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Lexis Practice Advisor Intellectual Property & Technology

Determining Copyright Ownership

by Jeremy S. Goldman, Frankfurt Kurnit Klein & Selz PC

Jeremy S. Goldman is counsel in the Litigation Group of Frankfurt Kurnit Klein & Selz PC, where he focuses on intellectual property, entertainment and privacy law for clients in the media, entertainment, advertising and technology spaces.

Overview

Copyright protection is given to authors of original and expressive works , including literary, musical, dramatic, sculptural, and certain other categories of works, which are fixed in a tangible medium. Although the author of a copyrighted work is generally also the creator of the work, there are exceptions to this, such as works made for hire and works jointly authored by more than one person. A copyright in a derivative work protects only the new and original elements added to preexisting work; the author of the derivative work has no ownership interest in the preexisting work. The ownership of a copyright may be transferred or assigned, in whole or in part. That is, each of the exclusive rights afforded a copyright owner under the Copyright Act may be owned and transferred separately. To the extent there are conflicting transfers, the prior transferee will have priority over any subsequent transferee so long as the transfer is recorded within one month of execution (for transfers made in the United States), or at any time prior to recordation of the transfer to a subsequent transferee. Recordation is not required to make the transfer, but it has several legal advantages. Copyright ownership also may be passed by will or state intestacy laws, to one or multiple owners.

Authorship and Ownership of Copyright

The Copyright Act, 17 U.S.C. § 101 et seq., grants to authors of original works that are embodied in a fixed medium of expression a monopoly over a bundle of rights – i.e., a copyright – in their works for a limited period of time. Breaking this apart, copyright ownership requires that the work be:

- (a) original – meaning that the work was not copied from another source but was independently created;
- (b) fixed in a tangible medium – meaning that the work has been written on paper, recorded in a sound recording, stored in computer memory or memorialized in any other tangible medium; and
- (c) expressive – meaning that the work comprises more than just an idea (which is not subject to copyright protection) and is sufficiently creative to warrant protection (facts are not subject to protection, although the way in which facts are expressed may be protectable).

(A common misperception is that registration is also a prerequisite to obtaining protection in a copyrightable work. Although there are benefits to registering a copyrighted work with the Copyright Office, registration is, in fact, not required. As long as the elements discussed above are satisfied, an author will automatically

achieve copyright ownership in his or her work upon the fixation of that work in a medium. For a more detailed discussion on copyright registration, see Benefits of Copyright Registration.)

The Copyright Act lists the following categories of works that may be entitled to copyright protection:

- Literary Works
- Musical Works
- Dramatic Works
- Pantomimes and Choreographic Works
- Pictorial, Graphic and Sculptural Works
- Motion Pictures and Other Audiovisual Works
- Sounds Recordings
- Architectural Works

For a more detailed discussion on the copyright-protected categories, see Definition, Eligibility & Requirements for Copyright Protection by Eric E. Bensen, Attorney at Law — Copyright Eligibility.

The "author" of a copyrighted work is generally the creator of the work – the one who initially fixes an original work of authorship in a tangible medium of expression. Moreover, the author of a work ordinarily will be the initial owner of the copyright in and to the work. Nevertheless, there are several exceptions, such as works made for hire and works jointly authored by more than one person.

Derivative Works

A "derivative work" is "a work based on one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revision, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship is a 'derivative work.'" 17 U.S.C. § 101. (emphasis added).

The requirement that the work be "recast, transformed, or adapted" means that it must be modified in some significant way from the original in order to be protected as a derivative work. Thus, derivative works are often made by a change in the form of the work. For instance:

- A television dramatization of a copyrighted script (Weismann v. Freeman, 868 F.2d 1313 (2d Cir. 1989));
- Tiles containing mounted images of copyrighted art pictures (Mirage Editions, Inc. v. Albuquerque A.R.T. Co., 856 F.2d 1341 (9th Cir. 1988)); or
- Three-dimensional dolls or figures based on two-dimensional copyrighted cartoon characters (Geisel v. Poynter Prods., Inc., 295 F. Supp. 331 (S.D.N.Y. 1968)).

