It's not over once you sign

McAndrews, Held & Malloy's **Amber J Carpenter** and **Malaika Tyson** examine strategies for terminating a previously granted copyright in the US

In the past, in order to get their works published, authors were contractually obligated to transfer or assign their copyrights to their publishing houses, losing the ability to license their works to other third parties. Due to these assignments and transfers, publishers often have a stockpile of hundreds to thousands of titles in their portfolios. Because of changing times or economic concerns, many of these works are no longer in print, accumulating dust. However, it is not over once an author signs away their rights, due to a little-known doctrine within the US Copyright Act.

The Copyright Act's Termination of Transfer Doctrine under 17 USC sections 203, 304(c), provides an author (or their heirs, beneficiaries, and representatives), the right to terminate prior grants of their copyrights, under certain conditions. Copyright grants made prior to 1 January 1978, are governed by 17 USC section 304(c)[1] while grants made after 1 January 1978, are governed by 17 USC section 203.[2]

The Termination of Transfer Doctrine is equitable in nature, giving authors a second opportunity to monetise and license their works to third parties. The House of Representatives Report accompanying the act explains that the provisions are "needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited."[3] Furthermore, the House specifically recognised the necessity of "safeguarding authors against unremunerative transfers"[4] as justification for providing authors with another shot at ownership, allowing them to license their works.

When determining if the termination of transfer is a viable option, the interested parties must ascertain if the book is a work-for-hire creation and calculate the notice and termination periods.

Conduct a work-for-hire analysis

In order for Sections 203 and 304(c) to apply, the author's works cannot be considered works made-for-hire.[5] Section 101 of the Copyright Act defines a work made-for-hire as 1) a work prepared by an employee, within the scope of their employment or 2) a specific type of commissioned work made pursuant to a written, signed agreement that notes the works are works-made-for-hire.[6]

Courts often use common law agency rules, to determine whether an individual was acting within the scope of their employment. Some factors that weigh against a finding of a work-for-hire relationship between an author and publisher include:

- Author received royalties from the works as one of their payment methods.[7]
- Writing is considered to be a "special skill".[8]
- Publisher's control resulted in merely "big picture approval authority and general suggestions".[9]
- An author's main instrumentality is their typewriter and they tend to work from home, not using a publisher's resources.[10]
- Author worked with other companies outside of the publisher.[11]
- Author had the discretion and authority to hire their own assistants.[12]
- Publisher is no longer in the publishing business.[13]

These factors all weigh against a finding of a work-for-hire relationship.

Do your math

To terminate a previously granted right under sections 203 and 304(c), authors must send the publisher a notice letter within a specific time frame, indicating the author's right of termination and the effective termination date. Sections 203 and 304(c) provide very specific and formulaic instructions to calculate both the notice and termination periods.

Calculating the termination period

If an author's work is governed by section 203, they can terminate their previously granted rights during a period of five years beginning at the end of 35years from the date of execution of the grant.[14] On the other

Table 1: Examples of the termination and notice periods for works under the scopes of Sections 203 and 304(c) under the US Copyright Act's Termination of Transfer Doctrine

	Grant executed in 1980 (section 203 applies)	Copyright secured in 1970 (section 304(c) applies)
Termination period	2015 - 2020	2026 - 2031
Chosen effective termination date	2015	2026
Notice period	2005 - 2013	2016 - 2024

hand, if the author's work is governed by section 304(c), an author can terminate a previously granted right at any time during a period of five years beginning at the end of 56 years from the date copyright was originally secured, or beginning on 1 January 1978, whichever is later.[15] It is important to note that the section 203 termination date is calculated by the date of the execution of the grant, while the section 304(c) termination date is calculated based upon the date copyright was originally secured.

Calculating the notice period

Authors must send the termination of rights letter during the appropriate notice period. Section 203 requires authors to serve their notice letters sometime during the 25- to 38-year period after the copyright grant was executed.[16] Conversely, section 304 requires authors to serve their notice letters sometime during the 46- to 59-year period, after the copyright was secured.[17]

Properly calculating these notice and termination periods is critical to a successful termination of transfer. As an example, see Table 1, which notes the termination and notice periods for works under the scopes of Sections 203 and 304(c).

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Summary

The Copyright Act's Termination of Transfer Doctrine, grants authors (or their heirs, beneficiaries, and representatives), a second chance at ownership after they sign away their rights, allowing authors the ability to now license their works to third parties. Before sending a publisher a notice of termination, it is important to carefully calculate the notice and termination periods, and establish the work is not a work-made-for-hire.

Footnotes

1. See 17 USC section 304(c) ("In the case of any copyright subsisting in either its first or renewal term on January 1, 1978... is subject to termination under the following condition").
2. See 17 USC section 203(a) ("In the case of any work... executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions").
3. See *Korman v HBC Fla Inc,* 182 F.3d 1291, 1296 (11th Cir 1999); HR Rep No 94-1476, at 124 (1976), reprinted in 1976 USCCAN 5659, 5740.
4. See Id.
5. See section 304(c)("In the case of any work other than a work made for hire..."); section 203(a)("In the case of any copyright... other than a copyright in a work made for hire...).
6. See 17 USC section 101.
7. See *Playboy Enterprises, Inc v Dumas*, 53 F.3d 549, 555 (2d Cir 1995) (holding "where the creator of a work receives royalties as payment, that method of payment generally weighs against finding a work for hire relationship").
8. See *Horror Inc v Miller,* 335 F Supp 3d 273, 305 (D Conn 2018) (Skill required for screenwriter's work weighed against finding that writing the screenplay for "Friday the 13th" constituted work made for hire under the Copyright Act).
9. See *Horror Inc,* 335 F Supp 3d at 303 (finding alleged employer's, "big picture approval authority and general suggestions" did not weigh heavily in favor of a right to control).
10. See Id at 310 (finding writer's instrumentality is a typewriter, weighing away from a work for hire relationship).
11. See *Alcatel USA, Inc v Cisco Systems, Inc,* 239 F Supp. 2d 645, 656 (ED Tex 2002) (finding alleged employee's work with other companies, suggested contractor was not an employee).
12. See *Cmty for Creative Non-Violence v Reid*, 490 US 730, 753 (1989) (finding alleged employee's "total discretion in hiring and paying assistants", weighed against a work for hire finding).
13. See Id at 753 (finding alleged employer was not in business, weighing against a work for hire finding).
14. See section 203(a)(3) ("Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant")(emphasis added).
15. See section 304(c)(3) ("Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later.") (emphasis added).
16. See section 203(a)(4)(A) ("The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date.").
17. See section 304(c)(4)(A) ("The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, or, in the case of a termination under subsection (d), within the five-year period specified by subsection (d)(2), and the notice shall be served not less than two or more than ten years before that date.").

Authors


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