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DIVISIBILITY OF COPYRIGHT: ITS APPLICATION AND EFFECT

INTRODUCTION

The 1976 Copyright Revision Act¹ (hereinafter the new Act) contains the first explicit statutory recognition of the principle of divisibility of copyright in our law. This concept simply takes notice of the fact that a copyright is a compilation of many individual rights, and allows for the severability of those rights.²

Under the doctrine of indivisibility, a copyright was viewed as a unitary whole, incapable of being divided into smaller, individual rights. That is, a copyright was assigned in toto or else the conveyance was deemed to be a mere license. Although the concept of indivisibility may have been in accord with trade practices when first enunciated, it has become obsolete by virtue of the changing nature of the communications media and the entertainment industry.

This comment will first examine the historical development of indivisibility. It will then focus on some of the problems caused by the doctrine in the area of transfer of copyright ownership, such as the right to claim copyright in a work and the concommitant problem of standing to sue to protect that copyright. Many of the problems of indivisibility point out the need for divisible copyright. Since such problems are readily visible in the area of magazine rights, this comment will focus on periodicals as an illustration of these problems and the effect of divisibility on them. Finally, the area of co-ownership will be explored and the suggestion made that the application of divisibility of copyright is a potential solution to the problems in that area as well.

HISTORICAL DEVELOPMENT OF INDIVISIBILITY

Early Precedent

The birth of indivisibility is often attributed to the decision of the United States Supreme Court in Waterman v.

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¹ 1979 by Elliot Groffman.
² 17 U.S.C. § 106 (1976). The five basic rights provided to the copyright owner are reproduction, adaption, publication, performance, and display. Thus, the right to produce a movie is severable from the right to publish the story upon which a movie may be based.
That leading patent case listed three types of permissible assignments: a grant of the entire patent, a grant of an undivided share of the entire patent, or a grant of the exclusive right under the patent for a specified geographical area of the United States. The Court declared that "any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent, and no right to sue at law in his own name for an infringement."  

Based on an analogy to patent law, lower courts developed the indivisibility doctrine and reshaped it into its most popular usage. Early on, the doctrine came to mean that "a copyright is an indivisible thing and cannot be split up and partially assigned either as to time, place, or particular rights or privileges, less than the sum of all the rights comprehended in the copyright."  

The most often cited policy reason for adoption of indivisibility was to protect alleged infringers from the harassment of successive law suits. Since licensees were unable to bring suit and total assignments were required, the doctrine necessarily limited the amount of people who could sue the alleged infringer.

The Growth of Copyright

No great hardship or injustice resulted from the doctrine when first enunciated because of the limited scope of copyright at the time. As one authority has noted, "the only effective manner in which copyrighted materials could be exploited was through the reproduction of copies." Thus, the early need for protection was against the unauthorized copying of books. This was achieved through the recognition of the exclusive right to copy which, as a practical matter, meant the exclusive right to

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4. 138 U.S. at 255. This decision was preceded by the earlier U.S. patent case of Gaylor v. Wilder, 51 U.S. (10 How.) 477 (1850), and the often-cited British case of Jeffreys v. Boosey, 10 Eng. Rep. 681 (1854).
7. See text accompanying notes 46-56 infra.
print. However, the many developments in the communications media, such as radio, television, movies, computers, satellite and cable television and microwave technology have forced a changed perception of a copyright, now recognized as a "label for a collection of diverse property rights, each of which is separately marketable." Before the recognition of that principle, construing the scope of the exclusive rights involved in a copyright was difficult.

Technological developments expanded the various methods of exploiting works of art. For example, when motion pictures were first introduced, courts were faced with the issue of whether a grant of "dramatic rights included 'motion picture rights.'" The advent of television similarly raised issues as to whether motion picture rights included television rights.

The indivisibility doctrine aggravated the problem of determining the scope of exclusive rights. The circuitous transfer methods required in the periodical field resulted in the usage of broad terminology and thus often created indistinguishable rights. An author, pursuant to a standard retransfer arrangement, might convey "all rights" to a magazine publisher expecting re-assignment after publication. If a question arose as to who was the owner of the motion picture rights in the underlying work, a court would be forced to consider whether these rights were within the scope of the original conveyance as well as whether the conveyance was an assignment or license. This distinction was replete with problems and often took on substantive significance with respect to ownership of exclusive rights.

Concurrent Growth in Use of Licenses

As new forms of exploitation in the various media devel-

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9. See Henn, supra note 5, at 412.
10. New modes of communication are constantly being developed, and each innovation raises new issues. See Note, Cable TV and Copyright Royalties, 83 YALE L.J. 554 (1974); Lorr, Copyright, Computers, and Compulsory Licensing, 5 RUTGERS J. COMPUTERS & L. 149 (1975).
16. See text accompanying notes 60-63 infra.
oped, licenses played an increasingly important role. They became a "means of deriving full economic benefit from a work without surrendering ownership because they allowed an author, while retaining rights to the basic work, to grant limited rights in derivative fields for consideration." For example, the value of motion picture rights in a novel will often greatly exceed the value of the right to publish the work in book form. In addition, magazine serialization rights have become a valuable commodity, and, often an author will desire to license these rights to create a larger market for his novel. For example, the value of motion picture rights in a novel will often greatly exceed the value of the right to publish the work in book form.

Modern business conditions make it economically unfeasible for an author to convey all rights in a work to one person when the work has commercial value in other fields. Yet, under indivisibility, the conveyance of anything less was not a conveyance of a proprietary right but only a mere license to use the work. The licensee did not have the power to bring suit solely in his own name, nor secure statutory copyright protection, since the proprietary interest remained in the author.

