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Copyright housekeeping bill just passed by Congress omits key licensing provision

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November 23, 2010

The much anticipated patent reform legislation is still pending, but the lame-duck Congress recently passed a copyright law.

On Nov. 19, the Senate passed a House-amended version of the Copyright Cleanup, Clarification, and Corrections Act Of 2010 and sent the bill to President Barack Obama for signing.

The bill is widely viewed as a housekeeping bill, but the amended version left out one key provision. The omitted provision would have allowed an exclusive licensee of a copyrighted work to sublicense the work without written authorization from the copyright owner.

As passed, the bill will allow the Copyright Office to maintain certain records electronically. It also clarifies that the copyright law protects lyrics to musical works distributed prior to Jan. 1, 1978 — the effective date of the Copyright Act of 1976 — without a copyright notice.

Although many lawyers thought the Copyright Act allowed an exclusive licensee to create a sublicense, a 2002 ruling by the U.S. Court of Appeals for the 9th Circuit has generated some confusion, said Craig Smith, a partner at Cambridge, Mass.-based intellectual property boutique Lando & Anastasi.

In *Gardner v. Nike*, the 9th Circuit concluded that an exclusive licensee still needed the copyright owner's approval before sublicensing, Smith said.

"If you're outside the 9th Circuit, you'd believe you'd have the right to sublicense without approval or consent of the copyright owner," Smith said. "They've left that ambiguity in the statute."

Since that ruling, parties involved in copyright licensing agreements "have taken it upon themselves to make sure it's explicitly written in their copyright agreements," Smith said.

Smith said he's not sure why the House stripped the bill of the provision that would have addressed the issue, but it could be because the law was viewed as clarifying and cleaning up existing copyright law, and the opposing 9th Circuit ruling would make the provision a substantive change.

"It may be because it was potentially more than a mere clarification," Smith said.

The change allowing digital recordkeeping at the Copyright Office "makes it easier for the average person to be in charge of the registration of their own creative works," said Iris Geik, associate general counsel of the Copyright Clearance Center, a not-for-profit licensor of copyrighted material for corporations and schools.

"In the digital age, we have this explosion of creators having access to multiple tools to disseminate their work," Geik said. "We also want to give people tools to protect their work."

The provision involving lyrics is important because a 1997 clarification to the Copyright Act spelled out that creators of musical works do not forfeit copyright protection if they distributed the work before 1978 without a copyright notice, Geik said.

"It's just clarifying [that] when they were talking about a musical recording, it was not just the sound but also the

lyrics," Geik said.

The Senate "has taken up and passed bipartisan legislation to make a number of improvements to the way in which the Copyright Office functions, to clarify areas in copyright law that have become unclear, and make technical changes to current law," stated Sen. Patrick Leahy (D-Vt.) the chairman of the Senate Judiciary Committee and the bill's chief sponsor, in a written statement about the bill.

"The changes made by this legislation are common sense improvements that will make the copyright system more efficient," Leahy stated.

Ranking judiciary committee member Sen. Jeff Sessions (R-Ala.) is the bill's co-sponsor.

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