

## AN EMPIRICAL STUDY OF CASE LAW RELATING TO 17 U.S.C. § 203

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*This paper provides a study of court decisions on the termination right under the Copyright Act of 1976 (17 U.S.C. § 203) up to the end of 2022. This provision permits creators to unilaterally end post-1977 copyright assignments or exclusive licenses after, in most cases, 35 years, and has been subject to heated debates in the literature. The growing body of case law relating to § 203 is a useful data source from which trends can be drawn to inform practice (enabling creators, publishers, agents and other industry participants to better understand how termination applies) and research (highlighting trends which can be compared against existing literature, like economic projections, and serve as indicators of future research pathways). This study uses popular legal research databases Lexis Advance and Westlaw to identify relevant cases. It then provides an analytical chronology of the cases, categorizing cases according to their decades and the § 203 issues they discuss. The study then draws out implications for practice and policy from the results.*

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## INTRODUCTION

The U.S. copyright termination system is one of the most controversial aspects of the 1976 Copyright Act. The system was designed to protect creators and their heirs from disadvantageous copyright transfers, like lump sum agreements for relatively little compensation compared to the subsequent value of the works.<sup>1</sup> Under the Act, these creators or their heirs were permitted to end those assignments and regain the rights after a period of time (e.g., thirty-five years for many post-1977 copyright grants).<sup>2</sup> The statutory requirements varied slightly depending on whether

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<sup>1</sup> See, e.g., Timothy K. Armstrong, *Shrinking the Commons: Termination of Copyright Licenses and Transfers the Benefit of the Public*, 47 HARV J. LEG. 359, 399–400 (2010).

<sup>2</sup> 17 U.S.C. § 203.

the grant was made before or from 1978.<sup>3</sup> Nevertheless, the termination scheme has been beset by controversy, having been fought over by creators like Sir Paul McCartney,<sup>4</sup> Duran Duran,<sup>5</sup> and the heirs of author John Steinbeck.<sup>6</sup>

Termination notices have been fileable since the late 1970s when the Copyright Act came into effect, and since then there have been thousands of works in respect of which notices have been filed.<sup>7</sup> However, there is a growing body of case law involving creators, their estates, and assignees/licensees on issues like the validity of the parties' termination interests and their filed termination notices. This is a fascinating corpus of data which can be compared against trends and projections from the literature on the termination right, including projections in economic literature about how the termination right will be exercised.<sup>8</sup>

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<sup>3</sup> See 17 U.S.C. § 304 (stating the law regulating termination of pre-1978 grants). As this paper is not focused on § 304, the remainder of the paper will mainly deal with § 203.

<sup>4</sup> See, e.g., Ashley Cullins, *Paul McCartney Reaches Settlement With Sony/ATV in Beatles Rights Dispute*, THE HOLLYWOOD REPORTER, (June 29, 2017), <https://www.hollywoodreporter.com/business/business-news/paul-mccartney-reaches-settlement-sony-atv-beatles-rights-dispute-1018100/> [<https://perma.cc/XSW7-A55W>].

<sup>5</sup> See, e.g., *Duran Duran 'shocked' after losing legal copyright battle*, BBC (Dec. 2, 2016) (analysis by David Sillito), <https://www.bbc.com/news/entertainment-arts-38182418> [<https://perma.cc/8TVL-NK77>].

<sup>6</sup> See, e.g., Rachel D'Oro, *Judges to hear appeal in lawsuit over John Steinbeck works*, AP NEWS (Aug. 6, 2019), <https://apnews.com/article/entertainment-ap-top-news-us-news-alaska-lawsuits-8af86034211a4b03a1831b6d616f6ebc> [<https://perma.cc/Y2SP-N72Z>].

<sup>7</sup> See generally, e.g., Joshua Yuvaraj et al., *U.S. Copyright Termination Notices 1977-2020: Introducing New Datasets*, 19 J. EMP. LEG. STUD. 250 (2022).

<sup>8</sup> See, e.g., Michael Karas, *The U.S. Copyright Termination Law, Asymmetric Information, and Legal Uncertainty*, 16 REV. ECON. RESEARCH ON COPYRIGHT ISSUES 1 (2019); Michael Karas and Roland Kirstein, *Efficient contracting under the U.S. copyright termination law*, 54 INT'L REV. L. & ECON. 39, 42 (2018); Kate Darling, *Occupy*

However, the literature tends to focus on specific cases or series of cases, like those involving works by A. A. Milne and John Steinbeck.<sup>9</sup> Thus, there is a gap for a macro-level analysis of termination case law. This is particularly important for grants terminable under § 203 of the Act (post-1977), as more and more copyright grants are likely to be terminable under that provision as time passes (unlike § 304(c) and (d), which covers grants already made before 1978). Analyzing trends in judicial decisions on § 203 will provide vital assistance to creators, publishers, agents (e.g., lawyers) and other direct stakeholders in the creative industries, as they will be able to better understand, and plan for, how courts are approaching the termination scheme. Insights from this analysis can also help those *outside* the system (e.g. academics and policymakers) to better evaluate the efficacy of the termination scheme, particularly when compared to the various criticisms that have been levelled against it since its inception. To that end, this paper begins to fill that gap with an empirical study of court decisions relating to the operation of § 203. Part I explores how termination operates under § 203, the relevant scholarship on the termination right and the benefit of this study in the context of the existing literature. Part II highlights the

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*Copyright: A Law & Economic Analysis of U.S. Author Termination Rights*, 63 *BUFF. L. REV.* 147, 164–68 (2015).

<sup>9</sup> See, e.g., Allison M. Scott, *Oh Bother, Milne, Steinbeck, and an Emerging Circuit Split over the Alienability of Copyright Termination Rights*, 14 *J. INTELL. PROP. L.* 357 (2007); Roxanne E. Christ, *Milne v. Slesinger: The Supreme Court Refuses to Review the Ninth Circuit's Limits on the Rights of Authors and their Heirs to Reclaim Transferred Copyrights*, 14 *UCLA ENT. L. REV.* 33 (2007); Adam R. Blankenheimer, *Of Rights and Men: The Re-alienability of Termination of Transfer Rights in Penguin Group v. Steinbeck*, 24 *BERKELEY TECH. L. J.* 321 (2009); Michael A. DeLisa, *The Right of Termination in Copyright Law: The Second Circuit's Decision in Penguin Group (USA) Inc. v. Steinbeck Bodes Well for Authors*, 43 *LOYOLA OF LOS ANGELES L. REV.* 273 (2009).

method used for this study, along with its limitations. Part III presents the results of the analysis in the form of a chronological narrative of the relevant decisions, broadly divided into subject matter categories within the relevant time periods. Part IV synthesizes these results and presents takeaways from both policy development and termination practice perspectives. Part V summarizes the paper's findings and presents some concluding thoughts.

## **I. BACKGROUND**

### ***A. Operation of termination under § 203***

Much has been written about the history and operation of the termination scheme. While a detailed exposition is not necessary for this paper,<sup>10</sup> the following is adequate to understand the § 203 termination scheme for the purposes of this study.

1. A creator may file a termination notice with the holder of a copyright grant between two and ten years prior to termination taking effect, which is thirty-five years from the date of a grant *or* the earlier of thirty-five years from publication or forty years from the grant.<sup>11</sup>
2. Termination does not apply in relation to derivative works made “under authority of the grant before its termination,” to works made for hire, or to grants made by will.<sup>12</sup>

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<sup>10</sup> See Yuvaraj et al., *supra* note 7, at 252–54 (covering the operation of the termination scheme). The corresponding provisions for pre-1978 grants in 17 U.S.C. § 304(c) and (d) operate in a similar way, but they are not the focus of this paper.

<sup>11</sup> 17 U.S.C. §§ 203(a)(4), 203(a)(3).

<sup>12</sup> 17 U.S.C. §§ 203(b)(1), 203(a).

3. Either an author or their statutory heirs, as specified in § 203, may exercise the termination right.<sup>13</sup>
4. For joint works, majority agreement is required between the authors to exercise the termination right.<sup>14</sup>
5. If an author is dead, then the Act sets out statutory successors who may hold the author's termination interest, and that termination interest can be exercised (either to join a majority of joint authors in termination or file for termination) by the owners of greater than half the termination interest.<sup>15</sup>
6. Termination applies even if there is an "agreement to the contrary."<sup>16</sup> This appears designed to ameliorate concerns that publishers would attempt to secure agreements from authors to contract out of their termination rights, as had been allowed under a previous copyright regime (where creators would be able to renew copyright after twenty-eight years for a further twenty-eight-year term).<sup>17</sup>
7. A termination notice must comply with the formalities set out in the Act and in regulations prescribed by the Register of Copyrights.<sup>18</sup>

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<sup>13</sup> 17 U.S.C. § 203(a)(1).

<sup>14</sup> *Id.*

<sup>15</sup> 17 U.S.C. §§ 203(a)(2), 203(a)(1).

<sup>16</sup> 17 U.S.C. § 203(a)(5).

<sup>17</sup> *Fred Fisher Music Co., Inc., et al. v. M. Witmark & Sons*, 318 U.S. 643, 657–58 (1943); *see also* Joshua Yuvaraj, *Back to the Start: Re-envisioning the Role of Copyright Reversion in Australia and other common law countries*, PhD Thesis, Monash University, 143–44 (2021).

<sup>18</sup> 17 U.S.C. § 203(a)(4); *see also* *Notices of termination of transfers and licenses*, 37 C.F.R. § 201.10 (2021); U.S. COPYRIGHT OFFICE,

**B. Relevant literature**

Termination rights under the 1976 Act have spawned a wide range of scholarship. These explore issues such as:

1. The derivative works exemption to the termination right;<sup>19</sup>
2. Termination and the length of the copyright term;<sup>20</sup>
3. The purported inalienability of the termination right;<sup>21</sup>
4. Termination's complexity; and<sup>22</sup>

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COMPENDIUM OF U.S. COPYRIGHT OFFICE PRACTICES § 101, ch. 2300 (3d ed. 2021).

<sup>19</sup> See generally Malcolm L. Mimms Jr., *Reversion and Derivative Works under the Copyright Acts of 1909 and 1976*, 25 N.Y. L. SCH. L. REV. 595 (1979).

<sup>20</sup> See generally R. Anthony Reese, *Reflections on the Intellectual Commons: Two Perspectives on Copyright Duration and Reversion*, 47 STANFORD L. REV. 707 (1995).

<sup>21</sup> See generally Peter S. Menell & David Nimmer, *Judicial Resistance to Copyright Law's Inalienable Right to Terminate Transfers*, 33 COLUMBIA J. L. AND ARTS 227 (2010); Peter S. Menell & David Nimmer, *Pooh-Poohing Copyright Law's Inalienable Termination Rights*, 57 J. COPYRIGHT SOC. OF THE USA 799 (2009); Yuvaraj, *supra* note 17, at 145–47.

<sup>22</sup> Kevin J. Greene, *The Future Is Now: Copyright Terminations and the Looming Threat to the Old School Hip-Hop Song Book*, 45 J. COPYRIGHT SOC. OF THE USA 54, 57–59 (2021). See also Yifat Nahmias, *The Cost of Coercion: Is There A Place for "Hard" Interventions in Copyright Law?* 17 NW J. TECH. AND INTELL. PROP. 155, 214 (2020); Pamela Samuelson et al., *The copyright principles project: directions for reform*, 25 BERKELEY TECH. L. J. 1175, 1242 (2010); Alexandra Glover, *New Kids on the Blockchain: A Smart Solution to Copyright Assignments & Terminations*, 11 ARIZ. STATE UNIV. SPORTS AND ENT. L. J. 1, 17 (2022); Suzanne D. Anderson, *Bleak House Revisited: An Appraisal of the Termination Provisions of the 1976 Copyright Act—Section 203 and 304(c)*, 65 OREGON L. REV. 829, 848 (1986).



5. The potential reticence of creators to bring proceedings against intermediaries for fear of reputational and relational damage,<sup>23</sup> and its application to various types of works, like software,<sup>24</sup> royalty grants,<sup>25</sup> technical standards,<sup>26</sup> crypto assets,<sup>27</sup> open content licenses,<sup>28</sup> and dematerialized art.<sup>29</sup>

However, the following overview of the literature focuses on empirical research on the use of the termination right.

A manuscript based on an in-depth study into termination notice records from the U.S. Copyright Office Catalog (“Catalog”) from 1977 to mid-2020 was published in 2022.<sup>30</sup> This was the first such published study, which could be explainable given the difficulties thus far of engaging with the Catalog.<sup>31</sup> The datasets showcase Catalog data about who filed termination notices, the works in respect of which such notices were filed, and the ways in

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<sup>23</sup> Nahmias, *supra* note 22, at 214.

<sup>24</sup> See generally Grant Emrich, *Cracking the Code: How to Prevent Copyright Termination From Upending the Proprietary and Open Source Software Markets*, 90 *FORDHAM L. REV.* 1245 (2021); Jorge L. Contreras, *INTELLECTUAL PROPERTY LICENSING AND TRANSACTIONS: THEORY AND PRACTICE* 26 n.5 (2022).

<sup>25</sup> See generally Dean H. Adams, *A Third Bite at the Apple? Statutory Termination Rights and Royalty Grants*, 66 *J. COPYRIGHT SOC. OF THE USA* 375 (2019).

<sup>26</sup> See generally Jorge L. Contreras & Andrew T. Hernacki, *Copyright Termination and Technical Standards*, 43 *UNIV. BALTIMORE L. REV.* 221 (2014); Contreras, *supra* note 24, at 26 n.5.

<sup>27</sup> Tonya M. Evans, *Cryptokitties, Cryptography and Copyright*, 47 *AIPLA Q.J.* 219, 265–66 (2019).

<sup>28</sup> Armstrong, *supra* note 1, at 362, 396–97, 405–09.

<sup>29</sup> Peter J. Karol, *The Threat of Termination in a Dematerialized Art Market*, 64 *J. COPYRIGHT SOC. OF THE USA* 187 (2017).

<sup>30</sup> See generally Yuvaraj et. al., *supra* note 7.

<sup>31</sup> *Id.* at 256.

which notice recipients responded to those notices.<sup>32</sup> Notable findings include:

1. The low numbers of termination notices filed in relation to books (from those that could be reliably coded);
2. The propensity for the works related to those notices to be by successful authors like Stephen King and Nora Roberts; and
3. Opposition to termination notices (to the extent those counter-notices are filed with the Copyright Office) are by record companies, consistent with indications that legal battles are going to be fought over the terminability of grants of sound recording rights.<sup>33</sup>

This study was not the first empirical research into the termination right. Given and Bogdan have both studied the use of the termination right using data from the Copyright Office.<sup>34</sup> Heald has also reported on the number of Canadian artists who have attempted to terminate their US rights.<sup>35</sup> Beyond this, however, the author has only located

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<sup>32</sup> *Id.* at 276–77, 281–82.

<sup>33</sup> As reversion expert Lisa Alter (of Alter Kendrick & Baron) notes, “There has been almost universal opposition on the part of the labels to the [termination] notices . . . .” Elizabeth Dits Marshall, *Rights Reversions Could Stoke the Catalog Investment Market — But Artists Face Hurdles*, BILLBOARD (Aug. 5, 2023), <https://www.billboard.com/pro/publishing-rights-reversions-investments-market-song-catalogs/> [<https://perma.cc/TEG4-7BC5>].

<sup>34</sup> See generally David M. Given, *US copyright termination: re-monetization’s final frontier*, 11 J. INTELL. PROP. L. & PRAC. 826 (2016); Joe Bogdan, *The Little Law that Could (and Probably Will): Section 203 Copyright Recapture Terminations in America*, 4(1) AM. J. ARTS MGMT. (2016).

<sup>35</sup> Paul J. Heald, *The Impact of Implementing a 25-Year Reversion/Termination Right in Canada*, 28 J. INTELL. PROP. L. 63, 82–83 (2021).

research by Heald on the impact of termination on the availability of books; that research suggests termination, in both its §§ 203 and 304 formats, may have a positive impact on book availability.<sup>36</sup> Accordingly, while there is now some visibility on how termination is used on the ‘front-end’ (the serving/filing of termination notices) there remains scope for empirical research on what happens following these termination attempts.

In addition to the empirical work canvassed above, there is a body of economic analysis and critique of termination. Michael Karas and Roland Kirstein have provided economic modelling studies of author-publisher relationships where termination is a factor in the contracting landscape.<sup>37</sup> Many scholars have also critiqued termination from an economic perspective, with concerns expressed including the following:

1. Initial compensation could reduce because publishers attribute less value to copyright assignments if they are effectively limited to thirty-five years;<sup>38</sup>

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<sup>36</sup> *Id.* at 81. *But see id.* at 79–80 on the potential impact of an American court decision, *Random House, Inc v Rosetta Books, L.L.C.*, 150 F. Supp. 2d 613 (S.D.N.Y. 2001); 283 F.3d 490 (2d Cir. 2002), on these results.

<sup>37</sup> Michael Karas, *The U.S. Copyright Termination Law, Asymmetric Information, and Legal Uncertainty*, 16 REV. ECON. RESEARCH ON COPYRIGHT ISSUES 1 (2019); Michael Karas & Roland Kirstein, *Efficient contracting under the U.S. copyright termination law*, 54 INTERNATIONAL REV. L. & ECON. 39 (2018).

<sup>38</sup> Kate Darling, *Occupy Copyright: A Law & Economic Analysis of U.S. Author Termination Rights*, 63 BUFF. L. REV. 147, 165 (2015); Guy A. Rub, *Stronger than Kryptonite? Inalienable Profit-Sharing Schemes in Copyright Law*, 27 HARV J. L. & TECH 49, 97–98 (2013); *see also* Kelly Trimble, *Are Copyright Firms Incentive Intermediaries*, 20 UCLA ENT. L. REV. 137, 161–62 (2013) (discussing studios not offering higher prices for screenplays due to termination); Amy Gilbert, *The Time Has Come: A Proposed Revision to 17 U.S.C. Section 203*, 66 CASE

2. Future gain will shift to successful artists given mostly successful works will be valuable after that many years;<sup>39</sup>
3. Publishers will invest less because they must share revenue with creators<sup>40</sup> or as the work nears the time for reversion;<sup>41</sup>
4. Returning rights will be of little value if the works have exhausted their commercial value;<sup>42</sup>
5. Litigation could prevent public access to creative works;<sup>43</sup>
6. Skepticism that termination rights incentivize creation due to the uncertainty around the work's value thirty-five years in the future.<sup>44</sup>

Further, Boyer argues that market freedom should be preserved because there will be winners and losers as well as the option for different types of contracts, determined by

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WESTERN RESERVE L. REV. 807, 841 (2016); Stewart E. Sterk, *Rhetoric and Reality in Copyright Law*, 94 MICHIGAN L. REV. 1197, 1229 (1996); Kevin J. Hickey, *Copyright Paternalism*, 19(3) VANDERBILT J. ENT. & TECH. L. 415, 464–65 (2017); Nahmias, *supra* note 22, at 202 (discussing termination alongside other ‘hard’ interventions’ into the author-publisher relationship); Marcel Boyer, *Challenges and Pitfalls in Revising the Canadian Copyright Act*, 37 CAN. INTELL. PROP. REV. 1, 32–33 (2022) (speaking generally about the effect of reversion and termination).

<sup>39</sup> Darling, *supra* note 38, at 166; *see also* Sterk, *supra* note 38, at 1229–30.

<sup>40</sup> Darling, *supra* note 38, at 168–71; *see also* Hickey, *supra* note 38, at 468.

<sup>41</sup> *See, e.g.*, Boyer, *supra* note 38, at 29.

<sup>42</sup> Anderson, *supra* note 22, at 846.

<sup>43</sup> Darling, *supra* note 38, at 172.

<sup>44</sup> Hickey, *supra* note 38, at 450.

how risk-averse creators are.<sup>45</sup> Gilbert makes a similar argument on the basis that both sides take risks.<sup>46</sup>

Conversely, Hughes and Merges favor the termination system because it “enhance[s] the likelihood that the author and her family will get a significant share of the proceeds by giving her an opportunity to demand re-negotiation of the deal – or the return of her property.”<sup>47</sup> Meanwhile, Heald, in a report commissioned by the Canadian Government on whether a similar termination right should be applied in that jurisdiction, recommended a version which mirrored the United States’ termination scheme: an inalienable, unassignable right to end an exclusive right transfer from twenty-five years after the transfer is made, which can be exercised for up to five years, requires registration and the filing of a notice as well as majority agreement where multiple parties hold interests in the right.<sup>48</sup> Heald contests the notion that publishers will pay less if they are only guaranteed rights for twenty-five years,<sup>49</sup> as modelling and data suggests “[t]he value of the “product” the publisher is purchasing from the author at the time of contracting is essentially the same whether the purchase lasts for twenty-five years or much longer.”<sup>50</sup>

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<sup>45</sup> Boyer, *supra* note 38, at 33.

<sup>46</sup> Gilbert, *supra* note 38, at 841.

<sup>47</sup> Justin Hughes & Robert P. Merges, *Copyright and Distributive Justice*, 92 NOTRE DAME L. REV. 513, 566 (2016) (emphasis removed).

<sup>48</sup> Heald, *supra* note 35, at 65–66.

<sup>49</sup> As opposed to twenty-five years plus the author’s life, the current Canadian system retains a version of an Imperial copyright reversion system, automatically reverting rights to an author’s estate after this time. *Id.* at 83.

<sup>50</sup> *Id.* at 85. Garcia and McCrary also argue the “relatively short term of commercial viability for information goods . . . suggests that intermediaries . . . are compensated for their risk rather early on in the term, such that they are unlikely to be negatively impacted by a policy of rights reversion.” Kristelle A. Garcia & Justin McCrary, *A Reconsideration of Copyright’s Term*, 71 ALABAMA L. REV. 351, 398 (2019) (emphasis added).

Heald also contends termination will not adversely affect the relationship between authors and book publishers, because if a book is out of print there is no revenue to be reduced and if a book is in print the difficulty of securing better royalty rates and the presence of large publishing houses reduces the incentive to terminate.<sup>51</sup> Relatedly, Selman, Fauteux and deWaard note in relation to the Canadian situation:

reversion . . . incentivizes declaring a commercial interest while the creator is still alive, which helps clarify if a work is out-of-commerce for future uses . . . [t]ypically, renegotiating contracts both increases availability of works and lowers prices . . . [while] [n]ew contracts also have the big advantage in terms of direct economic benefit to creators if there is still commercial interest.<sup>52</sup>

The above survey of the literature shows a significant amount of criticism and analysis but limited empirical data on the operation and impacts of the U.S. termination scheme. Case law is a resource beyond the Copyright Office Catalog available to researchers, but scholars interrogating termination case law have tended to analyze one or a few cases at a time.<sup>53</sup> This coheres with the sentiment that there

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<sup>51</sup> Heald, *supra* note 35, at 86.

