

# The Rise and Fall of the Divisibility of Copyright Ownership in the US

By [Nandita Saikia](#)

In theory, under the 1909 Copyright Act, copyright was considered to be a single indivisible bundle of exclusive rights. This meant that a transfer of less than all the rights in any work was deemed to be merely a license which allowed the 'licensee' to use the copyrighted work in the manner specified but did not allow him to exercise any right of ownership. In addition to this, under the 1909 Act, only the copyright owner, then called a proprietor, had the right to sue for infringement.

At the time that the 1909 Act was passed, this did not create many problems because the only right which really mattered was the right to reproduction. As time went on, however, the circumstances envisaged by the 1909 Act proved to become divorced from commercial reality since the development of technology meant that the right to reproduction was not the primary right which was exploited by copyright owners.

As a result of the 'disconnect' between the law and the commercial world, the 1976 US Copyright Act which came into force in 1978 recognized the divisibility of copyright. However, possibly as a reaction to the injustices which resulted from copyright being considered to be indivisible, the provisions which dealt with divisibility in the 1976 Act were almost diametrically opposite to those in the 1909 Act. Nonetheless, copyright is not really quite as divisible as Congress appears to have intended it to be in the 1976 statute since the provisions of the 1976 Act have been tempered by judicial decisions in recent years.

Focusing on the 1976 statute, in Section 101 the term "copyright owner" is defined as "the owner of any particular exclusive right", and the "transfer of copyright ownership" is defined as an assignment or exclusive license – but not a non-exclusive license -- whether or not the transfer is "limited in time or place of effect". In Section 101, no distinction is made between authors, assignees and exclusive licensees; each holder of an exclusive right is regarded as a "copyright owner" to the extent of the right possessed.

Section 201(d)(1) which acts as a bridge between these definitions says: "The ownership of

a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.”

If more than one person was to become an owner of copyright in a work by virtue of the work having been jointly created, the co-authors would, as owners in common, own equal shares in the work. Thus, two co-authors would own the copyright on a 50:50 basis. They could later change this by entering into a contract changing the shares each would own.

However, if a work were jointly owned by two or more persons who were not its authors, the shares would be determined by the contractual arrangements which made them owners.

In both cases, copyright owners could, according to the 1976 Act, transfer their proportional shares – nothing in the Act prohibits such a transfer and, in fact, Section 206 explicitly allows it. Section 201(d)(1) says: “The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.” And Section 201(d)(2) says: “Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.” Thus, any copyright owner, would, under this Section be allowed to transfer his proportional share without the consent of the other owners.

Also, by virtue of this provision, exclusive licensees of any right comprised in a copyright were granted the locus standi to sue for infringement; under the 1909 Act they could not do so. Prior to the enactment of the 1976 statute, there was some concern that this would expose alleged infringers to having a large number of suits filed against them. The issue was, however, addressed in Section 501(b) of the statute which imposed limitations on the right to sue by allowing courts to require that all interested parties be given notice, and to order the joinder of parties whose interest might be affected by the suit.

Coming back to the grant of licenses, a co-owner could, under the 1976 Act, unilaterally effect a transfer of ownership (possibly by granting an exclusive license) in respect of the entirety of his proportional share of the work. He could not, however, grant an undifferentiated, exclusive license in respect of the whole work as this would effectively result in the other co-owners involuntarily transferring their shares.

With reference to non-exclusive licenses, William Patry says, “A co-owner may unilaterally grant nonexclusive licenses; a joint author (or co-owner by assignment) is immune from an infringement claim by the other author or co-owner; and, a joint author has an independent right to use or license others to use the work. The only obligation of a co-owner is to account for any profits earned from the exploitation.”

The rights of co-owners have been severely limited by the judicial interpretation of the 1976 statute though. The Second Circuit in *Davis v Blige*, 2007 WL 2893003 (2d Cir. Oct. 5, 2007) effectively eliminated the ability of a co-owner to unilaterally transfer their proportional share of a copyright. In this case, the plaintiff, Sharice Davis, had co-authored two songs with Bruce Chambliss – the step-father of Mary J Blige and father of Bruce Miller. Miller (who had granted licenses to Mary J Blige) claimed that Chambliss wrote the songs alone and had orally assigned all rights in the music to him. Two days before Chambliss deposed, an agreement was signed by Miller and Chambliss in which all rights in Chambliss' works were transferred to Miller from the (unspecified) date of their composition. This retroactive transfer made Miller a co-owner and validated the licenses he had granted to Blige. The Court of Appeals did not uphold this agreement though. The Court held, without quoting or applying Section 201 of the 1976 Act, that “a co-owner cannot unilaterally grant an exclusive license” as this would conflict with “the venerable law of property that, while an owner may convey any of his rights to others permanently or temporarily, he may not convey more than he owns.”

The results of this ruling are that: (a) a co-owner cannot unilaterally grant a retroactive license and (b) the proportional share of a co-owner in a copyright cannot be transferred (or exclusively licensed) by him without the consent of the other co-owners.

Following this, the Ninth Circuit, in *Sybersound Records, Inc. v. UAV Corp.*, 2008 WL

509245 (9th Cir. February 27, 2008)(Docket No. 06-55221), dealt with the divisibility of copyright under the 1976 Act. In this case, a karaoke record producer, Sybersound, claimed that its competitors were infringing copyright in nine songs. Sybersound had entered into an agreement with TVT, one of the original co-owners of the songs, by virtue of which it became an “exclusive assignee and licensee of TVT's copyrighted interests for purposes of karaoke use, and also the exclusive assignee of the right to sue to enforce the assigned copyright interest.”

The Court, however, held that ‘as a co-owner of the copyright, TVT could not grant an exclusive right in the karaoke-use interest of the nine referenced copyrights’. It went on to say that ‘unless all the other co-owners of the copyright joined in granting an exclusive right to Sybersound, TVT, acting solely as a co-owner of the copyright, could grant only a nonexclusive license to Sybersound because TVT may not limit the other co-owners' independent rights to exploit the copyright.’ Significantly, the court didn’t even specifically say that ‘karaoke-use is a properly divisible interest in a copyright’ – it did not deal with the issue although it mentioned the issue.

Interpreting the statute, the Court held that ‘[a]lthough the 1976 Copyright Act permits exclusive rights to be chopped up and owned separately, to be effective, the assignment or other type of alienation permitted by 17 U.S.C. §§ 101 and 201(d)(2) must be exclusive. Since TVT's assignment was admittedly non-exclusive, TVT succeeded only in transferring what it could under 17 U.S.C. § 201(d), a non-exclusive license, which gives Sybersound no standing to sue for copyright infringement.’ The Court ruled that because Sybersound was neither an exclusive licensee nor a co-owner in the copyrights, it lacked standing to bring the copyright infringement, and, thus, its copyright infringement claims failed.

The cumulative result of these decisions is that co-owners of copyright cannot unilaterally grant exclusive licenses even to the extent of their proportional share in a copyright. The decisions have been widely criticised as being contrary to what a plain reading of the statute reveals Congress’ intention to have been.

*Nandita Saikia can be reached at [saikianandita@gmail.com](mailto:saikianandita@gmail.com).*

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