IT TAKES TWO TO TANGO!: PROBLEMS WITH COMMUNITY PROPERTY OWNERSHIP OF COPYRIGHTS AND PATENTS IN TEXAS

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I. INTRODUCTION

An aspiring novelist meets an engineering student while both are in college, and they begin a romantic relationship. They marry shortly after graduation and establish a home in Texas. The aspiring novelist writes several manuscripts, some of which are published. The engineer invents and patents a device helpful to the airline industry, and sales of the device generate substantial royalties. Marital success eludes the couple, however, and they divorce. Are the copyrights of the manuscripts written and the patent of the invention, both produced during the marriage, the separate property of the creating spouse, or are they community property, with each spouse owning an undivided one-half interest?[1]

[1] Each spouse owns an undivided one-half interest in community property. Gen. Ins. Co. of Am. v. Casper, 426 S.W.2d 606, 609 (Tex. Civ. App.—Tyler 1968, writ ref'd n.r.e.); WILLIAM Q. DE FUNIAK & MICHAEL J. VAUGHN, PRINCIPLES OF COMMUNITY PROPERTY § 1 (2d ed. 1971). A Texas court, however, is not required to divide community property upon divorce equally between the parties. Instead, it must divide the property "in a manner that the court deems just and right, having due regard for the rights of each party and any children of the marriage." TEX. FAM. CODE ANN. § 7.001 (Vernon 1998). *See infra* Part II.A.6.

The question appears capable of an easy answer under basic principles of Texas community property law.[2] Indeed, the answer seems so easy that most treatises on community property ignored the question until very recently.[3] Even the exception among older treatises discusses the ownership of copyrights and patents in summary fashion and declares that those created during marriage are community property without any

[2] Property owned by a married person is either his or her separate property or property of the marital community. A spouse's separate property consists of: property which he or she owned prior to marriage; property acquired during marriage by gift, devise, or descent; and recovery for personal injuries suffered during marriage, other than recovery for lost earnings. TEX. CONST. art. XVI, § 15; TEX. FAM. CODE ANN. § 3.001 (Vernon 1998). Property acquired during marriage, other than separate property, is community property. TEX. FAM. CODE ANN. § 3.002. Since the novelist wrote the manuscripts and the engineer obtained the patent during their marriage, these works would be community property under the state statutory definitions.

[3] The first five editions of a classic treatise on Texas community property law, for example, contained no mention of intellectual property ownership issues. *See generally* OCIE SPEER, A TREATISE ON THE LAW OF MARRIED WOMEN IN TEXAS: INCLUDING MARRIAGE, DIVORCE, HOMESTEAD, AND ADMINISTRATION (1901); OCIE SPEER, A TREATISE ON THE LAW OF MARITAL RIGHTS IN TEXAS: INCLUDING MARRIAGE, DIVORCE, CHILDREN, COMMUNITY PROPERTY, HOMESTEAD, ADMINISTRATION AND DEATH ACTIONS (2d ed. 1916); OCIE SPEER, A TREATISE ON THE LAW OF MARITAL RIGHTS IN TEXAS: INCLUDING MARRIAGE, DIVORCE, CHILDREN, COMMUNITY PROPERTY, HOMESTEAD, ADMINISTRATION AND STATUTORY ACTIONS (3d ed. 1929); EDWIN STACY OAKES, SPEER'S MARITAL RIGHTS IN TEXAS WITH FORMS (4th ed. 1961); LOY M. SIMPKINS, TEXAS FAMILY LAW WITH FORMS: SPEER'S 5TH EDITION (1975). The sixth edition mentions the subject only briefly. *See* TEXAS FAMILY LAW SERVICE: SPEER'S 6TH EDITION § 18:38. Similarly, early editions of patent and copyright treatises typically contained no mention of community property influences on ownership interests. *See generally* ANTHONY W. DELLER, WALKER ON PATENTS (Deller's ed., 1937); LEON H. AMDUR, COPYRIGHT LAW AND PRACTICE (1936); ARTHUR W. WEIL, AMERICAN COPYRIGHT LAW WITH ESPECIAL REFERENCE TO THE PRESENT UNITED STATES COPYRIGHT ACT (1917); WALTER F. ROGERS, THE LAW OF PATENTS AS ILLUSTRATED BY LEADING CASES (1914); WILLIAM MACOMBER, THE FIXED LAW OF PATENTS: AS ESTABLISHED BY THE SUPREME COURT OF THE UNITED STATES AND THE NINE CIRCUIT COURTS OF APPEALS (2d ed. 1913); ORLANDO F. BUMP, THE LAW OF PATENTS, TRADE-MARKS, LABELS & COPY-RIGHTS (2d ed. 1884). In fact, while current copyright treatises acknowledge the issue, patent treatises do not. For example, the impact of marriage on ownership rights is specifically addressed in sections 6A.01 through 6A.05 of *Nimmer on Copyright*, MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT (2005) [hereinafter NIMMER ON COPYRIGHT], and section 5.1.6.2 of *Goldstein on Copyright*, PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT (3d ed. 2005), but is not addressed at all in *Chisum on Patents*, DONALD S. CHISUM, CHISUM ON PATENTS: A TREATISE ON THE LAW OF PATENTABILITY, VALIDITY AND INFRINGEMENT (2005), or *Moy's Walker on Patents*, R. CARL MOY, MOY'S WALKER ON PATENTS (4th ed. 2003). Recent cases, however, have caused the authors of some current Texas family law treatises to acknowledge the issue. *See* JOHN D. MONTGOMERY ET AL., TEXAS FAMILY LAW PRACTICE AND PROCEDURE § B5.05[11] (1997).

reference to legal authority.[4] The precise answer to questions concerning ownership of copyrights and patents in works created by married persons in Texas remains clouded because of recent state court cases which raised the specter of federal law inappropriately[5] and others which exceeded the bounds of state community property law.[6] The specific facts of those Texas cases which have arisen involving patent and copyright ownership at divorce have not required courts to apply applicable federal law, and so Texas cases have avoided a direct conflict thus far.[7] It seems likely, however, that more cases which include patents and copyrights as marital property will arise in the future, requiring courts to consider the effect of federal statutes granting ownership rights in intellectual property on Texas community property law.

Part II of this Article provides a brief introduction to the basic concepts of Texas community property law and to the ownership principles of copyright and patent law. Ownership rights in other forms of intellectual property, such as trademarks and trade secrets, may also be affected by Texas community property law. These other areas, however, are not

[4] *See* GEORGE MCKAY, A TREATISE ON THE LAW OF COMMUNITY PROPERTY §§ 330–34 (2d ed. 1925). Interestingly, the first edition contains no discussion of intellectual property ownership. *See generally* GEORGE MCKAY, A COMMENTARY ON THE LAW OF COMMUNITY PROPERTY FOR ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS AND WASHINGTON (1910). Why the author included the topic in the second edition is not clear, since he neither cited any legal authority nor discussed any recent developments. *See* MCKAY, A TREATISE ON THE LAW OF COMMUNITY PROPERTY §§ 330–34.

[5] Two recent cases discussed the possibility of community property ownership of patents when both courts acknowledged that the patents in question were issued prior to marriage and thus were the separate property of the creating spouse. *See* Alsenz v. Alsenz, 101 S.W.3d 648, 652 (Tex. App.—Houston [1st Dist.] 2003, pet. denied); Sheshtawy v. Sheshtawy, 150 S.W.3d 772, 775–76 (Tex. App.—San Antonio 2004, pet. denied), *cert. denied*, 126 S. Ct. 359 (2005). *See infra* Part III.D.5–6.

[6] Two cases included the award of future royalties. *See* Kennard v. McCray, 648 S.W.2d 743, 745 (Tex. App.—Tyler 1983, writ ref'd n.r.e.); Miner v. Miner, No. 13-01-659-CV, 2002 Tex. App. LEXIS 5841, at *2–*3 (Tex. App.—Corpus Christi Aug. 8, 2002, no pet.) (not designated for publication). *See infra* notes 281–299 and notes 319–339.

[7] Both *Alsenz* and *Sheshtawy*, for example, involved patents issued prior to marriage, so no community property claim to the ownership of the patents existed. *Alsenz*, 101 S.W.3d at 652; *Sheshtawy*, 150 S.W.3d at 775–76. The cases involving copyright also have avoided direct conflicts. *Kennard*, 648 S.W.2d at 743, was decided in 1983, well before the Fifth Circuit Court of Appeals decision in *Rodrigue v. Rodrigue*, 218 F.3d 432 (5th Cir. 2000), and before the Texas Court of Appeals for the Thirteenth District designated its opinion in *Miner*, 2002 Tex. App. LEXIS 5841, at *1, as not for publication, casting some doubt on the strength of the opinion. *See also* TEX. R. APP. P. 47.7.

regulated by federal statutes that preempt Texas from defining ownership rights.[8] Consequently, this Article is limited to the ownership of patents and copyrights. In doing so, the term creating-spouse is used to indicate the party recognized as the author in copyright law[9] and the inventor in patent law,[10] while the term non-creating-spouse identifies the spouse who took no active part in the creation of a protected work. Part III explores the conflict between Texas community property law and the federal statutes governing the ownership of copyrights and patents. While community property principles apply to determine questions of property ownership at the dissolution of a marriage either by death or divorce, this Article focuses on dissolution by divorce, which typically raises more difficult questions. Part IV details some issues for attorneys dealing with a divorce in which agreement concerning intellectual property cannot be reached. Further, this Part contains suggestions for addressing clients' needs now, as well for the ultimate resolution. While the desired solution will require legislative action, some remedial action can be taken under current state law.[11]

II. LEGAL PRINCIPLES

A. Overview of Texas Community Property Law

1. History & Structure

The community property system in Texas dates from Spanish and

[8] While it is true that trademarks may be governed by the Lanham Act, many trademarks are subject only to state common law. *See* Blue Bell, Inc. v. Farah Mfg. Co., 508 F.2d 1260, 1264 (5th Cir. 1975).

Further, ownership rights in other forms of intellectual property arise in ways often much different than the creative processes typically used for works protected by copyright and patent. Ownership rights in a trademark, for example, turn on the use of the mark to identify goods in commerce, rather than on creation. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:1 (4th ed. 2005). If a trademark is abandoned by its owner, a merchant other than the former owner may legally use an abandoned mark not created by him or her. *Id.* § 17:1.

[9] "Copyright in a work protected under this title vests initially in the author or authors of the work." 17 U.S.C. § 201(a) (2000).

[10] "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title." 35 U.S.C. § 101 (2000).

[11] *See infra* Part V.

Mexican colonial times.[12] The same is considered true for most other community property states,[13] so the fact that these states answer many marital property questions similarly should come as no surprise.[14] Despite the similarities, Texas differs from most other community property states in several key respects, as explained below, creating unique challenges in considering patent and copyright ownership as marital property in the state.

[12] 38 ALOYSIUS A. LEOPOLD, TEXAS PRACTICE MARITAL PROPERTY AND HOMESTEADS §§ 1.17–.18 (1993); WILLIAM O. HUIE, THE COMMUNITY PROPERTY LAW OF TEXAS § 1 (Rev. ed. 1960); WILLIAM Q. DE FUNIAK, PRINCIPLES OF COMMUNITY PROPERTY § 45 (1943); Joseph W. McKnight, *Texas Community Property Law—Its Course of Development and Reform*, 8 CAL. W. L. REV. 117, 117–32 (1971).

[13] Some writers attribute the influence of the Spanish civil law to the adoption of community property regimes in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, and Washington. *See* DE FUNIAK & VAUGHN, *supra* note 1, § 37; Ronald Chester, *Should American Children Be Protected Against Disinheritance?*, 32 REAL PROP. PROB. & TR. J. 405, 441 (1997); M. R. Kirkwood, *Historical Background and Objectives of the Law of Community Property in the Pacific Coast States*, 11 WASH. L. REV. 1, 1–8 (1936); Walter Loewy, *The Spanish Community of Acquests and Gains and Its Adoption and Modification by the State of California*, 1 CAL. L. REV. 32, 32–39 (1912). Other writers dispute the influence of Spanish law on particular states, however. *See* Kathleen M. O'Connor, Note, *Marital Property Reform in Massachusetts: A Choice for the New Millennium*, 34 NEW ENG. L. REV. 261, 279–80 (1999); Harry M. Cross, *The Community Property Law (Revised 1985)*, 61 WASH. L. REV. 13, 17 (1986); Francis W. Jacob, *The Law of Community Property in Idaho*, 1 IDAHO B.J. 1, 6–7 (1931). Wisconsin adopted its community property system comparatively recently, as the result of legislative action. *See generally* WIS. STAT. ANN. §§ 766.001-.97 (West 2001). Even though they may differ in the origin of their law, the community property states often borrow from each other in enacting statutes and deciding cases. Robert Emmet Clark, *Presumptions in New Mexico Community Property Law: The California Influence*, 25 S. CAL. L. REV. 149, 149 (1952).

[14] Wisconsin, the community property state clearly lacking a civil law influence, adopted the Uniform Marital Property Act. *See* UNIF. MARITAL PROP. ACT §§ 1-26, 9A pt. I U.L.A. 111 (1998). Alaska allows couples to agree that their marital property will be governed by community property principles. *See* Community Property Act, ALASKA STAT. § 34.77.030 (2004). Wisconsin was not the first state without a significant civil law influence to enact a community property system. Prior to the adoption of the joint return for filing federal income taxes, a married couple in community property states could file individual returns, dividing their income equally between husband and wife, potentially placing both in a lower tax bracket. William Q. De Funiak, *The Community Property Trend*, 23 NOTRE DAME L. REV. 293, 295–96 (1948). Several states, including Hawaii (then a territory), adopted community property systems in response to this perceived unfairness. DE FUNIAK & VAUGHN, *supra* note 1, § 53.1. Congress removed that tax advantage in 1948, and the new community property states repealed their laws. *Id.* The exception was Pennsylvania, where the statute was declared unconstitutional by the state supreme court. Willcox v. Penn Mut. Life Ins. Co., 55 A.2d 521, 528 (Pa. 1947).

Marital property in Texas falls into one of three estates: the community property of the husband and wife, the husband's separate property, or the wife's separate property.[15] The Texas Constitution defines a wife's separate property and empowers the legislature to further define the wife's rights.[16] The Texas Supreme Court has held that this provision limits the legislature's ability to expand or restrict the definition of marital property.[17] While the legislatures in other community property states can adjust definitions of separate and community property by statute to respond to changing conditions, the Texas legislature cannot. The Family Code currently defines separate property as the property which a spouse acquires prior to marriage; property acquired during marriage by gift, devise, or descent; and recovery for personal injuries suffered during marriage, other than recovery for lost earnings.[18] The character of marital property is determined primarily at the moment when a person has a legal right to the property, known as the doctrine of inception of title.[19] A spouse who contracted to buy a house before marriage, for example, may be able to claim the house as separate property at divorce, even though most of the mortgage payments were made from community funds.[20] A spouse today has a claim for economic contribution for the reduction of the indebtedness of the other spouse's separate estate as well as for any improvements made with community funds.[21]

The principles of Texas community property law have had a somewhat tainted past, viewed by today's legal standards.[22] Although the adoption of community property arguably was an early step to address the inequities of

[15] TEX. CONST. art. XVI, § 15; TEX. FAM. CODE ANN. §§ 3.001–.002 (Vernon 1998); Zagorski v. Zagorski, 116 S.W.3d 309, 316 (Tex. App.—Houston [14th Dist.] 2003, pet. denied).

[16] TEX. CONST. art. XVI, § 15.

[17] Arnold v. Leonard, 114 Tex. 535, 273 S.W. 799, 803 (1925); Joseph W. McKnight, *Texas Community Property Law: Conservative Attitudes, Reluctant Change*, 56 LAW & CONTEMP. PROBS., Spring 1993, at 71, 71.

[18] TEX. FAM. CODE ANN. § 3.001.

[19] Welder v. Lambert, 91 Tex. 510, 44 S.W. 281, 287 (1898); Bishop v. Williams, 223 S.W. 512, 515 (Tex. App.—Austin 1920, writ ref'd).

[20] Wierzchula v. Wierzchula, 623 S.W.2d 730, 731–32 (Tex. Civ. App.—Houston [1st Dist.] 1981, no writ).

[21] *See* TEX. FAM. CODE ANN. § 3.402 (Vernon Supp. 2005). *See infra* notes 61–63.

[22] Cynthia M. Martinovich & Diane L. Otto, *Coverture—Does it Have Any Legal Vitality?*, 65 UNIV. DET. L. REV. 271, 271 (1988); Harriet V. Morrow, Legal Discrimination Against Married Women in Texas 66–72 (Aug. 1960) (unpublished manuscript in the collection of the Texas Woman's University Library).

coverture,[23] restrictions on the legal rights of married women,[24] some aspects remained in Texas long after many states had made reforms.[25] Perhaps Justice Bea Ann Smith of the Third Circuit of the Texas Court of Appeals said it best: "Under Spanish law and Texas law a married woman was considered to have the same disabilities as an infant or idiot."[26] A married woman, for example, could not sell her separate real property without the consent of her husband,[27] even though he had no ownership interest, unless she had the disability of coverture removed by judicial decree.[28] Ironically, coverture did not affect patent ownership rights; the

[23] *See* James W. Paulsen, *Community Property and the Early American Women's Rights Movement: The Texas Connection*, 32 IDAHO L. REV. 641, 642–43 (1996); Elizabeth Gaspar Brown, *Husband and Wife—Memorandum of the Mississippi Woman's Law of 1839*, 42 MICH. L. REV. 1110, 1112–13 (1944).

[24] *See generally* Claudia Zaher, *When a Woman's Marital Status Determined Her Legal Status: A Research Guide on the Common Law Doctrine of Coverture*, 94 LAW. LIBR. J. 459 (2002); Donna C. Schuele, *Community Property Law and the Politics of Married Women's Rights in Nineteenth Century California*, 7 W. LEGAL HIST. 245 (1994); Martinovich & Otto, *supra* note 22; Richard H. Chused, *Late Nineteenth Century Married Women's Property Law: Reception of the Early Married Women's Property Acts by Courts and Legislatures*, 29 AM. J. LEGAL HIST. 3 (1985); M. P. Rapacz, *Progress of the Property Law Relating to Married Women*, 11 U. KAN. CITY L. REV. 173 (1943); McCaleb, *The Separate Equitable Estate of Married Women*, 7 ST. LOUIS L. REV. 253 (1922).

