

# THE WORKS: DISTINGUISHING DERIVATIVE CREATIONS UNDER COPYRIGHT

PHILLIP EDWARD PAGE\*

Things modified by human understandings, subject to varieties of complication, and changeable as experience advances knowledge, or accident influences caprice, are scarcely to be included in any standing form of expression, because they are always suffering some alteration of their state.

—Samuel Johnson,  
*The Rambler* No. 125<sup>1</sup>

## I. INTRODUCTION

In attempting to resolve thorny issues of law and to satisfy opposing interests, the drafters of the Copyright Act of 1976<sup>2</sup> ("the Act") were bound to create new problems even as they resolved old ones. This would no doubt be true of any complex legislative effort. Despite the great care taken by so many over a long period of time,<sup>3</sup> the Act is not without glitches. In addition to the new difficulties arising from the new language or mechanisms of the Act,<sup>4</sup> problems continue either because they are inherent in this country's system of copyright protection,<sup>5</sup> or because the drafters were unable to create satisfactory resolutions.<sup>6</sup> The Act also made problems previously existing under

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<sup>1</sup> In *THE RAMBLER, THE YALE EDITION OF THE WORKS OF SAMUEL JOHNSON* (W.J. Bate & A. Strauss ed. 1969).

<sup>2</sup> Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended at 17 U.S.C. §§ 101-914 (1982 & Supp. III 1985)).

<sup>3</sup> The 1976 Copyright Act was the result of some twenty years of scholarship and analysis. See 6 A. LATMAN & J. LIGHTSTONE, *THE KAMENSTEIN LEGISLATIVE HISTORY PROJECT: A COMPENDIUM AND ANALYTICAL INDEX OF MATERIALS LEADING TO THE COPYRIGHT ACT OF 1976* at xxiii (1985).

<sup>4</sup> See, e.g., the complexities of the provision for cable television license fees, 17 U.S.C. § 111(d).

<sup>5</sup> For example, the Act does little, if anything, to simplify the procedural aspects of making a case for copyright infringement. Neither does it attempt to make more certain the test for infringement which remains "of necessity vague." *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960).

<sup>6</sup> E.g., the fair use provision, 17 U.S.C. § 107, presents a statutory recognition of what previously had been merely a judicial doctrine permitting some modest use of the copyrighted work. The drafters recognized that no bright line could be drawn between the fair and unfair use. "Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis." H.R. REP. NO. 1476, 94th Cong., 2d Sess.

the 1909 Act<sup>7</sup> more acute. One such problem is the treatment of derivative works.

Derivative works are defined by the Act as those works in which the author has in some way "recast, transformed, or adapted"<sup>8</sup> previously existing material. In order for the product of such efforts to be copyrightable it must, quite apart from the underlying work on which it is based, constitute an "original work of authorship."<sup>9</sup> To do so it must also meet the fixation and other requirements of section 102.<sup>10</sup> Having defined derivative works in section 101,<sup>11</sup> section 103<sup>12</sup> spells out an important limitation on the copyright protection these works will enjoy. This section specifies that copyright in a derivative work protects only what has been added, *i.e.*, that which is "original" with the author.<sup>13</sup> While it is not pretended that the requirements of fixation, originality, and authorship<sup>14</sup> are easily or consistently applied, the standards themselves are not an innovation of the Act. On the contrary, these requirements are entirely consistent with the nature of derivative works as they were understood prior to<sup>15</sup> and throughout revision of the old Act.<sup>16</sup>

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66, reprinted in 1976 U.S. CODE CONG. & ADMIN. NEWS 5659, 5680 [hereinafter H.R. 1476].

<sup>7</sup> Copyright Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075 (1909)(repealed 1976)[hereinafter "1909 Act"].

<sup>8</sup> The definition of "derivative work" reads in full:

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, 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".

17 U.S.C. § 101.

<sup>9</sup> *Id.*

<sup>10</sup> Section 102 provides that: "[c]opyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."

<sup>11</sup> See *supra* note 8.

<sup>12</sup> 17 U.S.C. § 103.

<sup>13</sup> 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.

*Id.* § 103(b).

<sup>14</sup> *Id.* § 102.

<sup>15</sup> In 1922 the Second Circuit Court of Appeals articulated the unchanging standard: If one takes matter which lies in the public domain . . . and, adding thereto materials which are the result of his own efforts, publishes the whole and takes out a copyright of the book, the copyright is not void because of the

Although the Act restated certain accepted principles of copyright,<sup>17</sup> this did not necessarily simplify their application, particularly with regard to derivative works. But even assuming that the tests for copyrightability were clear prior to the Act, or were settled by it,<sup>18</sup> other pressing issues remain regarding derivative works. To some extent even quite specific problems may be seen simply to have lingered on from the copyright law of a former day. There is, for example, the difficulty of discovering the status of works where the copyright notice does not reveal or identify an underlying work or indicate who may be its proprietors. This was a problem prior to the Act<sup>19</sup> and is a problem still.<sup>20</sup>

It is, however, the Act's introduction of new copyright concepts which presents the greatest potential source of difficulty for the derivative artist and his transferees. These provisions, even where their salutary effect is generally conceded, have made changes in the enjoyment of rights which may not have been fully anticipated by the drafters. Aside from offering a standard, albeit imprecise, for the enjoyment of rights generally,<sup>21</sup> the Act has other express provisions specifically directed to derivative works. Whether these provisions deal with registration,<sup>22</sup> notice,<sup>23</sup> damages,<sup>24</sup> termination,<sup>25</sup> or other matters,<sup>26</sup> they indicate that derivative works are often to be specially regarded.

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inclusion therein of the uncopyrightable matter, but is valid as to the new and original matter which has been incorporated therein.

American Code Co. v. Bensinger, 282 F. 829, 834 (2d Cir. 1922).

<sup>16</sup> See, e.g., H.R. REP. No. 83, 90th Cong., 1st Sess. 19 (1967).

<sup>17</sup> The House Report recognizes that "[t]he phrase 'original works of authorship,' which is purposely left undefined, is intended to incorporate without change the standard of originality established by the courts under the present copyright statute." H.R. 1476, *supra* note 6, at 51.

<sup>18</sup> It will be seen that the test for copyrightability of derivative works was, and remains, far from clear. See *infra* text accompanying notes 28-74.

<sup>19</sup> See, e.g., First Am. Artificial Flowers, Inc. v. Joseph Markovits Inc., 342 F. Supp. 178 (S.D.N.Y. 1972).

<sup>20</sup> The publisher of a derivative work still is not required to indicate in the copyright notice that the work is based on previously published material. 17 U.S.C. § 401(b)(2) (1982). If, however, it consists "preponderantly of one or more works of the United States Government," the copyright notice must include a statement identifying the Government work included in the derivative or collective work. *Id.* § 403. In either case the derivative author would be required to declare such previously published underlying works in his registration. *Id.* § 409(9). For an important exception to this apparent statutory requirement, see *infra* text accompanying notes 127-37.

<sup>21</sup> *Id.* §§ 102-103.

<sup>22</sup> *Id.* § 409(9).

<sup>23</sup> *Id.* § 401(b)(2).

<sup>24</sup> *Id.* § 504(c)(1).

<sup>25</sup> *Id.* §§ 203(b)(1), 304(c)(6)(A).

<sup>26</sup> Where persons utilize copyrighted works pursuant to the provision for ephemeral recordings or the compulsory license for nondramatic musical phonorecords, they may

This Article will examine the nature of derivative works and the standards for their copyrightability. Particular provisions will be considered in some detail when they indicate certain premises about the nature of works generally and derivative works in particular. Most importantly, this Article will focus on certain fundamental changes in the copyright law which were not specifically directed at derivative works. These changes, particularly the adoption of a copyright term measuring from creation,<sup>27</sup> will have profound effects on the enjoyment of all rights, but especially rights which arise from the creation of derivative works.

## II. FINDING THE DERIVATIVE WORK

### A. *Defining a Derivative Work*

The term "derivative work" is in some sense redundant. All works might be considered derivative in that they employ previously existing elements.<sup>28</sup> One cannot write without using letters or language, paint without colors and forms, or compose without notes and structures that have been previously created. Even where preceded by no mortal hand or eye, the sculptor may employ the grain of the wood or the composer may seek to integrate the babble of a brook. Of course, drawing from a common stock of elements is not what makes for a derivative work under the statute or as the term is commonly used. To be derivative, a work must be "based upon"<sup>29</sup> a preexisting work which could itself come within the general subject matter of copyright.<sup>30</sup> This does not mean that the preexisting or underlying work must enjoy copyright protection.<sup>31</sup> It does mean that the underlying work must have been an original work of authorship as specified by section 102.<sup>32</sup> Thus, another musical where boy meets girl is not "derivative" of its predecessors. If what is borrowed is only an idea, inspiration, theme, or other noncopyrightable aspect<sup>33</sup> of the preexisting work, the later work is not derivative.<sup>34</sup>

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not enjoy copyright protection for their derivative works without the express consent of the owners of the preexisting material. *Id.* §§ 112(e), 115(a)(2).

<sup>27</sup> *Id.* § 302(a).

<sup>28</sup> *Reyher v. Children's Television Workshop*, 533 F.2d 87, 90 (2d Cir.), *cert. denied*, 429 U.S. 980 (1976).

<sup>29</sup> 17 U.S.C. § 101.

<sup>30</sup> H.R. 1476, *supra* note 6, at 57.

<sup>31</sup> A new English translation of *Oedipus Rex* would be a copyrightable work notwithstanding the public domain status of the underlying work. *See, e.g., Olympia Press v. Lancer Books*, 267 F. Supp. 920, 922 (S.D.N.Y. 1967).

