

LICENSE TO COPYRIGHT: THE ONGOING DISPUTE OVER THE OWNERSHIP OF JAMES BOND

A martini shaken, not stirred, is his drink of choice. His passion for fine cars is rivaled only by his lust for women. He is handsome, sophisticated, and of course, adventurous. It is hard to imagine that these simple character traits amount to a nearly \$3,000,000,000 empire that has made James Bond the “most valuable cinema franchise in history.”¹ This Comment analyzes the development of the James Bond character and how nearly thirty-eight years after the production of the first Bond film, *Dr. No*, parties are still litigating the ownership of 007.

English novelist Ian Fleming created the dashing James Bond character. Fleming, who took the name James Bond from the author of *A Field Guide to Birds of the West Indies*, developed the secret agent based on his own traits.² Fleming and Bond were both the same height, wore the same clothes, shared the same tastes, and both had a unique sense of adventure.³

The dispute over Bond’s ownership began in 1959, shortly after Fleming finished writing his seventh James Bond novel, *Goldfinger*.⁴ Fleming decided to work with film director, writer, and producer, Kevin McClory, in the hope of creating the first Bond film.⁵ McClory hired writer, Jack Whittingham, and together they developed a movie script.⁶ Thereafter, Fleming appropriated the movie script and used it as the basis of one of his novels.⁷ McClory brought suit, and in an English court settlement, Fleming agreed to give McClory all rights to the movie script.⁸

In 1997, the Sony Corporation, in an undisclosed deal, ac-

¹ Denise Hamilton, *Bond vs. Bond*, NEW TIMES L.A., Nov. 5-11, 1998, at 2; see also James Bates, *Company Town: 2 Bonds? Sony Says ‘Never Say Never’*, L.A. TIMES, Oct. 14, 1997, at D10; Plaintiff’s First Amended Complaint For: Declaratory Relief for Adjudication of Rights; Declaratory Relief for Adjudication of Rights; Copyright Infringement; Trademark Infringement; Federal Unfair Competition; Federal Trademark Dilution; California Trademark Dilution; Inducing Breach of Contract [Redacted Version] at 13, *Danjaq, LLC v. Sony Corp.*, No. 97-8414 (C.D. Cal. Jan. 23, 1998) [hereinafter First Amended Complaint for Plaintiff].

² See Hamilton, *supra* note 1, at 28. Fleming bought James Bond’s *A Field Guide to Birds of the West Indies* for his girlfriend after he left the military service. See *id.* See also [amazon.com](http://www.amazon.com) (visited Jan. 31, 1999) <<http://www.amazon.com>>.

³ See Hamilton, *supra* note 1, at 29.

⁴ See *id.* at 11.

⁵ See *id.* at 9.

⁶ See *id.* at 11.

⁷ See *id.* at 13.

⁸ See *id.* at 14-15.

quired all or some of McClory's rights.⁹ Sony believed that McClory had ownership rights to James Bond through the joint authorship of the movie script and through subsequent contracts.¹⁰ Sony therefore claimed that it should be allowed to create its own line of James Bond films and demanded back revenues for the use of the character.¹¹

Danjaq, a production company that had obtained Fleming's rights, and Metro-Goldwyn-Mayer Studios ("MGM"), immediately tried to enjoin Sony from using this franchise character.¹² MGM claimed that McClory only owned derivative work rights that expired once the original copyright entered into its second term. The district court granted MGM's motion for a preliminary injunction,¹³ from which Sony immediately appealed.¹⁴

Just days before the case went to trial in the Ninth Circuit, Sony and MGM settled.¹⁵ In a complex agreement, Sony decided to give up all claims to Bond.¹⁶ Yet, McClory, who still has an interest in the case's final outcome, has vowed to go against MGM alone.¹⁷

To better explain this controversy, the first part of this Comment examines the historical background of the James Bond character, outlining the formation of the 007 empire from the creation of the Bond character to his film debut. Furthermore, this section discusses the relevant parties and all of the critical events leading up to the current litigation. The second part of this Comment gives a brief overview of the copyright law that is relevant to the dispute and helps the reader understand all of the legal issues that will be presented. The third and fourth parts of this Comment present both MGM's and Sony's legal arguments. These sections recount some of the arguments presented by each side's briefs. The last part of this Comment respectfully offers guidance to the court. This final section reviews the legal arguments that have been made and determines how this dispute should be resolved.

⁹ See *id.*

¹⁰ See Brief for Sony in Opposition to Plaintiffs' Motion for Preliminary Injunction [Redacted Version] at 28, *Danjaq, LLC v. Sony Corp.*, No. 97-841 (C.D. Cal. June 29, 1998) [hereinafter Brief in Opposition for Defendant].

¹¹ See generally *id.*

¹² See Hamilton, *supra* note 1, at 6; see also *infra* Part III.

¹³ See Janet Shprintz, *MGM Wins 007 Round*, VARIETY, July 30, 1998.

¹⁴ See Answering Brief for Plaintiffs-Appellees [Redacted Version] at 23, *Danjaq, LLC v. Sony Corp.*, No. 98-56275 and No. 98-56277 (C.D. Cal. Sept. 25, 1998) [hereinafter Answering Brief for Plaintiff].

¹⁵ See Janet Shprintz, *Big Bond-Holder*, DAILY VARIETY, Mar. 30, 1999, at 1.

