

To: ALI Restatement of Copyright Reporters
Subject: Comments on PD4 [black letter and comments]
Date: March 4, 2019
From: Jane Ginsburg and June Besek¹

Note: References in this memo are to Preliminary Draft No. 4 (Jan. 10, 2019) (“PD4”) (internal page numbers).

General Comments

In many respects, PD4 is a helpful synthesis of the law, likely to provoke less controversy than drafts of earlier Chapters. Nevertheless, we remain concerned about this draft’s, like its predecessors’, inconsistent treatment of legal issues. As in earlier drafts, this one sometimes traverses the line between restating positive law and “improving” it. In several instances, these departures from positive law adopt policy positions we would endorse in a different kind of endeavor, such as a “Principles” project, or an acknowledged advocacy piece. But we do not believe it accurate to characterize these departures, however substantively desirable, as “restating” the law (as opposed to revising it).

1. PD4 reflects significant inconsistencies in Reporters’ decisions concerning whether and how to formulate rules of law.

As we and others have pointed out in past comments, the proposed Restatement lacks a statement of principles or methodology against which to measure the drafters’ conclusions for accuracy and consistency. As Professors Balganesh, Menell and Nimmer have previously explained:

A transparent interpretive process is essential to building an authoritative resource for judges and practitioners, ensuring fidelity to legislative intent and judicial analysis, explicating the basis for the restatement’s reasoning, and safeguarding the objectivity of ALI’s work product. . . . By not elucidating a methodological approach before drafting, the Restatement of Copyright lacks a sound foundation for building an objective resource for judges and practitioners.²

The lack of a transparent methodology has caused (or perhaps obscured) inconsistent treatment of legal issues in this draft and others to date. In some cases this draft formulates legal principles with no basis in copyright law. Where there is very little law, the draft sometimes declines to formulate a legal principle because the law is unsettled, yet in other cases – with no more supporting law – the draft formulates legal principles. This inconsistency is also present when there is a split in the courts.

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² Letter to ALI Council from Profs. Shyamkrishna Balganesh, Peter Menell and David Nimmer dated Oct. 18, 2018 (emphasis in original).

Let's begin by focusing on instances where we believe PD4 takes an appropriately restrained approach. For example:

PD4 takes no position on the copyrightability of works authored by machines. Section 3.02, Reporters' Note A. Although there are cases in which the courts and the Copyright Office have said that a work is not protectable if it is the product of nonhuman authorship (e.g., an animal), there is little positive law on authorship by machines, and it is appropriate to leave this issue to the courts.³

On whether there is an "academic exception" to the work made for hire provision of the 1976 Copyright Act, PD4 discusses a handful of conflicting cases, and in our view correctly declines to take a position. Section 3.05, Reporters' Note C.

But in other cases, PD4, like its predecessors, reflects an unfortunate tendency to "fill holes" – that is, to declare a legal principle where there is nothing in the statute and no cases on point. This approach raises at least two concerns: first, the Reporters are making up the law, rather than synthesizing it. Second, they are inhibiting "the flexibility and capacity for development" of the law, contrary to the goals articulated in ALI's Revised Style Manual.⁴ Consider, for example:

Section 3.04 comment f and Reporters' question (1) on page xiii. The legal question is whether agreements among co-authors must be in writing. Comment f takes the position "an advance agreement that specifies the proportions in which co-authors' copyright ownership interests will vest should be in writing because such an agreement affects the ownership of rights in the work." Page 31, lines 14-17. But the statute does not mandate this result, the Reporters cite no cases on point, and it is contrary to long-established business practices in some fields.

In some cases where PD4 seeks to declare a legal principle, there are very few cases and those cases are split.

The draft concludes that there is no bar to a defendant raising the written instrument requirement to challenge the validity of the transfer of rights to plaintiff. See § 3.07, comment k, pages 82-83. But numerous cases, including cases on the appellate level, take the position that defendants may not challenge the validity of such a transfer. Page 89, Reporters' Note k. The draft cites only one district court decision that supports the legal proposition it embraces in comment c.