<sup>32</sup> 17 U.S.C. § 102; H.R. 1476, *supra* note 6, at 57.

<sup>33</sup> 17 U.S.C. § 102(b).

<sup>34</sup> Because copyright does not extend to ideas, *id.*, merely utilizing an idea presented

This, however, explains only what the second author must *take* in order to have a derivative work. Far more critical is what he must add. The Act recognizes that the subject matter of copyright includes derivative works,<sup>35</sup> but is careful to note that copyright in a "derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work . . . ."<sup>36</sup> This, of course, follows necessarily from the requirement that material seeking copyright protection be an "original [work] of authorship."<sup>37</sup> In this respect section 103(b) recapitulates but adds nothing to the more general standard for copyrightability found in section 102.<sup>38</sup> It merely articulates the principle that each fixation<sup>39</sup> will be judged on its own terms, whether or not it employed, or added to, a previously existing work.

While this indicates that all works, whether derivative or not, must meet the same standard to come within the scheme of copyright, the statute does not indicate with what rigor the standard is to be applied. Nor does the Act hint at the difficulty some courts have had in applying the originality requirement to derivative works.<sup>40</sup> In this respect, the copyright law demands very little from authors. There is no novelty requirement,<sup>41</sup> and only the slightest requirement of creativity or aesthetic purpose.<sup>42</sup> By demanding that a work be "original," the law requires only that the

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by a preexisting work would neither infringe that work nor constitute the preparation of a derivative work. See *Reyher v. Children's Television Workshop*, 533 F.2d 87, 90 (2d Cir. 1976). Whether or not the use must rise to the level of an infringing use, see 1 M. NIMMER, NIMMER ON COPYRIGHT § 3.01 (1986) [hereinafter NIMMER], it must certainly draw upon a copyrightable portion of the underlying work in order to make meaningful the "based upon" requirement of 17 U.S.C. § 101.

<sup>35</sup> 17 U.S.C. § 103(a).

<sup>36</sup> *Id.* § 103(b).

<sup>37</sup> *Id.* § 102(a).

<sup>38</sup> Compare *id.* § 103(b) with *id.* § 102.

<sup>39</sup> Because "work" is not expressly defined by the Act, a fixation must be considered the basic unit of material to be judged for copyrightability. A work is "fixed" when it has been embodied in a tangible medium and remains perceptible for more than a transitory period. *Id.* § 101. Unless there is some fixation the more difficult criteria of section 102 need not even be addressed. Unlike "work," the term "fixation" does not suggest a positive answer to the central question of original authorship.

<sup>40</sup> See *infra* text accompanying notes 45-74.

<sup>41</sup> *Sheldon v. Metro-Goldwyn Pictures, Corp.*, 81 F.2d 49, 54 (2d Cir.), *cert. denied*, 298 U.S. 669 (1936); H.R. 1476, *supra* note 6, at 51. Inventors seeking patents have a much greater burden. Inventors must prove that their inventions are both "novel" and "non-obvious," see 35 U.S.C. §§ 102-103 (1982), before a patent will be issued. For a more complete discussion of these terms, see 1 D. CHISUM, PATENTS §§ 3.01-.08[3] (1986) ("novelty"); 2 D. CHISUM, *supra*, at §§ 5.01-.06[2] ("non-obviousness").

<sup>42</sup> *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d 904 (3d Cir.), *cert. denied*, 423 U.S. 863 (1975). The intellectual labor standard is not the same as the originality requirement. The originality standard is derived from the Constitution's use of "authors" and refers to their creations. The intellectual labor requirement is a slight but necessary

material to be protected originate with the author.<sup>43</sup> As applied to derivative works, so long as what the author adds to the preexisting work is not taken from yet another source, his contribution should be fully protectable,<sup>44</sup> regardless of the character or status of the underlying work.

### B. *Applying the Standard*

Neither the 1909 Act, nor the current statute, appear to authorize a specialized standard of originality for the initial creation of derivative works.<sup>45</sup> Still, courts have continually found it difficult to separate, either practically or conceptually, the work of the copyright claimant from that of his predecessor.<sup>46</sup> For this reason the standard for originality in derivative works has been repeatedly reformulated, qualified, narrowed, and glossed.

#### 1. The Courts Wrestle with Originality

The most frequently cited expression of the standard is that offered in *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*<sup>47</sup> The *Alfred Bell* court was willing to find sufficient original authorship so long as there was a “distinguishable variation”<sup>48</sup> between the derivative and the underlying work. While this suggests a liberal ap-

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threshold standard to exclude ephemera that would not constitute a “writing.” See *Amsterdam v. Triangle Publications, Inc.*, 189 F.2d 104, 106 (3d Cir. 1951).

<sup>43</sup> *Wihitol v. Wells*, 231 F.2d 550 (7th Cir. 1956); *Lin-brook Builders Hardware v. Gertler*, 352 F.2d 298 (9th Cir. 1965). Originality is an absolute in that a particular aspect of the work either originates with the author, and is therefore original, or it does not. That which is not original may have been fixed along with that which is, but the former is not covered by copyright in the work. It is thus somewhat inaccurate to speak of originality in comparative terms, see, e.g., 1 NIMMER, *supra* note 34, at § 2.01(B) (discussing the circus poster in question in *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903), Professor Nimmer stated that “there would seem to be little difficulty in finding in the poster sufficient originality to support copyright.”), although where it is clearly used to imply a measure of original authorship, it may serve as harmless shorthand.

<sup>44</sup> See H.R. 1476, *supra* note 6, at 57.

<sup>45</sup> “[T]he criteria of copyrightable subject matter stated in section 102 apply with full force to works that are entirely original and to those containing preexisting material.” *Id.* Although section 102 certainly does not authorize any differing standard for the creation of derivative works, the termination provisions, 17 U.S.C. §§ 203(b)(1), 304(c)(6)(A) (1982), may suggest a potentially less liberal application of the creation standard. See *infra* notes 82-108 and accompanying text.

<sup>46</sup> See, e.g., *Mister B Textiles, Inc. v. Woodcrest Fabrics, Inc.*, 523 F. Supp. 21, 26 (S.D.N.Y. 1981) (“Plaintiff’s fabric does incorporate aspects of preexisting designs, but the final product is not amenable to being disassembled in the fashion defendant’s argument would require.”).

<sup>47</sup> 191 F.2d 99 (2d Cir. 1951).

<sup>48</sup> *Id.* at 102. The court recognized a “distinguishable variation” if the “‘author’ contributed something more than a ‘merely trivial’ variation, something recognizably ‘his own.’” *Id.* at 103; see also *Gerlach-Barklow Co. v. Morris & Bendien*, 23 F.2d 159, 161 (2d Cir. 1927). *But cf. infra* text accompanying notes 53-55.

proach to copyrightability, which is in keeping with the broad language of section 102, it may be less than certain as a measure of the original authorship required. The "distinguishable variation" standard immediately begs the question of how the variation is to be distinguished. The deletion of a single small stroke in an otherwise slavish copy of a Rembrandt etching, for example, would certainly be distinguishable, even if such distinguishing required "the aid of a machine or device."<sup>49</sup> Such an alteration, however, might properly be considered "merely trivial"<sup>50</sup> and, by *Alfred Bell's* own terms, not subject to copyright. There may be other non-trivial "distinguishable variations" which would fail to bring the resulting product under copyright. Setting fire to the Louvre might well transform many preexisting works beyond recognition, much less beyond trivial variation. But unless arson were considered the writing of an "author,"<sup>51</sup> the damaged fragments might not properly be regarded as derivative works.<sup>52</sup>

While the *Alfred Bell* court may not have perfectly articulated an easy standard for all occasions, its approach to copyrightability is generally correct. Although the ability to distinguish the work of the derivative artist from that of his predecessor in no way proves the copyrightability of that which has been added, this severance must occur in order to yield a discernable product to which the standards of copyrightability can then be applied. Once this distinction is made, there is no reason to be either more demanding of, or more lenient toward, works because they are derivative, so long as the claimant satisfies the tests of section 102. The question has not always been approached so evenhandedly. In *L. Batlin & Son, Inc. v. Snyder*,<sup>53</sup> the Second Circuit was unable to find original authorship in a plastic toy bank despite the many structural modifications which distinguished it

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<sup>49</sup> 17 U.S.C. § 102(a). In order for works to be protected by copyright, section 102(a) does not require that they be perceptible by the human faculties unaided.

<sup>50</sup> *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 103 (2d Cir. 1951).

<sup>51</sup> It is difficult to imagine any court concluding that the chance ravages of fire would constitute "the fruits of creative intellectual or aesthetic labor," *Goldstein v. California*, 412 U.S. 546, 561 (1973), notwithstanding the *Alfred Bell* court's having embraced, in dictum, the inadvertent product of random events. 191 F.2d at 105.

<sup>52</sup> It might also be objected that the preexisting works, although in the public domain, were "used unlawfully." Therefore, copyright protection for the arsonist's handiwork would be denied under 17 U.S.C. § 103(a). This tempting solution must be rejected. Nothing in the legislative history of section 103(a) indicates that a copyright for derivative works depends on the author having title to the materials used in his work. Indeed, section 202 states that ownership of objects and ownership of intellectual property rights are quite distinct. *Id.* § 202.