¹⁶ See *id.*

¹⁷ See *id.*

I. JAMES BOND: THE HISTORICAL BACKGROUND

Fleming's legacy began in 1953, when he published the first Bond novel, *Casino Royale*.¹⁸ This book did not have tremendous success, and the American edition, *Live and Let Die*, only sold five thousand copies.¹⁹ By 1959, however, Fleming's Bond novels began to gain popularity.²⁰ President John F. Kennedy even listed Fleming's *From Russia With Love* as one of his top ten favorite books.²¹ As novel sales began to increase, Fleming received numerous offers to place Bond on the big screen.²² It was at this time that Fleming met screenwriter, director, and producer, Kevin McClory.²³ McClory felt that Bond had great cinematic appeal and agreed to collaborate with Fleming to create a script for the first Bond film.²⁴ McClory, however, did not want to use Fleming's novels as a basis for a script.²⁵ He "found the plots too violent, too dark, and too predictable to garner mass appeal."²⁶ Instead, McClory and Fleming discussed developing a new plot based on Fleming's character.²⁷ McClory decided to enlist extra help and turned to a popular British screenwriter, Jack Whittingham.²⁸ Fleming and McClory both liked Whittingham's ideas and McClory agreed to pay Whittingham five thousand pounds to write a script.²⁹ McClory once noted, "[o]ur intent was to produce jointly an original James Bond story that would enable a cinematic James Bond to evolve from the literary world to the motion picture screen."³⁰ The three writers generated a total of ten original treatments, outlines, and scripts that would later become known as the "McClory Scripts."³¹

Nine months later, Whittingham finally completed a script called *Longitude 78 West*, which Fleming later renamed

¹⁸ See Doug Oswald, *Ian Fleming* (visited Dec. 14, 1998) <<http://www.hamline.edu/~ddoswald/film/fleming.html>>.

¹⁹ See Hamilton, *supra* note 1, at 30.

²⁰ See *id.*

²¹ See *id.*

²² See *id.*

²³ See *id.* at 8.

²⁴ See *id.* at 9.

²⁵ See *id.*

²⁶ *Id.*

²⁷ See *id.*

²⁸ See *id.* at 11.

²⁹ See *id.*

³⁰ *Id.*

³¹ *Id.* According to MGM, only one portion was actually written by McClory. This, MGM asserts, is a letter containing five paragraphs about the main character. See *id.* at 12. McClory disagrees and contends that he developed the concept of an international terrorist organization, S.P.E.C.T.R.E., which was used in five Bond films. He further claims that he provided the idea for an "atomic blackmail threat." *Id.*

Thunderball.³² All three writers, Fleming, McClory, and Whittingham, worked together in revising the script.³³ By the time the script neared completion, however, a movie that McClory had directed, *The Boy and the Bridge*, opened with disappointing reviews.³⁴ Fleming began to doubt whether McClory could successfully promote *Thunderball*, and without uttering a word, left for his Jamaican home.³⁵ Fleming, who always wrote his annual Bond novel at this island retreat, decided to turn the *Thunderball* script into a novel.³⁶

By February 1960, the relationship between McClory, Fleming, and Whittingham began to deteriorate.³⁷ Fleming gave his agent a copy of the *Thunderball* script and explained the group's cinematic intentions.³⁸ Fleming's agent responded by saying that blockbuster actors would probably not want to appear in a film directed by McClory.³⁹ Fleming decided that a well-known director should be hired, and that McClory should step aside and act as the movie's producer.⁴⁰ This idea, however, ended quickly when both Alfred Hitchcock and Alexander Korda chose not to direct the film.⁴¹ In 1961, McClory was given an advance copy of the novel version of *Thunderball* and immediately realized that Fleming had taken the movie script ideas without acknowledgement or payment.⁴² McClory and Whittingham sued Fleming in British court.⁴³

In 1963, the parties reached an agreement and decided to settle.⁴⁴ Fleming admitted that *Thunderball* the novel was based on the group's screenplay and agreed to print, on all subsequent additions of the book, that the novel was based on a screen treatment

³² See *id.* at 13.

³³ See *id.*

³⁴ See *id.*; see also *The Internet Movie Database* (visited Jan. 10, 1999) <<http://www.imdb.com>>.

³⁵ See Hamilton, *supra* note 1, at 13. Fleming's Jamaican home was called Goldeneye, a name which later became the title of a Bond film. See *infra* note 88.

³⁶ See *id.*

³⁷ See *id.* at 14.

³⁸ See *id.*

³⁹ See *id.*

⁴⁰ See *id.* McClory produced *The Boy and the Bridge* (1959), and acted as associate producer for *Around the World in 80 Days* (1956). See *The Internet Movie Database* (visited Jan. 10, 1999) <<http://www.imdb.com>>.

⁴¹ See Hamilton, *supra* note 1, at 14. Alfred Hitchcock directed 61 films including: *Vertigo* (1958), *North by Northwest* (1959), *Psycho* (1960), *The Birds* (1963), and *Family Plot* (1976). Alexander Korda directed 58 films including: *The Thief of Baghdad* (1940), *That Hamilton Woman* (1941), *Perfect Strangers* (1945), and *An Ideal Husband* (1947). See *The Internet Movie Database* (visited Jan. 10, 1999) <<http://www.imdb.com>>.

⁴² See Hamilton, *supra* note 1, at 14.