These ramifications of indivisibility sent courts and commentators on a chase to define the elusive distinctions between assignments and license, and the rights attached to each, in an attempt to reconcile concepts of justice with a doctrine that was becoming increasingly difficult and harsh.

Assignment or License

There have been endless attempts to define the distinction between an assignment and a license. Broadly speaking, a grant is an assignment if the grantee has full rights, and a grant is a license if the grantor retains some rights under the copyright. The construction of these basic concepts has been a perennial problem.

Professor Weil used the patent analogy, stating that "any assignment of a copyright which does not convey the entire and unqualified monopoly of the copyright proprietor, or any indi-

22. See Henn, supra note 5, at 428-36.
23. See text accompanying notes 24-35 infra.
individual share thereunder, is to be deemed a license rather than an assignment." Henn noted that "an assignment involves the transfer of the legal property or proprietorship, and the assignee becomes the copyright proprietor," while a license is a "strictly-construable, personal, contractual right." He further stated:

A license may be non-exclusive or exclusive. If non-exclusive, the grant operates as a convenant by the licensor not to sue the licensee for exercising rights under the license. If exclusive, the licensor also so covenants, and in addition, undertakes not to make a similar grant to another, acting as trustee for the benefit of the licensee with respect to the rights exclusively licensed.

Commentators have tried to sift through conflicting lines of court decisions and isolate certain tests that have been used in an attempt to find some sort of workable standard.

**Partial reservation of rights test.** The partial reservation of rights test provides that if the proprietor reserves any rights in making a transfer, the grant is a license. The test presents problems in that the original proprietor can prejudice a grantee of substantial rights by retaining any portion of those rights. No distinction is made on the basis of the importance of the rights transferred or reserved.

Some courts have attempted to delineate the degree of reservation needed in order for the grantor to be deemed to have reserved sufficient proprietary interest in the work, although decisions seem largely controlled by the circumstances surrounding the conveyance.

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27. Id. at 431.
30. Id.
31. The court in Gershwin v. United States, 153 F. Supp. 477, 478 (Ct. Cl. 1957), stated that the "test is whether the owner retains ownership of the property right concerned." In Brawley, Inc. v. Gaffney, 399 F. Supp. 115 (N.D. Cal. 1975), the court held that retention of the right to republish copyrighted materials with the grantee's permission was not a "retention of such rights that would defeat the attempted assignment of the copyright" under which the transferor purported to assign all of its right, title, and interest in the copyright. *Id.* at 117.
Manifested-intention-to-transfer-the-proprietorship test. Henn contends that examining the intention of the parties is the most efficient way of determining whether proprietorship was transferred. Under this test, the author may reserve rights, but if the intention to transfer the proprietorship is clear, the transfer is an assignment. In Droke House Publishers, Inc. v. Aladdin Distributing Corp., it was held that a publisher had the right to bring an infringement action against an infringer even though the author had reserved some rights upon transfer. The fact that the publisher was specifically directed to secure copyrights was held sufficiently indicative of the intent to transfer a proprietary interest. Although this test looks to the totality of circumstances surrounding the grant, its effectiveness can still be diluted through mechanistic applications of terms of art.

This traditional confusion over the distinction between assignments and licenses should be alleviated by the new copyright law which allows for the divisibility of a copyright. When that distinction is no longer a major difficulty, other problems in the area of transfer of copyright ownership, such as standing to sue and the right to claim a copyright, will be solved to a comparable extent.

The 1976 Copyright Revision Act and the Principle of Divisibility

Section 201 (2)(d) of the 1976 Copyright Revision Act contains the language of divisibility declaring that:

[A]ny of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred . . . and owned separately. The owner of any particular exclusive right is entitled, to

32. Henn, supra note 5, at 433.
34. But see Fitch v. Young, 230 F. 743 (S.D.N.Y. 1911). There the court dismissed an infringement action brought by an author because he was only a licensee. The publisher secured statutory copyright, and pursuant to trade practice under indivisibility, re-assigned the copyright to the author and reserved only the publishing right. The court found that the publisher intended to reserve the copyright and only grant the rights to the underlying play to the author; thus, the author lost his proprietary interest and became a mere licensee of his own work. This type of injustice is representative of the kinds of abuse which led the way to adoption of divisibility.
35. Some courts have placed importance on the use of words like "license." See Hampton v. Paramount Pictures, 279 F.2d 100, 103 (9th Cir. 1960). Others have held that use of the word "assignment" is not controlling when the transfer is merely a license. See Ilyin v. Avon Publications, 144 F. Supp. 368, 374 (S.D.N.Y. 1956).
the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.\textsuperscript{36}

The definition of "transfer of copyright ownership" in section 101 of the Act specifically notes the severability of the exclusive rights, and makes clear that the principle of divisibility applies whether or not the transfer is "limited in time or place of effect."\textsuperscript{37} The exclusive rights, which comprise the so-called "bundle of rights" that is a copyright, are cumulative and may overlap in some cases.\textsuperscript{38} Each of the five rights enumerated in section 106 (reproduction, adaptation, publication, performance, and display) may be subdivided indefinitely and, consistent with the new doctrine of divisibility, each subdivision of an exclusive right may be owned and enforced separately.\textsuperscript{39}

The exclusive rights in the first three subsections of section 106 are independent, although closely related. For example, the exclusive right to prepare derivative works overlaps the exclusive right of reproduction.\textsuperscript{40} It is broader, however, in that reproduction requires fixation in copies or records,\textsuperscript{41} whereas the preparation of a derivative work may be an infringement even though nothing is fixed in tangible form. Since each exclusive right is now individually severable under divisibility it should be easier to isolate and define the scope of each right even though they may overlap.

