Abandoning Copyrights to Try to Cut Off Termination Rights

Robert A. Kreiss

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# Abandoning Copyrights to Try to Cut Off Termination Rights*

*Robert A. Kreiss**

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I. INTRODUCTION

Can a copyright assignee cut off an author's termination rights by abandoning the copyrights in a copyrighted work? Can an assignee or grantee circumvent the termination rights by requiring the author to abandon her contingent reversionary rights, or by structuring the grant as a grant for a term of years and requiring the author to abandon the reversion? Because these may appear to be unlikely questions, some context should be added in order to make them seem more likely.

In most instances, an author's assignment of all his copyright rights is more like the conveyance of a fee simple subject to condition subsequent than the conveyance of a fee simple absolute. This is because the copyright author of a work that is not a work made for hire retains the non-transferable right to terminate the grant after a period of time. Like the grantor of a fee simple subject to condition subsequent in real property, the copyright grantor retains a "right of reentry," in the form of "termination rights," with the condition being solely the passage of time. The copyright author need never exercise the termination rights. If the termination rights are not exercised within the statutory period allowed, then they lapse and the copyright grantee ends up with the equivalent of a fee simple absolute. If the termination rights are exercised, then the rights revert to the grantor and the grantee is divested of those rights. In this Article, the rights that can revert are referred to as

"contingent reversionary rights." These concepts can be illustrated by a specific example.

Assume that Cathy Coder, a computer programmer, creates a new computer program called DOORS, version 1, and assigns all of her copyright rights in the program to the Circle Computer Company ("Circle") in exchange for $20,000. The program operates on IBM-compatible personal computers running under MS-DOS and becomes immensely popular. Because of its popularity, Circle has its programmers create new and improved versions of DOORS.

In versions 2 and 3, Circle's programmers modify Coder's original DOORS program so that DOORS runs more efficiently, and they add new features so that DOORS provides more functionality. For versions 4 and 5, Circle's programmers rewrite DOORS entirely, using a new programming language which will make the program easier to maintain and to improve.

Circle also has its programmers create versions of DOORS for use in different operating systems so that it has versions of DOORS that will run on Apple computers and under Windows, Unix, and OS/2.

Under Section 203(a) of the Copyright Act, Coder can terminate her assignment of copyrights to DOORS, version 1, during the five-year period beginning at the end of thirty-five years from the date of publication of

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2. The concept of contingent reversionary copyright rights did not originate with the 1976 Copyright Act. The renewal provisions of the Act of 1831 and the Act of 1909 also involved contingent reversionary copyright rights. In those acts, the copyright grant was for a term of years, and there was the possibility of a renewal term. The copyright rights for the renewal term was considered a reversion of copyright rights. The contingency in the renewal provisions was a question of who would have the right to renew the copyright. The right was owned by the author if he or she survived; otherwise the right was owned by specified relatives. See generally Barbara A. Ringer, Renewal of Copyright, Study No. 31 (June 1960) of Studies prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, United States Senate, reprinted in 2 GEORGE S. GROSSMAN, OMNIBUS COPYRIGHT REVISION LEGISLATIVE HISTORY (1976).

3. The analysis in this Article would also apply to some kinds of factual databases. For example, a database listing the biographical information about people living in Manhattan, New York, will change by a certain amount each year. After 30 or 40 years, the data in the database will be quite different from that in the original database; the original data will be a very small percentage of the data in the final database. Such a situation is very like that of Coder's computer program as described in this Article.

In contrast, a database containing all of the articles in the New York Times will grow in size over time, but new data does not replace or change prior data. For example, a compiler might create such a database by compiling all articles from 1970 to 1980, and then sell that database to a publisher who continually updates the database and expands it to earlier years. Even after 30 years, there will be no change in the contents of the 1970-80 portion of the database. This situation is very different from Coder's computer program described in this Article. It is highly doubtful that this kind of New York Times database is copyrightable. See generally Feist Publications, Inc. v. Rural Tel. Serv. Co., 111 S. Ct. 1282 (1991). However, assuming copyrightability, it is a close question as to whether termination rights should be applied to these kinds of databases.
DOORS or at the end of forty years from the date of execution of the grant, whichever term ends earlier.4

By the time Coder can give notice of termination, version 1 of DOORS has not been marketed for more than twenty years. By that time, consumers would find version 1 completely undesirable because it has been replaced by programs with more functionality and more efficient operation. By that time, Circle will be marketing DOORS, version 12, which is written in a completely different programming language, with completely different organization, and has much improved functionality.

Circle might well be concerned that Coder will terminate the rights to version 1 and demand additional compensation for allowing Circle to create new versions.5 Circle can take the position that none of the computer code that will be in version 13 was written by Coder because version 13 will be in a different language and will be written for a different operating system. Indeed, Circle can deliberately attempt to create versions that use none of Coder’s copyrighted expression.6 However, such arguments and such an attempt to rewrite is easier said than done. Coder can claim copyright in the "look and feel" of version one, together with any command hierarchy that she created. Thus, it will not be enough for Circle to rewrite Coder’s programming code; Circle must also eliminate these non-literal elements as well. Even if Circle attempts to create version 13 without using any of Coder’s expression, the indefiniteness of the extent of Coder’s copyright in the non-literal elements means that only a court can definitively tell whether such an attempt was successful.7

Because of this uncertainty, Coder has a certain amount of leverage in negotiating with Circle. If Circle fails to purge version 13 of Coder’s expression, then Coder may be able to prevent Circle from marketing that new version. In other words, even though Coder’s version 1 had far fewer features and was not even written for the operating system and computers that are in

5. Coder cannot prevent Circle from continuing to use and sell version 12 and other versions that have already been produced. This is because the Copyright Act provides:
   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.
7. The indefiniteness can be seen by comparing Sega Enterprises, 977 F.2d 1510; Computer Associates International, 982 F.2d 693; and Apple Computer, 799 F. Supp. 1006 with Atari Games, 975 F.2d 832; Whelan Associates, 797 F.2d 1222; Lotus Development Corp., 740 F. Supp. 37; and Sega Enterprises, 785 F. Supp. 1392.
operation, Coder can demand a royalty or payment in exchange for allowing these new versions to be marketed.

Anticipating these problems, Circle might seek ways to prevent Coder from exercising her termination rights. Congress, anticipating such an impulse, has foreclosed the obvious options.\(^8\) For example, the Copyright Act makes termination rights non-waivable and non-assignable.\(^9\) Coder would be able to exercise her termination rights even if the original copyright assignment purported to assign Coder's termination rights to Circle or even if it contained a clause purporting to waive those termination rights. In addition, the Copyright Act also invalidates transfers of the reversionary rights and agreements to transfer reversionary rights that are made prior to termination.\(^10\)

Circle might then seek alternative solutions. For example, Circle might seek to prevent Coder from exercising her termination rights by simply abandoning the copyright in version 1. Abandoning the copyright would place version 1 in the public domain. Circle might believe that if version 1 is in the public domain, then there would be no copyright rights that could "revert" upon exercise of the termination rights.

Circle might reason that abandoning the copyright in version 1 would solve its problems. After all, no competitor would want version 1 anyway. Competitors would hardly care about getting access to version 1 because that version was written in a language that is rarely used and because competitors already have programs with far more features than version 1 had.

Because abandoning the copyright in version 1 would not harm Circle in any material way, Circle might well wonder whether abandonment would provide a simple way to remove the risk that Coder might exercise her termination rights and seek to extract further compensation from Circle. For this reason, Circle might ask whether abandoning the copyrights in version 1 would effectively cut off Coder's termination rights. As an alternative, Circle

\(^8\) The analysis in this Article assumes that the work is not a work made for hire. In situations where a company plans to commission an outsider to write a computer program, 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 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. See 17 U.S.C. § 101 (1988) (definition of "work made for hire").

In many situations, however, companies may seek to acquire preexisting works which are not works made for hire. For example, the author may have been a sole proprietor at the time the program was written. In other situations, the author may have been an employee who developed a program outside of the scope of her employment. For example, works created by university professors have historically not been treated as works made for hire (although some suggest that the 1976 Copyright Act may compel a different result). See generally MELVILLE B. NIMMER & DAVID NIMMER, 1 NIMMER ON COPYRIGHT § 5.03[B][1][b][i] (1992) and materials cited therein.

\(^9\) Title 17 U.S.C. § 203(a)(5) (1988) states that "[t]ermination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant."

\(^10\) See infra notes 99-101 and accompanying text.
might ask whether the termination problem could be avoided by having Coder abandon her contingent reversionary rights at the same time that she assigns her copyright rights to Circle.\(^\text{11}\)

Consider the obvious implications of the answers. If one agrees that abandoning the copyright would effectively cut off Coder’s termination rights, then one is undermining a portion of the Copyright Act that Congress established in 1976 in an attempt to protect authors from unremunerative transfers.\(^\text{12}\) Presumably, Congress made termination rights non-transferable and non-waivable in order to prevent such a happening.\(^\text{13}\)

Similarly, if Coder can abandon her contingent reversionary rights, then Coder’s termination rights become worthless because exercise of the termination rights would lead to the reversion of the rights and hence to their abandonment. Allowing Coder to abandon her contingent reversionary rights would obviously undermine the policy of making termination rights non-transferable and non-waivable.

On the other hand, if one agrees that abandoning copyrights would not cut off Coder’s termination rights, then one is endorsing the possibility that a work like DOORS version 1 could enter the public domain by virtue of Circle’s abandonment of the copyrights and could then be withdrawn from the public domain at the time Coder exercises her termination rights. The idea of a work entering the public domain and then being withdrawn from the public domain is obviously an unusual one.\(^\text{14}\)

This Article notes that even if Circle abandoned the copyright rights in DOORS version 1, Coder could still exercise her termination rights. The copyright rights would then revert from the public domain to her.\(^\text{15}\) Because Coder’s termination rights should trump Circle’s abandonment of the copyrights, Circle would not be able to avoid negotiating with Coder when Circle wants to create version 13.

More generally, this Article considers the circumstances under which an author can abandon his or her contingent reversionary rights or other copyright rights, and the circumstances under which abandonment is invalid because it conflicts with the policies underlying termination rights.\(^\text{16}\)

The Article will conclude that an author’s abandonment of her contingent reversionary interest would be invalid. This conclusion will be reached by

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11. Even after the assignment of the copyright rights to Circle, Coder retains the right to terminate the assignment under § 203 of the Copyright Act. If Coder exercises the termination rights, all of the rights that were assigned "revert" to her. Therefore, even after the assignments of the copyright rights, Coder still retains contingent reversionary copyright rights. They are contingent because Coder may or may not exercise her termination rights. They are also contingent because they vest in Coder’s widow and/or children if she dies. They are reversionary because the rights would revert to her.