<sup>53</sup> 536 F.2d 486 (2d Cir.), *cert. denied*, 429 U.S. 857 (1976).

from the metal public domain model.<sup>54</sup> The court dismissed these alterations not only quantitatively, but also on the basis that they had been partially inspired by functional considerations.<sup>55</sup>

In rejecting the copyrightability of the modified reproduction, the *Batlin* court was required to take into account a troublesome district court decision. In *Alva Studios, Inc. v. Winninger*,<sup>56</sup> the court had stated that an exact, scaled-down reproduction of a Rodin statue would be protected as a derivative work.<sup>57</sup> The Second Circuit distinguished *Alva Studios* on the basis of the complexity of the sculpting process and the artistic refinement achieved by the new sculptor.<sup>58</sup> Without suggesting that the holding in *Batlin* is otherwise correct, the court's decision might have been stronger had it simply rejected *Alva Studios*. Although a finding of originality should not hinge upon the sophistication of the claimant's work,<sup>59</sup> the court doubtless felt it had to rely on the only factor that could explain *Alva Studios* and at least appear to contain its own holding in *Alfred Bell*.

A more recent case that strictly construed the originality requirement involved an oil painting of the Judy Garland character from the film *The Wizard of Oz*.<sup>60</sup> Despite the fact that the painting drew upon no single photographic still, and included background and other artistic depictions not found in the film, the Seventh Circuit refused to find the painting "original in the eyes of the law . . . ."<sup>61</sup> The court's decision seems to have been largely based on its fear of jury confusion in imagined law suits between hypothetical derivative copyright proprietors. While purporting to hew to the rigorous line of *Batlin*, the Seventh Circuit was even more demanding, and less reasoned, than the authority it chose to follow.<sup>62</sup>

Just as some courts may be overly severe in their treatment of derivative works, others have taken a view so liberal as to make

<sup>54</sup> 536 F.2d at 488-90.

<sup>55</sup> *Id.* at 489. For a case following *Batlin*, see *Past Pluto Prods. Corp. v. Dana*, 627 F. Supp. 1435 (S.D.N.Y. 1986). That court found that a flat foam novelty hat in the shape of the Statue of Liberty's crown did not exhibit sufficient original authorship to be the subject of copyright, notwithstanding the obvious modifications that had been made in designing the hat.

<sup>56</sup> 177 F. Supp. 265 (S.D.N.Y. 1959).

<sup>57</sup> *Id.* at 268.

<sup>58</sup> *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486, 491-92 (2d Cir.), *cert. denied*, 429 U.S. 857 (1976).

<sup>59</sup> *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903).

<sup>60</sup> *Gracen v. Bradford Exch.*, 698 F.2d 300 (7th Cir. 1983).

<sup>61</sup> *Id.* at 304.

<sup>62</sup> *See id.* at 305.



even the "merely trivial" standard meaningless. This may be explained by an attempt to reward skilled artisans,<sup>63</sup> punish unethical defendants,<sup>64</sup> or offer a consolation prize for an underlying work that has arguably tumbled into the public domain.<sup>65</sup> *Alva Studios* protected mere scale as derivative authorship. Other than the skill of making an exact copy in miniature, the "author" in *Alva Studios* contributed nothing to the resulting product that could justifiably be regarded as "his own."<sup>66</sup> Similarly, the court in *American Greetings Corp. v. Kleinfab Corp.* held that a derivative work had been created where the claimant had added the unoriginal inscription, "Put on a Happy Face."<sup>67</sup>

## 2. Synthesis

Any principled attempt to harmonize these cases leads to curious conclusions. While one may not receive protection for structurally recasting Uncle Sam into another sculptural medium,<sup>68</sup> one would receive derivative protection for Uncle Sam miniatures made with exactitude and precision.<sup>69</sup> An oil portrait, taken not from life but from a film, yields no copyrightable work. Full protection, however, may be granted by taking any poster, painting, or movie still and writing at the bottom "Have a Nice Day" or "Put on a Happy Face".<sup>70</sup>

Despite the wayward holdings in some cases, a standard, or at least an approach, has emerged which has been generally ac-

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<sup>63</sup> See, e.g., *Alva Studios, Inc. v. Winninger*, 177 F. Supp. 265 (S.D.N.Y. 1959) (court upheld plaintiff's copyright in derivative work because of the artistic skill employed in making an exact, miniature replica of Rodin's *Hand of God* sculpture).

<sup>64</sup> See, e.g., *Shulinger v. Grossman*, 119 F. Supp. 691 (S.D.N.Y. 1954) (plaintiff's copyright in a work entitled "Mikraoth Gedoloth The Pentateuch With 60 Commentaries" derived from a public domain work held to be infringed because defendant's work entitled "The Pentateuch Mikraoth Gedoloth With Many Commentaries" was made by photographing plaintiff's work instead of paying scholars to correct the public domain work).

<sup>65</sup> See, e.g., *American Greetings Corp. v. Kleinfab Corp.*, 400 F. Supp. 228, 231-33 (S.D.N.Y. 1975).

<sup>66</sup> *Alfred Bell*, 191 F.2d at 103 (quoting *Chamberlin v. Uris Sales Corp.*, 150 F.2d 512 (2d Cir. 1945)); cf. *The Letter Edged in Black Press, Inc. v. Pub. Bldg. Comm'n of Chicago*, 320 F. Supp. 1303 (N.D. Ill. 1970), discussed *infra* at note 119.

<sup>67</sup> *American Greetings Corp. v. Kleinfab Corp.*, 400 F. Supp. 228, 232-33 (S.D.N.Y. 1975).

<sup>68</sup> *Batlin*, 536 F.2d at 492 (plastic adaptation of a cast iron version of an Uncle Sam bank not sufficient to receive derivative protection).

<sup>69</sup> See *Alva Studios*, 177 F. Supp. at 267 (derivative protection granted to accurate scaled-down reproduction of Rodin sculpture where such resulted from "great skill and originality").

<sup>70</sup> See *American Greetings Corp.*, 400 F. Supp. at 231-33 (claimant's addition of cliché "Put on a Happy Face" to its own previously copyrighted picture was enough to give the later work derivative work status).

cepted. According to the liberal view of *Alfred Bell*,<sup>71</sup> if the addition is sufficiently discernable it may be conceptually distinguished from the preexisting work and therefore tested for original authorship.<sup>72</sup> Furthermore, as is suggested by the cautionary, if unnecessary, language of section 103(b),<sup>73</sup> the author should, under this analysis, receive no protection for materials taken from the underlying work.<sup>74</sup> What the author adds to the work of his predecessors should be judged as though it were placed on a blank canvas or other naked medium. The true measurements of the dwarf should not be affected by the size of the shoulders on which he stands.

### III. DERIVATIVE WORKS UNDER THE 1976 ACT

Although nothing in the Act suggests differing standards of original authorship for derivative and other works, the Act does often treat derivative works as a special category.<sup>75</sup> Most significant are the provisions permitting continued exploitation of derivative works after termination of the grant under which such works were created.<sup>76</sup> These provisions reflect a problem that was to trouble the Second Circuit in *Rohauer v. Killiam Shows, Inc.*<sup>77</sup>

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<sup>71</sup> "In general, the applicable standard in determining the necessary quantum of originality is that of a 'distinguishable variation.'" 1 NIMMER, *supra* note 34, at § 3.03 (quoting *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951)). Professor Nimmer also referred to the standard as being "more than a minimal contribution." *Id.* Since the whole inquiry is to determine what minimum will suffice, to couch the standard in terms of "a minimal contribution" is even less helpful than most such formulations. Although the measurement is necessarily imprecise, it should not be circular.

<sup>72</sup> The "distinguishable variation" is a necessary and appropriate threshold requirement but does not in itself establish original authorship. See *supra* text accompanying notes 45-52. For this reason Professor Nimmer's statement that "any 'distinguishable variation' of a prior work will constitute sufficient originality to support a copyright[.]" 1 NIMMER, *supra* note 34, at § 3.01, is necessarily wrong.

<sup>73</sup> "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." 17 U.S.C. § 103(b) (1982).

<sup>74</sup> *Id.* "The copyright in [a compilation or derivative] work is independent of, and does not affect or enlarge the scope, duration, ownership, or substance of, any copyright protection in the preexisting material." *Id.*

<sup>75</sup> There are references in the Act which may suggest that derivative and collective works are something other than a mere subcategory of those works described in section 102. Section 301 speaks of "the subject matter of copyright as specified by sections 102 and 103 . . ." *Id.* § 301; see also *id.* § 104(a), (b).

<sup>76</sup> *Id.* §§ 203(b)(1), 304(c)(6)(A).

<sup>77</sup> 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977).

A. *The Termination Provisions*

In *Rohauer*, the original licensee of the author had been granted the rights to make and distribute a film version of the author's literary work during the initial and renewal terms.<sup>78</sup> When the author died before renewal, the licensee's right to continue exploiting the film after renewal was challenged as lacking authority of the renewal right proprietor. The court held that, this lack of authority notwithstanding, where the permission of the author embraced the renewal term, the derivative work could continue to be exploited in accordance with the original grant.<sup>79</sup> The court's reading of the 1909 Act was widely and properly criticized as being contrary to the recognized rights of renewal claimants.<sup>80</sup>

For works created after December 31, 1977, there are, of course, no renewal claimants.<sup>81</sup> In moving from a system of renewals to a single term of copyright, at least one perceived benefit of renewal was not to be lost.<sup>82</sup> Through a procedural mechanism for terminating the transfer, certain proprietors would still be given the opportunity to renegotiate grants or withdraw works from the market. This would give authors or their beneficiaries a nonwaivable second chance to exploit works. But, without more, authors could now threaten the exploitation of derivative works, not by dying, but by the simple act of giving notice.<sup>83</sup> A strong feeling existed that the derivative author should receive relief similar to that which the Second Circuit was later to grant in *Rohauer*.<sup>84</sup> This resulted in sections 203(b)(1) and 304(c)(6)(A), both of which provide:

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 after the termination of other derivative works based upon the copyrighted work covered by

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<sup>78</sup> 551 F.2d at 486.

