CONSTITUTIONAL LAW—COPYRIGHT INFRINGEMENT—PUBLICATION AND DISTRIBUTION OF A DERIVATIVE WORK DURING ORIGINAL WORK'S COPYRIGHT RENEWAL TERM CONSTITUTES INFRINGEMENT WHEN THE ORIGINAL AUTHOR ASSIGNS THE RENEWAL RIGHT BUT DIES PRIOR TO RENEWAL—*Stewart v. Abend*, 110 S. Ct. 1750 (1990).

I. INTRODUCTION

Copyright[1] protection is rooted in the 15th century British Crown's desire to prevent the spread of books advocating religious heresy and political unrest after the invention of the printing press in 1476.[2] By 1534, publishing without a license was forbidden in England.[3] The purpose of British copyright law evolved, however, and the focus shifted to encouraging "learned [m]en to compose and write useful [b]ooks[]"[4] with the ultimate purpose of enhancing public welfare by promoting the dissemination of knowledge.[5]

In the United States, twelve of the thirteen original states had copyright laws by the time of the drafting of the United States Constitution.[6] The provisions of these laws, however, varied enormously from state to state.[7] In order to provide uniformity in American copyright law, the framers of the Constitution gave Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries[.]"[8] This Constitutional mandate led to the enactment of the Copyright Act of 1909[9] (1909 Act), which provided authors with exclusive rights over their creations for an

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[1] Copyright ownership grants the owner the exclusive right to make and sell copies of the copyrighted work for a limited term of years. Black's Law Dictionary 304 (5th ed. 1979).

[2] M. LEAFFER, UNDERSTANDING COPYRIGHT LAW, § 1.2 (1989) [hereinafter M. LEAFFER].

[3] *Id.*

[4] THE FIRST ENGLISH COPYRIGHT ACT 5, 9 (F.C. Avis ed. 1965). The first British copyright act, the Statute of Anne, was entitled: An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Authors or Purchasers of Such Copies, During the Times Therein Mentioned. *Id.* at 8.

[5] M. LEAFFER, *supra* note 2, § 1.2.

[6] H.R. REP. No. 2222, 60th Cong., 2d Sess. 2 (1909), *reprinted in* 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, S2 (1976).

[7] *Id.*

[8] U.S. CONST., art. I, § 8, cl. 8.

[9] Copyright Act of 1909, ch. 320, 35 Stat. 1075 *amended by* Act of July 30, 1947, ch. 391, 61 Stat. 652. The 1909 Act was repealed by the 1976 General Revision of

original term of years, with the option to renew the copyright for a second term of years, referred to as the renewal term.[10] Additionally, the 1909 Act, revised by the Copyright Act of 1976 (1976 Act), provided that the scope of copyright law covered both the original work as well as "derivative works."[11] Under the

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Copyright Law, Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified at 17 U.S.C. § 101 (1988).

10 1909 Act, ch. 391, § 24, 61 Stat. 652 (1976). Section 24 of the 1909 Act provided for an original 28 year term followed by a renewal term of 28 years. *Id.* It also required renewal within the last year prior to the expiration of the original copyright term. *Id.* The Copyright Act of 1976 retained the provision allowing renewal in the last year of the original term and extended copyright protection for a total of 75 years for works in their original or renewal terms as of January 1, 1978. 17 U.S.C. § 304 (1988). The 1976 Act further provides that for works created after January 1, 1978, the copyright lasts for the life of the author plus 50 years. 17 U.S.C. § 302 (1988). The first copyright statute, The Copyright Act of 1790, allowed original and renewal terms of 14 years each, and underwent two general revisions in 1831 and 1870. M. LEAFFER, *supra* note 2, § 1.3, & n.15. The premise that providing authors with limited monopolies in their works would promote the development of creative works is stated in the congressional report accompanying the 1909 Act:

> The enactment of copyright legislation by Congress under the terms of the Constitution is not based upon any natural right that the author has in his writings, for the Supreme Court has held that such rights as he has are purely statutory rights, but upon the ground that the welfare of the public will be served and progress of science and useful arts will be promoted by securing to authors for limited periods the exclusive rights to their writings. The Constitution does not establish copyrights, but provides that Congress shall have the power to grant such rights if it thinks best. Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given.

H.R. REP. No. 2222, 60th Cong., 2d Sess. 7 (1909), *reprinted in* 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, S7 (1976).

11 The Copyright Act of 1909, § 6 provided in part:

> Compilations or abridgements, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain, or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title[.]

1909 Act, ch. 391, § 7, 61 Stat. 655 (1976) (section 6 of the 1909 Act was incorporated into section 7 in the 1947 revision to the Act).

Unlike the 1909 Act, the Copyright Act of 1976 expressly utilized the phrase "derivative work." *See* 1976 Act, 17 U.S.C. § 103 (1988). The 1976 Act provides in full:

> A "derivative work" is a work based upon one or more pre-existing works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work".

1909 Act, the original work's copyright was freely assignable, allowing the author to fully benefit from his labor.[12] In many instances, the author would sell the original work copyright to allow use of the original work in a derivative work and in some instances, would also sell the copyright for the renewal term.[13]

In *Stewart v. Abend*,[14] the United States Supreme Court confronted the question of whether the owner of a derivative work infringed the original work copyright by distributing the derivative work during the original work copyright renewal term.[15] The *Abend* Court held that distribution of the derivative work during the original work's copyright renewal term constituted copyright infringement because the right to use the underlying work lapsed with the expiration of the original term.[16]

In 1945, B.G. De Sylva Productions (De Sylva) purchased the movie rights to the story *It Had to be Murder* from Cornell Woolrich, the story's author.[17] Upon selling the copyright to De Sylva, Woolrich also agreed to renew the story's copyright when the renewal time arose, and to assign the story's copyright for the renewal term to De Sylva.[18] In 1953, De Sylva's successors in interest sold the movie rights to the story to Jimmy Stewart (Stewart), who later produced and released the movie *Rear Window*, based on the original story.[19] In 1968, before the copyright renewal period accrued, Woolrich passed away leaving no survivors.[20] Thus, the story rights passed to Woolrich's executor, as statutory successor to the copyright.[21] The executor renewed the

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17 U.S.C. § 101 (1988).