13. See infra text accompanying notes 96-111.


15. See infra notes 108-10 and accompanying text.

16. See infra notes 111-34 and accompanying text.
noting that the effect of such an abandonment would be equivalent to the author's waiver of her termination rights—a waiver that the statute expressly prohibits.\(^{17}\)

The question of abandonment of other copyright rights proves to be more interesting and difficult. There is a tension between abandonment and termination rights, and there are various positions that one can adopt to resolve that tension. Two of these positions are literalist in the sense that they are based on the text of the Copyright Act. One of them, a semi-literalist position, would allow abandonment in all cases, concluding that there is no statutory conflict between abandonment and termination rights. The other literalist position, the true-literalist one, would forbid abandonment in all cases because abandonment conflicts with the Copyright Act's express grant of copyright and specification of the duration of copyright.

This Article will argue that the literalist positions should be rejected\(^ {18}\) in favor of positions in which the policies underlying abandonment and termination are balanced in order to reach an appropriate accommodation between them. Various balancing positions are considered.\(^ {19}\) The position which represents the best balance is one in which abandonments of copyrights are permitted except when they are done in conjunction with grants of copyrights and the abandonments are made in order to circumvent the exercise of termination rights.\(^ {20}\) This preferred balancing position allows abandonment to continue to be available in situations in which an author unilaterally decides to forego the advantages of copyright, while ensuring that a publisher or other grantee does not use its superior bargaining position to circumvent the exercise of termination rights.

Finally, the Article notes that Congress might wish to consider various alternatives that might be adopted to provide an even better accommodation between copyright authors and publishers.\(^ {21}\)

In order to set the stage for the analysis of the proper balance between abandonment and termination rights, the Article first sets forth the theory and practice of abandonment\(^ {22}\) and the theory and practice of termination.\(^ {23}\)

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17. See infra notes 111-16 and accompanying text.
18. See infra notes 119-25 and accompanying text.
19. See infra notes 126-34 and accompanying text.
20. See infra notes 132-34 and accompanying text.
21. See infra notes 136-41 and accompanying text.
22. See infra notes 24-62 and accompanying text.
23. See infra notes 63-101 and accompanying text.
II. ABANDONMENT OF COPYRIGHT

Abandonment of the copyright is a recognized defense to a claim of copyright infringement.\(^24\) When the owner of a copyright has abandoned the copyright, the owner is no longer the owner of those copyright rights and, therefore, cannot bring a claim of infringement of those ownership rights.

Although the Copyright Act grants copyright owners a set of exclusive rights, the Act does not require the owner to enforce those rights. The author remains free to allow others to copy and distribute the work if he chooses to do so. Such an abandonment of copyright can be done explicitly\(^25\) or implicitly.\(^26\) In either case, the test for whether an abandonment will be found is whether the author has shown by some overt act his intention to surrender his copyright rights.\(^27\) This test was enunciated by Judge Learned Hand more than forty years ago:

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25. See, e.g., Hadady Corp., 739 F. Supp. at 1395-97 (distributing copies of commodity newsletter with notice stating that copyright protection only lasted for two days); Bell, 397 F. Supp. at 1247-48 (explicitly allowing others to make and distribute copies of the poem *Desiderata* without restriction); Atlantic Monthly, 27 F.2d at 557-58 (explicitly distributed copies of a letter to publishers without requiring a notice of copyright).

26. Siskler, 623 F. Supp. at 732 (finding abandonment of copyright in late husband’s letters when letters were published in a book with permission or acquiescence of surviving spouse); Pacific & S., 572 F. Supp. at 1196 (finding intent by TV station to abandon copyright in certain broadcast videotapes of news events where station destroyed videotapes, sometimes only a week after the broadcast); Lopez, 416 F. Supp. at 1135 (finding intent to abandon copyright in a sequential numbering system identifying automobile distributors where plaintiff knew of widespread industry use of the code numbers and where she herself printed price lists for customers using the code numbers without any copyright notice); DeSilva Constr., 213 F. Supp. at 196-97 (finding intent to abandon copyright in architectural plans where copies of the plans were freely circulated among subcontractors without any indication of copyright protection, where completed house was freely open to public with no restrictions mentioned and public not prevented from taking measurements, and where advertisement in newspaper depicted house and showed floor plan and did not contain copyright notice); Sandler, 20 C.O. Bull. at 625 (finding abandonment based on delay in asserting claim of ownership even though he was aware of acts of publication over more than a decade); Heine, 11 F. Cas. at 1033 (finding abandonment based on plaintiff’s actions in aiding in the publication of the work by the defendant without making any claim of copyright).

27. Analytically, abandonment should be distinguished from authorization or consent. *See infra* note 44.
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. 28

Under this test, the failure of a copyright owner to enforce his or her rights, even for an extended period of time, will not work an abandonment. 29

Abandonment of a copyright by the author should be distinguished from forfeiture of a copyright. 30 Under the 1909 Copyright Act, statutory copyright protection was obtained by publication with the proper copyright notice. Publication without the proper notice meant that statutory copyright protection was not obtained. This failure to obtain copyright protection is appropriately entitled a "forfeiture" of the copyright. 31 While abandonment requires the intent of the owner to surrender the copyright, forfeiture does not require any such intent. In fact, forfeiture often occurred in situations where the author intended to keep the copyright but gave improper notice. The 1976 Copyright Act mitigated some of the harshness of the 1909 Act by providing certain exceptions to the general rule that forfeiture of copyright protection would occur if the requisite notice was not placed on published copies. 32

With the enactment of the Berne Amendments, forfeiture of copyright for failure to comply with the formalities of copyright notice is no longer possible. The Copyright Act no longer requires that copyright notice be placed on published copies. 33 Placing notice on a work remains advisable


31. Unfortunately, courts do not always use the terminology in this manner. See, e.g., Ford Motor Co. v. Summit Motor Motor Prods., Inc., 930 F.2d 277, 295 (3d Cir. 1991) (discussing the failure to affix proper copyright notice as "abandonment").

32. 17 U.S.C. § 405(a) (1988); see generally Donald Frederick Evans, 785 F.2d at 905-06.

33. Sections 401(a) and 402(a) make notice optional on copies and phonorecords, respectively;

Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section may be placed on publicly distributed copies from which the work can be visually perceived, either directly or with the aid of a machine or device.
because, in most situations, it undermines any defense by a defendant based on innocent infringement in mitigation of actual or statutory damages.34

While forfeiture of a copyright is no longer possible, abandonment remains possible. This situation exists because abandonment results from the intent of the owner to relinquish her copyright rights and allow public use of the copyrighted work.35 The important point to keep in mind is that abandonment cannot occur without the requisite intent of the copyright owner. As Judge Learned Hand noted, it requires some "overt act" by the owner indicating that she is surrendering her rights and intends to allow public use.36

One does not have to look far to find examples of abandoned copyrighted works. The author of this Article wrote an article on Section 117 of the Copyright Act.37 He would be delighted if other people were to make and distribute copies of the work and he freely and voluntarily gives up his copyright. The author does not expect this work to become a best-seller. He does not expect to make any royalties from sales of this work. Needless to say, the author objects to plagiarism and retains his right (under the Lanham Act, for example) to be credited as the author of the work. While the author has not sampled the views of other law professors, he would not be surprised to find that they have or would be willing to abandon their copyrights in their articles.

Other situations in which abandonment might occur would be (1) the computer situation hypothesized in this Article, (2) the case of a television station that destroys the videotapes of its news programs a week after they are broadcast,38 (3) the instance of a building owner who has an author paint a

17 U.S.C. § 401(a) (emphasis added).
"Whenever a sound recording protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section may be placed on publicly distributed phonorecords of the sound recording." 17 U.S.C. § 402(a) (emphasis added).
34. Sections 401(d) and 402(d) provide:

If a notice of copyright in the form and position specified by this section appears on the published copy or copies to which a defendant in a copyright infringement suit had access, then no weight shall be given to such a defendant’s interposition of a defense based on innocent infringement in mitigation of actual or statutory damages, except as provided in the last sentence of section 504(c)(2).


If a notice of copyright in the form and position specified by this section appears on the published phonorecord or phonorecords to which a defendant in a copyright infringement suit had access, then no weight shall be given to such a defendant’s interposition of a defense based on innocent infringement in mitigation of actual or statutory damages, except as provided in the last sentence of section 504(c)(2).


35. See supra notes 24-29 and accompanying text.
36. See supra note 28 and accompanying text.
mural on the building and wants the copyright abandoned so that the author cannot object to the mural's destruction after exercising termination rights, or (4) the scenario of a joint author who abandons his copyright in the joint work in order to spite the other joint author. In addition, there are the numerous, more trivial situations involving shopping lists and notes scribbled on a sheet of paper.

A. What Can Be Abandoned?

A copyright is a bundle of exclusive rights, each of which can be separately transferred and owned. This divisibility means that different copyright rights in a particular copyrighted work may be owned by different individuals or entities. For example, an author of a song could assign performance rights to one company, assign the rights to make and sell copies of the sheet music to a second company, and assign the rights to prepare derivative works to a third company. Under the Copyright Act, each of the three assignees would be the owner of the specified exclusive right. Similarly, copyright rights can be divided temporally, with different owners owning rights for different time periods.


39. The author of certain works has the right to prevent destruction of the work. Authors can waive this right, but they cannot transfer it. 17 U.S.C. § 106A(a), (e) (Supp. III 1991). Abandonment of copyright rights should be held to encompass the waiver of this right.

40. The Act expressly indicates that a "transfer of copyright ownership" occurs when "any of the exclusive rights comprised in a copyright" is assigned, mortgaged, or otherwise assigned. 17 U.S.C. § 101 (1988) (definition of "transfer of copyright ownership") (emphasis added).

41. Under the Copyright Act, ""copyright owner", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right." Id. (definition of "copyright owner") (emphasis added).

Section 203 expressly advert to the possibility of splitting ownership rights by, for example, differentiating between transfers which cover the right of publication and those which do not:

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier. Id. § 203(a)(3) (emphasis added).

42. This statement is a convenient, although inaccurate, shorthand for describing the fact that the author is assigning rights to exclude others from engaging in the relevant activity. The operative rights under the copyright are rights to exclude, not rights to perform, to make copies, to create derivative works, etc. Id. § 106. Thus, the first company becomes the assignee of the exclusive right to perform or authorize performances, rather than of the right to perform.

Because each of the copyright rights has a separate legal existence and can be separately owned and transferred, each of them can also be separately abandoned. For example, an author could abandon the exclusive right to make copies of a particular work, while retaining the other copyright rights. Or an author could abandon the rights to perform or display a work, while retaining the rights to make and distribute copies.

This divisibility of copyright rights extends to other dimensions of the ownership matrix as well. For example, there is no reason why an author could not abandon all of the copyright rights for a limited period of time such as five years, while retaining the copyright rights for the duration of the copyright term. Indeed, an author could even abandon a portion of one of his rights. For example, an author could abandon the rights to make and distribute paperback copies of a novel, while retaining the rights to make and distribute hard-bound copies.