<sup>79</sup> *Id.* at 494.

<sup>80</sup> See Mimms, *Revision and Derivative Works Under the Copyright Acts of 1909 and 1976*, 25 N.Y.L. SCH. L. REV. 595 (1980); 1 NIMMER, *supra* note 34, at § 3.07[A].

<sup>81</sup> 17 U.S.C. § 302 (1982).

<sup>82</sup> H.R. 1476, *supra* note 6, at 124-25.

<sup>83</sup> 17 U.S.C. §§ 203(a)(4), 304(c)(4).

<sup>84</sup> *Hearings before Subcomm. No. 3 of the House Comm. on the Judiciary*, 89th Cong., 1st Sess. 984-85 (1965) (statement of Adolph Schimel); HOUSE COMM. ON THE JUDICIARY, 88TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 3: PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW AND DISCUSSION AND COMMENTS ON THE DRAFT 296 (Comm. Print 1964) (statement of Harry R. Olsson, Jr. of the Am. Broadcasting Cos.).

the terminated grant.<sup>85</sup>

While this language would almost certainly permit the kind of continued exploitation as approved in *Rohauer*, it may do more.

If an undemanding standard applies equally to all fixations, the user of the underlying work need do very little to create a derivative. By making the kind of slight transformation that would in the first instance satisfy the standards of section 102, the transferee will have effectively avoided the hazard of termination.<sup>86</sup> So long as permission to do so was within the original grant, simply inscribing "Put on a Happy Face" beneath the work in question could assure the licensee enjoyment for the duration of the grant, termination notwithstanding.<sup>87</sup> It may be that in some markets, particularly commercial music, a user might find a slightly modified derivative equal in value to the original work. Importing the liberal standard for derivative works into sections 203(b)(1) and 304(c)(6)(A) certainly goes beyond the result in *Rohauer*,<sup>88</sup> and could render the termination provisions impotent.<sup>89</sup> With this problem in mind, it was suggested, during revision, that the "privilege" be limited to motion pictures or other "large scale" derivative works where the grantee had made a substantial or, more likely, costly contribution.<sup>90</sup> No such limitation was imposed. Despite the examples offered in defense of the privilege, no guiding statement in the legislative history would appear to require more than the usual modicum of original authorship in order for derivative works to escape the reach of the terminating grantor.<sup>91</sup> At least one court held that no distinction between large and small scale derivative works is to be read into sections 203(b)(1) and 304(c)(6)(A).<sup>92</sup>

<sup>85</sup> 17 U.S.C. §§ 203(b)(1), 304(c)(6)(A).

<sup>86</sup> *Id.* § 304(c)(6)(A).

<sup>87</sup> *Id.*

<sup>88</sup> A motion picture would inevitably be one of the largest of "large scale" derivative works. See generally HOUSE COMM. ON THE JUDICIARY, 89TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 2: 1964 REVISION BILL WITH DISCUSSION AND COMMENTS 1018-21 (Comm. Print 1965) (memorandum statement by the Copyright Committee of the Motion Picture Association of America, Inc.).

<sup>89</sup> A. LATMAN, THE COPYRIGHT LAW 93 (5th ed. 1979).

<sup>90</sup> HOUSE COMM. ON THE JUDICIARY, 89TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, PART 5: 1964 REVISION BILL WITH DISCUSSION AND COMMENTS 242-45 (Comm. Print 1965) (proposal of Irwin Karp, counsel, Authors League of America, Inc.).

<sup>91</sup> See Cohen, "Derivative Works" Under the Termination Provisions in the 1976 Copyright Act, 28 BULL. COPYRIGHT SOC'Y 380, 390-405 (1981).

<sup>92</sup> *Harry Fox Agency, Inc. v. Mills Music, Inc.*, 543 F. Supp. 844, 852 n.34 (S.D.N.Y. 1982), *rev'd*, 720 F.2d 733 (2d Cir. 1983), *rev'd sub nom. Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985).

*B. Further Derivative Works*

There is another aspect to the termination exemption which bears upon the creation of derivative works. Whereas the transferee may continue to "utilize" derivative works without fear of termination, he may not, after termination, prepare "other derivative works based upon the copyrighted work covered by the terminated grant."<sup>93</sup> Consequently, works created prior to termination may continue to be exploited, but only in a somewhat frozen form. Any significant change in the work could well constitute the creation of an additional derivative work which would require the permission of the terminating grantor. Presumably, the use of the phrase "derivative works" in the termination provisions carries with it the judicial gloss that term has acquired. If the necessary quantum of original authorship is easily reached, it may not only frustrate the purpose of the termination provisions, but the usefulness of the exception thereto. The same liberal standard which enables the transferee to elude termination may come to haunt his use of the derivative work. Even slight, functional alterations necessary to make the work suitable for certain transmissions, publications, displays, or performances may be "distinguishable"<sup>94</sup> and, therefore, beyond the scope of the derivative work "privilege."

Even if courts are unwilling to draw a distinction between large and small scale works for the purpose of enjoying the privilege, a different standard may apply when the question becomes what alterations constitute "other derivative works." Conceptually the problem is different. After the derivative author has come within the privilege, he is faced not with a minimum to meet, as when either copyrightability or the termination exception is at issue, but with a maximum of which he should beware. The standard of original authorship fails to provide a sufficient gauge for determining the degree to which a work can be altered before protection is lost.

Policy considerations may also require the application of a more rigorous standard. Where the question is what quantum of authorship will come within either section 102, or the privilege against termination, the primary concern is to protect the contribution of the derivative author. After termination, the concern

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<sup>93</sup> 17 U.S.C. §§ 203(b)(1), 304(c)(6)(A) (1982).

<sup>94</sup> See *supra* text accompanying notes 48-67.

shifts from encouraging or protecting new creations<sup>95</sup> to ensuring that the derivative work be meaningfully "utilized."<sup>96</sup> In adjusting the respective rights of the parties to the realities of the market, it may be that a more appropriate balance is struck with a less liberal standard of original authorship. Whether creating a derivative work should be easy or difficult may come to depend upon which section of the Act is being applied and whether a failure of sufficient original authorship is being asserted offensively or defensively.<sup>97</sup> In the absence of any judicial interpretation, however, it must be assumed that the term "derivative work" is consistent wherever it appears in the Act. It follows that even slight modifications meeting the standards of section 102 would constitute derivative works for all purposes.

Although there are other sections of the Act making special provisions for derivative works,<sup>98</sup> they do not bear upon the standard of creation except possibly to emphasize how liberal it may be. Under section 504<sup>99</sup> the copyright owner may elect statutory damages which generally provide a minimum recovery for all infringements complained of "with respect to any one work."<sup>100</sup> A derivative or collective work may incorporate an unlimited number of preexisting works, all of which might be infringed by one act of the defendant.<sup>101</sup> There will often be successive versions or treatments, each contributing substantially to the final product. Indeed, if each significant modification constitutes a derivative work,<sup>102</sup> there may be a great many works involved in the final product which is illegally copied, performed, distributed, displayed, or further adapted. Recognizing the potential for enormous recoveries,<sup>103</sup> section 504 qualifies the meaning of "work" in a way which is unique among provisions of the Act.<sup>104</sup>

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<sup>95</sup> Except very indirectly in that making termination a more powerful aspect of copyright protection will encourage the creation of authors generally.

<sup>96</sup> See Cohen, *supra* note 91, at 413.

<sup>97</sup> Such a distinction would be similar to that drawn under the 1909 Act between a "divestitive" and an "investitive" publication. See A. LATMAN, *supra* note 89, at 112-13. There is a major difference in that "publication," unlike the current Act's "derivative work," was a term left undefined by the statute.

<sup>98</sup> 17 U.S.C. §§ 112(e), 115(a)(2), 401(b)(2)(1982).

<sup>99</sup> *Id.* § 504(c)(1).

<sup>100</sup> *Id.*

<sup>101</sup> See, e.g., *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).

<sup>102</sup> See *infra* text accompanying notes 108-16.

<sup>103</sup> See HOUSE COMM. ON THE JUDICIARY, 88TH CONG., 2D SESS., COPYRIGHT LAW REVISION, PART 4: FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW 139-40 (Comm. Print 1964) (statement of Harry R. Olsson, Jr. of the Am. Broadcasting Cos.).

<sup>104</sup> 17 U.S.C. § 504(c)(1).

For the purpose of imposing statutory damages "although they are regarded as independent works for other purposes, 'all the parts of a compilation or derivative work constitute one work' for this purpose."<sup>105</sup>

The derivative author may complain that having been required to meet the same standard of creation he, like other authors, should be allowed the remedies that make copyright protection meaningful. While there is merit to this argument, it is overcome by the need to limit judgments in some realistic way. Particular remedies are fashioned not to abstractly vindicate rights but to provide just and necessary relief.<sup>106</sup> This limitation on the available remedies simply reflects the practical problem of multiple derivative works where there is such a small quantum of authorship required for copyright in a "work." While section 504 limits the vigor of the derivative copyright, it implicitly recognizes the ease with which such a "work" may come into being.

#### IV. WORKS AND DERIVATIVE WORKS

##### A. *The Term of Copyright*

A primary innovation of the Act was the adoption of a single term of copyright beginning with the creation of the work.<sup>107</sup> This necessarily results in a great multitude of statutory copyrights since the author need no longer "copyright" his work by an affirmative act of publication.<sup>108</sup> Any effort which meets the requirements of section 102 would enjoy statutory protection from the moment of creation. This moment is defined in section 101:

A work is "created" when it is fixed in a copy or phonorecord for the first time; where a work is prepared over a period of time, the portion of it that has been fixed at any particular time constitutes the work as of that time, and where the work has been prepared in different versions, each version constitutes a separate work.<sup>109</sup>

When this section is read in conjunction with the requirements for

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<sup>105</sup> H.R. 1476, *supra* note 6, at 162.