12 The Copyright Act of 1909 provided in full: "Copyright secured under this title or previous copyright laws of the United States may be assigned, granted, or mortgaged by an instrument in writing signed by the proprietor of the copyright, or may be bequeathed by will." 1909 Act, ch. 391, § 28, 61 Stat. 660 (1976). *See also* 1976 Act, 17 U.S.C. § 201(d) (1988).

13 M. LEAFFER, *supra* note 2, § 6.7.

14 110 S. Ct. 1750 (1990).

15 *Id.* at 1755.

16 *Id.* at 1768.

17 *Id.* at 1755. The story, written by Cornell Woolrich, was published in *Dime Detective Magazine* under a blanket copyright in 1942. *Id.*

18 *Id.*

19 *Id.* at 1755. Stewart joined with director Alfred Hitchcock to form Patron, Inc., a production company, in order to purchase the movie rights to the story. *Id.* Hitchcock later directed the movie. *Id.*

20 *Id.*

21 *Id.* at 1756. The 1909 Act provided in part:

> in the case of any other copyrighted work, . . . if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and

copyright in the story and assigned the renewal term copyright to Sheldon Abend (Abend).[22] In 1971, *Rear Window* was broadcast on national television.[23] Abend subsequently brought suit against Stewart, Hitchcock, and MCA, Inc., in the United States District Court for the District of New York, alleging copyright infringement.[24] Abend voluntarily dismissed the complaint in exchange for $25,000.[25] In 1983, Stewart re-released the film.[26] Abend then commenced an action in the United States District Court for the Central District of California against the same petitioners alleging that the re-release of the movie interfered with his renewal copyright in the story.[27] The district court granted petitioners' motion for summary judgment, relying in part on the decision of the Court of Appeals for the Second Circuit in *Rohauer v. Killiam Shows, Inc.*,[28] in which the court held that the owner of a derivative film's copyright was entitled to exhibit the film after the grant

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> extension of the copyright . . . when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright[.]

1909 Act, ch. 391, § 24, 61 Stat. 660 (1976). *See also* 1976 Act, 17 U.S.C. § 304 (1988).

22 *Abend*, 110 S. Ct. at 1756. The record is unclear as to exactly when the renewal period accrued. *See id.* The copyright, however, was renewed on December 29, 1969. Abend v. MCA, Inc., 863 F.2d 1465, 1467 (9th Cir. 1988). It has been argued that the copyright in the story may have expired prior to renewal, thus placing the story in the public domain. *See* Colby, *Rohauer Revisited: "Rear Window," Copyright Reversions, Renewals, Terminations, Derivative Works, and Fair Use*, 13 PEPPERDINE L. REV. 569, 573 (1986) [hereinafter Colby].

23 *Abend*, 110 S. Ct. at 1756. Soon after the national broadcast, Abend notified the petitioners that he rightfully owned the renewal rights in the copyright and absent his permission, distribution of the movie infringed his copyright in the story. *Id.*

24 *Id.*

25 *Id.*

26 *Id.* Petitioners apparently decided to re-release the film based on the decision of the United States Court of Appeals for the Second Circuit in Rohauer v. Killiam Shows, Inc., 551 F.2d 484, *cert. denied*, 431 U.S. 949 (1977). *Abend*, 110 S. Ct. at 1756. For a full discussion of *Rohauer*, *see infra* notes 84-92 and accompanying text.

27 *Abend*, 110 S. Ct. at 1756. Abend specifically contended that the re-release of the movie infringed his copyright in the story because, among other things, Stewart's "right to use the story during the renewal term lapsed when Woolrich died before he could register for the renewal term and transfer his renewal rights to them." *Id.*

28 551 F.2d 484 (2d Cir. 1977), *cert. denied*, 431 U.S. 949 (1977). The petitioners filed a total of three motions for summary judgment, based on (1) the *Rohauer* decision; (2) alleged defects in the story's copyright; and (3) the fair use defense. *Abend*, 110 S. Ct. at 1756. Respondent also moved for summary judgment, contending that use of the motion picture by the petitioners constituted copyright infringement. The district court denied respondent's motion as well as petitioner's summary judgment motion alleging defects in the story's copyright. *Id.* at 1756-57.

allowing use of the original work expired, without infringing on the original work's copyright.[29] In addition to its reliance on the *Rohauer* decision, the district court determined that the film served an educational rather than a commercial purpose and therefore, use of the derivative work amounted to a "fair use."[30]

The Court of Appeals for the Ninth Circuit reversed, finding that Abend's renewal copyright in the story was not defective.[31] Based on this finding, the court reasoned that the petitioners were not allowed to exhibit and distribute the movie without the respondent's permission.[32] The appellate court further determined that the petitioners received only an unmatured "expectancy" in the renewal rights and therefore, upon the author's death, the renewal and extension of the copyright accrued to the

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29 *Rohauer*, 551 F.2d at 494. For a full discussion of *Rohauer*, *see infra* notes 84-92 and accompanying text.

30 *Abend*, 110 S. Ct. at 1756-57. Fair use, a common defense in copyright infringement actions, bars a claim of copyright infringement for certain unauthorized uses of copyrighted works, if the use is deemed "fair." M. LEAFFER, *supra* note 2, § 10.2. The defense is an equitable rule, evoked where a judicial finding of infringement would undermine the mandate of the Copyright Clause or would be "unfair." *Id.* Although recognized at common law as early as 1841, the fair use doctrine was not codified until 1976. *See* Folsom v. Marsh, 9 F. Cas. 342 (C.C.D. Mass. 1841); 17 U.S.C. § 107 (1988). The 1976 Act provides in part:

> [T]he fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—
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> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
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> (2) the nature of the copyrighted work;
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> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
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> (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107 (1988).

31 *Abend*, 110 S. Ct. at 1756-57. The court of appeals relied on Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) in which the United States Supreme Court held that "assignment of renewal rights by an author before the time for renewal arrives cannot defeat the right of the author's statutory successor to the renewal rights if the author dies before the right to renewal accrues." *Abend*, 110 S. Ct. at 1757. The appellate court reasoned that based on *Miller*, partial assignment of the rights in the original work—in the instant case, the right to produce a motion picture version—must also be unenforceable. *Id.* For a full discussion of *Miller*, *see infra* notes 51-61 and accompanying text.