The right to prepare derivative works is an exclusive right of the copyright owner. Therefore, a derivative work must be made or authorized by the copyright owner of the preexisting work on which the derivative is based. A derivative work based on a work in the public domain, and thus not subject to copyright protection, does not require such authorization. For a more detailed discussion on works in the public domain, see Works in the Public Domain.

Similar to compilations, a copyright in a derivative work protects only the new and original elements added. It does not provide the author of the derivative work with any interest in the preexisting work. For example, an author of a translation (derivative work) based on an original novel (preexisting work) would only be afforded protection in the translation, not the novel.

Where a derivative work is derived from a joint work, but created by only one of the joint authors of the preexisting work, absent an intention that the work be a joint work, the creating author becomes the sole author of the derivative work. For a more detailed discussion on joint works, see Works of Multiple Authors.

One of the trickiest problems in copyright law arises from the fact that the Copyright Act affords protection to derivative works that "transform" an original work, while, at the same time, the Supreme Court has held that the fundamental question in determining whether a use of another's copyrighted work is a "fair use" is whether the use is "transformative." Campbell v. Acuff-Rose Music, 510 U.S. 569 (1994). Thus, drawing the line between a work that is merely derivative, and therefore subject to the copyright holder's control, and one that is transformative, and therefore beyond his or her control, is one of the most difficult tasks for copyright practitioners and courts. For a more detailed discussion on fair use, see What are the Copyright Owner's Exclusive Rights? — Fair Use Doctrine.

Works of Multiple Authors

Co-Authorship

A work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts is termed a "joint work." 17 U.S.C. 101. Each author of a joint work must contribute to the expression of the work as a whole. For example, a joint work may be a script written by a team of writers or a song where the music is composed by one person and the lyrics by another. Most courts have held that each contribution must be independently copyrightable, though the Seventh Circuit has held that merely the combined work must be copyrightable.

Perhaps the most crucial requirement of a "joint work" is that the authors must intend that their contributions be merged into a single copyrightable work. The authors' intention may be evidenced through written communications between the parties, industry custom, identification of all parties on any published edition of the work, the division of profits, etc. However, not one of these considerations is dispositive. For example, in a writer-editor relationship, though the editor may make significant contributions to the work, it is not presumed that the editor is a joint author. Similarly, where a research assistant makes significant contributions to a professor's research article, the parties may not necessarily intend that the research assistant will be a joint author.

Thus, prior to the creation of the work, it is recommended that the parties to a joint work enter into an agreement outlining their intentions with respect to copyright ownership of the work. Such an agreement would serve as clear evidence of the parties' intentions to create a joint work and could specify other pertinent deal points and rights, including the division of ownership and royalties, and any limitations on each owner's exclusive rights, such as the ability to license or transfer ownership.

Authors of a joint work are equal co-owners of the copyright in the completed work as a whole, regardless of the amount contributed by each joint author. Accordingly, where the parties have created a joint work, absent a written agreement to the contrary, royalties for joint works are paid equally among the authors. Joint authors may contract for different percentages of ownership interest so long as they do so prior to the creation of the work.

Generally, each joint author has the right to independently exercise any exclusive rights in and to the work as if he or she were the sole author. Thus, for example, the default rule is that any joint author has the right to independently create a derivative work based upon the work and will be the sole copyright owner of the derivative. Moreover, any one joint author may independently license rights in and to the work as a whole without the authorization of the other joint author(s). However, such licenses will be considered nonexclusive, because the other joint author(s) also retains the right to license to another party.

The ability of each author to independently license nonexclusive rights and develop derivative works without the knowledge or authorization of the other joint author(s) has the potential to generate thorny practical

problems. For example, two authors might each license and develop his or her own film based upon the same play that they co-wrote. Although the two films would compete for the same audience at the box office and use the same copyrighted materials, neither filmmaker would have an action for infringement against the other. Another common scenario is the "retroactive license" granted by one author. In this situation, one author of a joint work brings a copyright lawsuit against an alleged infringer. To thwart the claim, the alleged infringer enters into an agreement with the non-suing joint author with the effect of retroactively granting the alleged infringer a license to use the work at issue. Although this used to happen with some frequency, some courts have become wary of honoring such retroactive licenses. Davis v. Blige, 505 F.3d 90, 97-98 (2d Cir. 2007) (holding that "retroactive transfers violate basic principles of tort and contract law, and undermine the policies embodied by the Copyright Act").

