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Music Publishing and Divorce: No Extrinsic Fraud

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The Court of Appeals of Texas, Fourth District, San Antonio, ruled there was no extrinsic fraud in divorce proceedings when one spouse conveys songs out of a community property music publishing company without the express knowledge of the other spouse. *Sanchez v. Sanchez*, No. 04-09-00477-CV (Tex. Civ. App. — San Antonio, June 2, 2010).

Pursuant to a 2006 divorce decree, wife Maria Sanchez was awarded the music publishing company Planeta Latino. Subsequent to the finalized divorce, Ms. Sanchez discovered certain copyrights were assigned out of the music publishing company prior to the divorce.

The court held this may have been an act of intrinsic fraud — relating to the merits of the issues that were presented and presumably were or should have been settled in the former action. Basically, the wife, via due diligence prior to the divorce, could have discovered the fraud.

Extrinsic fraud — is fraud that denied a party the opportunity to fully litigate at trial all the rights or defenses that could have been asserted.

Take away for the day — do your due diligence. Attorneys, make sure you have a paper trail for every song in the music publishing catalog prior to finalizing a divorce or an asset purchase agreement.