32 *Abend*, 110 S. Ct. at 1757. In addition to the *Miller* decision, the appellate court found support for its conclusion in the legislative history of the 1909 Act. *See id.* (citing 17 U.S.C. §§ 203(b)(1), 304(c)(6)(A) (1988)).

statutory successor.[33]

The United States Supreme Court granted certiorari to resolve the conflict between the decision of the Ninth Circuit Court of Appeals and the earlier decision of the Second Circuit Court of Appeals.[34] Justice O'Connor, writing for the majority, affirmed the decision of the Ninth Circuit Court of Appeals, finding that when an author assigns the renewal copyright in the work but dies prior to accrual of the renewal period, the renewal rights vest in the statutory successor.[35] The majority noted that in the instant case, the statutory successor assigned the copyright for the renewal term to Abend and therefore, the release of the film during the copyright renewal term violated the story's copyright.[36] Moreover, the Court rejected the petitioners' assertion of the "fair use" defense, maintaining that the defense failed on all parts of the statutory test.[37]

II. BACKGROUND

The purpose of two-term copyright protection is to protect the author from unremunerative transfers of the copyright's original term, and to allow for renegotiation of the copyright after its value is adequately determined.[38] The accurate valuation of an

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[33] *Id.*

[34] *Id.* at 1758.

[35] *See id.* at 1760.

[36] *See id.* at 1768.

[37] *Id.* The Supreme Court upheld the appellate court's dismissal of the "fair use" defense. *See* Abend v. MCA, Inc., 863 F.2d 1465, 1480-82 (9th Cir. 1988).

[38] *See Abend*, 110 S. Ct. at 1758-59. Congress provided an explanation for establishing two shorter copyright terms as opposed to one longer term, in a report accompanying the 1909 Act:

> [I]t was distinctly to the advantage of the author to preserve the renewal period. It not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years, your committee felt that it should be the exclusive right of the author to take the renewal term . . . so that he could not be deprived of that right.

H.R. REP. No. 2222, 60th Cong., 2d Sess., 14 (1909), *reprinted in* 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, at S14 (1976). *See also* Bricker, *Renewal and Extension of Copyright*, 29 S. CAL. L. REV. 23, 27 (1955) [hereinafter Bricker] ("The renewal term of copyright is the law's second chance to the author and his family to profit from his mental labors."); Note, *Rohauer v. Killiam Shows, Inc. and the Derivative Work Exception to the Termination Right: Inequitable Anomalies Under Copyright Law*, 52 S. CAL. L. REV. 635, 638-39 (1979) [hereinafter Note, *Inequitable Anomalies*] ("Congress has felt it necessary to give authors the additional incentive provided by a revisionary interest enabling them or their families to bargain a second time with other parties with respect to exploitation of the copyrighted work."); Harris v. Coca-Cola,

original work is impossible to determine prior to its exploitation and often, the value received from the sale of the original copyright term is much less than the actual value of the work.[39] Upon expiration of the copyright's original term, a two-term statutory provision allows the author to recapture and renegotiate the copyright for the renewal term, as long as the copyright is renewed in a timely manner.[40] Derivative work authors, however, recognize the need to protect their investment in the derivative work by retaining the rights to the original work.[41] Thus, authors of original works are often pressured to sell or assign the copyright renewal rights for the original work, in addition to selling the rights to use the work for the copyright's original term.[42]

In 1943, the United States Supreme Court in *Fred Fisher Music Co. v. M. Witmark & Sons*,[43] first addressed the issue of whether, under the 1909 Copyright Act, assignment of copyright renewal rights by the author during the original copyright term is binding on the author.[44] In *Fred Fisher Music Co.*, the author of a song assigned his copyright interest and renewal rights to the copyright to M. Witmark & Sons (Witmark).[45] Upon accrual of the renewal

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73 F.2d 370, 371 (5th Cir. 1934), *cert. denied*, 294 U.S. 709 (1935) ("The second period is intended . . . as a second recognition extended by the law to the author of work that has proven permanently meritorious . . .").

39 *Abend*, 110 S. Ct. at 1759 (citing H.R. REP. No. 2222, 60th Cong., 2d Sess., 14 (1909), *reprinted in* 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, at S14 (1976)).

40 *Id.* Failure to renew the copyright results in the work entering the public domain, wherein the work remains wholly unprotected. H.R. REP. No. 2222, 60th Cong., 2d Sess., 14 (1909), *reprinted in* 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, at S14 (1976); *see also* 17 U.S.C. § 304 (1988).

41 M. LEAFFER, *supra* note 2, § 6.7.

42 *Id.*

43 318 U.S. 643 (1943).

44 *Id.* at 647. Specifically, the *Fisher* Court noted that:

> Under § 23 of the Copyright Act of 1909 . . . a copyright in a musical composition lasts for twenty-eight years from the date of its first publication, and the author can renew the copyright, if he is still living, for a further term of twenty-eight years. . . . Section 42 of the Act provides that a copyright 'may be assigned . . . by an instrument in writing signed by the proprietor of the copyright . . .'

Id. at 643-45. The Court recognized that pursuant to these statutory provisions, the author may assign the original copyright and, once secured, the renewal copyright as well. *Id.* at 645. The Court posited that, consistent with this statutory interpretation, the specific issue to consider is whether the Copyright Act "prevents the author from assigning his interest in the renewal copyright before he has secured it[.]" *Id.*

45 *Id.* at 645. The song, entitled *When Irish Eyes Are Smiling*, was written by E. Ball, C. Olcott, and G. Graff in 1912, while under contract to Witmark, a music publishing firm. *Id.* Pursuant to the contract, Witmark obtained the copyright in the song.

period, both Witmark and the original author renewed the song's copyright.[46] The author then assigned his renewal interest to Fred Fisher Music Company, Inc. (Fisher) who, without obtaining permission from Witmark, published and sold copies of the song.[47] Witmark subsequently brought suit to enjoin these activities.[48] The United States Supreme Court granted certiorari to determine whether, despite express language in the 1909 Copyright Act granting an author the power to assign his renewal interests in a copyright, Congress impliedly intended to place an absolute restraint upon such assignments.[49] The Court, after extensively reviewing the legislative history and current provisions of the 1909 Act, concluded that both the language and history of the Act supported the conclusion that an author's renewal interests in a copyright are freely assignable.[50]

In *Miller Music Corp. v. Charles N. Daniels, Inc.*,[51] the Supreme Court further clarified the renewal provisions of the 1909 Copyright Act, in the context of a prior assignment of renewal rights by an author who dies prior to renewal of the copyright.[52] In *Miller Music*, the co-author of a copyrighted song assigned his renewal rights to Miller Music Corporation (Miller) during the copyright's original term.[53] The author died prior to renewing the copyright and the author's brother, as executor and heir, re-

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Id. Subsequently, Witmark and Graff entered into a further agreement, under which Graff conveyed to Witmark, " 'all rights, title and interest' in a number of songs, including *When Irish Eyes are Smiling*." The contract further provided for the transfer of " 'all copyrights and renewals of copyrights . . . that I [Graff] . . . may at any time be entitled to.' " *Id.*

46 *Id.* at 646.