<sup>106</sup> D. DOBBS, *HANDBOOK ON THE LAW OF REMEDIES* § 3.8 (1973).

<sup>107</sup> 17 U.S.C. § 302(a).

<sup>108</sup> Certain unpublished works could be "copyrighted" by the affirmative act of registration in accordance with section 12 of the 1909 Act. By moving to a term beginning at creation with registration being entirely optional, *id.* § 408(a), it may be said that "copyright" as a transitive verb has been removed from the lexicon.

<sup>109</sup> *Id.* § 101.

derivative works<sup>110</sup> the result is inescapable, even if contrary to some common understanding. Whenever that modicum of original authorship required under section 102 is fixed in a tangible medium, a copyrighted work is born. Any addition to, or modification of, that work which in turn meets the requirements of section 102 would constitute a derivative work. Since publication is no longer the ticket to copyright, there is no longer the expectation, much less any requirement, that works achieve any marketable form before enjoying federal protection. Every original jot of the pen or squeeze of the clay may yield a copyrightable work. Derivative works may follow from subsequent jots and squeezes. Under the Act, it is likely that wastebaskets will overflow and garret floors will be littered with works under statutory copyright, derivative or otherwise.

During revision there was some concern over this new flood of copyrighted works.<sup>111</sup> These views were expressed, however, in the course of considering the appropriate duration of copyright protection. Simply regarding the length of the copyright term, a shift to creation rather than publication is of slight importance. With a copyright term of life plus fifty years,<sup>112</sup> all works of the author would enter the public domain simultaneously. Consequently, it is unnecessary to pinpoint precisely when the work came into being.

The problem is, of course, not so much *when* works come into being, but *that* they do,<sup>113</sup> and with such ease and in such abundance. If the minimum degree of original authorship required for copyright can be artificially quantified and designated as "X," once X has been deposited in any medium, there is a copyrighted "work." Any addition to or change in the work rising to the level of X will constitute yet another work. Once the author twice achieves X he

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<sup>110</sup> *Id.*

<sup>111</sup> "I visualize a day on which every scrap of writing, every memorandum, every letter, every piece of unidentifiable typescript is entitled to Federal copyright." HOUSE COMM. ON THE JUDICIARY, 88TH CONG., 2D SESS., COPYRIGHT LAW REVISION, PART 4: FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW 23 (Comm. Print 1964) (statement of Sydney M. Kaye of Broadcast Music, Inc.); "Think of what this means, gentlemen. Every single piece of paper, every news release, any piece of paper on which there is any writing whatsoever could be the subject of copyright." *Hearings before Subcomm. No. 3, of the House Comm. on the Judiciary*, 89th Cong., 1st Sess. 1725 (1965) (statement of Douglas A. Anello, General Counsel, Nat'l Ass'n of Broadcasters).

<sup>112</sup> 17 U.S.C. § 302(a). This section applies to works created by a single author on or after January 1, 1978. Section 302(b) provides that works created by two or more authors, who did not work for hire, have a copyright term enduring through the life of the last surviving author plus 50 years after the last surviving author's death.

<sup>113</sup> "It is not so important what we measure the term by as when the incident of copyright which gives rise to remedies occurs." HOUSE COMM. ON THE JUDICIARY, 88th Cong., 2d Sess., COPYRIGHT LAW REVISION, PART 4: FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW 23 (Comm. Print 1964) (statement of Sydney M. Kaye of Broadcast Music, Inc.).



has a derivative, not “entirely original,”<sup>114</sup> work based on the work he had fixed perhaps mere moments before. Subsequent work at *X* level will produce yet another derivative work. The final product will include multiple derivative works equal to the number of times, minus one, that the author can be said to have fixed *X*. Although not specifically referring to the derivative nature of such “versions,” this is precisely the nature of “work” in progress that section 101 envisions.<sup>115</sup>

This characterization of derivative authorship, while analytically intriguing, is most important to the extent it conflicts with other premises of the Act or the practice among copyright proprietors.<sup>116</sup> A most troubling aspect of derivative works, considered as discrete layers of *X* authorship, is the transfer of those “works.” Although an author or his transferee may commonly regard the “work” as the words in the completed manuscript or the paint on the signed canvas, for example, these are likely to be the culminations of multiple “works,” each depending on, and derivative of, those which preceded it in the creative process.<sup>117</sup> Just as the author has a copyright divisible into a bundle of rights,<sup>118</sup> he may have a work that is, at least theoretically, divisible into a bundle of “works.” If the copyright law considers the work to be but an *X* unit of the creative bundle, then a question arises as to how this bundle may be properly identified and bound for transfer.

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<sup>114</sup> H.R. 1476, *supra* note 6, at 57. The distinction drawn by the House Report between those “works that are entirely original and . . . those containing preexisting material” may be somewhat misleading in that, of course, only that which was “entirely original” with the derivative author would be protected as part of the derivative work. See 17 U.S.C. § 103(b).

<sup>115</sup> “[W]here the work has been prepared in different versions, each version constitutes a separate work.” 17 U.S.C. § 101.

<sup>116</sup> See *infra* text accompanying notes 128-33.

<sup>117</sup> Confusion arises from the drafters’ failure to define the term “work,” despite the fact that it is used in the Act some 431 times. It is clear that a derivative “work” results whenever *X* is added to a preexisting work. 17 U.S.C. § 101. Because the standard for derivative copyright is explicitly the same as that for other works, a “work” must result whenever there is *X*. While “work” may stand for the least divisible unit of original authorship, at least one authority suggests that “work” does not necessarily imply satisfaction of all the standards in section 102. “[P]reparation of a derivative work, such as a ballet, pantomime, or improvised performance, may be an infringement even though nothing is ever fixed in tangible form.” H.R. 1476, *supra* note 6, at 62.

Other uses of the term suggest that a “work” may be expected to include more than the minimal *X*. Where an unpublished work is anonymous, pseudonymous, or made for hire, its term lasts for “a term of one hundred years from the year of its creation . . . .” 17 U.S.C. § 302(c). Where, in the process of creating the product, *X* had been at least twice achieved, there would be separate terms for those separate “works,” and the hundred-year clock would begin to run anew on each separate *X* creation. Assuming it is a project of any complexity or requiring considerable time in preparation, it would fall bit by bit, *X* by *X*, into the public domain.

<sup>118</sup> 17 U.S.C. § 201(d)(2).

The transfer of derivatives is an unresolved problem under the Act whether one considers derivatives as "large scale" or as minor accretions of X. It is certainly not uncommon for the creative process to yield several versions of a work, *i.e.*, several discrete "works." These may be merely preliminary sketches or drafts,<sup>119</sup> or they may be what the author considers final products, which later undergo revision. These works may involve more than one genre, as where a short story is rewritten for the stage. There may also be adaptations from one medium to another, such as a screenplay for a motion picture.

### B. *Registration of Derivative Works*

Although preliminary works will be fully protected upon creation, it is unlikely they will be registered. Indeed, there may be a disincentive for an author to register preliminary versions when he considers the ultimate work as being the truly valuable product.<sup>120</sup>

When the Act is read literally, it can be observed that many, perhaps most, works are derivative in that they are built upon prior fixations of X.<sup>121</sup> If that is so, registration would appear to require "in the case of a compilation or derivative work, an identification, of any preexisting work or works that it is based on or incorporates, and a brief, general statement of the additional material covered by the copyright claim being registered . . . ."<sup>122</sup> This language from section 409<sup>123</sup> draws no distinction between large and small scale derivative works, or between those based on material from the author's own hand and that from the hand of another. This section simply uses the term "derivative work" and, as with the termination provisions,<sup>124</sup> it must be assumed that the term carries the meaning assigned to it in section 101.<sup>125</sup>

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<sup>119</sup> See, *e.g.*, *The Letter Edged in Black Press, Inc. v. Public Bldg. Comm'n of Chicago*, 320 F. Supp. 1303 (N.D. Ill. 1970), where the court considered copyright in a preliminary model of a large monumental sculpture. Although it is not clear whether defendants argued for protection of the monumental sculpture as a derivative work, the court stated that "[w]hen the monumental sculpture was finally completed it could not be copyrighted for it was a mere copy, albeit on a grand scale, of the maquette, a work already in the public domain." *Id.* at 1310; see *Alva Studios, Inc. v. Winninger*, 177 F. Supp. 265 (S.D.N.Y. 1959), which the *Black Press* court does not cite. Nor does the court discuss what distinction there may be between enlarging a Picasso and diminishing a Rodin.

<sup>120</sup> See *infra* text accompanying notes 133-37.

<sup>121</sup> See 17 U.S.C. §§ 102, 103(a).

<sup>122</sup> *Id.* § 409(9).

<sup>123</sup> *Id.* § 409.

<sup>124</sup> See *supra* text accompanying notes 84-96.

<sup>125</sup> 17 U.S.C. § 101. For the definition of derivative work as used in the Act, see *supra* note 8.

The Act would therefore require the work to be registered, if at all, as a derivative whenever the author has, in the process of creation, reached X level at least twice. While the author may be entirely oblivious to these distinctions, there is nothing in the Act which appears to give his view of the matter any weight.