[25] States throughout the South enacted legislation in the nineteenth century to expand the rights of married women. These acts often gave married women the right to make wills, to sell their property, and to enter into contracts, without obtaining their husbands' approval. KATHLEEN ELIZABETH LAZAROU, CONCEALED UNDER PETTICOATS: MARRIED WOMEN'S PROPERTY AND THE LAW OF TEXAS: 1840-1913, at 44–45 (1980). Major reforms were proposed in Texas many times. *See* LEGAL STATUS OF MARRIED WOMEN IN TEXAS: A REPORT TO THE 55TH LEGISLATURE, Texas Legislative Council, No. 54-3, at 104 (1956). The restrictions remained in Texas, however, for many years. *See* Dwight A. Olds, *Conveyances by Married Women in Texas*, 8 HOUS. L. REV. 671, 677–83 (1971); Margaret H. Amsler, *The Status of Married Women in the Texas Business Association*, 43 TEX. L. REV. 669, 669 (1965); Eugene L. Smith, *Legislative Note: 1963 Amendments Affecting Married Women's Rights in Texas*, 18 SW. L.J. 70, 71 (1964); Durwood Douglas Crawford, Comment, *Legal Rights of Married Women in Texas*, 13 SW. L.J. 84, 84 (1959); Edgar H. Keltner, Jr., Comment, *Suggested Legislative Action to Liberalize the Contractual and Property Rights of Texas Married Women*, 25 TEX. L. REV. 657, 659–63 (1947); Claude Pollard, *The Law of Married Women in Texas*, 46 AM. L. REV. 241, 241–42 (1912).

[26] Bea Ann Smith, *The Partnership Theory of Marriage: A Borrowed Solution Fails*, 68 TEX. L. REV. 689, 699 (1990).

[27] Act approved March 26, 1897, 25th Leg., R.S., ch. 40, § 1, 1896 Tex. Gen. Laws 41, *repealed by* Act of June 10, 1963, 58th Leg., R.S., ch. 473, § 1, 1962 Tex. Gen. Laws 1189.

[28] United States v. Yazell, 382 U.S. 341, 343 (1966). Justice Black acknowledged in his dissenting opinion an adage spawned by coverture:

Patent and Trademark Office issued patents to women in their own names, without regard to their marital status.[29] Coverture now no longer exists in Texas, due to statutory revisions[30] and the adoption of the Equal Rights Amendment to the Texas Constitution forbidding discrimination on the basis of sex.[31]

2. Community Property Presumption

Property acquired by either spouse during marriage[32] or extant at the end of a marriage,[33] is presumed to be community property.[34] This presumption can be overcome, however, by a spouse who can show that title to the property incepted prior to marriage[35] or by gift, devise, or descent during marriage.[36] This also extends to property acquired during marriage with the proceeds of one's separate property. A spouse who sells his or her separate property during marriage and uses the proceeds to purchase a new item may claim it as separate property because the character of the source of the funds passes to the property acquired. The party claiming exemption, however, must trace the source of the funds used by

> The Texas law of "coverture," which was adopted by its judges and which the State's legislature has now largely abandoned, rests on the old common-law fiction that the husband and wife are one. This rule has worked out in reality to mean that though the husband and wife are one, the one is the husband.

Id. at 361.

[29] Married women received patents in their own names. MOY, *supra* note 3, § 10:7 (citing Fetter v. Newhall, 17 F. 841, 843 (C.C.S.D.N.Y. 1883)).

[30] Act approved March 26, 1897, 25th Leg., R.S., ch. 40, § 1, 1897 Tex. Gen. Laws 41, *repealed by* Act of June 10, 1963, 58th Leg., R.S., ch. 473, § 1, 1962 Tex. Gen. Laws 1189, *and* Act effective June 11, 1921, 37th Leg., R.S., ch. 130, § 1, 1921 Tex. Gen. Laws 251 (amended 1967) (current version at TEX. FAM. CODE ANN. § 3.101 (Vernon 1998)).

[31] TEX. CONST. art. I, § 3a.

[32] TEX. FAM. CODE ANN. § 3.002 (Vernon 1998).

[33] *Id.* § 3.003(a).

[34] The Family Code defines community property as property acquired during marriage. *Id.* § 3.002. While this seems to require that the property acquired already exist, courts have recognized that other forms of intangible property created during marriage, such as stock options, are community property. *See, e.g.*, Boyd v. Boyd, 67 S.W.3d 398, 410–12 (Tex. App.—Fort Worth 2002, no pet.).

[35] Wierzchula v. Wierzchula, 623 S.W.2d 730, 732 (Tex. Civ. App.—Houston [1st Dist.] 1981, no writ).

[36] TEX. FAM. CODE ANN. § 3.001.

clear and convincing evidence.[37] The property claimed to be separate will be characterized as community property if the party fails to meet the burden of proof.[38] A similar fate awaits separate property which is commingled with community property such that tracing efforts cannot identify it sufficiently. Separate property becomes community property if the two become commingled to the point that the boundaries between the two can no longer be identified.[39]

3. Income from Separate Property

Income from separate property received during marriage has long been characterized in Texas as community property.[40] In *De Blane v. Hugh Lynch & Co.*, the Texas Supreme Court held that cotton grown on the wife's separate property was community property.[41] The court reasoned that effort and resources which rightfully belonged to the community were expended in maintaining the separate property, so the community should be

[37] Tracing can be an onerous though very necessary task to establish the character of marital property in question. Assertions alone that proceeds from separate property were used or could have been used to acquire new property will not meet the burden of proof. *Boyd*, 131 S.W.3d at 612.

[38] TEX. FAM. CODE ANN. § 3.003; Kyles v. Kyles, 832 S.W.2d 194, 196 (Tex. App.—Beaumont 1992, no writ).

[39] TEX. FAM. CODE ANN. § 3.003; Tarver v. Tarver, 394 S.W.2d 780, 783 (Tex. 1965).

[40] The community property jurisdictions of the United States are divided as to whether income from separate property is separate or community property. Three of the states, including Texas, that recognize income from separate property as community property allow its reclassification as separate by declaration of the separate property owner or agreement by both parties. Arizona, California, New Mexico, Nevada, and Washington characterize the income from separate property as separate property. ARIZ. REV. STAT. ANN. § 25-213(A) (Supp. 2005); CAL. FAM. CODE § 770(a) (West 2004); N.M. STAT. ANN. § 40-3-8 (West 2003); NEV. REV. STAT. § 123.130 (2003); WASH. REV. CODE ANN. §§ 26.16.010, 26.16.020 (West 2005). The jurisdictions which define the income from separate property as community property are Idaho, Louisiana, Puerto Rico, Texas, and Wisconsin. IDAHO CODE ANN. § 32–906(1) (Supp. 2005) (may alter character by conveyance or agreement); LA. CIV. CODE ANN. art. 2339 (1985) (may retain income as separate property by declaration); P.R. LAWS ANN. tit. 31, § 3641(3) (1991); TEX. FAM. CODE ANN. §§ 3.001, 3.002, 3.102(a)(2); WIS. STAT. ANN. § 766.31 (West 2001). Texas recognizes a narrow exception for oil and gas royalties in Texas. Norris v. Vaughan, 152 Tex. 491, 260 S.W.2d 676, 679–80 (1953). The court reasoned that oil and gas in the ground is separate property, so production of the oil and gas actually devalues the separate property. *Id.* at 679.

[41] 23 Tex. 25, 27 (1859). The slaves who tended the cotton were also the wife's separate property. *Id.* at 26.

compensated.[42] This reasoning provided the basis for what has evolved today into the doctrines of reimbursement and economic contribution.[43] Parties may agree now before marriage to keep the income from separate property as separate, rather than community property.[44]

4. Characterization of Marital Property by Agreement

Parties may now alter the character of community property by agreement, either before or during a marriage.[45] Partition of property during a marriage divides community property into shares of separate property for each spouse.[46] An amendment to the Texas constitution in 1980 granted to couples the right to partition future community property, as well as to agree that future income from separate property would remain separate, rather than becoming community property.[47] Pre-nuptial agreements must be in writing signed by both parties to comply with statutory requirements.[48]

5. Management of Community Property

Texas law also provides for additional divisions of community property. The Family Code allows each spouse to have sole management and control of some community property.[49] A spouse controls that part of the

[42] *Id.* at 27.

[43] *See infra* notes 53–64.

[44] *See infra* text accompanying notes 45–48.

[45] The constitutional definitions of community property in Texas made early attempts to alter the character of marital property illegal. *See generally* King v. Bruce, 201 S.W.2d 803 (Tex. 1947). Early legislative attempts to give married couples this right suffered a similar fate. *See* Arnold v. Leonard, 114 Tex. 535, 273 S.W. 799, 803 (1925) (declaring partition legislation of 1917 unconstitutional); McKnight, *supra* note 12, at 117–18. Attempts to alter the character of income from separate property faced similar judicial hostility. *See generally* Wyly v. Comm'r, 610 F.2d 1282 (5th Cir. 1980). The Texas Constitution was amended in 1948 to allow married couples to partition their community property into separate property during marriage. LEOPOLD, *supra* note 12, § 2.5. Similarly, the 1980 amendment to the constitution allowed couples to agree before marriage to alter the character of marital property. *Id.* §§ 2.5, 12.1.

[46] *Id.* § 2.5.

[47] *Id.*

[48] TEX. FAM. CODE ANN. § 4.002 (Vernon 1998).

[49] *Id.* § 3.102(a). Marital property in Texas thus falls into one of five groups: the wife's separate property, the husband's separate property, the joint management community property, the

community property which he or she would have as a single person.[50] This includes: "(1) personal earnings; (2) revenue from separate property; (3) recoveries for personal injuries; and (4) the increase and mutations of, and the revenue from, all property subject to the spouse's sole management, control, and disposition."[51] Other community property, including one spouse's sole management community property that is mixed with the other spouse's, is subject to the joint management of the spouses.[52]

6. Reimbursement & Economic Contribution

Texas has long recognized equitable claims for reimbursement to the community estate for benefits conferred on one party's separate estate.[53] Courts acknowledged that community funds spent to enhance the value of separate real property, for example, depleted the community estate for the benefit of only one of the spouses.[54] Providing reimbursement for the community estate addresses this inequity. Reimbursement, however, is not a legal right, only an equitable claim against that spouse's estate.[55] The individual circumstances in a particular case thus determine the strength of the claim.

Texas law provides two different grounds for reimbursement claims. First, the Family Code authorizes a claim for the "inadequate compensation for the time, toil, talent, and effort of a spouse" expended for a business entity controlled by that spouse.[56] Effort spent creating works protected by patents and copyrights for a business controlled by a spouse qualifies for reimbursement under this provision if the spouse receives inadequate compensation otherwise.[57]

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wife's sole management community property, or the husband's sole management community property.

[50] *Id.*

[51] *Id.*

[52] *Id.* § 3.102(b).

[53] Cameron v. Cameron, 641 S.W.2d 210, 216 (Tex. 1982) (citing Rice v. Rice, 21 Tex. 58, 66–67 (1858)); Schmidt v. Huppman, 73 Tex. 112, 11 S.W. 175, 176 (1889); Dakan v. Dakan, 125 Tex. 305, 83 S.W.2d 620, 627 (1935); Lindsay v. Clayman, 151 Tex. 593, 254 S.W.2d 777, 781 (1952).

[54] Furrh v. Winston, 66 Tex. 521, 1 S.W. 527, 529 (1886).

[55] LEOPOLD, *supra* note 12, §§ 14.1–.2.

[56] TEX. FAM. CODE ANN. § 3.408(b)(2) (Vernon Supp. 2005).

[57] All compensation received by the creating spouse will be community property. TEX. FAM. CODE ANN. § 3.002 (Vernon 1998). A claim for reimbursement concerns the adequacy of the

Second, Texas courts have recognized the equity in reimbursing the community for the efforts of one spouse directed at maintaining his or her separate estate beyond what is reasonably necessary.[58] This claim is based on the concept that the community owns the spouses' work efforts.[59] To the extent that a spouse spends time enhancing, preserving, or maintaining his or her separate estate beyond what is reasonable, the community estate is deprived of that spouse's time and effort and deserves compensation. Reimbursement, however, is limited to the monetary value of the spouse's time, less any wages or compensation received because the claim is that the community has not been paid adequately for the services rendered.[60]

The Texas Legislature amended the Family Code in 1999 and 2001 to create a legal right for economic compensation for some claims that courts had recognized previously as equitable claims for reimbursement.[61] The Code, however, limits claims for economic contribution to specific situations.[62] These include the reduction of the principal amount of a mortgage or home improvement loan and capital improvements to property other than by incurring a debt.[63] Claims for economic contribution do not affect any other equitable claims for reimbursement.[64]

7. Future Income

Courts typically limit the characterization of future income as community property to be divided at divorce.[65] Income earned following

compensation that the spouse actually received. A spouse who controls a business often can manipulate his or her compensation by keeping more of the income received within the business rather than taking it as salary. Further, if the business is separate property, such as a family-owned business which existed prior to marriage, a spouse could use the business to deprive the community of the value of the spouse's services.

[58] Jensen v. Jensen, 665 S.W.2d 107, 109 (Tex. 1984); Norris v. Vaughan, 152 Tex. 491, 260 S.W.2d 676, 682–83 (1953).

[59] *See* LEOPOLD, *supra* note 12, § 14.3.

[60] *Jensen*, 665 S.W.2d at 109.

[61] Act of June 18, 1999, 76th Leg., R.S., ch. 692, § 2, 1999 Tex. Gen. Laws 3292, 3292–93 (amended 2001) (current version at TEX. FAM. CODE ANN. § 3.403 (Vernon Supp. 2005)).

[62] TEX. FAM. CODE ANN. § 3.402(a).

[63] *Id.*

[64] *Id.* § 3.408(a).

[65] Loaiza v. Loaiza, 130 S.W.3d 894, 909 (Tex. App.—Fort Worth 2004, no pet.) (finding that professional baseball player's contractual payments post-divorce were not community property where payment conditioned on performance of post-divorce services); Butler v. Butler, 975 S.W.2d 765, 768 (Tex. App.—Corpus Christi 1998, no pet.) (holding husband's future earnings

divorce generally is not community property because the marital community no longer exists.[66] Instead, future income is the sole property of the person who earns it, and the former spouse has no claim to it.[67] Exceptions exist for payments to be made pursuant to agreements made prior to divorce.[68] A person whose spouse files a valid claim under an insurance policy before divorce, for example, may share in the proceeds of the policy. The right to receive the payment has vested under the policy, so the proceeds constitute community property, even though the insurance company may not have paid the claim by the date of the divorce.[69] Similarly, the beneficiary of an irrevocable trust has a legal right to the income not yet distributed, so the income should be characterized as community property.[70] Income from these sources differs from the general rule concerning future income because it was earned or the right to it accrued during the marriage. The Family Code section allowing future income to be divided as community property includes nonvested income, but this provision has only been applied to retirement funds.[71]

Courts often find other kinds of future payments to be too speculative to be marital assets divisible at divorce. Payments subject to a third party's right to cancel without penalty typically are considered mere expectancies, not vested rights, and thus are not community property.[72] A commission to be paid in the future for the renewal of an insurance policy, for example,

from psychological counseling service not community property even though community funds provided furniture, fixtures, equipment, inventory, goods, and supplies).

[66] Community property is property acquired during marriage. TEX. FAM. CODE ANN. § 3.002 (Vernon 1998).

[67] *See Butler*, 975 S.W.2d at 768.

[68] TEX. FAM. CODE ANN. § 9.011.

[69] Andrle v. Andrle, 751 S.W.2d 955, 956 (Tex. App.—Eastland 1988, writ denied) (holding that future post-divorce payments under vested disability insurance policy purchased with community property subject to division at divorce).

[70] *In re* Marriage of Long, 542 S.W.2d 712, 718 (Tex. Civ. App.—Texarkana 1976, no writ) (finding that income earned but not distributed at date of divorce from interest, dividends, equipment rental, and cattle sales from trust corpus which is separate property properly characterized as community property).

[71] Reported cases decided under Texas Family Code section 9.011 (and its predecessor, section 3.75) deal primarily with annuities, retirement plans, or contractual alimony payments. *See* Schneider v. Schneider, 5 S.W.3d 925, 930 (Tex. App.—Austin 1999, no pet.); Jeffcoat v. Jeffcoat, 886 S.W.2d 567, 570 (Tex. App.—Beaumont 1994, no writ); Perkins v. Perkins, 690 S.W.2d 706, 708 (Tex. App.—El Paso 1985, writ ref'd n.r.e.).

[72] *See In re Marriage of Long*, 542 S.W.2d at 718.

would be such an expectancy if the customer could cancel the policy without penalty simply by choosing not to pay the premiums.[73]

8. Division of Property

While husband and wife each possess an undivided one-half interest in community property, courts are not required to divide community assets evenly upon divorce. The Family Code requires only a just and right division.[74] While courts enjoy a large amount of discretion in dividing marital property, some restrictions exist. Courts may divide only the community property estate.[75] A spouse cannot be divested of his or her separate property, real[76] or personal.[77] Most other community property states also restrict or prohibit divestiture of one's separate property.[78] Without adequate tracing, however, what began as separate property may become community property subject to division.[79]

Courts often find that the circumstances of a case justify awarding unequal portions of the community property to make the division just and right.[80] Among these circumstances are the benefits which an innocent spouse would have received had the marriage continued,[81] any disparity in the earning capabilities of the spouses,[82] "the size of each spouse's separate

[73] Cunningham v. Cunningham, 183 S.W.2d 985, 986 (Tex. Civ. App.—Dallas 1944, no writ) (stating that service commissions on insurance contracts are not community property at divorce because the contracts could be canceled for non-payment of premiums or other reasons).