47 *Id.* Both Fisher and Graff were aware that Witmark had previously registered and assigned the renewal rights in his own name. Fisher, however, relying upon the validity of his previous assignment from Graff, published and sold copies of the song without permission from Witmark. *Id.*

48 *Id.* The district court granted Witmark a preliminary injunction *pendente lite*, based solely upon the ground that no statutory bar existed to prevent an author from assigning his interest in a renewal before the renewal is itself secured. *Id.* On appeal, the Court of Appeals for the Second Circuit affirmed the order of the district court, likewise limiting its decision to the issue of statutory construction. *Id.*

49 *Id.* at 647.

50 *Id.* at 656. In so concluding, the Court acknowledged that some authors may prove irresponsible in assigning their renewal interests. *Id.* at 658. The Court emphasized, however, that placing an absolute bar on effective assignments would inevitably prevent many authors from realizing the worth of their renewal interest at times when the funds may be most needed. *Id.* at 659.

51 362 U.S. 373 (1960).

52 *See id.* at 374.

53 *Id.* at 373.

newed the copyright and assigned it to Charles N. Daniels, Inc.[54] The Court, interpreting the renewal provisions of section 24 of the 1909 Copyright Act,[55] held that the renewal rights accrued in the executor when the author died prior to renewal, notwithstanding the author's previous assignment of the renewal rights to a third party.[56] Justice Douglas, writing for the majority, noted that consistent with section 24, one's right to renew accrues only within the last year of the copyright's original term.[57] Hence, the Court reasoned that any assignment before accrual of the renewal period amounted to an assignment of an expectancy to renew, with the expectancy interest being extinguished by the author's death.[58] Justice Douglas observed that upon the original author's death, and in the absence of a widow, widower or children, Congress expressly granted renewal rights to the executor of the deceased author's will.[59] These renewal rights, the Court emphasized, were intended to remain independent of any previous assignments by the author.[60] The majority concluded by stressing that the legislature, not the judiciary, must resolve any injustices which may result from the current statute.[61]

The "New Property Right" Theory

The copyright of a derivative work was traditionally viewed as protecting only the new material encompassed in the derivative work.[62] This allowed the author of the underlying work to

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54 *Id.* at 373-74.

55 *Id. See supra* note 21.

56 *Id.* at 374.

57 *Id.*

58 *Id.* at 375. *See* SPRING, RISKS AND RIGHTS IN PUBLISHING, TELEVISION, RADIO, MOTION PICTURES, ADVERTISING, AND THE THEATRE 94, 95 (2d ed. 1956); BALL, THE LAW OF COPYRIGHT AND LITERARY PROPERTY § 243 (1944).

59 *Miller Music*, 362 U.S. at 376. The Court noted that while the interests of the statutory successors under § 24 of the 1909 Act may seem disparate, Congress expressly placed the executor of a deceased author's will in the same preferred position as the author's "next of kin" would be had there been no will. *Id.* In the report accompanying § 23 of the 1909 Act, Congress noted: "It was not the intention to permit the administrator to apply for the renewal, but to permit the author who had no wife or children to bequeath by will the right to apply for renewal." H.R. REP. No. 2222, 60th Cong., 2d Sess., 15 (1909), *reprinted in* 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, at S15 (1976).

60 *See Miller Music.*, 362 U.S. at 376.

61 *Id.* at 378.

62 1 M. NIMMER & D. NIMMER, NIMMER ON COPYRIGHT, § 3-07[A], at 3-30 (1989) [hereinafter 1 NIMMER]. Section 3 of the 1909 Act provided in full:

> The copyright provided by this title shall protect all the copyrightable component parts of the work copyrighted, and all matter therein in which copyright is already subsisting, but without extending the dura-

regain control of the work when the assignment of the original copyright term ended.[63] In this respect, the renewal term allowed the author, who may have sold the copyright for a comparatively minor sum, to re-negotiate for use of the underlying work for the renewal term.[64] The author was thus assured of an opportunity to fully benefit from his labors.[65]

In 1918, the accepted view of the scope of a derivative work copyright underwent a significant change in *Edmonds v. Stern*.[66] In *Edmonds*, the United States Court of Appeals for the Second Circuit addressed the issue of whether publication of a copyrighted derivative work, created with the consent of the original work author, infringed the original work's copyright.[67] Edmonds had composed a song and sold it to Stern, who in turn copyrighted the song.[68] Stern, with Edmonds' consent, used the song in composing and copyrighting a libretto.[69] Stern thereafter assigned and transferred the copyright to the original song to Edmonds.[70] The subsequent sale of copies of the libretto by Stern led Edmonds to commence suit against Stern for copyright infringement.[71] On appeal, the Second Circuit held that the creation of a derivative work, based on a valid right to use the underlying work, established a "new property right" in the entire derivative work.[72] This new property, as a separate and independently

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> tion or scope of such copyright. The copyright upon composite works or periodicals shall give to the proprietor thereof all the rights in respect thereto which he would have if each part were individually copyrighted under this title.

Copyright Act of 1909, ch. 391, § 3, 61 Stat. 654 (1947). *See also* Russell v. Price, 612 F.2d 1123, 1128 (9th Cir. 1980) ("[W]e affirm . . . the well-established doctrine that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work") (citations omitted).

63 H.R. REP. No. 2222, 60th Cong., 2d Sess., 14 (1909), *reprinted in* 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, at S14 (1976). For a general discussion of the rationale behind the renewal provisions of the 1909 Act. *See* 2 M. NIMMER & D. NIMMER, NIMMER ON COPYRIGHT, § 9.02 (1989) [hereinafter 2 NIMMER].