The author's right to abandon portions of his copyright, while retaining other portions, is based on the idea that copyrights are divisible. An author can sell any of his exclusive rights, and an assignee or exclusive licensee is treated as the owner of the rights transferred. This divisibility also enables an owner to abandon any one or more of the bundle of copyright rights.44

B. Who Can Abandon Copyright Rights?

The issue of who can abandon copyright rights closely parallels the issue of what rights can be abandoned. Copyright rights are divisible: ownership of the copyright rights in a particular work can be held by different people. Each of the owners can abandon the rights which he or she owns. For example, if a company is the assignee of the exclusive right to perform a particular work, then that company can abandon that right.

More significantly, because ownership of any of the exclusive rights of copyright can be transferred by "assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation,"45 any assignee, mortgagee, exclusive licensee, or other owner owns copyright rights that he or she can abandon.

At first glance, this seems surprising. Upon reflection, it seems natural. For example, an exclusive licensee has complete ownership of whatever rights were licensed to him.46 If a third party infringes one of those rights, the licensor is not directly harmed because the licensor can neither license the third party, settle an infringement action, nor sue for infringement.47 Only

44. But see Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Coop. Prod., Inc., 1981 Copyright L. Dec. (CCH) § 25,314, 16,780 (N.D. Ga. 1981) (rejecting concept of "limited abandonment" of copyright). Defendant in Showcase argued that MGM had abandoned the right to exclude others from creating and performing satirical versions of Gone With The Wind. The court in Showcase rejected the idea of a limited abandonment because no authority had been cited for such a proposition. Such a "reason" is really no reason at all.
46. See generally 1 Paul Goldstein, Copyright § 4.4.1.1 (1989).
47. The licensee of the right to distribute copies is directly harmed by infringing sales
the licensee, who is the copyright owner, would have the power to settle the lawsuit by granting a sublicense; only the licensee has the power to sue for infringement.48

In contrast to an exclusive licensee, a non-exclusive licensee is not deemed a copyright owner.49 Therefore, a non-exclusive licensee cannot abandon copyright rights.

C. The Rationale for Abandonment

Abandonment of copyright is not based on the any provision of the Copyright Act;50 rather it is a judicially created doctrine. The Copyright Act automatically and immediately grants copyright to any "original works of authorship fixed in any tangible medium of expression."51 An author need take no steps to obtain copyright protection other than creating a work and fixing that work in a tangible medium of expression. Each word put into a computer's memory while preparing a draft of an article or a book, each line drawn in a sketchbook, each note placed on a score contributes to an author's copyright, whether or not the author wishes to have a copyright in that draft, that sketch, that score.

In addition, the Copyright Act states that the duration of copyrights is the life of the author plus fifty years.52 Nothing in the Act provides for any

because those sales cut into the exclusive rights of the licensee. The licensor is not directly harmed because the licensor has no retained right to make those sales. On the other hand, if the licensee owes the licensor royalties for each copy sold, then the licensor would be harmed by infringing sales by an infringer because those sales would displace royalty-generating sales by the licensee.

48. "The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it." 17 U.S.C. § 501(b) (1988). When the copyright rights have been divided, courts may require joinder of other owners in order to prevent the risk of multiple lawsuits and inconsistent judgments. See, e.g., Wales Indus., Inc. v. Hasbro Bradley, Inc., 612 F. Supp. 510, 516-18 (S.D.N.Y. 1985).

49. GOLSTEIN, supra note 46, § 4.4.1.1.

50. One might attempt to ground abandonment in § 106 of the Copyright Act which grants a copyright owner "the exclusive rights to . . . authorize" copying, selling, performing, displaying, and making derivative works. 17 U.S.C. § 106 (1988). Analytically, however, abandonment is different. When an owner "authorizes" another party to engage in one of these activities, that authorization involves the owner's consent while retaining ownership of the copyright rights. In contrast, under abandonment, the owner consents to the activity by surrendering ownership of the rights.

51. "Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." 17 U.S.C. § 102(a) (1988).

52. "Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and fifty years after the author's death." Id. § 302(a). There are exceptions for anonymous works, pseudonymous works, and works made for hire, in which cases the duration

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shorter duration. Abandonment of a copyright shortens the duration of the copyright, a result arguably in direct conflict with the specific duration mandated by the Act.\textsuperscript{53}

In contrast to the ease with which copyright is given by the Copyright Act and the specific duration of copyright which is set by the Act, the Act contains no provisions for abandoning copyrights. Yet, that does not and should not mean that an author cannot abandon his copyrights.

First, the Copyright Act's silence concerning abandonment should not be taken as an indication that Congress wanted to eliminate abandonment as an option. In writing the 1976 Copyright Act, Congress was concerned about creating copyright and defining the limits of copyright. As far as one can tell from the legislative history,\textsuperscript{54} Congress never considered the rare situation in which an author might not want to have a copyright, for the very good reason that people who do not want copyrights will rarely get into legal fights about their copyrights. The scarcity of cases of abandonment justifies the lack of attention Congress has or should pay to this issue. Thus, the Act's silence gives no indication that Congress intended to abrogate the abandonment doctrine which courts had used from time to time. And the fact that Congress set the duration of copyright as the life of the author plus fifty years is a result of the discussions concerning the maximum duration of copyright rather than discussions concerning the minimum duration of copyright.

Second, abandonment is an equitable doctrine which, like laches and estoppel,\textsuperscript{55} should be permitted even though the statute itself does not explicitly refer to these equitable defenses. In fact, the case for a court of equity permitting abandonment is even easier to make than the case for permitting laches and estoppel. This is because abandonment is based on the

is seventy-five years from the year of first publication or one hundred years from creation, whichever is less. \textit{Id.} § 302(c). In the case of joint works, the copyright endures for the life of the last surviving author plus fifty years. \textit{Id.} § 302(b).

53. One can argue that abandonment is inconsistent with the literal language of the Copyright Act because abandonment changes the duration of copyright and removes a copyright from a work. The rationales given in this section of the Article are the primary reasons why abandonment should be allowed and the literalist interpretation rejected. For additional discussion, see infra notes 121-25 and accompanying text.


55. Laches and estoppel differ from abandonment in the fact that copyright continues to exist under laches and estoppel even though the copyright rights are not enforced because of the particular circumstances involved. \textit{See generally} 2 GOLDSTEIN, \textit{supra} note 46, § 9.5. Under abandonment, copyright ceases to exist and cannot be enforced thereafter unless the abandonment is one of limited duration.
consent and affirmative act of the copyright owner who desires that the copyright be relinquished. In contrast, laches and estoppel are imposed on the copyright owner over his or her objection and after balancing the equities of the parties.

Third, abandonment should be allowed as a matter of good policy. Abandonment of copyright benefits the public by increasing the body of public domain work and removing the uncertainty which might otherwise exist as to whether and to what extent it is permissible to copy portions of a given work. At the same time, the owner’s voluntary act of abandonment demonstrates that the owner believes that he will suffer little or no harm from the abandonment.

More importantly, the copyright system is an incentive system, not a coercive one. The constitutional grant of power to Congress authorizes Congress to establish a copyright law in order to "promote the Progress of Science", 56 where "Science" in the constitutional sense means learning or knowledge. 57 For two hundred years, copyright statutes have sought to promote learning by inducing authors to create new copyrighted works. This inducement takes the form of the grant of exclusive rights, which the author can exploit in an attempt to recoup the costs of the labor expended in creating the work. An author can attempt to make money from a copyrighted work by distributing copies, by authorizing the creation of derivative works, by public performances, and by public displays.

However, nothing in the Constitution or the Copyright Act compels an author to accept the benefits of copyright; nothing compels him to distribute his work to the public. An author is free to destroy or withhold the work rather than to distribute the work. 58

Fourth, abandonment should be allowed because it cannot be prevented. As a factual matter, an author can destroy the copyrights in a work by burning or destroying all copies of the work. To almost the same effect, an author can refuse the economic benefits of copyright by not releasing the work.

Abandoning the copyright in a work has the same economic effect on an author as destroying the work or withholding distribution of it. Allowing abandonment is simply the recognition by the courts that an author is not compelled to distribute each and every work to the public. If it were otherwise, then society might find itself inundated with shopping lists, notes written by spouses to each other, drafts of articles and songs, and innumerable other works that authors would otherwise choose to destroy or keep hidden.

58. Id. at 52. According to Patterson and Lindberg:
   [The function of copyright] was to encourage the author to distribute the works he or she created; its purpose was to promote learning. The function served the purpose by inducements, not threats: the Constitution did not give Congress the power to compel authors to publish their works or to accept the benefits of copyright.
   Thus, copyright did not require that an author make available for learning every work newly created out of materials from the public domain. He or she could retain a new work in dusty files or consign it to the flames of a fireplace.

Id.
Fifth, an author's abandonment of her copyrights should be honored as a matter of personal freedom and personal autonomy. Personal freedom is a cherished part of the American landscape. So long as the exercise of that freedom has no deleterious impact on the individual or on others, society generally allows the individual to act as he or she pleases. The Constitution is one in which certain powers are delegated to the federal government, while at the same time freedoms are reserved to individuals to prevent the government from exercising undue control over individuals' actions.

Copyrights are a form of property right. Respect for property rights is another strong element of the American system. This respect manifests itself in the notion that, within broad limits, people can do what they want with the property that they own.

Thus, personal freedom becomes an especially potent value, especially when combined with the idea of control over one's property. It is this sense of personal freedom, including the freedom to control or dispose of one's own property, that underlies the notion that an author can abandon his copyrights.

The policy that justifies abandonment is that of respect for personal freedom. As a matter of policy, society allows people to do what they please with things that they own. People are allowed to throw things away or give things away. People are allowed to make charitable contributions or donations to public and civic causes. People are allowed to dispose of things even if their motivation is one of spite or ill will, such as, for example, when a joint author abandons the copyright in a joint work solely to spite another joint author.

Respect for personal freedom justifies abandonment in a wide variety of situations. For example, an author is free to confer a benefit on the public by donating the right to make use of a copyrighted work to the public. An author is also free to opt out of the copyright system for moral or political reasons, whether the move is based on an objection to the idea of intellectual property, based on a view that the artistic creations of a person should be shared freely with all people, or based on some other ground.

An author might choose to abandon a work based on the author's desire to treat some works as non-economic in nature—a desire predicated perhaps on the author's belief that, like love, friendship and being a good samaritan, not all activities in our society are done for economic gain. An author should be allowed to declare that a particular work is outside of the economic system simply because the author believes that the work is one of that class of works that is produced or recognized as such a non-economic work. An author might also seek to treat some works as non-economic in nature because the author believes that the work would be of no economic value in any event.

59. There are, for example, many public domain computer programs.

60. For example, a survey in 1989 of people who design and create "many of the most commercially valuable user interfaces in the software industry" indicated that 77% of those having an opinion felt that "look and feel" should not be given copyright protection. Pamela Samuelson & Robert J. Glushko, Comparing the Views of Lawyers and User Interface Designers on the Software Copyright 'Look and Feel' Lawsuits, 30 JURIMETRICS 121, 126 (1989).