[74] "In a decree of divorce or annulment, the court shall order a division of the estate of the parties in a manner that the court deems just and right, having due regard for the rights of each party and any children of the marriage." TEX. FAM. CODE ANN. § 7.001 (Vernon 1998).

[75] Eggmeyer v. Eggmeyer, 554 S.W.2d 137, 142 (Tex. 1977).

[76] *Id.*

[77] Cameron v. Cameron, 641 S.W.2d 210, 219–20 (Tex. 1982).

[78] Only Washington and Wisconsin allow divestiture of separate property. *See* WIS. STAT. ANN. § 767.255 (West 2001); WASH. REV. CODE ANN. § 26.09.080 (West 2005); Edwin Holmes, *When May a Court Divide & Transfer Divorcing Spouses' Separate Property? Lang v. Lang, 161 Wis. 2d 210, 467 N.W.2d 772 (1991)*, 28 IDAHO L. REV. 1078, 1080–81 (1991).

[79] James M. Wingate & Dawn E. Fowler, *Divestiture of Separate Property is Alive and Well in Texas*, 65 TEX. B.J. 584, 587 (2002). *See also supra* notes 36–38.

[80] Murff v. Murff, 615 S.W.2d 696, 698–99 (Tex. 1981); Barbara Anne Kazen, *Division of Property at the Time of Divorce*, 49 BAYLOR L. REV. 417, 417–18, 424–25 (1997).

[81] Kazen, *supra* note 80, at 424 (citing *Murff*, 615 S.W.2d at 699 and Baccus v. Baccus, 808 S.W.2d 694, 700 (Tex. App.—Beaumont 1991, no writ)).

[82] *Id.* (citing *Murff*, 615 S.W.2d at 698–99 and *Baccus*, 808 S.W.2d at 700).

estate,"[83] "the nature of the spouses' property,"[84] and any misconduct by one of the parties.[85] While trial courts enjoy a great deal of discretion in determining the exact portion, appellate courts have ordered new divisions when the record lacks any factors to justify a disproportionate award.[86]

9. Alimony & Maintenance

Texas stands apart from other community property jurisdictions also in the area of alimony.[87] While other jurisdictions allow courts to order alimony or spousal maintenance,[88] Texas courts have long declared that this type of award is contrary to the public policy of the state.[89] The state

[83] *Id.* at 425 (citing *Baccus*, 808 S.W.2d at 700).

[84] *Id.* (citing *Murff*, 615 S.W.2d at 699; *Baccus*, 808 S.W.2d at 700; Ismail v. Ismail, 702 S.W.2d 216, 222 (Tex. App.—Houston [1st Dist.] 1985, writ ref'd n.r.e.); Jones v. Jones, 699 S.W.2d 583, 585 (Tex. App.—Texarkana 1985, no writ)).

[85] Some community property states prohibit disproportionate awards based on the marital misconduct of one spouse. *See, e.g.*, ARIZ. REV. STAT. ANN. § 25-318(A) (Supp. 2005). Texas, however, recognizes misconduct as a basis for a disproportionate award. *See* Bishop v. Bishop, No. 14-02-00132-CV, 2003 WL 21229476, *4 (Tex. App.—Houston [14th Dist.] May 29, 2003, no pet.) (unreported mem. op.) (husband's abusive tirades); *In re* Marriage of Becerra, 100 S.W.3d 637, 640 (Tex. App.—Texarkana 2003, no pet.) (husband's large expenditures on other women); Oliver v. Oliver, 741 S.W.2d 225, 228–29 (Tex. App.— Fort Worth 1987, no writ) (husband's adultery).

[86] *See* Smith v. Smith, 143 S.W.3d 206, 214 (Tex. App.—Waco 2004, no pet.). The court found an abuse of discretion in a trial court's award to the husband of $15,863 in community property and none to the wife when the husband had a larger income, better business opportunities, and a higher earning capacity than the wife. *Id.* at 213–14. Further, the wife had a back injury which limited her activities, while the husband apparently was in good health. *Id.* at 213; *see also* Kazen, *supra* note 80, at 434–35.

[87] Texas is well-known for its ban on alimony. James W. Paulsen, *Remember the Alamo[ny]! The Unique Texas Ban on Permanent Alimony and the Development of Community Property Law*, 56 LAW & CONTEMP. PROBS., Spring 1993 at 7, 8 [hereinafter Paulsen, *Remember the Alamo[ny]!*].

[88] *See* ARIZ. REV. STAT. ANN. § 25-319 (Supp. 2005); CAL. FAM. CODE § 4330 (West 2004); IDAHO CODE ANN. § 32-705 (1996); LA. CIV. CODE ANN. art. 111 (1999); N.M. STAT. ANN. § 40-4-7(B)(1) (2003); NEV. REV. STAT. § 125.150 (West Supp. 2005); P.R. LAWS ANN. § 385 (1991); WASH. REV. CODE ANN. § 26.09.090 (West 2005); WIS. STAT. ANN. § 767.26 (West 2001).

[89] The Texas Court of Civil Appeals in one early case reasoned that the parties in a divorce could be treated fairly through the division of the property. Pape v. Pape, 13 Tex. Civ. App. 99, 35 S.W. 479, 480 (1896, writ dism'd). The trial court had awarded the wife "practically all of the community property," as well as a monthly payment for the support of the children. *Id.* at 480. The husband's attorneys, however, described the child support payments as alimony. *Id.* Thus,

legislature enacted a limited spousal maintenance statute in 1997.[90] The requirements are so strict, however, that many spouses fail to qualify.[91] Further, the statute allows maintenance only for a short time as compared to other states.[92]

Legal history reveals that the earliest Texas court decisions and statutes contained no express ban on alimony.[93] One Texas Supreme Court decision actually supported the award of alimony.[94] Other courts, however, have declared their hostility to the award of alimony, as illustrated by *Pape v. Pape*.[95] In *Pape*, the appellate court reasoned that trial courts are able to divide property in one spouse's favor, if needed.[96] To provide alimony

the court's reasoning concerning alimony is actually dicta. Later courts relied on *Pape*, nonetheless. *See* Paulsen, *Remember the Alamo[ny]!*, *supra* note 87, at 24–28.

[90] Act of April 17, 1997, 75th Leg., R.S., ch. 7, § 1, 1997 Tex. Gen. Laws 8, 34–35 (amended 2001) (current version at TEX. FAM. CODE ANN. § 8.051 (Vernon Supp. 2005)).

[91] Two sets of criteria permitting spousal maintenance exist. Under the first set, a court can enter an order for maintenance against a spouse who was convicted of or received deferred adjudication for a criminal offense of family violence if that spouse committed the act of violence within a two-year period prior to the filing date for divorce or while the suit was pending. TEX. FAM. CODE ANN. § 8.051(1) (Vernon Supp. 2005). The alternative criteria allows a court to order maintenance if the marriage lasted ten years or longer, the spouse seeking maintenance lacks sufficient property after division of community property to provide for reasonable minimum needs, and either: (1) has an incapacitating mental or physical condition which prevents the spouse from being appropriately employed, (2) has custody of a child of the marriage whose care, because of the child's mental or physical disability, prevents the spouse from being appropriately employed, or (3) lacks the employment skills necessary to provide for reasonable minimum needs. *Id.* § 8.051(2).

[92] An order for maintenance cannot last longer than three years, unless the recipient has a mental or physical disability. *Id.* § 8.054. Further, courts are directed to limit the duration to the shortest time possible which allows the spouse seeking maintenance to obtain employment or develop skills necessary to obtain employment to provide for reasonable minimum needs. *Id.* Other states give their courts much more discretion in ordering maintenance. *See, e.g.*, CAL. FAM. CODE § 4330 (West 2004).

[93] Paulsen, *Remember the Alamo[ny]!*, *supra* note 87, at 15.

[94] Wiley v. Wiley, 33 Tex. 358, 362 (1870); *see* Paulsen, *Remember the Alamo[ny]!*, *supra* note 87, at 18–23. *Wiley*, however, may be the exception which proves the rule. Land prices became so depressed in the years immediately following the Civil War that a property award would be less likely to provide adequately for a spouse. Paulsen, *Remember the Alamo[ny]!*, *supra* note 87, at 18. The trial court awarded the wife fifty dollars per year for twelve years. *Wiley*, 33 Tex. at 359. The Texas Supreme Court increased the award to $100 per year for life. *Id.* at 362. While this case seemed to be the first in Texas jurisprudence to support alimony, it has never been cited by a Texas court. Paulsen, *Remember the Alamo[ny]!*, *supra* note 87, at 19.

[95] 13 Tex. Civ. App. 99, 35 S.W. 479, 480 (1896, writ dism'd).

[96] *Id.* at 480.

beyond that would place such a considerable burden on the other spouse as to be "manifestly unjust and oppressive."[97] Some writers believe that early courts compensated for the inability to award alimony through creative property settlements,[98] as well as sizeable child support awards.[99]

B. Overview of Copyright Law

Copyright has been recognized in the United States from colonial times.[100] In the days of the Articles of Confederation, the Continental Congress encouraged the states to enact copyright statutes providing an initial term of not less than fourteen years and a renewal term of the same length.[101] Each state but Delaware enacted a general copyright statute,[102] but the provisions of the statutes sometimes differed, including the length of protection and the types of works covered.[103] Inconsistencies between the statutes as to their coverage and other matters instilled a desire among the

[97] *Id.* at 481.

[98] *Id.* at 480; Paulsen, *Remember the Alamo[ny]!*, *supra* note 87, at 34–37.

[99] Paulsen, *Remember the Alamo[ny]!*, *supra* note 87, at 34. The Texas Family Code now provides guidelines for child support payments. *See* TEX. FAM. CODE ANN. §§ 154.121–.133 (Vernon 2002 & Supp. 2005).

[100] GOLDSTEIN, *supra* note 3, at § 1.13.2; *see also* L. RAY PATTERSON & STANLEY W. LINDBERG, THE NATURE OF COPYRIGHT: A LAW OF USERS' RIGHTS 32–55 (1991).

[101] 24 JOURNALS OF THE CONTINENTAL CONGRESS, 1774–1789, at 326–27 (Gaillard Hunt ed. 1922).

[102] 1783 Conn. Pub. Acts 133 (repealed 1812); Act of Feb. 3, 1786, ROBERT WATKINS & GEORGE WATKINS, A DIGEST OF THE LAWS OF THE STATE OF GEORGIA 323 (1800); Act of Apr. 21, 1783, ch. XXXIV, LAWS OF MARYLAND (1783); 1 MASS. GEN. LAWS ch. 1, § 80 (1823) (The notation, "Superseded by the constitution and laws of the United States," follows the text of the Act); 1783 N.H. Laws 305 (repealed 1842); 1783 N.J. Laws 47 (repealed 1799); 1786 N.Y. Laws 298; 1785 N.C. Sess. Laws ch. 26; 1784 Pa. Laws 306; 1783 R.I. Pub. Laws 6 (1783); 1784 S.C. Acts 49; 1785 Va. Acts 8; GOLDSTEIN, *supra* note 3 at § 1.13.2.1; PATTERSON & LINDBERG, *supra* note 100, at 54. These statutes expired by their own terms so that repeal was not necessary. The states also enacted private laws occasionally to protect particular works with conditions different than the general copyright statutes. Connecticut, for example, limited the term of copyright protection to only seven years for a collection of psalms by poet and chaplain Joel Barlow. 1784 Conn. Pub. Acts 458.

[103] The Connecticut statute, for example, provided an initial term of protection for fourteen years, with a renewal term of the same length if the author was still living at the expiration of the initial term. 1783 Conn. Pub. Acts 617 (repealed 1812). The Massachusetts statute, however, provided for a term of twenty-one years of protection, with no renewal. 1 MASS. GEN. LAWS ch. 1, § 80 (1823) (The annotation, "Superseded by the constitution and laws of the United States," appears following the Act).

drafters of the Constitution for national uniformity in copyright protection,[104] so they included a provision in the Constitution granting Congress the exclusive right to legislate copyright and patent protection.[105] After the adoption of the Constitution, President Washington urged Congress to enact legislation to protect copyrights and patents to encourage creative efforts in the new nation,[106] and Congress responded with the passage of the first national patent[107] and copyright statutes.[108]

Congress amended copyright law through the years, making major revisions about every forty years through the early twentieth century.[109] The development of new communications media in the years immediately before and after the passage of the Copyright Act of 1909[110] necessitated several amendments to extend copyright protection.[111] These frequent amendments helped to break the forty year cycle of major revisions.

The rights of copyright ownership under the 1909 Act vested upon publication of the work, with notice of copyright attached.[112] Federal copyright law thus left unpublished manuscripts without protection, though

[104] GOLDSTEIN, *supra* note 3, § 1.13.2.1.

[105] "The Congress shall have Power . . . To 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 . . . ." U.S. CONST. art. I, § 8, cl. 8.

[106] EDWARD SAMUELS, THE ILLUSTRATED STORY OF COPYRIGHT 14–15 (2000).

[107] Act of Apr. 10, 1790, ch. 7, 1 Stat. 109, *repealed by* Act of Feb. 21, 1793, ch. 11, § 12, 1 Stat. 318 (1793).

[108] Act of May 31, 1790, ch. 15, 1 Stat. 124, *repealed by* Act of Feb. 3, 1831, ch. 16, § 14, 4 Stat. 436, 439 (1831). Only a few of the state legislatures, however, apparently bothered to repeal their statutes. *See supra* note 102. Astute editors added an annotation in one statutory collection indicating that the federal copyright law superseded the state act. *See, e.g.*, MASS. GEN. LAWS ch. 1, § 80 (1823) (The annotation, "Superseded by the constitution and laws of the United States," follows the text of the Act).

[109] *See* Act of Feb. 3, 1831, ch. 16, § 14, 4 Stat. 436 (repealed 1870); Act of July 8, 1870, ch. 230, §§ 85–110, 16 Stat. 198, 212–15 (repealed 1909); Copyright Act of 1909, ch. 320, 35 Stat. 1075 (repealed 1978); PATTERSON & LINDBERG, *supra* note 100, at 77.

[110] Copyright Act of 1909, ch. 320, 35 Stat. 1075, *repealed by* Copyright Act of 1976, Pub. L. No. 94-553 §§ 101–810, 90 Stat. 2541.

[111] Motion pictures, for example, were added to the list of works eligible for copyright protection in 1912. Act of Aug. 24, 1912, ch. 356, 37 Stat. 488 (repealed 1978).

[112] Copyright Act of 1909, ch. 320, § 19, 35 Stat. at 1079. The notice requirement of the 1909 Act was carried forward by the Copyright Act of 1976, but the Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, § 7, 102 Stat. 2853, 2857–59 (1988), changed the notice requirement from mandatory to permissive. Copyright Act of 1976, Pub. L. No. 94-553, § 401(a), 90 Stat. 2541, 2576 (1976) (current version at 17 U.S.C. § 401(a) (2000)).

states protected them through the doctrine of common law copyright, imported in colonial times from England, which allowed the author to control the first publication of his or her work.[113]

Significant efforts to revise copyright began in the mid 1950s,[114] and continued for twenty years, resulting in the passage of the Copyright Act of 1976.[115] Though Congress continues to make amendments,[116] the 1976 Act provides protection automatically to most works in new communications media because the Act was designed to be prospective in nature.[117]

[113]Common law copyright was abolished in England in the years immediately preceding the Revolutionary War, but it remained in the United States apparently as the result of an incomplete version of the seminal English case contained in a reporter series which was popular among lawyers in the colonies in the late 18th century. PATTERSON & LINDBERG, *supra* note 100, at 36–46. This version lacked a report of the vote taken in the House of Lords, which concluded that common law copyright had been abolished by statute. *Id.*

[114]Congress appropriated funds in 1955 for the Copyright Office for the preparation of studies of the problems with the then current copyright law. Legislative Appropriations Act of 1956, ch. 568, 69 Stat. 499, 517 (1955). The Copyright Office released the first studies in 1960. *See generally* Staff of S. Comm. On the Judiciary, 86th Cong., COPYRIGHT LAW REVISION: STUDIES 1–4, (Comm. Print 1960), *reprinted in* 1 GEORGE S. GROSSMAN, OMNIBUS COPYRIGHT REVISION LEGISLATIVE HISTORY (2001).

[115]Copyright Act of 1976, Pub. L. No. 94-553 §§ 101-810, 90 Stat. 2541-2598 (current version at 17 U.S.C. §§ 101–810 (2000)).

[116]Movie Act of 2005, Pub. L. No. 109-9, § 202(a), 119 Stat. 218, 223 (2005) (to be codified at 17 U.S.C. § 110); 17 U.S.C.A. § 110 (West 2005).

[117]For example, the Copyright Act of 1976 grants to copyright owners of certain works the right to control public displays of their works. 17 U.S.C. § 106(5) (2000). "To 'display' a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process . . . ." *Id.* § 101. "A 'device' . . . or 'process' is one now known or later developed." *Id.* Thus, as new ways to display works are invented, the rights of copyright owners extend to those media automatically. An internet website, for example, which contains photographs posted without the permission of the copyright owner and without a valid defense infringes the public display right. Playboy Enters., Inc. v. Webbworld, Inc., 991 F. Supp. 543, 551–52 (N.D. Tex. 1997). The Internet did not exist in its current form at the time when Congress passed the Copyright Act of 1976. The Internet began as one network (ARPANET) linking several major research centers together to transmit and receive data. STEPHEN SEGALLER, NERDS 2.0.1: A BRIEF HISTORY OF THE INTERNET 99–116 (1998). Researchers in the 1970s developed the programs and protocols necessary to transform ARPANET into the Internet. JANET ABBATE, INVENTING THE INTERNET 113–45 (1999). Tim Berners-Lee began to write the software for the World Wide Web in October 1989 for the establishment of websites and the posting of visual images. SEGALLER, *supra*, at 286. The European Center for Particle Research began to use the software in 1990, and it was released to the public free of charge in 1991. *Id.* This brought the ability to establish websites and post visual images. A website thus qualifies as a device or process which was later developed. 17 U.S.C. § 101 (2000). As such, despite the fact that

Passage of the Copyright Act of 1976, the current statute, brought several major changes. Most importantly, copyright protection now begins at the moment a work is created and "fixed in any tangible medium of expression."[118] Thus, the 1976 Act extends copyright protection to unpublished manuscripts from the moment the author lifts pen from paper or fingers from keyboard (provided that the author also fixes the work "in any tangible medium of expression"[119]). In making this change, Congress also preempted state common law copyright protection.[120]

Many different types of works qualify for copyright protection under the 1976 Act. In contrast to the previous act, the 1976 Act provides protection to a potentially unlimited number of different types of works. The specific list of protected works in the statute is an illustrative list, rather than an exhaustive one.[121] Copyright has limits to its protection, though. It protects only the expression of ideas, not the ideas themselves.[122] Otherwise, copyright would trespass into the domain of patent law.