In addition, the Act more effectively delineates the scope

\textsuperscript{39} 17 U.S.C. § 106 (1976). Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:
1. to reproduce the copyrighted work in copies or phonorecords;
2. to prepare derivative works based upon the copyrighted work;
3. to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership; or by rental, lease, or lending;
4. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and
5. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, display the copyrighted work publicly.

\textit{Id.}

\textsuperscript{40} See 17 U.S.C. § 106 (1976).
\textsuperscript{41} \textit{Id.} § 106(2); see H.R. REP., supra note 38, at 62, reprinted in [1976] U.S. CODE CONG. & AD. NEWS at 5675.
of the exclusive rights in section 106. The right of public performance in clause (4) of section 106 has been expanded to include audiovisual works as well as motion pictures and has dropped the outright "for profit" requirement of the 1909 Act.\(^2\) "The line between commercial and nonprofit organization is increasingly difficult to draw. Many nonprofit organizations are highly subsidized and capable of paying royalties."\(^3\) This expansion appears to be consistent with modern business realities. However section 114 of the Act limits the scope of the performance right by stating that no right of performance extends to the exclusive rights of the owner of copyright in a sound recording.\(^4\) Section 106 (5) creates, for the first time, an exclusive right to show a copyrighted work, or an image of it, to the public. The extent and nature of this new right of display is uncertain and subject to future modification.

The Act, by making each exclusive right severable and by elevating the status of an exclusive licensee to one of proprietorship to the extent of that right, provides solutions to many of the problems created by indivisibility.

The Effects of Divisibility on Problems of Transfer of Ownership

In contrasting the effects of both doctrines—indivisibility and divisibility of copyright—it is illuminating to focus on the problems of standing to sue and the right to claim copyright. The substantive significance of whether a transfer is an assignment or a license is best displayed in these areas as well.

Standing to Sue. The most often cited rationale for indivisibility was the protection of the alleged infringer from the harassment of successive suits.\(^4\) Section 101(b) of the 1947 Act required payment of damages to the "copyright proprietor."\(^4\) Section 101(b) of the 1947 Act required payment of damages to the "copyright proprietor."\(^4\) Since an assignment, under the indivisibility doctrine, required transfer in toto in order to convey proprietorship, this

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\(^2\) Statutory copyright protection now begins upon creation of the work. That is, when it is "fixed in any tangible medium of expression." 17 U.S.C. § 102(a).


\(^5\) See note 6 and accompanying text supra.

\(^6\) Act of July 30, 1947, ch. 391, § 101(b), 61 Stat. 652 (17 U.S.C. § 101(b) (1970)) read in part: "To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement . . . ."
meant that a licensee was not a proprietor, and therefore unable to bring suit solely in his own name.\textsuperscript{47}

In order for a licensee to bring suit he was forced to join the copyright proprietor. Exclusive licensees were deemed to have some beneficial and equitable ownership interest in the copyright and could sue if that right was violated, after fulfilling joinder requirements.\textsuperscript{48} Non-exclusive licensees under the indivisible copyright theory held no proprietary right, legal or equitable, and had no standing in court.\textsuperscript{49}

These procedural requirements led to many instances of injustice. In \textit{Ilyin v. Avon Publications},\textsuperscript{50} the court lamented being presented with a case of an "exclusive licensee seeking to sue a flagrant infringer, yet being unable to do so because of his inability to join the foreign copyright owners as an indispensable party." In \textit{Stephens v. Howells Sales Co.},\textsuperscript{51} the licensee went so far as to pay the proprietor and to agree to hold him harmless for all his expenses incidental to the litigation in order to secure his presence in court. At the very least, the procedural necessity of joinder was a pitfall.\textsuperscript{52}

The new Act has made the necessary changes in this area. Section 501 (b) specifically states that, "the legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it." This section also discourages multiplicity of suits by allowing courts to require written notice of suit, to compel joinder and to permit intervention "of any person having or claiming an interest in the copyright."\textsuperscript{53}

The practical effect of this new section is readily evident. The status of an assignee remains intact. Exclusive licensees no longer are forced to join copyright proprietors in order to protect their rights. Non-exclusive licensees, while still having to meet joinder requirements, are, at least, capable of bringing

\textsuperscript{47} See Vanatta, \textit{supra} note 3, at 98.
\textsuperscript{48} See Bisel v. Ladner, 1 F.2d 436 (3d Cir. 1924).
\textsuperscript{49} See Goldwyn Pictures Corp. v. Howells Sales Co., 282 F. 9 (2d Cir. 1922).
\textsuperscript{50} 144 F. Supp. 368, 374-375 (S.D.N.Y. 1956).
\textsuperscript{51} 16 F.2d 805 (S.D.N.Y. 1926).
\textsuperscript{52} See Ilyin v. Avon Publications, 144 F. Supp. at 375 (the court left its decree open to let the plaintiff join the proprietor, involuntarily if necessary); NIMMER, \textit{supra} note 6, at 10-11; Vanatta, \textit{supra} note 3, at 99; cf. Inge v. Twentieth Century Fox, 143 F. Supp. 294, 300 (S.D.N.Y. 1956) (delay in the issuance of an injunction can amount to a denial of justice).
suit to protect their interests.

The major importance of this new section is that the law now comports with established trade practices. Since copyright is already industrially divisible, the recognition of this fact can only promote more awareness of the scope of particular rights within the copyright, and render unnecessary many of the circuitous and burdensome methods of transfer involved in basic entertainment business practices.