<sup>52</sup> Brianne Selman et al., *From Copyright Cartels to Commons and Care: A Public Infrastructure. Model for Canadian Music Communities*, 17 PARTNERSHIP: CANADIAN J. LIBR. AND INFO. PRAC. AND RSCH.1, 6–7 (2022).

<sup>53</sup> See, e.g., Ann Bartow, *Using the Lessons of Copyright's Excess to Analyze the Political Economy of Section 203 Termination Rights*, 6 TEXAS A&M J. PROP. L. 23, 29–34 (2020); Loren E. Mulraine, *Unintended Repercussions: Copyright Termination and the Punitive Effect of 17 U.S.C. §203(A)(3) on the Rights of Creators*, 22 UIC REV. INTELL. PROP. L. 23, 45 (2022); Kenneth Abdo et al., *Termination of Music Copyright Transfers: The Renegotiation Reality*, 11 LANDSLIDE (2018); Edwin Komena & Matthew Clanton, *Into the honey trap? Ninth Circuit delivers its own notice of termination*, 162 COPYRIGHT WORLD 19 (2006); Lydia Pallas Loren, *Renegotiating the Copyright Deal in the*

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*Shadow of the “Inalienable” Right to Terminate*, 62 FLORIDA L. REV. 1329, 1365–71 (2010); Stella Brown, *It Takes a Village to Make a Difference: Continuing the Spirit of Copyright*, 12 NW. J. TECH. AND INTELL. PROP. 130, 138–47 (2014); Kenneth Stratton, *Property Law–Horror, Inc v Miller: The Lurking, Underlying Work Beneath Crystal Lake!*, 44 WESTERN NEW ENGLAND L. REV. 367 (2022); Jeanne Hamburg & David H. Siegel, *Terminate Copyright Grants Correctly or Risk Losing Your Rights*, XIII (65) THE NAT’L L. REV. (2023).

is little case law on termination rights,<sup>54</sup> which some attribute to out-of-court settlements.<sup>55</sup>

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<sup>54</sup> For example, Hughes and Merges commented on the ‘modest caselaw’ on termination in a 2016 article. Hughes & Merges, *supra* note 47, at 567; see also Robert S. Meitus, *Commentary: Revisiting the Derivative Works Exception of the Copyright Act Thirty Years After Mills Music*, 5 IP THEORY 60, 71 (2015) (referring to David Nimmer, *Nimmer on Copyright* § 11.02 (2014)); Ewynne Grover, *Copyright Act § 203 Termination of Transfer and Licenses: Could More Blockbusters Get Busted?*, 35 COMMUNICATIONS LAWYER 23, 24 (2020); Kike Aluko, *Terminating the Struggle Over Termination Rights*, 10 HARV. J. SPORTS & ENT. L. 119, 127 (2019); Zachary Shufro, *Terminating Copyright*, 63 IDEA 1, 44 n.173 (2021):

One reason for this dearth of case law is economic and the other is time-based. From an economic perspective, as explained above, there are only a small percentage of works with a post-publication value sufficient to justify the termination of an initial grant . . . . From a temporal standpoint, the reason there are (as of yet) so few cases may well be that thirty-five years out from 1978, the year the 1976 Act went into effect, was 2013, and so the time period for cases to arise is of a relatively recent vintage.

Shufro speaks in the context of discussing the ‘agreement to the contrary’ element of § 203, but his comments appear to be more generally applicable to § 203 case law. Additionally, Jahner describes termination case law as “just a trickle.” Kyle Jahner, *‘Friday the 13<sup>th</sup>’ Copyright Case is Rare Termination Rights Guide*, BLOOMBERG LAW (Oct. 7, 2021), <https://news.bloomberglaw.com/ip-law/friday-the-13th-copy-right-case-is-rare-termination-rights-guide>. Additionally, the Ninth Circuit has indicated that ‘[m]ost existing case law on copyright termination pertains to § 304(c) because opportunities to terminate copyright grants became ripe under this statute earlier than grants subject to § 203,’ *The Ray Charles Foundation v Robinson*, 795 F.3d 1109, 1113 (9th Cir. 2015).

<sup>55</sup> See, e.g., Aluko, *supra* note 54, at 127; see also Dylan Gilbert, Meredith Rose & Alisa Valentin, *Making Sense of the Termination Right: How the System Fails Artists and How to Fix It*, PUBLIC KNOWLEDGE (Dec. 2019), <https://publicknowledge.org/wp-content/uploads/2021/11/Making-Sense-of-the-Termination-Right-1.pdf>:

Litigation has been common in the four decades since the 1976 Copyright Act revision – and in particular since 2013, when the Act’s provisions became widely available to recording artists. To



However, case law can still inform discussions on termination's effectiveness.<sup>56</sup> While §§ 203 and 304 are similarly structured but different termination rights (e.g. they deal with post-1977 and pre-1978 grants respectively), this paper focuses on case law relating to § 203. Given over a decade has passed since the first § 203 terminations could legitimately take effect in 2013,<sup>57</sup> and that companies have been resisting attempts to terminate under that provision,<sup>58</sup> it is reasonable to hypothesize there is a growing body of judicial decision-making and commentary on § 203 that can highlight issues arising from the operation of § 203, and whether/how those issues are being resolved by courts. While there have been some attempts to discuss case law relating to § 203, these attempts have not generally adopted systematic empirical methods to do so.<sup>59</sup> Accordingly, the

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the extent that these cases have settled, they have largely done so under NDAs, making empirical study of the termination right's effectiveness exceedingly difficult.

<sup>56</sup> “Although it is rare for termination right disputes to make it all the way to a final judgment at trial, *a small body of case law exists that nevertheless raises significant policy concerns.*” Gilbert, Rose & Valentin, *supra* note 55, at 12 (emphasis added).

<sup>57</sup> See Brian D. Caplan, *Navigating US Copyright Termination Rights*, 4 WIPO MAGAZINE (Aug. 2012).

<sup>58</sup> See, e.g., Eriq Gardner, *Marvel Suing to Keep Rights to ‘Avengers’ Characters From Copyright Termination*, THE HOLLYWOOD REPORTER (Sept. 24, 2021), <https://www.hollywoodreporter.com/business/business-news/marvel-suing-avengers-copyright-termination-1235020110/> [<https://perma.cc/83F3-SEKQ>]; Eriq Gardner, *‘Friday the 13<sup>th</sup>’ Author Disputes Producer’s Ownership Theories*, THE HOLLYWOOD REPORTER (Oct. 18, 2016), <https://www.hollywoodreporter.com/business/business-news/friday-13th-author-disputes-producers-939234/> [<https://perma.cc/PQX5-V8UD>]; Isaiah Poritz, *Warner Chappell Sued by Synth Artist Over Copyright Termination*, BLOOMBERG LAW (Aug. 16, 2022), <https://news.bloomberglaw.com/ip-law/warner-chappell-sued-by-synth-artist-over-copyright-termination> [<https://perma.cc/T3YY-US66>].

<sup>59</sup> See generally Grover, *supra* note 54, where the author analyzed “a sampling of relatively recent cases involving copyright termination that

aim of this study is to provide a systematic analysis of cases relating to § 203.<sup>60</sup>

### ***C. Utility of study***

This analysis has several benefits. First, an analysis of § 203-related case law enables those directly involved in potential terminations (artists, publishers, legal representatives, etc.) to better understand how termination disputes are being adjudicated and therefore what their rights and obligations are (for example, on how lenient courts will be to validate a termination notice if it contains immaterial errors in a termination notice).

Second, it can help academics and policymakers to better assess the effectiveness of the termination regime. While Nahmias has argued that ‘it is too early to assess the full distributional consequences of this [termination] mechanism’,<sup>61</sup> new evidence from this study can help with that process. As indicated, Yuvaraj et al. provided datasets on the use of termination rights under §§ 203 and 304 between 1977 and mid-2020, granting visibility on several trends like the parties using termination which may lead to further discussions on whether the system is achieving

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highlight the technical maze the courts must navigate, provide some key rulings to date, and foreshadow the issues that filmmakers should ponder.” See also Lisa Alter, *Termination of Transfers under the U.S. Copyright Act*, 33 ENT. AND SPORTS LAW. 32, 39–42 (2017); Bill Donahue, ‘80s New Wave Band Naked Eyes Sues Reservoir to Win Back Their Masters, BILLBOARD (Jul. 19, 2022), <https://www.billboard.com/pro/naked-eyes-sues-reservoir-win-back-masters/> [<https://perma.cc/ZXF6-9CGQ>].

<sup>60</sup> Given the different works to which § 304 relates (pre-1978 grants) and the fact those grants may involve prior copyright legislation more regularly, this study does not purport to focus on cases involving that provision, except to the extent § 203 is involved. Future researchers may wish to complement this study by undertaking a similar analysis of § 304 decisions.

<sup>61</sup> Nahmias, *supra* note 22, at 190.

Congress' author-protective goals.<sup>62</sup> However, the data in that study predominantly deals with *attempted* terminations. It also only indicates how some grantees are responding through the filing of counter-notice and withdrawal notices, because those notices do not need to be filed with the Copyright Office. Accordingly, while we can draw some ideas about how termination is being contested from that data, we do not have a complete picture. Additionally, a grantee's indication of opposition to termination does not necessarily show what the final outcome of that purported termination will be. A systematic analysis of termination case law would help begin to address the lack of visibility as to this 'back end' of the termination life cycle. Having seen what notices are filed (attempted terminations) and having some indication of who is contesting those notices, we can begin to see whether judicial applications of § 203 are consistent with Congress's author-protective intentions.

The results can also be usefully compared against economic analysis and modelling on termination's impact on the author-publisher relationship. As Karas concludes in his 2019 economic study:

Throughout the paper, advice for future research was provided that refers to modifications and extensions of the underlying model. However, we emphasize that *this topic deserves more attention, specifically through empirical research*. Discussions with leading intellectual property right experts left the impression that *one of the major reasons for this lack of attention is missing data and the difficulty of gathering it*. *Scientists can address this issue by testing the predictions as exemplified by the underlying paper in experimental research*. These outcomes may prove helpful in *predicting the impacts of a copyright termination law on creative industries, which may also*

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<sup>62</sup> Yuvaraj et al., *supra* note 7, at 283–87.

*identify the feasibility of the goals of such copyright system.*<sup>63</sup>

Case law may not be suitable for comparing against *all* economic projections, because other empirical data from the creative lifecycle is likely needed to paint a complete picture of how termination is being litigated (e.g. court filings, given most filed claims are unlikely to proceed to trial, documentary and oral evidence as to the contractual relationship between authors and publishers, or evidence of settlement following litigation).<sup>64</sup> However, case law can shed further light on the author-publisher relationship in the

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<sup>63</sup> Karas, *supra* note 37, at 32 (emphasis added); *see also* Karas & Kirstein, *supra* note 37, at 47:

Our results should, of course, be considered with care. We understand that our concept is difficult to put into practice directly, due to the many assumptions that are necessary for reasons of analytical convenience and transparency. However, we believe that our results can prove helpful as a benchmark in approximating the real world and we emphasize the need for more efforts in future research on this topic, as not much work has yet been done by economists. In this sense, modifications to our analysis have been suggested in the discussion section above. Finally, we stress the issue that research on copyright policies should give even greater consideration to the interplay between authors and publishers as, in the end, this relationship is dispositive for the positive question of whether copyright law works efficiently.

<sup>64</sup> *See generally* Lisa Webley, *Qualitative Approaches to Empirical Legal Research*, in THE OXFORD HANDBOOK OF EMPIRICAL LEGAL RESEARCH (Peter Cane & Herbert M. Kritzer, eds., 2010). *See, e.g.*, Chris Cooke, *Warner Music settles its big termination rights dispute with Dwight Yoakam*, COMPLETE MUSIC UPDATE (Feb. 15, 2022), <https://completemusicupdate.com/article/warner-music-settles-its-big-termination-rights-dispute-with-dwight-yoakam/> [<https://perma.cc/VU5N-PEWL>] (dealing with a settlement of a dispute referred to in the dataset of this study); *Q&A With Dr. Elizabeth Vercoe on Terminating Transfers of Copyright*, AUTHORS ALLIANCE (Oct 20., 2020), <https://www.authorsalliance.org/2020/10/20/qa-with-dr-elizabeth-vercoe-on-terminating-transfers-of-copyright/> [<https://perma.cc/EYD2-S687>].

termination context by showing the conclusions of some termination disputes, especially if settlements are otherwise confidential, like the dispute involving works by Sir Paul McCartney (which was subsequently settled).<sup>65</sup> Case law may also indicate interesting developments in termination disputes even *outside* settlements between artists and grantees, like the dispute between Brian Wilson (member of pop band The Beach Boys) and his ex-wife Marilyn Rutherford over the proceeds from the sale of his § 304 termination rights.<sup>66</sup> Last, reviewing the § 203 case law provides a methodological framework for any potential corresponding exploration of § 304-related case law, and sets the backdrop for further study on termination claims, for example by looking at court filings on termination or undertaking qualitative research (interviews, surveys) with creators and publishers on their experiences with the termination process. These benefits all mean systematic research into termination case law is valuable and necessary for both practice (better understanding how termination is being adjudicated, and therefore the limits/contours of the termination right) and policy (enabling more informed evaluation of termination) reasons.

## II. METHOD

Part II sets out the method undertaken to study termination case law under § 203, with reference to empirical studies of case law in other fields. It first sets out

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<sup>65</sup> *Paul McCartney settles with Sony/ATV in reversion right dispute*, COMPLETE MUSIC UPDATE (June 30, 2017), <https://archive.completemusicupdate.com/article/paul-mccartney-settles-with-sonyatv-in-reversion-right-dispute/> [<https://perma.cc/NJW3-A92S>].

<sup>66</sup> *See generally* Wilson v. Rutherford, No. 2:22-cv-01982-JLS-MAA, 2022 U.S. Dist. LEXIS 144065 (C.D. Cal. Aug. 11, 2022).

the sources of the data used in this study, before explaining how the data was analyzed.

### *A. Sources of data*

This study used case law from Lexis Advance and Westlaw. Various recent empirical case law studies have used one or both of the Lexis and Westlaw databases to provide a comprehensive account of the case law pertaining to their areas of study.<sup>67</sup> Other prominent sources in the empirical scholarship include the United States Patent and Trademark Office,<sup>68</sup> Bloomberg Law,<sup>69</sup> and the Public

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<sup>67</sup> See, e.g., Thomas O. Main et al., *The Elastics of Snap Removal: An Empirical Case Study of Textualism*, 69 CLEVELAND STATE L. REV. 289, 302 (2021) (using Lexis and Westlaw); Brian N. Larson, *Precedent as Rational Persuasion*, 25 LEGAL WRITING: J. LEGAL WRITING INST. 135, 161 (2021) (using Westlaw); Jiarui Liu, *An Empirical Study of Transformative Use in Copyright Law*, 22 STANFORD TECH. L. REV. 163, 173 (2019) (using Lexis and Westlaw); Joshua M. Silverstein, *Using the West Number System as a Data Collection and Coding Device for Empirical Legal Scholarship: Demonstrating the Method via a Study of Contract Interpretation*, 34 J. OF L. AND COM. 203, 208 (2016) (using Westlaw); Diane M. Holben & Perry A. Zirkel, ‘*School Bullying Litigation: An Empirical Analysis of the Case Law*’, 47 AKRON L. REV. 299, 307 (2014) (using Westlaw); Katherine Lippman, ‘*The Beginning of the End: Preliminary Results of an Empirical Study of Copyright Substantial Similarity Opinions in the US Circuit Courts*’, MICH. STATE L. REV. 513, 535 (2013) (using Lexis and Westlaw); Jessica Erickson, *Corporate Governance in the Courtroom: An Empirical Analysis*’, 51 WILLIAM & MARY L. REV. 1749, 1757 (2010) (using Westlaw); James D. Cox et al., *Does the Plaintiff Matter? An Empirical Analysis of Lead Plaintiffs in Securities Class Actions*, 106 COLUMBIA L. REV. 1537, 1591 (2006) (using Lexis and Westlaw).

<sup>68</sup> W. Michael Schuster et al., *An Empirical Study of Gender and Race in Trademark Prosecution*, 94 S. CALIFORNIA L. REV. 1407, 1429 (2021).

<sup>69</sup> See, e.g., Ben Depoorter, *Copyright Enforcement in the Digital Age: When the Remedy is Wrong*, 66 UCLA L. REV. 400, 417 (2019); David S. Levine & Christopher B. Seaman, *The DTSA at One: An Empirical Study of the First Year of Litigation under the Defend Trade Secrets Act*, 53 WAKE FOREST L. REV. 106, 124–25 (2018) (combining with

Access to Court Electronic Records (PACER) database.<sup>70</sup> The latter databases were not selected due to access limitations.<sup>71</sup> Meanwhile, PACER was not used because of its non-user-friendly nature and cost,<sup>72</sup> as well as the fact that this study focused on case law rather than court filings.

It should be acknowledged that not every court decision in the U.S. federal court system is reported or uploaded to legal research databases.<sup>73</sup> Additionally, Lexis and Westlaw have been among the databases criticized for their incompleteness:

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WestlawNext and Lexis Advance); Christopher A. Cotropia et al., *Heterogeneity Among Patent Plaintiffs: An Empirical Analysis of Patent Case Progression, Settlement, and Adjudication*, 15 J. EMP. LEG. STUD. 80, 90 (2018).

<sup>70</sup> See, e.g., Matthew Sag, *IP Litigation in US District Courts: 1994-2014*, 101 IOWA L. REV. 1065, 1072 (2016); Sasha Romanosky et al., *Empirical Analysis of Data Breach Litigation*, 11 J. EMP. LEG. STUD. 74, 79-80 (2014) (using Westlaw); Brian J. Love, *An Empirical Study of Patent Litigation Timing: Could a Patent Term Reduction Decimate Trolls without Harming Innovators*, 161 UNIV. OF PENN. L. REV. 1309, 1317-19 (2013) (using Westlaw); Saurabh Vishunbhakat, *Reconceiving the Patent Rocket Docket: An Empirical Study of Infringement Litigation*, 11 THE JOHN MARSHALL REV. OF INTELL. PROP. L. 58, 72 (2011).

<sup>71</sup> For instance, the cost of a subscription to Bloomberg Law would have been prohibitive and the author's institution did not provide access. Further, USPTO decisions relate to patents, not copyright, so they would not have been relevant for this study.

<sup>72</sup> Merritt E. McAlister, *Missing Decisions*, 169 UNIV. OF PENN. L. REV. 1101, 1114 (2021); Elizabeth Y. McCluskey, *Submerged Precedent*, 16 NEVADA L. J. 515, 527-28 (2016); Michael Kagan et al., *Invisible Adjudication in the U.S. Court of Appeals*, 106 GEORGETOWN L. J. 683, 689, 97 (2018); David L. Schwartz & Ted Sichelman, *Data sources on patents, copyrights, trademarks and other intellectual property*, RESEARCH HANDBOOK ON THE ECONOMICS OF INTELLECTUAL PROPERTY LAW 9, 10 (Ben Depoorter, Peter Menell & David Schwartz eds., 2019).

<sup>73</sup> See, e.g., Joseph L. Gerken, *A Librarian's Guide to Unpublished Judicial Opinions*, 96 L. LIB. J. 475, 478 (2004).

A sizable portion of the work of the federal courts of appeals remains locked away behind PACER's difficult-to-use paywall. These decisions are not findable on the appellate courts' free and public websites; they, in turn, are not picked up by Westlaw, Lexis, or Bloomberg Law; and, to make matters worse, courts only sporadically share decisions with FDsys, the only free, consolidated, government-run legal research tool for federal court opinions.<sup>74</sup>

McAlister compared the availability of cases on Westlaw, Lexis and Bloomberg Law against data from corresponding time periods from the Administrative Office,<sup>75</sup> finding “significant coverage gaps.”<sup>76</sup> Overall, McAlister concluded “at least a nontrivial portion of what is missing from commercial databases are the very decisions we expect the commercial databases to have: reasoned, unpublished decisions resolving appeals as of right from district courts and administrative agencies.”<sup>77</sup> Accordingly, sampling bias may be introduced in relation to appellate courts,<sup>78</sup> a concern that has been voiced for the use of Lexis or Westlaw for district court decision research.<sup>79</sup> Further,

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<sup>74</sup> McAlister, *supra* note 72, at 1114–15 (citations omitted). McAlister's study is referred to in Rachel Brown et al., *Is Unpublished Unequal? An Empirical Examination of the 87% Nonpublication Rate in Federal Appeals*, 107 CORNELL L. REV. 1, 45 (2021).

<sup>75</sup> McAlister, *supra* note 72, at 1120–32.

<sup>76</sup> *Id.* at 1132. See generally Christina L. Boyd et al., *Mapping the Iceberg: The Impact of Data Sources on the Study of District Courts*, 17 J. EMP. LEG. STUD., 466 (2020).

<sup>77</sup> McAlister, *supra* note 72, at 1135; see also, Kagan et al., *supra* note 72, at 719.

<sup>78</sup> McAlister, *supra* note 72, at 1147 (referring to the potential for distortion).

<sup>79</sup> David Freeman Engstrom, *The Twiqbal Puzzle and Empirical Study of Civil Procedure*, 65 STANFORD L. REV. 1203, 1214 (2013):

The use of Westlaw or Lexis by itself raises serious concerns. As noted previously, Westlaw and Lexis generally hold far more published than unpublished orders, and there is also substantial



Schwartz and Sichelman comment that “the completeness of . . . [the Lexis and Westlaw] databases has increased over time, researchers should exercise caution when using them to study time trends.”<sup>80</sup> Thus, while a whole-of-universe study would be ideal to “better predict how the judiciary is likely to decide cases based on quantifiable factors . . . such research will only be as good as the databases they analyze.”<sup>81</sup>

Given the limitations above, this paper does not claim to exhaustively chronicle *all* § 203-related decisions. Having said that, the use of multiple databases increases the chances of identifying pertinent decisions, and has been undertaken more recently in an extensive study by Brown et al. on unpublished court opinions (using resources including Westlaw, Lexis and PACER).<sup>82</sup> Further, the goal is to identify trends in termination decision-making in relation to § 203 more comprehensively than the standard one-or-few cases analysis method in existing literature; with the caveats identified above, it is appropriate to use all sources reasonably available to the author to identify as many relevant decisions as possible.

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variation across districts both in the completeness of holdings and in the available published/unpublished mix. The resulting sampling bias possibilities are legion (citations omitted).

*See also* McCluskey, *supra* note 72, at 523 (stating “[o]nce a district court exercises its discretion to write a reasoned opinion, Westlaw and Lexis capture all of the opinions designated for reporter publication and now capture most, *but not all*, of the unreported opinions”) (emphasis added); Denise Keele, *District Court Data Sources: Implications and Opportunities*, 22 LAW & COURTS 1, 15–16 (2012).

<sup>80</sup> Schwartz & Sichelman, *supra* note 72, at 13; *see also* Jason Rantanen, *Empirical Analysis of Judicial Opinions: Methodology, Metrics, and the Federal Circuit*, 49 CONNECTICUT L. REV. 227, 245 (2016).