Leaving aside the fine measurements between levels of X, a problem remains with the disclosure requirement in the registration of derivative works. The Act states that the application for registration of derivative works "shall include . . . an identification of *any* preexisting work . . ." and a brief description of the material the claimant seeks to register.<sup>126</sup> In practice, however, there is no such requirement. Registration must be made on forms "prescribed by the Register of Copyrights."<sup>127</sup> The Register, by regulation, has prescribed four classes of works<sup>128</sup> and separate forms for their registration.<sup>129</sup> On "space 6" of these forms the registrant of a derivative work is directed to "[i]dentify any preexisting work or works that this work is based on or incorporates."<sup>130</sup> This much seems to follow the requirements of the Act. Yet, if the registrant does "[s]ee instructions before completing this space"<sup>131</sup> he finds a significantly narrower requirement. These instructions provide that the registrant is to "[c]omplete space 6 if this work is a 'changed version,' 'compilation,' or 'derivative work,' and if it incorporates one or more earlier works that have already been published or registered for copyright, or that have fallen into the public domain."<sup>132</sup> This, therefore, excludes those unpublished, but protected, works, created by either the registrant or another, that have not been registered. By following the instructions exactly, the registrant would not be required to declare his work as derivative, despite its having been substantially drawn from previous works over which the registrant or another still retained full statutory copyright.

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<sup>126</sup> 17 U.S.C. § 409 (emphasis added).

<sup>127</sup> *Id.*

<sup>128</sup> 37 C.F.R. § 202.3(b)(1985).

<sup>129</sup> *Id.* § 202.3(b)(2).

<sup>130</sup> U.S. COPYRIGHT OFFICE, FORM PA (July 1985); *see also* U.S. COPYRIGHT OFFICE, FORM TX (May 1985); U.S. COPYRIGHT OFFICE, FORM SR (July 1986); U.S. COPYRIGHT OFFICE, FORM VA (Feb. 1986).

<sup>131</sup> *Id.*

<sup>132</sup> U.S. COPYRIGHT OFFICE, FILLING OUT APPLICATION FORM PA 2 (July 1985) (emphasis added); *see also* U.S. COPYRIGHT OFFICE, FILLING OUT APPLICATION FORM TX 2 (May 1985); U.S. COPYRIGHT OFFICE, FILLING OUT APPLICATION FORM VA 2 (Feb. 1986); U.S. COPYRIGHT OFFICE, FILLING OUT APPLICATION FORM SR 2 (July 1986) (Form SR is broader in its requirements for the registration of sound recordings because the registrant is also required to complete space 6 if the work to be registered incorporates "sound recordings that were fixed before February 15, 1972.").

This clear departure from the statutory requirement of disclosure has been described by a representative of the Copyright Office as a matter of "administrative convenience."<sup>133</sup> This may be so, but it may also act as a powerful disincentive to register works. Where the works are preliminary, possibly uncirculated, versions, the author may feel no threat from infringers and, therefore, not wish to go to the trouble or expense of registration. As long as the underlying works remain unpublished and unregistered, the author need not declare his registered work as derivative, nor explain the nature "of the additional material covered by the copyright claim being registered"<sup>134</sup> as section 409 commands.<sup>135</sup> In this way the author receives the benefits of registration without having to make even a showing of original authorship. Where the author, attuned to copyright concepts, has doubts about whether the alteration of the preexisting work is sufficient for copyright, he will not register the preexisting work to bring on such a comparison.<sup>136</sup> By keeping silent, he not only eases registration, but hides potentially valuable information from adverse parties or those who would encroach upon the copyright.<sup>137</sup>

### C. *Transfer of Derivative Works*

In the situation just considered, the proprietor of the derivative work will implicitly want to deny the existence of any underlying work. More troubling is the author's assertion of distinct copyrights in the separate works leading up to the final derivative work. By definition<sup>138</sup> this ultimate "work" constitutes a fully protectible and independent copyright which the author may register or transfer. But because a derivative work's copyright status

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<sup>133</sup> Telephone interview with Marybeth Peters, Chief, Examining Division, Copyright Office (Sept. 10, 1986).

<sup>134</sup> 17 U.S.C. § 409(9)(1982).

<sup>135</sup> *Id.*

<sup>136</sup> A registrant's failure to declare preexisting work where required on the application renders the copyright unenforceable. *Vogue Ring Creations, Inc. v. Hardman*, 410 F. Supp. 609 (D.R.I. 1976). Such a knowing failure to disclose underlying work will justify holding the registration invalid. *Russ Berrie & Co. v. Jerry Elsner Co.*, 482 F. Supp. 980 (S.D.N.Y. 1980). Although the registrant in *Russ Berrie* did not infringe the underlying work "[b]y virtue of the omissions in its application, plaintiff has effectively arrogated to itself rights which it does not legitimately possess." *Id.* at 988 n. 6.

<sup>137</sup> Where, for example, a joint author of an unpublished work modifies that work he may register his derivative work without declaring it to be so. If his later addition is but a slight advance over the jointly created work, the value of the property may lie just as easily in the underlying work. Nothing in the Copyright Office records would alert hopeful licensees that there was another proprietor of the almost-identical property with whom they could deal.

<sup>138</sup> 17 U.S.C. § 101.

is independent of the work, or works, on which it is based,<sup>139</sup> this "work" may be all shell and no egg. The Act specifies that each fixation of the conceptualized X quantum of original authorship is a separate work, but does not specify how these works are to be transferred. Although transfers must be in writing,<sup>140</sup> the Act speaks merely of "the rights conveyed"<sup>141</sup> and states nothing about the specificity with which the instrument is to be drawn. Because the Copyright Office does not require the disclosure of these underlying works, no search of the registration records would reveal property in which the author or his creative predecessor claims separate copyright. This may prove to be an unanticipated feature of the Act, allowing the sly to take advantage of the unwary.

Where the work is, secretly or otherwise, only the derivative material which has been added to the last X level of authorship, the copyright in that work protects only the material that has been added at that level. If the grant of copyright were narrowly construed to cover only that last "work," a transferee would receive rights only in what had been fixed at the last level and no rights in the underlying work. Such a narrow construction was rejected by the Second Circuit in *Burroughs v. Metro-Goldwyn-Mayer, Inc.*<sup>142</sup> Assuming that a character was a copyrightable element only in the first work in which he appeared, the court considered the rights of one holding a grant in only derivative works also featuring that character.<sup>143</sup> The court concluded that "[w]hen an author grants the rights to a work that contains material protected by the author's copyright in an earlier work, the grant implicitly authorizes the use of all material contained in the licensed work, including material that may be covered by the author's other copyrights."<sup>144</sup> Even if such an implied authorization may be read into all such grants, it does not help the exclusive transferee of the derivative work who, having no knowledge of preexisting works, also believes he is the exclusive licensee of rights in the character. The copyrightability or noncopyrightability of characters notwithstanding,<sup>145</sup> any copyright would necessarily arise only in the work in which the char-

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<sup>139</sup> *Id.* § 103(b).

<sup>140</sup> *Id.* § 204(a).

<sup>141</sup> *Id.*

<sup>142</sup> 683 F.2d 610 (2d Cir. 1982).

<sup>143</sup> *Id.* at 622.

<sup>144</sup> *Id.*

<sup>145</sup> See Brylawski, *Protection of Characters — Sam Spade Revisited*, 22 BULL. COPYRIGHT Soc'y 77 (1974).

acter was first developed. The copyright in any subsequent work would not include exclusive rights to the character since the character would be merely "preexisting material employed in the work."<sup>146</sup> The same would be true of any other originally copyrightable element that may continue through a chain of derivative works.

The difficulty arises not with transferees who wish simply to use a specific element on which the final "work" is based, but with transferees who believe they are the exclusive transferees of that element as well. Where the grant does not specify otherwise, the transferee may be found to possess only that "work" which the Act has indirectly defined as such. Problems will most likely arise where, after a transfer of the "work," the author seeks to make additional grants of, or exercise rights in, the preexisting works over which he still claims full copyright ownership. The transferee of the derivative work will have no way of knowing that the author retains an interest which can later be used to compete with the transferred work or otherwise reduce its value as an exclusive property.<sup>147</sup>

The facts of *Warner Bros. Pictures, Inc. v. CBS, Inc.*,<sup>148</sup> the "Sam Spade" case, may demonstrate a transferee's vulnerability. In that case there was a grant of exclusive rights in a novel.<sup>149</sup> When the author created subsequent works using the characters from the novel, the transferee claimed that the characters were part of the exclusive rights enjoyed pursuant to the grant.<sup>150</sup> In order to permit the author to create sequels, the court found that the characters were not copyrightable elements which had passed to the transferee.<sup>151</sup> A different analysis might be available under the current Act. Assuming the novel had gone through a series

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<sup>146</sup> 17 U.S.C. § 103(b) (1982).

<sup>147</sup> One manifestation of this problem can be found in cases that have been on appeal to the Ninth Circuit. *Universal City Studios, Inc. v. J.A.R. Sales, Inc.*, Nos. 82-4892 and 82-6051 (C.D. Cal. Nov. 23, 1983). Defendant, J.A.R. Sales, maintained that plaintiff, Universal, did not own the copyright in the character E.T., but instead owned the copyright only in the motion picture in which the previously illustrated character reappeared. See Brylawski, *E.T.: An Extraterrestrial Caught in a Copyright Dilemma*, 52 GEO. WASH. L. REV. 395 (1984). Mr. Brylawski suggests that a solution to the predicament would be to amend section 101 of the Copyright Act "to give an author the option either to treat each version as a separate work entitled to its own copyright, or to treat all drafts of a work by the same author as merging into the final draft . . ." Brylawski, *supra*, at 407. This problem arises from the necessity of registration before suit can be brought in a copyright case, 17 U.S.C. § 411, rather than from an author's claim that the underlying work was a separate source of rights.

