



Court Finds No Termination of Copyright Grant in Elvis Hit

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The U.S. Court of Appeals for the Second Circuit recently ruled against the heirs of songwriter Hugo Peretti in their attempt to terminate a copyright grant for Peretti's composition "Can't Help Falling in Love," a huge hit for Elvis Presley in 1961. *Peretti v. Authentic Brands Group LLC*, 33 F.4th 131 (2d Cir. 2022). Valentina M. Peretti, Hugo's daughter, and Paul J. Reitnauer III, his grandson, had sought a declaratory judgment upholding the Notice of Termination that the Peretti family members served on copyright assignee Authentic Brands Group, LLC ("Authentic Brands") in 2014. After the district court dismissed the case, the plaintiffs appealed.

Hugo Peretti and his two coauthors registered the copyright in "Can't Help Falling in Love" in 1961 under the Copyright Act of 1909, which provided for a 28-year initial term of copyright and a 28-year renewal term. The Copyright Act of 1976 ("Act"), which went into effect on January 1, 1978, established a unitary copyright term for works created on or after that date and extended the terms of works created before that date. Section 203 of the Act provides that "[i]n the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under [certain] conditions." 17 U.S.C. § 203.

In 1983 Hugo and his wife and daughters signed a contract transferring their contingent interests in the renewal term of the song copyright to Authentic Brands' predecessors-in-interest ("1983 Assignment"). Hugo died in 1986, three years before the end of the initial term of the copyright; thus, his contingent interest in the renewal term never vested. In 1989 Hugo's widow and daughters registered the renewal copyright in the song.

As the court of appeals noted, quoting from the song's lyrics (italicized here), "*While some things are meant to be*, an amicable collaboration between the Perettis and Authentic Brands through the end of the renewal term was not." As a result, in 2014 Hugo's widow and his daughter Valentina served a Notice of Termination on Authentic Brands purporting to terminate, in 2018, the 1983 Assignment under Section 203(a)(3) of the Act, which provides for the right to terminate a grant "executed by the author" 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." 17 U.S.C. § 203(a)(3).

When Authentic Brands disputed the effectiveness of the Notice of Termination, the Perettis sought a declaratory judgment from the Southern District of New York. The district court dismissed the claim, holding that the 1983 Assignment, being a grant of contingent interests that never vested in Hugo Peretti, was not a grant "executed by the author" within the meaning of the statute. Then, the court of appeals said, in another nod to the song lyrics (italicized here), "*Like a river flows surely to the sea*, this appeal followed."

On appeal, the Second Circuit agreed with the district court. The court of appeals acknowledged that the termination right under the Act has the same purpose as the renewal term under the Copyright Act of 1909: "to 'permit[] the author, originally in a poor bargaining position, to renegotiate the terms of the grant once the value of the work ha[d] been tested'" (quoting *Stewart v. Abend*, 495 U.S. 207, 218–19 (1990), and citing *Penguin Grp. (USA) Inc. v. Steinbeck*, 537 F.3d 193, 197 (2d Cir. 2008).

But the court of appeals noted that an execution of a transfer of copyright ownership "is not valid

unless an instrument of conveyance. . . is in writing and signed by *the owner* of the rights conveyed.” 17 U.S.C. § 204(a) (emphasis added). Although Hugo Peretti signed the 1983 Assignment, the court held that he cannot have executed (*i.e.*, made effective as contrasted with merely signing) a grant transferring rights that he did not hold. “Because Hugo Peretti died before his contingent right vested,” the court of appeals said, the only rights “transferred to Authentic Brands’ predecessors-in-interest were the contingent [and subsequently vested] rights held by his wife and daughters.”

The court of appeals considered the Perettis’ argument that the district court’s ruling was contrary to the “second chance” intent of Section 203. But the court noted that “[w]hen the Peretti family effected the 1983 Assignment, 20 years had passed since Elvis Presley rode [“Can’t Help Falling in Love”] to the top of the charts, and over 100 versions of the song, vocal and instrumental, had been issued, by artists ranging from Wayne Newton and Doris Day to Marty Robbins and Bob Dylan.”

Accordingly, the court said that “[t]here is no plausible argument that the Perettis did not understand the value of the [song] at the time that they entered into the 1983 Assignment.” The court acknowledged that “[p]erhaps the Peretti family could have negotiated a better deal in 1983” but added that “the statute does not give the Perettis the right to do so now, and requiring them to comply with the contractual grant of their rights is consistent with both the intent behind § 203 and its plain language.” Thus, the court concluded that the grants made by Hugo’s wife and daughters in the 1983 Assignment were not “grants ‘executed by the author’ merely

because Hugo Peretti’s signature is found on the same grant document, and thus are not terminable under § 203.”

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