The owner of a copyright has the right to exercise considerable control over the protected work. This control consists of the rights to reproduce and distribute the work,[123] the right to prepare derivatives,[124] the rights to control public performances and public displays of certain types of works,[125] and, in the case of sound recordings, the right to control public

websites were not in existence at the time Congress passed the 1976 Act, posting a photograph on a website that is accessible to others may infringe the copyright owner's right to control the public display of the photo.

[118] *Id.* § 102(a).

[119] *Id.*

[120] *Id.* § 301(a).

[121] Works which can be protected by copyright "include the following categories: (1) literary works; (2) musical works, including any accompanying words; (3) dramatic works, including any accompanying music; (4) pantomimes and choreographic works; (5) pictorial, graphic, and sculptural works; (6) motion pictures and other audiovisual works; (7) sound recordings; and (8) architectural works." *Id.* § 102(a). "The terms 'including' and 'such as' are illustrative and not limitative." *Id.* § 101.

[122] "In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." *Id.* § 102(b).

[123] These rights, although distinct, are typically licensed together. *Id.* §§ 106(1), (3).

[124] *Id.* § 106(2). A derivative is a second work based on the original, such as a movie based on a novel. *Id.* § 101.

[125] The public performance right applies to "literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works." *Id.* § 106(4). The public

performances made by digital audio transmissions.[126] Though the Act identifies these as the exclusive rights of a copyright owner, the rights are subject to many defenses which allow another person to make limited use of a work without the permission of the copyright owner.[127] Copyright owners also control the creation of derivative works,[128] such as a movie based on the owner's novel. The production of a derivative typically involves the adaptation of the original work into a new format, as well as the addition of new material.[129]

The ownership of the copyright in a work "vests initially in the author,"[130] except in particular situations such as works made for hire.[131] The legislative history of the 1976 Act contains no mention of the effects of community property laws on the ownership interests in copyrights.[132] Those favoring community property ownership of copyrights view this omission as proof that Congress did not intend federal preemption.[133] Community property systems have existed for many years, and, in the Copyright Act, Congress expressly preempted only state copyright laws.[134] Had it intended to preempt the effects of community property, Congress could have done so easily, but it did not.[135] Those favoring individual ownership, however, look to the language of § 201(a) of the Act, "Copyright in a work . . . vests initially in the author or authors of the work."[136] This shows a Congressional intent for the author to own the copyright in the works which he or she creates, rather than joint ownership

display right applies to "literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual works." *Id.* § 106(5).

[126] *Id.* § 106(6). An example of a digital audio transmission is one made via the Internet. *Id.* § 101.

[127] The opening clause of § 106 makes this point clear: "Subject to sections 107 through 122 . . . ." *Id.* § 106. The copyright owner's rights are subject to the numerous defenses contained in 17 U.S.C. §§ 107-122.

[128] *Id.* § 106(2).

[129] *Id.* § 101.

[130] *Id.* § 201(a).

[131] *Id.* § 201(b).

[132] *See generally* H.R. REP. NO. 94-1476 (1976), *reprinted in* 1976 U.S.C.C.A.N 5659.

[133] *In re* Marriage of Worth, 241 Cal. Rptr. 135, 139–40 (Cal. Ct. App. 1987).

[134] 17 U.S.C. § 301(a).

[135] *In re Marriage of Worth*, 241 Cal. Rptr. at 139–40.

[136] 17 U.S.C. § 201(a).

in community property states.[137] Later, the owner may decide to transfer ownership to another as allowed by other sections of the Act.[138]

Copyright ownership in a work exists separately from a copy of the work itself.[139] That is, purchasing a copy of a work, absent an agreement to the contrary, bestows on the buyer only the right to physically possess that copy. The owner of a copy of a work cannot exercise any of the rights of ownership, such as reproduction or public performance, beyond the limits allowed by other code sections unless the copyright owner gives his or her permission.[140]

Ownership of a copyright may be transferred to another party, either voluntarily[141] or by operation of law.[142] A transfer is an exclusive license granting permission for that party to exercise one or more of the rights of copyright ownership.[143] A copyright transfer is not a conveyance as with other property, however.[144] The copyright owner may limit transfers temporally or geographically.[145] Further, the copyright owner may terminate a transfer in thirty-five or forty years, depending on whether the transfer included the right to publish and when publication occurred, if at all.[146] Transfers must be in writing, unless they are by operation of law such as a court order.[147]

Copyrights may be owned jointly by two or more parties.[148] The authors must contemporaneously consent for their contributions to the work to become part of an inseparable whole.[149] Not every contributor or

[137] Rodrigue v. Rodrigue, 55 F. Supp. 2d 534, 541 (E.D. La. 1999).

[138] 17 U.S.C. § 201(d) (stating that copyright owners may transfer one or more or the rights of copyright ownership to other persons).

[139] *Id.* § 202. Laypersons, even those who create works protected by copyright, have difficulty understanding the distinction. *See generally* Jackson v. Kitsap County Ct., 211 F.3d 1273, 2000 WL 237957 (9th Cir. Mar. 2, 2000) (mem.) (dismissing action for want of federal question because artist alleged only that state court could not award physical paintings to spouse on divorce due to artist's copyright ownership, not transfer of copyright ownership).

[140] 17 U.S.C. § 106.

[141] *Id.* § 201(d).

[142] *Id.* § 201(e). For example, a court order for transfer pursuant to the probate of a will.

[143] *Id.* § 101.

[144] GOLDSTEIN, *supra* note 3, § 5.0.

[145] *Id.*

[146] 17 U.S.C. § 203(a)(3).

[147] *Id.* § 204(a).

[148] *Id.* § 201(a).

[149] *Id.* § 101 (defining "joint work"). *See also* GOLDSTEIN, *supra* note 3, § 4.2.1.1.

contribution qualifies to make a joint work. Though the Copyright Act is silent regarding the amount of a contribution necessary to qualify as a part of a joint work, many courts have agreed with a leading scholar that each contribution must be eligible for protection on its own.[150] Contributions which fall short of the standards for protection deny the contributors joint authorship. Even substantial contributions may not make a joint work, however. If the contributors do not consent for their contributions to be an inseparable part of the whole, the work will not be a joint work. In *Aalmuhammed v. Lee*, for example, despite the plaintiff's major contributions to the making of the motion picture, *Malcolm X*, the court held that no joint work existed because the defendant never consented to the joint authorship.[151]

Each joint author may exercise all the rights of copyright ownership, absent an agreement to the contrary.[152] Further, joint authors share equally in any royalties from the work, absent an agreement to the contrary.[153]

C. Overview of Patent Law

The American tradition of awarding patents for inventions began primarily with the colonial legislatures[154] and developed further during the period of the Articles of Confederation as states enacted patent statutes.[155]

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[150] Erickson v. Trinity Theatre, Inc., 13 F.3d 1061, 1070–71 (7th Cir. 1994); GOLDSTEIN, *supra* note 3, § 4.2.1.2.

[151] 202 F.3d 1227, 1235 (9th Cir. 2000). The plaintiff alleged joint authorship of the motion picture, *Malcolm X*, a biography of the civil rights leader. *Id.* at 1230. The plaintiff served as a technical consultant on the film because of his extensive knowledge of Malcolm X. *Id.* at 1229. His role in the film included making extensive script revisions, at least some of which were included in the final version of motion picture. *Id.* at 1229–30. The defendant paid the plaintiff $25,000 for his work. *Id.* at 1230. Denzel Washington, the actor who portrayed Malcolm X in the motion picture, found the contributions to be so valuable in helping him realistically play the part that he offered the plaintiff $100,000. *Id.*

[152] Joint authors are co-owners of the copyright. 17 U.S.C. § 201(a). Though the Copyright Act of 1976 does not define the ownership rights of co-owners specifically, courts have analogized copyright co-ownership to tenancies in common in property law. GOLDSTEIN, *supra* note 3, § 4.2.2.

[153] GOLDSTEIN, *supra* note 3, § 4.2.2.

[154] Massachusetts appears to have been the first colony to enact a general patent statute. BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW 57–83 (1967).

[155] Some of the earliest patents involved grants to individuals. One enterprising man, Henry Guest, developed a method of making oil and blubber. New Jersey first rewarded his efforts by a patent. 1779 N.J. Laws 21 (expired 1784). Guest wanted to protect his method beyond the

Problems naturally arose because of the geographic limitations of state-issued patents.[156] The drafters of the Constitution recognized the value of a national patent system and granted Congress the exclusive authority to legislate patent protection.[157]

Patent ownership differs from that of copyright in several respects. First, while the level of creativity required for copyright protection is minimal,[158] a patent requires significant novelty, usefulness, and non-obviousness.[159] That is, a patent issues only for an invention or discovery that advances the state of knowledge considerably,[160] serves a useful purpose,[161] and results from a creative process which requires ingenuity beyond what is apparent to someone who is knowledgeable in the particular field.[162]

Second, many non-authorized uses are allowed for works protected by copyright,[163] but a patent owner's rights are near absolute. A patent owner may be able to prevent the use of other elements not specified in the patent that produce the same result as the patent or one very similar.[164] This is the doctrine of equivalents, and the U.S. Supreme Court recently reaffirmed that the doctrine remains a vital part of patent law.[165]

Third, patent protection expires much faster than that for copyright. Most copyrights in works produced under the Copyrights Act of 1976 last for the author's lifetime plus seventy years.[166] Patent protection, however,

borders of New Jersey, so he sought patents in New York and Pennsylvania as well. 1780 N.Y. Laws 277 (expired 1785); 1780 Pa. Laws 333 (expired 1785). *See also* BUGBEE, *supra* note 154, at 85–88 (1967).

[156] Henry Guest, for example, wanted to protect his method of producing oil and blubber beyond the borders of New Jersey, so he requested and lobbied for patents in New York and Pennsylvania. *See supra* note 155; BUGBEE, *supra* note 154, at 88.

[157] *See* U.S. CONST. art. I, § 8, cl. 8.

[158] *See* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345–46 (1991).

[159] *See* CHISUM, *supra* note 3, § 1.01.

[160] *See id.* § 3.01.

[161] *See id.* § 4.01.

[162] *See id.* § 5.01.

[163] *See generally* 17 U.S.C. §§ 107–122 (2000).

[164] CHISUM, *supra* note 3, § 18.04.

[165] The Court held that any change in the application of this doctrine should come from Congress, rather than from the Court. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 733 (2002).

[166] 17 U.S.C. § 302(a). Different rules apply to joint works, anonymous works, corporate works, and works created under the Copyrights Act of 1909. *See id.* §§ 302(b), 302(c), 304.

typically lasts only twenty years, depending on the circumstances involving the examination of the application or its subject matter.[167]

The United States differs from the rest of the world in continuing a tradition of awarding patents on the basis of the first to invent rather than the first to file an application.[168] For example, in the case of independent creation by two or more persons, assuming that all of the other requirements are met, the first person to invent will receive the patent, even if he or she is not the first to file an application. To settle disputes between inventors, courts establish the date of invention as the date when the invention was "reduce[d] to practice," either actually or constructively.[169] An actual reduction to practice occurs when the inventor constructs the invention, and the invention performs the task for which it was constructed.[170] A constructive reduction to practice occurs when the invention is described with sufficient specificity that a person knowledgeable in the field could reproduce the work.[171]

The award of a patent to the inventor is protected by law. A patent cannot be issued to one who is not the inventor.[172] Likewise, a patent issued to a person who is not the inventor is invalid.[173] When two or more persons invent something which may be protected, all must submit a joint patent application.[174] Each joint inventor's contribution to the invention must be significant.[175] Smaller contributions are considered only to be assistance, not inventorship.[176] Each joint inventor may, in the absence of an agreement to the contrary, license the patent for use by another party.[177]

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[167] The general term of patent protection is twenty years from the filing date of the application. 35 U.S.C. § 154(a)(2) (2000). The term may differ, however, depending on the circumstances surrounding its issuance or if it encompasses particular subject matter. *See id.* §§ 154(b), 155, 156.

[168] Bruning v. Hirose, 161 F.3d 681, 685 (Fed. Cir. 1998); *see also* CHISUM, *supra* note 3, § 10.01. Efforts are underway in Congress, however, to change the United States to a first-to-file jurisdiction. *See* Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 3 (2005).

[169] *See* CHISUM, *supra* note 3, § 10.03.

[170] *Id.* § 10.06.

[171] *See* Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 67 (1998).

[172] "A person shall be entitled to a patent unless . . . he did not himself invent the subject matter sought to be patented . . . ." 35 U.S.C. § 102(f).

[173] Solomon v. Kimberly-Clark Corp., 216 F.3d 1372, 1381 (Fed. Cir. 2000).

[174] 35 U.S.C. § 116.

[175] *See* Hess v. Advanced Cardiovascular Sys. Inc., 106 F.3d 976, 980–81 (Fed. Cir. 1997).

[176] *Id*.

[177] 35 U.S.C. § 262.

III. PATENTS & COPYRIGHTS AS MARITAL PROPERTY

A. Generally

More than half of the states, including several with community property systems, as well as the Commonwealth of Puerto Rico and some units of the federal government, directly or indirectly recognize the ownership of intellectual property as marital property.[178] Recent discussion on the

[178] Federal - Stein v. Soyer, No. 97 Civ. 1317(MBM), 1997 WL 104967 (S.D.N.Y. Mar. 10, 1997) (remanding to state court for want of federal question involving ownership of patents, trademarks, and copyrights); Doty v. Comm'r, 81 T.C. 652 (1983), *action on dec.*, 1985-016 (Sept. 17, 1985) (classifying future royalties for Peanuts cartoon characters as community property); Dixon v. Comm'r, 44 T.C. 709 (1965) (recognizing future royalties for songs as marital property).

Alabama - Rose v. Rose, 395 So. 2d 1038 (Ala. Civ. App. 1981) (awarding a portion of the royalties to the non-creating-spouse).

California - Roddenberry v. Roddenberry, 51 Cal. Rptr. 2d 907 (Ct. App. 1996) (awarding the former wife profits from copyright-protected works created during marriage); *In re* Marriage of Worth, 241 Cal. Rptr. 135 (Ct. App. 1987) (holding that copyrights in books written during marriage classified as community property); Meacham v. Meacham, 68 Cal. Rptr. 746 (Ct. App. 1968) (classifying royalties for inventions as community property); Campbell v. Campbell, 321 P.2d 133 (Cal. Dist. Ct. App. 1958) (barring a claim based on res judicata and, therefore, awarding book royalties to the non-creating-spouse); Fieger v. Fieger, 83 P.2d 526 (Cal. Dist. Ct. App. 1938) (classifying a patent as community property); Lorraine v. Lorraine, 48 P.2d 48 (Cal. Dist. Ct. App. 1935) (classifying a patent as community property); *In re* Marriage of Weres, No. 76505, 2000 WL 34472234 (Cal. App. Dep't Super. Ct. Jan. 18, 2000), *modified by*, 2000 WL 34479333 (dividing patents perfected during marriage and the interest in patent application between the spouses).

Connecticut - Gallo v. Gallo, 440 A.2d 782 (Conn. 1981) (considering future book royalties when dividing assets); Regney v. Regney, No. FA 970326995S, 2000 WL 38738 (Conn. Super. Ct. Jan. 5, 2000) (mem.) (including song royalties as income to set child support); Zander v. Zander, No. FA 970074587S, 1999 WL 711503 (Conn. Super. Ct. Aug. 30, 1999) (mem.) (denying the husband an interest in wife's musical recordings due to his conduct); Powers v. Powers, No. CV 9353723S, 1996 WL 88464 (Conn. Super. Ct. Apr. 16, 1996) (mem.) (including book royalties as income to set child support); Rath v. Rath, No. FA88 0252053S, 1990 WL 274511 (Conn. Super. Ct. Mar. 22, 1990) (mem.), *motion for articulation*, 1990 WL 271125 (May 8, 1990) (mem.), *second motion for articulation*, 1990 WL 264113 (Oct. 22, 1990) (mem.) (including book royalties as income to set child support).

Delaware - E.V.P. v. L.A.P., No. CN98-11448, 2001 WL 1857137 (Del. Fam. Ct. Dec. 4, 2001) (awarding an interest in molds and sculptures as marital property).

Hawaii - Teller v. Teller, 53 P.3d 240 (Haw. 2002) (awarding an interest in patents and trade secrets as marital property).

Idaho - DeMarco v. Stewart, 691 P.2d 801 (Idaho Ct. App. 1984) (allowing royalties from an invention pursuant to the divorce settlement).

Illinois - *In re* Marriage of Heinze, 631 N.E.2d 728 (Ill. App. Ct. 1994) (holding that future book royalties were marital property); *In re* Marriage of Aud, 491 N.E.2d 894 (Ill. App. Ct. 1986) (holding that the "inventions" are not worth more than "nill;" therefore, there is nothing to divide).

Iowa - *In re* Marriage of White, 537 N.W.2d 744 (Iowa 1995) (awarding an interest in future book royalties to the non-creating-spouse).

Kansas - *In re* Marriage of Monslow, 912 P.2d 735 (Kan. 1996) (awarding future royalties for patents); Krueger v. Krueger, 255 P.2d 621 (Kan. 1953) (awarding partnership interest in an invention created during marriage).