To prevent these types of problems, joint authors should include a provision in their joint authorship agreement requiring each joint author to obtain the consent of all other joint authors prior to licensing any rights to the work or developing a derivative work. Similarly, a joint authorship agreement should also include a provision regarding transfers of ownership. The default rule is that an ownership interest in a work of joint authorship is transferrable, either between the parties or to a third party. However, some courts have held that transfers of exclusive rights or ownership interests require the authorization of all joint authors. In order to clarify the parties' intent with respect to the transferability of an ownership interest in the joint work, the joint authors should specify by contract whether the authorization of all joint authors is required prior to the transfer by any one joint author of his or her interest in the work.

Collective Works

A "collective work" is one in which a number of independently copyrightable contributions are "assembled into a collective whole." 17 U.S.C. § 101. In a collective work, each contributor is the copyright owner with respect to his or her contribution to the work, not the work as a whole. The owner of a copyright in the entire collective work is the party that assembles the separate components. Examples of collective works include periodical issues, anthologies, or encyclopedias.

In the absence of an express transfer or a work made for hire, the author of a contribution retains the copyright in that contribution to the collective work. An individual who has made a contribution to a collective work, such as a journalist who writes a column that is incorporated into a periodical, may file for a separate copyright registration for his or her particular contribution. Each contribution may include its own copyright notice.

By dividing ownership in this way, the Copyright Act limits the rights of the collective work author with respect to the contributions contained therein. The owner of the copyright in a collective work may reproduce and distribute the contribution only as part of the collective work, or any revisions or subsequent collective works in the same series. 17 U.S.C. § 201(c). Thus, the Copyright Act affords freelance authors, such as journalists who regularly contribute to collective works, an additional benefit with respect to their work: if there is continued interest in a particular contribution outside of the scope of the collective work, the author of the contribution retains the right to license it elsewhere. However, publishing contracts with freelance authors now frequently include licenses to place their articles in databases or to include them in other collective works.

Therefore, when reviewing agreements on behalf of clients who contribute to collective works, it is important to understand what rights the clients are willing to include in their grant of rights and which rights they wish to retain. For instance, if a contributor wishes that his or her work only be included in the single collective work but has plans to independently license the work for inclusion in a database, the agreement should reflect that.

On the other hand, when reviewing and negotiating agreements on behalf of clients who will be creators of collective works, you should include terms that provide the compiler of the collective work with a broad

range of rights to the contributed works, so that the compiler may include the works in other compilations, searchable databases, or other works that are regularly created in their ordinary course of business. Indeed, publishers are increasingly insisting that authors grant rights that extend even further to include derivative works (such as a book) based on an article topic.

Compilations

A "compilation" is a "work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship." 17 U.S.C. § 101. Collective works, where each contribution to the work is independently copyrightable, are one type of compilation. Other common forms of compilations include periodicals such as newspapers and magazines. Blogs with multiple contributors likely are also compilations.

Copyright protection in compilations extends only to the material contributed by the author of the compilation as a whole, and not to any preexisting material that is included in the work. 17 U.S.C. § 103. Consequently, the author of a protectable preexisting work included in the compilation retains copyright ownership of the work, and the author of a compilation must obtain the copyright owner's authorization to include the work in the compilation. Furthermore, where the author of a compilation does not add anything, the copyright in a compilation extends only to the selection, order and arrangement of the compiled materials; and the selection, order and arrangement must be sufficiently original – or in other words, creative – in order to be protectable.

