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## **Bourne Co. v. MPL Communs., Inc.**

675 F. Supp. 859 (SDNY 1987)

SPRIZZO, D.J.:

This action involves the ownership of the rights and interests arising from the copyright of a musical composition entitled "Cecilia." Competing claims to these rights are presented by the two main parties to this action, plaintiff Bourne Co. ("Bourne") and defendant MPL Communications, Inc. ("MPL"), both music publishers. The parties agree that prior to May 23, 1981, Bourne was the sole proprietor of the copyright at issue. The dispute thus concerns the parties' rights in "Cecilia" only during the 19-year extended renewal copyright period, beginning on May 23, 1981, which was created by the Copyright Act of 1976 ("the 1976 Act" or "the Act"), and claims for damages incident thereto. The following constitutes the Court's findings of fact and conclusions of law.... following a bench trial.

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### **FACTS**

...Herman Ruby ("Author") and Dave Dreyer collaborated in composing a musical work entitled "Cecilia." By agreement dated May 20, 1925, the Author and Dreyer jointly assigned all copyright interest in "Cecilia" to Irving Berlin, Inc. ("Berlin"), a publishing company. ...A further assignment of renewal rights for the second 28-year term in "Cecilia" was executed by the Author to ABC Music Corp. ("ABC"), a successor in interest to Berlin. In 1967, plaintiff Bourne acquired all rights in the copyright of "Cecilia" through an assignment from the successor in interest to ABC. Bourne and its predecessors in interest have, through licenses, prepared over 40 printed arrangements of "Cecilia" and 163 recorded versions of the song.

In 1959, the Author died, survived only by his widow Edwynna Ruby ("Ruby"). See PTO at 8. Ruby was the statutory successor to the Author's entire termination interest. See [17 U.S.C. § 304\(c\)\(2\)\(A\)](#). In 1977, defendant Miriam Stern, a consultant dealing in termination interests, contacted Ruby for the purpose of inducing her to exercise her termination right in "Cecilia" and offered to renegotiate a new transfer of the song in return for a commission. On February 24, 1978, Stern, on behalf of Ruby, served a notice of termination on plaintiff Bourne with respect to the extended renewal period in "Cecilia." The notice specified May 23, 1981 as the effective date of termination.

On May 23, 1978, three years before the effective date of termination, Ruby, through her

agent Stern, executed an agreement ("the Ruby-MPL agreement") granting defendant MPL all rights in "Cecilia" for the extended renewal period. No one seriously disputes that the Ruby-MPL agreement is invalid because MPL was not the original grantee and it was executed prior to the effective date of termination.

On March 21, 1979, Ruby died testate, prior to the effective date of termination. *See* PTO at 12. [Section 304](#) provides, however, that future rights that will revert upon termination become vested on the date the notice of termination is served. *See* [17 U.S.C. § 304\(c\)\(6\)\(B\)](#). Because Ruby died after the notice of termination was served, her rights under the terminated grant had vested and thus passed to her estate. *See id.* at [§ 304\(c\)\(6\)\(D\)](#)....

Ruby's will, duly admitted to probate, provided that all royalties to which she "might be entitled" were to go to her second husband, Hugh P. Coffey . . . during his lifetime, and after his death, to defendants Kenneth and Richard Marx ("the Marx defendants") equally. The residue of her estate went to Coffey. The will did not specifically devise the copyright in "Cecilia" nor did it specifically refer to the termination rights. Thus, the copyright in the song, which was to revert back to Ruby upon the effective date of termination, was not the subject of a specific request and passed to the residual beneficiary, Coffey.

Coffey died on January 4, 1981, prior to the date termination became effective, and the copyright in "Cecilia" which was to revert to Ruby after the effective date of termination passed to Coffey's residual beneficiary, additional plaintiff Velma May Overton.

Thereafter, by agreement dated May 23, 1981, the date termination became effective, MPL acquired all of the Marx defendants' rights in "Cecilia" for the extended renewal term ("the Marx-MPL agreement"). In July of 1982, plaintiff Bourne entered into an agreement with Overton, pursuant to which it acquired all her rights in "Cecilia" for the extended renewal term. The competing claims of Bourne and MPL are based on these assignments.

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## **DISCUSSION**

### *A. Copyright and Royalty Claims*

Examining the statute, the sequence of events recounted above, and the wills of Ruby and Coffey, the Court concludes that Bourne owns the copyright in "Cecilia" during the extended renewal term. As noted above, the termination rights vested the day Ruby served the notice of termination and therefore passed pursuant to the terms of Ruby's will. Because these rights were not the subject of a specific bequest, the copyright of "Cecilia" for the extended renewal period passed to Coffey, the residual beneficiary. Upon Coffey's death, the copyright for that period passed to additional plaintiff Overton pursuant to the terms of Coffey's will. Subsequently, Bourne acquired all Overton's rights in "Cecilia" and, therefore, is now the owner of the copyright.

MPL, however, argues that since it acquired the Marx defendants' rights in "Cecilia" for the extended renewal term and that since Ruby bequeathed to the Marx defendants "any and all ASCAP royalties, and any and all other royalties, to which [she] might be entitled," they are

entitled to the royalties flowing from "Cecilia" for the extended renewal period. . . . Bourne disagrees, arguing that the Marx defendants' only interest is in the writer's share of royalty payments for the first two terms, which Ruby would have been entitled to receive.

As noted above, the Court finds Bourne's position to be more persuasive. It is clear that Ruby herself was not entitled to any royalties flowing from the extended renewal period prior to the effective date of termination, because prior to that date no such royalties existed. Ruby's death prior to the effective date prevented her from becoming entitled to those royalties. Since the will does not specifically mention the termination rights, there is no basis to conclude that Ruby intended to separate royalties for the extended renewal period from the other termination rights attributable to the copyright itself, which passed as part of the residuary estate. This is especially true because the right to receive royalties during the renewal term is the most valuable part of the termination rights.

Moreover, to sustain a bequest of royalties in the extended renewal term prior to the effective date of termination, even if such a bequest had been specifically made, might well be inconsistent with both the statute and the congressional purpose in enacting that statute. It would make little sense to forbid the transfer of renewal rights in the copyright to a person other than the grantee prior to the effective date of termination if the most valuable aspect of those renewal rights (*i.e.*, the royalties attributable to that period) could be validly assigned or bequeathed prior to that date.

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...Thus, as a matter of both will construction and statutory interpretation, the Court concludes that Bourne is the owner of the copyright in "Cecilia" for the extended term and that MPL is not entitled to royalties arising during that period.

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