.

For grants executed by renewal beneficiaries, the new (1976) Act requires a unanimous decision of those renewal beneficiaries who joined in the grant to

250. See id. at 965.
251. See id.
252. See id. at 966.
253. See id.
254. See id.
255. See id.
256. See id. at 966-67.
257. See id. at 967.
258. See id.
259. See id. at 969.
260. See id.
261. See id.
262. See id.; see also 17 U.S.C.A. § 203(a)(2)(B) and (C) (West 1999).
263. See Nimmer, supra note 200, at 969.
terminate that grant. This was made because of the confusion under the prior 1909 Act concerning the surviving spouse's ownership interest in the renewal. The court never resolved whether a surviving spouse owns a 50% interest in renewal or just an equal interest along with the surviving children. In order to avoid the issue altogether, Congress implemented a unanimous approval requirement for grants made by renewal beneficiaries. Moreover, because the right of termination is contingent upon the survival of the grantors at the time the termination vests, the consenting renewal beneficiaries must survive until the effective date of termination and not just to the date of the renewal vesting. In other words, if all of the renewal beneficiaries who executed the original grant survive through the notice of termination date, the grant cannot be terminated.

Once termination is effected, the terminated rights belong to all of the statutory heirs possessing a right to terminate instead of those who actually requested termination. Ownership is proportionate to the heir's status, either as surviving spouse, child or author's grandchild for any deceased child. As to grants by joint authors, if the grant occurred on or after January 1, 1978, the rights revert to all joint authors and not just those that terminated the transfer. However, for grants prior to January 1, 1978, the termination is to the individual author requesting termination only.

3. The Inalienability of the Termination Right

As a result of the Fisher Music Co. v. M. Witmark & Sons decision, which virtually undermined the purpose of the 1909 Act's renewal provision, the 1976

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264. See id. at 972.
265. See id.
266. See id.
267. See id.
268. See id. at 972-73; see also Lohmann, supra note 1, at 910 (noting that the main difference between 17 U.S.C. sections 203 and 304 is the person in whom the right to terminate vests. In 17 U.S.C. section 203 the right belongs solely to the author, while under 17 U.S.C. section 304 the authors beneficiaries of the 1909 Act possess the right. "There is good reason for this difference. Under section 203, an author's widow or widower and children are given rights of termination if the author is dead, but these rights apply only to grants by the author, and any effort by a widow, widower, or child to transfer contingent future interests under a termination would be ineffective. In contrast, under the present [1909] renewal provisions, 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." Id. (quoting H.R. REP. No. 1476, at 140-41 (1976)).
269. See Nimmer, supra note 200, at 973; see also 17 U.S.C.A. § 304(c)(6)(B) (West 1999) ("The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of this subsection."). See id.
270. See Nimmer, supra note 200, at 973-74.
271. See id. at 974.
272. See id.
273. See id.
274. See supra text accompanying notes 49-52.
Act sought to circumvent any similar effect on the termination of transfers provision by making the provision inalienable. Specifically, 17 U.S.C § 304(c)(5) states that the “termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant,” and any further grant of a terminated right may only be made after the effective date of termination. Again, the purpose of these provisions is to preclude any purchaser from exercising greater bargaining power over the author by conditioning any sale on the author’s agreement to surrender the author’s termination rights.

V. CAN THIS TERMINATION PROVISION BE ALIENATED?

Because the termination provision has yet to be challenged in court due to the fact that no grants executed on or after January 1, 1978 will be subject to termination until 2013, representatives of the motion picture industry are trying to anticipate various means to evade these provisions.