Compilations may also include materials that are not independently copyrightable, such as facts, data and other works in the public domain (including names, addresses, and telephone numbers contained in telephone books); and compilations of public documents such as war records, court cases and credit ratings. While facts do not possess sufficient originality to be copyrightable, compilations of facts may. The author of a compilation chooses what facts to include, their order, and arrangement. If these choices entail even a minimal amount of creativity, the compilation may be sufficiently original as to be protected by copyright. Though, not surprisingly, the copyright protection afforded to factual compilations has been described by courts as "thin." In determining whether a factual compilation is protectable, the focus of the analysis is on the originality of the author in creating the compilation, not on the level of effort that the author expended in gathering the facts contained therein. See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991).

Works Made for Hire

When counseling your client on copyright ownership issues, it is important to understand by whom the work was created. As a general rule, the creator of a copyrighted work is the owner of the copyright in that work, and is identified as the author of the work on an application for registration of the copyright. However, where the work is a "work made for hire," the creator of the work is not deemed to be the owner of the copyright or the author of the work. Rather, the owner/author is an employer company or party that requested the work be created. Thus, you should consider whether a work falls under the work made for hire doctrine to fully understand your client's rights in the work.

A work qualifies as a work made for hire in only two circumstances: where the work of authorship is created by an (1) employee within the scope of his or her employment, or (2) independent contractor who is retained for the purpose of preparing a specially-commissioned work that falls into one of nine statutory categories, and where the agreement between the parties is in writing.

If a work is a "work made for hire," the employer or other party for whom the work was prepared is deemed to be the author and initial owner of the copyright in that work (except where the parties have entered a signed, written agreement stating otherwise). Thus, the "author" identified on the application for copyright registration should be the employer or other party for whom the work was prepared, and the application

should specify that the work is a work made for hire. For a more detailed discussion on drafting and filing copyright applications, see Drafting and Filing a Copyright Application.

The first step in determining whether a work is one made for hire is to identify whether the work was created by an employee or independent contractor, an analysis based on common law agency principles.

Employees

Generally, if the work is created by an employee within the scope of his or her employment, the work will be considered a work made for hire. To determine whether a person is an "employee," courts consider the following non-exhaustive factors:

- the hiring party's right to control the way in which the work is produced;
- the source of the materials used to create the work;
- where the work is created;
- the duration of the relationship between the parties (whether it is long-term, or if the parties intend to work together only until the work is completed);
- whether the hiring party has the right to assign additional projects to the hired party;
- the extent of the hired party's control over the hours in which he or she works;
- how the hired party is compensated;
- whether the hired party has the authority to hire and pay assistants;
- whether the work being created would be created in the regular course of business of the hiring party;
- whether the hiring party operates a business;
- whether the hired party is provided with employee benefits; and
- the tax treatment of the hired party.

See Community for Creative Non-Violence v. Reid, 490 U.S. 730 (U.S. 1989).

It is not necessary to meet all of the factors above. Normally, the greater a hiring party's right to control the manner in which the work is produced, the more likely the hired party will be found to be an employee. Moreover, a work is generally treated as having been created within the scope of employment if it is in furtherance of the business of the employer, such as if it is the type of work that the employer is in the business of preparing.

For instance, an article written by a staff journalist of a magazine, who (1) is a salaried employee of the magazine; (2) uses the employer magazine's computers and computer programs to conduct research; (3) is assigned article topics by a supervisor; (4) works during hours dictated by the magazine company's policy; (5) is supervised by an editor at the magazine who edits the work; (6) is regularly given similar assignments; and (7) is given other assignments by the magazine – is very likely to be considered a work created by an employee within the scope of employment, and thus, a work made for hire.

Additionally, as a general matter, while "employee" does not refer exclusively to salaried employees, works created by salaried employees that are within the scope of works they would ordinarily create in their employment are often considered works made for hire.

By contrast, if a software engineer who is a salaried employee of a computer software company that provides computer software for medical facilities creates gaming software at home and in his spare time, the work is created outside of the scope of the engineer's employment, and would therefore not be considered a work made for hire. Consequently, the engineer – and not his employer – would be the copyright owner with respect to the gaming software he developed.