Louisiana - Smith v. Doody, 721 So. 2d 60 (La. Ct. App. 1998) (affirming summary judgment in an attorney malpractice action concerning a community property interest in song royalties); Michel v. Michel, 484 So. 2d 829 (La. Ct. App. 1986), *superceded by statute*, LA. REV. STAT. ANN. § 9:374 (2005), as recognized in Herrell v. Herrell, 594 So. 2d 943 (La. Ct. App. 1992) (awarding a marital interest in future book royalties for partially complete manuscripts); Howes v. Howes, 436 So. 2d 689 (La. Ct. App. 1983) (allowing an award to the non-creating-spouse of a patent classified as community property because creating-spouse committed fraud on the community), *aff'd*, 518 So. 2d 1147 (1988) (holding that further litigation of the issue of whether the patent was community property was barred by res judicata), *appeal denied*, 637 So. 2d 1282 (La. Ct. App. 1994) (requiring the non-creating spouse to pay one-half share of attorneys' fees to preserve and maintain patent).

Massachusetts - Yannas v. Frondistou-Yannas, 481 N.E.2d 1153 (Mass. 1985) (denying an award of an interest in future royalties for artificial skin because it was too speculative).

Michigan - McDougal v. McDougal, 545 N.W.2d 357 (Mich. 1996) (per curium) (finding that division of future interest in patents and royalties was inequitable); Wiand v. Wiand, 443 N.W.2d 464 (Mich. Ct. App. 1989) (per curium) (awarding future income from patents and formulas).

Minnesota – Frey v. Frey, No. C9-99-270, 1999 WL 970328 (Minn. Ct. App. Oct. 26, 1999) (establishing a payment schedule of patent royalties); Sturm v. Sturm, No. C5--91-1902, 1992 WL 95871 (Minn. Ct. App. May 12, 1992) (remanding to clarify patent interest as the income related to marital property).

Mississippi - Pratt v. Pratt, 623 So. 2d 258 (Miss. 1993) (denying alimony based on potential royalties).

Missouri - *In re* Marriage of Perkel, 963 S.W.2d 445 (Mo. Ct. App. 1998) (classifying computer software written during marriage as marital property); Runyan v. Runyan, 907 S.W.2d 267 (Mo. Ct. App. 1995) (including book royalties in income to set child support but not maintenance).

Nevada - Cathcart v. Robison, Lyle, Belaustegui, & Robb, P.C., 795 P.2d 986 (Nev. 1990) (per curium) (holding that award of attorneys' fees in divorce where non-creating-spouse was awarded one-share of patent royalties was reasonable).

New Mexico - Mracek v. Dunifon, 233 P.2d 792 (N.M. 1951) (classifying a patent as community property); Boutz v. Donaldson, 1999-NMCA-131, ¶ 20-3, 128 N.M. 232, 991 P.2d 517 (including book royalties in income to set child support).

New York - McGovern v. Getz, 598 N.Y.S.2d 9 (App. Div. 1993) (mem.) (distributing equally the royalties for musical works created during marriage); Daye v. Daye, 566 N.Y.S.2d 132 (App. Div. 1991) (mem.) (allowing a maintenance award indefinitely to the wife for the

husband's failure to realize profit from his invention).

Ohio - Lewis v. Lewis, No. CA91-12-218, 1992 WL 193680 (Ohio Ct. App. Aug. 10, 1992) (allowing an equitable division to include royalties from songs); Summers-Horton v. Horton, No. 88AP-622, 1989 WL 29421 (Ohio Ct. App. Mar. 30, 1989) (denying an award of future book royalties as too speculative); Phillips v. Phillips, No. 44339, 1982 WL 2543 (Ohio Ct. App. Nov. 18, 1982) (requiring consideration of future book royalties as part of the division of marital property).

Oklahoma - Allen v. Allen, 601 P.2d 760 (Okla. Civ. App. 1979) (awarding an interest in patents to the non-creating-spouse).

South Carolina - Woodward v. Woodward, 363 S.E.2d 413 (S.C. Ct. App. 1987) (denying the non-creating-spouse an interest in a worthless patent that might become valuable so as not to contradict the policy of finality).

Tennessee - Morey v. Morey, No. 01-A-01-9506-CV00243, 1995 WL 739565 (Tenn. Ct. App. Dec. 15, 1995) (transferring a copyright classified as marital property to the non-creating-spouse); Hazard v. Hazard, 833 S.W.2d 911 (Tenn. Ct. App. 1992) (awarding an interest in the sale of a medical invention as part of the division of marital property).

Texas - Sheshtawy v. Sheshtawy, 150 S.W.3d 772 (Tex. App.—San Antonio 2004, pet. denied), *cert. denied*, 126 S. Ct. 359 (2005) (supporting in dicta that a patent is community property, though denying a sixty percent interest in the patent to the non-creating-spouse); Alsenz v. Alsenz, 101 S.W.3d 648 (Tex. App.—Houston [1st Dist.] 2003, pet. denied) (holding that income from patent royalties is community property and supporting in dicta that a patent is community property); Miner v. Miner, No. 13-01-659-CV, 2002 Tex. App. LEXIS 5841 (Tex. App.—Corpus Christi, Aug. 8, 2002, no pet.) (not designated for publication) (awarding profits from sales of computer programs and future derivative programs to the non-creating-spouse); Bell v. Moores, 832 S.W.2d 749 (Tex. App.—Houston [14th Dist.] 1992, writ denied) (dismissing an action brought by former wives for payment of royalties owed former husbands and therefore not deciding the community property question); Kennard v. McCray, 648 S.W.2d 743 (Tex. App.—Tyler 1983, writ ref'd n.r.e.) (awarding an interest in royalties for invention); Rose v. Hatten, 417 S.W.2d 456 (Tex. Civ. App.—Houston 1967, no writ) (classifying a patent as community property, though the error was not preserved for appeal).

Utah - Berger v. Berger, 713 P.2d 695 (Utah 1985) (considering patents as part of the marital estate but found to be worthless); Wilkins v. Stout, 588 P.2d 145 (Utah 1978) (awarding future royalties classified as part of the property settlement but not in the maintenance award); Dunn v. Dunn, 802 P.2d 1314 (Utah Ct. App. 1990) (awarding the non-creating-spouse an equitable share of royalty rights at the dissolution of the marriage); Moon v. Moon, 790 P.2d 52 (Utah Ct. App. 1990) (subjecting the husband's right in his molds for sculptures to division); Epstein v. Epstein, 741 P.2d 974 (Utah Ct. App. 1987) (disallowing net royalties for the non-creating-spouse for failing to comport with evidence requirements).

Virginia - Zalusky v. Zalusky, No. 0199-02-4, 2002 WL 31553133 (Va. Ct. App. Nov. 19, 2002) (classifying a patent as marital property); Jennings v. Jennings, 409 S.E.2d 8 (Va. Ct. App. 1991) (holding that "royalties" in property settlement means "net royalties").

Washington - *In re* Marriage of Crivello, 103 Wash. App. 1019 (Wash. Ct. App. 2000), *available at* No. 43707-1-I, 2000 WL 1668014 (characterizing the patent as community property); Schultz v. Schultz, 91 Wash. App. 1072 (Wash. Ct. App. 1998), *available at* No. 40306-1-I, 1998 WL 463480 (holding that patent royalties paid after dissolution of marriage due to an enforcement

question of intellectual property ownership in community property states has focuses primarily upon the effect of two cases: *In re Marriage of Worth*[179] from the California Court of Appeals, and *Rodrigue v. Rodrigue*[180] from the U.S. Fifth Circuit Court of Appeals.

Only one Texas appellate court has been asked to address the boundaries of patent or copyright ownership under state community property law in any significant respect,[181] though its unpublished decision is of questionable value.[182] Of the other five cases involving the division of patents or copyrights at divorce, the appellate court decided two prior to *Worth* and *Rodrigue*, both on procedural grounds only. In one case, the appellate court affirmed on procedural grounds the trial court's determination that a patent was community property because the appellant failed to preserve that issue for appeal.[183] The second case dealt with an assignment of one party's interest in some inventions, and the appellate court decided the case largely on principles of contract law.[184] Of the three other cases decided after *Worth* and *Rodrigue*, one turned on the basis of

action were community property); *In re* Marriage of Knight, 880 P.2d 71 (Wash. Ct. App. 1994) (allowing the property settlement to award patents and copyrights).

See also ROBERT D. FEDER, VALUATION STRATEGIES IN DIVORCE §§ 8.18, 8.18A, 8.27 (4th ed. Supp. 2005); BRETT R. TURNER, EQUITABLE DISTRIBUTION OF PROPERTY § 6.23 (2d ed. 1994 & Supp. 2004); Frank J. Wozniak, Annotation, *Copyright, Patent, or Other Intellectual Property as Marital Property for Purposes of Alimony, Support, or Divorce Settlement*, 80 A.L.R. 5TH 487 (2000).

[179] *See generally* 241 Cal. Rptr. 135 (Ct. App. 1987).

[180] *See generally* 218 F.3d 432 (5th Cir. 2000).

[181] *See generally* Miner v. Miner, No. 13-01-659-CV, 2002 Tex. App. LEXIS 5841 (Tex. App.—Corpus Christi Aug. 8, 2002, no pet.) (not designated for publication) (clarifying the shared profit terms in a final divorce decree).

[182] First, the Texas Rules of Appellate Procedure give no precedential treatment to unpublished opinions although the opinion may be cited with an indication that designates it is not for publication. TEX. R. APP. P. 47.7.

Second, the court included an award to the non-creating-spouse of post-divorce royalties for any derivative works created. *Miner*, 2002 Tex. App. Lexis 5841, at *2. While the ownership of a copyright or patent may be separate property under *Rodrigue*, the royalties received during marriage are community property. *See infra* text accompanying notes 235–246. Royalties received after divorce, however, are not community property since the community dissolves at divorce. *See supra* text accompanying notes 65–73. Thus, an award of future royalties is improper in Texas. *See supra* text accompanying notes 65–73.

[183] Rose v. Hatten, 417 S.W.2d 456, 458 (Tex. Civ. App.—Houston 1967, no writ).

[184] Kennard v. McCray, 648 S.W.2d 743, 745–46 (Tex. App.—Tyler 1983, writ ref'd n.r.e.).

standing and res judicata.[185] The other two cases involved patents issued prior to marriage so their discussion of the character of the property is only dicta.[186]

B. In re Marriage of Worth

The recent debate concerning community property ownership of works protected by copyright and patent began with the California Court of Appeals case *In re Marriage of Worth*.[187] Frederick Worth authored two encyclopedias of trivia during his marriage to Susan.[188] The property settlement agreed upon at divorce specified that Susan would receive a one-half share of all future royalties.[189] After the divorce, Frederick sued the manufacturers of the popular board game Trivial Pursuit for copyright infringement.[190] Based upon the agreed property settlement, Susan requested a court order to equally divide any infringement damages awarded.[191] The superior court issued the order, and Frederick appealed, arguing first that he owned the copyrights because he alone authored the encyclopedias.[192] The court of appeals affirmed, beginning with the basic proposition of community property law—property acquired during a marriage is owned by the community.[193]

Frederick also contended that the agreement to share royalties was just that—an agreement to share only the royalties and not the copyrights themselves.[194] Under this reasoning, Susan would not be entitled to any award for infringement damages because such award would not be a payment of royalties.[195] The court dismissed this argument quickly, again

[185] Bell v. Moores, 832 S.W.2d 749, 752–55 (Tex. App.—Houston [14th Dist.] 1992, writ denied) (dismissing actions brought by former wives for payment of royalties owed by former husbands).

[186] Sheshtawy v. Sheshtawy, 150 S.W.3d 772, 779–80 (Tex. App.—San Antonio 2004, pet. denied), *cert. denied*, 126 S. Ct. 359 (2005); Alsenz v. Alsenz, 101 S.W.3d 648, 652–55 (Tex. App.—Houston [1st Dist.] 2003, pet. denied).

[187] *See generally* 241 Cal. Rptr. 135 (Ct. App. 1987).

[188] *Id*. at 135.

[189] *Id.*

[190] *Id.*

[191] *Id.*

[192] *Id.* at 135–36.

[193] *Id.* at 136–38.

[194] *Id.* at 138.

[195] *See id.*

relying on the basic community property presumption.[196] The court held that whatever Frederick recovered was due to the ownership of the copyrights which he shared with Susan.[197]

Frederick's final argument was based on the federal preemption of the Copyrights Act.[198] He asserted that the ownership interests extended by the state community property system conflicted with those granted by the federal statute.[199] The court disagreed, finding no language in the Copyrights Act expressing the desire of Congress to make copyright ownership separate property in community property states.[200] The court also dismissed Frederick's reliance on the preemption found in § 301 of the Copyrights Act.[201] That language, the court noted, serves to preempt only state copyright laws. [202]

While some writers have supported the result in *Worth*,[203] others have criticized its effects and simplistic reasoning.[204] Shifting ownership of the copyrights from the creating-spouse to co-ownership by the creating-spouse and the non-creating-spouse would reduce the author's control over the work created, thereby weakening the incentive to create that Congress intended.[205] Furthermore, no evidence exists to suggest that Congress intended co-ownership in community property states and sole ownership by

[196] *Id.* at 138–39.

[197] *Id.* at 140.

[198] *Id.* at 139.

[199] *Id.*

[200] *Id.*

[201] *Id.*

[202] *Id.* at 139–40.

[203] *See generally* Lydia A. Nayo, *Revisiting* Worth*: The Copyright as Community Property Problem*, 30 U.S.F. L. REV. 153, 193 (1995) (recognizing the ownership of copyrights as community property provides significant protection for the non-creating-spouse at divorce in obtaining an equitable property division); David Nimmer, *Copyright Ownership by the Marital Community: Evaluating* Worth, 36 UCLA L. REV. 383 (1988) [hereinafter Nimmer, *Copyright Ownership by the Marital Community*]; Amanda Trefethen, *Review: Copyright as Community Property*, 11 J. CONTEMP. LEGAL ISSUES 256 (2000).

[204] *See generally, e.g.*, HOWARD B. ABRAMS, LAW OF COPYRIGHT § 6.52 (2004); Dane S. Ciolino, *Why Copyrights Are Not Community Property*, 60 LA. L. REV. 127 (1999); Nimmer, *Copyright Ownership by the Marital Community*, *supra* note 203; Debora Polacheck, Comment, *The "Un-*Worth*-y" Decision: The Characterization of a Copyright as Community Property*, 17 HASTINGS COMM. & ENT. L.J. 601 (1995); Carla M. Roberts, Note, *Worthy of Rejection: Copyright as Community Property*, 100 YALE L.J. 1053 (1991).

[205] Roberts, *supra* note 204, at 1062–65.

the creating-spouse in other states.[206] Second, joint ownership requires consent.[207] To say that one consents to joint ownership of copyrights by choosing to live in a community property state would require significant constructive knowledge on the part of the creating-spouse.[208]

C. Rodrigue v. Rodrigue

While living in Louisiana, George Rodrigue married Veronica in 1967.[209] George created a series of paintings notable for the presence of a blue dog in each work and became quite popular and successful.[210] At his divorce, George contended that the Copyrights Act of 1976 preempted the Louisiana community property regime, thereby making the paintings his separate property because he created the works and his spouse did not.[211]

The federal district court began its analysis with a review of the other contexts in which federal law preempted state community property law.[212] The court first referred to *Hisquierdo v. Hisquierdo* in which the Supreme Court held that retirement benefits arising under an anti-alienation provision of the Railroad Retirement Act were not community property and thus not subject to division at divorce.[213] The district court also noted that the Supreme Court reached the same result in *McCarty v. McCarty*, involving military retirement benefits,[214] and in *Boggs v. Boggs* the Supreme Court held that ERISA preempted state community property law and undistributed pension benefits subject to ERISA were not subject to testamentary division of the non-participant spouse.[215] Congress responded to *Hisquierdo* and *McCarty*, however, by overruling the decisions through legislation.[216]

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[206] Nimmer, *Copyright Ownership by the Marital Community*, *supra* note 203, at 410.

[207] *Id.* at 407–09.

[208] *See id.* at 414–15.

[209] Rodrigue v. Rodrigue, 218 F.3d 432, 433 (5th Cir. 2000).

[210] *Id.*; *see also* Rodrigue Studio, http://www.georgerodrigue.com (last visited May 1, 2006) (featuring pictures of the Blue Dog series).

[211] Rodrigue v. Rodrigue, 55 F. Supp. 2d 534, 536 (E.D. La. 1999), rev'd, 218 F.3d 432 (2000).

[212] *Id.* at 538–39.

[213] *Id.* at 538 (citing Hisquierdo v. Hisquierdo, 439 U.S. 572 (1979)); *see* Railroad Retirement Act of 1974, Pub. L. No. 93-445 § 14, 88 Stat. 1305, 1345 (1974) (codified as amended at 45 U.S.C. § 231m (2000)).

[214] *Rodrigue*, 55 F. Supp. 2d at 538 (citing McCarty v. McCarty, 453 U.S. 210 (1981)).

[215] *Id.* at 538–39 (citing Boggs v. Boggs, 520 U.S. 833 (1997)); *see also* Employee Retirement Income Security Act of 1974, Pub. L. No. 93-406, §§ 2, 4, 409, 502, 514, 88 Stat. 829,

The district court then reviewed the express preemption provisions of the Copyrights Act, which preempts state copyright acts and provides that any state-created rights, by statute or common law, are equivalent to those provided by the federal statute.[217] The court noted that § 201 of the Copyrights Act provides that the ownership of the copyright "vests initially in the author"[218] whereas Louisiana property law granted each spouse an undivided interest in the ownership of property acquired during marriage.[219] Because these provisions conflict, the court looked to the transfer sections of the Copyrights Act to determine whether the conflict in ownership could be resolved.[220]

Section 201 of the Copyrights Act governs transfers of copyrights.[221] Subsection (d) is entitled "Transfer of Ownership" in contrast to subsection (e), which is entitled "Involuntary Transfer."[222] While subsection (d) allows for transfers by operation of law,[223] the district court disagreed that this provision allowed an automatic transfer to Veronica without George's consent as required community property principles.[224] The court instead recognized that involuntary transfers occur only as allowed by bankruptcy law and as such held that the Copyrights Act preempted involuntary transfers by operation of state community property law.[225]

The court then focused on the possibility of a voluntary transfer of copyright ownership.[226] Veronica asserted that George consented to a

832–33, 839–40, 886, 891–93, 897 (1974) (codified as amended at 29 U.S.C. §§ 1001, 1003, 1109, 1132, 1144).