<sup>81</sup> Kagan et al., *supra* note 72, at 719.

<sup>82</sup> Brown et al., *supra* note 74, at 46.

**B. Method of analysis**

This study used search terms designed to identify all relevant cases (the word is used in this study to denote court decisions) up to and including December 31, 2022, using the following search phrases in both Lexis Advance and Westlaw: ‘203,’ ‘copyright,’ ‘termination,’ ‘notice,’ and ‘copyright act.’ Given the lack of similar previous studies into termination litigation, these terms were developed based on the author’s experience on termination literature and conducting similar searches for termination notice records on the Copyright Office Catalog.<sup>83</sup> Wrongly spelled words were not included in the list of terms to pick up data which may have been entered with spelling errors (e.g. ‘terminat’ rather than ‘terminate’).<sup>84</sup> This is reasonable given that the study focused on court opinions which are likely to have been checked for grammar and spelling errors, although the possibility that decisions with such errors may have been missed is acknowledged.

The searches produced 335 (Lexis Advance) and 302 (Westlaw) results respectively. From these results, 62 (Lexis Advance) and 54 (Westlaw) were retained as they dealt *substantively* with § 203 in some way: for example, a challenge to a § 203 termination notice, or whether the court declared a party could exercise the termination under § 203, or whether the dispute was about which party owned the termination interest under § 203. Cases in which § 203 was mentioned in passing or non-substantively were excluded.<sup>85</sup>

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<sup>83</sup> Joshua Yuvaraj et al., *Search terms used in U.S. Copyright Termination Notices 1977-2020: Introducing New Datasets*, UNIVERSITY OF MELBOURNE FIGSHARE (2021), <https://doi.org/10.26188/14881809> [<https://perma.cc/6HJD-99QV>]; *see generally* Yuvaraj et al., *supra* note 7.

<sup>84</sup> Yuvaraj et al., *supra* note 7, at 18.

<sup>85</sup> *E.g.*, In re Napster, Inc. Copyright Litigation, 191 F. Supp. 2d 1087, 1097 n.4 (N.D. Cal. 2002).

The remaining cases were discarded as they dealt with irrelevant subject matter (e.g., bankruptcy,<sup>86</sup> breach of contract,<sup>87</sup> copyright infringement,<sup>88</sup> etc.).<sup>89</sup> Additionally, judgments from before 1976 were not considered as the scope of the study was the § 203 termination scheme from the 1976 Act.

The list of relevant cases for each source was then compared to remove duplicates and to ensure that selection was consistent across the reviews of both sets of results, so that, for example, a decision would not have been identified as relevant from the Lexis results while being identified as not relevant from the Westlaw results. This process led to only one duplicate decision needing to be removed (from the Lexis result list), making the final count 61 for Lexis and 54 for Westlaw.<sup>90</sup> Of the Westlaw decisions only three did not appear in the Lexis list.<sup>91</sup> Of these decisions, 97% (59 for Lexis and 52 for Westlaw) were dispositive, with only two (the same decisions across both search engines) of the “Report and Recommendation” nature, where a judge provides a recommendation for another court to assess (accounting for any opposition the parties may have to the

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<sup>86</sup> *E.g.*, *In re Porter*, 498 B.R. 609, 669 (Bankr. E.D. La. 2013).

<sup>87</sup> *E.g.*, *Big Squid, Inc. v. Domo, Inc.*, No. 2:19-cv-193, 2019 U.S. Dist. LEXIS 131094, at \*16 (D. Utah Aug. 5, 2019).

<sup>88</sup> *E.g.*, *Ho v. Pinsukanjana*, No. 17-cv-06520-PJH, 2019 U.S. Dist. LEXIS 96295, at \*6 (N.D. Cal. June 7, 2019).

<sup>89</sup> The list of decisions from which relevant cases were identified is on file with the author.

<sup>90</sup> The duplicate removed from the Lexis list was *Rano v. Sipa Press, Inc.*, 987 F.2d 580 (9th Cir. 1993), which also appeared in the search in the unpublished form as *Rano v. Sipa Press, Inc.*, No. 91-55080, 1993 U.S. App. LEXIS 3294 (9th cir. 1993).

<sup>91</sup> *Brown-Thomas v. Hynie*, No. 1:18-cv-02191-JMC, 2020 WL 4432873 (D.S.C. Nov. 17, 2020); *Stillwater Ltd. v. Basilotta*, No. CV 16-1895 FMO (SSx), 2018 WL 2718041 (C.D. Cal. Mar. 24, 2018); *Smith v. Casey*, 741 F.3d 1236 (11th Cir. 2014).

recommendation) in terms of a final order.<sup>92</sup> For the purposes of this study it is reasonable to include these recommendations because they give insight into judicial interpretation of § 203.

The decisions are divided into decades to highlight how different issues have arisen for judicial comment and decision-making in relation to § 203. Within each decade, cases are broadly categorized based on the elements of § 203 they deal with.<sup>93</sup> This method is appropriate relative to a more numerical presentation of the data given the relatively low number of results<sup>94</sup> and the presence of multiple decisions involving the same parties (e.g., *Everly v Everly*<sup>95</sup> and *Waite v UMG Recordings*<sup>96</sup>) which may or may not

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<sup>92</sup> *TALKISP Corp. v. xCast Labs, Inc.*, No. C05-0055, 2005 U.S. Dist. LEXIS 40452, 2005 WL 3466618 (N.D. Iowa Dec. 19, 2005); *Phillies v. Harrison*, No. 19-CV-7239 (VM) (SN), 2021 U.S. Dist. LEXIS 243554; 2021 WL 5936523 (S.D.N.Y. Aug. 10, 2021). The author thanks research assistant Druvin Seneviratne (University of Auckland) for coding the different decision types, as well as for preliminary data collection and entry. Funding for this research assistance was provided by the University of Auckland Research Development Fund.

<sup>93</sup> As Edwards and Livermore comment, “it is very difficult to characterize many case outcomes.” Harry T. Edwards & Michael A. Livermore, *Pitfalls of Empirical Studies that Attempt to Understand the Factors Affecting Appellate Decisionmaking*, 58 DUKE L. J. 1895, 1925 (2009). Accordingly, cases are presented thematically, but not every aspect of every case can be covered; emphasis has been placed on the elements relating to the validity of the termination notices themselves where those issues arise. The results must be read cognizant of this limitation.

<sup>94</sup> *Cf. Lippmann*, *supra* note 67, at 535–62 (providing numerical analysis of 234 appellate decisions).

<sup>95</sup> *See generally* *Everly v. Everly*, 958 F.3d 442 (6th Cir. 2020); *Everly v. Everly*, 536 F. Supp. 3d 276 (M.D. Tenn. 2021); *Everly v. Everly*, No. 3:17-cv-01440, 2020 U.S. Dist. LEXIS 173698 (M.D. Tenn. Sept. 22, 2020).

<sup>96</sup> *Waite v. UMG Recordings, Inc.*, No. 19-cv-1091 (LAK), 2022 U.S. Dist. LEXIS 165370 (S.D.N.Y. Sept. 13, 2022); *Waite v. UMG Recordings, Inc.*, 477 F. Supp. 3d 265 (S.D.N.Y. 2020).

relate to litigation in the same series, as this could skew the presentation of data in numerical form.<sup>97</sup>

The method adopted has the following limitations. First, some unpublished decisions in the dataset may not be precedential.<sup>98</sup> This paper makes no representations as to the binding or persuasive nature of the decisions, as it aims to illustrate the different trends in § 203 interpretation and decision-making over time. Second, the study is dependent on the search capabilities of the Lexis and Westlaw databases available to the author at the time the searches were conducted (January 2023). Thus it is possible decisions did not appear in searches despite meeting relevant string criteria: where this has come to the author's attention a note has been made. Relevant decisions within the time frame could also have been uploaded following the searches used for this paper. These are unavoidable limitations given the lack of alternative, accessible (to the author) and suitable databases for the scope of the study.<sup>99</sup> Third, the assessment of case relevance is based on the author's reading of the decisions.<sup>100</sup> This is ameliorated by the provisions of

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<sup>97</sup> A similar descriptive analysis, categorized by issues discussed, was undertaken of copyright abandonment case law in Dave Fagundes and Aaron K Perzanowski, *Abandoning Copyright*, 62 WILLIAM & MARY L. REV. 487, 535–36, 540–52 (2020), although that study did not divide the judgments by decade of publication.

<sup>98</sup> On unpublished decisions and precedent, see generally Deborah L. Heller, *To Cite or Not to Cite: Is That Still a Question*, 112 LAW LIB. J. 393 (2020); Anika C. Stucky, *Building Law, Not Libraries: The Value of Unpublished Opinions and Their Effects on Precedent*, 59 OK. L. REV. 403 (2006); Andrew T. Solomon, *Making Unpublished Opinions Precedential: A Recipe for Ethical Problems & Legal Malpractice?* 26 MISSISSIPPI COLLEGE L. REV. 185 (2006); David R. Cleveland, *Appellate Court Rules Governing Publication, Citation, and Precedential Value of Opinions: An Update*, 16 J. APP. PRAC. AND PROC. 257 (2015).

<sup>99</sup> See *supra* Part II.A.

<sup>100</sup> See Mark A. Hall & Ronald F. Wright, *Systematic Content Analysis of Judicial Opinions*, 96 CAL. L. REV. 63, 106 (2008).

selection criteria discussed earlier in this article.<sup>101</sup> Last, it is possible that the use of additional terms may have generated different results.<sup>102</sup> Accordingly, while the author considers the terms used are broad enough to reasonably expect that relevant § 203 cases will be identified, it is possible not all relevant decisions will have been identified, and no guarantee is provided to the contrary. To that end, the paper presents the results of this study, and the related analysis of these results, as a starting point for further research into the operation of the 1976 termination scheme.

### **III. RESULTS**

The results in this Part are presented in chronological format, divided into categories based on the broad § 203-related issues adjudicated or commented on by the courts.

#### **A. 1980-1989**

Only one decision from the Ninth Circuit of the U.S. Court of Appeals was identified from 1980-1989, *Dumas v. Gommerman* (January 1989).<sup>103</sup> The defendants, who ran a publishing company and gallery, were in dispute with the plaintiff, Dumas, over artworks produced by Dumas' husband.<sup>104</sup> This was the first decision in which a court was required to interpret the work for hire provisions under 17 U.S.C. § 101.<sup>105</sup> Nagel created the artworks under an arrangement with an advertising agency, who subsequently sold the copyright and the remaining lithographs of those works to Gommerman.<sup>106</sup> Gommerman then registered

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<sup>101</sup> See *supra* Part II.B, at pages 702–04. See also text accompanying *supra* note 89.

<sup>102</sup> For example, 'terminate,' 'recapture,' or 'revert.'

<sup>103</sup> 865 F.2d 1093 (9th Cir. 1989).

<sup>104</sup> *Id.* at 1094.

<sup>105</sup> *Id.*

<sup>106</sup> *Id.*

himself as the copyright owner of the works.<sup>107</sup> Dumas disputed this and attempted to register herself as the owner of the copyright.<sup>108</sup> She brought an action alleging copyright infringement (alongside another action) and sought “a preliminary injunction to prevent Gommerman from manufacturing, distributing, or copying the lithographs in dispute.”<sup>109</sup> This injunction was granted and Gommerman appealed the decision on the question of “whether the district court applied the correct legal standard in determining whether Nagel was an employee producing ‘works for hire’ under 17 U.S.C. § 101.”<sup>110</sup>

The court eventually concluded this provision only covers “works produced by formal, salaried employees,” not independent contractors, except when satisfying requirements in 17 U.S.C. § 101(2).<sup>111</sup> In its overview of the relevant statutory provisions and legislative history, the court noted that vesting copyright in works for hire in employers “eliminate[s] termination rights that the employee would otherwise have if ownership vested in the employer by transfer, rather than *ab initio*.”<sup>112</sup> The court emphasized the seriousness of the work for hire status: it “irretrievably takes away more than just the artist’s copyright; it also deprives him or her of the opportunity to renegotiate the transfer after the market value of the work has been more precisely determined.”<sup>113</sup> Further, the court indicated the balancing act struck by § 203 in the context of the § 101(2) factors: § 203 “essentially protects . . . the artist’s right to renegotiate the transfer at a later date,” but there are some instances where it is important for works to

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<sup>107</sup> *Id.*

<sup>108</sup> *Dumas*, 865 F.2d at 1094–95.

<sup>109</sup> *Id.* at 1095.

<sup>110</sup> *Id.*

<sup>111</sup> *Id.* at 1105.

<sup>112</sup> *Id.* at 1098.

<sup>113</sup> *Dumas*, 865 F.2d at 1098.

be designated for hire (for example, if there are many who contribute to a work, like a movie).<sup>114</sup> Otherwise, the court indicated § 101(2) clearly implied works outside its bounds should not have a work for hire designation applied to them.<sup>115</sup>

**B. 1990-1999**

The 1990's brought more § 203 case law, specifically on the question of whether § 203 applied to the disputes/works/contracts in question. In *Rano v Sipa Press* (March 1993),<sup>116</sup> the plaintiff photographer was in a dispute with the defendant Sipa Press as to a licensing agreement for dissemination and reproduction of photographs.<sup>117</sup> Following a breakdown in the relationship, Rano brought a copyright infringement action against Sipa and another party for continuing to disseminate Rano's photographs following Rano's attempted termination of the agreement, alongside other grounds.<sup>118</sup> The district court found in Sipa's favor and granted summary judgment to that effect.<sup>119</sup>

The Ninth Circuit considered Rano's argument that he successfully terminated the agreement (which made Sipa's subsequent use of the works infringement), and Sipa's counter-argument that Rano was prohibited by § 203 from terminating the contract until the thirty-five-year period had passed.<sup>120</sup> The court dealt with a conflict between federal law and Californian law: under the latter, "agreements of non-specified duration are terminable at the will of either party," which would conflict with § 203, that only permits

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<sup>114</sup> *Id.* at 1101.

<sup>115</sup> *Id.*

<sup>116</sup> 987 F.2d 580, 583 (9th Cir. 1993).

<sup>117</sup> *Id.*

<sup>118</sup> *Id.*

<sup>119</sup> *Id.*

<sup>120</sup> *Id.* at 585.



termination during the statutory termination window.<sup>121</sup> The court concluded the agreement in question, though oral, “was . . . evidenced by several letters signed by both parties” and “also was successfully operative for approximately eight years:” thus, § 203 applied and prevented Rano from terminating the contract at will.<sup>122</sup>

This rule was then applied in *Holliday v. CNN* (June 1993),<sup>123</sup> where the court found that a license had not been effectively terminated because the license did not appear to be limited: in that instance, the court noted that “licenses, though, oral, have a thirty-five-year life and are irrevocable within that time frame.”<sup>124</sup> A similar outcome was reached in *Accusoft Corp v. Palo* (May 1996).<sup>125</sup> In that matter the parties claimed ownership in a software “library” and the court needed to “determin[e] . . . what, if any, injunctive relief should be granted.”<sup>126</sup> The court set out how § 203 interacted with contracts:

Palo could terminate the exclusive grant of a transfer or license of any right under a copyright if 1) the transfer or license agreement specifically provided an earlier termination date or allowed Palo the right to terminate the agreement under certain circumstances . . . or 2) Palo complied with the conditions set forth in 17 U.S.C. 203.<sup>127</sup>

The court did not find any termination date or “conditions under which Palo could unilaterally terminate the license;” instead, the parties only agreed “the license would be terminated only upon mutual consent.”<sup>128</sup>

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<sup>121</sup> *Rano*, 987 F.2d at 585.

<sup>122</sup> *Id.* at 585–86.

<sup>123</sup> No. CV92-3287-IH, 1993 U.S. Dist. LEXIS 21123 (C.D. Cal. 1993).

<sup>124</sup> *Id.* at \*23.

<sup>125</sup> 923 F. Supp. 290 (D. Mass. 1996).

<sup>126</sup> *Id.* at 292.

<sup>127</sup> *Id.* at 296.

<sup>128</sup> *Id.*

Accordingly, Palo was only permitted to end the license during the § 203 termination window.<sup>129</sup>

However, the Seventh Circuit in *Walthal v. Rusk* (March 1999)<sup>130</sup> disagreed with *Rano*. It noted the point of § 203 was “to give authors and their heirs a second chance to market works even after a transfer of rights has been made.”<sup>131</sup> To that end, the thirty-five-year period could *not* be “considered a minimum under the statute” as *Rano* had indicated.<sup>132</sup> *Rano* essentially concluded an agreement without a termination date was covered by § 203 and not by state law permitting contracts of indeterminate length to be terminated at will, and the *Walthal* court disagreed.<sup>133</sup> Section 203 itself indicated it did not “affect[] rights arising under any other federal, state or foreign laws,”<sup>134</sup> and here the law of Illinois permitted a contract without a particular length to be terminated at will by “either side.”<sup>135</sup> Because lawmakers had indicated agreements could end before the thirty-five-year period *or* be ended “under certain circumstances,”<sup>136</sup> allowing a contract of indeterminate length to be terminated as under Illinois law was “in keeping with the intent of § 203.”<sup>137</sup>

The *Walthal* and *Rano* split came to a head in *Korman v. HBC Florida, Inc* (August 1999).<sup>138</sup> Ms. Korman brought a copyright infringement action against HBC after HBC continued to use a jingle Ms. Korman had written lyrics for, even though she sought to end and renegotiate the license for HBC’s continued use of that jingle and other

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<sup>129</sup> *Id.*

<sup>130</sup> 172 F.3d 481 (7th Cir. 1999)

<sup>131</sup> *Id.* at 484.

<sup>132</sup> *Id.*

<sup>133</sup> *Id.* at 485.

<sup>134</sup> *Id.*

<sup>135</sup> *Walthal*, 172 F.3d at 485.

<sup>136</sup> *Id.*

<sup>137</sup> *Id.*

<sup>138</sup> 182 F.3d 1291 (11th Cir. 1999).

works.<sup>139</sup> The district court found in HBC's favor, "holding that Korman had granted [the station] a nonexclusive license to use the jingle, and that 17 U.S.C. § 203 prevented her from terminating the license until thirty-five years had elapsed."<sup>140</sup> The Eleventh Circuit initially found she had provided a nonexclusive license to the station.<sup>141</sup> Section 203 *did* cover nonexclusive licenses, which were not required to be in writing before having effect.<sup>142</sup>

However, the Eleventh Circuit did not agree that § 203 essentially made the term at least thirty-five years and sided with *Walthal*.<sup>143</sup> It first found parties could "agree to a license that is of definite duration, including one for a period of less than thirty-five years."<sup>144</sup> It then noted § 203 only states "[t]ermination of the grant may be effected" rather than "may *only* be effected," which it says *Rano* did in limiting licenses to a minimum thirty-five-year term by default.<sup>145</sup> Further, the Eleventh Circuit considered and rejected an argument from § 203(b)(6), which provides that "[u]nless 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," finding that "state laws governing contracts of indefinite duration which are read into a contract, do 'provide otherwise' within the meaning of section 203(b)(6)."<sup>146</sup> Accordingly, the Eleventh Circuit concluded "that if state law provides that licenses of indefinite duration may be terminated in less than thirty-five years, it is state law and not section 203 that

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<sup>139</sup> *Id.* at 1292.

<sup>140</sup> *Id.* at 1292–93.

<sup>141</sup> *Id.* at 1293.

<sup>142</sup> *Id.* at 1294.

<sup>143</sup> *Korman*, 182 F.3d at 1295.

<sup>144</sup> *Id.*

<sup>145</sup> *Id.* at 1295–96.

<sup>146</sup> *Id.* at 1296–97.

governs the question of termination before thirty-five years.”<sup>147</sup>

### **C. 2000-2009**

#### **1. Termination of licenses with definite terms and § 203**

Cases involving the interaction of contractual terms (or the lack thereof) and § 203, following the *Rano* and *Walthal* series, continued in the 2000s. Most cases in the dataset examined in this study related to attempts to apply § 203 to prevent termination, but those attempts failed because the court considered the agreements in question to already have specified their termination requirements and therefore that they fell outside the purview of § 203. In *Scholastic Entertainment, Inc. v. Fox Entertainment, Inc.* (July 2003),<sup>148</sup> the relevant agreement had a “definite duration,” so “neither Section 203, nor any other provision of the Copyright Act, governs Scholastic’s right to terminate or rescind the license. Instead, California state law should govern this determination.”<sup>149</sup>

Similarly, the court in *Kasten v. Jerrytone* (August 2004)<sup>150</sup> had to interpret a termination clause in a contract permitting either party to end the contract with thirty days’ notice, with the provision that one party would continue to receive a particular royalty on any of the relevant items that continued to be sold.<sup>151</sup> The defendants, Jerrytone and Art d’Orleans, claimed the copyright grant could not be ended before thirty-five years, but the court disagreed: it noted, citing *Walthal*, that “[t]he thirty-five year period stated in 17

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<sup>147</sup> *Id.* at 1297.

<sup>148</sup> 336 F.3d 982 (9th Cir. 2003).

<sup>149</sup> *Id.* at 988–89.

<sup>150</sup> No. 02-421 SECTION: E/5, 2004 U.S. Dist. LEXIS 16540 (E.D. La. 2004).

<sup>151</sup> *Id.* at \*19.

U.S.C. § 203(a)(3) . . . is a *maximum*, not a *minimum* term for a license or transfer of a copyright, and then only if another term has not been specified in the written transfer or allowed under state law.”<sup>152</sup> As Kasten followed the contractual termination procedures, the agreement was validly terminated.<sup>153</sup>

In *Integrated Actuarial Services, Inc v. First Auditors, L.L.C.* (July 2005),<sup>154</sup> the parties entered arbitration over various issues, including the intellectual property rights in software for the Internal Revenue Service, and an arbitration order was made against the respondent.<sup>155</sup> In its opposition to the petitioner’s claim to secure a judgment in the San Diego Superior Court on the arbitration award, the respondent argued that § 203 only permitted termination after thirty-five years and “that the Arbitrator manifestly disregarded the law.”<sup>156</sup> The district court rejected this claim on both procedural and substantive grounds, the latter being that § 203 did not apply “because the Arbitrator interpreted the length of the license under the parties’ agreements,” which meant that there was a term agreed by the parties and the “resolution of the issue would depend entirely upon state contract law.”<sup>157</sup>

There were two decisions in which the potential applicability of § 203 to license terminations was raised but not further developed in the judgments. In *Automation by Design, Inc. v. Raybestos Products Company* (September 2006),<sup>158</sup> Automation by Design (“ABD”) brought an action in copyright infringement against Raybestos in relation to a

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<sup>152</sup> *Id.* at \*20.

<sup>153</sup> *Id.* at \*21.

<sup>154</sup> NO. 05cv928 DMS (JMA), 2005 U.S. Dist. LEXIS 52831 (S.D. Cal. 2005).

<sup>155</sup> *Id.* at \*3.