<sup>148</sup> 216 F.2d 945 (9th Cir. 1954), *cert. denied*, 348 U.S. 971 (1955).

<sup>149</sup> *Id.* at 946.

<sup>150</sup> *Id.* at 948-49.

<sup>151</sup> *Id.* at 950.

of drafts, the author could retain full statutory rights in those drafts of which the published version was but a derivative. If, as it is reasonable to assume, the characters were developed at some early stage in the creative process, copyright in the transferred final version would “not imply any exclusive right in the preexisting material[.]”<sup>152</sup> including those characters. Thus, character rights, if any, would be part of the copyright in underlying works retained by the author. The author could then transfer those works or use them as the basis for other derivatives.<sup>153</sup> Even where the author makes no immediate grant or use of those underlying works, their mere existence outside the terms of the transferee’s grant will be cause for disquiet.

The problem for the transferee will be to properly identify the work, or works, in which he does enjoy exclusive rights. Where statutory protection depended primarily on publication, the title given to the published, therefore copyrighted, work identified the work with some precision. Since many derivative works will now likely bear the same title, or none at all, until near completion of the project, this may not be sufficiently exact. Although the Act seems to assume that the title “specifically identifies the work[.]”<sup>154</sup> it can be seen that this is probably not so with a series of derivatives.

A better way to ensure that the grant includes all the exclusive enjoyment that a transferee might reasonably expect is by specific warranty. Because the transferee has no way of knowing what underlying work supports the “work” that is nominally the subject of the grant, a specific warranty may be his only security. Such a warranty could simply provide that the work being transferred is not based upon any other copyrighted work.<sup>155</sup> This has the effect of attaching to the word “work” a meaning different from that ascribed to it under the Act, which is, of course, en-

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<sup>152</sup> 17 U.S.C. § 103(b).

<sup>153</sup> In *Franklin Mint Corp. v. National Wildlife Art Exch.*, 575 F.2d 62 (3d Cir.), *cert. denied*, 439 U.S. 880 (1978), the artist had transferred a copyright in a bird painting but retained “preliminary sketches from his collection, photographs, slides, and a working drawing” which he had used in preparing the painting. 575 F.2d at 64. When he based another painting on these same materials, the original transferee sued for copyright infringement. Although the case was decided on the issue of copying, a similar case today might analyze the derivative nature of the first painting and the artist’s continued statutory rights in the sketches and other materials.

<sup>154</sup> 17 U.S.C. § 205(c)(1).

<sup>155</sup> *See, e.g.*, *Loew’s Inc. v. Wolff*, 101 F. Supp. 981 (S.D. Cal. 1951), *aff’d*, 215 F.2d 651 (9th Cir. 1954) (book contract with a provision that “no incident therein contained and no part thereof is taken from or based upon any other literary or dramatic work or any photoplay . . . .” 101 F. Supp. at 983).

tirely permissible as a matter of contract law.<sup>156</sup>

By making the warranty, the author would effectively bundle together all those “works” which *are* based on preexisting works, and make them, along with the initial work, the collective subject of the grant. Where the transferor has no rights in particular underlying works, those would not, of course, be subject to the grant.<sup>157</sup> Their existence would, however, constitute a breach of warranty. An alternative warranty could provide that the author transfer rights in the work, and in any other related work, over which he retains any copyright interest.<sup>158</sup> In some cases, the author would legitimately resist such a broad grant. Where the author has independently valuable property, such as manuscripts or sketches, in which the transferee has no real interest, some lesser grant may be agreed upon. In this situation the transferee is at least made aware of the retained interest and could take appropriate precautions.

It will, of course, be of no comfort to a surprised licensee to learn that he could have drawn his contract more carefully. In the event that carefully identifying the subject matter of the grant continues to be neglected, problems may arise that the parties—certainly the transferee—never anticipated. Absent an explicit transfer of the underlying works, courts may be tempted to imply such a transfer as part of the grant of rights in the derivative work. The only case found which specifically addressed this issue is *Beifeld v. Dodge Publishing Co.*,<sup>159</sup> decided in 1911. In that case, the artist, Maxfield Parrish, sold a “picture and the copyright” under contract.<sup>160</sup> He later sold a preliminary sketch or study of the painting. Without discussing similarities or differences between the paintings and sketches, the court simply held that “both pictures were the same” and that copyright in the painting

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<sup>156</sup> See, e.g., *In re Soper's Estate*, 196 Minn. 60, 264 N.W. 427 (1935) (reference to “wife,” as the beneficiary of a trust agreement, was to the innocent non-wife of a bigamist).

<sup>157</sup> No matter how broad the granting language, the grantor may not transfer anything he does not have. See *Bartsch v. Metro-Goldwyn-Mayer, Inc.*, 391 F.2d 150, 155 (2d Cir.), cert. denied, 393 U.S. 826 (1968).

<sup>158</sup> Any such warranty could be combined with the already standard warranties providing, e.g., “that the Work is original, unpublished, and not . . . violative of any right of privacy, common law, or statutory copyright, or other personal or property right.” BOOK PUBLISHING AND DISTRIBUTION: LEGAL AND BUSINESS ASPECTS (PLI) 184 (1979); “The Author represents and warrants . . . (b) [t]hat the Work is original and does not infringe upon any existing common law or statutory copyright or upon any common law right, proprietary right, civil right, or . . . (d) [t]hat the Work has not heretofore been published . . . .” 1 A. LINDEY, LINDEY ON ENTERTAINMENT, PUBLISHING AND THE ARTS 147-48 (1986).

<sup>159</sup> 198 F. 658 (C.C.D.N.Y. 1911).

<sup>160</sup> *Id.* at 659.



covered the earlier sketch.<sup>161</sup> As a matter of copyright law, Professor Nimmer finds the decision questionable because, then and now, copyright in the second work covers only material not in the preexisting work.<sup>162</sup> Instead of stretching the copyright to cover both works, the court might have more properly construed the grant to cover the sketch as well as the painting. The court, however, did not refer to the language of the grant, the presumed intent of the parties, trade usage, or any other principle of contract interpretation.

Despite the Act's technicalities, one must remember that copyright transfers are construed in accordance with general rules of contract law.<sup>163</sup> This may offer some solace to the transferee whose grant allegedly contains a mere derivative work with few exclusive rights. The transferee could claim that he did not know of the underlying works, and that their undisclosed existence made an essential term, *i.e.*, the subject matter of the contract indefinite.<sup>164</sup> If successful, such a claim would allow the disappointed transferee to avoid the contract and return to the *status quo ante*.<sup>165</sup> If the transferee could show that each party to the contract attached a different meaning to an essential term, such as the title of the work, he could avoid the contract under a theory that there had been no "meeting of the minds" regarding rights, or at least exclusive rights in the underlying work or works.<sup>166</sup> These alternatives may not, however, be satisfactory since the transferee would be deprived of the benefits he hoped to attain by taking the grant in the first place.

More likely, the transferee will seek to have the contract reformed in accordance with his original expectation of exclusive enjoyment. This will still depend upon the transferee's establishing the ambiguity of the terms in the contract. The transferee will have to demonstrate that he used the term "work," or the title of the property,<sup>167</sup> to refer not to some outer shell of copy-

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<sup>161</sup> *Id.*

<sup>162</sup> See 3 NIMMER, *supra* note 34, at § 10.11(A) n.2.

<sup>163</sup> See *Kuhlmann v. Educational Publishers, Inc.*, 245 Minn. 171, 71 N.W.2d 889 (1955); *Gordon v. Vincent Youmans, Inc.*, 358 F.2d 261, 264 (2d Cir. 1965) (dissenting opinion).

<sup>164</sup> A copyright assignment, like any other, may be held invalid for indefiniteness. *Hindes v. Wilmington Poetry Soc'y*, 37 Del. Ch. 80, 138 A.2d 501 (1958).

<sup>165</sup> J. CALAMARI & J. PERILLO, *THE LAW OF CONTRACTS* 306 (2d ed. 1977).

<sup>166</sup> See *RESTATEMENT (SECOND) OF CONTRACTS* § 20 (1981); see also *Flower City Painting Contractors, Inc. v. Gumina Constr. Co.*, 591 F.2d 162 (2d Cir. 1979); *Oswald v. Allen*, 417 F.2d 43 (2d Cir. 1969); *Kyle v. Kavanagh*, 103 Mass. 356 (1869).

<sup>167</sup> It may be that referring to properties only by their titles invites the kind of ambiguity demonstrated by the classic contract case of an agreement for shipment aboard the "Peerless," where neither party knew there were two vessels with that name. *Raffles v.*

right authorship, but to all related underlying works, or at least those created by the transferring author. He must then show that the author knew, or had reason to know, that the transferee attached that meaning to the subject matter of the contract. Where the transferee can establish that the author was aware of the ambiguity (but that the transferee was not), the contract may be reformed to bear the meaning given to it by the innocent party to the transaction.<sup>168</sup>

The author may argue that the definition of "work" arises necessarily from the provisions of the Act, and means only that which is original authorship at any stage of the creative process. He will also maintain that the transferee could not have realistically assumed that the work did not draw upon some previously prepared materials. Where the work undergoes drafts or revisions, either by necessity or typically, the author will contend that the transferee must have been aware of the possibility of underlying works.<sup>169</sup> When the transferee can be charged with actual or constructive knowledge of these preexisting works, the contract cannot be reformed to widen the scope of the grant.<sup>170</sup>

While it is true that parties need not adopt the terminology or the premises of the Act into their contracts,<sup>171</sup> it should not be assumed without clear indication that the parties sought to depart from those terms and provisions.<sup>172</sup> It may be impossible to

Wichelhaus, 159 Eng. Rep. 375 (Ex. 1864). Even the strict objectivist Holmes allowed for the peculiar interpretation problems occasioned by the use of proper names in contracts. Holmes, *The Theory of Legal Interpretation*, 12 HARV. L. REV. 417, 418 (1899).