⁴³ See *id.*

⁴⁴ See *id.*

written by himself, McClory, and Whittingam.⁴⁵ Part of the settlement also enabled McClory to buy Fleming's *Thunderball* movie rights for \$50,000.⁴⁶ By exercising these purchase rights, McClory obtained "the exclusive right to re-produce any part of the novel in cinematographic films and to exhibit any such films in any manner whatsoever and for the purpose of making any such films to make scripts involving any part of said novel."⁴⁷ Much of the Bond litigation today stems from this settlement. From the English court's language, contained in the Tomlin Order,⁴⁸ it is difficult to discern whether McClory had obtained the rights to make and remake only the *Thunderball* movie, or whether he had purchased the rights to make additional James Bond films.⁴⁹

During the settlement negotiations, Fleming began to explore other ways to produce the Bond movies.⁵⁰ It did not take long before Fleming signed a deal with Eon Productions, Ltd. to purchase "(a) all the then existing novels, except *Casino Royale*; (b) any new novels and other material written by Fleming featuring James Bond; and (c) . . . the right to create and produce films based upon 'Producer's Material'."⁵¹ In April 1962, Eon transferred its rights in James Bond to Canadian producers Harry Saltzman and Albert "Cubby" Broccoli.⁵² Together, Broccoli and Saltzman formed the production company, Danjaq.⁵³ Despite the increased popularity of the Bond novels, Danjaq initially had problems finding a studio willing to contribute funds for a film.⁵⁴ Columbia Pictures agreed to create a \$400,000 movie, but the Danjaq partners knew that more money would be needed for a Bond adventure.⁵⁵ Saltzman and Broccoli decided to approach United Artists' president Arthur Krim in New York.⁵⁶ Krim loved the Bond concept and, in under an hour, agreed to give

⁴⁵ See *id.*

⁴⁶ See *id.*

⁴⁷ *Id.*

⁴⁸ A Tomlin Order, under English law, essentially places something, like a settlement, on the record. Depending on the settlement, the order can have the legal effect of establishing a trust. See *Chancery Guide* (visited Feb. 28, 2000) <http://www.courtservice.gov.uk/chancery_g/secc_3.htm>.

⁴⁹ See Hamilton, *supra* note 1, at 15.

⁵⁰ See *id.* at 31.

⁵¹ First Amended Complaint for Plaintiff, *supra* note 1, at 10.

⁵² See Hamilton, *supra* note 1, at 31; see also First Amended Complaint for Plaintiff, *supra* note 1, at 11.

⁵³ Danjaq's founders named the company after their respective wives, Dana and Jacqueline. See Hamilton, *supra* note 1, at 31-32.

⁵⁴ See *id.* at 32.

⁵⁵ See *id.*

⁵⁶ See *id.*

\$1,000,000 to finance the first Bond film, *Dr. No*.⁵⁷

To Fleming's delight, the setting for the film was near his summer home in Jamaica.⁵⁸ The cast was chosen, and an unknown ex-Navy-boxing champ, Sean Connery, was slated to play the lead role.⁵⁹ When director Terence Young heard who had been picked to play Bond "he held his head and said, 'Disaster! Disaster! Disaster!'"⁶⁰ Similarly, Fleming did not initially approve of the Connery choice. Fleming once noted, "[h]e is not exactly what I envisioned, but he would be if I wrote the books over again."⁶¹ In 1962, *Dr. No* was released without much cinematic praise; however, it earned \$2,000,000 domestically and even more overseas.⁶² This profit convinced financiers to put up money for a second Bond film, *From Russia With Love*.⁶³ By 1964, and the release of the fourth movie, *Goldfinger*, Bond had achieved global appeal.⁶⁴ According to Broccoli, "[i]t was estimated recently that half the world's population has seen a James Bond movie."⁶⁵

Bond seemed to be a problem-free gold mine for Danjaq and later partner MGM until 1978, when litigation resumed.⁶⁶ Kevin McClory decided to exercise his right to remake *Thunderball*, which originally had been released by Danjaq in 1965.⁶⁷ MGM immediately sued to enjoin McClory from producing the film.⁶⁸ McClory, however, won the dispute and began production of *Never Say Never Again*.⁶⁹ MGM quickly took measures to prevent any negative effect on the Bond empire. In 1983—the same year that *Never Say Never Again* opened in theaters—MGM released *Octopussy*.⁷⁰ Surprisingly, *Octopussy* grossed more than *Never Say Never Again*, even

⁵⁷ See *id.* In the agreement of September 18, 1986, United Artists became the exclusive distributor of the Bond Pictures. See First Amended Complaint for Plaintiff, *supra* note 1, at 11.

⁵⁸ See Hamilton, *supra* note 1, at 32.

⁵⁹ See *id.*

⁶⁰ *Id.*

⁶¹ *Id.* at 33.

⁶² See *id.*

⁶³ See *id.*

⁶⁴ See *id.*; see also *The James Bond Movie Page* (visited Jan. 22, 1999) <<http://members.xoom.com/BondMovies>>.

⁶⁵ *The James Bond Movie Page* (visited Jan. 15, 1999) <<http://members.xoom.com/BondMovies>>. The Danjaq partnership lasted until 1974, when Broccoli bought out Saltzman after the release of *The Man with the Golden Gun*. See Hamilton, *supra* note 1, at 32-33.

⁶⁶ See Hamilton, *supra* note 1, at 33.

⁶⁷ See *id.* Under the English agreement McClory owned the production rights to the *Thunderball* movie. In 1965, Sony agreed to let Danjaq produce the film in return for expanded Bond rights that would accrue ten years after the domestic release of the film. See Brief in Opposition for Defendant, *supra* note 10, at 28. This agreement will be explored further in the section containing Sony's legal argument. See discussion *infra* Part IV.