In such instances, we believe that the Reporters are exceeding their role in the creation of a Restatement. According to ALI's Revised Style Manual, one of the advantages of a Restatement is that Reporters, in contrast to judges, "[can] test[] rules against disparate fact patterns in many jurisdictions."⁵ But in declaring rules with little or no basis in the law, the Reporters impair the legitimacy of their role.⁶

³ See Jane C. Ginsburg and Luke Ali Budiardjo, Authors and Machines, 34 Berkeley Tech. L. J. __ (forthcoming 2019).

⁴ "Although Restatements are expected to aspire toward the precision of statutory language, they are also intended to reflect the flexibility and capacity for development and growth of the common law." Excerpt of the Revised Style Manual approved by the ALI Council in January 2015, PD4 at xi.

⁵ "But in the quest to determine the best rule, what a Restatement can do that a busy common-law judge, however distinguished, cannot is engage the best minds in the profession over an extended period of time, with access to extensive research, testing rules against disparate fact patterns in many jurisdictions." Excerpt of the Revised Style Manual approved by the ALI Council in January 2015, PD4 at xii.

⁶ "While views of which competing rules lead to more desirable outcomes should play a role . . . , the choices generally are constrained by the need to find support in sources of law." *Id.*

Moreover, if an issue hasn't arisen (at least to the extent there are no reported cases), it's unclear why the Reporters feel it necessary to create law now, particularly law that is at odds with standard business practices. See discussion concerning section 3.04, *infra*.

2. *There are significant discrepancies between the black letter law in PD4 and the federal copyright statute.*

PD4 in some respects perpetuates its predecessors' infidelity to the text of the Copyright Act. PD4 selects some statutory provisions for treatment as black letter but leaves others out. Conversely, PD4 elevates some propositions to black letter status even though they are neither in the statute nor generally acknowledged.

Statutory text missing from the black letter: 17 U.S.C. §§. 202, 201(c), 201(e)

For example, section 202 reflects a fundamental principle of copyright law – the distinction between copyright rights in a particular work of authorship and property rights in a physical object in which the work is embodied.⁷ It should be reflected in the black letter, and not relegated to a mere comment. (See section 3.06, comment *f*.) In connection with the black letter statement, it would also be helpful to discuss problems of a possible conflict between ownership of the medium of fixation and the incorporeal work of authorship. For example, the person who supplies a (non-employee) photographer with the film (or, in the digital era, a memory card), owns the physical medium on which the image is fixed, but is not the copyright owner of the photograph.

Similarly, the draft does not include in black letter (nor otherwise discuss) 17 U.S.C. §201(c), concerning contributions to collective works.⁸ This provision is significant for authors who contribute to collective works but do not sign agreements transferring rights; without a written transfer, these authors retain copyright in their contributions, apart from the publisher's "revision" privilege. The interpretation of section 201(c)'s privilege was at the heart of the Supreme Court's decision in *New York Times Co. v. Tasini*, 533 U.S. 483 (2001). As a result of *Tasini*, publishers may be more likely to demand transfers of rights from collective works contributors, but section 201(c) remains relevant. It is not appropriate to leave out of the black letter a statutory provision that, moreover, was construed by the Supreme Court.

⁷ 17 U.S.C. § 202 provides:

Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.

⁸ 17 USC § 201(c) provides:

Contributions to Collective Works.—Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.

Nor does the draft include in black letter 17 U.S.C. § 201(e), which addresses involuntary transfers. Its scope remains a subject of debate.⁹ While it has not been the object of as much caselaw as other provisions of 17 U.S.C. § 201, we believe the ALI should not omit a statutory provision from the black letter. If the ALI is to restate a federal statute,¹⁰ it should not simply give us the “best of” or most cited provisions of what Congress has enacted.

Black letter rules that exist neither in the statute nor in accepted doctrine

In other cases, the black letter expresses principles which are neither in the statute nor reflected in legislative history nor in current case law.

