Getting a Second Bite of the Apple: Termination of Transfers of Copyright

*by Janet Fries and Jennifer T. Criss**

Copyright protection under current U.S. law lasts for a very long time. Generally, the term of protection is for the life of the author plus an additional 70 years. In the case of "works made for hire" – meaning works created by employees in the scope of their employment or certain works specially commissioned by independent contractors – copyright protection can be even longer. Despite this long term of protection, and despite clearly drafted provisions in license agreements and other contracts that transfer or assign rights for "the full term of copyright protection, including any renewals and extensions," many agreements can be terminated after only 35 years.

Congress determined that authors are not always in good bargaining positions at the time works are created and rights are transferred. And it is often difficult to assess the value of a literary work, a song or a work of visual art until the work is actually offered to the public. Works by established authors sometimes flop and works by emerging artists can be surprise hits. So Congress decided to provide the opportunity for authors to terminate contracts after 35 years. If a work has proven itself in the marketplace, its author or composer can terminate a contract made more than 35 years ago and negotiate a new deal.

Agreements relating to all forms of copyrighted works may be subject to termination. Content users should be aware that rights they thought were clear and well settled may be terminated. Similarly, content owners should be aware that they may have a second bite of the apple and be able to terminate or renegotiate rights they transferred decades earlier. Contracts for rights in musical works, such as jingles, as well as for visual works such as logo designs or images used for promotion and advertising, may be subject to such termination.

In order for an author to properly initiate the termination of a transfer of copyrights, the copyright statute dictates a number of formalities that must be followed. These formalities include: (1) calculating the window of years during which the transfer can be terminated, based on the date of creation and the date of first publication of the work; (2) preparing and sending notice of the termination to the user of the rights; and (3) preparing and filing notice of the termination with the Copyright Office. The notices sent – to the rights user and to the Copyright Office – must be timely and must include specific information in order to be effective.

The copyright statute dictates who may terminate a transfer of rights. The author or, in the case of a work with multiple creators, a majority of joint authors may terminate the transfer. If the author is deceased, his/her surviving spouse may terminate; if there is no surviving spouse, surviving children may do so. In addition, an executor, administrator, personal representative, or trustee of the author may terminate rights on behalf the author's estate.

A wide variety of contractual arrangements are subject to termination, including exclusive and non-exclusive licenses and assignments. However there are exceptions and limitations to what can be terminated. For example, derivative works, which are works based in whole or in part on an original work, may continue to be utilized under the terms of the grant even after the transfer of rights in the original work is terminated.

And, significantly, work made for hire agreements cannot be terminated. But not every agreement using the words "work made for hire" in fact qualifies as such. In order to qualify as a work made for hire, the work created must fall within one of nine categories enumerated in copyright law. The copyright community is anticipating litigation on this point, particularly with regard to determining if sound recordings can qualify as works made for hire.

Another current copyright issue of interest is the restoration of rights in certain foreign works. Many works that entered the public domain in the United States are now protected by U.S. copyright once again as a result of an international treaty to which the U.S. is a party. A case is pending before the Supreme Court on whether this change is unconstitutional. Stay tuned for the Supreme Court's ruling, expected in the coming months.