A. Express Agreement Not to Regrant Terminated Rights

Melville B. Nimmer suggested a possible solution by having the grantor terminate and reinstate the transfer contract so as to restart the thirty-five year period. However, for two reasons, he defeated this argument. First, the later in the contract period when the contract is rescinded, the more the author will demand in remuneration, thereby defeating the purpose of canceling the contract in the first place. Second, applying the contract principle of pre-existing duty, the new contract would be void because it does not provide any further consideration for the new promise extending the contract period. Following Nimmer’s example, if A agrees to pay B $5,000 in exchange for the exclusive rights to use B’s work for six months, the initial contract is formed. When A then convinces B to rescind the initial contract so that B’s duty may be changed to allow A to use B’s

275. See Nimmer, supra note 200, at 982; see also Lohmann, supra note 1, at 907.
277. See 17 U.S.C. §§ 203(b)(4), 304(c)(6)(D); see also Lohmann, supra note 1, at 909.
278. See Nimmer, supra note 200, at 982-83; see also Lohmann, supra note 1, at 909.
280. See Nimmer, supra note 200, at 983.
281. See id.
282. See id.
283. See id at 983-84.
284. See id.
work for one year, the pre-existing duty rule nullifies the second agreement because no new consideration has been provided by A for the extended contract period.285 Furthermore, drawing from Corbin,

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.” 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.286

Another possibility exists in the terms of initial grant. If the grantor agrees in the initial grant not to regrant the terminated rights should termination be effected, such an agreement would not violate 17 U.S.C. section 203.287 17 U.S.C. sections 203 and 304 specifically prohibit any agreement that would eliminate or infringe on the right to terminate, but they do not bar any agreement not to make additional grants.288 The benefit of this type of agreement is that it would dissuade the grantor from terminating the rights in the first place.289 Also, because it precludes the grantor from seeking out other buyers, the agreement could ensure that the original purchaser could renegotiate an additional grant at a lower cost.290 However, this solution may not overcome an argument asserting that the termination of provisions of the 1976 Act indirectly preclude agreements of this nature.291 Nimmer contends that this type of agreement may be analogous to an “output” contract whereby “a single customer agrees to purchase the entire output of a seller.”292 Although output contracts are valid, in this instance the agreement may be held invalid on the grounds that the agreement constitutes a “grant of exclusive rights to the original grantee subject to the condition precedent that the copyright owner thereafter elects to exploit the work. This conditional agreement to grant exclusive rights would be purportedly nonterminable and, to that extent, void.”293 Moreover, agreements constricting the grantor’s right to grant terminated rights without imposing a reasonable time limit may be invalid as a restraint on trade, alienation, or competition.294

285. See id.
286. Id. (citing 1 ARTHUR LINTON CORBIN, CONTRACTS § 186 (1963)).
287. See id. at 985.
288. See id.
289. See id.
290. See id.
291. See id.
292. See id. at 985 n.206.
293. See id. at 985.
294. See id. at 985-86 & n.208.

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B. Assignment Agreements with Potential Beneficiaries

As to works created under the 1909 Act in their first term, the practice has been to obtain assignment agreements from the statutory heirs in anticipation of the death of the author prior to renewal.295 Where the renewal claimants are properly identified, these agreements will be binding.296 However, the difficulty arises in identifying the renewal beneficiaries in the first place. Divorce, death of the spouse or child, remarriage, or the birth of a new child after the initial grant and before the renewal term, all effect who the statutory beneficiaries will be when the renewal term vests. Still, even if there was a valid binding agreement as to the identified renewal recipients, under 17 U.S.C. section 304, these recipients have been given the opportunity to reclaim the extended term.297

C. Life Insurance Policy

Taking out a life insurance policy on the author provides another solution applicable only to 1909 Act works. Under the 1909 Act, the death of the author prior to renewal places the entire risk on the assignee.298 The author, in naming the assignee as his beneficiary in a specific policy, allows the assignee to negotiate with the author for an assignment of the renewal term. Because the assignee stands to regain the value of consideration offered for the renewal term from the life insurance policy in the event that the author fails to survive at the time of renewal, the assignee is more willing to undertake such an agreement. This solution only applies to the 1909 Act and not the 1976 Act. Because the 1976 Act removed the renewal term replacing it with the termination of transfers provisions, a life insurance policy would be fruitless in circumventing the termination of transfer right which the author retains in life and death.