Independent Contractors

If a work is created by an independent contractor, it will not automatically constitute a work made for hire, even if the work is specially commissioned. Rather, there must be a written agreement between the independent contractor and the commissioning party providing that the work created by the contractor shall be deemed a work made for hire. Moreover, the work must fall into one of the following nine enumerated categories in 17 U.S.C. § 101:

1. A contribution to a collective work,
2. A part of a motion picture or other audiovisual work,
3. A translation,
4. A supplementary work, which is a work that is prepared as "a secondary adjunct" to a work created by another author, "for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work." Examples of supplementary works include "forewards, afterwards, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes" (17 U.S.C. § 101),
5. A compilation,
6. An instructional text, which is defined as "a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities" (17 U.S.C. § 101),
7. A test,
8. Answer material for a test, or
9. An atlas.

Works created by independent contractors that do not fall within one of the nine statutory categories will not be considered works made for hire, even where the parties have entered into an agreement expressing their intent that the work should be considered as such. In order for the copyright in an unlisted category of work to vest with the commissioning party, the independent contractor must execute an assignment agreement.

Work Made for Hire and Assignment Agreements

In light of the fact-driven nature of a work made for hire determination, it is always advisable to require employees, independent contractors and non-salaried employees, as a condition to their employment and prior to their creation of any copyrighted works, to sign a work made for hire agreement, either as a standalone document or as part of an employment agreement. Written work for hire agreements have the practical effect of placing employees on notice of the arrangement and, as a legal matter, clarify the copyright ownership status of works created by independent contractors and other non-salaried employees.

Nevertheless, as discussed above, only works that fall within one of the nine statutory categories may become works made for hire pursuant to a written agreement. In addition, although an agreement may purport to designate a relationship as a work made for hire, courts look to the underlying facts of the relationship in determining whether a work was in fact a work made for hire, not just what the parties specified in the agreement. Thus, in order to capture any works that do not fall within one of the nine statutory categories or where the work made for hire status is in question, employers and commissioning parties should include within the work made for hire agreement an alternative assignment provision. An alternative assignment provision generally states that, in the event that the work is not a work made for hire, the employee or independent contractor transfers and assigns all right, title and interest, in and to the copyright to the employer or commissioning party. Such a provision will bolster the employer's or commissioning party's assertion of ownership over the copyright in and to the work created. For a more detailed discussion on assignment of copyrights, see Express Assignment of Copyright by Peter E. Nussbaum and Rachel C. Santarlas, Wolff & Samson PC and/or Transfer of Ownership.

Assignment will generally satisfy the needs of the employer or commissioning party; however, work made for hire status is generally preferable to an employer or commissioning party. This is because in the case of a

work made for hire, the employer or commissioning party is the "author" for purposes of the Copyright Act. In the case of an assignment, on the other hand, the creator of the copyright remains the "author," empowering the creator to later exercise the right to terminate the transfer. Thus, obtaining ownership of a copyright via assignment gives the employer or commissioning party an inferior form of ownership.

Transfer via assignment can be terminated by the author or his or her heirs between the 35th and 40th year of the assignment. If this right is properly exercised, all rights granted to the assignee – in this case, the employer or commissioning party – will revert to the creator of the work. However, the termination of transfer provisions of the Copyright Act do not apply to works made for hire because the employee or independent contractor is the author or initial owner of copyright. For a more detailed discussion on termination of transfers, see Termination of Transfers.

Moreover, while most copyrighted works are protected for the life of the author plus 70 years, the duration of copyright in a work made for hire is 95 years from the date of publication or 120 years from the date of creation, whichever expires first. 17 U.S.C. § 302. For a more detailed discussion on copyright duration, see Duration of Copyright.

Conducting a Work Made for Hire Analysis

Whether a work is considered a work made for hire implicates critical copyright ownership consequences for your client. Thus, it is important to understand the circumstances surrounding the creation of the subject work.

A work qualifies as a work made for hire where the work of authorship is created by an (1) an employee within the scope of employment, or (2) an independent contractor who is retained for the purpose of preparing a specially-commissioned work that falls into one of nine statutory categories, and where the agreement between the parties is in writing.

When determining whether a work is a work made for hire, you should conduct the following analysis:

(1) Is the creator of the work an employee?