For example, the term “fractional interest” is used repeatedly in black letter 3.04, page 24. This term is neither in the statute nor in the legislative history. Its use in the case law appears limited to *United States v. Broadcast Music, Inc.*, 720 Fed. Appx. 14 (2d Cir. 2017), in which the Second Circuit rejected the Department of Justice’s attempt to require “whole licensing” rather than “fractional licensing” under BMI’s existing consent decree.¹¹

Moreover, PD4’s table of contents lists a future section 301(e), titled “Dedication to the Public Domain.” The Copyright Act contains no such provision, which underscores, the lack of basis for formulating “black letter” statements on this subject. We understand that a commitment to an expansive public domain (or a desire to reduce the overall number of copyright-protected works) might underlie a wish to create a black letter rule for dedicating works to the public domain. But we are concerned that the draft will not merely restate the law, but augment it. The insertion of this provision could reinforce perceptions, expressed in connection with other drafts, of a pervasive anti-copyright predisposition.

Answers to Reporters’ Questions (pages xiii-xiv)

Question 1, page xiii-xiv [whether agreements among co-authors should be in writing] As the question concedes, “[t]here appears to be no case law deciding this issue one way or another. . .” We discuss our own views on the substantive issue under section 3.04, *infra*, but the Restatement should not take a position in the absence of any law on it.

Question 2, page xiv, [whether certain agreements that allow one co-author to grant exclusive licenses should be in writing]. It depends on the nature of the agreement. If there is an assignment of one co-

⁹ 17 USC § 201(e) provides:

Involuntary Transfer.—When an individual author’s ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under title 11 [bankruptcy code].

¹⁰ We reemphasize how problematic it is to “restate” a federal statute without having first, and clearly, worked through what to restate, how to restate, and why to restate.

¹¹ We don’t know how this term came to be used in the DOJ proceeding since it hadn’t been used in copyright law. It is used in property law, so perhaps it was intended to focus on precedent in that field, and to avoid discussion of longstanding business practices, particularly in the music industry, where co-authors agree that each will license only his/her own share.

author's ownership interest, it should be in writing. However, we imagine there might be other ways to structure such an agreement. It seems unnecessary to articulate such a rule in a comment (particularly in the absence of law thereon). It is unlikely that a third party would take an exclusive license from one co-author without ensuring that the co-author owns the rights being licensed, which presumably would be established by the document of assignment.

Question 3, page xiv [whether a licensee can transfer his license without express permission]: This question raises the issue of how to treat the Ninth Circuit's decision in *Gardner v. Nike, Inc.*, 279 F.3d 774 (9th Cir. 2002). *Gardner* has been widely criticized; an exclusive licensee is a copyright "owner" and as such can further transfer its ownership interest in whole or in part. We believe it appropriate for the Reporters to discuss the issue in the Reporters' Notes, to explain that it's the law in the Ninth Circuit but they believe it's wrong, and refrain from casting it as established law.

Question 4, page xiv-xv [when a written transfer made in advance of creation of a work should be effective] We agree with the Reporters that this will depend on the terms of the agreement of transfer.

Specific Comments

Section 3.02

Page 3, black letter 3.02, line 4: Here and in other instances the draft refers to the owner or owners "of a copyright" or "owner of the copyright in the work." It is preferable to refer instead to "the owner of all of the rights comprised in the copyright." While 17 U.S.C. § 201(a) refers to "copyright in the work," section 201(b) refers to "all of the rights comprised in the copyright." Since copyright is divisible, the latter formulation is more precise, and will inform (or remind) users of the Restatement that copyright is divisible. (See also page 7, black letter 3.03 (d), line 13; page 40, lines 13, 31; page 62, black letter 3.06(a), line 2.)

Page 3, comment b, lines 21-22: We agree with Judge Leval that this quotation regrettably conflates creation with fixation. As comment d correctly observes, the person who fixes the work is not necessarily its "author."

Page 3, comment c, last line: This sentence is confusing, since Illustration 1 concerns a literary work, not a photo.

Page 4, comment e, line 27; also page 5, Illustration 3: Maybe specify that there was no collaboration between the idea-suggester and the sole author? Suggesting an idea is not the same thing as working together with an author to generate a collaborative output. As we will discuss *infra*, one who collaborates in a work's creation may be an author of a joint work; we do not believe that the statutory definition of a joint work requires that the collaborators have already been authors of separately attributable copyrightable expression; what matters is whether the joint output is a work of authorship.

Page 5, line 12: This may be confusing: if she sent in a letter/email making the suggestion, she is the author of that document as a whole, but there's no protection for the idea as such.