61. Patterson and Lindberg argue that a corporation (such as a television station) that destroys videotapes or fails to publish a work which is publicly performed over the airwaves
The caveat noted above about the limits on personal freedom is an important one that in fact has direct relevance to abandonment of copyrights. The caveat was that the exercise of the freedom should have no deleterious impact on the individual or on others. In the case of copyrights, the possible deleterious impact of an author who gives away copyrights too cheaply would be that the author would be left with too little, thus hurting not only the author but also the author's family. In the extreme case of an author abandoning a copyright, the author would be relinquishing all opportunity for economic gain. It is these kinds of impacts that led Congress to enact the termination rights provisions of the Copyright Act. Congress was concerned that authors might be coerced by publishers into giving up their copyrights with too little compensation.\(^{62}\) The termination provisions are designed to limit the harm that publishers and other grantees can do to authors and their families by virtue of improvident grants of their copyrights. For these reasons the Article now turns to an examination of termination rights.

### III. TERMINATION RIGHTS

The Copyright Act contains two sections that deal with termination rights.\(^{63}\) Section 203 deals with the termination of grants of a transfer or license that were executed on or after January 1, 1978,\(^ {64}\) and Section 304(c) deals with the termination of grants executed prior to January 1, 1978.\(^ {65}\)

The sections are similar in many respects, but they have some differences. After discussing the provisions of Section 203, the Article will note the similarities and differences that are contained in Section 304(c).

#### A. Section 203

Section 203 applies to copyrighted works that are not works made for hire\(^ {66}\) and when the author made an exclusive or non-exclusive grant, other than by will, of a transfer or license of copyright, or of any right under a copyright, when the grant was executed on or after January 1, 1978.\(^ {67}\)

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62. See infra note 97 and accompanying text.

63. The history and scope of termination rights have been discussed by various authors. See, e.g., sources cited supra note 1.


65. 17 U.S.C. § 304(c) (1988); infra note 75.

66. See supra note 8.

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

\(a\) CONDITIONS FOR TERMINATION. - In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following
conditions:

(1) 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.

(2) 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 grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of owners of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.
Under Section 203, a grant can be terminated by compliance with the statutory provisions that determine who can terminate, when the notice of termination must be served, what the notice of termination must contain, and

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) 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.

(b) EFFECT OF TERMINATION. - Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests under clauses (1) and (2) of subsection (a), including those owners who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) 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.

(2) 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 subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

when the termination is effective. For grants executed by a single author who is still live, termination of the grant may be effected by that author.68

If the author is dead, then termination rights are owned (1) by the surviving widow or widower if there are no children or grandchildren; (2) by the surviving children and surviving children of any dead child if there is no widow or widower; or (3) fifty percent by the widow/widower and fifty percent by surviving children/surviving children of a dead child.69 In the case of a deceased author, these termination rights can be exercised by the person or persons owning more than one-half of that author's termination interest.70

For 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 the authors is dead, the termination interest of that author may be exercised as a unit by the widow/widower and surviving children/surviving children of a dead child of that author.71

There is a five-year window during which a grant may be terminated. This window begins thirty-five years from the date of execution of the grant or, if the grant includes the right of publication of the work, the earlier of thirty-five years from the date of execution and forty years from the date of publication of the work under the grant.72

In order to terminate a grant, an advance notice of termination must be served upon the grantee or the grantee's successor in title. The notice must be in writing and signed by the requisite number of people exercising the termination right and must comply in form, content, and manner of service with the requirements prescribed by the Register of Copyrights.73 The notice must specify the effective date of termination and must be served not less than two nor more than ten years before that date. A copy of the termination notice must be recorded in the Copyright Office before the effective date of termination.74

The operation and effect of a termination under Section 203 are virtually identical to the operation and effect of termination under Section 304(c). These will be discussed after a brief digression to consider the essentials of termination under Section 304(c).

68. Id. § 203(a)(1).
69. Id. § 203(a)(2)(A)-(C).
70. Id. § 203(a)(1).
71. Id. § 203(a)(1). In order to exercise the termination interest of a dead author, the person or persons holding a total of more than one-half of that author's interest must agree. Id.; see generally Harold See, Copyright Ownership of Joint Works and Termination of Transfers, 30 Kan. L. Rev. 517 (1982).
73. Id. § 203(a)(4)(B) The Register of Copyrights has not yet established requirements for the form, notice, and manner of service of a notice of termination under § 203. Presumably this is because no such notice could be served prior to January 1, 2003. The Register has provided requirements for termination notices under § 304(c) of the Copyright Act. See infra note 81.
Section 304(c) is a close, but not exact counterpart to Section 203. It

75. Compare the following text of § 304(c) with the text of § 203, supra note 67.

§ 304. Duration of copyright: Subsisting copyrights

(e) TERMINATION OF TRANSFERS AND LICENSES COVERING EXTENDED RENEWAL TERM. - In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by subsection (a)(1)(C) of this section, otherwise than by will, is subject to termination under the following conditions:

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

(2) 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 grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later.

(4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee’s successor in title. In the case of a grant executed by a person or persons other than the author, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a grant executed by one or more of the authors of the work, the notice as to any one author's share shall be signed by that author or his or her duly authorized agent, or, if that author is dead, by the number and proportion of owners of his or her termination interest required under clauses (1) and (2) of this subsection, or by their duly authorized agents.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this
subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) 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.

(6) In the case of a grant executed by a person or persons other than the author, all rights under this title that were covered by the terminated grants revert, upon the effective date of termination, to all of those entitled to terminate the grant under clause (1) of this subsection. In the case of a grant executed by one or more of the authors of the work, all of a particular author's rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to that author or, if that author is dead, to the persons owning his or her termination interest under clause (2) of this subsection, including those owners who did not join in signing the notice of termination under clause (4) of this subsection. In all cases the reversion of rights is subject to the following limitations:

(A) 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.

(B) 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.

(C) Where the author's rights revert to two or more persons under clause (2) of this subsection, they shall vest in those persons in the proportionate shares provided by that clause. In such a case, and subject to the provisions of subclause (D) of this clause, a further grant, or agreement to make a further grant, of a particular author's share with respect to any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under this clause, as are required to terminate the grant under clause (2) of this subsection. Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under this subclause, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this subclause.

(D) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.
applies to certain copyrighted works when a grant was executed prior to January 1, 1978. As with Section 203, Section 304(c) only applies to copyrighted works that are not works made for hire and when there is an exclusive or non-exclusive grant other than by will. As with Section 203, there is a five-year termination window; a notice of termination must be served at least two and not more than ten years prior to the effective date of termination; the notice must comply in form, content, and manner of service with the requirements prescribed by the Register of Copyrights; and a copy of the notice must be recorded in the Copyright Office before the effective date of termination. However, Section 304(c) is different in some respects from Section 203. First, the termination window begins fifty-six years from the date copyright was originally secured instead of thirty-five years from the date of execution of the grant or forty years from the date of publication of the work.

(E) Termination of a grant under this section affects only those rights covered by the grant that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(F) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the remainder of the extended renewal term.


76. Id.
77. See supra note 8.
78. 17 U.S.C. § 304(c).
79. Id. § 304(c)(3).
80. Id. § 304(c)(4)(A).
81. Id. § 304(c)(4)(B). For example, the regulations require that the notice contain the name of the grantee (or the grantee’s successor in title) whose rights are being terminated, the address of the grantee (or successor) at which service is being made, the title of the work, at least one author of the work, the copyright registration number (if possible), a brief statement reasonably identifying the grant to which the termination applies, the effective date of termination, the name of the grantor (if other than the author), the names and relationships of the surviving widow or widower, children, and certain grandchildren of a deceased author (or, a statement concerning the extent of knowledge concerning those surviving plus an explanation of why full information is lacking plus a statement that to the best of the person’s belief, the notice of termination has been signed by sufficient persons to terminate the grant under § 304(c)). 37 C.F.R. § 201.10 (1991).
83. Id. § 304(c)(3). Prior to the Copyright Act of 1976, the duration of copyright was 28 years with a renewal period of an additional 28 years. Transfers and licenses of copyright under the old act were made with the expectation that copyright would last for 56 years. The 1976 Copyright Act created an extended renewal period by adding 19 years to the renewal period. The termination provisions of § 304(c) allowed an author (or the author’s widow/widower and children/grandchildren) to enter into new agreements regarding the new period without affecting the expectations of parties with respect to contracts that covered rights during the first 56 years.
Second, Section 304(c) only applies to grants of a transfer or license "of the renewal copyright or any right under it."\textsuperscript{84} The limitation to grants under the renewal copyright reflects the fact that the termination window was set with the intent of allowing authors to enter into new agreements with respect to the additional nineteen-year term that the 1976 Copyright Act added to the author's renewal term.\textsuperscript{85}

Third, Section 304(c) is broader than Section 203 in that it applies to grants made by a wider class of people. Whereas Section 203 only applied to grants made by authors, Section 304(c) applies to grants made by an author; by a deceased author's widow, widower, or children; or by certain others if the author, widow, widower, and children are not living.\textsuperscript{86}

Fourth, Section 304 contains some differences from Section 203 in who can exercise the termination rights. If an author is dead, then the termination interests can be exercised by the same person or persons as those specified under Section 203, namely the author's widow/widower and surviving children/surviving children of a dead child.\textsuperscript{87} If the author is alive, then the author can exercise the termination rights to the extent of that author's share in the ownership of the renewal copyright.\textsuperscript{88} If the grant was made by a person or persons other than the author, then the termination rights can be exercised by the surviving person or persons who executed it.\textsuperscript{89}

Fifth, for grants executed by a person or persons other than the author, the notice of termination must be signed by all of those entitled to terminate the grant—all of the surviving persons—or their authorized agents.\textsuperscript{90} For other grants, the people signing the notice of termination are the same as those specified under Section 203.