The Right to Claim Copyright

Nimmer maintains that "perhaps the most serious consequence of the doctrine of indivisibility has occurred by reason of the rule that upon publication copyright may be obtained only if a notice appears in the name of the copyright proprietor." The new Act, in de-emphasizing notice formalities, has created a major change in the theoretical framework of American copyright law. First, the Act provides for statutory copyright protection when a work is created, and second, allows that work to be published without causing the work to be lost to the public domain. These conceptual changes can best be illustrated in the general context of collective works, and more specifically by a hypothetical, but typical, fact situations in the area of magazine rights.

Periodicals and Authors' Rights: An Illustration. A, an author of an unpublished and uncopyrighted manuscript, grants to B, a magazine publisher, the right to reproduce the work in his magazine. A reserves all other rights in the work, such as motion picture and book publication. As is usually the case, the magazine carries a copyright notice only in the name of the publisher without a separate notice in A's name. Under

54. See Kaminstein, supra note 28, at 17.
55. Nimmer, supra note 6, at 10-11.
58. Nimmer, supra note 6, at 10-12. This is not to say that similar problems concerning the right to claim do not arise in other areas. For example, a motion picture producer may receive motion picture rights from an author and only place a copyright notice in the name of the proprietor of the film. The producer could then be deemed only a licensee of the underlying work, and consequently the underlying work would be injected into the public domain because, as a licensee, the producer is unable to secure protection for it in the author's behalf. Id.

See Goldwyn Pictures Corp. v. Howells Sales Co., 282 F. 9 (2d Cir. 1922). For applications to the book industry, see Bisel v. Laddner, 1 F.2d 436 (3d Cir. 1924), and for music publishing, see Broadcast Music Inc. v. Taylor, 10 Misc. 2d 9, 55 N.Y.S.2d 94 (Sup. Ct. 1945).
the doctrine of indivisibility, B is a licensee of A. Since he is not a proprietor of the work, he is unable to claim copyright for A's article. B's copyright for the magazine is valid but is not sufficient to protect A's article because "a valid copyright may be secured only when the name of all the interests in the work appears in the copyright notice." Consequently, the work is injected into the public domain.

The obvious inequity of the above situation has led many courts, over the last few decades, to enlist a number of circuitous methods in order to prevent this inadvertent loss of copyright protection. Policy considerations dictate that "it is execrable to deny an author, with both financial and artistic interest, the right to obtain copyright and thus protect the fruits of his labor, simply because first publication occurred in periodical form under a magazine copyright."

Similarly, under indivisibility, authors have been forced to resort to various means in order to protect their work. In the magazine context, unless the author transferred all rights to the publisher, the work would fall into the public domain. Obviously, outright assignment of all rights would cause the author to lose his interest in the work and would prevent the often lucrative exploitation of the work in other fields. An author might demand that notice in his own name be placed in the periodical along with his contribution. Few authors have achieved the magnitude to demand such a provision, and most authors were unaware of the legal consequences of failing to do so.

Since both author and publisher wish to secure protection for initial publication, a practice developed in the industry whereby the author would assign all rights to the publisher who would transfer the rights back to the owner after publication. The correct procedure requires two steps, since a simultaneous grant and grant back may render the grantors' status as proprietor questionable. In transferring rights back to the author, a magazine had to first, assign the copyright in the story back to the author, and second, in a separate document, take a license

63. Kaminstein, supra note 28, at 18; Nimmer, supra note 6, at 10-12.
from the author for the rights they wished to retain. Unfortunately, these arrangements were not always clear cut and difficulties arose.65

Most publishers are willing to abide by such retransfer agreements.66 If not, the courts can find a “trust” relationship between the parties and may require the retransfer.67 This legal fiction is only a means to an end since the author has no real intention of transferring the entire literary property to the publisher in the first place.68 Usually the courts examined industry custom and usage in finding the existence of an implied trust relationship. The decision in Geisel v. Poynter Products, Inc.69 virtually exploded that trust theory. The case involved the transfer of rights in a series of cartoons by the now famous Dr. Seuss to a magazine in the 1930’s. Although it examined industry custom, the court held that because “there was no express agreement that Liberty Magazine would hold the copyright in trust for the plaintiff or that the plaintiff reserved any rights in the cartoons,”70 there was no trust relationship. Although the wisdom of this express agreement requirement has been questioned,71 the destructive effect of the decision on the implied trust theory is self-evident.

Retransfer presents the possibility of severe difficulties for the author. When retransferring, the magazine may justifiably wish to retain certain rights in the work, usually serialization or republication rights. Under strict indivisibility, this meant that the “proprietor” (in this case the publisher) has reserved some rights in the work, making the grantee (the author) a mere licensee. If a magazine reserved the right to reprint an article at a later date when it retransferred the copyright to an

65. In Prather, the infringers maintained that the reservation of English language rights to the novel rendered the grant back a mere license. This would have prevented the author-licensee from bringing suit in his own name. See generally Wasserstrom, The Copyrighting of Contributions to Composite Works, 31 Notre Dame Law. 381 (1956).

66. After initial publication, the interests of author and publisher are no longer necessarily consistent and the publisher may not be interested in reconveying. See Broadcast Music Inc. v. Taylor, 10 Misc. 2d 9, 55 N.Y.S.2d 94 (Sup. Ct. 1945). However, business realities and relationships usually were ample reason for honoring such arrangements.