Sections 3.03 and 3.04

Nature and regime of joint authorship

In general, the draft would make dealings between co-authors more rigid, by introducing requirements for joint authorship, such as (1) creating a standard for the amount of copyrightable material that an author must contribute to a work to be considered a joint author of the work; according to PD4, it must be “significant enough in the context of the entire work” to qualify that contributor as one of the co-authors of the work as a unitary whole; (2) requiring an advance agreement to change the default share; and (3) requiring a written agreement to change the default share. We divide the following comments into authorship activities (what makes a contributor a co-author) comments addressed to 3.03, and organization of the co-authors’ relationship (allocation of ownership shares), comments primarily addressed to 3.04 (but see 3.03(d)).

Black letter 3.03(b), page 7, is ambiguous as to whether contributions must be made contemporaneously, or whether seriatim contributions suffice if the author first in time intended that another person finish the work. According to the text, “each co-author must intend, at the time the co-author creates its contribution to the work, that the contribution be merged into the joint work as a unitary whole.” See also page 7, line 22. Does a “common design” (see page 8, line 10) require that co-authors be acquainted? Know of each other's identities? “Collaborated with each other” implies simultaneity of contributions; on the other hand, “knowledge and intent” may imply that contributions need not be contemporaneous, although a requirement that co-authors know of each other’s contributions would exclude an inchoate invitation to unknown third parties to contribute to a work’s creation. Page 8, lines 12-15. For example, suppose that an author writes the beginning of a short story, which she posts on a website, inviting any and all participants to compose endings for the tale. Many writers respond, and she selects one of the offered endings. Who is/are the author(s) of the combined story?¹² Each intends, at the time of writing, that the contributions will be merged, but the initiating author doesn’t know by whom or when the merger will occur, and the selected author does not know, at the time of writing, that her contribution will be the one chosen.

Black letter 3.03(c): The statute does not require that the contributions be copyrightable; that is a judicial interpolation motivated by a desire to exclude interlopers but unwarranted by the text. The black letter appears to take a half-way stance between requiring separately discernible copyrightable expression (which makes no sense if the “unitary whole” is composed of “inseparable parts”), and recognizing that, at least for inseparable joint works, what matters is that the putative co-authors collaborate so that their contributions, whether or not independently copyrightable, become “in the context of the entire work,” integrated into the unitary whole. In requiring a contribution of “copyrightable expression,” the Second Circuit and the Reporters (if somewhat more mutedly) are reading the definition as if it required that each contributor already be an author, rather than understanding that authorship arises from the joint creation of the work. The *work* must manifest copyrightable expression; if the participants create that expression together, they are authors of the whole, it should not matter whether dissection of their contributions would result in separately copyrightable components. Moreover, reading the statute to require that each contributor separately be an author (paradoxically, if not oxymoronically, of inseparable contributions) will put courts in the undesirable position of having meticulously to delve into the creative process in order to extract the contributions and discern their copyrightability.

Black letter 3.03(d): We note that this provision really goes to the regime of co-authorship (the subject of 3.04, and not to its nature. We also believe the provision is a misnomer: initial ownership arises out

¹² Hypothetical based on Jane C. Ginsburg, Putting Cars on the “Information Superhighway”: Authors, Exploiters, and Copyright in Cyberspace, 95 Colum. L. Rev. 1466, 1469–70 (1995).

of authorship. All co-authors are *initial* co-owners, though they may by agreement transfer their ownership interests to other co-authors (or to third parties). An “agreement to the contrary” thus does not divest a co-author of *initial* co-ownership; it can make another initial co-owner a greater co-owner, or a sole owner, by transfer.

Comment (a), page 7: The Copyright Act defines a joint work as “a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”¹³ The disjunctive language implies that the terms “inseparable” and “interdependent” describe distinct types of joint works. To give separate meaning to the words “interdependent” and “inseparable” we must confine the meaning of “interdependent” to joint works comprised of multiple distinct and independently copyrightable works. An “inseparable” joint work is therefore a work which is not capable of disaggregation into independently copyrightable parts attributable to each co-author.