C. Operation and Effect of Termination

The operation and effect of termination is the same under Section 203 and Section 304(c). Upon service of the notice of termination, the future rights which will revert become vested in the owners of the termination rights, including those owners who did not join in signing the notice of termination.\textsuperscript{91}

With two exceptions, the rights which revert upon the effective date of termination are all of the rights covered by the grant.\textsuperscript{92} One exception deals with grants entered into prior to January 1, 1978, when the grant was executed

\textsuperscript{84} 17 U.S.C. § 304(c) (1988) (emphasis added).
\textsuperscript{85} See supra note 83.
\textsuperscript{86} 17 U.S.C. § 304(c) (1988) (incorporates certain people as designated by § 304(a)).
\textsuperscript{87} Id. § 304(c)(2)(A)-(C); see Larry Spier, Inc. v. Bourne Co., 953 F.2d 774, 778-79 (2d Cir. 1992).
\textsuperscript{89} Id.
\textsuperscript{90} Id. § 304(c)(6) (incorporates certain people as designated by § 304(a)).
\textsuperscript{91} Id. §§ 203(b)(2), 304(c)(6)(B).
\textsuperscript{92} Id. §§ 203(b), 304(c)(6).
by more than one author. In these cases, the rights which will revert are the rights of the particular author whose termination rights are being exercised.93

The second exception involves derivative works. There is no reversion of rights to utilize derivative works which were prepared under a grant before the termination of the grant.94 The grantee retains whatever rights he or she had to use such a work. However, this exception is a narrow one and is strictly limited to those derivative works that were prepared before termination. The right to prepare new derivative works is a right which reverts upon termination.95

D. The Non-Waivable/Non-Transferable Characteristic of Termination Rights and Reversionary Rights

The termination provisions under Sections 203 and 304(c) are designed to redress the likely imbalance in bargaining strength between copyright authors and publishers or other copyright grantees. Authors are likely to have less sophistication about copyright licenses and assignments and are likely to have less bargaining strength than publishers or other grantees. In addition, neither party may be able to accurately predict how economically successful the work will be. The result of this imbalance and this indeterminacy is that copyright authors may receive relatively modest sums of compensation for works which ultimately become quite successful.96

The termination provisions allow authors to terminate grants of copyright rights, reclaim their copyright rights, and then enter into new licenses or assignments, presumably on better terms than the terms of the original transfer. For example, if a novel, a play, a painting, or a musical work becomes successful, the author can terminate the transfer and attempt to capture a greater stream of royalty income than he obtained when he signed the original publishing contract. As the House Report states,

[The provisions of Section 203 are based on the premise that the reversionary provisions of the present section on copyright renewal (17 U.S.C. sec. 24) should be eliminated, and that the proposed law should substitute for them a provision safeguarding authors against unremunerative transfers. A

93. Id. § 304(c)(6).
94. Id. § 203(b)(1), 304(c)(6)(A) (1988); see generally Abrams, supra note 1; Ellingson, supra note 1; Phillip E. Page, The Works: Distinguishing Derivative Creations Under Copyright, 5 CARDOZO ARTS & ENT. L.J. 415 (1986); Stein, supra note 1.
95. 17 U.S.C. §§ 203(b)(1), 304(c)(6)(A). The line between a new derivative work and a pre-existing derivative work does not always shimmer with clarity. For computer programs, for example, a new version comprising corrections done to eliminate bugs should be classified as equivalent to the pre-existing work. In contrast, a major revision of the program would be treated as a new derivative work. The status of minor revisions of computer programs is less clear. See generally Jeffrey A. Cohen, "Derivative Works" Under the Termination Provisions in the 1976 Copyright Act, 28 BULL. COPYRIGHT SOC'Y 380 (1981); Mimms, supra note 1; Page, supra note 94.
96. On the other hand, authors may be overcompensated for works that are very unsuccessful in the marketplace.
provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited. 97

In order to prevent publishers and other grantees from using their superior bargaining position to the detriment of authors, Congress made termination rights non-waivable and non-transferable. 98 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; they would have been forced to waive or assign their termination rights at the time of the grant involved. 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.

In addition to making the termination rights non-waivable and non-transferable, Congress added provisions that invalidate transfers of, and agreements to transfer, the reversionary rights that are made prior to service of the notice of termination. 99 Thus, an author cannot make a grant of copyright rights and at the same time grant the reversionary rights. As is apparent, this provision also protects authors from poor bargains based on their "unequal bargaining position."

An important concession was given to the original grantee by allowing the original grantee and the owners of termination rights to enter into a new transfer between the date of service of the termination rights and the effective date of termination. 100 This allows the grantee a window of at least two years 101 during which the grantee is the only potential transferee or licensee who can enter into a valid agreement with the owner of the termination rights.


98. Termination rights are nonwaivable because of § 203(a)(5) and § 304(c)(5). Each of these sections reads: "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." 17 U.S.C. §§203(a)(5), 304(c)(5) (1988).
Termination rights are non-transferable because of § 203(a)(1) and (a)(2) and § 304(c)(1) and (c)(2). See supra notes 67 & 75. These sections explicitly identify the persons who are entitled to exercise termination rights. Neither section allows for an assignee to exercise termination rights. But see Melniker & Melniker, supra note 1, at 606-09 (suggesting that the issue of assignability of termination rights is "not clear").

99. 17 U.S.C. §§ 203(b)(4), 304(a)(6)(D). The operative language reads as follows: "A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination."

100. Id. The pertinent language reads as follows:
As an exception, however, an agreement for such a further grant may be made between [a specified number and proportion of the owners of the reversionary rights] and the original grantee or such grantee’s successor in title, after the notice of termination has been served as provided by [the appropriate section of the Act].

101. The notice of termination must be served at least two years and no more than ten years before the effective date. Id. §§ 203(a)(4)(A), 304(c)(4)(A).
In doing this, Congress recognized that the original grantee is in a special position by virtue of his or her pre-existing use of the copyrighted work.

In sum, the Copyright Act redraws the balance between authors and grantees by giving the authors termination rights, which allow the transferred rights to revert to the author. The termination rights cannot be waived or transferred by the author; the reversionary rights cannot be transferred; and neither set of rights can be the subject of an agreement for their transfer.

A primary issue discussed below is whether these non-waivable/non-transferable characteristics of termination rights and reversionary rights can serve to negate an abandonment of copyright rights or of the reversionary rights.

IV. CONFLICT BETWEEN ABANDONMENT AND TERMINATION RIGHTS

The possible conflict between abandonment and termination rights can be examined by recalling the hypothetical situation described above.102 Cathy Coder, a computer programmer, creates a new computer program called DOORS, version 1, and assigns all of her copyright rights in the program to the Circle Computer Company in exchange for $20,000. Circle’s programmers have created many new versions of DOORS and would like to continue to create additional versions. Termination by Coder would allow Circle to continue to market the versions that it creates prior to termination, but might well prevent Circle from making new versions.103

Consider the validity of various contractual provisions that the parties might contemplate in addition to the assignment of the copyright.104 First, consider the possibility of Coder assigning her termination rights to Circle. This would be invalid because termination rights cannot be assigned.105

Second, suppose that Coder waived her termination rights. This is invalid because termination rights cannot be waived.106

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102. See supra text accompanying note 3.
103. See supra notes 94-95 and accompanying text. The qualification "might" is used because Circle could attempt to create a new version which does not use any of Coder’s copyrighted expression from version 1. Whether Circle could succeed or not might well depend upon the breadth of copyright’s protection for non-literal expression. See supra notes 6-7 and accompanying text.
104. See supra note 8.
105. See supra note 98 and accompanying text.
106. See supra note 98 and accompanying text.
Third, imagine that Coder abandoned those termination rights. This is invalid because Circle cannot require Coder to abandon her termination rights.\textsuperscript{107} 

Fourth, suppose that Coder assigned her reversionary interest to Circle. This is invalid because the reversionary rights cannot be transferred prior to service of the notice of termination.\textsuperscript{108} 

Fifth, suppose that Circle abandons the copyright in version 1. This would cause version 1 to enter the public domain, at least to the extent of the rights assigned to Circle by Coder. Because new versions of computer programs have much greater capability, version 1 is obsolete and placing it in the public domain will have no appreciable impact on Circle’s sales of the latest version.

Does the abandonment of the copyright in version 1 cut off Coder’s termination rights? The answer should be that it does not cut them off. The statute by its terms grants termination rights to the author and his or her family and makes them inalienable. Circle’s abandonment of its copyright rights does not affect these other rights, which the Act gives to authors and their families.

What occurs when the author exercises her termination rights? According to the Act, the rights which were granted "revert."\textsuperscript{109} Thus, the author or the author’s family would then have those rights and be able to grant transfers and licenses.

This seems strange because we are not accustomed to the idea of rights entering the public domain and then springing back to life. However, the statute mandates this result, both by its literal terms and by its policies. Literally, the statute gives back to the author and her family the rights that were the subject of the grant. As a matter of policy, the Act wants to protect authors from unremunerative transfers and the superior bargaining position of publishers and grantees by giving the rights back to the authors and allowing them to enter into new grants.

The strangeness occurs because the rights appear to have disappeared and then sprung back to life. There is no precedent for such an occurrence. Strictly speaking, the rights do not "revert" in the ordinary sense because those rights no longer are in existence. Rather, the rights are given new life and vested in the author or her family.\textsuperscript{110}

\textsuperscript{107} The Act provides that "[t]ermination of the grant may be effected notwithstanding any agreement to the contrary . . . ." 17 U.S.C. §§ 203(a)(5), 304(c)(5) (1988). The purported abandonment in this example, arising in the agreement between Coder and Circle, would be "an agreement to the contrary".

108. See supra note 99 and accompanying text. Commentators discuss variations on this theme: the validity of a negative covenant prohibiting an author from assigning the reversionary rights to anyone except the original grantee or the grantee’s assigns and the validity of the grant of a right of first refusal of the reversionary rights. Frank R. Curtis, Caveat Emptor in Copyright: A Practical Guide to the Termination-of-Transfers Provisions of the New Copyright Code, 25 BULL. COPYRIGHT SOC’Y 19 (1977); Stein, supra note 1, at 15 n.52, 26-27.


110. Interpreting the word "revert" in this way does not distort the ordinary meaning of the word. The rights "revert" in the sense that those same rights now become vested on the date the
Under this example, there is no conflict between abandonment and termination rights. Both are given effect. Upon abandonment, the rights end and the work enters the public domain. Upon termination, the rights come back to life and the work is removed from the public domain. However, one can easily modify this example to produce a situation in which there is a tension. The sixth contractual possibility illustrates such a tension.

Sixth, suppose that Coder abandoned her contingent reversionary rights. Read literally, the termination provisions of the Copyright Act would not seem to invalidate Coder’s abandonment of her reversionary rights. Those provisions invalidate any restriction on Coder’s exercise of her termination rights, but abandonment of the reversionary rights does not directly affect the exercise of termination rights. That is, Coder could still exercise her termination rights, whereupon the rights would revert to her. The termination provisions also invalidate any "further grant, or agreement to make a further grant," that is made prior to the termination, but an abandonment of copyright rights is not literally a "grant" or "agreement to make a further grant." A "grant" is a transaction between two or more parties. In contrast, an abandonment is the unilateral act of one party.

While Coder’s abandonment of her reversionary rights does not produce a conflict with the literal words of the termination provisions, it certainly conflicts with the policies underlying those provisions. The termination provisions are designed to protect authors from "unremunerative transfers"

notice of termination has been served. The fact that the rights were in the public domain the day before the notice was served does not mean that the rights are not identifiable, only that they were not owned by anyone prior to the termination. The abandoned rights become reincarnate by the termination and become vested in the appropriate party or parties. The word "revert" indicates that this revesting of these same rights is occurring. These rights spring back into existence like the mystical phoenix reemerging from the ashes.