⁶⁸ See Hamilton, *supra* note 1, at 33.

⁶⁹ See *id.*

⁷⁰ See *id.*

though McClory had hired Sean Connery to play Bond.⁷¹

After the release of *Never Say Never Again*, the clash between McClory and MGM seemed to subside with only a few minor threats from either side. Then, on October 14, 1996, the issue of McClory's Bond ownership rights resurfaced.⁷² McClory placed an ad in the *Weekly Variety* announcing the production of *Warhead 2000 A.D.*, "a new incredible adventure which propels James Bond into the twenty-first century."⁷³ The ad also stated that interested parties should contact SPECTRE, a company formed by McClory, "for further information on James Bond films."⁷⁴

McClory had always wanted to establish his own line of 007 movies. In 1976, he had expressed the intention of producing a new film called *Ian Fleming's James Bond of the Secret Service*.⁷⁵ Then, in 1978, McClory co-authored with Sean Connery and Len Deighton a new Bond adventure entitled *Warhead*.⁷⁶ McClory came close to producing this film ten years later.⁷⁷ He had just begun to select a cast and a location when MGM sent numerous letters warning McClory to immediately halt production, which he did.⁷⁸ Finally, eight years later, McClory renamed the script *Warhead 2000* and placed the aforementioned advertisement in an industry magazine.⁷⁹

Once again, MGM did not hesitate in responding to the possibility of a non-MGM Bond film. Eight days after the magazine was released, McClory received a letter stating, "[y]our advertisement is calculatedly misleading. To state that your organization should be contacted 'for further information on James Bond films,' suggests that you own or control the James Bond motion picture franchise, when plainly you do not."⁸⁰

While these events transpired between McClory and MGM, movie industry guru John Calley prepared to add some fuel to the fire. At the age of nineteen, Calley had joined NBC as a mail boy.⁸¹ This job did not last long, however, as Calley quickly gained respect

⁷¹ See *id.* at 33-34.

⁷² See *id.* at 1.

⁷³ *Id.* There is disagreement as to whether *Warhead 2000* was a new Bond film or a remake of *Thunderball*. See Erich Boehm, *Renegade Producer Makes Rival Bond Film*, VARIETY (London), Jan. 6, 1997, available in <<http://www.mcs.com/~klast/www/warhead.html>>.

⁷⁴ Hamilton, *supra* note 1, at 1.

⁷⁵ See *id.* at 15.

⁷⁶ See *id.* at 15-16. See discussion *supra* note 72.

⁷⁷ See Hamilton, *supra* note 1, at 16.

⁷⁸ See *id.*

⁷⁹ See *id.*; see also *supra* note 72 and accompanying text.

⁸⁰ *Id.* at 3.

⁸¹ See *id.* at 20.

and received numerous promotions.⁸² In 1970, he left NBC to join Warner Brothers Studios.⁸³ Within a few years, Calley had become one of the studios head officers, earning more than \$2,000,000 a year.⁸⁴ Calley was at the top of the game when, in 1980, at the age of fifty, he suddenly quit.⁸⁵ He sold all of his possessions, including his dog, and moved into a mansion on Long Island.⁸⁶ Then, in 1993, thirteen years after Calley had abandoned his studio life, Michael Ovitz encouraged him to accept a position at MGM/United Artists.⁸⁷ Calley decided to join Ovitz and was soon overseeing the return of James Bond.⁸⁸ In 1995, after nearly a five-year Bond movie hiatus, Calley brought Bond back to the forefront with the release of *Goldeneye*.⁸⁹ The movie did exceptionally well, grossing more than \$350,000,000.⁹⁰

In 1996, Calley became disgruntled working at MGM.⁹¹ MGM's president, Frank Mancuso, was organizing the sale of the studio for more than \$1,000,000,000.⁹² Calley learned that this included a \$14,500,000 bonus for Mancuso, but much less for himself.⁹³ Calley felt that he deserved more after helping MGM earn millions from studio hits such as *Goldeneye* and *The Birdcage*.⁹⁴ By August 1996, Calley had decided to entertain other options.⁹⁵ He met with Sony chief, Nobuyuki Idei.⁹⁶ Two months later, Calley received a telephone call from Sony's Columbia TriStar Motion Pictures Group's co-chair, Gareth Wigan.⁹⁷ Wigan had read McClory's ad and wanted to know what Calley thought of its validity.⁹⁸ Calley felt the ad had some merit and encouraged Sony to "go after" McClory's rights. Soon after the telephone conversation, Cal-

⁸² See *id.*

⁸³ See *id.*

⁸⁴ See *id.*

⁸⁵ See *id.*

⁸⁶ See *id.* Calley became reclusive and slept up to eighteen hours a day. See *id.*

⁸⁷ See *id.*

⁸⁸ See *id.* at 21. At Warner Brothers, Calley convinced Connery to play Bond in *Never Say Never Again*. See *id.*

⁸⁹ See Hamilton, *supra* note 1, at 21. The title name *Goldeneye* came from Fleming's Jamaican resort. Pierce Brosnan played the role of James Bond in *Goldeneye*. See *id.*

⁹⁰ See *id.*

⁹¹ See *id.* at 22.