The legislative history references two distinct modes of co-authorship: (i) the co-authors might “collaborate with each other,” and (ii) each author might produce her contribution independently “with the knowledge and intention that [her contribution] would be merged with the contributions of other authors.”¹⁴ While the “interdependent” variety of joint works may arise from actual collaboration between co-authors (e.g., Rodgers & Hammerstein), it need not; it is enough that “each of the authors prepared his or her contribution with the knowledge and intention that it would be merged with the contributions of other authors.” The “inseparable” variety of joint works, however, implies collaboration. It is difficult to imagine how the contributions could be indistinguishable (and thus constitute “inseparable” parts of a “unitary whole”) without the contributors working together in active collaboration. Co-authors need not work together physically, but in order to render the contributions “inseparable” it would seem that co-authors must, work together to create the resulting work. The act of collaboration gives rise to the work; if the work as a whole is copyrightable, there is no need to sift through its creative steps. Courts assessing co-authorship of an inseparable joint work therefore should not endeavor to ascertain who contributed what, but rather whether the contributors’ relationship was collaborative. That inquiry would still permit courts to exclude idea-suggestors and other hangers-on. (In the same vein, see our observations on Comment (d).)

Page 10, comment d: Concerning a requirement that each co-author’s contributions must “stand alone”: The statute appears to create a quandary. On the one hand, if, as 17 U.S.C. § 101 provides, a joint work is created by “two or more *authors*” (emphasis supplied), that may at first blush imply that each contributor must bring more than ideas to the collaboration. On the other hand, if, as also per section 101, the contributions may be “inseparable” parts of a “unitary whole,” then identifying “stand alone” expression may be difficult. As Judge Posner recognized in *Gaiman v. McFarlane*, 350 F.3d 644 (7th Cir. 2004), the nature of the individual contributions might separately lack sufficient creativity to be original, or sufficient elaboration to pass from an idea to an expression, yet the combination yields an original work of expressive authorship. In fact, the section 101 definition need not exclude collaborations in which the sum exceeds the parts. If the term “authors” applies to the “unitary whole” – as we believe it does – rather than to the “contributions,” then it is possible to read the statute to cover both situations – of “inseparable” as well as “interdependent” parts – as the statute claims to do. Requiring that each author’s individual “contribution” be independently copyrightable risks unduly narrowing the range of “inseparable” joint works. We concur in the Reporters’ decision not to include a “stand alone” requirement. We are troubled, however, by the introduction of “significant contribution,” a term not in the definition. We believe it would be preferable to avoid limiting the flexibility of the courts as they face different fact

¹³ 17 USC § 101.

¹⁴ H.R. Rep. 94-1476 (1976) at 120.

patterns that raise co-authorship issues. We also note some inconsistency in the draft. See, e.g., page 11 line 26 (characterizing the required contribution of copyrightable material as “more than merely de minimis.”).

Note that focusing on “unitary whole” may also provide a solution to the problem of the interloper whose “contributions” are copyrightable. PD4 correctly criticizes the Second Circuit’s interpolation of an intent to be co-authors (an interpolation designed to swat away pesky idea-suggesters and other hangers-on), but it may be possible to preserve that interpolation’s filtering function at least where putative authors are collaborating and sharing in time the intention to merge their contributions “into inseparable or interdependent parts of a unitary whole.”

Page 11, line 8: The draft should also include an Illustration of collaboration where the putative authors discuss how the work will unfold, but only one coauthor fixes the fruits of their discussions (under authority of both).

Page 12 line 18 – page 13, line 13: While the Draft criticizes the Second Circuit’s requirement of intent to be co-authors, it acknowledges that the putative co-authors’ understandings or agreements regarding authorship credit can be an indicium of co-authorship. The cornerstone, according to the Draft, is the recognition among co-authors of the significance of each other’s contributions (“objective manifestations of shared intent are relevant to the questions of whether each party’s contribution to the unitary whole is significant enough to qualify that party as an *author* of a joint work” [emphasis in original]). Here PD4 – correctly, we believe – emphasizes that the authorship is of the *joint work* (the unitary whole), not of the separate contribution. PD4 states that a “significant contribution” would normally be required of a contributor before the other author(s) would be willing to credit the contributor as a co-author (page 13, lines 10-12). But none of the considerations set out in this part of PD4 necessarily implies that the “significant contribution” would have to have been independently copyrightable. The valued contribution could in fact have been conceptual (e.g., Judge Posner’s positing in *Gaiman* of an idea-contributing co-author who can’t write who collaborates with a competent literary stylist who can’t think).