295. See Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 493 (2nd Cir. 1977) (discussing the practice of some holders of derivative copyrights to obtain consents from identifiable statutory successors in order to protect their present interest in the derivative work). This practice has not been settled by law. The court stated that there is little force in this practice because of the difficulty in identifying the statutory successors. See id.
296. See Lohmann, supra note 1, at 910 (citing H.R. REP. No. 1476, 94th CONG. 2d SESS. 47, 140-41 (1976)).
298. See Stewart v. Abend, 495 U.S. 207, 219 (1990) (holding that the assignment of the renewal term is an expectancy only).
D. Abandonment of Copyright

Intentional abandonment of copyright may occur in several scenarios: (1) where an original computer programmer who created a now obsolete program, which, during the transfer period, has been redeveloped in new code in the 13th version of the program; (2) news broadcast videotapes which are destroyed one week subsequent to airing; (3) a building owner who hires a painter to create a mural requests an abandonment so that the mural may be destroyed; (4) a joint author spitefully abandons copyright in a joint work over a dispute with a co-author.299

Abandonment requires an overt action on the part of the copyright proprietor. Judge Learned Hand set forth the abandonment test forty years ago in stating:

we do not doubt that the “author or proprietor of any work made the subject of copyright” by the Copyright Law may “abandon” his literary property in the “work” before he has published it, or his copyright in it after he has done so; but he must “abandon” it by some overt act which manifests his purpose to surrender his rights in the “work,” and to allow the public to copy it. 300

Any owner of an individual copyright, including those obtained by assign, may abandon the rights to copyright.301 Because a copyright contains a bundle of rights that can be individually or jointly assigned or transferred, the current holder of the right can likewise abandon them individually or jointly.302 The effect of abandonment is the loss of right to sue for copyright infringement as evidenced by the current use of abandonment as a valid defense in infringement actions.303 When a copyright has been abandoned, the original copyright owner no longer has standing to sue because he has forfeited his ownership interest.304

1. Rationale of Abandonment

There are numerous reasons to support the rationale of abandonment. First, the 1976 Act is silent on the issue of abandonment, which is a judicially created doctrine.305 Congress' silence should not be construed as an elimination of the
doctrine as it pertains to copyright. Instead, without an express exclusion in the congressional record, this silence could arguably be construed as implied consent to applying this doctrine. Second, because abandonment is an equitable doctrine akin to estoppel or laches, the court should apply it when the copyright owner desires to relinquish copyright. Third, as a matter of public policy, abandonment furthers the intent of the Copyright Act because it allows the author to place his work into the public domain thereby increasing access to the public of the work. Because abandonment places works in the public domain earlier than otherwise under copyright law, the public benefits. Moreover, it removes any uncertainty the public may have as to permissibility of copying a given work. Furthermore, abandonment upholds the incentive purpose behind the copyright law. Kreiss rightly points out that the framers of the U.S. Constitution intended copyright protection as an incentive to “promote the Progress of Science” by allowing the author of the work to obtain remuneration from the exploitation of his work. Conversely, this does not mean that the author must exploit his work—“the copyright system is an incentive system, not a coercive one.”

Finally, abandonment honors personal freedom and autonomy. Kreiss ties the notion of abandonment of copyright property with the traditional view towards property that an owner can do what he wishes with his property as a freedom reserved in the U.S. Constitution.

2. Balancing Abandonment Doctrine with purpose of termination of transfers fails to yield desired result

Despite all of the reasons to support abandonment, abandonment still defies the statute regarding termination of transfers, which prohibits “any agreement to the contrary.” Agreeing to abandon a copyright right constitutes an agreement to the contrary because the effect of such agreement would “nullify the termination...
rights. Under the "Semi-Literalist Position" an author can abandon his copyright right because abandonment is neither a waiver nor new grant. Kreiss both creates and destroys the "Semi-Literalist Position." Although the statute literally does not forbid abandonment, abandonment stands diametrically opposed to the purpose of termination of transfers and therefore should be rejected. Kreiss is concerned with authors who would be forced to abandon reversionary rights leading to the same result as a waiver of the termination rights—what Congress explicitly prohibits.

A "Minimalist Balancing Position" invalidates abandonment of reversionary rights yet allows abandonment of other copyright rights. This theory strikes the proper balance between abandonment and termination of transfers by allowing the author whom truly seeks to renounce remuneration to do so while protecting the widow/child of the author. However, abandonment of copyright from the derivative works creator's perspective, i.e., the motion picture studios, is counter-productive because it exposes the studio to competition for sequels and other derivative works from the public at large, rather than the narrow class of copyright holders holding the reversionary interest.