One should not be troubled, either, by the fact that these rights revert from the public domain to one or a class of individuals. Upon termination, the public will lose free access to an author’s expression. This is not troubling for the same reason that one would not be troubled if the abandoned right was the exclusive right to perform a song for a five-year period. The fact that abandonment places this right in the public domain for the five-year term does not create any presumption that the same right belongs to the public forever. On the contrary, when abandoned rights have a definite term (such as five years), there is an understanding that after that term ends, the public will no longer have any rights in that work. The only difference between the example of a grant with a definite duration and one without such a defined term is the fact that the one without the definite term contains an implicit possibility of termination. Once one recognizes that a grant is always subject to the termination rights, one also recognizes that the grant may have a duration that is less than the full copyright duration. The analogy is to a fee simple subject to condition subsequent. If the condition which leads to the loss of the fee never occurs, then the grant will turn out to be the grant of a fee simple. If the condition occurs, then the grantee may lose the fee. The same thing is true here. If the copyright rights are abandoned and the termination rights are never exercised, then the rights will remain in the public domain. But if the termination rights are exercised, then the rights will leave the public domain and once again be owned by those who acquire those rights under the statute.

112. Id. §§ 203(b)(4), 304(c)(6)(D).
imposed upon them by publishers and others who have a much stronger bargaining position. It accomplishes this goal by allowing the author to terminate the grant and negotiate a new transfer of rights. However, if Coder's abandonment is found to be valid, then Coder will not be able to negotiate a new transfer of rights. Upon exercise of her termination rights, the rights would revert, but would then be abandoned. Coder would be as precluded from making any new grant that would provide her with additional compensation for the use of her work as if she had no termination rights at all.  

There are several approaches that a court might take to avoid this result. One way would be to stretch the language of the Act by holding that abandonment is a kind of "further grant" that is invalidated by the Act. As a matter of literal interpretation, such a reading of the words of the Act is untenable. Abandonment is the intentional relinquishment of rights; a grant of rights involves the transfer or license of rights from one party to another party. One simply cannot stretch the literal meaning of "grant" to include abandonment.

A similar linguistic stretch is to decide that the abandonment of the reversionary rights is some kind of agreement that is "contrary" to termination of the grant. The argument is that an author would have no incentive to terminate a grant if she immediately loses the rights through the abandonment and, therefore, that the abandonment prevents her from exercising her termination rights. This argument fails as a matter of literal interpretation because it treats deterrence as equivalent to prevention. Literally, the statute only bars agreements which prevent a termination from being "effected." Although abandonment of reversionary rights would deter an author from exercising her termination rights, it is not true that the abandonment prevents the termination from being effective. An author who abandons her reversionary rights retains the power to terminate the grant and the termination would be effective.

Another, more sensible way for a court to invalidate Coder's abandonment of her reversionary rights is to interpret the Act in a way which furthers the policies underlying the statutory provisions. The policy underlying the termination provisions is to prevent publishers and other grantees from using their superior bargaining position to force authors into unremunerative transfers.  

Upholding Coder's abandonment would squarely conflict with this policy—a policy which is the basis for the termination provisions. If Coder were to exercise her termination rights, the reversionary rights would

113. An author who had assigned his rights in exchange for royalties based on use would be even worse off in this kind of situation. If the author does not terminate the grant, then the royalties would continue to flow to the author. If the author terminates the grant, the grantee might be relieved of obligations to pay royalties, while the abandonment would prevent the author from entering into new grants that would replace the lost royalty income.  
114. 17 U.S.C. §§ 203(a)(5), 304(e)(5). Each of these sections reads: "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."  
115. See supra notes 96-101 and accompanying text.
immediately be abandoned, leaving Coder with no copyright rights. The practical effect is to nullify the termination rights. Circle would benefit because the grant to Circle would not be terminated. For this reason, a court should decide that Coder’s purported abandonment of her reversionary interest should not be enforced. Grantees of works like computer programs should not be able to undermine the termination provisions by requiring authors to abandon their reversionary interests.

This example shows that the abandonment of certain copyright rights can conflict with the termination provisions of the Copyright Act. Given this kind of conflict, and assuming that courts will try to find the best balance between the termination provisions and abandonment, this Article will consider where that balance should be found.

V. ANALYSIS

As indicated above, the termination rights provisions represent a strong policy designed to redress the imbalance of bargaining power between authors and publishers or other grantees. Termination rights give authors a second chance to negotiate an economically advantageous transfer of rights in their works. Congress was aware that authors may not be in a strong bargaining position vis-à-vis publishers at the time they create a work; therefore, Congress made these termination rights non-waivable and non-transferable so that authors could not give up those rights based on their weak bargaining position. The fact that this right cannot be alienated or waived is a strong indication of the importance of this policy.

The right of an author to abandon the copyright rights in a work would also seem to be based on strong grounds. An author does not have to enforce her copyrights. She can allow others to copy without suing them for infringement. She can also explicitly abandon her rights so that the public has no doubt whether or not the author will sue someone copier for making copies.

The tension between these two policies requires that lines be drawn between cases in which the statutory termination provisions override the author’s attempted abandonment and cases in which the author’s abandonment will be upheld even though it eliminates termination rights. As noted above, there are no clear lines that are compelled by the statute. In this section, the Article will discuss a variety of lines that might be drawn and suggest which of the lines seems best.

116. See supra notes 96-101 and accompanying text.
117. See supra notes 50-62 and accompanying text.
A. The Semi-Literalist and Literalist Positions

There are two textual literalist positions that can be taken. Neither serves to fit copyright law comfortably into the real world,118 but the positions have the advantage of being grounded in the text of the statute and being very logical.

One such position, which we will call the "Semi-Literalist Position," is that copyright rights can be abandoned in all cases. Under this position, an author can grant a license or transfer of copyright rights and can also abandon the author's contingent reversionary rights.119 As noted above, this position can be defended on the grounds that there is nothing in the literal words of the statute that would forbid such an abandonment.120 The statute invalidates waivers of termination rights and invalidates grants of the contingent reversionary rights, but an abandonment is neither a waiver nor a new grant.

While the Semi-Literalist Position can be defended based on the literal wording of the statute and can be further defended on the grounds that it provides certainty and simplicity, this position should be rejected for a number of reasons. The most important reason for rejecting this position is that it undermines the policies of the termination provisions. Those policies are designed to redress the imbalance in bargaining between authors and publishers or other grantees. An author who is forced to abandon reversionary

118. More than a century ago, Justice Holmes pointed out that "the life of the law has not been logic; it has been experience." OLIVER W. HOLMES, THE COMMON LAW 1 (1881). Courts are well aware of the value of this aphorism. See, e.g., Kaiser Aetna v. United States, 444 U.S. 164, 177 (1979) ("the strict logic of the more recent cases . . . , if carried to its ultimate conclusion, might completely swallow . . . ."); Leis v. Flynt, 439 U.S. 438, 457 (1979) (Stevens, J., dissenting) ("judicial construction of the words . . . is not simply a matter of applying the precepts of logic to accepted premises. Rather, it is experience and judgment that have breathed life into the Court's process of constitutional adjudication."); Computer Assocs. Int'l, Inc. v. Altai, Inc., 982 F.2d 693 (2d Cir. 1992) ("we cannot disregard the highly complicated and technical subject matter at the heart of these claims" in considering the extension of a copyright standard to a new situation).

119. In addition to its other problems, the effectiveness of this abandonment is contingent upon the author's survival. For example, if the author died without serving a notice of termination and before the termination window commenced, then the author's widow/widower and children would own the termination rights and the contingent reversionary rights would vest in them rather than in the author. The author's "abandonment" was ineffective because it was to be executed by someone who did not acquire those termination rights.

Thus, the "abandonment" is really a conditional abandonment. While the abandonment document may say that the author abandons the copyright rights, it should be held to mean that the author abandons any rights which she may have. It is like a quitclaim, but there is no assurance that she has any rights. She will only have termination rights that she can abandon if she lives long enough to acquire them.

A truly effective abandonment would have to be executed by all of the relevant people. That may be very difficult to ensure. A current spouse may not be the "widow" or "widower" if the author divorces and remarries. Children may not have the legal capacity to sign binding documents. Additional children may be born or adopted.

120. See supra notes 111-15 and accompanying text.

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rights does so because this abandonment will benefit the publisher or grantee to the detriment of the author. An author who abandons the reversionary rights would have no rights to grant after terminating a grant; hence, an author would never exercise her termination rights. Thus, abandonment of contingent reversionary rights would have the same practical impact as waiving termination rights. The result in both cases is that the author could never exercise her termination rights.

A secondary reason for rejecting the Semi-Literalist Position is that it is not truly literalist. To be a consistent literalist, one must argue that copyright can never be abandoned. The True-Literalist Position, that copyright can never be abandoned, is based on the fact that the Copyright Act provides for the automatic attachment of copyright to any original work of authorship fixed in any tangible medium of expression\(^\text{121}\) and sets the duration of copyright as the life of the author plus fifty years.\(^\text{122}\) Abandonment alters this statutory scheme by changing the duration of copyright and removing the copyright from the work. The True-Literalist Position rejects the possibility of changing the duration or removing the copyright on the grounds that these are in direct conflict with the literal mandates of the statute.\(^\text{123}\)

There are many good reasons to reject the True-Literalist Position. All but one of these reasons have been given above and are not repeated here.\(^\text{124}\) In addition to those reasons, one should add the fact that the True-Literalist Position accomplishes nothing except that it becomes a trap for the unwary. If a court rejects abandonment as an affirmative defense to copyright infringement, then parties will simply make the same arguments under the doctrines of estoppel and laches. Instead of arguing that the plaintiff abandoned his copyright by virtue of "some overt act which manifests his purpose to surrender his rights,"\(^\text{125}\) the defendant will argue that the plaintiff's overt acts misled the defendant into thinking that the copyright was abandoned or that the plaintiff would not enforce the copyrights. This change from an argument about abandonment to arguments about laches and estoppel does nothing other than create a trap for any defendant who argues the first but not the other two. In cases where laches and estoppel are argued, courts are going to be faced with drawing the same kinds of lines between permissible surrender of copyright rights and impermissible surrender as are discussed in this Article. There will be some change in the language of the argument as the parties focus on the equities of the case, but the conclusion reached by the court should be the same in most cases. Thus, even if a court adopts the True-Literalist Position, that court must still deal with the problem of finding

\(^{121}\) See supra note 51 and accompanying text.

\(^{122}\) See supra note 52 and accompanying text.

\(^{123}\) Put another way, the Semi-Literalist Position is reached by focusing only on the termination provision: since these provisions do not disallow abandonment, abandonment should be allowed. The True-Literalist Position considers the entire Copyright Act and concludes that abandonment is inconsistent with some of its provisions.

\(^{124}\) See supra notes 50-62 and accompanying text.

\(^{125}\) National Comics Publications, Inc. v. Fawcett Publications, 191 F.2d 594, 598 (2d Cir. 1951), modified, 198 F.2d 927 (2d Cir. 1952); see generally notes 24-37 and accompanying text.
the proper balance between abandonment and termination rights. The only difference will be the set of words that the court uses to describe its analysis.