Page 13, line 28: Illustration 6 isn’t really on point because Executive hasn’t contributed *any* expression, copyrightable or otherwise. It has been long established, e.g., *Nottage v. Jackson*, 11 Q.R.D. 627 (1879) that just providing the equipment doesn’t make one an author.

Page 15, line 29: This is true for sole-authored derivative works, too.

Reporters’ Notes

Page 18, line 8: The House Report that accompanied the 1976 Copyright Act identified collaboration as one of two ways to create a joint work. H.R. Rep. 94-1476 (1976) at 120.

Page 20, line 12. Should be “as” not “at.”

Page 20, line 20: We agree with Judge Leval that not only underlings might receive authorship credit for non-copyrightable contributions, but also the “dominant person.” This longstanding practice raises a variety of questions about the proper characterization of authorship. Apart from commissioned works made for hire (a category that will not encompass all “dominant person” situations), authorship status is

not transferred or vested by contract. That status derives from creation, including, in our view, collaborative creation. Thus, simply agreeing to credit a non-collaborator with co-authorship status should have no legal effect. That conclusion entails many consequences, including, potentially, fraud on the Copyright Office if the application lists as authors persons who are not. If an improperly credited co-author unilaterally grants non-exclusive rights to third parties, is that grant void? Can an improperly credited co-author exercise termination rights in the work? The prospect that these and other problems will in fact transpire is considerably heightened if all co-authors must bring discernible copyrightable expression to the work. Understanding co-authorship as a collaborative relationship, particularly for “inseparable” works, makes it possible to recognize as co-authors participants whose individual expressive contributions may not emerge from the archaeology of the work (not even, per Judge Leval’s example, by examining brushstrokes), but who were in fact and by consensus closely involved in the work’s development from idea to expression. A collaboration standard of co-authorship won’t embrace a “Herr Professor Doktor Doktor” who doesn’t even supervise his minions, but we assume that in most cases there will be input sufficient to warrant the credit. One might raise similar questions regarding the performer who demands and receives a writing credit for a musical composition; the performer’s participation in the song’s development might justify the credit, particularly if the composition were written for that performer. Under a “copyrightable contributions” test, the credit might be false.

Page 23, line 5: *Casa Duse* is a strange decision, too much of an outlier to warrant the proposed Re-statement's apparent endorsement.

Regime of co-ownership

In general, regarding the requirements for agreements between the authors, we are concerned about the burdens this may place on authors. Authors are generally not lawyers. Unfortunately, many of the restrictions the Draft suggests will disserve authors not represented by lawyers, and are simply out of touch with custom and practice in certain industries.

Section 3.04

Page 24, 3.04 black letter, lines 4-5, 7, 12, 14; page 24, comment b, line 27; page 25, line 7 [and elsewhere in text]: The phrase “undivided fractional interest” seems like a contradiction in terms and will lead to confusion. This is not a term that appears in the statute or legislative history, nor to our knowledge has it appeared in copyright cases, other than *United States v. Broadcast Music, Inc.*, 720 Fed. Appx. 14 (2d Cir. 2017), where the Second Circuit affirmed the district court’s holding that requiring full work licensing (which the DOJ sought to require of BMI, rather than “fractional licensing,”) is beyond the scope of the existing consent decree.¹⁵ To avoid confusion it would be far preferable to describe joint ownership consistent with the statute, legislative history and cases.

Page 25, line 8: In the context of the sentence, better to start with “while.”

Page 25, line 27: Add “nonexclusively” after “can.”

Page 27, line 20: And if Z&D then create a derivative work, no accounting to E?

¹⁵ See Statement of the Department of Justice on the Closing of the Antitrust Division’s Review of the ASCAP and BMI Consent Decrees (Aug. 4, 2016), available at <https://www.justice.gov/atr/file/882101/download>.

Page 28, line 20: Replace “exclusively grants” with “assigns.” A can’t grant exclusive rights since it is a joint work.

Page 30, line 9: Typo; delete one instance of “appear to.”