E. Works Made for Hire

17 U.S.C. sections 203 and 304 expressly do not include works for hire. A work made for hire, as defined by section 101, is either a work prepared by an employee acting within the scope of his employment, or a specially ordered or commissioned work. If the work is a specially ordered or commissioned work, however, it must first belong to one of the following categories before it will be considered a work made for hire: collective work, motion picture or audiovisual work, supplementary work, a translation, compilation, instructional text, a test, answer material for a test or an atlas. Ownership of a work made for hire, including all copyright rights, belongs to the employer, unless there is a signed written agreement expressly stating otherwise.

The present imbalance in bargaining power could lead to a change in the course of business among the studios:

the company can avoid the consequences of termination by insisting that the work be a work made for hire. This could be accomplished either by requiring the

318. See id. at 114-15.
319. See id. at 116.
320. See id.
321. See id. at 116-17.
322. See id. at 120-21.
323. See id.
outsider to be or become an employee of some company and do the work within the scope of his or her employment, or by assuring that the work satisfy the conditions for being a "specially ordered or commissioned" work.\textsuperscript{327}

As with the \textit{Abend} problem where studios intentionally choose not to use works within the \textit{Abend} danger zone in order to avoid the problem, studios may choose to boycott any work that is not a work made for hire.\textsuperscript{328} This option would totally eliminate an author's bargaining power–undermining the purpose of the Copyright Act. Still, it is a viable option. With the number of screenwriters available today vying for an opportunity to have their work produced, the studios are not at a loss for material.\textsuperscript{329} Moreover, screenwriters, faced with no other option in getting their work produced, would likely agree to become employees of the studio.

\textbf{F. Amendment}

Given the rapid expansion of the motion picture entertainment industry in the last decade, the stakes in creating a motion picture have risen drastically.\textsuperscript{330} It is not all that uncommon for a film to cost a studio $100 million to produce with absolutely no guarantee that the film will be a box office success.\textsuperscript{331} The studio

\textsuperscript{327} See Kreiss, supra note 301, at 89 n.8 (citing 17 U.S.C. § 101) (1999)).
\textsuperscript{328} See Saunders, supra note 2, at 211 (noting the economic non-viability of purchasing a work during the first term of copyright). Saunders states, “[f]ar from giving authors the second bite at the apple that the Supreme Court found so important, \textit{Stewart} might deprive authors of a first chance to profit from the sale of derivative rights to their works.” Id. Under the protection of anonymity, a few major studio lawyers and entertainment lawyers have indicated that this has in fact been the practice since the \textit{Abend} decision. If a screenplay is purchased, it is always rewritten by the studio writers so that it becomes a work for hire.
\textsuperscript{329} See JAY S. KENOFF & RICHARD K. ROSENBERG, ENTERTAINMENT INDUSTRY CONTRACTS § 2.02 (Donald G. Farber ed., Apr. 1999).
\textsuperscript{330} See Richard Natale, L.A. TIMES, Sept. 4, 1994, at G1 (discussing the competition between studios for audience during the fall). Citing a senior studio executive who indicated that of the 60 films due for release between Labor Day and November 11th, the cut-off before the Christmas holiday releases, only 5 will make money, 15 to 20 will break even and 30 will flop. See id.
\textsuperscript{331} See Claudia Eller, Despite Woes of "Waterworld," Big Movies Won't Dry Up, L.A. TIMES, July 25, 1995, at D1 (noting the disastrous $175 million budget for \textit{Waterworld}). With stars demanding between $15 million and $20 million per picture, big event movies cost between $70 million and $100 million to make. See id.; see also John Lippman and James Bates, Dolgen Considered Sharp in More Ways Than One, L.A. TIMES, Mar. 18, 1994, at D1 (explaining the constant debt pressure on heads of studios, the article notes that \textit{Addams Family Values}, despite being a box office hit sequel, significantly contributed to the studio's $36.6 million quarterly loss); Josh Chetwynd, Lights, Camera, Money? Financiers Play Growing Role in Movie Making, USA TODAY, Mar. 8, 1999, at B1 (noting the average cost of a movie at $53.4 million while a movie with big-name stars averages $100 million, not including $40 million in marketing costs).
alone bears this risk. The motion picture industry has vehemently opposed any termination of transfer provision for this reason. Once again, the nature of the industry has outgrown the effectiveness of the 1976 Copyright Act.