⁹² See *id.* The buyer of the studio was Kirk Kerkorian. See *id.*

⁹³ See *id.*

⁹⁴ See *id.* *The Birdcage* is a 1996 film starring Nathan Lane and Robin Williams. See *The Internet Movie Database* (visited Jan. 10, 1999) <<http://www.imdb.com>>.

⁹⁵ See Hamilton, *supra* note 1, at 22. Calley met with six studios. See *id.*

⁹⁶ See *id.* This meeting occurred at the Los Angeles International Airport. Calley also flew to Tokyo to meet with the other top Sony executives. See *id.*

⁹⁷ See *id.*

⁹⁸ See *id.*

ley quit his position at MGM and joined Sony Pictures.⁹⁹

In November 1996, Calley became the chief operating officer of Sony Pictures.¹⁰⁰ Calley's main job was to get the studio back on track by increasing the studio's slumping revenues.¹⁰¹ Calley knew one sure-fire way to bring in millions for Sony. On October 13, 1997, Sony Pictures announced that it had teamed up with McClory to give Bond a new home.¹⁰² In the Sony Pictures press announcement, Calley explained that, "[t]he new James Bond films emphasize our commitment to create motion picture franchises that serve as tentpoles for our release schedule and create business opportunities throughout the Sony family."¹⁰³ The timing of this announcement became a major topic addressed in the litigation. Sony's deal with McClory occurred just before MGM issued a \$250,000,000 stock public offering in coordination with the 1997 release of *Tomorrow Never Dies*.¹⁰⁴ Calley's declaration caused MGM to lower its offering from twelve-point-five-million shares to only nine million shares.¹⁰⁵ This, MGM contended, caused them to lose approximately \$40,000,000.¹⁰⁶

It took only weeks for MGM to respond to the announcement with a \$25,000,000 lawsuit against Sony Corporation.¹⁰⁷ The suit, filed in the Los Angeles federal court, alleged copyright infringement, unfair competition, and misappropriation of trade secrets.¹⁰⁸ The main issue at trial was whether Sony had acquired any rights to

⁹⁹ See *id.* MGM claims that while at MGM, Calley was privy to numerous Bond trade secrets, including market research, script treatments, and a 1994 study. See First Amended Complaint for Plaintiff, *supra* note 1, at 18. The 1994 study helped to develop future Bond films. See *id.*

¹⁰⁰ See Hamilton, *supra* note 1, at 23; see also *Columbia Pictures to Produce New James Bond Series* (visited Jan. 30, 1999) <<http://www.spe.sony.com/movies/others/news.html>> [hereinafter *Columbia Pictures*]. Columbia is currently a subsidiary of Sony Pictures Corporation. Sony Pictures had lost billions under the leadership of Peter Guber. See Hamilton, *supra* note 1, at 23.

¹⁰¹ See Hamilton, *supra* note 1, at 23.

¹⁰² See *id.*; see also *Columbia Pictures*, *supra* note 99.

¹⁰³ *Columbia Pictures*, *supra* note 99. Franchise films are ones that generate numerous sequels and merchandise. See James Sterngold, *A Dispute That's Worthy of the Title 'Battle Royal,'* N.Y. TIMES, Oct. 13, 1997, at D4.

¹⁰⁴ See Hamilton, *supra* note 1, at 26; see also Janet Shprintz, *MGM, Sony Square Off Over Bond*, DAILY VARIETY, Jan. 12, 1999, at 7. *Tomorrow Never Dies* grossed over \$265,000,000 in just its first month of release. See First Amended Complaint For Plaintiff, *supra* note 1, at 13.

¹⁰⁵ See Hamilton, *supra* note 1, at 26.

¹⁰⁶ See Shprintz, *supra* note 103, at 7. According to Pierce O'Donnell, who represented MGM, "[t]hey calculated the timing to inflict maximum injury to MGM." Paul Karon & Rex Weiner, *007 Faces Legal Shootout*, DAILY VARIETY, Nov. 18, 1997. MGM claimed that they were forced to lower the amount of shares because of concerns that the stock price was too excessive in light of Sony's plans. See Hamilton, *supra* note 1, at 26.

¹⁰⁷ See Hamilton, *supra* note 1, at 4; see also *Danjaq, LLC v. Sony Corp.*, No. 97-841 (C.D. Cal. filed Jan. 26, 1998).

¹⁰⁸ See *id.*

the James Bond character.¹⁰⁹ Both studios went for broke, amassing massive legal teams. To MGM, a financially troubled company, relinquishing exclusive rights to Bond would have meant giving up its golden goose.¹¹⁰ Bond films had helped offset over \$33,000,000 in losses incurred by such studio flops as *Red Corner* and *Hoodlum*.¹¹¹ MGM, however, was not just concerned about forfeiting film revenue. Millions in additional revenue had been realized through the licensing and marketing of Bond.¹¹²

Then, on March 29, 1999, just days before trial, in a surprising move suitable only for 007, Sony ended its claim to the James Bond character.¹¹³ Sony agreed to pay MGM \$5,000,000 in damages and MGM agreed to pay Sony \$10,000,000 to ensure the exclusive rights to the Bond empire.¹¹⁴ As part of the settlement, MGM also acquired Columbia Pictures' rights to *Casino Royale* and obtained a worldwide prohibition that precluded Sony from making any Bond

¹⁰⁹ To adequately answer this question, this Comment will predominately focus on whether Sony has any copyright interest in the James Bond character.

¹¹⁰ See Hamilton, *supra* note 1, at 4.