70. Id. at 337.

author, some courts might have deemed the 'grant back to be a license and not an assignment.\textsuperscript{72}

Thus, in order to prevent his work from falling into the public domain the author may be forced to lose his right to sue upon retransfer as well as possibly being restricted in other attempts to use his work.\textsuperscript{73}

There existed an obvious need to eliminate these circuitous devices used to protect an author's copyright, and it was to this issue that the Second Circuit addressed itself in the \textit{Goodis} case.\textsuperscript{74}

\textit{Goodis v. United Artists Television, Inc.}\textsuperscript{75} The Second Circuit Court of Appeals, in the 1970 landmark \textit{Goodis} decision, expressly refused to apply indivisibility for the purpose of claiming copyright. The court held that:

where a magazine has purchased the right of first publication under circumstances which show that the author has no intention to donate his work to the public, copyright notice in the magazine's name is sufficient to obtain a valid copyright on behalf of the beneficial owner, the author, or proprietor.\textsuperscript{76}

This result foreshadowed the intent and effect of the new Act, and was considered by some to have dealt a death blow to the doctrine of indivisibility.\textsuperscript{77}

In \textit{Goodis}, the plaintiff author conveyed the exclusive film rights in his unpublished novel, \textit{Dark Passage}, to Warner Brothers, and soon thereafter sold the serialization rights to Curtis Publishing for use in \textit{The Saturday Evening Post}. Pursuant to that agreement, the story appeared in the magazine in eight installments. Each of the eight issues contained only a single copyright notice in the name of the periodical. Warner Brothers released a movie by the same name,\textsuperscript{78} and in

\textsuperscript{72} Eliot v. Geare-Marston, Inc., 30 F. Supp. 301 (E.D. Pa. 1939) (publisher retained copyright and author was only a mere licensee). \textit{But see} Witwer v. Harold Lloyd Corp., 46 F.2d 792, 795 (S.D. Cal. 1930); \textit{see also}, Commissioner v. Wodehouse, 337 U.S. 369, 400 app. C (1948).

\textsuperscript{73} \textit{See} Colton, \textit{Contracts in the Entertainment and Literary Fields}, in 1953 \textbf{COPYRIGHT PROBLEMS ANALYZED} 139 (CCH).

\textsuperscript{74} \textit{Goodis v. United Artists Television, Inc.}, 425 F.2d 397 (2d Cir. 1970).

\textsuperscript{75} \textit{Id.}

\textsuperscript{76} \textit{Id. at} 399.

\textsuperscript{77} \textit{Nimmer}, \textit{ supra} note 6, at 10-14.

\textsuperscript{78} Starring Humphrey Bogart and Lauren Bacall. "Man escapes from San Quentin to prove himself innocent of murdering his wife. Occasionally good, but uneven melodrama. (Dir: Delmer Daves, 106 mins.)" \textit{S. Scheuher, MOVIES on TV} 188 (8th ed. 1977).
1965, the television show, "The Fugitive" was produced and broadcast nationally by United Artists, Warner Brothers' assignee. Goodis\textsuperscript{79} sued for infringement and the district court held that the work had been injected into the public domain because the magazine copyright was insufficient to afford protection.\textsuperscript{80} The Second Circuit Court of Appeals reversed and declared that

the doctrine of indivisibility of copyright is a judge-made rule which relates primarily to the requisite interest needed to bring an infringement action . . . . [W]e do not think it is determinative as to the requisite interest of a party who may act to obtain copyright.\textsuperscript{81}

In making its decision, the court noted the reluctance of other courts to invoke indivisibility "where the author or proprietor of the work is the plaintiff and the result would be to deprive the plaintiff of the fruits of his creative efforts."\textsuperscript{82} The court cited cases expounding the trust theory,\textsuperscript{83} and cases where courts had engaged in the assignment-license debate,\textsuperscript{84} but in the end justified their rejection of indivisibility in this context on common sense and the "liberalizing spirit" of the 1909 Copyright Act.\textsuperscript{85} The court also emphasized that the characterization of the publisher as assignee or licensee was secondary and concluded that "where the question is the interest needed to obtain copyright . . . the important considerations are the intention of the parties to obtain copyright and the adequacy of notice to the public."\textsuperscript{86}

Although the Goodis decision has been criticized for creating artificial distinctions between the right to bring suit and the right to obtain copyright,\textsuperscript{87} and has been distinguished by

\textsuperscript{79} The plaintiff died while the action was pending, and his estate was substituted in his place. 425 F.2d at 399.
\textsuperscript{81} 425 F.2d at 400.
\textsuperscript{82} Id.; see Houghton Mifflin Co. v. Stockpole Sons, Inc., 104 F.2d 306 (2d Cir. 1939).
\textsuperscript{83} See Bisel v. Ladner, 1 F.2d 436 (3d Cir. 1924).
\textsuperscript{84} Egner v. E.C. Schirmer Music Co., 139 F.2d 398 (1st Cir.), cert. denied, 322 U.S. 730 (1943); Mail & Express Co. v. Life Publishing Co., 192 F. 899 (2d Cir. 1912).
\textsuperscript{85} 425 F.2d at 402. The court was cognizant of modern business practices and recognized that many magazines market new writings in serial form and that this will often be the "first publication" of the work. "[T]he magazine's own notice of copyright is more than adequate to appraise any innocent party that he might be infringing another's copyright." Id. at 403.
\textsuperscript{86} Id.
\textsuperscript{87} 1970 UTAL L. REV., supra note 11, at 642.
other circuits,\textsuperscript{88} the import of the decision was great, and in addition to offering hope to authors, it was an effective prelude to the passage of the 1976 Copyright Revision Act.\textsuperscript{89}

The 1976 Revision Act. Section 201 (c) of the new Act deals with the problem of the relationship between copyright ownership in a contribution and the collective work, such as a magazine, in which it appears. The subsection begins by stating that "copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution."\textsuperscript{90} This comports with the new concept that copyright protection now vests upon creation,\textsuperscript{91} and means that an author is no longer dependent on a periodical in order to secure copyright. In fact, the new Act explicitly insures that the contribution is distinct from the collective work, providing that "in the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution."\textsuperscript{92} The presumption, one of the most significant achievements of the legislation,\textsuperscript{93} simply means that an author can now simply grant a license to a publisher and not have to worry about retransfer arrangements, trust relationships, or losing his or her copyright if the article appears without separate notice.