Although the intended purpose of the two-term structure of the 1909 Act and the termination of transfers provision of the 1976 Act was to protect authors from unremunerative grants, no similar protection is provided to the motion picture studio when the film flops. The Constitution set forth an intention to promote the sciences and useful arts by allowing authors and inventors a limited monopoly in their work so that they may enjoy the fruit of their labor. Now, however, the producer and studio who together create a motion picture, stand in the shoes of the constitutional author.

Despite its intention to balance the bargaining powers, the present statute creates its own imbalance by assuming that all authors have no bargaining power. This is simply not the case. Any author that has already had a marginal success, now has a literary agent and attorneys negotiating contracts on his behalf for any future works the author may write. Additionally, the Writers Guild ensures that all writers, whether members of the Guild or not, receive a minimum $60,000 per script. The statute as written, therefore, improperly equates authors with no

332. See Saunders, supra note 2, at 216-17. "[T]here is a fundamental inequity in granting the underlying-work author the right to profit from a film's commercial success when that author bears none of the risk of commercial failure. Every purchaser of motion picture rights embarks on a speculative venture: the film might be a box office flop or might not be produced at all." Id. at n.216; see also Claudia Eller, Disney is Counting on Major Disaster, L.A. TIMES, June 30, 1998, at D1 (commenting on the $200 million budget of Armageddon, Eller notes that the studio bears the entire risk of recouping its investment). Eller also noted that because of the competition with Deep Impact, a similarly themed motion picture released prior to Armageddon, the studio had to invest significantly more into the film by way of special effects in order to regain the audience siphoned off by Deep Impact. See id.

333. See Mimms, supra note 9, at 633 (citing the comments of the motion picture representatives during the congressional hearings on the 1976 Copyright Act).

334. See Saunders, supra note 2, at 216.

335. See U.S. CONST. art 1, § 8, cl. 8 (promoting the progress of science and the "useful Arts," by securing for limited times to authors and investors the exclusive right to their respective writings and discoveries).

336. See id. The motion picture industry should be considered a useful art modernly.

337. See Saunders, supra note 2, at 216-17 (noting it is less of a gamble where the endeavor is based on a best-selling novel or involves a major star or director but, in those instances, the negotiating price for the rights will be higher).

338. See Interview with William Henslee, Professor of Law at Pepperdine University School of Law, Malibu, Cal. (Jan. 22, 1999).
bargaining power with those that do.\textsuperscript{339}

To rebalance the scales and properly consider the risk that the studio takes by investing upwards of $100 million dollars to produce a derivative motion picture from an already successful novel, an amendment to the Copyright Act redefining "author" is necessary. Congress noted while enacting the present Copyright Act that the relationship between author and publisher had changed. Prior to the enactment of the Copyright Act, agencies published authors' work with little or no alterations. Yet, publishers were entitled to some remuneration when they published and circulated the work. The author in this situation provided all of the creativity that the Constitution sought to promote. Because the value of the work was not known prior to any circulation of the work, the 1909 Act's reversion system properly allowed the author to renegotiate with the publisher once the success of the novel was known.\textsuperscript{340} Recognizing a shift in the investment and creative contribution of derivative works with the advent of the motion picture industry, Congress sought to rebalance the equities by providing a derivative works exception to the termination of transfers provision of the 1976 Act.\textsuperscript{341} However, Congress failed to consider that motion picture negotiations are based on the established value of the novel. Simply put, if the novel were not already a popular story, there would be no interest in a motion picture. If the novel is one that has long been forgotten, however, a successful motion picture based on it has the potential to revive book sales thereby benefitting the holder of the publishing rights. Without the movie, the novel would have remained forgotten.