<sup>156</sup> *Id.* at \*4.

<sup>157</sup> *Id.* at \*15.

<sup>158</sup> 463 F.3d 749 (7th Cir. 2006).

machine design produced by ABD for Raybestos, where Raybestos sought to have a copy of that machine built by another company.<sup>159</sup> The Seventh Circuit agreed with the district court that Raybestos had not materially breached the agreement, but still had to determine whether ABD could end the contract at will.<sup>160</sup> ABD argued “that any copyright license of indefinite duration can be terminated at will.”<sup>161</sup> The court did not address this argument directly because it considered a 2004 trademark decision, *Baldwin Piano, Inc. v. Deutsche Wurlitzer GmbH*,<sup>162</sup> “provide[d] more guidance for [its] analysis.”<sup>163</sup> The court eventually found the contract was *not* terminable at will because the parties here did not have an “ongoing relationship,” which was what the court considered the allowance for terminability at will to address.<sup>164</sup> The court did not, however, determine further whether § 203 would have applied to this contract.<sup>165</sup>

Similarly, the court in *Fairview Development Corporation et al v Aztex Custom Homebuilders, L.L.C.* (March 2009)<sup>166</sup> had before it the question of whether one party “had the right to and properly rescinded the license.”<sup>167</sup> The court cited § 203’s rules for terminating licensing agreements but then indicated that:

[C]ourts rely on state law to fill in the gaps that Congress leaves in federal statutes . . . . Thus, where the Copyright Act does not address an issue, courts turn to state law to resolve the matter, as long as state

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<sup>159</sup> *Id.* at 751.

<sup>160</sup> *Id.* at 759.

<sup>161</sup> *Id.* (citing *Walthal*).

<sup>162</sup> 392 F.3d 881 (7th Cir. 2004).

<sup>163</sup> 463 F.3d at 760.

<sup>164</sup> *Id.* at 761.

<sup>165</sup> *Id.* Judge Kanne’s dissent also contained no reference to termination. *Id.* at 761–63 (Kanne, J., dissenting).

<sup>166</sup> No. CV-07-0337-PHX-SMM, 2009 U.S. Dist. LEXIS 16501 (D. Ariz. 2009).

<sup>167</sup> *Id.* at \*35.

law does not otherwise conflict with the Copyright Act.<sup>168</sup>

The court then cited *Rano* in relation to the allowance, at both state and federal law, to end a contract following a material breach.<sup>169</sup> It appears the court then analyzed whether a material breach occurred, and even if it had, whether the nonbreaching party had reasonably rescinded the contract.<sup>170</sup> The implication here is that there was a ‘gap’ in the federal copyright law which state law filled, in relation to the rescission of contracts for material breach.

## 2. Failure to comply with statutory formalities

Beyond the terminability of licenses, the 2000s saw decisions involving challenges to termination notices filed under § 203. The first was *Archie Comic Publications Inc. v. DeCarlo* (December 2001).<sup>171</sup> Here, Archie Comics (“ACP”) (continuing from previous litigation) brought an action for declaratory relief, including that § 203 notices filed by Mr. DeCarlo were invalid, and for injunctive relief stopping Mr. DeCarlo from filing further § 203 termination notices.<sup>172</sup> In relation to the termination notices, ACP claimed Mr. DeCarlo filed his notices before he was legally entitled to.<sup>173</sup> The court found in favor of ACP and denied Mr. DeCarlo’s motion to dismiss.<sup>174</sup> It highlighted the importance of filing notices on time, because “premature attempts by transferors to terminate rights can have a very

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<sup>168</sup> *Id.* at \*36.

<sup>169</sup> *Id.*

<sup>170</sup> *Id.* at \*37–44.

<sup>171</sup> No. 00 Civ. 5686 (LAK), 2001 U.S. Dist. LEXIS 19692 (S.D.N.Y. 2001).

<sup>172</sup> *Id.* at \*2–3.

<sup>173</sup> *Id.* at \*7–8.

<sup>174</sup> *Id.* at \*8.

disruptive impact on the ability of transferees to exploit the rights that they have obtained as, for example, by making third parties whose assistance in exploiting the rights is needed reluctant to enter into arrangements with transferees.”<sup>175</sup>

The court found Mr. DeCarlo had miscalculated when he could terminate under § 203.<sup>176</sup> He argued the work was published in 1967, so termination could take effect in 2002 (thirty-five years later).<sup>177</sup> However, because copyright in those works had been “allegedly assigned by . . . 1988 and 1996 agreements,” the allowance in § 203(a)(3) for termination at the earlier of thirty-five years from publication or forty years from the grant did not apply.<sup>178</sup> Instead, the time should be calculated relative to the respective 1988 and 1996 agreements (thirty-five years following those agreements).<sup>179</sup> The court also denied Mr. DeCarlo’s motion to dismiss the claim for an injunction against him filing further § 203 termination notices because “as between defendant and plaintiff and, in all likelihood, those claiming by, through or under plaintiff, the defendant cannot possibly establish ownership of a valid copyright.”<sup>180</sup> The premature notice point was also made in a similar decision involving ACP and the executrix of Mr. DeCarlo’s estate in March 2003.<sup>181</sup>

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<sup>175</sup> *Id.* at \*9.

<sup>176</sup> *Archie Comic Publications*, 2001 U.S. Dist. Lexis at \*9–11.

<sup>177</sup> *Id.* at \*9–10.

<sup>178</sup> *Id.*

<sup>179</sup> *Id.* at \*11.

<sup>180</sup> *Id.* at \*14.

<sup>181</sup> *Archie Comic Publ’n, Inc. v. DeCarlo*, No. 00 Civ. 5686 (LAK), 2003 U.S. Dist. LEXIS 4800, 56 (S.D.N.Y. 2003). The decision appears to have been slightly amended in *Archie Comic Publ’ns, Inc. v. DeCarlo*, 258 F. Supp. 2d 315 (S.D.N.Y. 2003). The final order was made in June 2003: *Archie Comic Publ’ns Inc. v. DeCarlo*, No. 00 Civ. 5686 (LAK), 02 Civ. 8466 (LAK), 2003 U.S. Dist. LEXIS 9628 (S.D.N.Y. 2003) and subsequently affirmed in March 2004 by the U.S. Court of Appeals for



The importance of complying with § 203's formalities was also highlighted in *TALKISP Corporation v. Xcast Labs, Inc.* (December 2005),<sup>182</sup> in which the parties disputed ownership of particular source code for TALKISP's "web-based branch exchange telephone answering and call-transferring system ('UniMessaging')." <sup>183</sup> One of TALKISP's arguments in the alternative was that in engaging the respondent to create the software, "it is entitled to the source code under an implied nonexclusive license theory as the hiring party that expended considerable resources and divulged proprietary information in order to have the source code developed, and the defendants created the source code with the knowledge and intent that it would be used by [TALKISP] as part of its UniMessaging product."<sup>184</sup> In response Xcast argued this was not relevant "because they have terminated any license that may have existed."<sup>185</sup> However, Judge Jarvey (writing a Report and Recommendation) sided with TALKISP on this point, and specifically dismissed Xcast's termination point because "[t]here has been no writing produced evidencing a termination, as required by 17 U.S.C. § 203(a)(4)."<sup>186</sup> The implication here is that Xcast would have needed to abide by the statutory formalities in § 203(a)(4) to validly terminate

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the Second Circuit: *Archie Comic Publ'ns, Inc. v. DeCarlo*, 88 Fed. Appx 468 (2d Cir. 2004). The latter two decisions appeared in neither of the Lexis or Westlaw searches. The absence of the June 2003 decision highlights the limitations of using these search engines, as even though that decision mentioned 'notice of termination' and '17 USC § 203' (p. 3) it did not appear. For further discussion, see Yuvaraj et al., *supra* note 7, at 266, 269.

<sup>182</sup> No. C05-0055, 2005 U.S. Dist. LEXIS 40452 (N.D. Iowa 2005).

<sup>183</sup> *Id.* at \*2.

<sup>184</sup> *Id.* at \*24.

<sup>185</sup> *Id.*

<sup>186</sup> *Id.* at \*25.

any implied license, including serving a notice in writing within the applicable statutory time frame.<sup>187</sup>

### **3. Agreements to sell the termination right**

The 2000s also saw ‘agreement to the contrary’ cases, where parties disputed whether agreements after the original grant operated to remove the § 203 termination right from an author or their descendants. This was first seen in *Milne v. Stephen Slesinger, Inc.* (May 2003),<sup>188</sup> a dispute between the granddaughter of *Winnie the Pooh* creator A.A. Milne and the eventual assignee of copyrights in certain of Milne’s works. Ms. Milne sought declarations of validity for termination notices she filed regarding grants of copyright in 1930 and 1961.<sup>189</sup> One of the issues was whether a 1983 agreement which revoked the prior agreements and created a new agreement, but which involved the author’s son Christopher Milne agreeing *not* to exercise his termination right under § 304(c), “[s]hould . . . be treated as a pre-1978 agreement to be governed by the termination provisions of 17 U.S.C. § 304.”<sup>190</sup> The court disagreed despite considering legal analysis of the relevant provisions from the eminent copyright law text *Nimmer on Copyright*.<sup>191</sup> The court noted that the agreement was after 1978, so § 304 “does not apply” further, “§ 203 does not apply, because the grant in question was not made by the author.”<sup>192</sup>

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<sup>187</sup> Judge Jarvey’s Report and Recommendation was adopted substantively with only some changes that did not appear to affect the termination point discussed above. *TalkISP Corp v Xcast Labs, Inc.*, No. C 05-55-EJM, 2006 U.S. Dist. LEXIS 105491, \*1 (N.D. Iowa 2006).

<sup>188</sup> 2003 U.S. Dist. LEXIS 7942 (C.D. Cal. 2003).

<sup>189</sup> *Id.* at \*4, \*8–9.

<sup>190</sup> *Id.* at \*14.

<sup>191</sup> *Id.* at \*15–17.

<sup>192</sup> *Id.* at \*17.

#### 4. Statutory post-termination distribution of copyright

A further case from January 2005, *Broad Music Inc. v. Roger Miller Music, Inc.*, dealt with § 203 by analogy in a dispute as to the share in the copyright held by the surviving children and spouse of famous country musician Roger Miller.<sup>193</sup> The court had to resolve the dispute in relation to 17 U.S.C. § 304(a), which is silent on the split of the “renewal copyright interest” – that is, works in which copyright had been secured before January 1, 1978, in respect of which the copyright term would be extended by a further sixty-seven years<sup>194</sup> - to determine the appropriate share of the copyright to allocate between the parties.

The focus of the judgment was on the appropriate statutory construction, and to that end the court drew assistance from § 203. The court compared § 203 and § 304(c), finding that both these provisions “represent the best indication of congressional intent with respect to how renewal copyright interests should vest between a deceased author’s surviving spouse and children *upon creation* . . . the provisions suggest that Congress intended renewal copyrights to vest in disproportionate shares under § 304(a).”<sup>195</sup> In particular, the court considered the appearance of the word “vest” in § 203(b) and elsewhere in the Act, finding there was no instance of that word being used to “refer to copyrights being divided into equal shares,” but that “when the Act explicitly provides for how copyright interests will vest in an author’s surviving spouse and children when they are entitled to such interests, it provides that those interests will vest in disproportionate shares between the widow and the children.”<sup>196</sup> The court thus

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<sup>193</sup> 396 F.3d 762 (6th Cir. 2005).

<sup>194</sup> *Id.* at 764.

<sup>195</sup> *Id.* at 772.

<sup>196</sup> *Id.* at 773.

concluded that the shares should be divided differently than the view of the district court, to the effect that Mr. Miller's spouse would have held a fifty percent share and his surviving children would hold the remaining fifty percent in equal shares.<sup>197</sup> This case demonstrates that even when § 203 was not the provision in dispute, it still plays a key role for courts seeking to interpret other parts of the Act.

#### **D.     2010-2019**

##### **1. Attempted termination of joint works**

Following on from the *DeCarlo* litigation in the 2000's, there were more cases in the 2010s where parties disputed the validity of § 203 termination notices. The first was *Scorpio Music SA v. Willis* (May 2012),<sup>198</sup> the first in a long-running and prominent saga involving works by musician Victor Willis, the popular singer-songwriter and founding member of the band The Village People.<sup>199</sup> Mr. Willis had been engaged, according to the plaintiffs, "to translate the lyrics of and/or create new lyrics for certain musical compositions which were owned and published in France by Scorpio."<sup>200</sup> Mr. Willis then served termination notices covering his "interests in the 33 Compositions,"<sup>201</sup> which the plaintiffs disputed on the basis that the other joint authors had not filed termination notices.<sup>202</sup> The court

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<sup>197</sup> *Id.* at 781–82.

<sup>198</sup> No. 11cv1557 BTM(RBB), 2012 US Dist. LEXIS 63858 (S.D. Cal. 2012); see also Kevin J. Greene, *Thieves in the Temple: The Scandal of Copyright RegisThetion and African-American Artists*, 49 PEPP. L. REV. 615, 643–44 (2022) (showing how this case revealed a false claim of authorship for one of the songs).

<sup>199</sup> Matt Everitt, *How Villiage People's cop Victor Willis rebooted his group*, BBC (Mar. 31, 2019), <https://www.bbc.com/news/entertainment-arts-47733198> [<https://perma.cc/B92T-U5DC>].

<sup>200</sup> *Scorpio Music*, 2012 U.S. Dist. LEXIS at \*2.

<sup>201</sup> *Id.* at \*2–3.

<sup>202</sup> *Id.* at \*3–4.

disagreed, finding that “a joint author who separately transfers his copyright interest may unilaterally terminate that grant.”<sup>203</sup> Requiring a majority of joint authors to file for termination in § 203(a)(1) is not the same as requiring those authors to enter into a collective grant in the first place, and the Act does not require those who enter into discrete grants to terminate those grants collectively by a majority.<sup>204</sup>

The court rejected the plaintiff’s claim that “grant” in § 203(a)(1) “refers collectively to all transfers by joint authors, even if the transfers were separate transactions.”<sup>205</sup> This interpretation would lead to an uncertain “date of execution,” and “be contrary to the purpose of the Act to require a majority of all joint authors who had, at various times, transferred their copyright interests in a joint work to terminate the legally permissible *separate* grant by one joint author of his undivided copyright interest in the work.”<sup>206</sup> Accordingly, Mr. Willis could legitimately use § 203 because he “granted his copyright interests in the Compositions separately from the other co-authors.”<sup>207</sup>

## **2. Whether filing termination notices constitutes anti-SLAPP behavior**

The question of whether challenges to termination under the Act could amount to strategic litigation against public participation, or SLAPP, arose in *Ray Charles Foundation v. Robinson* (January 2013).<sup>208</sup> This case concerned termination notices filed by the children of prominent musician Ray Charles under both § 203 and § 304 of the Act.<sup>209</sup> The Ray Charles Foundation contested these termination notices, arguing, in particular, that the § 203

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<sup>203</sup> *Id.* at \*6.

<sup>204</sup> *Id.* at \*8–9.

<sup>205</sup> *Scorpio Music*, 2012 U.S. Dist. LEXIS at \*9.

<sup>206</sup> *Id.* at \*10.

<sup>207</sup> *Id.* at \*12.

<sup>208</sup> 919 F. Supp. 2d 1054, 1060 (C.D. Cal. 2013).

<sup>209</sup> *Id.*

termination notices were “premature.”<sup>210</sup> The defendants sought to dismiss the particular claims related to the filing of the termination notices (alleging that by filing the notices the defendants had breached contract, good faith covenant, and fair dealing) on the basis of the anti-SLAPP law in effect in California.<sup>211</sup> The court found for the defendants, concluding there was “no probability of prevailing” on these claims, and that they fell within “protected activity” under California’s anti-SLAPP law since they involved an interaction with the Copyright Office, who has oversight of what is recorded and the ability to reject notices from being recorded if filed untimely.<sup>212</sup> Thus, those claims were dismissed under California’s anti-SLAPP law.<sup>213</sup> The court then turned to whether the notices should be declared invalid but found the Foundation did not have standing “to assert [the copyright owner] Warner/Chappell’s interests in seeking to invalidate the termination notices.”<sup>214</sup>

However, this judgment was reversed on appeal on the issue of standing.<sup>215</sup> This was because even though Warner/Chappell owned the copyright, the notices “also directly affect[ed] the Foundation’s right to royalties.”<sup>216</sup> The Foundation argued the termination provisions did not apply, so the Ninth Circuit turned to the zone-of-interests test that “looks to the statutory provisions at issue and asks whether Congress authorized the plaintiff to sue under them” and found it to fall within the statute’s authority.<sup>217</sup> It found the termination provisions had “an implied private cause of action,” and that the Foundation was “at least entitled to a

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<sup>210</sup> *Id.*

<sup>211</sup> *Id.* at 1061.

<sup>212</sup> *See id.* at 1061–65, 1066.

<sup>213</sup> *Ray Charles Found.*, 919 F. Supp. 2d at 1067.

<sup>214</sup> *Id.* at 1072.

<sup>215</sup> *Ray Charles Found. v. Robinson*, 795 F.3d 1109, 1116 (9th Cir. 2015).

<sup>216</sup> *Id.* at 1119.

<sup>217</sup> *Id.* at 1119–20.

declaration establishing when the right to receive royalties reverts to Charles's heirs."<sup>218</sup>

### 3. Whether termination notices relate to pre-1978 grants

The validity of termination notices under § 203 has also been challenged on the basis that they relate to pre-1978 assignments, to which § 203 notices cannot apply.<sup>219</sup> In *Baldwin v. EMI Feist Catalog, Inc.* (December 2013),<sup>220</sup> the rights to the song *Santa Clause is Comin' to Town* had been assigned to Leo Feist, Inc. in 1934 and in 1951 (the latter being an assignment of all renewals/extensions of copyright, as was the case under the two-28-year term in the pre-1978 copyright legislative framework).<sup>221</sup> One of the co-authors filed to terminate the grant under § 304 in 1981, with termination to take effect in 1990, after which a new 1981 agreement in relation to the song with EMI would take effect.<sup>222</sup> In 2004 and 2007 the plaintiffs sent notices of termination to EMI under § 304 and § 203 respectively, in relation to the 1981 EMI agreement.<sup>223</sup> However, the court found that the 1951 agreement was never validly terminated because the termination notice was not filed with the Copyright Office: the Copyright Office sent it back to the terminating party's attorney, but it was never subsequently recorded with the Office as required by law.<sup>224</sup> The court rejected arguments that the 1981 agreement superseded the 1951 agreement,<sup>225</sup> and thus neither the § 304 nor the § 203

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<sup>218</sup> *Id.* at 1122–23.

<sup>219</sup> *Id.* at 1112–13 (quoting 17 U.S.C. § 304).

<sup>220</sup> 989 F. Supp. 2d 344 (S.D.N.Y. 2013).

<sup>221</sup> *Id.* at 346–47.

<sup>222</sup> *Id.* at 347.

<sup>223</sup> *Id.* at 347–48.

<sup>224</sup> *Id.* at 347, 353.

<sup>225</sup> *Baldwin*, 989 F. Supp. 2d at 353–55.

notices could apply (the latter because the grant was from a pre-1978 agreement).<sup>226</sup>

However, the Second Circuit overturned this finding on appeal in *Baldwin v. EMI Feist Catalog, Inc.* (October 2015).<sup>227</sup> The Second Circuit found that the 1981 agreement *did* supersede the 1951 agreement, because “it would make no sense to have two grants of the same exact rights be operative of the same time; if the first half of § 1 were not meant to replace the 1951 agreement, there would be no reason for the parties to have included it.”<sup>228</sup>

Thus, the 1981 agreement was “the source of EMI’s rights in the Song,” and therefore the grant could be terminated under § 203.<sup>229</sup> The Second Circuit then rejected two arguments by EMI as to the invalidity of termination under § 203: first, that termination could not take place because the children signed the agreement, which was dismissed because the co-author signed the grant and the children could not sign away the termination interest; and second, that termination could not take place as claimed because the grant conveyed the “right of publication” (which under § 203 meant it would last 40 years until 2021), which was dismissed because this agreement did not cover the right of publication.<sup>230</sup> The *Baldwin* litigation shows the importance of clarifying how different agreements involving grants of rights in the same works interact with and/or supersede each other, because the outcome of such analysis can determine whether and which statutory termination rights can be enforced.

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<sup>226</sup> *Id.* at 355.

<sup>227</sup> 805 F.3d 18, 34 (2d Cir. 2015).

<sup>228</sup> *Id.* at 28.

<sup>229</sup> *Id.* at 31.

<sup>230</sup> *Id.* at 32–33.



#### 4. Work-for-hire

During this period, there were also various cases in relation to the “work-made-for-hire” exception to the termination right. The argument was that termination notices are not valid because the works they relate to are in fact works made for hire. This issue was most central in *Horror Inc. v. Miller* (September 2018), in which the dispute surrounded screenwriter Victor Miller’s ability to terminate a grant of rights in a screenplay for the famous film *Friday the 13<sup>th</sup>*.<sup>231</sup> The plaintiffs claimed that the work was made for hire, which meant Miller’s attempted termination was not valid.<sup>232</sup> The court concluded the screenplay was *not* a work made for hire because it was not set out as such in a written instrument,<sup>233</sup> it had not been prepared in Miller’s role as an “employee within the scope of his employment,”<sup>234</sup> labor law did not supersede the Supreme Court’s factors for determining a work made for hire in a prior case, and even if it did, it would not lead to the conclusion that Miller was an employee, but rather an independent contractor,<sup>235</sup> and Miller did not meet the factors in *Community for Creative Non-Violence v. Reid* (a key decision in which the Supreme Court analyzed what it meant for someone to be an independent contractor for the purpose of the definition of a work-for-hire under § 101) to be determined an agent (e.g. how long was the relationship, how was Miller paid, did Miller receive employment benefits, etc.).<sup>236</sup> Moreover, there were no other joint authors for the screenplay,<sup>237</sup> and Miller was not time-barred from exercising his § 203 right

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<sup>231</sup> 335 F. Supp. 3d 273, 284 (D. Conn. 2018).

<sup>232</sup> *Id.* at 294.

<sup>233</sup> *Id.* at 295–96.

<sup>234</sup> *Id.* at 296.

<sup>235</sup> *Id.* at 296–301.

<sup>236</sup> *Horror Inc.*, 335 F. Supp. 3d at 301–02 (citing *Comty. For Creative Non-Violence v. Reid*, 490 U.S. 730 at 751–53).