[216] Railroad Retirement Solvency Act of 1983, Pub. L. No. 98-76, § 419, 97 Stat. 411, 438 (1983) (codified as amended 10 U.S.C. § 231m); Uniformed Services Former Spouses' Protection Act, Pub. L. No. 97-252, § 1002, 96 Stat. 718, 731 (1982) (codified as amended at 10 U.S.C. § 1408(c)(1)).

[217] *Rodrigue*, 55 F. Supp. 2d at 540; *see also* Copyright Act of 1976, Pub. L. No. 94-553, § 301, 90 Stat. 2541, 2572 (1976) (current version at 17 U.S.C. § 301 (2000)).

[218] *Rodrigue*, 55 F. Supp. 2d at 541 (citing 17 U.S.C. § 201).

[219] *Id.* at 541 (citing LA. CIV. CODE ANN. art. 2338 (1985)).

[220] *Id.* at 541–46.

[221] Copyrights Act of 1976, Pub. L. No. 94-553 § 201, 90 Stat. 2541, 2568 (1976) (current version at 17 U.S.C. § 201).

[222] 17 U.S.C. §§ 201(d)-201(e).

[223] *Id.* § 201(d).

[224] *Rodrigue*, 55 F. Supp. 2d at 541–42.

[225] *Id.* at 542–43.

[226] *Id.* at 543.

voluntary transfer by living in a community property state,[227] a position with which some writers agree.[228] The court, however, found little support in the law for implied voluntariness.[229] An alternative suggested by one writer is that Congress impliedly consented to the operation of community property law because it was aware of the existence of state law and chose to remain silent rather than preempt.[230] The court also dispensed with this theory, reasoning that it might mean ignoring an author's actual intent and create a host of other issues, including problems with applying a national statute if an author and spouse move to a community property state following the creation of a work.[231]

Veronica appealed, and the U.S. Court of Appeals for the Fifth Circuit reversed.[232] The opinion was interesting in several respects. First, while the court endorsed the results of the district court opinion in most respects, it did not endorse the reasoning of the district court. The court of appeals agreed that George alone controls the copyright in the works that he created during marriage, but not as his separate property as the district court held.[233] Instead, the court of appeals found that the provision of Louisiana law that allows one spouse alone to manage portions of community property exists in harmony with the provisions of the Copyrights Act granting the author rights to control his or her work.[234]

The court identified the three elements of property ownership under Louisiana law: the *usus*, the right to use or possess property; the *abusus*, the right to alienate the property; and the *fructus*, the right to enjoy the fruits (earnings and profits) of the work.[235] The court looked to the portion of Louisiana community property law that deals with the management of "'movables issued or registered in' the name of one of the spouses."[236]

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[227] *Id.*

[228] *See* NIMMER ON COPYRIGHT, *supra* note 3, at § 6A.03[C][2][b]; William Patry, *Copyright and Community Property: The Question of Preemption*, 28 BULL. COPYRIGHT SOC'Y U.S.A. 237, 268–69 (1980); Peter J. Wong, *Asserting the Spouse's Community Property Rights in Copyright*, 31 IDAHO L. REV. 1087, 1102 (1995).

[229] *Rodrigue*, 55 F. Supp. 2d at 543–44.

[230] *Id.* at 544 (citing Patry, *supra* note 228, at 247–49).

[231] *Id.*

[232] Rodrigue v. Rodrigue, 218 F.3d 432, 443 (5th Cir. 2000).

[233] *Id.* at 435.

[234] *Id.* at 436–39.

[235] *Id.* at 436–37.

[236] *Id.* at 438 (citing LA. CIV. CODE ANN. art. 2351 (1985)).

Analogizing copyrights to movables such as paychecks issued in the name of one spouse only, the court reconciled the rights of ownership in § 106 of the Copyright Acts with the corresponding *usus* and *abusus* elements of Louisiana property law through article 2351 of the Louisiana Civil Code.[237] Article 2351 provides exclusive management powers for movables to the spouse in whose name the property is issued or registered.[238] The court stated that the exclusive management power over movables in article 2351 provided George the ability to exercise the powers of copyright ownership granted by the Copyright Act without preempting state law.[239]

The court held also that the third element, the *fructus*, was not preempted, reasoning that the Copyright Act granted no ownership right in the fruits of the copyright.[240] As such, this right, granted by Louisiana community property law, did not conflict with the Copyright Act and was not preempted.[241] Thus, both spouses owned the income from the copyrighted works as community property.[242] The court also recognized that the *fructus* right might survive the termination of the community under Louisiana law.[243] While each party in the community has the right to demand a partition of community property at any time,[244] the former spouses own undivided one-half interests in the property until partition occurs.[245] The court also included income from derivatives as part of the economic rights of the original works created during marriage to which Veronica was entitled.[246] Thus, Veronica could be entitled to future income from the copyrights at issue.

Strangely, the Fifth Circuit failed to clearly state whether George's ownership interest was separate property or community property. The court acknowledged that the Copyrights Act granted the ownership interests that gave George control of the copyrights,[247] supporting the district court's preemption analysis which characterized his ownership of the copyrights as

[237] *Id.* at 437–38.

[238] LA. CIV. CODE ANN. art. 2351 (1985).

[239] *Rodrigue*, 218 F.3d at 439–40.

[240] *See id.* at 440.

[241] *See id.*

[242] *See id.*

[243] *See id.* at 433–34 (citing LA. CIV. CODE ANN. arts. 2369.1–.2 (Supp. 2005)).

[244] LA. CIV. CODE ANN. art. 2369.8.

[245] *Id.* art. 2369.2.

[246] *See Rodrigue*, 218 F.3d at 443.

[247] *Id.* at 435–36.

separate property.[248] On the other hand, the Fifth Circuit went to great lengths to reconcile the grant of control of the copyright given to George by federal statute with the sole management authority of community property under Louisiana law, also supporting the notion that the Copyrights Act does not preempt state community property law.[249] Part of the difficulty in understanding *Rodrigue* lies in a short phrase buried in the court's discussion of the elements of Louisiana property law. The court held:

> The exclusive right of the author-spouse to the *abusus* of the copyright, like that of the naked owner of property burdened by a usufruct, is nevertheless subject to the continuing *fructus* rights of the community so long as the copyright remains vested in the author-spouse, *unless partition should modify the situation*."[250]

This sentence is capable of two meanings with dramatically different results. One interpretation is that partition of the community might extinguish the non-creating-spouse's rights to the *fructus* of the copyright. This would establish the ownership of the copyright as the creating-spouse's separate property. The second interpretation is that the partition of the community could result in the loss of the copyright by the creating-spouse. This interpretation supports the position that the copyright as a whole is community property that the court may award to one spouse or the other when partition occurs. This has resulted in confusion as to the proper holding of *Rodrigue*.[251]

A careful reading of the passage above reveals that the first interpretation, that the creating-spouse owns the copyright as separate property, is correct. The preceding sentences in the discussion focus on the non-creating-spouse's rights to the *fructus* of the copyright rather than the possibility of the creating-spouse losing ownership at partition of the community. The context then weighs strongly in favor of the first

[248] *See* Rodrigue v. Rodrigue, 55 F. Supp. 2d 534, 540–41 (E.D. La. 1999), *rev'd*, 218 F.3d 432 (2000).

[249] *See Rodrigue*, 218 F.3d at 436–40.

[250] *Id.* at 437 (emphasis added).

[251] *Compare* Dane S. Ciolino, *How Copyrights Became Community Property (Sort of): Through the* Rodrigue v. Rodrigue *Looking Glass*, 47 LOY. L. REV. 631, 639–45 (2001) [hereinafter Ciolino, *How Copyrights Became Community Property*], *with* 16 KATHERINE S. SPAHT & W. LEE HARGRAVE, LOUISIANA CIVIL LAW TREATISE SERIES § 3.40 (2d ed. Supp. 2004).

interpretation. Further, the remainder of the opinion supports this understanding. The court stated that George had the sole right to control and license the copyrights.[252] The essence of ownership of property is control over it; this is precisely what the court denied Veronica.[253] If the ownership of the copyrights at issue was community property instead of separate, Veronica would have an interest which she could exercise at the partition of the community property. The *Rodrigue* court, however, limited Veronica's economic interests to an undivided interest in the royalties generated by the copyrights.[254] A proper reading of *Rodrigue* then is that a spouse owns as separate property the copyrights in the works which he or she created while a state may define the royalties generated by those copyrights to be community property even after divorce.[255] Because the court characterized George's interest as separate property, statements to the effect that *Rodrigue* did not preempt Louisiana community property law are not quite accurate.[256] The more precise statement is that *Rodrigue* did not totally preempt community property law.

Rodrigue has attracted the attention of some writers,[257] including some critics.[258] Professor Ciolino, for example, calls *Rodrigue* an "egregiously wrong" decision.[259] He reasons that only Congress may grant rights to

[252] *See Rodrigue*, 218 F.3d at 435.

[253] *See id.*

[254] *See id.* at 437.

[255] Some states characterize income from separate property as separate property. *See supra* note 40. *Rodrigue* permits a state to define the income from separate property as community property without preemption from the Copyrights Act. *See* 218 F.3d at 439–40. *Rodrigue* does not require states to make this characterization.

[256] *See* SPAHT & HARGRAVE, *supra* note 251.

[257] *See generally* Garth R. Backe, Note, *Community Property and the Copyright Act:* Rodrigue*'s Recognition of a Community Interest in Economic Benefits*, 61 LA. L. REV. 655 (2001); Neely S. Griffith, Comment, *When Civilian Principles Clash with the Federal Law: An Examination of the Interplay Between Louisiana's Family Law and Federal Statutory and Constitutional Law*, 76 TUL. L. REV. 519 (2001); Denise M. Lang, Recent Development, Rodrigue v. Rodrigue: *The Fifth Circuit Holds that Copyright and Community Property Law Can Peacefully Coexist*, 76 TUL. L. REV. 541 (2001).

[258] *See generally* Ciolino, *How Copyrights Became Community Property*, *supra* note 251 (describing the difficulty in proper valuation of the *fructus* to be partitioned); Ishaq Kundawala, Note, Rodrigue v. Rodrigue*: The Fifth Circuit Aligns with* Worth*—Accepting Copyright as Community Property*, 3 TUL. J. TECH. & INTELL. PROP. 165 (2001) (criticizing the *Rodrigue* court for award of future royalties).

[259] *See* Ciolino, *How Copyrights Became Community Property*, *supra* note 251, at 633.

federal copyrights.[260] The court in *Rodrigue*, however, held that the Copyright Act does not grant economic interests solely to the creating-spouse so community property principles are not totally preempted.[261] Professor Ciolino also argues that the constitutional purpose of copyright protection—to encourage creativity—conflicts irreconcilably with the purpose of endowing the non-creating-spouse with an ownership interest, that being marital equality.[262] Further, under the Constitution, the creating-spouse should be the recipient of the reward, a limited monopoly in the creation, but *Rodrigue* permits states to reward non-creating-spouses equally.[263]

The *Rodrigue* court also created a hybrid system of rights, with management and control preempted by federal statute, while states may define the enjoyment of royalties as community property.[264] Further, the decision raises significant practical challenges in arriving at the proper valuation of a copyright for the partition of the community.[265] Professor Ciolino argues that revenues generated by a host of factors not properly considered the *fructus* must be separated out.[266] These factors would include revenue attributable to the author's post-divorce marketing efforts, the transfers of the copyright, the sale of some copies of the work, and the nonexclusive licensing of the work.[267] Another valuation problem that *Rodrigue* creates concerns the portion of royalties from derivatives attributable to works created during marriage. The *Rodrigue* court recognized Veronica's right to receive income from derivatives licensed by George, the portion being the amount attributable to the works created

[260] *Id.* at 638.

[261] Rodrigue v. Rodrigue, 218 F.3d 432, 435 (5th Cir. 2000).

[262] *See* Ciolino, *How Copyrights Became Community Property*, *supra* note 251, at 638–39.

[263] *See id.* at 639.

[264] *Id.* at 640–45. Federal law has never totally preempted state law in copyright. Copyright owners, for example, may license another person to exercise one or more of the rights under § 106 of the Copyrights Act. 90 Stat. 2541, 2546 (1976) (current version at 17 U.S.C. § 106 (2000)). The license itself, however, is a contract and thus typically is interpreted under state contract law. *See* Fluorine On Call, Ltd. v. Fluorogas Ltd., 380 F.3d 849, 855–57 (5th Cir. 2004); Walthal v. Rusk, 172 F.3d 481, 485 (7th Cir. 1999); ProCD, Inc. v. Zeidenberg, 86 F.3d 1447, 1453–55 (7th Cir. 1996). The same is true of patent law. *See generally* Intel Corp. v. VIA Techs., Inc., 319 F.3d 1357 (Fed. Cir. 2003) (applying Delaware contract law to interpret patent license).

[265] Ciolino, *How Copyrights Became Community Property*, *supra* note 251, at 647–62.

[266] *Id.* at 652–59.

[267] *Id.*

during marriage.[268] This further demonstrates the practical problems with *Rodrigue*. No one can determine with specificity what portion of income from a derivative can be attributed to the original work. Too many other factors can influence the income, including the author's general reputation, market competition, and economic factors completely separate from the transaction.[269] Moreover, awarding rights to future derivative income would not be an option in Texas for the same reasons that a right to future royalties generated directly by works created during marriage would not be possible.[270]

D. Texas Cases

1. *Rose v. Hatten*[271]

Jack Rose sought a writ of mandamus against Judge William Hatten of the Harris County Court of Domestic Relations No. 2.[272] Jack wanted the court of civil appeals to require the trial judge to set a hearing and enter a final judgment in a divorce action brought by Jack's wife.[273] The trial court had previously entered a judgment on the wife's petition.[274] The question before the court of civil appeals concerned the finality of the trial court's previous judgment.[275] The previous judgment included a patent to which Jack held legal title.[276] The Hodgkin's Disease Memorial Research Center, however, alleged in the divorce proceeding that it held equitable title to the patent and that the marital community had no equitable interest in the patent.[277] Nonetheless, the trial court found that the patent was community property.[278] Neither the Research Center nor Jack perfected an appeal with regard to the trial court's characterization of the patent as community property for reasons apparently not in the record, so the issue was not

[268] Rodrigue v. Rodrigue, 218 F.3d 432, 442–43 (5th Cir. 2000).

[269] Ciolino, *How Copyrights Became Community Property*, *supra* note 251, at 649–59.

[270] *See supra* Part II.A.7.

[271] 417 S.W.2d 456 (Tex. Civ. App.—Houston 1967, no writ).

[272] *Id.* at 457.

[273] *Id.*

[274] *Id.*

[275] *Id.*

[276] *Id.*

[277] *Id.* at 457–58.

[278] *Id.* at 458.

properly before the court of civil appeals.[279] The court upheld the characterization of the patent as community property, but solely on procedural grounds.[280]

2. *Kennard v. McCray*[281]

Thomas Kennard licensed the use of several of his inventions in 1964 to International Tool Co., Inc. in exchange for the periodic payment of royalties.[282] Thomas entered into this licensing agreement while married to Lula Velma Kennard McCray, the appellee.[283] Thomas and Lula divorced in 1965, and the decree required Thomas to pay child support.[284] The property settlement incorporated into the decree awarded Thomas and Lula each one-half of the royalties to be paid under the licensing agreement.[285] Later that year, Thomas married Eula Fay Pope Kennard, the appellant.[286]

Thomas became delinquent in his child support, and the trial court found him in contempt in 1967 and entered an order against him in 1968.[287] Lula never enforced the order, however, and she and Thomas entered into an agreement in which Thomas assigned his future one-half royalties from International Tool Co. to Lula.[288] In return, Lula agreed to release Thomas from further child support payments.[289] International Tool Co. received a copy of the agreement and paid all of the future royalties directly to Lula, even though no court order required the payments.[290]

Thomas died testate in 1975, naming Eula Fay as his executrix.[291] She brought an action on behalf of Thomas's estate against International Tool Co. for breach of the licensing agreement and against Lula in the

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[279] *See id.*

[280] *See id.* at 458–59.

[281] 648 S.W.2d 743 (Tex. App.—Tyler 1983, writ ref'd n.r.e.).

[282] *Id.* at 744. The court, however, never specified whether the inventions were patented or whether they were trade secrets. *Id*.

[283] *Id.*

[284] *Id.*

[285] *Id.*

[286] *Id.*

[287] *Id.*

[288] *Id.* at 744–45.

[289] *Id.*

[290] *Id.* at 745. Neither Thomas nor Lula presented the agreement to the trial court for approval. *Id.*

[291] *Id.*

alternative, seeking a constructive trust upon all royalties paid to her under the assignment executed by Thomas.[292] Eula Fay asserted that the assignment by Thomas was void for lack of consideration, citing cases in which defenses of agreement between the parties were not allowed because courts had not approved the agreements.[293] The court of appeals, however, distinguished the cases cited by Eula Fay on the grounds that each of the agreements was pled as a defense in a suit brought by a wife to compel payment under a court order.[294] The court noted that Lula had never sought to enforce the child support order following the assignment by Thomas of his share of the royalties.[295] While the assignment had not been approved by the court, and thus was not a court order, Lula had agreed not to enforce the child support order, and the court recognized the contract law principle that forbearance of a legal right is sufficient consideration for a contract.[296]

Kennard also involved an agreement for the payment of future royalties, divided as marital property.[297] Texas law forbids the division of future royalties, absent an agreement similar to that in *Kennard*.[298] Future royalties should be viewed as expectancies, rather than as vested rights, which would preclude characterization as community property.[299]

3. *Bell v. Moores*[300]

Robert Bell and Wayne Fisher were employed as software developers by BMC Software, Inc., owned by John Moores, the appellee.[301] Robert and Wayne were married to Wanda Bell and Shirley Fisher, the appellants, respectively.[302] Robert and Wanda divorced on November 15, 1988.[303] Wayne and Shirley divorced on January 21, 1985.[304] Wanda and Shirley

[292] *Id.*

[293] *Id.*

[294] *Id.*

[295] *Id.*

[296] *Id.* at 745–46.