While identifying whether the creator of the work is an employee is not an exact science, it is useful to look to the level of control a company has over the creator. The more control, the more likely the creator will be considered an employee. Additionally, factors such as whether the creator collects a salary, is offered benefits, as well as the creator's role in the business, are all considerations to take into account. See Works Made for Hire — Employees.

(2) If the creator is an employee, was the work created within the scope of employment?

Even if the employee created the work, it will not be considered a work made for hire unless the work was created within the scope of the creator's employment. For example, consider whether the resulting work related to the type of work that the employee was hired to do, and/or created using employer-owned materials and/or during the workday.

(3) If the creator is not an employee, but rather an independent contractor, is there a written agreement between the parties?

The importance of requiring all independent contractors (or even employees, to the extent there is any question about the person's status), to sign a written work made for hire agreement cannot be overstated: Where a work is created by an independent contractor, the independent contractor will hold the copyright in

the work unless there is a written agreement specifically stating that the work is intended to be a work made for hire.

A written agreement codifying that a work created by an employee within the scope of employment should be considered a work made for hire is unnecessary, as such works are deemed works made for hire automatically as an operation of law. However, larger employers may require work made for hire agreements as part of the hiring process, and these documents should be reviewed.

(4) Even if there is a written work made for hire agreement, was the work specially commissioned?

For the work of an independent contractor to qualify as a work made for hire, the work must have been specially commissioned. This means that the hiring party must have specifically requested that the resulting work be made. Works falling outside the request will not qualify as work made for hire.

(5) Does the work fall within one of the nine enumerated statutory categories?

Even where a work is the subject of a written work made for hire agreement and was specially commissioned, it will not qualify as a work made for hire unless the subject matter of the work falls within one of the nine enumerated statutory categories. See Works Made for Hire — Independent Contractors.

(6) Does the written agreement contain an alternate assignment provision?

As a precautionary measure and as a matter of good practice, all work made for hire agreements should also include an assignment clause providing that the worker assigns all of his or her or its rights in the work to the commissioning party. That way, the commissioning party will obtain ownership of the copyright in the work even if it does not fall within one of the enumerated statutory categories or if the work made for hire language fails for some reason.

Transfer of Ownership

A copyright is considered personal property, and therefore is freely transferable. The Copyright Act provides that "the ownership of a copyright may be transferred in whole or in part by any means of conveyance or operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession." 17 U.S.C. § 201 (d)(1).

Method of Transfer

Assignment

An owner of a copyright or the author's designated agent may assign copyright ownership, in whole or in part. The transfer must be in writing and signed by either the owner or the owner's agent. The effect of assignment is to grant the assignee all of the rights of the copyright owner with respect to the copyright in the work.

For a more detailed discussion on assignment of copyrights, see Express Assignment of Copyright by Peter E. Nussbaum and Rachel C. Santarlas, Wolff & Samson PC.

Transfer of One or More Exclusive Rights

Each of the exclusive rights afforded under Section 106 of the Copyright Act may be owned and transferred separately. Thus, a copyright owner may transfer one or more of his or her exclusive rights, while retaining ownership in the remaining rights. For instance, the author of a book may transfer the exclusive rights of

reproduction and distribution to a major publishing house, while retaining derivative, public performance and all other exclusive rights. The author thereby retains the right to write a screenplay based on the book or to read the work before a public audience. Partial transfers that divide ownership in the copyright should be in writing and signed by the copyright owner or his or her agent. The agreement should clearly specify which rights are being granted to the assignee and which rights are being retained by the copyright owner.

Transfer by Will, Gift, or Operation of Law

Copyright ownership may be passed by will or state intestacy laws. The heirs of a copyright owner are vested with all of the ownership rights of the author. If the author wishes to designate beneficiaries or a specific division of rights upon death, he or she may do so by will. The author may also transfer ownership of copyright during his or her lifetime by gift. A will or instrument of gift, much like an assignment, may be recorded with the Copyright Office in order to create a public record of the transfer of ownership and to maintain a clear chain of title. For a more detailed discussion on recordation of transfers, see Other Copyright Office Filings and/or Recordation of U.S. Copyrights by Peter E. Nussbaum and Rachel C. Santarlas, Wolff & Samson PC.

