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## International Distributions: Divergence of Co-Ownership Laws

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# International Distributions: Divergence of Co-Ownership Laws

Goldie Gabriel\*

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United States copyrighted works are exploited internationally—or at least artists hope for them to be exploited internationally. The Berne Convention (“Berne”),<sup>1</sup> to which the U.S. became a member on March 1, 1989,<sup>2</sup> is the primary regulator of international copyright issues.<sup>3</sup> Berne’s purpose is to “protect, in as effective and uniform a manner as possible, the rights of authors in their literary and artistic works.”<sup>4</sup> To achieve this purpose, Berne mandates that its parties provide equal treatment and minimum levels of protection to members of the Berne Union.<sup>5</sup> Berne does not,

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1. Berne Convention for the Protection of Literary and Artistic Works, July 24, 1971, 828 U.N.T.S. 221, *as amended* S. Treaty Doc. No. 99-27 (1979).

2. See An Act to Amend Title 17, United States Code, to Implement the Berne Convention for the Protection of Literary and Artistic Works, as Revised at Paris on July 24, 1971, and for Other Purposes, Pub. L. No. 100-568, 102 Stat. 2853 (1988).

3. See CRAIG JOYCE, ET AL., COPYRIGHT LAW 36 (6th ed. 2005).

4. Berne Convention for the Protection of Literary and Artistic Works, *supra* note 1, at pmb1.

5. *Id.* art. 5(1), art. 32, Letter of Transmittal. Signatories of the Berne Convention are Berne member countries, referred to as the Berne Union. Copyright Convention and Protocols Done at Paris, July 24, 1971, 25 U.S.T. 1341, Appx. Declaration Relating to Art. XVII.

however, require new laws to provide those protections.<sup>6</sup> Instead, Berne allows individual discretion in conformity.<sup>7</sup> This results in varying levels of protection. Consequently, U.S. and foreign copyright laws differ on key issues that affect both copyright owners' and artists' rights.

This article addresses international distribution issues that may result from the divergence of applicable domestic and foreign laws concerning rights associated with co-owned copyrighted musical works. Part I reviews domestic co-ownership laws, and Part II reviews foreign co-ownership laws. Part III provides a comparative analysis of the law and explores how foreign courts might rule on laws that are violated in their country but are lawful in the country of the work's origination. The concluding section proposes contractual solutions.

### I. DOMESTIC CO-OWNERSHIP LAWS

United States copyright law is based on Article I, Section 8, Clause 8 of the U.S. Constitution, where Congress is granted the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."<sup>8</sup> Copyright law protects works of authorship, which includes musical works and sound recordings.<sup>9</sup> United States copyrights are governed by the 1909 Act and the 1976 Copyright Act, each of which grant authors limited exclusive rights in hopes that they will be encouraged to create diverse works and share those works with the public so that public enrichment, the ultimate purpose of copyright law, is achieved.<sup>10</sup> Copyright law gives owners the exclusive rights to reproduce, prepare derivatives of, distribute copies or phonorecords of, publicly perform (including by digital audio transmission), and publicly display their works.<sup>11</sup>

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6. Berne Convention for the Protection of Literary and Artistic Works, *supra* note 1, art. 2(2).

7. *Id.*

8. U.S. CONST. art. 1, § 8, cl. 8.

9. 17 U.S.C. § 102(a) (2000).

10. H.R. REP. NO. 94-1476, at 120 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5736.

11. 17 U.S.C. § 106.

Section 201 of the Copyright Act provides that the author of a work is the initial owner of the copyright.<sup>12</sup> Co-ownership results when there is more than one owner of a work.<sup>13</sup> If a copyrighted work is co-owned, then more than one person owns and benefits from the rights that copyright ownership provides.<sup>14</sup> Co-owned copyrighted works exist in many forms. There can be a work by a single author, where the author transfers or divides some of the copyright such that the work is then co-owned<sup>15</sup> (e.g., songwriters transferring partial ownership to publishers). There can also be jointly-made works, where multiple authors intend to merge their contributions “into inseparable or interdependent parts of a unitary whole”<sup>16</sup> (e.g., songs where the music and lyrics are by different composers, and artistic mixed-media installations, as where a sculpture is accompanied with sound).