Page 31, lines 1-27. Comment f takes the position that agreements among co-owners to alter the default ownership interest must be in advance of the work and in writing. This flies in the face of music industry practices and other situations in which co-authors don’t know in advance what the nature and scope of their respective contributions will be. As stated above, this may protect only those well-funded authors with attorneys. Rather than declaring that the law requires advance written agreements to change the default share, with no supporting law and contrary to established practice in the music industry (and probably elsewhere), we suggest that the Reporters agree to remain silent on this issue in the comments and leave their discussion to the Reporters’ Notes.

Works made for hire

Section 3.05

Note: This chapter does not cover the work made for hire doctrine as it existed prior to Jan. 1, 1978. Since this issue still comes up in cases, we suggest that the PD4 inform Restatement users that it doesn’t cover pre-1978 work made for hire rules so users aren’t misled.

Page 40, section 3.05: This section of the black letter acknowledges that under the work made for hire doctrine, a juridical person can be an author of a work created by its employee, or of certain types of works it commissioned from a non-employee, provided there is a written agreement signed by both parties. This provision of the law seems at odds with the discussion in earlier drafts that a work requires human authorship. It would be helpful to address this inherent contradiction and explain why it is constitutional to grant authorship to juridical persons. See also page 5, Reporters’ Note a; page 54 lines 28-29.

Page 41, line 3 (comment (b)): We believe that this is incorrect. The United States does not project its work for hire rules onto foreign countries. 17 U.S.C. § 104A(b) says: “A restored work vests initially in the author or initial rightholder of the work as determined by the law of the source country of the work.” Where the author’s nationality is the point of attachment (i.e., the work is not published or not published in a treaty country) and the source country doesn’t have a work made for hire doctrine or encompasses fewer works or classes of persons within a work for hire regime than would US law, US courts would look to the creator’s nationality rather than to the employer’s, even if the creator were an employee. See, e.g., *Itar-Tass v Russian Kurier* (employee journalists excluded from Russia’s work for hire category; Second Circuit considers the employee journalists the first owners of copyright); *Morricone v. Bixio* (SDNY 2017) (look to Italian law to determine if it has a work for hire regime).

Page 44, line 1 (comment (c)): We believe the Reporters might also observe that paying taxes and benefits is consistent with a rationale for work for hire: employee is shielded from risks of being a creator; employer absorbs those risks and in return employee gets some measure of job stability. (Rationale of course does not apply to freelance employees for hire)

Page 44, Illustration 2: The facts establish that the programmer is not an employee. However, it is silent as to whether there's an agreement between B and the programmer. It would be helpful to edit the illustration so the reader knows why the work fails as a work made for hire. The lack of an agreement? Because a computer program isn't one of the permitted categories? Or is it a contribution to a collective work so the lack of agreement is the problem?

Page 46, line 12: Insert "only" after "done."

Page 47, line 12 (comment (e)) and page 60, Reporters' Note g: The language of the statute implies that the order or commission must precede the creation (the work wouldn't exist but for the "special" order or commission) and it follows from the statutory language, as well as its purpose, that the agreement should pre-exist. This creator-protection is important and consistent with Congress' purpose to limit the circumstances under which freelance creations can become works made for hire. More rigorous insistence on the opening phrase ("specially ordered or commissioned") would also remove many sound recordings and other works where the creators approach a producer or publisher with a preconceived project. As a policy matter, we would subscribe to such a reading. There is a clear judicial consensus that the *agreement* must precede the commencement of the work, but whether the *writing* reflecting the agreement must be executed before the work's creation remains a contested issue in the caselaw. We believe requiring the signed writing in advance would better serve Congress' intent to protect freelancers who often deal with publishers or studios with far greater bargaining power than they. Moreover, those entities are better able to ensure that an agreement is signed before the work commences. Nevertheless, because the courts are split on this issue, we do not recommend that PD4 state affirmatively, in black letter or comments, that a signed agreement in advance of the work is necessary for it to be a work made for hire.

Page 50, line 20 (Comment (g)): insert, after "normative": "(author-protective)"

Page 50, line 20: It's a reach to suggest that "shall be considered" implies that the agreement must be signed in advance.