B. The Widows’/Widowers’/Orphans’ Position

There are a number of statutory interpretations that one can make that are based on policy considerations. One position, albeit an extreme one, would allow termination rights to always prevail over an abandonment. One might call this the "Widows’/Widowers’/Orphans’ Position." Under this position, an abandonment would be treated as simply another kind of grant of copyright rights. For example, an author could abandon her copyrights, but could terminate that abandonment under Section 304(c)(3) fifty-six years after obtaining copyright or under Section 203(a)(3) forty years after abandoning the copyright.126

126. Adopting the Widows’/Widowers’/Orphans’ Position requires resolution of several issues. One issue is that of determining when the termination window occurs. For abandonments occurring after January 1, 1978, if the abandonment is considered to "cover" the "right of publication," then the window will begin forty years from the date of abandonment. 17 U.S.C. § 203(a)(3) (1988). If the abandonment does not cover this right, then the window begins thirty-five years from the date of abandonment. Id. The Widows’/Widowers’/Orphans’ conclusion that an abandonment is a "grant" compels the conclusion that the abandonment "covers the right of publication."

A second issue is how one gives notice of termination. The Copyright Act states that "termination shall be effected by serving an advance notice in writing upon the grantee or the grantee’s successor in title." Id. §§ 203(b)(4), 304(c)(4) (emphasis added). The Widows’/Widowers’/Orphans’ conclusion that an abandonment is a "grant" also requires the assumption that the public is the "grantee."

The word "serving" for purposes of this statute would have to be taken to mean some sort of publication intended to provide the same function that service of process normally fulfills. Service is intended to bring notice to the attention of the people who are actually affected. Publishing notice of termination of an abandonment in selected newspapers and magazines would be one mechanism and might provide notice to some people, but it is unlikely to reach all of the affected people. But see Danton Burroughs v. Metro-Goldwyn-Mayer, Inc., 1982 Copyright L. Dec. (CCH) ¶ 25,406, 17,361 (2d Cir. 1982) (Newman, J., concurring) (stating that service is only needed to people who are granted exclusive rights). At the least, one would want to pick newspapers and magazines whose readership includes people who might be making copies or derivative works of the work involved.

In addition to publication, the notice of termination should be recorded in the Copyright Office. The recordation is for the purpose of service, on the theory that people who might want to make copies, derivative works, or other uses of the work will check the records of the Office. Service should not be deemed complete until the notice is recorded and other publication has been done. This recordation for the purpose of service will also satisfy the statutory requirement that a notice of service be recorded, but is different and involves different time requirements. Recordation for purpose of service must be done not less than two nor more than ten years before the effective date. 17 U.S.C. §§ 203(a)(4)(A), 304(c)(4)(A) (1988). Recordation as required by the statute in all termination cases need be done only before the effective date of termination. Id. Therefore timely recordation for the purposes of service will also satisfy the other recordation requirement.
This position can be justified on policy grounds as follows: Congress adopted the termination provisions in order to safeguard authors and their families from unremunerative transfers. An abandonment of copyright is the ultimate sort of "unremunerative transfer." An author who abandons a copyright is depriving herself and her family of exploiting the economic value of a work. The termination provisions are designed to allow the author and her family to terminate this "transfer" and have the rights revert so that future economic advantage can be gained by the author and her family.

This Widows'/Widowers'/Orphans' Position should be rejected because it is based on an inaccurate understanding of the policies underlying termination rights. Concededly, Congress was concerned about authors and their families being deprived of the economic benefit that they could receive from copyrighted works over the life of the copyright. But that concern was focused on situations in which publishers or other grantees might use unequal bargaining power\textsuperscript{127} to force authors into "unremunerative transfers." In adopting the termination rights provisions, Congress redrew the balance between parties to a contract.\textsuperscript{128} An author's abandonment of all copyright rights outside the context of a bargain between the author and a publisher or other grantee is not based on any "unequal bargaining position." It is based on an author's unilateral decision to forsake economic gain and to allow free use of the copyrighted work by the public. The termination rights provisions simply do not speak to situations in which an author decides to surrender a work to the public domain outside of any bargained-for gain with a publisher or grantee.

The policies supporting termination rights, though strong, should not override the policies underlying abandonment without due concern for striking an appropriate balance. The termination policies apply with greatest force in the context of a transaction between the author and a publisher or other grantee. Abandonment should be allowed to prevail in situations when the author unilaterally chooses to provide a public benefit and to forego remuneration. Abandonment provides the public with the benefit of free access, a public benefit not provided in the contractual system that Congress was concerned with. And the abandonment of a copyright indicates that the author simply wishes to opt out of the copyright system. In contrast, termination deals with authors who have stayed in and want to continue to stay in the system.

\textsuperscript{127} See supra note 97 and accompanying text.

\textsuperscript{128} The statutory language makes it clear that the termination provisions focus on contractual situations. Sections 203(a) and 304(c) speak of a "grant of a transfer or license,"—language contemplating a contractual situation involving two or more parties rather than an abandonment which is the unilateral act of one party. 17 U.S.C. §§ 203(a), 304(c) (1988). Furthermore, notice must be given to "the grantee or the grantee's successor in title." Id. §§ 203(a)(4), 304(c)(4). There is no grantee or grantee's successor in title in the case of abandonment.
C. The Minimalist Balancing Position

There are two other positions that provide a better balance between abandonment and termination rights than does the Widows'/Widowers'/Orphans' Position. These two "Balancing Positions" represent different attempts to balance the policies underlying abandonment with the policies underlying the termination provisions.

One position, called the "Minimalist Balancing Position," would invalidate an author's abandonment of, or agreement to abandon, her contingent reversionary rights, but would allow the author to abandon any other present or future copyright rights she has.129 The rationale for invalidating agreements to abandon contingent reversionary rights is that such agreements conflict with the policy underlying termination rights, a policy whose statutory implementation prevents the waiver of those termination rights.130 To this extent, this position upholds the policies underlying the termination provisions. At the same time, the position attempts a kind of minimalist approach to upholding termination provisions because it would allow the copyright author to abandon any other copyright rights she has.

An example will help to show the kinds of abandonments which are allowed and not allowed. Consider an agreement between Coder, our computer programmer, and Circle, our computer company, in which Coder assigns the copyright in her computer program to Circle for thirty years and Coder simultaneously abandons the reversion.131 Because of the assignment, Circle would own the copyrights for a thirty-year term; Coder would retain the remainder of the duration of copyright. At the end of the thirty-year term, Circle's rights would automatically end, and Coder's abandonment of the remainder of the copyright term would cast the work into the public domain.

The Minimalist Position does not forbid such a contract because Coder's abandonment of the reversion is not the abandonment of any contingent reversionary rights; it is simply the abandonment of the remainder of the copyright term. The Minimalist Balancing Position only invalidates the abandonment of contingent reversionary rights; it does not invalidate the abandonment of a reversion.

This example shows that Circle can create a contract under which Coder's termination rights are negated. However, there is a cost to Circle as well. Once the copyright is abandoned, not only are Coder and her family unable to profit from the work, but Circle also loses the protection of copyright.

This example is, therefore, distinguished from the abandonment of contingent reversionary rights because in that case the author would never exercise the termination rights and, hence, the original grantee would retain the advantage of the grant. In the present situation, the grantee loses the

129. The discussion that follows would apply equally to abandonment of reversionary rights by the author or any other person (such as the author's spouse, children, and grandchildren) who might hold contingent reversionary rights.

130. See supra text accompanying notes 111-15.

131. This example is a variation on the example, supra text accompanying note 3.
protection of copyright by virtue of the fixed term and the abandonment of the
reversion.

This example not only illustrates the workings and limitations of the
Minimalist Balancing Position, it might also appear to suggest that this
Minimalist Balancing Position draws the proper balance between abandonment
and termination rights. In creating termination rights, Congress was concerned
that a publisher or other grantee would use his or her superior bargaining
position to gain copyright rights to his or her economic advantage and the
disadvantage of the author. If, as in the example just given, the publisher or
grantee does not have the protection of the copyright at the time the copyright
is abandoned, then that superior bargaining position does not create the kind
of one-sided benefit which the termination provisions were attacking. Rather,
the public receives the benefit of the abandonment by virtue of the fact that
the work enters into the public domain. Abandonment of copyright rights
other than reversionary rights means that the grantee does not retain protection
of copyright. Thus, this Minimalist Balancing Position is at least a reasonable
one.

However, a closer look at this example suggests why that position does
not represent an optimal balance between the policies underlying termination
rights and abandonment. It is not optimal because it does not adequately
prevent a publisher or other grantee from circumventing the termination
provisions. In the example, Coder's exercise of termination rights is
prevented because the work would enter the public domain before Coder could
exercise those rights. Coder and her family would never regain the copyright
rights and have the opportunity to profit from reselling or relicensing them.

If a publisher or grantee such as Circle negotiates an agreement under
which the author abandons a reversion, that suggests that the publisher
believes that it will gain something by having the work placed in the public
domain. The example of Circle negotiating with Coder to have version 1 of
the DOORS computer program placed in the public domain illustrates the
advantage to Circle of Coder's abandonment. When, as in this example, the
abandonment is negotiated and benefits the grantee, it strongly indicates that
the agreement is being structured in this way so as to avoid the author's
exercise of termination rights. For this reason, this Minimalist Balancing
Position does not seem to present the proper balance between abandonment
and termination rights.

D. The Preferred Balancing Position

A second balancing position that one might take is that any abandonment
of, or agreement to abandon, copyright rights is presumed to be invalid if it
is directly or indirectly a part of a transaction in which the author makes a
grant of copyright rights to a third party.132 The presumption can be

132. In appropriate circumstances, this could be generalized to include grants of trade secret
rights, patent rights, or other intellectual property rights, instead of copyright rights. The issue,
under this Balancing Position, is whether the publisher or other grantee is trying to combine
abandonment with some kind of intellectual property grant in order to circumvent the termination
rights provision of the Copyright Act.
rebutted by the grantee by a showing that he or she did not intend to circumvent the termination provisions. This is called the "Preferred Balancing Position."

The Preferred Balancing Position is based on the presumption that any abandonment of copyright that is tied to a grant is designed to circumvent the Copyright Act's provision that termination rights are non-waivable. The Preferred Balancing Position invalidates such attempts unless the presumption is rebutted.

Two examples will clarify the application of this Position. For example, if an author assigns the copyright to a publisher and, at the same time, abandons or agrees to abandon the contingent reversionary rights, then the abandonment or agreement to abandon would be invalid. The rationale for this is that the abandonment would have the effect of keeping the author and her family from benefiting from the exercise of termination rights.