¹¹¹ See *id.* at 35. As noted before, the release of *Tomorrow Never Dies* in 1997, for example, earned over \$350,000,000. See *id.* at 4.

¹¹² See *id.* at 34. In 1989, for example, a British car manufacturer, Sterling Inc., paid MGM \$1,000,000 for barely hinting at the 007 character. The commercial played a Bond-like music and showed a driver speeding down a meandering and abandoned road. MGM claims they have spent millions creating and maintaining an upscale representation of Bond. In 1994, Honda tried to use this image when they released a commercial featuring a Bond-like character named "James Bob" driving a Honda del Sol. MGM sued claiming that Honda had violated the studios copyright in the James Bond character as expressed in 16 films. The judge agreed with MGM and issued an injunction forcing Honda to give up its ad campaign. Aside from placing the 007 image on cars, Bond has been successfully used to sell "posters, videos, music, toys, clothing, sporting goods, and colognes." *Id.*; see also *Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co., Inc.*, 900 F. Supp. 1287 (C.D. Cal. 1995).

¹¹³ See Shprintz, *Big Bond*, *supra* note 14, at 1; see also *Sony Abandons Bond Ambition* (visited Dec. 4, 1999) <http://mrshowbiz.go.com/news/Todays_Stories/990330/bond033099.html>. The trial of *Danjaq v. Sony Corp.* was scheduled to begin on April 6, 1999. See Janet Shprintz, *MGM Wins 007 Round: Sony Stopped From Scripting Sequel*, DAILY VARIETY, Jul. 30, 1998, at 5. Prior to the settlement, MGM's legal arguments had prevailed. On July 29, 1998, U.S. District Judge Edward Rafeedie granted MGM's motion for a preliminary injunction. This prevented Sony from developing a script, casting talent, and entering into any contracts based on the rights obtained from McClory. See *id.* On January 7, 1999, the United States Courts of Appeals for the Ninth Circuit denied Sony's request for a rehearing. See *Ninth Circuit Denies Sony's Petition for Rehearing in James Bond Legal* (visited Jan. 31, 1999) <<http://www.businesswire.com/webbox/bw.010799/1082359.htm>>. While Sony awaited trial, therefore, MGM maintained the rights to utilize 007 unopposed. On March 1, 1999, however, Sony claimed a small but important victory. Judge Rafeedie issued a tentative ruling denying MGM's motion for summary judgment. See Janet Shprintz, *Bond Battle Set For Trial*, DAILY VARIETY, Mar. 1, 1999, at 1. A January 16, 1998, *Daily Variety* article implied that Sony had ignored the injunction. See Paul Karon, *Scribes Get 'Bond' Assignment*, DAILY VARIETY, Jan. 16, 1998, at 5. The article reported that a Sony spokesman "said Sony was proceeding with the development of its new 007 films despite the MGM suit." *Id.*; see also *Sony Abandons Bond Ambition* (visited Mar. 30, 1999) <http://www.mrshowbiz.go.com/news/Todays_Stories/990330/bond033099.html>.

¹¹⁴ See Shprintz, *supra* note 14, at 1.

film.¹¹⁵

Although the settlement officially took Sony out of the case, McClory decided to go against MGM alone and indicated the possibility of bringing claims against Sony for “settling the case out from under him.”¹¹⁶ McClory’s case against MGM finally resumed on March 28, 2000 after nearly a year-long hiatus.¹¹⁷ Yet, in another unexpected twist of events, two days later Judge Rafeedie dismissed McClory’s claim based on the doctrine of laches, stating that the case had not been brought in a timely manner.¹¹⁸ Judge Rafeedie determined that McClory had delayed too long in bringing his claim, despite his numerous opportunities to do so.¹¹⁹ Moreover, Judge Rafeedie noted that MGM had been prejudiced by the delay because most of the potential witnesses had died.¹²⁰ Stating that he could find no willful copyright infringement, Judge Rafeedie also held that if a court allowed McClory to claim back profits now, MGM would be economically prejudiced.¹²¹ Despite this ruling, however, it is doubtful that this litigation has finally ended; an appeal should be expected.¹²² At some point it will need to be conclusively determined whether McClory owns any copyright interest in the James Bond character. It is likely that when that trial occurs, McClory will assume Sony’s legal position and that MGM will maintain its current stance. To fully understand the dispute, it is necessary to examine certain aspects of copyright law and the legal arguments that have been presented by both Sony and MGM.

¹¹⁵ See *id.* As noted previously, in 1962, Danjaq had bought rights to all of the James Bond works except for *Casino Royale*. See First Amended Complaint for Plaintiff, *supra* note 1, at 10.

¹¹⁶ Daniel Frankel, *MGM Gets Bond, James Bond* (visited Feb. 29, 2000) <<http://www.eonline.com/News/Items/0,1,4542,00.html>>.

¹¹⁷ See Janet Shprintz, *Bond Plaintiff Causes Stir*, VARIETY, March 29, 2000. McClory was unable to attend the resumed trial because a visa problem kept him on the Isle of Man. See Janet Shprintz, *License to Nil*, VARIETY, March 31, 2000.

¹¹⁸ See *Danjaq, LLC v. Sony Corp.*, No. 97-8414, slip op. at 7 (C.D. Cal. April 4, 2000); Shprintz, *supra* note 117. The elements of laches, as agreed in the Pretrial Order, are that a party did not assert its rights diligently, and that the lack of diligence resulted in prejudice to the defending party. See *Danjaq, LLC v. Sony Corp.*, No. 97-8414, slip op. at 2 (citing *Russell v. Rice*, 612 F.2d, 1123, 1125 (9th Cir. 1979)).