64 *See* 2 M. NIMMER, *supra* note 63, § 9.02 at 9-23.

65 *See* 1 NIMMER, *supra* note 62, § 3-07[A] at 3-30.

66 248 F. 897 (2d Cir. 1918).

67 *Id.* at 898-99.

68 *Id.* at 897.

69 *Id.*

70 *Id.* Assignment and transfer of the song's copyright was pursuant to a settlement agreement between the parties resulting from previous litigation. *Id.*

71 *Id.* The district court held that the defendant's sale of the libretto did constitute copyright infringement. The court further determined, however, that Edmonds did not suffer any damages, and thus issued an injunction without an award of damages. *Id.* Both parties appealed the order.

72 *Id.* at 898. The court stated that the creation of the orchestral score, with the

copyrighted work, remained unaffected by the conveyance of any other rights.[73] Thus, the court reasoned that the copyright for the libretto was unaffected by the assignment of the original song's copyright.[74] The court concluded that the new property right, in effect, allowed the use of the libretto even after the right to use the underlying song was terminated.[75]

It was not until 1951 that the "new property" theory was again considered by a federal court.[76] In *G. Ricordi & Co. v. Paramount Pictures, Inc.*,[77] the Second Circuit rejected the "new property" theory.[78] In *Ricordi*, Paramount Pictures, Inc. (Paramount) owned the renewal copyright and movie rights to the novel *Madame Butterfly*, which served as the basis for the opera by the same name.[79] Ricordi, as owner of the original and renewal copyrights in the opera, claimed ownership of the movie rights to the opera under the assignment of the opera's original copyright term.[80] The court held that the renewal copyright "creates a new estate . . . and the new estate is free and clear of all rights, interests, or licenses granted under the original copyright."[81] Thus, the court reasoned that even if Ricordi had been assigned the movie rights to the opera under the original copyright, the movie rights expired with the expiration of the original copyright.[82] Hence, the court found that the movie rights were not renewable because the original agreement did not include the right to renew.[83]

In 1977, the "new property" theory was resurrected by the

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consent of Edmonds, created "a new and distinct composition, and as such [is] entitled to the protection of the court" (citing Carte v. Evans, 27 F. 862 (C.C.D. Mass. 1886)).

73 *Id.*

74 *Id.*

75 *See id.*

76 Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights and the Public Interest*, 28 U.C.L.A. L. REV. 715, 795 (1981) [hereinafter Jaszi]. Although the theory that a derivative copyright protects only "new matter" was often reiterated during this period, it was always within different contexts. *See, e.g.*, Reyher v. Children's Television Workshop, 533 F.2d 87 (2d Cir. 1976), *cert. denied*, 429 U.S. 980 (1976) (derivative work copyright in child's storybook does not provide rights over the public domain idea from which the story was derived); *Davis v. E.I. DuPont de Nemours, & Co.*, 240 F. Supp. 612 (S.D.N.Y. 1965) (derivative work copyright protects from infringement the new material contained therein).

77 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).

78 *Id.* at 470.

79 The novel, *Madame Butterfly*, was written by John Luther Long in 1897. *Id.* The opera was copyrighted in 1904. *Id.*

80 *Id.*

81 *Id.* at 471.

82 *Id.*

83 *Id.*

Second Circuit in *Rohauer v. Killiam Shows, Inc.*[84] In *Rohauer*, Killiam Shows, Inc. (Killiam) acquired the movie rights to a novel for the original copyright term as well as an assignment of the copyright renewal rights for the novel.[85] The movie was created and released in 1926.[86] Upon the death of the novel's author prior to the renewal of the copyright, the statutory successor to the copyright renewed the copyright and assigned it to Rohauer.[87] When Killiam re-released the movie, Rohauer sued Killiam for copyright infringement.[88] On appeal, the Second Circuit distinguished prior Supreme Court decisions relied upon by the parties and treated the case as one of first impression.[89] After applying an "equity-balancing" test, the court determined that the independent copyright of a derivative work allowed for the exploitation of that work.[90] The court asserted that this conclusion was valid even where the original work's copyright expired, provided that the author of the underlying work intended to

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[84] 551 F.2d 484 (2d Cir. 1977), *cert. denied*, 431 U.S. 949 (1977). Until the passage of the 1976 Act and the decision of the Second Circuit in *Rohauer*, there were no direct legal decisions on the issue of whether distribution and dissemination of a derivative work during the original work's copyright renewal term infringed upon the renewal copyright when, as in the instant case, the author of the original work dies prior to accrual of the renewal period. *See* Note, *Inequitable Anomalies*, *supra* note 38, at 644-45. Most commentators took the position that continued use of the derivative work violated the underlying work's copyright. Bricker, *supra* note 38, at 43 (upon the author's death prior to renewal of the copyright, successors to the copyright may deprive derivative work owners from exploiting the derivative work during the underlying work's copyright renewal term); 2 OMNIBUS COPYRIGHT REVISION LEGISLATIVE HISTORY 169-70 (1976) ("[Derivative work author] cannot avoid his obligations to the owner of a renewal copyright merely because he created and copyrighted a new version under a license or assignment which terminated at the end of the first term").

[85] *Rohauer*, 551 F.2d at 486. The novel, entitled *The Sons of the Sheik*, was published in 1925 and served as the basis for the movie of the same name. *Id.*

[86] *Id.*

[87] *Id.*

[88] *Id.* The movie was shown on public television in 1971 without authorization from Rohauer. *Id.* In 1966, Killiam was advised by Rohauer's attorney that a broadcast of the film would constitute infringement of Rohauer's renewal copyright. *Id.* at 486-87. Prior to the broadcast, the television station was also informed that copyright infringement would occur if the film were to be shown without authorization. *Id.* at 487.

[89] *Id.* at 490 (citing Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960); DeSylva v. Ballentine, 351 U.S. 570 (1956); Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943); Fox Film Corp. v. Knowles, 261 U.S. 326 (1926).