<sup>237</sup> *Id.* at 313.

by the three-year limitation period in § 507(b), because there was no “express repudiation” of Miller’s claim to authorship.<sup>238</sup> Accordingly, Miller’s termination was valid, and the court declared he alone owned the copyright to the *Friday the 13<sup>th</sup>* screenplay.<sup>239</sup>

While *Horror Inc.* is an in-depth dispute on whether works are made for hire, sometimes the argument is made without further elaboration, in which case dismissal can shortly follow. In *Payne v. Manilow* (October 2018), a producer denied the efficacy of a § 203 termination notice on the basis that a television show was in the work-for-hire category.<sup>240</sup> The court declined to grant the producer’s motion to dismiss because this was simply a conclusion “without any factual support.”<sup>241</sup> The court also rejected a claim, similarly to the *Baldwin* litigation, that the termination notice did not apply because the “the Show was produced prior to 1978,” as it is the grant date, rather than the creation date, that is at issue.<sup>242</sup>

Work-for-hire arguments were also raised alongside other arguments. In *Stillwater v. Basilotta* (March 2017),<sup>243</sup> the notice concerned various sound recordings, and were challenged on grounds like a lack of specificity limiting the recordings applicable (rejected), work for hire (rejected because nothing suggested the recordings disputed on this ground were covered by an agreement cited by the challenging party), incorrect dates based on the date of publication (a “factual issue that cannot be addressed at this stage of the case,” but also no authority was provided

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<sup>238</sup> *Id.* at 314–17.

<sup>239</sup> *Id.* at 320–21.

<sup>240</sup> No. CV 18-3413 PSG, 2018 U.S. Dist. LEXIS 219664, at \*18–19 (C.D. Cal. 2018).

<sup>241</sup> *Id.* at \*20.

<sup>242</sup> *Id.*; *Baldwin*, 989 F. Supp. 2d at 355.

<sup>243</sup> No. CV 16-1895 FMO, 2017 U.S. Dist. LEXIS 170176, at \*14 (C.D. Cal. 2017).

indicating a notice would be invalidated by an error), and derivative works (could not be determined at this stage).<sup>244</sup> Thus Stillwater (the party challenging the notice) failed at having the claim dismissed.<sup>245</sup>

In another judgment, involving the same parties,<sup>246</sup> the court noted Ms. Basilotta was not barred by the statute of limitations from “challenging authorship and the work-for-hire designation,”<sup>247</sup> because the limitation only applied “to the commencement of civil actions, not defenses,” and Ms. Basilotta could use this as a defense to a claim for declaratory relief by Stillwater under § 203.<sup>248</sup> Stillwater was also unsuccessful in claiming that English law applied to the agreement, highlighting the clear provision for termination to apply despite “any agreement to the contrary” in § 203.<sup>249</sup>

Foreign law again mixed with work-for-hire in *Ennio Morricone Music Inc. v. Bixio Music Group* (October 2017).<sup>250</sup> Here, renowned Italian composer Ennio Morricone sought a declaration regarding his company’s ownership of and right to exercise the § 203 termination in respect of various movie scores.<sup>251</sup> The main issue was whether those scores were works made for hire<sup>252</sup> which would have exempted them from termination. Because the

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<sup>244</sup> *Id.* at \*9–13.

<sup>245</sup> *Id.* at \*14–15. A further hearing in the matter did not substantively deal with the termination notice issue and thus was not included in the analysis. *See generally* Stillwater v. Basilotta, No. CV 16-1895 FMO, 2019 U.S. Dist. LEXIS 77849 (C.D. Cal. 2019).

<sup>246</sup> *Stillwater v. Basilotta*, No. CV 16-1895 FMO (SSx), 2018 WL 2718041 (C.D. Cal. 2018).

<sup>247</sup> *Id.* at \*2.

<sup>248</sup> *Id.*

<sup>249</sup> *Id.* (quoting 17 U.S.C. § 203(a)(5)).

<sup>250</sup> No. 16-cv-8475, 2017 U.S. Dist. LEXIS 177643 (S.D.N.Y. 2017); *see also* Yuvaraj, *supra* note 17, at 150–52.

<sup>251</sup> *Ennio Morricone Music Inc.*, 2017 U.S. Dist. LEXIS 177643, at \*1.

<sup>252</sup> *Id.* at \*13.

contract was between Italian nationals and was formed in Italy, the court had to apply Italian law to determine whether the works were works for hire.<sup>253</sup> After going through the relevant Italian legal principles and receiving evidence from experts in Italian law, the court concluded they *were* works for hire under Italian law, and thus could not be terminated under § 203.<sup>254</sup> However, the Second Circuit reversed this finding on appeal in *Ennio Morricone Music Inc v. Bixio Music Group* (August 2019).<sup>255</sup> The Second Circuit considered Italian law was materially different from US law on authorship (in the US the commissioning party is considered the author, while under Italian law a composer retains authorship of a score),<sup>256</sup> the formalities required for a work to be “commissioned” (which Italian law does not have),<sup>257</sup> and the fact that although Italian law permits an author to “assign by contract all rights in the work to the commissioner of the work,” an assignment will always be subject to § 203: “The maximum total duration permitted by the laws of the United States is thirty-five years plus such additional period as the assignor allows until the exercise of the option to terminate.”<sup>258</sup> Accordingly, Mr. Morricone was successful on appeal.<sup>259</sup>

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<sup>253</sup> *Id.*

<sup>254</sup> *See id.* at \*13–18.

<sup>255</sup> 936 F.3d 69, 74 (2d Cir. 2019).

<sup>256</sup> *Id.* at 72.

<sup>257</sup> *Id.* at 72–73.

<sup>258</sup> *Id.* at 73.

<sup>259</sup> *Id.* at 74. There was a further decision on costs in *Ennio Morricone Music, Inc v Bixio Music Grp.*, but this did not appear in the search results. While the string parameters appear in the decision (e.g. ‘203’), this may highlight the limitations of using legal research databases. However, this decision does not substantively address § 203 and the omission is thus not material for the purposes of this study. *See generally* *Ennio Morricone Music, Inc. v. Bixio Music Grp.*, No. 1:16-cv-08475, 2019 U.S. Dist. LEXIS 216781 (S.D.N.Y. 2019).

The work for hire issue and the application of foreign law was featured again (albeit somewhat indirectly) in *Century of Progress Productions v. Vivendi S.A.* (August 2018).<sup>260</sup> There, the creators/performers of the movie *This is Spinal Tap* brought various actions against the holders of rights in the movie, including an action for a declaration regarding § 203 termination notices they filed in relation to rights in the movie, and the defendants had “threatened to file a counterclaim” on the work for hire issue.<sup>261</sup> Universal Music Group (‘UMG’), one of the defendants, argued the dispute was “not ripe for adjudication” because they had “not taken a position in this litigation or elsewhere concerning its sound recording copyrights,” and termination was not scheduled to take effect until March 2019.<sup>262</sup> Ripeness relates to whether ““there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.””<sup>263</sup> The court found the dispute was ripe because UMG’s argument of not taking a position was “evasive,” and the dispute involving the other plaintiffs (Studiocanal) was sufficiently material given the potential effect of valid terminations (more royalties for the claimants), Studiocanal themselves having “directly challenged [the]... terminations” and the “ineffien[cy] . . . for the Court to analyze the nature of Plaintiffs’ authorship . . . for the sole purpose of adjudicating the validity of the notices related to Studiocanal’s copyrights, but to compel

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<sup>260</sup> See No. CV 16-7733 DMG, 2018 U.S. Dist. LEXIS 153316, at \*8 (C.D. Cal Aug. 28, 2018).

<sup>261</sup> *Id.* at \*8–9.

<sup>262</sup> *Id.* at \*40 (quoting *Century of Progress Prod. v. Vivendi S.A.*, No. CV 16-7733-DMG, 2017 U.S. Dist. LEXIS 214499, at \*22–24 (C.D. Cal Sept. 28, 2017)).

<sup>263</sup> *Id.* at \*40–41 (citing *Mintz v Mark Bartelstein & Assoc.*, 906 F. Supp. 2d 1017, 1027–28 (C.D. Cal. 2012)).

Plaintiffs to file another lawsuit with respect to UMG's copyrights."<sup>264</sup>

Finally, *TD Bank N.A. v. Hill* (July 2019)<sup>265</sup> highlighted the importance of termination to interpreting whether a work was made for hire, in a similar vein to *Dumas v. Gommerman*.<sup>266</sup> While the dispute was not about termination notices, the Third Circuit noted that "an employee's work created outside the scope of employment cannot simply be 'deem[ed]' for hire," because this designation materially affects a creator's ability to terminate under § 203.<sup>267</sup> Similarly, the Third Circuit commented that, although it was not able to resolve whether the work was created in the scope of the creator's employment, "this inquiry . . . is not academic because it would determine whether Hill or his successors may eventually terminate the assignment."<sup>268</sup> *TD Bank* may suggest courts will not simply adhere to contractual work-for-hire designations in creator-exploiter contracts, precisely because the inalienable termination right under § 203 and § 304 are such powerful author rights.

### **5. Non-compliance with statutory formalities**

Courts have also highlighted the importance of complying with statutory formalities where those formalities are applicable: non-compliance may mean the relevant license/grant is not terminated. *Nance v. Equinox Music* (October 2010) involved a claim *to the court* for termination of copyright grants, illustrating the importance of following

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<sup>264</sup> *Id.* at \*42–44 (describing a supplemental point about notice validity requiring court determination).

<sup>265</sup> *TD Bank N.A. v. Hill*, 928 F.3d 259 (3d Cir. 2019).

<sup>266</sup> *Id.* at 273; *see Dumas v. Gommerman*, 865 F.2d 1093, 1098 (9th Cir. 1989).

<sup>267</sup> *TD Bank*, 928 F.3d at 273.

<sup>268</sup> *Id.* at 277.

the § 203 procedure.<sup>269</sup> The court noted that the “[p]laintiffs have not alleged that they effectuated termination by serving notice to AVI RDC (who was registered as the owner of the copyright with the Copyright Office) nor have they alleged a copy of the notice was provided to the U.S. Copyright Office,” as required under § 203(b)(4).<sup>270</sup> Further, the other side had not “assigned the rights to Nance or . . . otherwise agreed to the termination.”<sup>271</sup> Accordingly, Nance simply had not complied with the statutory framework and was not entitled to relief.<sup>272</sup>

In *Mtume v. Sony Music Entertainment* (September 2019),<sup>273</sup> termination notices filed by musician Jason Mtume were challenged because he “failed to list the correct date of execution for the works as required by statute.”<sup>274</sup> However, the court disagreed, finding that while there was an error, it could be “harmless,” and that “[m]ore information is needed to determine if this is the case,” which was inappropriate for a motion to dismiss.<sup>275</sup> This suggests that the courts may not automatically dismiss notices for failure to strictly adhere to § 203, although it should be noted this was simply a decision progressing the matter as the court required more facts.

It is important to note, though, that if a court considers state law applies, it may still permit termination of a license even if there has not been compliance with § 203. At first instance, the court in *Corbello v. Devito* (January 2012)<sup>276</sup> noted that a particular copyright license was ongoing partially because the defendants did not terminate it properly under § 203, and because they did not file a

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<sup>269</sup> See *Nance v. Equinox Music*, No. 09-cv-7808, 2010 U.S. Dist. LEXIS 113146; 2010 WL 4340469, at \*6–8 (N.D. Ill. 2010).

<sup>270</sup> *Id.* at \*7; 17 U.S.C. § 203(b)(4).

<sup>271</sup> *Nance*, 2010 U.S. Dist. LEXIS, at \*7.

<sup>272</sup> *Id.* at \*7–8.

<sup>273</sup> 408 F. Supp. 3d 471 (S.D.N.Y. 2019).

<sup>274</sup> *Id.* at 474.

<sup>275</sup> *Id.* at 476.

<sup>276</sup> 844 F. Supp. 2d 1136 (D. Nev. 2012).

termination notice within the relevant statutory period.<sup>277</sup> However, the Ninth Circuit rejected this finding, noting that because there was a “reversionary clause” in the agreement at issue, it “was of definite duration, and therefore the notice requirement of § 203 does not apply.”<sup>278</sup> In *Scher v. Stendhal Gallery, Inc.* (September 2011)<sup>279</sup> the Supreme Court of New York found that § 203 could not apply because the grant at issue was an oral license with disputed terms and a lack of clarity over which exclusive rights had been granted,<sup>280</sup> this meant the defendants could not rely on § 203(b), which they had used to claim that their works were derivative works and therefore could be sold even after the plaintiff ended their oral license.<sup>281</sup>

## 6. Timeliness

Courts may also consider the *time* an action is brought or a termination is attempted in deciding to grant declaratory relief. In *Smith v. Casey* (January 2014),<sup>282</sup> the Eleventh Circuit declined to reverse a district court’s ruling that an estate’s claim for a declaration as to the validity of their termination notices was not “ripe” to be adjudicated, because “the Copyright Office ha[d] neither accepted nor rejected the estate’s termination notices,”<sup>283</sup> with the Copyright Office needing to completely examine the claim.<sup>284</sup> Even if the Copyright Office had finished examining the notice, “the notices would not presently affect the parties’ rights in the works the notices identify.”<sup>285</sup> In

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<sup>277</sup> *Id.* at 1160–61.

<sup>278</sup> *Corbello v. Devito*, 777 F.3d 1058, 1073 n.6 (9th Cir. 2015).

<sup>279</sup> 2011 N.Y. Misc. LEXIS 7146 (N.Y. Sup. Ct. 2011).

<sup>280</sup> *Id.* at \*19–20.

<sup>281</sup> *Id.* at \*14–15.

<sup>282</sup> 741 F.3d 1236 (11th Cir. 2014).

<sup>283</sup> *Id.* at 1244.

<sup>284</sup> *Id.*

<sup>285</sup> *Id.* at 1245.



*Troutman v. Estate of Troutman* (August 2010),<sup>286</sup> the Ohio Court of Appeals commented, after ruling that the plaintiff was not entitled to the royalties from her deceased husband's work (those royalties going instead to the estate in the first instance), that the plaintiff and her children could not exercise their § 203 termination right until 35 years had passed, following which effective termination *would* entitle her and her children to receive those royalties.<sup>287</sup>

It is not just that actions are brought too early in seeking to validate attempted terminations: sometimes, those actions can be brought too late, such that they are subject to a statutory limitation of actions in § 507(b) of the Copyright Act.<sup>288</sup> In *Everly v. Everly* (November 2018),<sup>289</sup> one brother (Don) and the statutory heirs of another brother (Phil) of the band the Everly Brothers disputed the ownership of some compositions, and whether termination notices filed by Phil's heirs were valid.<sup>290</sup> The surviving brother, Don, sought declarations that his brother Phil was not the author of a particular song, that Phil's children were not his statutory successors, that Don was the sole owner of the copyright, and that in any case a 2016 termination notice was invalid because the particular 1980 document to which it related was "not a grant of a transfer or license of copyright."<sup>291</sup> Phil's statutory successors disputed this, and Don sought summary judgment.<sup>292</sup> The court considered the history of events and found that "Don Everly plainly and expressly repudiated Phil Everly's claim to joint authorship of the Subject Compositions no later than 2011, when Don

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<sup>286</sup> 189 Ohio App. 3d 19 (Ohio Ct. App. 2010).

<sup>287</sup> *Id.* at 24.

<sup>288</sup> 17 U.S.C. § 507(b) (stating "[n]o civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued").

<sup>289</sup> 352 F. Supp. 3d 834 (M.D. Tenn. 2018).

<sup>290</sup> *Id.* at 838–39.

<sup>291</sup> *Id.* at 839.

<sup>292</sup> *Id.*

filed his Notice of Termination.”<sup>293</sup> This meant that the claim of Phil’s children was time-barred by § 507(b), and they could therefore not seek to have the validity of their termination notices determined.<sup>294</sup>

The time limitation also reared its head in the follow up to the *Scorpio Music S.A. v. Willis* (March 2013) district court decision.<sup>295</sup> The plaintiffs sought a ruling that Willis’ interest “should be equal to the percentage Willis received in direct payments from BMI, a not-for-profit rights society which remits royalties directly to writers and publishers, or at most, 33.3% (representing an equal share if there are 3 authors).”<sup>296</sup> Mr. Willis counterclaimed, and the plaintiffs sought a dismissal of his counterclaim in part “on the basis that it is barred by the three-year statute of limitations set forth in 17 U.S.C. § 507(b).”<sup>297</sup> The court agreed that § 507(b) applied, and even though rights are to “revert back to the author” under § 203(b):

[R]ights are not fixed, tangible objects but, rather, are privileges or claims that depend on the interpretation of laws and the rights of others. Consequently, the existence and/or parameters of rights must often be determined by a court of law. Section 203 does not say anything about *when the rights that are covered by the terminated grants must be determined*, nor does it provide for a different statute of limitations for ownership claims raised in connection with terminated grants. Accordingly...when co-ownership or sole ownership claims are raised in the context of the termination of grants, § 507(b) operates as it normally does – e.g., it bars claims brought more than three

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<sup>293</sup> *Id.* at 844.

<sup>294</sup> *Everly*, 352 F. Supp. 3d at 841, 844.

<sup>295</sup> No. 11cv1557 BTM 2013 U.S. Dist. LEXIS 29141 (S.D. Cal. Mar. 4, 2013).

<sup>296</sup> *Id.* at \*4.

<sup>297</sup> *Id.* at \*4–5 (citing 17 U.S.C. § 507(b)).

years after plain and express repudiation of the ownership claim.<sup>298</sup>

### **7. Continuing disputes about § 203 termination and contracts with definite/indefinite terms**

*Rano* and *Walthal*-type cases kept emerging in the 2010s, alongside cases dealing with termination notice validity. In *Latin American Music Company v American Society of Composers Authors and Publishers* (January 2010),<sup>299</sup> the Latin American Music Company (“LAM”) argued that the district court erred when instructing the jury, specifically as to the applicable law.<sup>300</sup> LAM also argued that the Copyright Act applied instead of the law of New York because when a contract does not address termination, New York law provides that the contract “remains in force for a reasonable time and is subject to termination upon reasonable notice,” which conflicts with the Copyright Act.<sup>301</sup> The First Circuit found no conflict between New York law and the Act because the Act was not applicable: in particular, it considered § 203 did not apply because it could only be exercised by the author or their statutory heirs, and LAM’s predecessor-in-interest was neither, nor did LAM claim them to be.<sup>302</sup> In *Lizalde v. Advanced Planning Services, Inc.* (June 2012),<sup>303</sup> the defendants argued that the plaintiffs “cannot unilaterally terminate the license for a minimum period of thirty-five years.”<sup>304</sup> The court distinguished *Rano* from the facts at hand because this

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<sup>298</sup> *Id.* at \*8–9 (quoting 17 U.S.C. § 203(b)).

<sup>299</sup> 593 F.3d 95 (1st Cir. 2010).

<sup>300</sup> *Id.* at 99.

<sup>301</sup> *Id.* at 100.

<sup>302</sup> *Id.* at 101.

<sup>303</sup> 875 F. Supp. 2d 1150 (S.D. Cal. 2012).

<sup>304</sup> *Id.* at 1163 (citing *Rano*, 987 F.2d at 585).

involved an allegation of a material breach of contract.<sup>305</sup> Further, one of the agreements specified a term of three years, so *Rano* would not apply anyway.<sup>306</sup> It is curious that there is no mention of *Walthal* in this decision.<sup>307</sup>

Nevertheless, U.S. District Courts appear to have to have continued applying *Rano*-type reasoning. In *C.D.S., Inc. v. Zetler* (March 2018), the court noted in relation to § 203: “When Zetler granted this nonexclusive license he did not place any time limit on its use. Counterclaim plaintiffs cannot now terminate the Company’s rights to use this code.”<sup>308</sup> It is implied that the court viewed the lack of a time limit as a barrier to termination prior to the thirty-five-year mark, following the *Rano* court’s interpretation.

Further, in *Schwindt v. Flogging Molly, Inc.* (January 2018),<sup>309</sup> the plaintiff, a drummer of a band called Flogging Molly, brought litigation against his former band members alleging, among other grounds, copyright infringement for continued use of a logo created by the plaintiff.<sup>310</sup> The band members claimed a nonexclusive license for use of the logo “until at least 2028” under § 203, which the plaintiff denied on the basis that the band members had materially breached the license and that § 203’s time limit did not apply.<sup>311</sup> The court indicated that § 203 *did* apply as “[s]ection 203(a) contains no language that limits its temporal requirement to written licenses only, and . . . the allegations in the Complaint necessarily imply that the license was executed.”<sup>312</sup> The court also noted that both of the plaintiff

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<sup>305</sup> *Id.* (finding the failure “to pay commissions on the sales” was a material breach).

<sup>306</sup> *Id.* at 1164.

<sup>307</sup> *Id.*

<sup>308</sup> 298 F. Supp. 3d 727, 765 (S.D.N.Y. 2018) (citing 17 U.S.C. § 203).

<sup>309</sup> LA 17-cv-06979-VAP, 2018 WL 6118434 (C.D. Cal. Jan. 30, 2018).

<sup>310</sup> *Id.* at \*2.

<sup>311</sup> *Id.* at \*4.

<sup>312</sup> *Id.*

and defendants used *Rano* as support.<sup>313</sup> However, the court denied the defendants' motion to dismiss the plaintiff's claim because there was a sufficient allegation of a material breach.<sup>314</sup> This means that even though the court agreed with the *Rano* position—that § 203 operated as a *minimum* thirty-five-year period before which licenses could not be terminated—this was overridden by the allowance for termination in the event of a material breach.<sup>315</sup>

### 8. Sale of the termination right

Cases similar to the “agreement to the contrary” dispute in *Milne v. Stephen Slesinger* also appeared in the 2010s: that is, litigation in relation to the impact of an artist purportedly selling their termination right.<sup>316</sup> In *Leeds v. Harry* (February 2015),<sup>317</sup> Mr. Leeds, the former manager of a rock band called Blondie, brought an action against the band, who had previously agreed to end their relationship with him by mutual consent.<sup>318</sup> The band subsequently entered into an agreement with BMG by which BMG would acquire Blondie's termination rights for a total of \$1,300,000.00 in two payments over 2012 and 2013.<sup>319</sup> Mr. Leeds claimed a commission on the BMG payments based on an entitlement in his agreement with the band for commissions on “gross earnings,” while the band claimed that any amounts received from selling the termination rights did not qualify for commissions, and that in any case, these rights did not exist until 2013.<sup>320</sup> The New York Supreme

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<sup>313</sup> *Id.*

<sup>314</sup> *Schwindt*, 2018 WL 6118434 at \*4.

<sup>315</sup> *Id.* at \*3–4.

<sup>316</sup> *See Milne v. Stephen Slesinger, Inc.*, No. CV 02-08508 FMC (PLAx), 2003 U.S. Dist. LEXIS 7942 (C.D. Cal. May 8, 2003).

<sup>317</sup> No. 157749/13, 2015 N.Y. Misc. LEXIS 319 (N.Y. Sup. Ct. Feb. 5, 2015).

<sup>318</sup> *Id.* at \*1.

<sup>319</sup> *Id.* at \*2.

<sup>320</sup> *Id.* at \*3–4.