¹¹⁹ See *Danjaq, LLC v. Sony Corp.*, No. 97-8414, slip op. at 4.

¹²⁰ See *id.* at 5.

¹²¹ See *id.* at 6.

¹²² McClory, furthermore, has begun talks with Australian and German film companies to produce a reworked version of *Thunderball* that has been retitled *Warhead 2001*. See *McClory in Bond Pic Talks*, VARIETY, June 2, 1999.

II. A BRIEF OVERVIEW OF COPYRIGHT LAW RELEVANT TO THIS DISPUTE

A. *The History of Copyright Law*

In general, copyright law establishes a system of intangible property rights for works of authorship.¹²³ The origin of this protection was in fifteenth century England.¹²⁴

The framers of the United States Constitution created a copyright provision with England's Parliamentary system in mind.¹²⁵ The Constitution's Copyright Clause enables Congress "to promote the Progress of Science and the useful Arts by securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and discoveries."¹²⁶ The purpose of this clause's monopoly power is to create an economic incentive for authors to create works that will foster quantity, quality, and diversity in the marketplace.¹²⁷ An enlarged marketplace will encourage the dissemination of ideas, giving the general public increased benefits.¹²⁸

Since 1790, Congress has actively sought greater protection for authors and their families.¹²⁹ Currently, this wide range of protec-

¹²³ See Marshall Leaffer, *Protecting Authors' Rights in a Digital Age*, 27 U. TOL. L. REV. 1, 3 (1995).

¹²⁴ See *id.* The copyright statute developed in reaction to William Caxton's printing press in 1476. See *id.* Fearing a prolific dissemination of religious heresy, the Crown designed a system to regulate publishing and printing. The Crown assembled a group of London printers and booksellers, called the Stationer's Company, to act as the country's official censors. See *id.* By 1695, the Stationer's Company had amassed tremendous power and sought parliamentary support for more protection. See *id.* The Stationer's Company's official license had expired in 1695. See *id.* Parliament, however, feared the company's strength and decided to dismantle the entire organization. It was determined that the tool for suppression should be limited and divided amongst the least treacherous source. See *id.* Therefore, in 1710, Parliament conferred copyright power onto the authors through the Statute of Anne. See *id.* at 3-4; see also 8 Anne, ch. 19 (1710). This first copyright act prohibited the duplication of any book without the consent of the copyright owner. The owner was given the rights to the book for a fourteen-year term, and, upon expiration, the work fell into the public domain. See Leaffer, *supra* note 123, at 4; see also 8 Anne, ch. 19 (1710).

¹²⁵ See Leaffer, *supra* note 123, at 4.

¹²⁶ U.S. CONST. art. I, § 8, cl. 8.

¹²⁷ See Matthew J. McDonough, *Moral Rights and the Movies: The Threat and Challenge of the Digital Domain*, 31 SUFFOLK U. L. REV. 455, 459 (1997); see also *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (stating that the ultimate goal of copyright law is to encourage artistic creativity for public good); *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (claiming the rationale of the Copyright Clause is to increase the public good through the talents and efforts of authors).

¹²⁸ See *United States v. Paramount Pictures*, 334 U.S. 131, 158 (1948) (citing *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)).

¹²⁹ See Ronald S. Kadden, *Copyright Law*, in 1978 ANN. SURVEY AM. L. 593; see also Copyright Act of May 31, 1790, ch. 15, 1 Stat. 124 (protecting owners of copyrights on books, charts, and maps); Copyright Act of Apr. 29, 1802, ch. 36, 2 Stat. 171 (extending protection to prints); Copyright Act of Feb. 3, 1831, ch. 16, 4 Stat. 436 (musical compositions); Copyright Act of Aug. 18, 1856, ch. 169, 11 Stat. 138 (dramas and plays); Copyright Act of Mar. 3, 1865, ch. 126, 13 Stat. 540 (photographs); Copyright Act of July 8, 1870, ch. 230, 16 Stat.

tions is encompassed in the Copyright Act.¹³⁰ Like its predecessors, the 1976 Act affords copyright protection to “original works of authorship fixed in a tangible medium of expression”¹³¹ Copyright law is designed to protect an author’s original creation.¹³² Originality, however, does not refer to the artistic quality or the novelty of the work.¹³³ For a work to be considered original, only a spark of creativity is needed.¹³⁴ Yet, an author will not receive copyright protection for garden-variety choices.¹³⁵

When determining originality, authors can only receive protection for the expression of ideas, not for the ideas themselves.¹³⁶ This principle is generally referred to as the idea-expression dichotomy.¹³⁷ Sometimes, there is only one way to express an idea. When this occurs, copyright protection will not be afforded, because the idea and expression have essentially merged together.¹³⁸

The distinction between ideas and their expression help to increase marketplace diversity by enabling authors to build upon each other’s work.¹³⁹

B. *Joint Works and Works Made For Hire*

Many times, works can be created by multiple authors or by an author working in a specific capacity. To establish ownership when

212, Rev. Stat. §§ 4948-71 (paintings, drawings, sculptures); Copyright Act of Jan. 6, 1897, ch. 4, 29 Rev. Stat. 481 (public performances of musical compositions).