Co-owners are considered tenants in common and can assert rights independent of each other.<sup>17</sup> However, co-ownership also provides co-owners with indivisible sharing of the exclusive rights in the co-owned work.<sup>18</sup> Consequently, a single owner of a co-owned work cannot grant exclusive rights to a work unless she has the consent of all parties.<sup>19</sup> She can, however, grant non-exclusive rights without the consent of her co-owners.<sup>20</sup>

In situations where exclusivity is not a concern, such as when one portion of a hit song is used in a commercial or when certain derivative uses are made (essentially, when the intent of the use of the work is non-exclusive), there is no need to get consent from all

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12. 17 U.S.C. § 201(a). Works made for hire and works of the U.S. Government, are an exception such that the employer or the U.S. Government is deemed the author. *Id.* § 105, 201(b).

13. See generally A.E. Korpela, Annotation, *Rights and Remedies of Co-Owners of Copyright*, 3 A.L.R.3d 1301 § 3[b] (1965).

14. 17 U.S.C. § 201(d)(2).

15. *Id.*

16. *Id.* § 101 (defining “joint work” as one that is “prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole”).

17. See *Noble v. D. Van Nostrand Co.*, 164 A.2d 834, 839 (N.J. Super. Ct. Ch. Div. 1960); H.R. REP. NO. 94-1476, at 120 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5736.

18. 17 U.S.C. § 201(d)(2); see *Pye v. Mitchell*, 574 F.2d 476, 480 (9th Cir. 1978) (stating that co-owners of a musical work share an undivided interest in that work).

19. *Cf.* 17 U.S.C. § 201(e) (regarding involuntary transfer).

20. *Id.* § 201(d)(2); *Goodman v. Lee*, 78 F.3d 1007, 1012 (5th Cir. 1996) (stating that one co-owner can grant a non-exclusive license, but the other co-owner has a right to recover her share of revenue for a commonly held property); *Noble*, 164 A.2d at 839; H.R. REP. NO. 94-1476; see *Oddo v. Ries*, 743 F.2d 630, 634, 635 (9th Cir. 1984) (finding that one owner cannot sue another co-owner for unauthorized non-exclusive use of co-owned copyrighted material under the Copyright Act).

owners.<sup>21</sup> In such cases where the intent is for non-exclusive use, if one owner attempts to hold out for more money or just refuses to authorize use, but another owner approves use, then in the U.S. it is lawful to use the work.<sup>22</sup> However, in cases where exclusivity is a concern, such as when an original song is used as the theme song for a musical, exclusive rights are needed to prevent other singers and producers from making a similar song derived from the same composition, or producing another musical incorporating the same original song.

U.S. courts have held that a co-owner cannot infringe a copyright that she owns.<sup>23</sup> Therefore, a co-owner cannot bring suit against another co-owner for copyright infringement, even if that co-owner did not consent to the granting of non-exclusive rights.<sup>24</sup> Even if a co-owner licenses a portion of a work that she did not contribute, other co-owners cannot sue her for copyright infringement.<sup>25</sup> There are several court rulings regarding the legality of a co-owner independently licensing non-exclusive uses. In the case of songs, courts have determined that authors do not need to physically meet or work together in order to have a joint work.<sup>26</sup> Instead, authors only need to intend, at the time of creation, to merge the works; once the works are joined, each author then has an indivisible interest in the song and is entitled to an equal share of the copyright interest.<sup>27</sup>

One may argue that music is popular because of its lyrics, or that the lyrics are popular because of the music, or that the music is popular because of the song as a whole.<sup>28</sup> Yet, copyright interest in a co-owned song is shared equally, and each co-owner can independently authorize use without the other co-owner's consent.<sup>29</sup>

21. 17 U.S.C. § 201(d)(2).