Page 50, line 28 to page 51, line 20: We believe it is too formalistic to require the precise words "work made for hire" in an agreement between the commissioning party and the contractor. However, the agreement should reflect the two essential aspects of a work made for hire agreement: first, it should provide that the commissioning party will be the owner of all rights in the work. Second, it should provide that the commissioning party will be deemed the author.

Reporters' Notes:

Page 54, lines 28-29 (comment (b)) ("There is no compelling reason not to recognize nonjuridical entities as employers or commissioning parties who are authors of works made for hire"): but the Constitution may offer a compelling reason why neither juridical persons nor nonjuridical entities can be "authors" of works made for hire, though the Constitution poses no impediment to these persons or entities acquiring copyright ownership from human authors by operation of law.

Pages 56-57 (comment (c)): We concur with the Reporters' decision to avoid inclusion of the academic exception. There is some support for the exception (e.g., Judge Posner's argument in *Hays v. Sony Corp. of America*, 847 F.2d 412 (7th Cir. 1988)) concerning section 201(b) that academics don't produce scholarship "for" their employers). But as the draft observes, universities often deal with these issues through

policies and agreements with faculty, so the need for clarification is not urgent. Moreover, trying to articulate such a provision would require addressing some complicated questions, e.g., who would be entitled to such an exception? Only university professors? What about instructors in a community college? What about instructors who are hired to teach a particular course that is mandatory for numerous students and taught by multiple instructors, so the instructors' notes and lectures would be of significant value to the school? What other professions are analogous and would justify an exception?

Page 59, line 29 (comment (f)): Question precedent: were these works really "commissioned"? Or did artists come to producer with songs to record? Also, any recordings initially made as "singles" wouldn't have been created "as a contribution to a collective work."

Page 60, line 37 (comment (h)): The draft says "someone other than the employer or commissioning party." Can anyone other than the employer or commissioning party be vested with initial ownership?

Section 3.06

We suggest a discussion of beneficial ownership in Chapter 3; the statute refers to beneficial ownership in section 501(b) but does not offer further detail. Because it is a statutorily-specified variety of ownership, we believe the Restatement should account for it.

Page 62, section 3.06: We urge that the black letter should use the statutory language wherever possible. Altering the wording leads to confusion. E.g., 17 U.S.C. section 201(d). Also sec. 202 is missing (it should not be relegated to comment (f)).

Page 62, line 2, Sec. 306(a): the statute, section 201(d)(2), says "Any of the exclusive rights comprised in a copyright," not "any or all of the exclusive rights granted to the copyright owner by section 106 . . ." We do not think the subtle rhetorical shift from "comprised in a copyright" (which "subsists" upon a work's creation), to "granted to the copyright owner by section 106" is appropriate; it exemplifies the drafts' persistent whittling down of copyright protection.

Page 62, line 4: Insert "any." But it would be better to quote the statute.

Page 62, line 4: "Inter vivos" is confusing. What if a corporation is making the transfer?

Page 63, line 28 (comment (c)): not exactly a "reversion"; the duration of the assignment was for only six months; to avoid confusion, it would suffice to delete "after which it reverts to Studio," and substitute "only."

Page 67, lines 8-15 (comment (f)): *This belongs in the black letter: It is a distinct provision of the statute.*

Page 67, line 27: We suggest including an inter vivos example.

Page 68, comment h: Why read section 201(e) (another statutory provision omitted from black letter) so narrowly? It risks cutting off its application in situations that haven't yet arisen.

Reporters' Notes: Query whether to mention in Reporters' Notes artists' resale right (droit de suite), not currently in positive law, neither state (California provision held preempted) nor federal, but has been the subject of Copyright Office study; we do not urge its coverage, however.

Section 3.07

Page 77, black letter, section 3.07 (d): This is inarguable, but not especially helpful if we don't know what law applies. Also consider putting 17 U.S.C. § 201(e) (invalid involuntary transfers) here.

Page 82, comment k and Reporters Note k: Although there are numerous circuit court cases to the contrary, PD4 nevertheless embraces the dictum in a single cited district court case. This appears to be a situation in which the drafters should decline to address this issue, and allow the courts to work through it in the various situations in which it might come up.

Page 84, line 37: Missing word in parenthetical?

Page 85, line 13: Magna Carta? Charta is technically correct, but Carta is the more common usage.