

# The Dirty Dozen

In part one of this article, we presented the first seven of our list of a dozen chain-of-title issues that may arise in the acquisition of rights for the production or development of a motion picture, video game or other work dependent upon rights in copyright. Here are the remaining five issues.

Licenses and other agreements in a chain of title may burden the rights with payment obligations, restrictions, conditions and other matters that require diligence in the review of chain of title, all to be taken into account in the financial terms of the transaction under review. A license or option in the chain of title may require payment for exercise of the right to produce and exploit derivative works; and may set forth conditions or limitations that must either have been met within a time period that has

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now ended, or will need to be met within a set time period. Payments that must have been made, options that must have been exercised, notices that must have been given, and other matters upon which the chain of title depends, must be reviewed and confirmed to have been made, exercised, etc. Any such payments or other actions that must be met in the future will need to be taken into account in budgeting, financing and structuring the proposed transaction. The reviewer of chain of title must review agreements and other documents that are referenced in short-form instruments recorded in the U.S. Copyright Office as governing the grant or license of rights for any terms and conditions to be taken into account.

Just because a work is in the public domain does not mean the work can be used without analysis. There are many ways works can be protected. Some are by copyright, and some - like trademarks, publicity rights, privacy and defamation - are not. Also, what is unprotected in the United States may still be fully protected in various other countries. It may be tempting to rely upon what would, on its face, appear to be black letter law, namely, that works published or registered for copyright in 1922 or earlier are necessarily public domain in the United States due to a law passed in 1998 prospectively extending copyright by another 20 years from 75 to 95 years from the date first copyrighted. This bright line rule has, in fact, already been blurred by a line of cases which have found that works published abroad without a copyright notice had not obtained a U.S. copyright until published with a copyright notice. For example, a work published in Germany in 1920 (U.S. copyright should have expired in 1995) but without a copyright notice would not have lost copyright but, instead, could have acquired a U.S. copyright when published here in 1930. Such work would, in turn, enjoy the now longer 95-year copyright term expiring after 2025. This would be so, even if the foreign term had long since expired, along with the author, following the most commonly accepted copyright term comprising the author's life plus 70 years. Conversely, works of U.S. authors first published in this country may have lost protection here - because of failing to observe formalities such as registration, renewal or use of a copyright notice - while still being fully protected abroad.

The laws of other countries can raise various issues foreign to U.S. law, and can differ as greatly from each other... For example, until relatively recently in our copyright history, U.S. copyrights were for a period of years requiring renewal after the first 28-year copyright term. Failure to comply with formalities could shorten the term even more. Like most foreign countries, Canada's copyright laws protect works based on the author's life and a period of years following death. There may be many cases in which Canada still protects a deceased author's works if he or she has not been dead long enough. In Canada's case, this post mortem term is 50 years after death, whereas many countries, including all of Europe, have gone to a 70-year post mortem term. Spain will, in many cases, still protect works for 80 years after death. The Ivory Coast has a 99-year post mortem term, while Mexico goes one better with the longest term of all, 100 years after death. Still other countries have complicated wartime extensions of copyright to account for the disruptions of World Wars I and II. Many countries recognize moral rights, something recognized only fleetingly by U.S. law for a narrowly defined group of works of the Visual Arts. Moral rights exist in Canada but expire with the economic copyright. However, many European countries, such as France and Italy, grant the author and family members moral rights in perpetuity, including the right to be named as the author and to object to distortions and mutilations which are derogatory to the author's honor or reputation. Note that the United States

has gone European and now protects works for 70 years after death.

Copyright laws often grant to authors and their heirs the right to terminate or cause a reversion of all or some rights. The nature and scope of these rights vary by country. In the United States, these reversionary rights are often associated with the renewal that could have been secured for the second term of copyright, which began after the first 28-year term. The renewal was likewise once 28 years, but beginning in 1962, Congress has extended the renewal terms, which are now 67 years (95 years for the full copyright if renewed). Such renewal copyright is owned not by the transferee but by the author or his or her statutory heirs (surviving spouse and children, executor, or next-of-kin). It is often the case that authors have already assigned their renewal rights (or expectancy) long before the renewal could be filed.

Accordingly, it is much more common to find a renewal reversion, if any, to an author's statutory heirs, but only if the author is dead when the renewal comes due. In most cases, this is a complete reversion of rights (the so-called "Abandon" issue). Authors and heirs may also recapture rights by filing notices of termination, after the first 56 years of copyright, under a complicated procedure that is often overlooked, improperly implemented or simply circumvented through "replacement" grants.

Foreign countries make reversions much simpler by making them automatic. Those that have them, such as Canada, often provide for the reversion to an author's personal representative, 25 years after death. Others, such as Spain, require the survival of a compulsory heir, such as a child and/or possibly a widow or widower, for 25 years longer than the author. Still others provide for a reversion to the recapture if the country extended copyright by 50 to 70 years. Such reversions, however, may also be subject to a compulsory license. Also, many foreign nations with reversions have repealed them - but prospectively only - so the date of acquisition of rights that may have been subject to reversion is important. Canada is one of the few countries that still have a reversion in full force and effect.

"I bought it. I paid for it. It's mine." Wrong. Or at least possibly wrong. This often fatal assumption may come to light after the opportunity for course correction has long since passed by. At one time, the party commissioning and paying for a copyrighted work generally did in fact own the fruits of the commissioned party's creative labors. Ever since the Copyright Act of 1976 became effective on Jan. 1, 1978, however, works created by non-employees can be works-for-hire if created for certain specified types of works only if preceded by a written work-for-hire agreement signed by both parties. Even though this has been the rule for over 30 years, employers and attorneys alike are still getting this one wrong, often at the considerable cost of re-acquiring the much needed copyrights from those who have already been compensated for their work once. The easy fix is an assignment signed by the "author" as part of, and typically incorporated into, the work-for-hire agreement, at the time of "employment" and



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before any money is paid.

These issues, and the seven we discussed in part one of this article, are among those that can make the review and analysis of copyright chain of title as challenging as it is important to the success of the motion picture, video game or other project that depends upon the successful acquisition of rights.

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