[297] *Id.* at 744.

[298] *See supra* notes 65–73.

[299] *Id*.

[300] 832 S.W.2d 749 (Tex. App.—Houston [14th Dist.] 1992, writ denied) (dismissing action brought by former wives for payment of royalties owed former husbands).

[301] *Id*. at 751.

[302] *Id.*

[303] *Id.*

[304] *Id.*

intervened in a suit against Moores in December 1987, alleging that Robert and Wayne were not paid the one-third of gross sales royalty for the software which they authored as required by their employment agreements.[305] Moores moved for summary judgment, asserting that both Wanda and Shirley lacked standing and also that Shirley's claim was barred by res judicata.[306] The trial court granted the motion in February 1990, and the appellants appealed that ruling.[307]

The court of appeals dismissed Wanda's appeal for lack of standing.[308] Wanda was married to Robert at the time she intervened in the suit.[309] The court reasoned that any royalties owed Robert were related to his employment and, under Texas law, were the part of the sole management community property of Robert.[310] As such, only he had the power to sue for any royalties owed him.[311]

Shirley divorced Wayne prior to intervening, so her claim differed from Wanda's.[312] Moores alleged that the grant of summary judgment against Shirley was proper on the grounds of res judicata.[313] Shirley had named Moores's company, BMC Software Inc., as a defendant in her suit for divorce.[314] BMC Software moved to be dismissed from the suit before the divorce was final.[315] The trial court granted the motion, even though the record before the court of appeals did not contain the court order or a copy of the final divorce decree.[316] The appellate court reasoned that Shirley added BMC Software to her divorce action to obtain the same relief which she sought in the second action.[317] When Shirley failed to appeal the trial court's decision on the motion to dismiss BMC Software, her claim against that defendant was lost, and she could not litigate the same issue again.[318]

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[305] *Id.*

[306] *Id.*

[307] *Id.*

[308] *Id.* at 754.

[309] *Id.* at 753.

[310] *Id.* at 752–53.

[311] *Id.* at 753.

[312] *Id.* at 754.

[313] *Id.*

[314] *Id.*

[315] *Id.*

[316] *Id.*

[317] *Id.*

[318] *See id.* at 754–55.

4. *Miner v. Miner*[319]

Robert and Mary Miner divorced in October 1996.[320] The district court awarded Mary a portion of the future profits from a computer program, E-File, which Robert wrote.[321] The precise language of the original order awarded her a "20% net profits interest in E-File, Gas Measurement and Gauging Program, or if such asset is sold, 20% of net profit of sale."[322] Mary later brought suit to enforce the judgment, alleging that Robert had failed to pay anything to her from sales of E-File.[323] At a hearing on the motion to enforce, Robert testified that he had revised the E-File program significantly, characterizing the revision of the program as "the same as a Model T becoming a Suburban."[324]

The district court then issued a clarification to its previous order.[325] The clarification defined the term "net profit" as gross sales less expenses ordinarily allowed by the Internal Revenue Service.[326] The clarification reiterated the twenty percent net profit figure, but added the words "ownership in the E-File software program and its successors" to the end of the phrase.[327] Further, the clarification specified that Mary would be paid semi-annually.[328]

Robert challenged the clarification on the basis that it constituted a substantive change to the division of property,[329] which is prohibited by statute.[330] He alleged that the language "and its successors" expanded his obligations beyond the original order, which covered only the E-File program.[331] The court of appeals noted that *Rodrigue* held that the ownership rights of the non-creating spouse in the royalties of the original

[319] No. 13-01-659-CV, 2002 Tex. App. LEXIS 5841, at *1 (Tex. App.—Corpus Christi Aug. 8, 2002, no pet.) (not designated for publication).

[320] *Id.*

[321] *Id.* at *1–*2.

[322] *Id.*

[323] *Id.* at *2.

[324] *Id.*

[325] *Id.*

[326] *See id.*

[327] *Id.*

[328] *Id.*

[329] *See id.* at *3.

[330] TEX. FAM. CODE ANN. § 9.007(a) (Vernon 1998).

[331] *See Miner*, 2002 Tex. App. LEXIS 5841, at *5.

works extended to derivative works as well.[332] Robert testified that his revised software program performed the same basic function and contained the seed of the original E-File program.[333] The court reasoned that, under *Rodrigue*, Mary's right to royalties in the E-File program included any successors, and, as such, the trial court's clarification did not impose any obligations beyond those in its original order.[334]

The Louisiana Civil Code sections on community property which provided the rationale for *Rodrigue* differ significantly, however, from Texas law in many respects. This raises serious questions concerning the *Miner* court's reasoning and its reliance on *Rodrigue*.[335] As noted previously, Texas courts often view future income as speculative and thus not a current community property asset to be divided at divorce.[336] Further, Texas law requires that judges order a division of the community property at divorce in a manner that is "just and right."[337] The Louisiana Civil Code, however, provides for co-ownership of community property when the community terminates by divorce.[338] This extension of ownership interest beyond the life of the community includes the fruits of former community property, which would include derivatives and future income as the *Rodrigue* court held.[339]

5. *Alsenz v. Alsenz*[340]

Richard Alsenz patented more than thirty-five devices to improve refrigeration.[341] The patents issued before his marriage,[342] and he also

[332] *Id.* at *5–*6.

[333] *See id.* at *6.

[334] *See id*. at *7.

[335] The *Miner* court also designated its opinion as "unpublished," casting some further doubt on its reasoning. *Id.* at *1. The Texas Rules of Appellate Procedure prohibits counsel and courts from citing an unpublished opinion as precedent, though they may cite the case for its reasoning as persuasive authority. *See* TEX. R. APP. P. 47.7. Future courts, however, are free to disregard the case. 2 ADELE HEDGES & LYNNE LIBERATO, TEXAS PRACTICE GUIDE: CIVIL APPEALS § 13:168 (2005).

[336] *See supra* notes 65–73.

[337] *See* TEX. FAM. CODE ANN. § 7.001 (Vernon 1998).

[338] LA. CIV. CODE ANN. art. 2369.1 (Supp. 2006).

[339] Rodrigue v. Rodrigue, 218 F.3d 432, 442–43 (5th Cir. 2000).

[340] 101 S.W.3d 648 (Tex. App.—Houston [1st Dist.] 2003, pet. denied).

[341] *Id*. at 650–51.

[342] *Id*. at 652.

formed a corporation to develop and market his inventions before his marriage to Sue.[343] He assigned all of his patents to the corporation in exchange for a four percent royalty of the gross sales of products developed from his inventions.[344] When Richard and Sue divorced, the trial court awarded a disproportionate share of the community property to her.[345] Richard and Sue then negotiated a settlement, and the court incorporated these changes into its decree.[346] Notably, Sue did not ask for future royalties from the patents issued to Richard during the marriage.[347]

Richard chose to challenge the property agreement and raised several issues on appeal, including an assertion that the trial court erred when it characterized as community property the patent royalty payments that he received during the marriage.[348] The court began with a consideration of the marital property character of a patent through the inception of title doctrine.[349] Recognizing that no Texas court had previously addressed when inception of title occurred in a patent, the court identified three points in time at which inception could occur: "(1) when the concept is sufficiently developed to generate a plan to build the invention; (2) when the invention is actually built; or (3) on the effective date of the patent."[350] The inquiry was, in reality, an unneeded exercise because all of these steps for the patents in question took place prior to Richard's marriage to Sue, making all of the patents his separate property.[351]

Richard asserted that his patents are separate property, and the rule that income produced from separate property is community property should not apply because the value of a patent diminishes over time, like the diminution in the value of oil and gas reserves.[352] He argued that patent royalties from separate property should be treated similarly to oil and gas royalties and remain separate property.[353] The value of a patent diminishes

[343] *Id*. at 651.

[344] *Id*.

[345] *Id*. at 650–51.

[346] *Id*. at 651.

[347] *Id*.

[348] *Id.* at 652.

[349] *See id.*

[350] *Id.* (citing 2 VALUATION & DISTRIBUTION OF MARITAL PROPERTY § 23.07[2] (Matthew Bender & Co. ed., 1997)).

[351] *Id.*

[352] *See id.* at 653.

[353] *Id.* Royalties for oil and gas production from land which is separate property remain

over time, but the diminution is due to the limited term of protection,[354] not physical factors, as in oil and gas production.[355] Patent royalties compensate the owner for the use of the invention,[356] while oil and gas royalties compensate the owner for piecemeal sales of his or her property.[357] The court of appeals recognized that the value of patents decline over time but insisted that patents differ from oil and gas production in that patents retain some value after the term of protection expires and thus never become fully depleted.[358] As such, royalties for the use of a patent differ fundamentally from oil and gas royalties and the court declined to create a new exception to the rule concerning the character of income from a patent which is separate property.[359]

Richard also challenged the disproportionate share of the community estate awarded to Sue by the trial court.[360] Sue received sixty percent of the community assets and only forty-five percent of the debt.[361] The trial court failed to make findings of fact and conclusions of law as requested,[362] so the court of appeals could not readily determine the reasons for the disproportionate award. The court noted that the Family Code only requires a "just and right" division of the community property at divorce[363] and that courts consider several factors in making the division.[364] The court of appeals found that all of these factors justified the award to Sue, including the disparity in the education of the parties, their relative earning capacity, the size of the separate estates, and the nature of the community property.[365] Sue's degree in psychology lost value when her school lost its accreditation,

separate property in Texas, rather than becoming community property. Norris v. Vaughan, 152 Tex. 491, 260 S.W.2d 676, 680 (1953).

[354] A patent usually lasts twenty years, but the exact term depends on the type of patent granted and the circumstances surrounding the filing of the application. 35 U.S.C. § 154(a)(2) (2000); 35 U.S.C.A. §§ 154(b), 155–56 (West 2005); *see supra* notes 166–167.

[355] *See Norris*, 260 S.W.2d at 679–80 (quoting State v. Snyder, 212 P. 758, 762 (Wyo. 1923)).

[356] *See Alsenz*, 101 S.W.3d at 653.

[357] *Norris*, 260 S.W.2d at 679.

[358] *Alsenz*, 101 S.W.3d at 653.

[359] *See id.* at 653–54.

[360] *Id.* at 654.

[361] *Id*.

[362] *Id.* at 651.

[363] *See id.* at 654 (citing TEX. FAM. CODE ANN. § 7.001 (Vernon 1998)).

[364] *Id.* at 655. (citing Murff v. Murff, 615 S.W.2d 696, 698 (Tex. 1981)); *see supra* notes 80–86.

[365] *Id*.

and real property, rather than liquid assets, constituted the bulk of the community estate.[366] Richard, on the other hand, held a master's degree in physics, his success as an inventor indicated the likelihood of higher earnings in the future, and his separate estate, including the patents, exceeded the value of Sue's separate estate significantly.[367] In addition, the court noted evidence of physical and verbal abuse by Richard.[368]

While the *Alsenz* court reached the correct result under Texas law concerning the community property character of patent royalty payments, questions remain concerning whether the policy compensates patent owners adequately. One author suggests that the different nature of patents merits special consideration.[369] Patents and copyrights differ fundamentally from tangible property in that these forms of intellectual property are meant to be shared for the betterment of society.[370] Even so, it is difficult to believe that a creating spouse would be less likely to create if he or she knew that any royalties would be shared with the non-creating spouse at divorce. The *Rodrigue* court expressed just such a sentiment concerning any supposed disincentive created by requiring the creating spouse to share royalties with the non-creating spouse as community property.[371]

The *Alsenz* court deserves some criticism, though. It went far beyond what was necessary to decide the intellectual property issue and muddied the water for future questions of patent and copyright ownership in Texas. Though the patents in *Alsenz* were issued prior to the marriage and thus clearly were separate property, the court raised the question of whether they were community property.[372] The *Alsenz* court concluded, ultimately, that discussion of the inception of title doctrine was not needed because the patents in question had been issued prior to the marriage and thus were clearly Richard's separate property.[373] Even so, the court's speculation with

[366] *Id.*

[367] *Id.*

[368] *Id.* Abuse also justifies a disproportionate award. *Id.* (citing Twyman v. Twyman, 855 S.W.2d 619, 625 (Tex. 1993)). *See also supra* notes 80–86.

[369] Kristen B. Prout, Note, *Intellectual Property Distribution in Divorce Settlements*, 18 QUINNIPIAC PROB. L.J. 160, 168–69 (2004).

[370] *See* Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1031–41 (2005).

[371] Rodrigue v. Rodrigue, 218 F.3d 432, 441–42 (5th Cir. 2000).

[372] *Alsenz*, 101 S.W.3d at 652–53.

[373] *Id.* at 652. The *Alsenz* court identified reduction to practice as the first of three possible times for the inception of title to a patent. *Id.* The date of invention is the step which most closely

respect to the inception of title ignored well-settled law. Patent rights turn on the date of invention, determined by reduction to practice, either constructively through the filing date of the patent application[374] or actually by constructing the invention.[375] Thus, only if the filing date or the date of actual reduction to practice occurs during marriage would community property issues arise. One exception exists, however.[376] Priority will be given to another person if he or she conceived the invention first and continued to work on it with reasonable diligence.[377] A spouse who conceives of the idea for an invention during marriage and continues to work with reasonable diligence on it during the marriage but divorces before reducing it to practice has created a work which should be subject to community property law.

Further, the court cited *Rodrigue* in a limited way, avoiding its full effect. The *Alsenz* court cited only the portion that awarded the non-creating spouse an interest in the royalties generated by the copyrights.[378] It thus avoided the conflict between its general statement concerning the community property character of patents created during marriage[379] and the ownership analysis in *Rodrigue,* which holds that the creating spouse owns the copyright itself as separate property.[380]

approximates the inception of title in Texas community property law. To defeat a competing claimant on the basis of priority, an inventor must establish that he or she invented the object for which the patent is sought before any other person. *See* CHISUM, *supra* note 3, § 10.03[1]. While the filing date of the patent application is presumed to be the date of invention, an inventor can establish priority over a competing claim by proving that he or she reduced the invention to practice before the other inventor did. *Id*. § 10.03[1][c][i]. Reduction to practice occurs when the inventor constructs an object within the scope of the invention (or performs the process claimed) and demonstrates the invention sufficiently to achieve its purpose. *Id.* § 10.06. As such, a patent application filed during marriage would establish a presumption that the non-creating-spouse would be entitled to share in the royalties.

[374] *Id.* § 10.05[1].

[375] *Id*. §§ 10.03[1], 10.06. Actual reduction to practice occurs when a person "constructs a product or performs a process" within the claims of a patent and "demonstrates the capacity of the inventive idea to achieve its intended purpose." *Id.* § 10.06.

[376] *Id*. § 10.03[1].

[377] 35 U.S.C. § 102(g) (2000).

[378] Alsenz v. Alsenz, 101 S.W.3d 648, 653–54 (Tex. App.—Houston [1st Dist.] 2003, pet. denied).

[379] *Id.* at 653.

[380] Rodrigue v. Rodrigue, 218 F.3d 432, 435 (5th Cir. 2000); *see supra* notes 247–256.

6. *Sheshtawy v. Sheshtawy*[381]

Adel Sheshtawy owned sixteen patents which were issued prior to his marriage to Amal in 1996.[382] Also prior to marriage, Adel assigned his interest in his patents to Drill Bits Industries, Inc., and Tri-Max Industries, Inc., in a development agreement.[383] Adel and Amal divorced in 2002, and the trial court awarded Amal a disproportionate share of the community property, including a sixty percent interest in a patent.[384]

Adel appealed the award of the interest in the patent to Amal on several grounds, only one of which concerned the marital property character of the patent.[385] He asserted that federal law preempted Texas community property law, thus giving him ownership of the patent as his separate property.[386] The court of appeals disagreed, citing *Rodrigue* for the proposition that federal statutes concerning intellectual property do not preempt state community property law.[387] The court, citing *Alsenz*, stated that "[a]t least one Texas court has noted that patents taken out during the marriage and the income generated from those patents are community property."[388]

The trial court awarded a sixty percent interest in a specific patent to Amal, the non-creating spouse.[389] The court of appeals, however, found that the proof of ownership offered, a certified copy of a document from the Patent & Trademark Office which was entered into evidence, was not made part of the appellate record.[390] As such, the court found that the award of the interest in the specific patent was not supported by sufficient evidence.[391]

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[381] 150 S.W.3d 772 (Tex. App.—San Antonio 2004, pet. denied), *cert. denied*, 126 S. Ct. 359 (2005).

[382] *Id.* at 775.

[383] *Id.*

[384] *Id.* at 774.

[385] *See id*. at 774, 776–80.

[386] *See id*. at 774–75.

[387] *Id.* at 775 (citing Rodrigue v. Rodrigue, 218 F.3d 432, 440 (5th Cir. 2000)).

[388] *Id*. (citing Alsenz v. Alsenz, 101 S.W.3d 648, 653 (Tex. App.—Houston [1st Dist.] 2003, pet. denied)).

[389] *Id.* at 774.

[390] *Id.* at 776.