Section 404 of the new Act, dealing with copyright notice, read in conjunction with section 201(c), specifically provides that a single notice covering the entire collective work will protect a single author’s contribution. Further, this protection is achieved even without an unqualified transfer of rights to the owner of the collective work.\textsuperscript{94}

This section is consistent with the new doctrine of divisibility, and with trade practices. It gives authors substantially

\begin{itemize}
  \item \textsuperscript{88} Letter Edged in Black Press v. Public Bldg. Comm'n of Chicago, 320 F. Supp. 1303 (N.D. Ill. 1970). The distinguishing fact, to the Black Press court, was that in Goodis "the magazine had purchased a property interest in the novel, i.e., the right of first publication . . . [t]he publishers in the case at bar had no interest whatever in the pictures of the work that they published." 320 F. Supp. at 1312.
  \item \textsuperscript{89} The Goodis court cited sections 201(c) and 403(a) of the proposed legislation that became part of the 1976 Revision Act.
  \item \textsuperscript{90} 17 U.S.C. § 201(c) (1976).
  \item \textsuperscript{91} Id. See note 16 supra.
  \item \textsuperscript{92} 17 U.S.C. § 201(c) (1976) (emphasis added).
  \item \textsuperscript{93} H.R. REP., supra note 38, at 122, reprinted in [1976] U.S. CODE CONG. & AD. NEWS at 5738.
  \item \textsuperscript{94} 17 U.S.C. § 404(a) (1976).
\end{itemize}
more protection for their work, and it establishes a right for publishers to retain revision and republication rights in a contribution.  

DIVISIBILITY AND JOINT COPYRIGHT OWNERSHIP

The concept of divisible copyright raises an interesting issue with respect to the area of co-ownership of literary property. Since, under divisibility, individual rights comprising the copyright are severable and capable of assignment, the question is raised whether one joint owner, without the consent of the others, can sever one right from the whole and grant an exclusive right to a third party.

Before drawing any conclusions it is necessary to outline some basic statutory definitions and accepted judge-made rules, and to present a short hypothetical situation to facilitate better understanding of the issues involved.

Definition of Joint Ownership—The New Act

Section 201 of the Act states that "copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in that work." 96 Section 101 defines "joint work" as a "work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 97 A report on the legislation noted that:

The touchstone here is the intention, at the time the writing is done, that the parts be absorbed or combined into an integrated unit, although the parts themselves may be either 'inseparable' (i.e. novel or painting) or 'interdependent' (i.e. motion picture, words and music to a song). 98

95. Id. § 201(c).
96. Id. § 201(a).
97. Id. § 101 (1976).
This definition is different than the definition of "collective work," also in section 101. Although there is sometimes confusion between the two terms, a collective work is "a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole."99 The basic distinction between the two is that in a joint work, such as a novel, the separate elements merge into a unified whole, and in a collective work, such as a magazine, the individual contributions remain unintegrated and disparate. Consequently, in a collective work the author of a contribution is the initial owner of his work, and his copyright is distinct from the copyright in the collective work as a whole.100 However, in a joint ownership situation, "no one of the authors alone owns the 'joint work' or any particular right therein; all co-authors together own all the rights in the one work."101

Joint works are also sometimes confused with derivative works in situations where a grant of motion picture rights, for example, results in an end product based on the underlying work, but the author(s) of the underlying work are considered co-owners of that derivative work. The new Act defines a derivative work as one "based upon one or more pre-existing works, such as a translation, musical arrangement . . . or any other form in which a work may be recast, transformed, or adapted."102 The definition requires that the work, as a whole, represent an original work of authorship.103 Section 103 (b) goes further in an attempt to define the scope of derivative works by stating that "the copyright in a derivative work extends only to the material contributed by the author of such work, as distinguished from the pre-existing material employed in the work, and does not imply any exclusive right in the pre-existing material."104

The legislative history makes clear the intent that an author of a previously written work, such as a play or novel, will not be converted into a co-author of a derivative work, such as a motion picture, unless the author does, in fact, actually work

100. See id. § 201.
103. Id.
104. Id. § 103(b).
on the picture. Thus, although an author may hope that his work will eventually be used in a motion picture, this is not sufficient to create a joint work. 105

Commentators generally separate problems of divisibility and co-ownership even though "suits by one co-owner against an infringer occasionally present much the same problems, especially with respect to possible joinder of parties and multiple recovery as do cases involving divisibility." 106 George Cary distinguished between the two on the basis that divisibility concerns the question of transferring ownership of one of the several rights comprised in a copyright so that different persons own different rights in a work, with any particular right having one owner. 107 Under present law, co-ownership rules are only concerned with the rights of the co-owners in the copyright as a whole, and not with respect to the individual rights within.

**Incidents of Joint Ownership**

The rights and duties of co-owners have been extensively developed in the courts and the new Act generally leaves these doctrines undisturbed. Co-owners of a copyright are treated as tenants in common, with each co-owner having an independent right to use or license the use of a work, subject to the duty of accounting to the other co-owners. 108 The comparison to tenancy in common between co-owners stems from the early case of *Carter v. Bailey*. 109 There the court established the equal rights of co-owners to use or license the work without permission, and supported its decision with the policy consideration that unanimous consent of all owners is detrimental to the public interest in having quick access to new works of art, since one co-owner may unreasonably withhold his consent. 110

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106. KAMINSTEIN, supra note 28, at 16.