For all of the above reasons, an amendment should give proper consideration to the actual bargaining power of the given author. Protection should be limited to authors of truly unequal bargaining power, i.e., first time authors of novels or screenplays unpublished or unproduced. Once an author is published for the first time, the success of his work and his potential for future success in additional works becomes apparent through sales of the work.\textsuperscript{342} Alternatively, screenwriters receiving $750,000 or less for a script would provide an easily distinguishable

\textsuperscript{339} See Kreiss, supra note 301, at 110 (stating that to prevent publishers from taking advantage of authors Congress made the termination rights non-waivable and non-transferable).

Had Congress not done this, then the authors needing the greatest protection—those with an "unequal bargaining position"—would have ended up no better off. . . . Authors who have a strong enough bargaining position so that they could retain the termination rights would presumably be able to enter into transfers that provide adequate remuneration in the first place.

\textit{Id.}


\textsuperscript{341} See Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 494 (2nd Cir. 1977).

\textsuperscript{342} An author's status may also be measured by screen credit since the regulations for screen credits are strictly monitored. Those authors entitled to sole created-by status would not need protection but authors sharing credit lines may.
dividing line between writers needing protection and those that do not. In either scenario, the bargaining field has been leveled at this stage. Consequently, the need for such paternalistic means for all authors as depicted in the 1976 Copyright Act significantly diminishes. The 1909 Act’s congressional hearings drew from the experience of Samuel Clemens who sold *Innocents Abroad* for a small sum in its initial term. However, because he retained the renewal rights, he renegotiated a lucrative second term. Furthermore, Samuel Clemens went on to become a prolific writer under the pen name, Mark Twain. Undoubtedly, he was able to set his price on subsequent publications. In the era of the “big deal,” neither side lacks representation. Screenwriter Shane Black sold his first screenplay for a record $1 million. Black’s screenplay eventually became the motion picture “Lethal Weapon.” In 1994 Shane Black’s latest script again broke the monetary barrier earning the writer $4 million for “The Long Kiss Goodnight.” In fact, this script set off a bidding war amongst three major studios. Black hardly lacked bargaining power.

An amendment should likewise exempt motion pictures from the termination of transfers provision altogether. As a concession to the great risk the studio takes in the investment of a derivative motion picture, the studio should be entitled to create and control further derivative works long after the termination of transfers provision expires. If the underlying work experiences success solely because the derivative work made it popular, it does not seem logical to allow the underlying author the ability to hold a derivative work hostage for further negotiations. Usually, the derivative motion picture is successful because of the choices made by the producer as to the director and talent involved. A prime example of this is “Rear Window” which became a classic motion picture because of Alfred Hitchcock’s innovative camera angles and direction coupled with Jimmy Stewart’s character development. These are the features that endeared that film in the hearts of the public, not the underlying basic story line. Consequently, the “author” of those features alone should be entitled to reap further benefit through the remakes and sequels.

VI. CONCLUSION

The purpose of any copyright law must keep in line with the directives of the framers of the Constitution in seeking to promote the sciences and useful arts and

343. See Mimms, *supra* note 9, at 600.
344. See id.
346. See id.
347. See id.
348. Black was represented by David Greenblatt at ICM throughout the negotiations. See id.
349. Hitchcock’s unique use of shadows and angles in the black and white medium to create tension and suspense created an entire genre that is studied today in film schools.
provide the public access to them. It is a balancing between the creator of the work and the party delivering the work to the public. In the time of the first American copyright act, that equation was simple. But, with the ever-expanding technology and popularity of the motion picture industry, the equation has developed a complexity on the level of quantum physics. A bright line rule in light of this complexity does not serve any of the parties well. In fact, it could wind up hurting authors if the studios are forced to take independent action by opting to use only works made for hire. If there is to be a bright line rule, then it must be narrowly tailored to fit the interest it is designed to serve. In this instance, narrowing the definition of author to only those authors who have yet to publish accomplishes the purpose of protecting authors of unequal bargaining power while allowing those with equal bargaining power to contract freely. Where the industry has changed altogether, the law must be updated to accommodate it. Otherwise, the courts will be forced to determine congressional intent over matters on which it has surely never opined.

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350. See supra note 330 and accompanying text. This practice is already well-established as the means of doing business among studio executives; see also Brian Lowry, Networks Called for Interference, L.A. TIMES, Jan. 15, 1999, at F1 (noting the substantial interference network executives inflict over a writer's vision arbitrarily rewriting scripts).