[90] *Id.* at 492. The court cited its prior decision in *Edmonds v. Stern*, 248 F.2d 897 (2d Cir. 1918) in support of this conclusion. *See supra* notes 66-75 and accompanying text.

grant renewal rights in addition to the original copyright term.[91] Recognizing that the author of the derivative work will have often made a greater artistic contribution than the creator of the underlying work, the court reasoned that it would be inequitable to preclude the derivative work owner from exploiting the derivative work solely because the right to use the underlying work had terminated.[92]

III. ROHAUER REVISITED

Due to the conflict between the Ninth Circuit Court of Appeals decision in *Abend*, and the Second Circuit Court of Appeals decision in *Rohauer*, the United States Supreme Court accepted *Abend* for review.[93] The *Abend* Court found that any assignment of renewal rights prior to the copyright renewal period amounted to an assignment of only an expectancy interest.[94] The expectancy interest, the Court determined, terminated upon the death of the assignor prior to the renewal period.[95] Hence, the Court reasoned that distribution of the derivative work during the copyright renewal term of the underlying work violates the underlying work's copyright.[96]

The majority began its analysis by examining the "right of renewal" provisions of section 24 of the 1909 Act.[97] The Court

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91 *Id.* at 494.

92 *Id.* at 493-95. The *Rohauer* decision was widely criticized for its reasoning and for its resurrection of the "new property" theory. *See* Filmvideo Releasing Corp. v. Hastings, 668 F.2d 91, 93 (2d Cir. 1981) (*Rohauer* decision classified as a minor "aberration," and departure from case law). *See also* Russell v. Price, 448 F. Supp. 303 (C.D. Cal. 1977), *aff'd*, 612 F.2d 1123, 1127 n.13 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980) ("the so-called 'new property rights' theory which *Rohauer* seems partially to adopt, has been consistently rejected in earlier decisions"). *See generally* 1 NIMMER, *supra* note 62, § 3.07[A] (overall critique of the *Rohauer* decision); Note, *Inequitable Anomalies*, *supra* note 38 at 656-59 (discrediting *Rohauer* court's reasoning for misinterpreting the statute and for failing to protect authors from unremunerative transfers of the right to use the underlying work in a derivative work); Comment, *Derivative Copyright and the 1909 Act - New Clarity or Confusion? Rohauer v. Killiam Shows, Inc.*, 44 BROOKLYN L. REV. 905, 921-26 (1979) (refusing to acknowledge "new property right" theory). *Compare* Colby, *supra* note 22, at 580-82 (recognizing derivative work copyrights as independent); Jaszi, *supra* note 76, at 780-90 (advocating the theory that the "principle of derivative work independence is a potential basis for the resolution of conflicts involving motion pictures based upon pre-existing works").

93 110 S. Ct. 1750 (1990).

94 *Id.* at 1760.

95 *Id.*

96 *Id.* at 1768.

97 *Id.* at 1758. *See supra* note 21. Copyright actions arising before January 1, 1978, are governed by title 17 as it existed when the cause of action arose. 17

determined that the purpose of the renewal period is to provide the author, or the author's family in the event that the author dies prior to renewal, with a second opportunity to exploit the work.[98] The majority observed that a copyright is dissimilar to other types of personal property because its value is impossible to determine prior to its exploitation.[99] The Court recognized that in this respect, the renewal term allows the author, initially in a disadvantageous bargaining position, to renegotiate the original grant's terms once the value of the work has been adequately determined.[100] In arriving at its holding, the Court explained that an assignment of renewal rights prior to renewal of the copyright creates only an expectancy which is left unfulfilled by the author's death.[101] Thus, the Court contended that when an author dies prior to the accrual of the renewal period the assignee holds nothing, and the copyright renewal rights vest in the author's statutory successors, or the named classes of section 24.[102]

Although the Court acknowledged the factual similarity between the present case and *Rohauer*, it nonetheless rejected each of Stewart's arguments premised on the *Rohauer* decision.[103] The majority first dismissed Stewart's contention that the creation of a derivative work extinguished the right of the original work's owner to sue for infringement of the original work copyright during the renewal term.[104] Fundamental copyright principles, the

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U.S.C. § 501 (historical and revision notes) (1976). Although the alleged infringement occurred in 1982, and therefore fell within the provisions of the 1976 Act, the Court recognized that the 1976 Act incorporated section 24 of the 1909 Act. *Id.* Thus, the Court reviewed the language of § 24 and its interpretation in the relevant case law. *Id.* at 1758.

98 *Abend*, 110 S. Ct. at 1758-59. The Court pointed out that its determination is consistent with prior Supreme Court cases confronting this issue. *See, e.g.*, Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 651 (1943)) (court reasoned that the author's family is in more need of subsistence when author dies prior to renewing copyright); G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951) (renewal right "creates a new estate, and the . . . cases which [deal] with subject assert that [the] new estate is clear of all rights, interests, or licenses, granted under . . . original copyright."); Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) (executor entitled to renewal right when author dies prior to renewing copyright, notwithstanding author's agreement during original term to assign renewal rights).

99 *Abend*, 110 S. Ct. at 1759 (citing 2 NIMMER, *supra* note 63, § 9.02).

100 *Id.*

101 *Id.* at 1760.

102 *Id.*

103 *Id.*

104 *Id.* at 1760-61. Stewart relied on § 6 of the 1909 Act, incorporated in 17 U.S.C. § 7 (1976), which states in part: "[D]ramatizations . . . of copyrighted works when produced with the consent of the proprietor of the copyright in such works

Court asserted, only allow the exploitation of copyrighted material that a person owns or has license to use.[105] The Court found textual support for this proposition in the Copyright Act of 1976.[106]

The Court next rejected Stewart's assertion that the termination provisions of the 1976 Act support the "new property right" theory.[107] The majority contended that Congress created an exception to any termination rights the author may have under Section 304(a)-(c) of the 1976 Act.[108] Specifically, the Court observed that if the derivative work owner holds the original and renewal copyright for the underlying work, the author may not extinguish the derivative work owner's right to use the underlying work at the termination of the underlying work's copyright renewal term.[109] Notwithstanding the fact that Stewart did not

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. . . shall be regarded as new works subject to copyright under the provisions of this title. . . ." 17 U.S.C. § 7 (1976).

105 *Abend*, 110 S. Ct. at 1761 (citing 1 NIMMER, *supra* note 62, § 3.07[A] at 3-23 -24 (1989); Russell v. Price, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980) (reaffirming the "well-established doctrine that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work") (citations omitted); Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 547 (1985) ("copyright is limited to those aspects of the work . . . that display the stamp of the author's originality"); Gilliam v. American Broadcasting Co., 538 F.2d 14, 20 (2d Cir. 1986) ("[C]opyright in the underlying script survives intact despite the incorporation of that work into a derivative work").