As noted earlier, a joint work is owned by all co-owners as an undivided piece of property. Although one owner may license the use of a particular right, any attempted assignment of a particular right is construed as an assignment of that owner's interest in the work as a whole and his assignee and the other co-owners become joint owners. This writer, however, questions the validity of this distinction and feels that the two concepts of divisibility and joint ownership can be reconciled. See Shapiro, Bernstein & Co. v. Jerry Vogel Music Co., 221 F.2d 569 (2d Cir. 1955) (12th St. Rag case).


109. 64 Me. 458 (1874).

110. *Id.* at 463. The exclusive rights granted in article 1, section 8, of the U.S.
The development of the rule of accountability has been a lengthy one, but in its present statutory form reflects the growth of modern business practices. Today, most authors cannot successfully exploit their own works but have to depend on publishers, producers, and the like who are in the business of exploiting such works. Such persons should be able to exploit the joint work to its fullest but should also be made to account for profits to the other co-owners. Cary comments that the development of the accounting principle provided a brake upon the unbridled ambition of a co-owner who might be inclined to disregard the rights of his colleagues and at the same time served a useful purpose in permitting an energetic co-owner the right to profit from his original labor in creating the work.

Thus, the state of American copyright law is that any co-owner may use or license the joint work subject only to a duty of accounting. However, since a joint work, by definition, is an undivided whole, the right of one co-owner to license the use of the work is limited to non-exclusive rights unless unanimous consent is given. "A corollary to the right of free exploitation would be the inability of one co-owner to give an exclusive license." This rule stems from the fact that since co-owners have mutual rights to use the work, a licensee can be deemed to be on notice of the possibility of other licenses being given by one or more of the other owners.

Constitution were "created and conferred upon authors as a compensation for their contributions to the promotion of general knowledge."  
112. Davidson, Problems in Co-Ownership of Copyrights, 8 U.C.L.A. L. Rev. 1035, 1042 (1961) [hereinafter cited as Problems]. Many publishers and producers become, in effect, co-owners through assignment of a percentage of co-owners' interest in the literary property as consideration for his abilities and efforts. The exploiting co-owner is usually not an author but an assignee with the ability to publish on a large scale. See Spencer & Stone, Creating and Preserving a Copyright, 14 Notre Dame Law. 362, 370 (1939); 72 Harv. L. Rev. 1550 (1959).
114. See Problems, supra note 112, at 1044-46. An action for conversion is available to a co-owner if he feels that the actions of another co-owner have "destroyed" the work. See Brown v. Republic Products, Inc., 26 Cal. 2d 867, 161 P.2d 796 (1945). While this concept is theoretically capable of application, it has proved difficult to employ. See Shapiro, Bernstein & Co. v. Jerry Vogel Music Co., 161 F.2d 406 (2d Cir. 1946) (Melancholy Baby case); Herbert v. Fields, 152 N.Y.S. 487 (Sup. Ct. Spec. Term 1915).
116. Emphasis on the perception of a licensee is instructive in that it is the right of the licensee to exploit the licensee's work, and to protect his interest in the work,
The Effect of Divisible Copyright

The inquiry into whether one co-owner may grant an exclusive right to a third party without the consent of the other co-owners, becomes particularly pertinent now that the concept of divisible copyright has been adopted.

Since the individual's exclusive rights comprising the copyright are now separately assignable and protectable, the scope of one co-owner's right to license, heretofore limited to non-exclusive rights, may perhaps be expanded to encompass exclusive rights.

Although not all joint projects end in discord, the following hypothetical presents a typical situation where communication between co-owners has broken down. A and B are co-authors of a novel. A wishes to license to C, a motion picture studio, the motion picture rights in the novel. B refuses to consent to the transaction. It is uncontroverted that A could license the use of the novel to C, and that C would be immunized from liability to B for copyright infringement. However, this license would be non-exclusive, and B could grant similar licenses if he chose to do so. Effectively this means that the grant of a license from one co-owner of a copyright without the consent of the other is worthless due to the tenuous proprietary interest which the license conveys.

Professor Nimmer agrees that "since most commercial purchasers of literary and musical properties require the acquisition of an exclusive right, the non-exclusive rights of co-owners are for all practical purposes unsalable." He suggests the adoption of the British concept of co-ownership that requires unanimous consent of all co-owners for use or licensing of the work. While this theory creates more security for the co-owners, it contradicts the underlying American belief in un-

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that is threatened by a unilateral non-exclusive grant by one co-owner. It seems the law should protect an innocent licensee from subsequent licenses being given by another, perhaps unknown, co-owner.


118. No producer would make the "substantial investment necessary to produce and promote a picture if another producer could lawfully release a picture dealing with the same subject and bearing an identical title." Denker v. Twentieth Century-Fox Film Corp., 10 N.Y.2d 339, 346, 179 N.E.2d 336, 338 (1961); see Hollywood Plays, Inc. v. Columbia Pictures Corp., 299 N.Y. 61, 85 N.E.2d 865 (1949).

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restrained production and exploitation of works of art.\textsuperscript{120}

Under the British system, one co-owner, for whatever reason, can withhold his consent to any contemplated transaction and thus effectively prevent the use of that work. Nimmer contends that the unsalability of co-ownership rights under American law is ample reason for adoption of a unitary concept as long as it "includes some provision whereby a co-owner may grant an exclusive license notwithstanding the refusal of another co-owner to join in such a license where such a refusal is established as unreasonable."\textsuperscript{121}

Rather than adopting the British unitary concept, this writer feels that the adoption of divisibility in American law may provide the solution. Since the conveyance of a non-exclusive right is economically unfeasible in modern entertainment business practices, the power of a co-owner to use the joint work is severely limited. In essence a single co-owner would need to convey an exclusive license in order to transfer sufficient proprietary interest to a third party. Under indivisibility, this was clearly impossible. A transfer of sufficient proprietary interest would have required a transfer of all rights under the copyright, and this was clearly beyond the scope of a single co-owner's power.