A failure to make a different designation for secondary copyright ownership by wills, gift, assignment, or other form of transfer made by written instrument may result in the transmission of those rights by intestate succession. Transfers by operation of law need not be in writing. If the copyright owners wish to avoid this result, a transfer made in writing is required.

Where a copyright owner designates several beneficiaries with respect to ownership of copyright, or state intestacy laws result in sharing the copyright interest among several intestate heirs, the result is joint ownership of the copyright.

Clients who have an ownership interest in one or more copyrights should make dispositions for copyright ownership after their death when creating an estate plan. It is particularly advisable that transfers be made by will or inter vivos gift where the copyright owner does not wish for their rights to pass via intestate succession.

Involuntary Transfer

The law with respect to involuntary transfer of copyright or any exclusive rights of the copyright owner – specifically, in bankruptcy proceedings – is largely unsettled. In some jurisdictions, recording a copyright assignment may be required in order to perfect a security interest. The leading case in this area provides that copyright law preempts state law with respect to perfection of a security interest in copyright. See In re Peregrine Entertainment, Ltd., 116 B.R. 194 (C.D. Cal. 1990).

Priority of Transfers

The Copyright Act explicitly establishes priority between conflicting transfers. 17 U.S.C. § 205(d). The prior transferee will have priority over any subsequent transferee so long as the transfer is recorded within one month of execution (for transfers made in the United States), or at any time prior to recordation of the transfer to a subsequent transferee. Suppose, for example, that A assigns his copyright to B and one year later A assigns the same copyright to C who has no knowledge of the transfer to B. Under Section 205(d), B prevails as the copyright owner so long as he records the assignment within one month of execution of the agreement (two months if the agreement was executed outside of the country). When the one month grace period expires a "race to record" commences and whoever of B or C records first becomes the rightful owner.

These rules only apply where the work is registered. Where a work in unregistered, a court will decide priority based on evidence provided by the parties.

There are two exceptions to the priority rule:

1. A party will not have a priority claim for ownership if the transfer was received in bad faith. Thus, in the case of the example above, had C been aware of the prior transfer to B, C could not have a priority claim, even if C records first.
2. A party will not have a priority claim for ownership if the transfer was received without valuable consideration. Suppose, in the example above, that A had transferred his copyright ownership to C by gift. Even if C was the first to record his transfer, he could not have priority over B.

The Copyright Act also sets forth certain circumstances in which a nonexclusive licensee will prevail over an assignment or exclusive license. Specifically, where:

1. The nonexclusive license is in writing, signed by the copyright owner and was made before execution of the transfer/assignment; or
2. Even where the nonexclusive license is made after the transfer/assignment, if it is in writing and was received in good faith before recordation of the transfer/assignment and without notice of the prior transfer/assignment. For example, suppose A assigns his copyright to B and the next month A gives C a nonexclusive license in writing. C will prevail if B failed to record and C took the license in good faith.

Recordation

Any transfer of copyright may be recorded, so long as it has been signed by the transferor. While recordation of the transfer document is not required to make the transfer, it does have several legal advantages, such as the ability to validate the transfer against third parties and to provide a chain of title. Transfers of both registered and unregistered copyrights may be filed in the Copyright Office.

Recordation also serves as prima facie evidence of the transfer. So long as the work is registered and the transfer document specifically identifies the work, recordation of the transfer serves as constructive notice that the transfer has been made. For a more detailed discussion on recordation of transfers, see Other Copyright Office Filings and/or Recordation of U.S. Copyrights by Peter E. Nussbaum and Rachel C. Santarlas, Wolff & Samson PC.

Termination

Any transfer of an interest in copyright created after January 1, 1978 may be terminated by the author or his heirs 35-40 years after the date of the grant. In order to exercise the termination right, notice must be served upon the current copyright owner. The notice must contain the effective date for termination of the transfer and be signed by the author, his or her heirs, or their agent. Termination results in the reversion of all rights transferred to the author or his or her heirs. For a more detailed discussion on termination rights and how to exercise them, see Termination of Transfers.