Court dismissed the latter ground, stating that “[t]he rights could not be vested for thirty-five years. However, the income earned from the sale of recapture rights relate to music compositions *that were in existence prior to February 9, 1985 pursuant to the Termination Agreement* [with Mr. Leeds].”<sup>321</sup> The court then found that the termination contract between Mr. Leeds and Blondie was “ambiguous, for it fails to specify the rate of commission applicable to gross income derived from a sale of recapture rights.”<sup>322</sup> Thus, Mr. Leeds’ claim for summary judgment was denied, and it appears the matter was set down for further development.<sup>323</sup>

Relatedly, the plaintiffs in *Brown-Thomas v. Hynie* (August 2019) challenged a purported agreement to not enforce termination interests.<sup>324</sup> In this matter, the children of the well-known singer, James Brown, alleged that their father’s spouse had entered into an agreement to not exercise termination rights, which would adversely affect their ability to exercise the termination rights, and which the children sought to have declared void and unenforceable.<sup>325</sup> Of note in this judgment was the argument over whether the court had jurisdiction in this matter; the children claimed the defendants breached the Copyright Act by entering into an agreement to the contrary and did not follow the Act’s procedures regarding the defendants’ termination interests/rights.<sup>326</sup> The court rejected this, finding it *did* have jurisdiction as the claims necessitated that the court interpret the Act—particularly on whether the defendants’ agreements were “unlawful.”<sup>327</sup>

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<sup>321</sup> *Id.* at \*5 (emphasis added).

<sup>322</sup> *Leeds*, 2015 N.Y. Misc. LEXIS 319 at \*10.

<sup>323</sup> *Id.* at \*11.

<sup>324</sup> *See* 441 F. Supp. 3d 180, 188–89 (D.S.C. 2019).

<sup>325</sup> *Id.* at 192–93.

<sup>326</sup> *Id.* at 205.

<sup>327</sup> *Id.* at 208.

In a separate decision, *Brown-Thomas v. Hynie* (September 2019),<sup>328</sup> the court dealt with a remaining motion to dismiss, based on the allegation that the children had “fail[ed] . . . to plead a plausible claim under §§ 203 and 304 of the Copyright Act . . . .”<sup>329</sup> The court rejected this motion because there was a “controversy” that was “non-speculative, and actual,” with the complaint about “their termination rights adversely affected by [the] Defendants’ actions, in violation of § 203,” and this was ‘of sufficient immediacy and reality’ because the defendants’ actions had *already* ‘deprived [the plaintiffs] . . . of proceeds.’<sup>330</sup> Additionally, this was not an abuse of the court’s discretion, as a declaration for the plaintiffs “would return those proceeds to them and clarify the allocation of their termination rights . . . [and] a declaration [regarding the invalidity of the defendants’ agreements] would provide clarity surrounding questions related to the proceeds of which they are, or were, allegedly deprived.”<sup>331</sup> In a decision that was not in the Lexis list (but is summarized here for completeness), the court also rejected a motion to dismiss in *Brown-Thomas v. Hynie* (July 2020),<sup>332</sup> which had been based on a ruling by the South Carolina Supreme Court that Ms. Hynie was “not the surviving spouse of James Brown,” reiterating a prior decision that concluded that the determination of Ms. Hynie’s marital status would not affect the adjudication of whether the agreements were contrary to the termination provisions.<sup>333</sup>

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<sup>328</sup> 412 F. Supp. 3d 600 (D.S.C. 2019).

<sup>329</sup> *Id.* at 605.

<sup>330</sup> *Id.* at 610 (citing *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007)).

<sup>331</sup> *Id.* at 611.

<sup>332</sup> No. 1:18-cv-02191-JMC, 2020 WL 4432873 (D.S.C. July 31, 2020).

<sup>333</sup> *Id.* at \*3.

An indirectly related decision is *Artists Rights Enforcement Corporation v. Feemster* (April 2017).<sup>334</sup> Here, one of the members of the music group, Peaches & Herb (Feemster), had agreed in 2000 with AREC for the latter to collect the group's royalties in return for various percentages of the royalties.<sup>335</sup> AREC secured a settlement in 2004 for unpaid royalties, but Feemster communicated through counsel in 2015 that he intended to exercise his § 203 termination right, to which AREC responded with a refusal to pay \$18,700 in royalties from the settlement.<sup>336</sup> Feemster claimed he was coerced into agreeing to an amendment to the 2000 agreement, which listed AREC's preferred counsel to act in the termination matters and granted AREC "a 50% interest in royalties received under any new deal."<sup>337</sup> The court generally dismissed Feemster's claims (which were based on the grounds of intentional interference with prospective economic advantage, intentional interference with contractual obligations, unfair competition and constructive trusts), although some leave was granted to amend some of them.<sup>338</sup> This case is an interesting illustration of a situation that Congress may have thought it was trying to avoid through the 1976 termination system: a third-party "muscling" in on an author's ability to terminate, which had been made inalienable and unilateral by the Act, and eating into what should be the author's second chance to exploit their works.<sup>339</sup>

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<sup>334</sup> No. CV 17-554 DSF, 2017 U.S. Dist. LEXIS 221894 (C.D. Cal. Apr. 10, 2017).

<sup>335</sup> *Id.* at \*1–2.

<sup>336</sup> *Id.* at \*2–3.

<sup>337</sup> *Id.* at \*4.

<sup>338</sup> *Id.* at \*5–14.

<sup>339</sup> *See* *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 656–57 (1943).



**E. 2020-2022****1. Timeliness**

The attempted termination of the Everly Brothers' work was not done. In *Everly v. Everly* (May 2020),<sup>340</sup> the Sixth Circuit reversed the district court's 2018 judgment which concluded that Phil Everly's claim of co-authorship was time-barred.<sup>341</sup> The key issue was whether Don "expressly repudiate[d] Phil's status as a co-author, or [whether] he simply exercise[d] the rights to royalties and public credit that Phil voluntarily granted him in the 1980 Release without changing Phil's status as a co-author of the Compositions . . . ."<sup>342</sup> The court considered whether there was "a genuine factual dispute as to whether the 1980 Release reflected a repudiation of Phil's authorship,"<sup>343</sup> the evidence being inconclusive.<sup>344</sup> Accordingly, the matter was remanded.<sup>345</sup>

When the dispute went back to the district court in *Everly v. Everly* (September 2020),<sup>346</sup> the court considered a claim for partial summary judgment as to whether § 203 could apply to terminate the 1980 Release.<sup>347</sup> The court found that the 2016 termination notice was not valid, echoing the previous district court decision that the 1980 Release was not a "grant of a transfer . . . of any right under a copyright . . ." under § 203(a).<sup>348</sup> This motion for summary

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<sup>340</sup> 958 F.3d 442 (6th Cir. 2020).

<sup>341</sup> *Id.* at 445 (reversing *Everly v. Everly*, 352 F. Supp. 3d 834 (M.D. Tenn. 2018)).

<sup>342</sup> *Id.* at 455.

<sup>343</sup> *Id.*

<sup>344</sup> *See id.* at 456–59.

<sup>345</sup> *Id.* at 459; *see also id.* at 468–69 (Guy, J., dissenting) (opining that it was clear that there was a repudiation of Phil's authorship).

<sup>346</sup> No. 3:17-cv-01440, 2020 U.S. Dist. LEXIS 173698 (M.D. Tenn. Sept. 22, 2020).

<sup>347</sup> *Id.* at \*16.

<sup>348</sup> *Id.* at \*21–22.

judgment was granted, but the court declined to rule on the other substantive points in dispute before a full trial.<sup>349</sup>

Following the trial, the district court issued its judgment in *Everly v. Everly* (May 2021).<sup>350</sup> The court had to assess whether “‘Don . . . plainly and expressly repudiate[d] Phil Everly’s status as co-author’, and if not, ‘is Phil a co-author’ of the work?”<sup>351</sup> On the evidence, the court answered the first question in the affirmative,<sup>352</sup> and concluded that Phil’s heirs could not rely on Phil’s authorship to defend their 2016 termination notice.<sup>353</sup> Accordingly, Phil’s heirs could not rely on their rights as Phil’s statutory successors, *including* the right to file for termination, and the Act did not enable termination of the 1980 agreement.<sup>354</sup>

Sometimes, the finding of express repudiation goes against those contesting the termination notices. In *Horror Inc. v. Miller* (September 2021),<sup>355</sup> the Second Circuit affirmed the district court’s finding that Mr. Miller was an independent contractor at law; therefore, the work was not a work for hire.<sup>356</sup> The court rejected the claimants’ argument that Mr. Miller’s claim was time-barred by the three-year statutory limit in § 507(b) from when they expressly repudiated Mr. Miller’s claim to ownership.<sup>357</sup> Putting a notice of copyright on the work was not enough for an express repudiation as “however worded, [it] can be entirely consistent with another’s authorship of a creative work,” especially given that Mr. Miller’s authorship was indicated

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<sup>349</sup> *Id.* at \*44.

<sup>350</sup> *See* 536 F. Supp. 3d 276 (M.D. Tenn. 2021).

<sup>351</sup> *Id.* at 280.

<sup>352</sup> *Id.* at 290.

<sup>353</sup> *Id.* at 293 (finding that the claim that Phil was a co-author to be “time-barred”).

<sup>354</sup> *Id.* at 294.

<sup>355</sup> *See* 15 F.4th 232 (2d Cir. 2021).

<sup>356</sup> *Id.* at 236.

<sup>357</sup> *Id.* at 256–57.

on the cover page.<sup>358</sup> A statement by Mr. Miller as to others owning the film franchise was also “consistent with Miller being the author of the Screenplay;” even when considered alongside a copyright registration of the work listing another party as the owner and that the work was a work for hire, there was not enough to indicate an express repudiation, and Mr. Miller’s action was not time-barred.<sup>359</sup>

Similarly, in *Clancy v. Jack Ryan Enterprises* (February 2021), the court rejected limitation claims because the author, Tom Clancy, “had no claim against the [defendants] during his lifetime, nor did he ever pursue legal action against the [defendants]. Therefore, the work for hire claims could not have accrued and are not barred by limitations.”<sup>360</sup> The court also dismissed a claim for summary judgment on whether the works were made for hire, because “there [was] a genuine dispute of material fact as to whether Clancy was an employee of the [defendants] . . . .”<sup>361</sup>

Sometimes, a court may substantively show why there was no express repudiation using the law’s rationale, as was the case in *Waite v. UMG Recordings, Inc.* (March 2020).<sup>362</sup> Here, the defendants (including UMG) sought to dismiss copyright infringement claims based on termination notices on the basis that they were time-barred because the three-year limit had already started running at initial

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<sup>358</sup> *Id.* at 257.

<sup>359</sup> *Id.* at 258.

<sup>360</sup> No. ELH-17-3371, 2021 U.S. Dist. LEXIS 26553, at \*65–66 (D. Md. Feb. 10, 2021); *see also* *Phillies v. Harrison*, No. 19-CV-7239 (VM) (SN), 2021 U.S. Dist. LEXIS 243554, at \*45–46 (S.D.N.Y. Aug. 10, 2021) (rejecting a claim that the statute of limitations applied, because this did not apply to defenses).

<sup>361</sup> *Clancy*, 2021 U.S. Dist. LEXIS 26553, at \*79.

<sup>362</sup> 450 F. Supp. 3d 430 (S.D.N.Y. 2020); *see also* Joshua Yuvaraj, *Copyright reversion: Debates, data, and directions*, in *THE EXPLOITATION OF INTELLECTUAL PROPERTY RIGHTS: IN SEARCH OF THE RIGHT BALANCE* 175, 175–78 (Jens Schovsbo, ed., 2023).

execution of the agreements, which contained clauses designating the works as works for hire, thereby, in the defendant's view, functioning as a repudiation of the authors' ownership claim.<sup>363</sup> However, the court rejected this because the plaintiffs were not *directly* contesting the work for hire clauses, but rather the "defendant's failure to comply with [the] termination notices."<sup>364</sup> It would go against the intention of the termination system—to better protect authors—for the statute of limitations to begin running at the execution of a contract, because this would effectively stop creators from exercising their termination right if they had not brought "a claim within three years of signing a recording agreement—a time during which the artist and recording company may still have disparate levels of bargaining power . . . ."<sup>365</sup> Additionally, it is standard practice for record contracts to contain such clauses, and it would not be consistent with § 203 to force artists to either reject such contracts *or* accept them and challenge them within three years.<sup>366</sup>

However, parties seeking declaratory relief must be careful not to file for relief too early, as was the case in *Mtume v. Sony Music Entertainment* (February 2020),<sup>367</sup> which dealt with a 2018 termination notice in relation to various sound recordings.<sup>368</sup> Sony had not yet responded to the notice when Mr. Mtume sought "a declaration that the sound recordings [at issue] are terminable pursuant to § 203 . . . and that the 2018 Notice is valid and complies with the provisions of 17 U.S.C. § 203."<sup>369</sup> Sony argued that the

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<sup>363</sup> *Waite v. UMG Recordings, Inc.*, 450 F. Supp. 3d 430, 436 (S.D.N.Y. 2020)

<sup>364</sup> *Id.* at 437.

<sup>365</sup> *Id.* at 438.

<sup>366</sup> *Id.*

<sup>367</sup> No. 18 Civ. 11747 (ER), 2020 U.S. Dist. LEXIS 29133 (S.D.N.Y. Feb. 19, 2020).

<sup>368</sup> *Id.* at \*6.

<sup>369</sup> *Id.* at \*7.

dispute was not ripe because it had not yet responded to the 2018 notice, while Mr. Mtume argued that Sony's prior position was "sufficient to create a concrete dispute between the parties."<sup>370</sup> The court considered the issue to be a "live dispute".<sup>371</sup> However, because Sony had not yet responded, and there would not be significant adverse impacts on either party by delaying the matter, the court refused to hear the matter and dismissed the matter.<sup>372</sup>

## 2. Failure to comply with statutory formalities requirements

The issue of whether terminations are invalid because of failure to comply with statutory formalities continued to confront courts in the early 2020s. Just like in the previous decade, there are indications that courts may not automatically permit a termination to be declared invalid for any failure to comply with those formalities. For example, the court in *Waite v. UMG Recordings, Inc.* (March 2020) rejected the defendants' claims as to errors in the notices (e.g. a lack of dates, use of incorrect dates), because the errors were "harmless," "sufficient notice" had still been provided to the defendants, and there was no basis for claiming these were "errors . . . not made in good faith."<sup>373</sup> However, the court denied the plaintiffs' claim for declaratory relief as to the terminability of their grants and the validity of the notices.<sup>374</sup> It was still possible for UMG to bring new arguments against the validity of the notices, and the plaintiffs had "not alleged why, other than it would presently halt defendant's denials of the termination notice, the declaratory relief sought is necessary."<sup>375</sup> The court also

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<sup>370</sup> *Id.*

<sup>371</sup> *Id.* at \*12.

<sup>372</sup> *Id.* at \*15–16.

<sup>373</sup> 450 F. Supp. 3d at 440–41.

<sup>374</sup> *Id.* at 439–40.

<sup>375</sup> *Id.* at 439.

dismissed claims in relation to copyright grants which were executed by “loan-out” companies, because only grants made by authors are terminable.<sup>376</sup> Lastly, the court dismissed a claim as to rights to sound recordings under a 1976 agreement because the relevant notice did not include the required creation date.<sup>377</sup>

In a follow up decision, *Waite v. UMG Recordings, Inc.* (August 2020), the district court dealt with a motion by the plaintiffs to join various parties and to amend some claims.<sup>378</sup> The court denied amendments to the loan-out issue<sup>379</sup> but permitted the amendment of claims as to missing termination dates because there was now new information<sup>380</sup> and a further class of plaintiffs “who have served termination notices with effective dates occurring on or after the date of class certification, but no later than December 31, 2030.”<sup>381</sup> While a second amended complaint was required for filing by the end of August 2020, the only subsequent decision in this litigation within the dataset was in *Waite v. UMG Recordings, Inc.* (September 2022).<sup>382</sup> Here, the court dismissed a claim of copyright infringement by an artist who argued that the defendants continued to exploit a work after its termination date.<sup>383</sup> The artist provided no evidence of such exploitation,<sup>384</sup> so the court rejected the artist’s claim that the defendants’ opposition to the termination notice itself was copyright infringement.<sup>385</sup> It should be noted that

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<sup>376</sup> *Id.* at 441–42.

<sup>377</sup> *Id.* at 443.

<sup>378</sup> *Waite v. UMG Recordings, Inc.*, 477 F. Supp. 3d 265, 268 (S.D.N.Y. 2020).

<sup>379</sup> *Id.* at 272–73.

<sup>380</sup> *Id.* at 275–76.

<sup>381</sup> *Id.* at 277.

<sup>382</sup> No. 19-cv-1091 (LAK), 2022 U.S. Dist. LEXIS 165370 (S.D.N.Y. Sept. 13, 2022).

<sup>383</sup> *Id.* at \*4–5.

<sup>384</sup> *Id.* at \*8.

<sup>385</sup> *Id.* at \*9–10.

following the cut-off date for this study, the artists were unsuccessful in bringing their actions as a class because of the individuality of each claim.<sup>386</sup> But this ultimately did not stop UMG settling with the artists in March 2024.<sup>387</sup>

In a decision released on the same day as the initial *Waite* judgment, *Johansen v. Sony Music Entertainment Inc.* (March 2020),<sup>388</sup> Sony sought to dismiss the action by claiming that the termination notices were “untimely and otherwise deficient” (the latter ground being due to not clearly specifying the grants to which the notices relate).<sup>389</sup> The court declined to rule on the timeliness issue, requiring additional information, because one listed error in a termination date could have been a “harmless error” which does not invalidate the notice.<sup>390</sup> The court then rejected the specificity argument because these “notices included more than just boilerplate language, specifically identifying grants of rights in sound recordings set forth in the schedules

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<sup>386</sup> See Mandy Dalugdug, *Judge Denies Artists' Request for Class Action in UMG Copyright Lawsuit*, MUSIC BUSINESS WORLDWIDE (Feb. 1, 2023), <https://www.musicbusinessworldwide.com/judge-denies-artists-request-for-class-action-in-umg-copyright-lawsuit/>

[<https://perma.cc/BC85-QS7K>]. It appears the artists are appealing this decision, although John Waite has reached a settlement. See Kyle Jahner, *Capitol Records Settles Musician's Copyright Termination Claim*, BLOOMBERG LAW (May 17, 2023), [https://news.bloomberglaw.com/ip-law/capitol-records-settles-musicians-copyright-termination-claim\\_\[https://perma.cc/P9M6-ER7H\]](https://news.bloomberglaw.com/ip-law/capitol-records-settles-musicians-copyright-termination-claim_[https://perma.cc/P9M6-ER7H]).

<sup>387</sup> Blake Brittain, *Universal Music settles rock artists' US copyright lawsuit*, REUTERS (Mar. 20, 2024, 3:07 PM), <https://www.reuters.com/legal/litigation/universal-music-settles-rock-artists-us-copyright-lawsuit-2024-03-20/>.

<sup>388</sup> No. 19 Civ. 1094 (ER), 2020 U.S. Dist. LEXIS 56675 (S.D.N.Y. Mar. 31, 2020); see also Joshua Yuvaraj, *Copyright reversion: Debates, data, and directions*, in *THE EXPLOITATION OF INTELLECTUAL PROPERTY RIGHTS: IN SEARCH OF THE RIGHT BALANCE* 175, 178–80 (Jens Schovsbo, ed., 2023).

<sup>389</sup> *Johansen*, 2020 U.S. Dist. LEXIS 56675, at \*8–9.

<sup>390</sup> *Id.* at \*13–14; see also *id.* at \*14–15 for the gap works argument that was dismissed by the court.

attached to the notices.”<sup>391</sup> The lack of dates, as claimed by Sony, was not fatal because there was other information to identify the works covered by the notices.<sup>392</sup> As with *Waite*, Sony eventually settled the dispute with the claimants.<sup>393</sup>

The issue of dates also arose in *Yoakam v. Warner Music Group Corp.* (July 2021).<sup>394</sup> There, popular country musician, Dwight Yoakam, sought to terminate copyright grants for various works, but the notice listed an incorrect date of termination that was five days before the two-year period required under § 203.<sup>395</sup> The defendants claimed that the termination was not valid and sought to dismiss Mr. Yoakam’s action.<sup>396</sup> The court rejected this motion because an error in the listed effective termination date *could* arise due to a harmless error, and there was a plausible allegation that this was indeed the result of harmless error.<sup>397</sup> But in February 2022, Warner settled the dispute with Mr. Yoakam as in *Waite* and *Johansen*.<sup>398</sup>

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<sup>391</sup> *Id.* at \*17.

<sup>392</sup> *Id.* at \*19–21; *see also id.* at \*21 for how the court dealt with remaining arguments.

<sup>393</sup> Bill Donahue, *Sony Music Settles Class Action Lawsuit Filed By Recording Artists Over Termination Rights*, BILLBOARD (Feb. 28, 2024) <https://www.billboard.com/business/legal/sony-music-settles-class-action-lawsuit-over-termination-rights-1235617233/> [<https://perma.cc/766K-PPGV>].

<sup>394</sup> No. 2:21-cv-01165-SVW-MAA, 2021 U.S. Dist. LEXIS 164915 (C.D. Cal. July 12, 2021).

<sup>395</sup> *Id.* at \*4–6.

<sup>396</sup> *Id.* at \*1, \*6.

<sup>397</sup> *Id.* at \*18–23. The rest of the judgment deals with other claims involving conversion, ripeness, and a failure to state a copyright infringement claim. *See id.*

<sup>398</sup> Chris Cooke, *Warner Music settles its big termination rights dispute with Dwight Yoakam*, CMU (Feb. 15, 2022), <https://archive.completemusicupdate.com/article/warner-music-settles-its-big-termination-rights-dispute-with-dwight-yoakam/> [<https://perma.cc/F7S4-QS2P>].



While the cases above dealt with *attempted* terminations via § 203, parties must also be aware of how courts could interpret § 203 as the only mechanism to validly terminate a copyright license outside a contract (subject to the discussions above about the application of state law to contracts). In *Aquarian Foundation v. Lowndes* (June 2022),<sup>399</sup> the court found the plaintiff had not terminated a license agreement appropriately, highlighting the various requirements of § 203 and noting that the plaintiff “presented no credible evidence or argument that it had the authority to terminate the license as an executor, administrator, or personal representative of the estate [of the author] over a decade after the estate closed . . . [and] failed to provide Mr. Lowndes with two years advanced notice” as required by § 203.<sup>400</sup>

### 3. Whether a party has the right to terminate

Whether a party has the right to terminate, either as the author or another holder of a valid termination right, also arose in decisions between 2020–2022 in the dataset as a key factor in determining whether attempted terminations were valid. We see this in *Champlin v. Music Sales Corp.* (May 2022),<sup>401</sup> where Mr. Champlin and other co-authors had filed various termination notices with respect to their song, *After the Love Has Gone*.<sup>402</sup> While some recipients complied with the notices, one rejected this and continued to “license and collect royalties” from the disputed interest in the song.<sup>403</sup> The defendants sought the dismissal of Mr. Champlin’s action for a declaratory judgment regarding the validity of

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<sup>399</sup> No. C19-1879RSM, 2022 U.S. Dist. LEXIS 106105 (W.D. Wash. June 14, 2022).