22. *Id.* (requiring that all co-owners consent to granting "exclusive" rights). *Goodman*, 78 F.3d at 1012 (stating that a co-owner can lawfully grant a non-exclusive license without violating other co-owners rights under the Copyright Act).

23. *Oddo*, 743 F.2d at 632; *Richmond v. Weiner*, 353 F.2d 41, 46 (9th Cir. 1965); *Strauss v. Hearst Corp.*, 8 U.S.P.Q.2d 1832, 1837 (S.D.N.Y. 1988).

24. *Oddo*, 743 F.2d at 632; *Richmond*, 353 F.2d at 46; *Strauss*, 8 U.S.P.Q.2d at 1837.

25. *Edward B. Marks Music Co. v. Jerry Vogel Music Co.*, 140 F.2d 266, 267 (S.D.N.Y. 1944); *Noble*, 164 A.2d at 839.

26. *Marks Music Co.*, 140 F.2d at 267.

27. 17 U.S.C. § 101 (2000) (defining "joint work"); *Pye v. Mitchell*, 574 F.2d 476, 480 (9th Cir. 1978); *Marks Music Co.*, 140 F.2d at 267.

28. *Cf. Marks Music Co.*, 140 F.2d at 267 ("The popularity of a song turns upon both the words and the music; the share of each in its success cannot be appraised; they interpenetrate each other as much the notes of melody, or separate of the 'lyric.'").

29. *Id.*

In the case of joint artistic mixed-media installations, where different authors intend to combine works of various expressions, individual authors can grant non-exclusive uses of the entire work.<sup>30</sup> For example, an owner of a musical work who is also co-owner of a mixed media piece can license a non-exclusive right to reproduce a sculpture that contains his music.<sup>31</sup> The author of the music can lawfully license the entire work without the sculptor's permission.<sup>32</sup>

## II. FOREIGN CO-OWNERSHIP LAWS

Distribution territories for U.S. copyrighted works include Germany, Italy, and the United Kingdom. These countries are members of the European Union, which is comprised of twenty-seven independent states that have joined together for the purpose of enhancing political, economic and social cooperation.<sup>33</sup> Hence, there are similarities in the countries' laws.<sup>34</sup>

Germany, Italy and the U.K. each take the same position regarding co-owned works.<sup>35</sup> In these countries, in order for a work to be considered "joint," each author's contribution must be inseparable from the work as a whole.<sup>36</sup> Once the joint work results, each owner must consent to use, even a non-exclusive use.<sup>37</sup>

## III. POSSIBLE APPLICATIONS OF COPYRIGHT LAWS BY FOREIGN COURTS UNDER BERNE

Berne is not a self-executing law,<sup>38</sup> and therefore it does not teach how to apply its minimum standards.<sup>39</sup> For this reason,

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30. H.R. REP. NO. 94-1476, at 120 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5736 (defining the scope of copyrights); Nancy Spyke, *The Joint Work Dilemma: The Separately Copyrightable Contribution Requirement and Co-ownership Principle*, 11 U. MIAMI ENT. & SPORTS L. REV. 31, 33, 54 (1993).

31. *See* Spyke, *supra* note 30, at 39.

32. *Id.*

33. Zornitsa M. Stoyanova-Yerburgh, *Bulgaria and Romania to Join the European Union*, WORLDPRESS, Oct. 6, 2006, <http://www.worldpress.org/Europe/2516.cfm> (describing two new additions, making the number of member nations twenty-seven); *see generally* HG.org, European Union, <http://www.hg.org/eu-govt.html> (last visited Apr. 3, 2007).

34. *See* Spyke, *supra* note 30, at 61 n.173 (identifying similarities between laws in Germany, Italy, the Netherlands, Austria and the U.K. on co-owned works).

35. JOYCE, *supra* note 3, at 308; Spyke, *supra* note 30, at 61.

36. *See* Spyke, *supra* note 30, at 61.

37. *See id.* at 62.

38. Berne Convention for the Protection of Literary and Artistic Works, *supra* note 1 (requiring each member country to pass legislation in order to implement the various protections of the treaty).

copyright laws vary such that authors are able to assert rights in one country that are unlawful in another.