[391] *Id.*

IV. DEALING WITH PATENTS & COPYRIGHTS AT DIVORCE

A. Determining the Nature of the Controversy

If a work protected by copyright is involved in a divorce proceeding, it may be that no controversy involving ownership exists. A client might ask for copyright ownership of a work produced during marriage, failing to appreciate the distinction between ownership of the copyright and ownership of the work itself.[392] The physical object embodying the work, if produced during marriage, usually is community property and thus subject to division. An exception would be for works produced with materials and supplies purchased with separate property, though the non-author spouse might have a claim for reimbursement for the time, toil, and effort of the author spouse.[393] The copyright in the work, however, is the separate property of the author spouse under *Rodrigue*.[394] It may be possible to avoid litigation over the ownership issue by negotiating the award of the physical copy to the non-author spouse. This would be effective only in situations where the work is reproduced in a limited number of copies, such as with sculptures or other artwork.

B. Applying Rodrigue *Correctly*

1. Reimbursement for Efforts Spent Creating & Maintaining Separate Property

The copyrights and patents in works created before and during marriage are the separate property of the creating spouse.[395] Texas law recognizes the possibility of reimbursing the community estate for enhancements to a spouse's separate estate made at the expense of the community, so the non-creating spouse may have a reimbursement claim depending on the efforts expended by the creating spouse.[396] If the court awards reimbursement, the non-creating spouse would then recover one-half of the amount reimbursed to the community by the creating spouse.

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[392] Copyright Act of 1976 § 202, 17 U.S.C. § 202 (2000); *e.g.*, Jackson v. Kitsap County Court, 211 F.3d 1273 (9th Cir. 2000) (unpublished table decision) (mem. op.), *available at* 2000 WL 237957.

[393] *See supra* note 57.

[394] *See* Rodrigue v. Rodrigue, 218 F.3d 432, 439–40 (5th Cir. 2000).

[395] *See supra* notes 247–256.

[396] *See supra* notes 53–57.

A creating spouse might try to argue that creating a work protected by a copyright or patent differs from maintaining separate property. This argument, however, is specious. The amount of time required to create a work may far outweigh the time required for the maintenance of existing property. Thomas Edison, for example, recognized the necessity of hard work in bringing a concept to fruition when he said that "[g]enius is one per cent inspiration, ninety-nine per cent perspiration."[397] If a creating spouse devotes significant time to creating a work, the community estate should be reimbursed.

The non-creating spouse will face a challenge in recovering an amount that seems equitable if the work created is financially successful. A claim for reimbursement is not based on the amount of royalties generated by a work protected by patent or copyright. Instead, a claim recovers only the value of the creating spouse's time and effort.[398] Thus, reimbursement may not compensate the community estate equitably.

2. Unfinished Works Are Community Property

Because the federal patent and copyright statutes do not apply to unfinished works,[399] the non-creating spouse owns an undivided one-half interest in any unfinished work. Until a work potentially eligible for patent protection has been reduced to practice or a work potentially eligible for copyright has been fixed in a tangible medium of expression, no protection under federal statutes exists.[400] Since no federal protection exists, no federal preemption exists either.

The non-creating spouse will likely encounter some difficulty in the valuation of an incomplete work when it is divided at divorce. Arriving at the true value of a work protected by copyright or patent can be daunting enough;[401] determining the value of an unfinished work can be much more difficult because the estimates will be based primarily on conjecture.

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[397] NEIL BALDWIN, EDISON: INVENTING THE CENTURY 296 (1995).

[398] Jensen v. Jensen, 665 S.W.2d 107, 109 (Tex. 1984).

[399] The first person to invent, for purposes of determining priority, is the person who first reduces the invention to practice, either constructively or actually. CHISUM, *supra* note 3, § 10.03[1]. This is subject to an exception. *Id*. A person who is the first to conceive of the invention and works with reasonable diligence toward a reduction to practice receives priority. 35 U.S.C. § 102(g) (2000). A work must be fixed in a tangible medium of expression to be protected by copyright. 17 U.S.C. § 102(a) (2000).

[400] *See supra* note 399.

[401] Some familiar valuation methods, such as the market approach, do not work well with

3. Past & Present Royalties Are Community Property

The Fifth Circuit's opinion in *Rodrigue* does not affect the basic rule in Texas that the income from separate property is community property. In fact, *Rodrigue* reaffirms this rule.[402] As such, the non-creating spouse has an undivided one-half interest in the past and present royalties of works created by the other spouse.

4. Future Royalties Are Not Community Property

Royalties to be distributed in the future raise a more troubling question, however. Louisiana differs significantly from Texas in not requiring division of the community property at divorce.[403] Partition of the community property can occur after divorce, though the spouses own the community property jointly after divorce.[404] *Rodrigue* allows characterization of future royalties as community property,[405] and two Texas cases have made the same characterization.[406] Further, the Family Code contains a provision which arguably supports the characterization of future royalties as divisible marital property.[407]

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intellectual property because sales occur so infrequently that it can be difficult to find similar sales and licenses for comparison. WESTON ANSON, AMERICAN BAR ASSOCIATION, FUNDAMENTALS OF INTELLECTUAL PROPERTY VALUATION: A PRIMER FOR IDENTIFYING AND DETERMING VALUE 34 (2005). The cost method, for example, functions by determining replacement cost. It omits all potential earning capacity. *Id.* at 32–33.

[402] *See* Rodrigue v. Rodrigue, 218 F.3d 432, 437 (5th Cir. 2000).

[403] *See* LA. CIV. CODE ANN. art. 2369.1 (Supp. 2006).

[404] *Id*.

[405] *Rodrigue*, 218 F.3d at 437.

[406] Miner v. Miner, No. 13-01-659-CV, 2002 Tex. App. LEXIS 5841, at *5–*7 (Tex. App.—Corpus Christi Aug. 8, 2002, no pet.) (not designated for publication); Kennard v. McCray, 648 S.W.2d 743, 745–46 (Tex. App.—Tyler 1983, writ ref'd n.r.e.).

[407] The Texas Family Code provides:

> § 9.011. Right to Future Property
>
> (a) The court may, by any remedy provided by this chapter, enforce an award of the right to receive installment payments or a lump-sum payment due on the maturation of an existing vested or nonvested right to be paid in the future.
>
> (b) The subsequent actual receipt by the non-owning party of property awarded to the owner in a decree of divorce or annulment creates a fiduciary obligation in favor of the owner and imposes a constructive trust on the property for the benefit of the owner.

TEX. FAM. CODE ANN. § 9.011 (Vernon 1998).

Characterizing future royalties as community property, as *Rodrigue*, *Kennard*, and *Miner* did, cannot be reconciled with Texas law, however. Copyright and patent royalties become payable to the owners only after third parties take actions such as purchasing a copy of a copyrighted work or executing a license to use a patented invention. In that sense, royalties are like the sales commissions for the renewal of an insurance policy, payable only if the insured renews the policy.[408] Because these purchases or licenses are not predictable, the royalties which they generate remain mere expectancies and not guaranteed income. Even though contractual arrangements exist to determine how royalties should be paid, those arrangements take effect only when purchases are made, just as the contractual arrangements between an insurance agent and the insurance company determine the amount of the commission to be paid. Thus, future royalties remain expectancies and should not be considered a divisible marital asset.

Section 9.011 of the Texas Family Code arguably allows the award of future royalties in that it does not require a payment to be vested to be characterized as divisible community property. This section, however, typically governs contractual situations between a spouse and the expected payor of the funds, such as the companies administering retirement plans and annuities, without any involvement of third parties. It applies to plans for which a spouse has contracted but which the spouse does not yet have the right to receive because a condition for payment has not yet been met. The sum of money paid into the plan, the nonvested cash value, is an asset which can be divided at divorce. This differs distinctly from future royalties which depend on the actions by third parties in buying copies of works protected by copyright or in executing licenses for the use of patented works to trigger the contractual provisions for payment. Thus, future royalties remain expectancies and should not be considered a divisible marital asset.

5. Disproportionate Division of the Community Property May Be Warranted

Some measures available to courts in other community property states to ensure fairness in the division of marital property are not available in Texas. If the future income stream will be much higher for one spouse than for the other, other community property states can order long-term alimony

[408] *See supra* notes 65–73.

to provide equity.[409] In Texas, however, alimony has long been prohibited.[410] Currently, the only spousal support available is limited to three years and for particular purposes.[411]

Texas trial courts can, however, award a larger share of the community property to the non-creating spouse.[412] Courts have recognized a number of factors justifying a disproportionate award of community property to one spouse.[413] Disproportionate awards may be one of the best methods to provide equity for the non-creating spouse.

6. Valuation May Be Difficult

Unfinished works are not protected by copyright or patent and thus, under *Rodrigue*, are community property.[414] Even so, it will be difficult for the non-creating spouse to realize a significant advantage with unfinished works because of the problems inherent in accurate valuation. Many of the traditional methods for establishing value do not work well with intellectual property.[415]

The creating spouse may be tempted to commit a fraud on the community through the use of unfinished works. Purposely delaying the completion of a work to take advantage of a lower value for one which is unfinished could constitute a fraud on the community. Courts have recognized that perpetrating a fraud on the community justifies a disproportionate award of the community property to the innocent spouse.[416] Proving a fraud, however, may be difficult because the improper valuation of an unfinished work may not become evident for some time. The party alleging fraud on the community must make the allegation within

[409] *See supra* notes 87–99.

[410] *See supra* notes 87–99.

[411] TEX. FAM. CODE ANN. § 8.054 (Vernon Supp. 2005). Absent specific circumstances, spousal support in Texas cannot last longer than three years. *See supra* notes 90–92.

[412] *See, e.g.*, Alsenz v. Alsenz, 101 S.W.3d 648, 654–55 (Tex. App.—Houston [1st Dist.] 2003, pet. denied).

[413] *See supra* notes 80–86.

[414] *See supra* notes 399–401.

[415] The market approach does not work well with intellectual property because sales occur so infrequently that it can be difficult to find similar sales and licenses for comparison. WESTON ANSON, AMERICAN BAR ASSOCIATION, FUNDAMENTALS OF INTELLECTUAL PROPERTY VALUATION: A PRIMER FOR IDENTIFYING AND DETERMING VALUE 34 (2005). The cost method, determining replacement cost, omits the potential earning capacity for works. *Id.* at 32–33.

[416] Belz v. Belz, 667 S.W.2d 240, 246–47 (Tex. App.—Dallas 1984, writ ref'd n.r.e.).

the divorce action.[417] No independent cause of action for fraud on the community exists.[418]

V. CONCLUSION

A. Congressional Legislative Reform

Congress should amend the Copyright Act and the Patent Act to end the confusion surrounding the marital property character of copyrights and patents.[419] In Texas, under *Rodrigue*, the ownership of the copyright or patent in a creating spouse's work completed during marriage will be his or her separate property.[420] In California, however, the ownership of the copyright or patent would be community property.[421] This disparity will create numerous problems in the future if not resolved. The Constitution provides Congress with the exclusive jurisdiction to define the rights of copyright and patent, so there is no question concerning the authority of Congress to act.[422]

Congress should choose to make the ownership of copyrights and patents the separate property of the creating spouse. This approach better serves the structure of both the Copyright Act and the Patent Act in encouraging creativity by rewarding the actual authors and inventors. Making the ownership of these separate property ensures that the one who created the work receives the reward. While the approach taken by the Fifth Circuit in *Rodrigue* seems attractive at first blush, it actually strays from the Constitution in many respects.[423]

[417] *See id*. at 246.

[418] *Id.* at 246–47.

[419] The Supreme Court recently denied a petition for a writ of certiorari in *Sheshtawy v. Sheshtawy*, 150 S.W.3d 772, 772 (Tex. App.—San Antonio 2004, pet. denied), *cert. denied*, 126 S. Ct. 359 (2005), and thus the Court declined an opportunity to clarify the effect of the Copyright Act on Texas community property law. As such, the need for Congressional action is urgent.

[420] *See supra* notes 209–270 and accompanying text.

[421] *See supra* notes 187–208.

[422] U.S. CONST. art. I, § 8, cl. 8.

[423] Ciolino, *How Copyrights Became Community Property*, *supra* note 251, at 638–39.

B. Texas Legislative Reform

1. Define Future Royalty Income as Community Property

The Texas Legislature could revise the Texas Family Code to define as community property the future royalty income from works created during marriage that are protected by copyright and patent.[424] This would provide

[424]The Texas Legislature should amend the Texas Family Code by adding the following section:

§ 3.009 Property Interest in Income from Intellectual Property

(a) In this section:

(1) "Derivative" means a work based upon one or more preexisting works of copyrights, patents, inventions, trade secrets, and other forms of intellectual property, including, but not limited to, a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which the preexisting work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative."

(2) "Future income" means advances, royalties, and other forms of payment received following dissolution of the marriage.

(3) "Income" means advances, royalties, and other forms of payment.

(4) "License" means a contract, license, and other forms of agreement which entitle one spouse to income from another party for the use of intellectual property which the spouse has created.

(5) "Present income" means income received during the marriage, including that to which the community estate is entitled but has not yet received at the date of dissolution of the marriage.

(b) The present and future income from copyrights, patents, inventions, trade secrets, and other forms of intellectual property which were created during marriage is characterized as community property.

(c) The present and future income from copyrights, patents, inventions, trade secrets, and other forms of intellectual property which were created before marriage but were licensed for use during marriage is characterized as community property for the life of the licensing agreement.

(d) A portion of the future income from copyrights, patents, inventions, trade secrets, and other forms of intellectual property which constitute derivatives of works created during marriage is characterized as community property. The trial court shall determine the extent to which the income from the license for the derivative is attributable to the

the non-creating spouse with the possibility of the same future income stream as the creating spouse. Providing this income would reinforce the value of the contributions made during marriage by the non-creating spouse and support the notion that marriage is indeed a partnership.

This course of action, however, would negate the ownership interest of the creating spouse to a large degree. In Texas, community property interests cease at the end of the community, so this revision would change dramatically the principles of community property law.

2. Revise Reimbursement or Economic Contribution

Revising claims for reimbursement or economic contribution to include situations involving copyright and patent ownership by one spouse would help compensate the community for the benefits bestowed on the creating spouse's separate estate. Establishing this support by means of a right of economic contribution would provide more protection than recognition of an equitable claim of reimbursement.[425] Further, since reimbursement is

work created during marriage and shall include that portion in the award of the community property.

[425] Section 3.402 of the Texas Family Code should be amended by adding a new subsection (7) in subsection (a) so that the entire section would read:

§ 3.402. Economic Contribution

(a) For purposes of this subchapter, "economic contribution" is the dollar amount of:

(1) the reduction of the principal amount of a debt secured by a lien on property owned before marriage, to the extent the debt existed at the time of marriage;

(2) the reduction of the principal amount of a debt secured by a lien on property received by a spouse by gift, devise, or descent during a marriage, to the extent the debt existed at the time the property was received;

(3) the reduction of the principal amount of that part of a debt, including a home equity loan:

(A) incurred during a marriage;

(B) secured by a lien on property; and

(C) incurred for the acquisition of, or for capital improvements to, property;

(4) the reduction of the principal amount of that part of a debt:

(A) incurred during a marriage;

based in equity, trial courts would likely set different standards for recognition, with inconsistent results for similarly situated spouses. One possible way to minimize inconsistency would be to require trial courts to consider reimbursement when a copyright or patent created during marriage is part of one spouse's separate estate.[426] Currently, the statue reads in

(B) secured by a lien on property owned by a spouse;

(C) for which the creditor agreed to look for repayment solely to the separate marital estate of the spouse on whose property the lien attached; and

(D) incurred for the acquisition of, or for capital improvements to, property;

(5) the refinancing of the principal amount described by Subdivisions (1)–(4), to the extent the refinancing reduces that principal amount in a manner described by the appropriate subdivision;

(6) capital improvements to property other than by incurring debt; and

(7) the present and future value of copyrights, patents, inventions, trade secrets, and other forms of intellectual property.

(b) "Economic contribution" does not include the dollar amount of:

(1) expenditures for ordinary maintenance and repair or for taxes, interest, or insurance; or

(2) the contribution by a spouse of time, toil, talent, or effort during the marriage.

[426] Section 3.408 of the Texas Family Code should be amended by revising subsection (c) so that the entire section would read:

§ 3.408. Claim for Reimbursement

(a) A claim for economic contribution does not abrogate another claim for reimbursement in a factual circumstance not covered by this subchapter. In the case of a conflict between a claim for economic contribution under this subchapter and a claim for reimbursement, the claim for economic contribution, if proven, prevails.

(b) A claim for reimbursement includes:

(1) payment by one marital estate of the unsecured liabilities of another marital estate; and

(2) inadequate compensation for the time, toil, talent, and effort of a spouse by a business entity under the control and direction of that spouse.

(c) The court shall resolve a claim for reimbursement by using equitable principles, including the principle that claims for reimbursement may be offset against each other if the court determines it to be appropriate. The court shall consider claims for reimbursement when the separate estate of one party includes the ownership of a

Section (d): "Benefits for the use and enjoyment of property may be offset against a claim for reimbursement for expenditures to benefit a marital estate on property that does not involve a claim for economic contribution to the property." This language already raises the possibility of reimbursement and gives trial courts a substantial amount of flexibility and discretion.

3. Encourage a Disproportionate Share Award

The Texas Legislature should revise the Family Code to encourage trial courts to award a disproportionate share of the community property to the non-creating spouse.[427] Awarding a disproportionate share, particularly in situations where substantial future royalties are likely, may be the only way to provide for the non-creating spouse.

C. The Need Will Increase

The problems posed by copyrights and patents in works created during marriage will likely increase in the coming years in Texas. While some proposals for reform would require a significant undertaking, some can be undertaken by judges and attorneys now. The best solution lies first in the clarification by Congress of the rights of both spouses in these circumstances. The Texas Legislature, however, can take significant steps now to address the problems discussed relating to the ownership interests of copyrights and patents by parties in a marriage. Delay will only create future dilemmas for Texas courts.

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copyright, patent, invention, trade secret, and other forms of intellectual property created during the marriage.

[427] Section 7.001 of the Texas Family Code should be revised so that the section reads:

§ 7.001. General Rule of Property Division

In a decree of divorce or annulment, the court shall order a division of the estate of the parties in a manner that the court deems just and right, having due regard for the rights of each party and any children of the marriage. The court shall consider the extent to which one party's separate property consists of the ownership of works of intellectual property in the awarding the share of the estate to the other party.