

# THE DAILY RECORD

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## IPFRONTIERS

# Giving authors a chance to strike a better deal

Most people have read or seen the antics of the mischievous 6-year old named Calvin and his tiger, Hobbes. On the other hand, finding someone who has any familiarity with the comic strip "Hippolyta" about a secret super-heroine who rescues her fellow college students from boredom and other collegiate troubles is unlikely.

The comic strip "Calvin and Hobbes" by Bill Waterson was widely syndicated, featured in over 2,400 newspapers worldwide and read by millions, whereas the comic strip "Hippolyta" is an unpublished comic strip created over 15 years ago by a college student named Caroline Ahn with a readership of approximately one.

Should this college student have had a chance to sell her copyright in the comic strip at that time, she would have gladly done so at a small cost in exchange for the chance at publication and additional opportunities.

The chance that an author's creative work will strike the public's fancy and become a hit is much less likely than the work being lost in sea of oblivion along with other works created by similarly situated authors. In light of this reality, many young, new authors —whether the author is a musician, novelist or another creative being — sell the rights in their works for mere pittance early in their career.

Such scenarios are common, particularly since an author without past successes is inevitably at a poor bargaining posture when beginning negotiations for the sale of his copyright in his work.

Typically it is not until later in time, if ever, and after the author's rights in the work have been transferred, that the work becomes a success. Yet these authors have not necessarily lost their rights in their earlier works for good.

The Copyright Act includes provisions that are designed to safeguard authors against unremunerative transfers. Such provisions are deemed necessary due to "the unequal bargaining position of authors, resulting in part from the impossibility of

determining a work's value until it has been exploited," The House Report on the Copyright Act of 1976.

The Copyright Act of 1976, the current act in effect, includes two provisions relating to the termination of a grant of copyright.

Under these provisions, certain prior transfers of copyrights could be terminated and the rights be recaptured by the transferor. This allows the initial transferees — such as publishers — to reap the initial rewards from investing in an unknown talent, but also provides an opportunity for the authors to renegotiate the terms of the earlier grants of rights once the long-term success of their works has been established.

Thus far, Section 304(c) has been the basis for copyright termination litigation. Yet in the upcoming years, a flurry of new copyright termination litigation is expected. Why? The year 2013 marks the first year that authors can take advantage of the termination provision under Section 203 of the Copyright Act.



By **CAROLINE B. AHN**

Daily Record  
Columnist

### Termination of grant of rights under Section 304

Section 304(c) governs transfers and licenses made prior to January 1978 for works published as of that date that were in their first or second term. In Section 304, the Copyright Act provides for a five-year window during when an author may terminate the prior grant of rights.

This window of period would begin at the end of what would have been the original 56-year copyright term. For example, if an author transferred her rights in a work first published in 1965 through a transfer executed prior to Jan. 1, 1978, the author (or her heirs) could terminate the grant of rights 56 years later from the publication of the work, beginning in 2021 and ending in 2026.

### Termination of grant of rights under Section 203

Section 203 governs transfers and licenses executed on or after Jan. 1, 1978, including works that were created under the

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previous act but where the transfer was made after Jan. 1, 1978. The Copyright Act in Section 203 also provides for a five-year window during when an author may terminate the prior grant of rights, which is measured from the point at which the transfer or license was entered into, not the time at which the work was created.

Under Section 203, an author can terminate a previous grant within a five-year window that begins 35 years after the rights transferred. Thus, theoretically, termination under Section 203 could actually take place as early as 2013. For example, if an authored transferred her rights in a work in 1978, the author could terminate the grant of those rights 35 years later, beginning in 2013 and ending in 2018.

## **Effecting termination**

Termination under either of the sections is not automatic and the right to terminate could be lost if the appropriate party does not timely act in accordance with the statutory requirements. The onus is on the author (or his heirs) to give formal notice to the grantee of the author's intent to terminate the transfer.

Among other requirements, the formal notice must be in writing, signed, and must state the effective date of termination, which must fall within the relevant five-year window. The notice must also be served no more than 10 years and no less than two

years prior to the date on which the author wishes to effect the termination.

## **Limitations on termination rights**

Although the right to termination became an inalienable right under the Copyright Act of 1976, it is not without significant limitations. The timing of exercising this right to terminate is crucial to ensure that the right is not lost forever. Strict adherence to the procedural requirements is also absolutely necessary. Additionally, certain works are excluded and are not subject to termination, including works made for hire and transfers of copyright interests by will or intestacy.

## **Conclusion**

A flood of suits based on copyright termination of rights and/or failure to enforce them is expected in the near future. As the burden is on the author to act on his or her rights, the author must do the necessary legwork to recapture ownership and control of copyrights that he or she previously transferred. As for the grantees, particularly those who have greatly benefited from the commercial success of a new talent, should be prepared to renegotiate the terms of the earlier agreements if they wish to continue the relationship.

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