106 *Abend*, 110 S. Ct. at 1761-62. 17 U.S.C. § 103(b) provides in full:

> The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

17 U.S.C. § 103(b) (1988).

107 *Abend*, 110 S. Ct. at 1762. The Court, in considering Stewart's argument, observed that:

> For works existing in their original or renewal terms as of January 1, 1978, the 1976 Act added 19 years to the 1909 Act's provision of 28 years of initial copyright protection and 28 years of renewal protection. . . . For those works, the author has the power to terminate the grant of rights at the end of the renewal term and, therefore, to gain the benefit of that additional 19 years of protection.

Abend, 110 S. Ct. at 1762. *See* 17 U.S.C. § 304(a), (b) (1988). The *Abend* Court thus recognized that the 1976 Act provides the author with a third opportunity to "benefit from a work in its original or renewal term as of January 1, 1978." *Abend*, 110 S. Ct. at 1762. The Court went on to note, however, that Congress created an exception to an author's right to terminate. *See infra* note 109 and accompanying text.

108 *Abend*, 110 S. Ct. at 1762.

109 *Id.* 17 U.S.C. § 304(c)(6)(A) provides in full:

own the story's renewal copyright, thereby rendering Stewart's argument moot, the Court noted that the exception of section 304(c)(6)(A) was the result of a compromise to placate diverse and competing special interests.[110] It was therefore impossible, the Court asserted, to discern the true congressional intent behind the statutory language of this section.[111]

The majority further observed that the plain language of section 304(c)(6)(A) indicates that the original work author retains the right to sue for infringement even after the work is incorporated in a derivative work.[112] The Court maintained that this statute applies in those instances where the derivative work owner attempts to create a new derivative work based on the underlying work, after the grant to use the underlying work has terminated.[113]

The Court next dismissed Stewart's assertion that overruling *Rohauer* would undermine the basic policy behind the Copyright Act— to promote the dissemination of creative works.[114] The majority reiterated its prior determination that the provisions of the Copyright Act were meant to balance the need to promote the

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> A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation of other derivative works based upon the copyrighted work covered by the terminated grant.

17 U.S.C. § 304(c)(6)(A) (1988). The Court disagreed with Stewart's contention that this exception evinces a congressional intent to preclude original work authors from barring dissemination of derivative works. *Abend*, 110 S. Ct. at 1762.

110 *Abend*, 110 S. Ct. at 1762. Specifically, the Court noted that:

> [§ 304(c)] was part of a compromise package involving the controversial and intertwined issues of initial ownership, duration of copyright, and reversion of rights. The Register, convinced that the opposition . . . would scuttle the proposed legislation, drafted a number of alternative proposals. . . .
>
> Finally, the Copyright Office succeeded in urging negotiations among representatives of authors, composers, book and music publishers and motion picture studios that produced a compromise on the substance and language of several provisions.

Id. at 1762-63 (citing Litman, *Copyright, Compromise, and Legislative History*, 72 CORNELL L. REV. 857, 865-68 (1987)). Thus, the Court observed that once these groups agreed to a compromise on the appropriate language, Congress did not rethink the resulting provision, and the controversy ended. *Id.* at 1763.

111 *Id.* at 1763.

112 *Id.* at 1763. *See supra* note 109 and accompanying text.

113 *Id.*

114 *Id.* at 1763-64. Columbia Pictures Inc., as *amicus curiae*, posited that owners of original works may refuse to negotiate, preferring to retire the original work and consequently all derivative works, from public use at the termination of the original copyright term. *Id.* at 1764. Columbia further asserted that other original work owners may demand exorbitant fees, rendering negotiations impossible. *Id.*

dissemination of creative works with the need to protect the author's right to control the exploitation of his work.[115] The Court acknowledged that nothing in the statute precludes an author from hoarding his copyrighted works for the duration of the copyright.[116] The majority reasoned, however, that the finite duration of the copyright protection ultimately allows the works to reach the public domain notwithstanding the fact that hoarding may occur.[117] Thus, absent evidence of explicit congressional intent to terminate renewal rights once the original work is incorporated in a derivative work, the majority stressed that it was not the judiciary's function to modify the "delicate balance" Congress struggled to achieve.[118]

Finally, the Court dismissed Stewart's contention that use of the copyrighted work amounted to a "fair use."[119] In the majority's view, the film did not meet the criteria of fair use enumerated in the statute.[120]

In a lengthy dissent,[121] Justice Stevens argued that the statu-

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115 *Id.* (citing Fox Film Corp. v. Doyle, 286 U.S. 123 (1932)).

116 *Id.* In fact the Court recognized that "this Court has held a copyright owner has the capacity arbitrarily to refuse to one who seeks to exploit the work." *Id.* at 1764 (quoting Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932).

117 *Id.* The Court also recognized that its ruling does not preclude bargaining between the owner of the copyright and those who wish to use the copyrighted work in a derivative work. *Id.*

118 *Id.* at 1765. The Court observed that the evolution of the copyright duration provisions in the Copyright Act demonstrate the difficulty Congress experienced in attempting to uphold the constitutional mandate for protecting the rights of author's in their works. *Id.* at 1765.

119 *Id.* at 1769. *See supra* note 30.

120 *Abend*, 110 S. Ct. at 1769. *See supra* note 30. The majority reasoned that the $12 million dollars received from the re-release of the film during the story's renewal term did not qualify the use as a "non-profit educational purpose", as required by the first part of the statutory test. *Id.* at 1768. The Court further noted that the fair use defense applied more readily in cases dealing with non-fictional, rather than fictional works. *Id.* at 1769. Accordingly, the Court found that the film's use failed the second part of the test because the film clearly qualified as a fictional work. *Id.* Moreover, the film failed the third factor, because the film expressly utilized a substantial portion of the story—setting, plot, and fictional characters. *Id.* Finally, the majority found that the marketability of new versions of the copyrighted story was diminished by the re-release of the film, thereby failing the fourth part of the test. *Id.* For a general discussion of the fair use defense, *see* 2 NIMMER, *supra* note 63, § 13.05.