Under divisibility, the law specifically provides for severable rights. If A, in the hypothetical, had written the novel alone, he would be able to grant an exclusive license to C to use the novel and still retain proprietary interest in the whole copyright. C would have received a sufficient proprietary interest in the novel to defend that interest against an alleged infringer. In essence, reality dictates the necessity of exclusive rights. Therefore, the law should conform with this reality.\textsuperscript{122}

An analogy to partnership law may show how divisible copyright can provide the effective right of independent use for

\textsuperscript{120} "Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts." Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975); see Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1931).

\textsuperscript{121} M. Nimmer, supra note 119, at 118.

\textsuperscript{122} "It would be most helpful to publishers if one joint owner could convey an interest without the joinder of the others, but it would seem appropriate to require that one account to the others for profit." Robert Gibbon, Curtis Publishing Co., letter to Copyright Office, reprinted in Comments and Views Submitted to the Copyright Office on Joint Ownership of Copyrights, Studies for Subcomm. on Patents, Trademarks, and Copyrights, Studies 11-13, at 18 (1958).
co-owners of a copyright. Assume that A and B, in the hypothetical above, are partners as well as co-owners of the copyright in the novel. As partners, both authors have equal rights in the management of the partnership. It is generally accepted that all acts of a partner which are apparently within the usual course of the partnership business bind the partnership. The purpose of A and B's partnership would be the commercial exploitation of their joint literary work. Acting in his capacity as agent of the partnership, A could convey the motion picture rights in the novel to C, and this transaction would be binding since it is within the usual course of the partnership business.

Application of this partnership analogy will facilitate recognition of A's effective right of independent use of the joint work. As co-owners, with mutual rights of use, each should be able to bind the other by way of a transaction reasonably suited to furthering the purpose of their collaboration. Since exclusive rights are now capable of individual licensing, it seems logical to provide a co-owner with the ability to transfer one of these rights. This independent right of use should have some restrictions. The duty of accounting would remain intact, and any profits derived will be for the benefit of all the co-owners. This means that B would derive profit from A’s conveyance to C of the movie rights in their novel. However, B would no longer be able to thwart the exploitation of the work by withholding his consent to the transaction.

Another possible safeguard would be a notice requirement. Before a transaction is completed, notice could be sent to all co-owners explaining the possibilities presented by the transaction. This would give the other owners an opportunity to join in the conveyance or perhaps exert pressure on the consenting co-owner to refrain from the conveyance. Although this might create a “race to sign” between the co-owners, the fact that each co-owner knows that the others are capable of successfully transferring rights should facilitate greater communication.

123. This writer presents the analogy only for purposes of illustration and makes no claim as to its validity for application to co-ownership rules.
124. Uniform Partnership Act § 18(e).
125. Id. § 9.
126. Id. § 9(1).
127. Thus, rather than creating a “new” right for the consenting co-owner, we are in effect removing an unwarranted right from the non-consenting owner. That is, the non-consenting owner has lost his ability to reasonably thwart a commercial transaction. This is consistent with American copyright philosophy which supports unregulated production of works of art. See notes 100, 121 supra.
between them. This would result in the attainment of a better deal for the benefit of the co-ownership and in quicker access of the general public to the work.

This new system would also result in the creation of a more secure proprietary interest in the licensee consistent with the principles of the new Act. C, in the hypothetical above, would have the ability to protect his interests in the exclusive right since the new law elevates exclusive licensees to proprietorship status. This would further the policy of lessening joinder requirements and safeguard against multiplicity of suits against alleged infringers.

In sum, under divisible copyright, co-owners should have the right to sever individual exclusive rights comprising the joint copyright, and the right to convey them without the permission of the remaining co-owners, subject to the duties of accounting and notice.

CONCLUSION

The adoption of the doctrine of divisibility in our copyright law will have a profound effect on many aspects of the entertainment industry. This comment has attempted to isolate its effects on some of the major problems its adoption was intended to remedy. Under divisible copyright, an exclusive licensee will now be able to sue in his own name to protect his interest in a copyrighted work. Non-exclusive licensees, while still forced to meet procedural joinder requirements, are now at least capable of bringing suit. The new Act proclaims that an author no longer be dependent on a publisher, periodical proprietor, or producer to secure copyright protection since that protection now vests in the author upon creation.

This comment has proposed a novel application of divisibility to remedy problems which a single co-owner faces if he attempts a unilateral conveyance of any exclusive right in the joint work. By applying the concept of divisible and severable exclusive rights, a single co-owner may no longer be unreasonably hampered in attempts to successfully exploit the joint work of art.

In sum, recognition of divisibility is more than just a remedy for industry problems. It is essentially an adoption of a new

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128. This "race to sign" already exists today and is a necessary corollary to the right of mutual use which is the backbone of American copyright law. This author feels that the theory expounded here will prevent rather than aggravate this situation for the reasons stated in the text.
theoretical framework for American copyright law. It is recognition of a modern business and artistic reality—that a copyright is comprised of many individual rights, each capable of separate and distinct methods of production and exploitation. 129

Elliot Groffman

129. This comment was awarded first prize at the University of Santa Clara School of Law in the 1978 Nathan Burkan Memorial Competition sponsored by the American Society of Composers, Authors and Publishers.