<sup>400</sup> *Id.* at \*11–12.

<sup>401</sup> 604 F. Supp. 3d 224 (S.D.N.Y. 2022).

<sup>402</sup> *Id.* at 229–30.

<sup>403</sup> *Id.* at 231.

the notices on the basis that one was not signed by a majority of the co-authors, and one was not served on the defendants.<sup>404</sup> The court found that there was enough factual evidence indicating that Mr. Champlin “had the capacity unilaterally to terminate this grant by serving termination notices compliant with section 203,”<sup>405</sup> and even if it was not signed by a majority of authors, it was plausible this was a harmless error, in respect of which a final resolution will require discovery.<sup>406</sup> The court indicated these findings made it unnecessary to resolve the dispute in relation to the other notice, which were opposed on the grounds they had not been served and had failed to specify relevant information.<sup>407</sup>

Meanwhile, the issue in *Acuti v Authentic Brands Group L.L.C.* (August 2021)<sup>408</sup> was whether the relevant heirs could legitimately exercise § 203 rights. In that case, the grandson and daughter of famed composer Hugo Peretti filed a 2014 termination notice in relation to a 1983 agreement to assign the renewal copyright term in a song, “Can’t Help Falling In Love.”<sup>409</sup> The court granted Authentic’s motion to dismiss because it did not consider the 1983 assignment executed by Hugo Peretti as required by § 203, because the rights that agreement purported to assign belonged to his wife and daughter.<sup>410</sup> The Second Circuit affirmed this finding in *Acuti v Authentic Brands Group*

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<sup>404</sup> *Id.* (noting that the license was only signed by two out of the three authors).

<sup>405</sup> *Id.* at 235.

<sup>406</sup> *Champlin*, 604 F. Supp. 3d at 234.

<sup>407</sup> *Id.* at 238.

<sup>408</sup> No. 20 Civ. 6570 (NRB), 2021 U.S. Dist. LEXIS 152910, at \*5–7 (S.D.N.Y. Aug. 13, 2021).

<sup>409</sup> *Id.* at \*1–2. *See also* Copyright Act of 1909 § 23, 35 stat. 1075, as amended and codified, 17 U.S.C. § 23 (1946 ed.). Under the Copyright Act of 1909 § 23, copyright subsisted in two terms and *Acuti* dealt with the assignment of the second term of copyright.

<sup>410</sup> *Id.* at \*11–13.

*L.L.C.* (May 2022) for similar reasons: “Hugo Peretti did not own the contingent rights held by his wife and daughters; thus, he cannot have executed a grant of their rights.”<sup>411</sup> Importantly, the Second Circuit noted that just because termination rights were designed “to benefit authors and their heirs, *it does not follow that such purpose requires interpreting every provision relating to termination rights in whatever way would best favor the interests of heirs, regardless of the clarity of statutory language to the contrary.*”<sup>412</sup>

#### 4. Scope of works covered by an attempted termination

The specificity of works covered by a termination notice, or the lack thereof, can also form the basis for those notices to be challenged. This can be seen in *Clancy v Jack Ryan Enterprises, Ltd.* (February 2021),<sup>413</sup> which involved the rights in the work *The Hunt for Red October* by renowned author Tom Clancy.<sup>414</sup> The recipients claimed the notice was “overbroad and ineffective,” and suggested it attempted to cover foreign copyright and the character Jack Ryan, which has been developed since that work was published.<sup>415</sup> The court rejected this argument, finding that the notice:

does not indicate that plaintiff seeks to terminate any rights beyond those protected by the copyright in *Hunt* . . . [the notice] specifies that plaintiff only seeks to terminate rights in the characters as described in *Hunt*, and only to the extent that they were ‘conveyed under the transfer’ . . . neither side indicates that plaintiff has

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<sup>411</sup> 33 F.4th 131, 139 (2d Cir. 2022).

<sup>412</sup> *Id.* at 142 (emphasis added).

<sup>413</sup> See No. ELH-17-3371, 2021 U.S. Dist. LEXIS 26553 (D. Md. Feb. 10, 2021).

<sup>414</sup> *Id.* at \*39–40.

<sup>415</sup> *Id.* at \*126.

tried to recapture rights . . . that would be outside the bounds of the Termination Notice.<sup>416</sup>

Thus, the defendants' motion was denied.<sup>417</sup>

The purported scope of a termination notice was also disputed in *Phillies v Harrison* (July 2021),<sup>418</sup> which concerned the copyright in the costume for the Philadelphia Phillies baseball team's mascot, where the creators had filed to terminate the grant.<sup>419</sup> The Phillies agreed the notice was valid, they disputed what the notice covered.<sup>420</sup> However, Judge Sarah Netburn did not find these challenges convincing: the grant was for copyright "in any medium whatsoever," the notice terminated that grant, and the notice here "listed all the rights that had been granted by identifying the granting date and including 'two and three dimensional drawings of the work.'"<sup>421</sup> Importantly, the Judge highlighted how notices can be sufficient: "there was no need, as The Phillies contends, to list *every cap, pennant, or tee-shirt that The Phillies created pursuant to the 1984 Agreement.*"<sup>422</sup> However, the Judge did conclude that there were some works created before that grant where creators granted an implied license for use, and that would require another termination notice.<sup>423</sup> The Judge also noted that works that were actually derivative would not be covered, but declined to grant summary judgment in relation to which works were derivative, as "[t]he parties have not adequately conducted a derivative works analysis to items beyond [the mascot] . . . and the Court should not have to do this heavy

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<sup>416</sup> *Id.* at \*129.

<sup>417</sup> *Id.* at \*129–30.

<sup>418</sup> No. 19-CV-7239 (VM) (SN), 2021 U.S. Dist. LEXIS 243554 (S.D.N.Y. Aug. 10, 2021).

<sup>419</sup> *Id.* at \*2–3; *see also* Yuvaraj et al., *supra* note 7, at 171.

<sup>420</sup> *Phillies*, 2021 U.S. Dist. LEXIS 243554, at \*95–96.

<sup>421</sup> *Id.* at \*98–99.

<sup>422</sup> *Id.* at \*99 (emphasis added).

<sup>423</sup> *Id.* at \*99–100.

lift for them.”<sup>424</sup> The parties were then directed to determine whether they wanted to meet to settle proceedings,<sup>425</sup> and the matter subsequently settled.<sup>426</sup>

### 5. Remaining cases

The two remaining cases in the dataset did not, in the author’s view, fit in any of the above categories. In *Stillwater v Basilotta* (February 2020),<sup>427</sup> the court substantively dealt with the matter that it had declined to dismiss in 2017.<sup>428</sup> Here, the challenge was two-fold: that the work in respect of which a § 203 termination notice was filed was a joint work, which limited the copyright which reverted to Ms. Basilotta, and the notice itself was not effective because it fell under the derivative works exception in § 203(a).<sup>429</sup> The court ruled *against* Ms. Basilotta on the validity of the notice.<sup>430</sup> The songs at issue were clearly derived from original recordings “and created under a proper grant authority before [Ms. Basilotta] filed her notice of termination”.<sup>431</sup> Last, the *Brown-Thomas* litigation continued in a later case, *Brown-Thomas v Hynie* (February

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<sup>424</sup> *Id.* at \*100–01.

<sup>425</sup> *The Phillies v. Harrison/Erickson, Inc.*, No. 19-CV-07239 (VM) (SN), 2021 U.S. Dist. LEXIS 243688 (S.D.N.Y. Aug. 10, 2021). This decision was not in the dataset but is described here for completeness.

<sup>426</sup> See Brian X. McCrone, *Phanatic’s Legal Limbo Is Apparently Over: Lawsuit Settled in Mascot Dispute*, NBC PHILADELPHIA (Oct. 11, 2021), <https://www.nbcphiladelphia.com/news/sports/mlb/philadelphia-phillies/phillie-phanatic-settlement-copyright-lawsuit-bonnie-erickson-harrison/2987534/#:~:text=A%20federal%20senior%20judge%20wrote,copyright%20dispute%20and%20licensing%20issue> [<https://perma.cc/KP8A-GNQ6>].

<sup>427</sup> No. 2:16-cv-01895-SK, 2020 U.S. Dist. LEXIS 137746 (C.D. Cal. Feb. 5, 2020).

<sup>428</sup> *Stillwater Ltd. v Basilotta*, No. CV 16-1895 FMO (SHx), 2017 U.S. Dist. LEXIS 170176, at \*9–10, (C.D. Cal. Mar. 17, 2017).

<sup>429</sup> No. 2:16-cv-01895-SK, 2020 U.S. Dist. LEXIS 137746, at \*1–2, (C.D. Cal. Feb. 5, 2020).

<sup>430</sup> *Id.* at \*2.

<sup>431</sup> *Id.* at \*12–13.

2020).<sup>432</sup> The court denied the defendants' motion to revise their claim and a motion to dismiss by one of the defendants.<sup>433</sup> Part of the defendants' argument was that the court did not have jurisdiction to determine whether the agreements in question were void under §§ 203 and 304.<sup>434</sup> The court rejected this claim, as there was longstanding precedent as to jurisdiction from the Copyright Act and prior cases on agreements to the contrary in relation to the termination provisions.<sup>435</sup> The court also rejected an attempt to relitigate points of ripeness and standing.<sup>436</sup>

#### **IV. TAKEAWAYS AND FUTURE RESEARCH PATHWAYS**

Part III presented a descriptive chronology of copyright termination case law under § 203 until December 2022. As indicated above, this chronology will be useful for academics, creators, publishers, their representatives, and others in understanding the journey the courts have taken when considering § 203. In this Part I collate some overarching trends from these decisions, highlighting the implications for:<sup>437</sup>

1. Practice: insights for creators, publishers and other creative industry participants on how courts are interpreting the termination provision. These insights are particularly relevant for disputes where court proceedings were filed but were not

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<sup>432</sup> No. 1:18-cv-02191-JMC, 2020 U.S. Dist. LEXIS 29428 (D.S.C. Feb. 20, 2020).

<sup>433</sup> *Id.* at \*2–4.

<sup>434</sup> *Id.* at \*14.

<sup>435</sup> *Id.* at \*14–19.

<sup>436</sup> *Id.* at \*21–23; *see also id.* at \*23–31 (regarding the court's decision on the supplemental motion to dismiss).

<sup>437</sup> *See also* Debora Halbert, *Letting Anarchy Loose on the World: The Anarchist Cookbook and How Copyright Fails the Author*, 55 AKRON L. REV. 283, 306–10 (2022) (providing an overview of similar points in the context of William Powell's *The Anarchist Cookbook* (1971)).

discussed in this paper (e.g. because they did not result in final court decisions), like those involving the band Naked Eyes, rap artists 2 Live Crew, Beach Boys member Brian Wilson and pop musician Cher.<sup>438</sup> For such artists, and those considering filing to enforce their termination rights, these findings will provide much-needed clarity on potential directions termination decision-making may travel in.

2. Policy: future research pathways highlighted by the results which may help academics and policymakers better assess the efficacy of the termination scheme.

#### **A. *Work-for-hire***

Creators are still filing termination notices despite ongoing uncertainty about how termination will apply.<sup>439</sup> This is consistent with Karas' projection "that legal uncertainty will not systematically deter authors from copyright terminations."<sup>440</sup> Despite an ongoing lack of clarity on what types of works are works for hire, cases like *Horror Inc v Miller* and *Ennio Morricone* demonstrate the willingness to challenge publisher conceptions of works as for hire.<sup>441</sup> These can require detailed analyses by courts, as in *Horror Inc v Miller*, where the court had to exhaustively analyze whether Mr. Miller was an employee or independent

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<sup>438</sup> Bill Donahue, '80s New Wave Band Naked Eyes Sues Reservoir to Win Back Their Masters, BILLBOARD (July 19, 2022), <https://www.billboard.com/pro/naked-eyes-sues-reservoir-win-back-masters/> [<https://perma.cc/DKL3-FC6P>].

<sup>439</sup> See generally Yuvaraj et al., *supra* note 7.

<sup>440</sup> Karas, *supra* note 37, at 26.

<sup>441</sup> See *Horror Inc. v. Miller*, 15 F.4th 232 (2d Cir. 2021); see *Ennio Morricone Music Inc. v. Bixio*, 936 F.3d 69 (2d Cir. 2019).

contractor.<sup>442</sup> Similarly, the *Ennio Morricone* litigation required the courts to analyze whether the works at issue were works for hire under Italian law, which required the use of expert evidence.<sup>443</sup> Courts have also indicated that the rationale for termination rights—to protect authors—can impact their view of whether works are for hire: they may not just grant the designation, because the designation strips creators of powerful termination rights.<sup>444</sup> The willingness of parties to challenge work-for-hire designations, though, may depend on the value of the work 35 or more years later. *Horror Inc* involved the screenplay for a famous 20<sup>th</sup> century movie, *Friday the 13<sup>th</sup>*. *Ennio Morricone* related to works by a famous Italian composer.<sup>445</sup> Even *Century of Progress Productions v Vivendi* dealt with arguments about rights in the well-known movie *This is Spinal Tap*.<sup>446</sup> However, more qualitative research is needed on court filings (e.g. through PACER or Bloomberg Law) to determine the types of works that are subject to works-for-hire-based litigation in the termination context.

Meanwhile, exploiters continue to raise work-for-hire as a ground to deny attempted terminations, with

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<sup>442</sup> *Horror Inc. v. Miller*, 335 F. Supp. 3d 273, 296 (D. Conn. 2018) (requiring the court to exhaustively analyze whether Mr. Miller was an employee or independent contractor); *Horror Inc.*, 15 F.4th at 259 (affirming the holding in *Horror Inc.* by the D. Conn.).

<sup>443</sup> *Ennio Morricone Music Inc. v. Bixio Music Grp. LTD*, No. 16-cv-8475 (KBF), 2017 U.S. Dist. LEXIS 177643, at \*9, (S.D.N.Y. Oct. 6, 2017); *Ennio Morricone Music Inc.*, 936 F.3d at 73.

<sup>444</sup> *See* *TD Bank N.A. v Hill*, 928 F.3d 259, 273 (3d Cir. 2019); *see also* *Dumas v Gommerman*, 865 F.2d 1093, 1098 (9th Cir. 1989); *Broad Music Inc v Roger Miller Music, Inc*, 396 F.3d 762, 771–73 (6th Cir. 2005) (using § 203 as an interpretive aid when the court was considering § 304, as an example of how § 203 still plays an important interpretive role even when not directly at issue).

<sup>445</sup> *Horror Inc.*, 15 F.4th at 283; *Ennio Morricone Music Inc.*, 936 F.3d at 70.

<sup>446</sup> *Century of Progress Productions v. Vivendi*, No. CV 16-7733 DMG, 2018 U.S. Dist. LEXIS 153316, at \*3 (C.D. Cal. Aug. 28, 2018).



varying degrees of success.<sup>447</sup> The resolution of these decisions should continue to be monitored against economic projections. For instance, Karas suggests “systematic court decisions pro author will, on the one hand, increase termination incentives but, on the other hand, foster opposed behavior, which may lead to more friction between the involved parties out of court.”<sup>448</sup> Karas and Kirstein also suggest publishers may “try to avoid additional risk by changing their business models and offering employee contracts to circumvent the termination right due to the work made for hire clause.”<sup>449</sup> Future research could compare these trends against the behavior of parties following cases like *Horror Inc* and *Ennio Morricone*. This research would likely require empirical data collection, like surveys and interviews with different parties, as information on business relationships between creators and exploiters is largely private. Limited information on these relationships could, however, potentially be gleaned from secondary sources like newspapers, online news sites, and magazines.<sup>450</sup>

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<sup>447</sup> See, e.g., *Payne v. Manilow*, No. CV 18-3413 PSG (PLAx), 2018 U.S. Dist. LEXIS 219664, at \*20, (C.D. Cal. Oct. 29, 2018) (claim made without any evidence); *Stillwater v. Basilotta*, No. CV 16-1895 FMO, 2017 U.S. Dist. LEXIS 170176, at \*10–11, (C.D. Cal. Mar. 17, 2017) (claim rejected because works not covered by an agreement).

<sup>448</sup> Karas, *supra* note 37, at 27.

<sup>449</sup> Karas & Kirstein, *supra* note 37, at 46.

<sup>450</sup> E.g., Peter White, ‘Friday the 13<sup>th</sup>’ Prequel Series ‘Crystal Lake’ Ordered At Peacock From Bryan Fuller & A24; Move Follows Interesting Legal Battle, DEADLINE (Oct. 31, 2022), <https://deadline.com/2022/10/friday-the-13th-prequel-series-crystal-lake-peacock-bryan-fuller-1235159279/> [https://perma.cc/6JZC-NDLD] (indicating Mr. Miller’s victory over Horror Inc appears to have paved the way for a new agreement so that a prequel to *Friday the 13<sup>th</sup>* could be made).

**B. Conflict of laws**

An issue that may not have been prominent during the drafting process for the termination process is the conflict of laws between federal copyright law and state (and international) laws. This was the focus of the *Rano* and *Walthal* series of cases, where the courts wrestled with whether § 203 imposed a minimum term prior to termination.<sup>451</sup> *Rano* appears to have been applied in a number of cases, such that if parties do not specify a term for a copyright license, that license cannot be terminated before thirty-five years.<sup>452</sup> However, in the author's view the reasoning in *Walthal* is more consistent with the wording of § 203, in that § 203 appears to allow for state law to provide for termination of contracts without a duration and not just limit the terminability to thirty-five years under § 203.<sup>453</sup> Additionally, the unequal bargaining positions authors are often in relative to exploiters,<sup>454</sup> which § 203 purports to address,<sup>455</sup> means it is not logical to restrict the ability of those authors to terminate copyright grants outside of § 203 if allowed by the laws of a particular state. This would simply be another means to redress that imbalance, allowing creators more freedom to legitimately end their contracts if they had grounds to do so.<sup>456</sup> While the inconsistency

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<sup>451</sup> *Rano v. Sipa Press Inc.*, 987 F.2d 580 (9th Cir. 1993); *Walthal v. Rusk*, 172 F.3d 481 (7th Cir. 1999).

<sup>452</sup> See *C.D.S. Inc.*, 298 F. Supp. 3d at 765; *Schwindt*, 2018 WL 6118434, at \*3–4; *Lizalde*, 875 F. Supp. 2d at 1162–63.

<sup>453</sup> *Walthal*, 172 F.3d at 484–85 (7th Cir. 1999); *Korman v. HBC Florida*, 182 F.3d 1291, 1295 (11th Cir. 1999).

<sup>454</sup> *Report on the responses to the Public Consultation on the Review of the EU Copyright Rules*, at 78–79 (July 2014), [https://ec.europa.eu/newsroom/dae/document.cfm?doc\\_id=60517](https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=60517) [<https://perma.cc/Y2UL-T3BR>].

<sup>455</sup> *Armstrong*, *supra* note 1.

<sup>456</sup> Kathryn Starshak, *It's the End of the World as Musicians Know It, or Is It? Artists Battle the Record Industry and Congress to Restore Their*

between the circuits on this point has been acknowledged,<sup>457</sup> the Supreme Court should, if the opportunity arises, clarify that *Walthal* is the correct approach.

In the meantime, however, the influence of *Rano* means creators and intermediaries will need to consider the risks of *not* specifying a license term if they envisage terminating prior to the thirty-five-year mark. Namely, they must consider the possibility that courts may disallow attempts to terminate those grants under state laws before thirty-five years *even if there are grounds in those state laws to do so*.<sup>458</sup> This may not be a problem in creative industries where it is standard for publishers to take assignments or licenses for the length of copyright. In such situations,

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*Termination Rights in Sound Recordings*, 51 DEPAUL L. REV. 71, 85 (2001):

The Seventh and Eleventh Circuits' interpretation of section 203 is consistent with the purpose of the provision to provide authors with a second chance to reap the benefits of their work. The legislative history shows that the reasoning behind this provision was the unequal bargaining power of authors, which is a direct result of the immense difficulty found in determining the value of a creation before it has been exploited. An interpretation of the termination rights provision that creates a minimum term for indefinite licenses would accomplish the exact opposite of that goal. The House Report states that the provision was not intended to lengthen the duration of any transfer made for a term of less than thirty-five years, reconfirming that parties were always allowed to create a license for a definite duration. The view that state laws should govern indefinite agreements before the end of the thirty-five year statutory period is more consistent with the legislative purpose of the termination provision.

<sup>457</sup> Carson A. Moore, *Tapers in a Jam: Trouble Ahead or Trouble Behind*, 30 COL. J. L. & ARTS 625, 647–48 (2007); Julie Cromer Young, *From the Mouths of Babes: Protecting Child Authors from Themselves*, 112 WEST VIRGINIA L. REV. 431, 452–53 (2010); Llewellyn Joseph Gibbons, *Stop Mucking Up Copyright Law: A Proposal for a Federal Common Law of Contract*, 35 RUTGERS L.J. 959, 993–94 (2004); Starshak, *supra* note 456, at 82–85.

<sup>458</sup> See, e.g., Halbert, *supra* note 437, at 306–07.

authors are not bound to once-for-all grants under federal copyright law, but will have a second opportunity later in the work's lifecycle to revisit the terms of their agreement and potentially renegotiate the grant or seek another exploitation opportunity.

On the other hand, creators should be aware that state law could still be interpreted to make copyright grants terminable outside § 203, for example where there is a material breach of a contract.<sup>459</sup> They should also be aware that even if one party might not consider there to be a term/duration in the contract—therefore bringing it under § 203—external factors like an arbitrator's interpretation could lead to a term/duration being inferred and therefore being brought *away* from § 203 and within the purview of state law.<sup>460</sup> Courts may also consider contracts with “reversionary” clauses as having definite terms/durations, which may mean § 203 does not apply.<sup>461</sup> Failing to ensure written transfers of copyright can also take those contracts outside the purview of § 203.<sup>462</sup> Parties should be aware that certain allegations against the *act* of filing termination notices itself may contravene state laws like the Californian anti-SLAPP law.<sup>463</sup> In some cases, the party with whom the contract is made can also affect whether § 203 applies to the exclusion of state law: in *Latin American Music Company v*

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<sup>459</sup> See *Fairview Dev. Corp. v. Aztex Custom Homebuilders, L.L.C.*, No. CV-07-0337-PHX-SMM, 2009 U.S. Dist. LEXIS 16501, at \*36–44 (D. Ariz. Mar. 2, 2009).

<sup>460</sup> *E.g.*, *Integrated Actuarial Servs., Inc v First Auditors, L.L.C.*, No. 05cv0928 DMS, 2005 U.S. Dist. LEXIS 52831, at \*15, (S.D. Cal. July 8, 2005); *Kasten v Jerrytone*, No. 02-421 SECTION: E/5, 2004 U.S. Dist. LEXIS 16540, at \*19–21, (E.D. La. Aug. 16, 2004); *Scholastic Ent., Inc. v Fox Ent., Grp.*, 336 F.3d 982, 988–89 (9th Cir. 2003).