### A. Extraterritoriality and Conflicts of Law

Global distribution may trigger the laws of other countries.<sup>40</sup> This triggering warrants consideration of extraterritoriality and conflicts of law issues.

Berne does not explain how to apply its minimum protection standards, but does instruct member countries regarding extraterritoriality issues.<sup>41</sup> Berne declares that each country is to apply the laws of the country where protection is sought.<sup>42</sup> This declaration is concerning because of the effect that the foreign country's laws may have on works that originate from and are lawfully licensed in the U.S., but unlawful in the foreign country where the work is subsequently distributed.

Berne "provides that the law of the country where protection is claimed defines what rights are protected, the scope of the protection, and the available remedies; the treaty does not supply a choice of law rule for determining ownership."<sup>43</sup> Domestic cases have, however, addressed the issue. Regarding ownership, *Itar-Tass News Agency v. Russian Kurier* explains that copyright is a form of property, and that "the interests of the parties in property are determined by the law of the state with 'the most significant relationship' to the property and the parties."<sup>44</sup> Therefore, it is the country with the most significant ties to the property whose law will govern ownership. Regarding infringement, *Itar-Tass* applies a standard of *lex loci delicti* (the place

39. Cf. *id.* art. 6(bis)(3) ("The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.").

40. Caslon Analytics Note, Moral Rights Cases, <http://www.caslon.com.au/mrcasesnote.htm> (last visited Mar. 28, 2007) (referencing Judgment of May 28, 1991, Cass. Civ. 1re, 1991 Bull. Civ. I 113). This is an example of France applying its copyright laws concerning moral rights. See generally *id.* The court reasoned although director Huston waived his moral rights in the U.S., in France his moral rights were inalienable and perpetual and based on his previous statements, the colorization of "The Asphalt Jungle" violated Huston's moral rights. *Id.* See also *id.* (referencing the Zinnerman case in Italy, an example of Italy applying its copyright laws concerning moral rights).

41. See Berne Convention for the Protection of Literary and Artistic Works, *supra* note 1, at 6(bis).

42. *Id.*

43. *Itar-Tass News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 91 (2d Cir. 1998) (quoting Jane C. Ginsburg, *Ownership of Electronic Rights and the Private International Law of Copyright*, 22 COLUM.-VLA J.L. & ARTS 165, 167-68 (1998)).

44. *Itar-Tass*, 153 F.3d at 90.

of the wrong<sup>45</sup>), which means that it is the country where the wrong has taken place whose laws will govern infringement.<sup>46</sup> It is this conflict of law rule that allows foreign countries to apply their laws to U.S. works. This is problematic because acts that are lawful in the U.S. might be deemed to violate the copyright laws of another country.

*Itar-Tass* is a U.S. case, however, and because Berne does not specify a conflicts rule, foreign courts may choose to apply conflict rules that are inconsistent with *Itar-Tass*' place of the wrong standard. This article seeks to address the effect of a foreign country choosing to apply its own definition of ownership and infringement.

### B. Co-Ownership

Differences in the definition of joint works (interdependent contributions as compared to inseparable contributions)<sup>47</sup> and the rights that are granted to co-owners of joint works (independent rights compared to shared rights where all must agree)<sup>48</sup> could pose a problem for authors who rely on U.S. copyright laws and have their works distributed internationally, because what complies with copyright laws in the U.S. may or may not comply with copyright laws in foreign countries. This raises the question of what might happen if only one co-owner of a song lawfully grants non-exclusive use of the song that is then distributed abroad, while another objecting co-owner claims infringement in the foreign country where the work has been distributed, because independent grants of co-owned works are not lawful under that country's law.