121 *Abend*, 110 S. Ct. at 1769. Justice Stevens was joined in his dissent by Chief Justice Rehnquist and Justice Scalia. *Id.* Justice White, in concurring with the majority, was not entirely convinced that the decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960), was a correct interpretation of the statute. *Abend*, 110 S. Ct. at 1769. However, he was also not convinced that it was an impermissible interpretation of the statute. *Id.* Justice White therefore concurred on the grounds that *stare decisis* required that the *Miller Music* decision be followed. *Id.*

tory provisions, allowing for copyright of a derivative work, manifest a congressional intent to protect the derivative work as a new property, independent of the original work.[122] The scope of the derivative work copyright, the Justice asserted, extends beyond the derivative work's enhancements to the original work, thus, encompassing the original work as well.[123] The dissent found support for this proposition in the language of the derivative work provision of the 1909 Copyright Act.[124] Justice Stevens reasoned that implicit in granting the author of an original work permission to copyright a derivative work is an assumption that the derivative work detracts from the underlying work copyright.[125] Thus, the dissent posited that Congress would not have provided the detailed provisions for copyright of derivative works, including detailed limitations on that right, unless it intended the derivative copyright to be completely independent of the original work.[126]

The dissent further charged that the renewal provisions of section 24 of the 1909 Act do not require the result espoused by the majority.[127] Although Justice Stevens conceded that prior to the renewal period, the author had only an "expectancy" to assign, he maintained that no provision of the Copyright Act precluded the exercise of any statutory rights during the copyright original term.[128] Those rights, the Justice maintained, included the right to consent to the creation of a derivative work.[129] The dissent stated that once the author consents to the creation of the derivative work prior to the termination of the original term, he loses the right to prevent dissemination of the derivative work.[130] Justice Stevens concluded by asserting that Congress, by allowing derivative works to be copyrighted as "new works" for an original and renewal term, intended that such copyright does not

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122 *Id.* at 1772.

123 *Id.* at 1774.

124 *Id. See supra* note 11 and accompanying text.

125 *Id.* at 1771.

126 *Id.* at 1771-72. Justice Stevens contended that additional evidence of a congressional intent toward the creation of a new property right in the derivative work, is contained within the legislative history of section 7 of the 1909 Act. 17 U.S.C. § 7 (1976). *Id.* at 1772-75. The Justice further argued that once consent from the original work's author is obtained, and a derivative work is created and copyrighted in accordance with that consent, " 'a right of property spr[ings] into existence.' " (citing Edmonds v. Stern, 248 F. 897 (2d Cir. 1918).

127 *Abend*, 110 S. Ct. at 1775.

128 *Id.* at 1776.

129 *Id.*

130 *Id.* at 1777.

lapse upon the expiration of the underlying work's copyright.[131]

IV. CONCLUSION

In *Stewart v. Abend*,[132] the Supreme Court was faithful to the congressional intent behind the renewal provisions of the 1909 Act—to allow the author, or his successors, a second opportunity to benefit from the author's labors.[133] Although in *Abend*, the author died prior to renewal, the Court's decision provides the decedent's heirs with the opportunity to renegotiate the value of the underlying work.[134] This assures the original author's successors some remunerative benefit for the author's work after the value of the original work has been assessed during the original copyright term.[135]

The rule established in *Abend* is also consistent with the fundamental policy embodied in the Copyright Clause—to promote the dissemination of creative works.[136] If the derivative work has a significant profit potential, there is great incentive for the derivative work author to obtain the renewal copyright in the underlying work. While the resulting agreement may be less profitable for the derivative work author than originally envisioned, the agreement will nonetheless benefit the original work renewal copyright owner, the derivative work copyright owner, and the general public.

The decision in *Abend* also resolved the conflict between the circuit courts. *Rohauer v. Killiam Shows, Inc.*[137] left unanswered the amount of investment in the derivative work, as well as the extent of the additional artistic contribution required to overcome any inequities that may result by barring the release of a derivative

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131 *Id.* at 1776. The majority, in response, contended that the dissent had misinterpreted the statute. *Id.* at 1765-66. The majority asserted that requiring the original author's consent for the creation of a derivative work was simply to prevent the underlying work from being used without the owner's consent, and not an indication that the derivative work's copyright detracted from the underlying work's copyright. *Id.* at 1766. Furthermore, the majority argued that the evolution of the language of section 7 did not reflect any substantive changes, but merely reflected changes for "the practical operation of the Act." *Id.* Finally, the majority asserted that the dissent misread the statute, and that the "plain language" of the statute did not intend for the derivative copyright to detract from the underlying work copyright. *Id.* at 1767.

132 110 S. Ct. 1750.

133 *See supra* notes 93-120 and accompanying text.

134 *See supra* notes 97-100 and accompanying text.

135 *Id.*

136 *See supra* note 114 and accompanying text.

137 551 F.2d 484 (2d Cir. 1977).

author's work. Under *Rohauer*, judicial intervention would be required on a case-by-case basis to determine whether the inequities are so great as to preclude distribution of the derivative work. In affirming *Miller Music Corp. v. Charles N. Daniels, Inc.*,[138] the *Abend* Court created a conclusive test, promoting judicial economy and circumventing the uncertainties of the *Rohauer's* balancing approach. Under *Abend*, the Court must simply determine whether the original work author survived and renewed the original work's copyright. If he did not, any prior assignment of renewal rights is not binding on the author's statutory successors to the copyright.[139]

It is important to appreciate, however, that this decision will not have an impact on all derivative works because the decision does not affect those cases involving derivative works created after the enactment of the Copyright Act of 1976.[140] For those derivative works produced prior to the effective date of the 1976 Act, the future is apt to involve renegotiation of renewal rights in those limited cases where the original work author assigned the renewal rights and died prior to renewing the copyright in the original work.

The most disquieting part of the *Abend* decision is its apparent disregard for traditional contract theory. The Court in *Abend* nullifies contractual agreements assigning renewal rights. This result occurs in spite of any manifest intentions by the original work author to assign the renewal copyright upon accrual of the renewal period. As a result of the *Abend* decision, the death of an original work author voids the derivative work author's contractual rights, notwithstanding the fact that the derivative work may have a significantly greater artistic or monetary value. In this respect, the *Abend* ruling deprives the derivative work author of the benefits from his individual contribution to the original work.

John W. Verlaque

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138 362 U.S. 373 (1960).
139 Stewart v. Abend, 110 S. Ct. at 1753.
140 *See supra* note 107.