<sup>168</sup> For example, if the transferor was aware that the transferee believed that by the terms of the contract the transferee was buying all rights in the related works, the transferee's meaning would prevail. See RESTATEMENT (SECOND) OF CONTRACTS § 201(2)(a) (1981); see also *Jet Forwarding, Inc. v. United States*, 437 F.2d 987 (Ct. Cl. 1971); *Perry & Wallis, Inc. v. United States*, 427 F.2d 722 (Ct. Cl. 1970); *Hamann v. Crouch*, 211 Kan. 852, 508 P.2d 968 (1973).

Where the transferor merely has reason to know that the transferee believed it was buying all rights in the related works, the transferee's meaning also prevails. See RESTATEMENT (SECOND) OF CONTRACTS § 201(2)(b) (1981); see also *United States ex rel. Union Bldg. Materials Corp. v. Haas & Haynie Corp.*, 577 F.2d 568 (9th Cir. 1978); *Emor, Inc. v. Cyprus Mines Corp.*, 467 F.2d 770 (3d Cir. 1972); *Sunshine v. M.R. Mansfield Realty*, 195 Colo. 95, 575 P.2d 847 (1978).

<sup>169</sup> This would be especially true where the subject of the grant was a film or a sound recording.

<sup>170</sup> *Hughes v. Payne*, 27 S.D. 214, 130 N.W. 81 (1911). "Where an instrument is executed according to the intention and understanding of the parties . . . and with full knowledge of the facts, such knowledge and execution will operate to defeat an action to reform, in that it negatives mutual mistake." 130 N.W. at 82.

<sup>171</sup> RESTATEMENT (SECOND) OF CONTRACTS § 201 comment c (1981) states that ordinarily "the mutual understanding of the parties prevails even where the contractual term has been defined differently by statute or administrative regulation."

<sup>172</sup> See generally *Frigalment Importing Co. v. B.N.S. Int'l Sales Corp.*, 190 F. Supp. 116 (S.D.N.Y. 1960). In this widely-known contracts case, the parties disagreed over the meaning of the term "chicken." The defendant seller alleged that the term had been

determine that either meaning should prevail. In that event, courts will employ a reasonable interpretation of the disputed term.<sup>173</sup> In some instances, where neither party gave a great deal of thought to the choice of language used in the contract, courts will lend a reasonable meaning to the term in question.<sup>174</sup>

Despite the narrow academic reading which the terms of the Act may invite, the reservation of underlying works is not simply a hypertechnical way of devaluing the rights transferred. The granting author may have expectations of continued enjoyment just as legitimate as those of the transferee. An unpublished novelist who successfully adapts one of his works for the screen might well be surprised to learn that the film producers had implicitly acquired exclusive rights in the now valuable novel. These "works" would clearly be distinct both in terms of the Act and in common understanding. Yet, there is nothing in the Act to distinguish the case of the novelist-screenwriter from any other author who seeks to transfer only the derivative work.

The fact that the copyright law will often recognize even a short step between an underlying work and an independently

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defined by government regulations of which both parties were aware. The court did not, however, base its decision on the interpretative power of those regulations; rather it used a more wide-ranging analysis of all facts available to the parties at the time of their contract. The court found that "the burden of showing that 'chicken' was used in the narrower, rather than in the broader sense" to mean broiling, but not stewing chicken, was upon the plaintiff buyer, who had not sustained that burden. *Id.* at 121.

<sup>173</sup> *E.g.*, Arneson v. TSR Hobbies, Inc., 225 U.S.P.Q. (BNA) 1252 (D. Minn. 1985).

<sup>174</sup> *See* Southern Bell Tel. & Tel. Co. v. Florida E. Coast Ry., 399 F.2d 854 (5th Cir. 1968).

Where neither party carefully considers the scope of the conveyance, it may be a relatively minor aspect of the rights in the work that is put into question. *See generally* Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150 (2d Cir.), *cert. denied*, 393 U.S. 826 (1968). Under such circumstances, the strip and gore doctrine of real property law is at least analogous. The strip and gore doctrine is a common law concept that presumes a transferor did not intend to retain a small, worthless piece of land which was not expressly conveyed. This occurs where a deed is executed which leaves a strip down one side of a tract of conveyed land. The transferee is presumed to take the land under the theory that it is against public policy to create small strips of land in separate ownerships since boundary disputes and other litigation would be encouraged. The strip and gore doctrine is essentially a presumption in favor of the transferee and against the transferor. *See* Bowers v. Atchison, T. & S.F. Ry. Co., 119 Kan. 202, 237 P. 913 (1925); Parr v. Worley, 93 N.M. 229, 599 P.2d 382 (1979); Cantley v. Gulf Production Co., 135 Tex. 339, 143 S.W.2d 912 (1940).

The transferee might advocate this same presumption—a presumption in favor of the grantee where a "strip" or small portion of rights in a copyright is in dispute. This kind of presumption is not foreign to copyright law. Before section 201(b) of the 1976 Act was passed, when it was unclear if a copyright was owned by the author of the work or the commissioning party, there was a presumption that it vested in the person who commissioned the work. *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966); *see also* Meltzer v. Zoller, 520 F. Supp. 847 (D.N.J. 1981). Of course, a presumption of this kind would depend on the relative insignificance of the rights being asserted in the underlying work. Where exclusivity is central to the transferee's expectation, the contest is not over a mere "strip."

copyrightable derivative may make for fine distinctions.<sup>175</sup> That the author does not voluntarily declare and separately identify these underlying works should not, however, give rise to a claim of bad faith.<sup>176</sup> The transferee will, after all, get the full and unencumbered rights to enjoy the work and at least the implied right to use all underlying works controlled by the author.<sup>177</sup> It is only the full exclusivity of that enjoyment which is threatened by the author's retention of rights in the underlying material.<sup>178</sup> To ensure exclusivity in all aspects of the property, the transferee should insist upon broader granting language than is now often used. If he does not, he may be held to a knowledge of the changes wrought by the Act and the significance of its terms.

## V. CONCLUSION

The copyright law allows for even modest creative efforts. Where these endeavors are based on prior works, the law's only demand is that the derivative contribution exhibit the same degree of original authorship required of other works. While a liberal standard of authorship is generally accepted, certain provisions in the Act indicate that something more might be expected. Foremost among these are the termination provisions with their attendant privileges for the continued exploitation of derivative works. Applying the general concept of derivative works in these sections may weaken the statute's usefulness to the proprietors of both the derivative and underlying works. Until, however, the Act is more extensively construed, it must be assumed that its terms carry their prescribed statutory meaning in every application.

Accepting those definitions literally, the adoption of a copy-

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<sup>175</sup> See *supra* text accompanying notes 33-72.

<sup>176</sup> Implied in all contracts is the covenant of good faith and fair dealing. *Van Valkenburgh, Nooger & Neville, Inc. v. Hayden Publishing Co.*, 30 N.Y.2d 34, 45, 281 N.E.2d 142, 144, 330 N.Y.S.2d 329, 333, *cert. denied*, 409 U.S. 875 (1972). Specifically, the transferor of rights under a copyright, like the transferee, has an obligation of good faith and fair dealing. *Uproar Co. v. National Broadcasting Co.*, 81 F.2d 373 (1st Cir.), *cert. denied*, 298 U.S. 670 (1935); see also 3 NIMMER, *supra* note 34, at § 10.11. The early view was that this implied covenant necessarily imposed upon the transferor an obligation not to compete with the transferee. See *Manners v. Morosco*, 252 U.S. 317, 326 (1920); *Harper Bros. v. Klaw*, 232 F. 609, 612-13 (S.D.N.Y. 1916). This view has been considerably weakened. See *Wolf v. Illustrated World Encyclopedia, Inc.*, 41 A.D.2d 191, 341 N.Y.S.2d 419 (1st Dep't 1973), *aff'd*, 34 N.Y.2d 834, 316 N.E.2d 342, 359 N.Y.S.2d 59 (1974).

<sup>177</sup> *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 683 F.2d 610, 622-23 (2d Cir. 1982).

<sup>178</sup> Exclusivity will not arise by implication. *Hart v. Cort*, 83 Misc. 44, 144 N.Y.S. 627 (Sup. Ct. 1913), *aff'd*, 165 A.D. 583, 151 N.Y.S. 4 (1st Dep't 1914); *Beardsley v. CBS, Inc.*, 137 U.S.P.Q. (BNA) 260, 262 (Cal. super. Ct. 1963).

right term beginning at creation will have made a more dramatic change than may have been anticipated. Copyrighted works are now not only products completed for publication, but any fixation exhibiting the necessary original authorship. Subsequent authorship applied to the same material will yield a derivative work. As a result, the author is likely to produce not one work, but a great many, most of which will be necessarily derivative of those which preceded it. Because the copyright in a derivative work does not extend to prior works, the author would often have, in essence, multiple copyrights protecting multiple works. Where this conceptual innovation of the Act is not fully appreciated by copyright transferees, they may receive something less than full exclusivity. Courts may be unwilling to find that these transferees have been taken advantage of where the author has merely followed the statute and registration requirements of the Copyright Office. The transferee can best protect his interests by adopting terms in the grant that are in keeping with the Act and that specifically protect against the consequences of undisclosed preexisting works.