A search of case law did not yield any documented case regarding co-owners of music copyrights bringing suit in a foreign country for independent non-exclusive grants that are effective in the U.S. but would not be effective in the foreign country where the work was distributed. Perhaps owners of music copyrights have not given attention to protections that may exist abroad for such grants but that do not exist domestically. It is possible that co-owners of music rarely disagree over, or mutually consent to, non-exclusive licensed uses of their music. Conceivably, remedies in the foreign countries have proven so limited that it is not worth the financial risk for an author to bring suit abroad. Perhaps disputes have arisen and interested

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45. *Id.* at 91; see also *Murray v. British Broad Corp.*, 81 F.3d 287 (2nd Cir. 1996) (the law of the country where the infringement occurred is the law that is to be applied).

46. *Lauritzen v. Larsen*, 345 U.S. 571, 583 (1953).

47. 17 U.S. § 101 (2000) (defining "joint work"); see *Spyke*, *supra* note 30, at 62.

48. H.R. REP. NO. 94-1476, at 120 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5736; see *Spyke*, *supra* note 30, at 62.



parties have simply settled. Or, domestic music companies may have elected not to engage in litigation abroad regarding this matter so that they can have greater freedom in song licensure.

Nevertheless, if a co-owner files a suit abroad to enforce foreign protections, and a foreign court were to apply its own laws of co-ownership to a work of U.S. origin, two situations could result. If the owners' contributions are interdependent, then foreign courts are likely to hold that no joint work exists, such that each owner needs to consent to the use of their respective pieces; otherwise, copyright infringement will result. If, however, the contributions are inseparable, then foreign courts are likely to hold that a joint work exists, and that therefore either each owner's consent is required or copyright infringement will result.

This has significant implications for international distributions of a work containing co-owned songs licensed in the U.S. from one co-owner for non-exclusive use. For example, if a commercial producer obtains from one co-owner a non-exclusive license to use a song and then broadcasts the commercial on television in Europe, a non-authorizing co-owner can bring suit abroad seeking foreign remedies under European Copyright Laws.<sup>49</sup>

#### IV. SOLUTIONS

Copyright owners whose works are distributed abroad should recognize their vulnerability in relying solely on U.S. laws. Owners and authors of copyrighted works should consider the effect that international litigation regarding a co-owned song may have on an entire work (e.g., a musical that incorporates a co-owned composition).

American copyright owners can solve these problems, and thereby avoid or reduce liability for potentially infringing foreign copyright laws pertaining to co-owned songs and independent authorizations, in two ways. First, if international distributions are probable, copyright owners should recognize the value in getting permission from all owners of a co-owned work. In making this recognition, authors and owners should seek authorization from all co-owners prior to using co-owned songs. Second, the issue can be proactively resolved by having co-owners agree to follow the laws of

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49. An assessment of foreign remedies (e.g., availability of compensatory damages, profits and injunctions) is needed to determine the impact that copyright infringement might have as a result of the non-authorization of one owner. While this is beyond the scope of this article, it is a necessary factor for an author when considering whether to file suit abroad as well as for a person using a co-owned work in considering whether to insist on the consent of all owners.

the U.S. Prior to creating joint works, co-owners should enter contractual agreements and explicitly state that U.S. copyright law is to be applied, even if another nation's laws may apply in a particular situation. Co-owners should state that, if non-authorizing users persist in seeking foreign rights that are not available domestically, the non-authorizing user has breached the agreement. Co-owners should also state that if the foreign country refuses to ignore the violation and insists on pursuing the copyright infringement claim, any damages that the authorizing co-owner and related parties may incur shall be recouped domestically. These contract provisions will provide a cause of action and available remedies in the event that the non-authorizing co-owner seeks judgment abroad despite the agreement. Additionally, the parties will have remedies in the event that the foreign country instigates the suit and chooses to apply its own law.

The U.S. is the "world's largest creator, producer, and exporter of copyrighted materials."<sup>50</sup> As works are distributed globally, the importance of different countries' laws and their effects on works and authors increases. Owners of copyrighted works need to be aware of differences in national copyright laws so that they can respond and plan accordingly. Recognizing the value in addressing and responding to disparities in copyright laws regarding co-owned works is a step towards awareness, and can work to avoid potential foreign litigation.

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50. H.R.J. Res. 380, 109th Cong. (2006) (expressing the sense of Congress that United States intellectual property rights must be protected globally).