<sup>461</sup> *Corbello v. Devito*, 777 F.3d 1058, 1795 n.6 (9th Cir. 2015).

<sup>462</sup> See *Scher v. Stendhal Gallery, Inc.*, 2011 N.Y. Misc. LEXIS 7146, at \*19–20, (N.Y. Sup. Ct. Sept. 15, 2011).

<sup>463</sup> *Ray Charles Foundation v. Robinson*, 919 F. Supp. 2d 1054, 1061–65, 1067 (C.D. Cal. 2013).

*American Society of Composers Authors and Publishers* the Court found New York law applied because § 203 could only be exercised by the author or the author's statutory heirs, which the plaintiff's predecessor-in-interest was not.<sup>464</sup> Complications may also arise when the interpretation of *foreign* law is required, as in *Ennio Morricone* (whether the works were made for hire under Italian law).<sup>465</sup> The interaction between state/international and federal law on whether copyright grants can be terminated is a factor that has not yet appeared in economic modelling on termination, and may accordingly affect the outcome of such modelling.

### C. *Interaction with other agreements*

The 1976 termination system appears designed to counter situations like those allowed by *Fred Fisher Music Co v M Witmark & Sons*, where the Supreme Court found creators could assign both twenty-eight year copyright terms operative under the Copyright Act of 1909 and lose the opportunity to renegotiate grants from a position of greater bargaining power after the first twenty-eight year-term expired.<sup>466</sup> § 203 empowers creators to terminate despite any “agreement[s] to the contrary.”<sup>467</sup> Nevertheless, cases have continued to arise in which parties argue about the effects of

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<sup>464</sup> 593 F.3d 95, 101 (1st Cir. 2010).

<sup>465</sup> See Eriq Gardner, ‘Hellraiser’ Writer Reclaiming U.S. Franchise Rights After Lawsuit Settlement, *THE HOLLYWOOD REPORTER* (Dec. 1, 2020), <https://www.hollywoodreporter.com/business/business-news/hellraiser-writer-reclaiming-u-s-franchise-rights-after-lawsuit-settlement-4098688/> [<https://perma.cc/Y6T8-7GLW>] (explaining New World Pictures attempted to argue that UK law applied to the contract and thus US termination was not available); see also Chase A. Brennick, *Termination Rights in the Music Industry: Revolutionary or Ripe for Reform?*, 93 *N.Y.U. L. REV.* 786, 808–09 (2018).

<sup>466</sup> *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 657–59 (1943).

<sup>467</sup> 17 U.S.C. § 203(a)(5).

contracts on whether the statutory termination right can be exercised. The courts have had to identify which section (§ 304 or § 203) grants should be viewed under, leading to results in which attempted terminations under § 203 are unsuccessful as they apply to pre-1978 agreements.<sup>468</sup> Courts have also dealt with disputes arising from a purported sale of termination rights<sup>469</sup> and arrangements for counsel to act in termination matters with a corresponding claim to royalties.<sup>470</sup> Further, the lengthy *Brown-Thomas v Hynie* litigation demonstrates the complex nature of disputes on whether agreements involving termination interests are actually unenforceable as “agreements to the contrary.”<sup>471</sup>

These cases highlight how parties may still attempt to contract in relation to or on issues surrounding the termination rights, despite those rights being made inalienable under the statute. Future research on the scope and substance of these contracts would be beneficial to establish whether Congress’s goal of protecting creators by preventing their termination rights from being assigned away (as in *Fred Fisher*) is actually being accomplished, or whether law changes are needed to better address new mechanisms of securing the post-termination copyright. Additionally, it would be useful to compare the prevalence of contracts purporting to bypass or pre-empt termination

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<sup>468</sup> *Milne v. Stephen Slesinger, Inc.*, No. CV 02-08508 FMC, 2003 U.S. Dist. LEXIS 7942, at \*17, (C.D. Cal. May 8, 2003); *see also Baldwin v. EMI Feist Catalog, Inc.*, 989 F. Supp. 2d 344, 355 (S.D.N.Y. 2013); *Baldwin v EMI Feist Catalog, Inc.*, 805 F.3d 18, 19 (2d Cir. 2015) (overturning *Baldwin*, 989 F. Supp. 2d).

<sup>469</sup> *Leeds v. Harry*, 2015 N.Y. Misc. LEXIS 319, at \*3 (N.Y. Sup. Ct. Feb. 5, 2015).

<sup>470</sup> *Artists Rights Enforcement Corp. v. Feemster*, No. CV 17-554 DSF (AFMx), 2017 U.S. Dist. LEXIS 221894, at \*1–4, (C.D. Cal. Apr. 10, 2017).

<sup>471</sup> No. 1:18-cv-02191-JMC, 2020 WL 4432873, \*16–17 (D.S.C. Nov. 17, 2020).

with current economic modelling on termination-influenced relationships.<sup>472</sup>

#### ***D. Compliance with formalities***

The case law also highlights the importance of complying with termination formalities. As Halbert notes, “the termination procedures described in the statute and by the U.S. Copyright Office *must be followed to the letter, or it is likely the termination effort will be invalid.*”<sup>473</sup> Creators and their heirs cannot just terminate outside the provisions of § 203 (unless, of course, there are discrete mechanisms to do so, for example contractual breach provisions), and attempting to do so with either disregard or ignorance of the statutory requirements may fail.<sup>474</sup> Where creators have clearly breached § 203’s requirements, courts can conclude the corresponding notices are not valid. Such situations include:

1. Where parties did not file notices within the required timeframe;<sup>475</sup>

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<sup>472</sup> See Karas, *supra* note 37, at 30.

<sup>473</sup> Halbert, *supra* note 437, at 306 (emphasis added).

<sup>474</sup> See Nance v. Equinox Music, No. 09-cv-7808, 2010 U.S. Dist. LEXIS 113146, at \*7, (N.D. Ill. Oct. 22, 2010); Aquarian Foundation v. Lowndes, No. C19-1879RSM, 2022 U.S. Dist. LEXIS 106105, at \*11–12 (W.D. Wash. June 14, 2022); TALKISP Corp. v XCast Lab’ys., Inc., No. C05-0055, 2005 U.S. Dist. LEXIS 40452, at \*24–25 (N.D. Iowa Dec. 19, 2005).

<sup>475</sup> Corbello v. Devito, 844 F. Supp. 2d 1136, 1161 (D. Nev. 2012); see also Archie Comic Publications Inc v. DeCarlo, No. 00 Civ. 5686 (LAK), 2001 U.S. Dist. LEXIS 19692, at \*8–11, (S.D.N.Y. Dec. 3, 2001); Archie Comic Publ’ns, Inc v. DeCarlo, 258 F. Supp. 2d 315 (S.D.N.Y. 2003); Archie Comic Publ’ns Inc v DeCarlo, No. 00 Civ. 5686 (LAK), 02 Civ. 8466 (LAK), 2003 U.S. Dist. LEXIS 9628, at \*2–3, (S.D.N.Y. June 11, 2003).

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2. Where notices relate to agreements *not* executed by a person that § 203 says must execute the agreement;<sup>476</sup>
3. Where the notices clearly lack vital information;<sup>477</sup> or
4. Where the works are clearly exempt from termination as derivative works created before the notice is filed.<sup>478</sup>

However, courts may not simply dismiss claims because there are errors in termination notices, such as errors in the dates.<sup>479</sup> Courts may consider the notices holistically, asking what information there actually is in the notices and whether that information helps to identify the relevant copyright grants.<sup>480</sup> Courts can apply a degree of common sense in terms of the works identified by notices, if it is clear; then the filing party does not need to exhaustively specify

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<sup>476</sup> *Acuti v. Authentic Brands Grp. L.L.C.*, No. 20 Civ. 6570 (NRB), 2021 U.S. Dist. LEXIS 152910, at \*7–9 (S.D.N.Y. Aug. 13, 2021); *Acuti v. Authentic Brands Grp. L.L.C.*, 33 F.4th 131 (2d Cir. 2022) (affirming *Acuti*, 2021 U.S. Dist. LEXIS 152910).

<sup>477</sup> *See, e.g., Waite v. UMG Recordings, Inc.*, 450 F. Supp. 3d 430, 443 (S.D.N.Y. 2020).

<sup>478</sup> *Stillwater v. Basilotta*, No. 2:16-cv-01895-SK, 2020 U.S. Dist. LEXIS 137746, at \*12–13, (C.D. Cal. Feb. 5, 2020).

<sup>479</sup> *Mtume v. Sony Music Ent.*, 408 F. Supp. 3d 471, 475–76 (S.D.N.Y. 2019); *see also Waite*, 450 F. Supp. 3d at 440–41; *Yoakam*, 2021 U.S. Dist. LEXIS 164915, at \*10–11 (providing additional examples of errors in dates not being fatal).

<sup>480</sup> *E.g., Johansen*, 2020 U.S. Dist. LEXIS 56675, at \*15–22; *contra* Aaron Moss, *Copyright Termination and “Harmless Error”*, COPYRIGHT LATELY (July 19, 2021) <https://copyrightlately.com/copyright-termination-and-harmless-error/> [<https://perma.cc/YJ3X-M64X>] (highlighting a strict approach to errors in termination dates for § 304 termination notices from *Siegel v. Warner Bros Entertainment*, 542 F. Supp. 2d 1098 (C.D. Cal. 2008)).



every possible work to which the grant could apply.<sup>481</sup> Similarly, even if a notice does not appear to have all the required signatures, if it is reasonable that it could be a harmless error, the Court may decline to grant summary judgment in favor of a termination notice recipient.<sup>482</sup> There remains some uncertainty as to the threshold for accepting errors, and ongoing case law should be monitored to determine if further guidance (e.g. in the Code of Federal Regulations or the Compendium) is needed. In light of this ongoing uncertainty, U.S. copyright policymakers could consider simplifying the formalities required,<sup>483</sup> or, more radically, removing the notice requirements<sup>484</sup> or removing

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<sup>481</sup> See *Phillies*, 2021 U.S. Dist. LEXIS 243554, at \*98–99; see also *Clancy*, 2021 U.S. Dist. LEXIS 26553, at \*69–79 (providing another example in which the court rejected the argument as to the scope of the termination notice).

<sup>482</sup> See *Champlin v. Music Sales Corp.*, No. 21 Civ. 7688 (PAE), 2023 U.S. Dist. LEXIS 33444, at \*237–38 (S.D.N.Y. Feb. 28, 2023).

<sup>483</sup> See, e.g., Copyright (Rights and Remuneration of Musicians, Etc.) Bill 2021-22, HC Bill [19] cl. 2 (UK) (requiring only a notice be “in writing, signed by the author or their authorised representative, upon the person to whom their rights were transferred or licensed . . . [and] . . . state the effective date of the revocation;” but the Bill has not passed into law in the UK.)

<sup>484</sup> See, e.g., Ann Herman, *You Belong with Me: Recording Artists’ Fight For Ownership Of Their Masters*, 18 NORTHWESTERN J. TECH. AND INTELL. PROP. 239, 254–55 (2021); Heald, *supra* note 35, at 88:

Notice and registration should . . . reduce the cost of rights reversion to publishers. When reversion is automatic, publishers are required to renegotiate for the continued use of the work with all their authors. Transactions costs in this context are non-trivial when the beneficiaries of reversion are numerous and diffuse. For marginally profitable works, publishers might conclude that the cost of transacting is not worth the trouble and simply decide to take the work out of print. On the other hand, under a notice and registration system, publishers only have to deal with the limited number of authors or their estates affirmatively seeking to exercise the right. The burden is on the claimant to contact the publisher.

A pure reversion right at year 25, with a copyright automatically reverting to the author or its estate, might provide maximum benefit

termination altogether in favor of alternative methods of combating “overreaching and disproportionate compensation” for creators.<sup>485</sup> Needless to say, all of these options would require careful impact assessments.

Further, care must be taken to ensure there are valid grounds to terminate if one is a joint author (for example, that the author’s interests were separately transferred).<sup>486</sup> This is an illustration of the potential for the “hold up” problem to occur; even though Heald notes that “[t]he potentially high transaction costs of dealing with multiple rightsholders is solved in U.S. law by requiring the party (or parties) exercising the termination right to hold 51% of the author’s interest,”<sup>487</sup> and Darling suggests the termination right’s “structure . . . is more likely to mitigate this problem.”<sup>488</sup> Decisions about joint authorship (for example, *Everly v. Everly* and *Scorpio Music*) in the dataset suggest there could be ongoing problems in establishing who exactly is entitled to exercise termination interests. The potential disputes about joint authorship may disincentivize creators from exercising rights they are entitled to, if they do not consider that they have the resources and capacity to engage in prolonged litigation. Accordingly, more research on developing a method of streamlining joint authorship disputes would be beneficial, as a precursor to smooth termination practice. This is particularly important because Karas’s 2019 modelling of termination-impacted relationships does not consider the impact of disagreement

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to claimants and would prevent unfairness in situations where a claimant is unaware of the existence of the termination right, but this report tentatively concludes that the potential cost to the occasional claimant is outweighed by the public benefits of notice and registration.

<sup>485</sup> Anderson, *supra* note 22, at 850.

<sup>486</sup> See, e.g., *Scorpio*, 2012 U.S. Dist. LEXIS 63858, at \*5–6.

<sup>487</sup> Heald, *supra* note 35, at 90.

<sup>488</sup> Darling, *supra* note 38, at 174–75.

between joint authors,<sup>489</sup> and prior modelling by Karas and Kirstein operates on a single-author basis.<sup>490</sup>

### *E. Jurisdiction, standing and authorship*

Throughout the case law studied there were attempts to argue claims were time-barred, with the three-year period in § 507(b) having begun to run in various instances.<sup>491</sup> As with the claims discussed earlier in this section, courts may not readily rule a claim is time-barred, for example where one party claims the inclusion of work-for-hire clauses in contracts is itself an express repudiation of ownership that prevents the other party subsequently filing for termination (the time limit being three years and termination notices only being fileable many years after that),<sup>492</sup> or one party putting a copyright notice on a work is evidence of repudiation and

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<sup>489</sup> Karas, *supra* note 37, at 29:

unanimous agreement was assumed if more authors are involved in a copyright license and have to decide upon termination. In some instances, this is not the case and 17 U.S.C. §203(a)(1) determines that a total of more than one-half of the involved authors have to agree upon license termination. The simple example with two coauthors, where one might not be willing to terminate, e.g., due to a relationship with the publisher in another project, already shows that a modification of our model might be necessary. The underlying paper provides a benchmark for which future research should consider such an extension. It is conceivable that this clause [§ 203(a)(1)] puts a sufficient number of coauthors into a better position to prevent license terminations, whether the other authors would be left with empty hands.

<sup>490</sup> Karas & Kirstein, *supra* note 37, at 40 n.5 (“For simplicity, we assume that there is only one author. It may be possible that the personality rights of a creation belong to more than one author; however, this is of minor importance in the contracting problem.”)

<sup>491</sup> See also Kevin J. Greene, *The Future Is Now: Copyright Terminations And The Looming Threat To The Old School Hip-Hop Song Book*, J. COPYRIGHT SOC. OF THE U.S.A 45, 65 (2021).

<sup>492</sup> Waite v. UMG Recordings, Inc., 450 F. Supp. 3d 430, 437–38 (S.D.N.Y. 2020).

starts the clock.<sup>493</sup> Nevertheless, whether or not there has been an express repudiation that starts the clock *can* be difficult to determine and require extensive analysis of the factual matrix by the court.<sup>494</sup>

Indeed, care must be taken when termination coincides with disputed ownership claims: if there *has* been an express repudiation of ownership, then § 507(b) means that if three years have passed, and an author (or their statutory heirs) who has not challenged that repudiation may not be able to file for termination later.<sup>495</sup> However, it should be noted this limitation period does not apply to raising a defense based on authorship, but only applies to the time for bringing actions.<sup>496</sup> Whether a party has standing to contest termination notices can also be pertinent, and parties related to notice recipients should take note of the court’s reasoning in *Ray Charles* as to how the Foundation in that case met the relevant test for standing.<sup>497</sup>

Further, creators should be wary of bringing claims for declarations of the validity of termination notices *before* those disputes are “ripe”, like before the Copyright Office examines a termination notice,<sup>498</sup> or before a recipient has responded to a termination notice.<sup>499</sup> Claims based on

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<sup>493</sup> *Horror Inc. v. Miller*, 15 F.4th 232, 257 (2d Cir. 2021).

<sup>494</sup> *See* *Everly v. Everly*, 352 F. Supp. 3d 834, 842–45 (M.D. Tenn. 2018); *see also* *Everly v. Everly*, 958 F.3d 442, 455–59 (6th Cir. 2020); *Everly*, 2020 U.S. Dist. LEXIS 173698, at \*39–40; *Everly v. Everly*, 536 F. Supp. 3d 276, 282–90 (M.D. Tenn. 2021).

<sup>495</sup> *See* *Scorpio Music (Black Scorpio) S.A. v. Willis*, No. 11cv1557 BTM(RBB), 2013 U.S. Dist. LEXIS 29141, at \*8–9 (S.D. Cal. Mar. 4, 2013).

<sup>496</sup> *Stillwater Ltd.*, 2018 WL 2718041, at \*2; *see also* *Phillies*, 2021 U.S. Dist. LEXIS 243554, at \*45–48.

<sup>497</sup> *Ray Charles Found. v. Robinson*, 795 F.3d 1109, 1122–24 (9th Cir. 2015) (reversing a decision on this point in *Ray Charles Found.*, 919 F. Supp. 2d 1054).

<sup>498</sup> *Smith v. Casey*, 741 F.3d 1236, 1244 (11th Cir. 2014).

<sup>499</sup> *Mtume v. Sony Music. Entm’t*, No. 18 Civ. 11747 (ER), 2020 U.S. Dist. LEXIS 29133, at \*13–16 (S.D.N.Y. Feb. 19, 2020).

“ripeness” may not always be upheld, and *Century of Progress Productions v Vivendi SA* shows a situation in which a court is alive to an “evasive” argument that the recipient had not yet adopted a position on the issue in dispute.<sup>500</sup> Relatedly, a court may not consider a claim of copyright infringement solely because a recipient opposes a termination notice without any evidence of actual ongoing exploitation following the effective date of termination.<sup>501</sup>

## V. CONCLUSION

To date, copyright literature has generally focused on U.S. termination case law in a more traditional black letter format. This paper provided a systematic analysis of case law relating to 17 U.S.C. § 203 through the end of 2022. It highlighted several trends in termination case law relating to this provision, like the preponderance of disputes involving the work-for-hire exception, challenges to termination notices based on failures to comply (strictly or otherwise) with the statutory formalities, a lack of clarity over the application of state and federal law on license termination, and the limitation of actions based on prior express repudiations of authorship.

The analysis highlights several points for creators, publishers, and other creative industry stakeholders to be aware of. First, the debate over what kinds of works constitute works-for-hire will continue to rumble on until there is clarity from the courts, for example as to the status of sound recordings. Artists like Victor Miller and Ennio Morricone, and/or their statutory heirs, have displayed a willingness to challenge work-for-hire characterizations adopted by exploiters which purportedly prevent

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<sup>500</sup> No. CV 16-7733 DMG, 2018 U.S. Dist. LEXIS 153316, \*42–44 (C.D. Cal. Aug. 28, 2018).

<sup>501</sup> *Waite v. UMG Recordings, Inc.*, No. 19-cv-1091 (LAK), 2022 U.S. Dist. LEXIS 165370, at \*8 (S.D.N.Y. Sept. 13, 2022).

termination, and have done so successfully in the courts. However, these decisions involve appeals and sometimes lengthy court analysis (e.g., on whether the artist is an employee). Whether most artists/heirs are willing to bear the associated time and financial costs of contesting such disputes remains to be seen.

Second, state law may throw a spanner in the works for parties either attempting to terminate or parties contesting termination, depending on how courts apply the conflicting approaches in *Rano* and *Walthal*. Third, despite the termination right being inalienable, disputes continue to arise about how agreements involving the termination right affect its exercise (e.g., agreements for the sale of termination interests, agreements not to exercise termination interests, and agreements allocating royalties arising from the exercise of termination rights).

Fourth, courts may display leniency towards creators for errors in their termination notices, albeit at the initial stage (preventing actions for declarations of their validity from being struck down), but not for clear contraventions or ignorance/disregard for the statutory termination requirements. Care should be taken to ensure as many of the formalities are complied with, including correctly identifying what part of a grant can be terminated by one author/heir and what part requires a majority of authors/heirs. Lastly, parties should be aware that procedure can be an effective barrier to termination, for example if a declaratory action is time-barred from a prior repudiation of ownership. This barrier can be indirect as well, for example if a creator brings a claim for a declaration of termination notice validity *before* that action is ‘ripe.’

Trends from the cases can also be compared against existing economic research into termination rights and highlight pathways for future research. Notably, while scholars like Darling and Heald are largely positive about the termination right’s majority author/heir requirement for

termination of interests in jointly authored works, cases like *Everly* and *Scorpio Music* suggest ongoing difficulties in situations where authorship is disputed. This may disincentivize creators from exercising their statutory rights. Future qualitative research into how prominent such disagreements are and the associated impacts on termination practice, would enable a more thorough evaluation of termination under § 203.

Further, the ongoing issue of agreements relating to the termination right would benefit from qualitative research to better test modelling and analysis by economists like Karas, on matters such as the likelihood of recipients contesting or accepting those notices or entering into new deals as a result of termination. Qualitative research on contractual relations between parties from cases involving the work-for-hire issue (e.g., *Ennio Morricone*) would also be beneficial to compare against existing economic modelling like that done by Karas. The conflict of laws issue raised in the *Rano* and *Walthal* litigation could also be added to future economic modelling as a material factor to whether and how § 203 termination is exercised.

The case law on § 203 presents a fascinating source of data on how courts are applying the statutory termination scheme. This data enables us to better understand the issues arising when parties are in dispute about how or whether to enforce the termination right. However, this analysis is the starting point for fuller interrogations of how the termination scheme is working in practice. An analysis could be undertaken on case law relating to the termination right applicable to pre-1978 works, § 304 (which was not the focus of this paper), to identify whether the trends from those cases are similar or different to the § 203 cases studied in this paper. Future research could also use other sources such as court filings, and interviews and surveys with creators and publishers to help paint a more complete picture of how termination is practiced, and litigated. It is hoped that such

research, building on these trends and analysis, usefully contributes to the ongoing debate about the copyright termination scheme's efficacy in its current form in the U.S. Copyright Act. It should also spur policymakers to consider whether reform is necessary to achieve Congress's goal of protecting authors from poor deals by giving them a "second bite of the apple,"<sup>502</sup> or indeed whether such motivations should themselves be revisited.

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<sup>502</sup> Hughes & Merges, *supra* note 47, at 565.