As another example, consider an agreement between an author and a publisher in which the author assigns the copyrights to the publisher for a thirty-year term and simultaneously abandons the reversion. This kind of agreement might be negotiated by a company when acquiring the copyrights in a computer program. The company plans to make derivative works of the initial program and does not want the author to be able to terminate the assignment and prevent the creation of further derivative works. Applying this Preferred Balancing Position, the abandonment of the reversion would be invalid. The Position presumes that the company is using its superior bargaining position to force the author to enter into an agreement that would prevent the author from exercising termination rights. In this example, this presumption would have been accurate.

133. A variation would be to adopt a Balancing Position in which the presumption is irrebuttable. There are advantages and disadvantages with both rebuttable and irrebuttable presumptions. A major disadvantage of using a rebuttable presumption is that it will provide a fertile ground for litigation, litigation which is likely in most cases to be costly and unproductive. It will be costly because proving a negative is always difficult, and it will probably be unproductive because it is difficult to imagine abandonments of copyright which are tied to copyright grants unless someone believes that the abandonment will remove the risk of the author or his family exercising termination rights. In addition, in cases when a grant is made many years prior to the abandonment becoming effective, there may be few people available to testify about the reasons for the transaction and their memories are likely to be very suspect due to the passage of time.

The use of a rebuttable presumption has the advantage of allowing for the possibility that the abandonment had nothing to do with circumventing the termination provisions. It allows a court to examine the particular circumstances to ensure that an abandonment is not rejected because of an assumed conflict with termination rights when there is no actual conflict.

In spite of its disadvantages, the use of a rebuttable presumption represents the best balance between abandonment and termination rights. It is best because it provides more legal flexibility and because it allows the balance between termination rights and abandonment to be more finely tuned. Problems of lack of witnesses and poor memories are best dealt with by applying the presumption rigorously and requiring clear and convincing evidence before allowing the presumption to be overcome.
The rationale for this position is the protection of authors and their widows, widowers, and children from the unequal bargaining power of publishers or other grantees. Authors and their families should, according to the policies underlying termination rights, have the right to re-acquire copyrights which have been granted to others so that they can reap the economic rewards from entering into new grants. If a copyright grantee receives a grant and also negotiates for the abandonment of other copyrights, one can presume that the abandonment is designed for the benefit of the grantee. The abandonment will prevent the author and her family from being able to enter into a new copyright grant; consequently, such an abandonment would be invalid.

Another example will be helpful to indicate a situation in which an abandonment would be upheld. Suppose that an author abandons his copyright or proclaims that the copyright is abandoned effective in twenty years. These abandonments would be valid if they are voluntary acts of the author and not coupled, directly or indirectly, with any grant by the author of copyright rights. While an abandonment in this case would harm the author and his family by preventing him or them from entering into a grant after the abandonment takes effect, the abandonment is not the result of any "unequal bargaining position" and is not done for the benefit of any publisher or other grantee. Therefore, this position preserves an author’s freedom to abandon copyrights so long as it is not the result of bargaining pressure and designed to benefit a third party.

If the Preferred Balancing Position is adopted, then Circle, in the examples we have been using in this Article, could not succeed in undermining Coder's exercise of termination rights by abandoning the copyright or by obtaining an assignment for a fixed term and requiring that Coder abandon the reversion.

VI. BEYOND THE 1976 COPYRIGHT ACT

This Article has focused on the tension between abandonment and termination rights, a tension that has not been a problem for traditional works of copyright, but which may become a major problem for new technological works such as computer programs.

Computer programs differ in significant ways from many traditional copyrighted works. One major difference is that computer programs are constantly being modified, enhanced, and improved. Version one of a program is followed by versions two, three, and four. In most cases, each new version is a derivative of all of the versions that preceded it.

In computer programs, each new version is likely to add major new features and capability. That means that the expression contributed by version one will become a smaller and smaller percentage of each successive version. In addition, new versions of computer programs often involve rewriting parts of earlier versions in order to make the new version function more optimally.

134. See supra text accompanying notes 3, 131.
This process of rewriting means that the expression contributed by version one diminishes even more rapidly.

In contrast, a more traditional copyrighted work such as a novel is not usually modified into successive new versions after it is published. There may have been many drafts prior to the first publication, and there may be a second or third edition which has changes. However, after the publication of the first edition, changes will rarely continue to be made in version after version, and even more rarely will there be the kinds of changes that are made in computer programs.

More significantly, a computer program that does not continually improve will quickly lose market favor. Companies that market programs depend upon the ability to create new versions of programs in order to maintain market share.

As has been shown by earlier sections of this Article, the author of a computer program would have significant power, because of her termination rights, to force a program publisher to pay that author royalties for the right to create new derivative works. The fact that the publisher must create new versions of that program in order to remain competitive means that the author has significant leverage to extract royalties which might seem disproportionate to the amount or value of the contribution that the author made to those new versions. In fact, when intermediate versions have been rewritten in new programming languages or for different computer operating systems, none of the author's literal expression will be used in the new versions, but the uncertainty over the scope of copyright protection for non-literal expression will still give the author some appreciable bargaining leverage.

Companies that acquire computer programs from independent contractors will face this issue in years to come. This Article has primarily focused on whether the program publisher can circumvent the author's threatened exercise of termination rights by abandonment of the copyright. This Article has concluded that the policies underlying termination should be used to prevent the computer company from doing so.

The problem is not simply that an original computer program may lead to a series of derivative works wherein the original work will play a diminishing role in the economic value of the set of derivative works. Traditional copyrighted works such as novels may also lead to a continuing series of derivative works in the form of movies, plays, condensations, and translations into additional languages. Rather, the problem is that once a program is successful, the computer company must make new versions of the same program; the company cannot simply publish a different program. A book publisher, faced with an author who refused to allow a new translation or other derivative work, could simply publish other books. The computer company that took such an attitude would probably lose the entire customer base for the given program if it did this.

135. Companies can avoid termination problems if they only acquire works made for hire. For works which have not yet been created, the company may be able to take steps to ensure this. For works which already exist, the works-made-for-hire safe harbor may not be available. See supra note 8.
Does a computer company have any other recourse? The answer for such a company would seem to be to ask Congress to change the Copyright Act. Needless to say, program authors may well feel that there should be no change in the statute. They are likely to argue that if a program is so good that it becomes successful and spawns a series of new versions, then the original author should be entitled to additional royalties for having started such a successful series of programs. Authors can forcefully argue that the termination rights provisions are eminently appropriate in these situations. Computer companies can respond with arguments based on the facts discussed above.

Assuming that computer companies can persuade Congress that computer programs are different from traditional copyrighted works and that the termination rights give program authors too much economic leverage, what might Congress do?

One answer would be for Congress to amend the work-made-for-hire provisions of the Copyright Act to add computer programs to the list of works that can be works made for hire. The termination rights provisions do not apply to works made for hire, so allowing computer programs to be created as works made for hire would mean that the individual creators of such programs would not be able to exercise termination rights.

The nine categories of works listed in the work-made-for-hire provisions of the Copyright Act were placed there as a result of compromises worked out between publishers and authors when the 1976 Copyright Act was being created. It was precisely to avoid the effect of termination rights that these work-made-for-hire provisions were enacted. Adding computer programs to the list of works would be a recognition that computer programs are more like these other nine categories of works than they are like novels, plays, music, and other traditional kinds of copyrighted works.

Adding computer programs to the list of works that can qualify as works made for hire hardly improves the situation. It would seem to solve the problem that computer companies have with termination rights in the context of the computer company commissioning a new computer program, but such companies have other options. Moreover, it would not alleviate the problem of programs created by individual authors outside of such a commissioned-work setting.

136. This Article has assumed that computer programs are alike in that they are continually enhanced, modified, and changed. This assumption should be explored. For example, game programs may or may not change over time. In addition, when one broadens the discussion to include factual databases, the situation becomes much more complex. See supra note 3.


138. Some factual databases might also appropriately be included in the works made for hire list. See supra note 3.

139. Because termination rights do not apply to works made for hire, companies commissioning the creation of a new program can try to insist that the programmer work as an employee within the scope of his or her employment. For example, a sole proprietor could be required to form a corporation and work as an employee of the corporation. The resulting work would be deemed a work made for hire. See supra note 8.
Another Congressional response might be for Congress to amend the Copyright Act so that authors of computer programs would not be able to exercise termination rights. This would eliminate the power that program authors have to extract royalties for new versions that are created many years after the original program has lost most of its economic value as a discrete program.

Still another legislative solution would be to reverse the result of the balancing position urged in the Article by making abandonment valid provided the copyrighted work is completely placed in the public domain. For example, an author and an assignee could, together, abandon the copyright in a work, thereby completely surrendering the copyrights in the work. Or an author could validly abandon the reversion when the author granted a publisher an exclusive copyright license for a twenty-year term. On the other hand, an author could not abandon her contingent reversionary rights unless the grantee also abandoned the copyright rights that were granted because the abandonment by the author alone would not place the work in the public domain.

Each of these solutions has some merit. This Article has focused on the conflict between termination rights and abandonment under the existing 1976 Copyright Act. It is beyond the scope of this Article to determine whether one of the three solutions represents the best accommodation of the interests of authors and publishers or whether some other alternative might be even better. Congress should hold hearings to gather the facts which would be necessary to determine the best accommodations and consider which of these alternative legislative solutions would provide the optimal solution.

VII. CONCLUSION

This Article began with a question whose answer proved to be quite easy to determine. Can a copyright assignee cut off an author’s termination rights by abandoning the copyrights in a copyrighted work? The answer was "no." Even though an assignee abandoned the assignee’s rights in the copyright, the author and her family could exercise her termination rights. This act terminates the grantee’s rights, thereby reclaiming the copyright rights that the grantee had held, even though those rights had been surrendered to the public in the interim.

In addition, the Article concluded that an author’s abandonment of her contingent reversionary interest would also be invalid. This conclusion was reached by noting that the effect of such an abandonment would be equivalent to the author’s waiver of her termination rights—a waiver that the statute expressly prohibits.

Other questions raised by this Article proved far more interesting and difficult. The Article explored the tension between abandonment and termination rights and then considered various positions that one could adopt.

140. A variety of other alternatives are suggested in an insightful student article. Anderson, supra note 1, at 850-51.
141. See supra note 136 and accompanying text.
to resolve that tension. Two literalist positions were considered, and it was determined that a pure literalist might well take the position that one could never abandon a copyright.

The pure literalist position was rejected in favor of positions in which the policies underlying abandonment and termination were balanced in order to reach an appropriate accommodation between them. The Preferred Balancing Position is one in which abandonments of copyright are permitted except when they are done in conjunction with grants of copyrights and the abandonment is made in order to circumvent the exercise of termination rights. This Preferred Balancing Position allows abandonment to continue to be available in situations in which an author unilaterally decides to forego the advantages of copyright, while making sure that a publisher or other grantee does not use its superior bargaining position to circumvent the exercise of termination rights.

Finally, the Article notes that Congress might wish to consider various alternatives that might be adopted to provide an even better accommodation between authors of computer programs and computer companies that publish them.