¹³⁰ Copyright Act of 1976, 17 U.S.C. §§ 101-803 (1998). The 1976 Act was enacted on January 1, 1978. Much of the legal analysis in this comment refers to the 1909 Act. Copyright Act, ch. 320, 35 Stat. 1075 (1909) [hereinafter “1909 Copyright Act” or “1909 Act”]. The 1909 Act is retroactively affected, in parts, by the 1976 Act. See 17 U.S.C. §§ 101-803.

¹³¹ 17 U.S.C. § 102(a) (1998). The 1909 Act focused on the date of public distribution, not the time of fixation. See 17 U.S.C. § 24 (1977), amended by 17 U.S.C. § 102(a) (1998).

¹³² See *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 101 (2d Cir. 1951).

¹³³ See *id.*; see also *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903). Under the 1976 Act, works of authorship include: (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. See 17 U.S.C. § 102(a).

¹³⁴ See *Feist Publications, Inc. v. Rural Telephone Serv.*, 499 U.S. 340, 363 (1991).

¹³⁵ See generally *id.*; see also *Bell South Adver. & Publ’g Corp. v. Donnelley Info. Publ’g, Inc.*, 999 F.2d 1436 (11th Cir. 1993).

¹³⁶ See 17 U.S.C. § 102(b). Section 102(b) states: “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.*; see also *Baker v. Selden*, 101 U.S. 99, 104 (1879) (holding that copyright protects an author’s expression, not the underlying ideas, facts, or systems).

¹³⁷ See generally *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121-22 (2d Cir. 1930).

¹³⁸ See *Baker*, 101 U.S. at 104 (holding that one cannot receive protection for an account ledger because the expression can not be separated from the idea). This concept is generally known as the merger doctrine. See *id.*

¹³⁹ See *id.*

these forms of collaboration occur, it is necessary to determine whether the work is a joint work¹⁴⁰ or a work made for hire.¹⁴¹ There is a tremendous distinction between these two categories, because each author of a joint work has equal rights to the product, while an author of a work made for hire has essentially relinquished all rights to the creation.¹⁴²

The 1976 Act defines a joint work as “a work prepared by two or more authors with the intention that their contributions be merged into inseparable or independent parts of a unitary whole.”¹⁴³ “Joint authorship entitles the co-authors to have an equal undivided interest in the whole work.”¹⁴⁴ Each joint author, therefore, has the right to use or license the work, provided that he or she accounts to the other joint owner for any profits that are made.¹⁴⁵ The main aspects of a joint work are that the authors made independently copyrightable contributions to the work and that they had the requisite intent of co-authorship.¹⁴⁶ These factors have been adopted “to ensure that true collaborators in the creative process are accorded the perquisites of co-authorship and to guard against the risk that a sole author is denied exclusive authorship status simply because another person rendered some form of assistance.”¹⁴⁷

When these factors have not been satisfied, and a collaboration has occurred, the author may have created a work made for hire.¹⁴⁸ The 1976 Act states that a work made for hire is

- (1) a work prepared by an employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned for the use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly

¹⁴⁰ See 17 U.S.C. § 101.

¹⁴¹ See *id.*

¹⁴² See *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989); see also 17 U.S.C. §§ 201(a)-201(b) (1998); *Childress v. Taylor*, 945 F.2d 500 (2d Cir. 1991); *Effects Assocs. v. Cohen*, 908 F.2d 555 (9th Cir. 1990), *cert. denied*, 498 U.S. 1103 (1991).

¹⁴³ 17 U.S.C. § 101.

¹⁴⁴ *Childress*, 945 F.2d at 508. See also 17 U.S.C. § 201(a); *Reid*, 846 F.2d at 1498.

¹⁴⁵ See *Reid*, 846 F.2d at 1498 (holding that “[j]oint authors co-owning copyright in a work ‘are deemed to be tenants in common,’ with ‘each having an independent right to use or license the copyright, subject only to a duty to account to the other co-owner for any profits earned thereby’”) (citation omitted), *aff’d without consideration on this point*, 490 U.S. 730 (1989).

¹⁴⁶ See *Childress*, 945 F.2d at 507-08.

¹⁴⁷ *Id.* at 504.

¹⁴⁸ See *id.*; see also *Reid*, 490 U.S. at 730.

agree in a written instrument signed by them that the work shall be considered a work made for hire.¹⁴⁹

The statute, therefore, indicates that an author's work satisfies the work made for hire provision if either: (1) the work, accompanied by a written agreement, meets one of the nine statutory categories; or (2) the author is an employee working within the scope of his or her employment.¹⁵⁰ Although the statute fails to define the scope of employment, through the application of agency principles, the United States Supreme Court has developed a non-exhaustive list to help evaluate an employer's authority.¹⁵¹ The use of this list can help determine the hiring party's control over the finished product.¹⁵² If employer control is found after balancing numerous factors, a work made for hire exists and the creator's rights transfer to the employer.¹⁵³

C. *Derivative Works*

Copyright ownership is divisible. An author, through a written instrument, can transfer some rights under a copyright to another person or entity.¹⁵⁴ A work may be transferred in whole or in part through an assignment or a license.¹⁵⁵ Unless a specific license or assignment has occurred, copyright owner maintains the rights to his or her work's derivatives.¹⁵⁶ A derivative work is "a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted."¹⁵⁷

Authors who create derivative works build upon the underlying

¹⁴⁹ 17 U.S.C. § 101.

¹⁵⁰ *See id.*

¹⁵¹ *See Reid*, 490 U.S. at 751. Scope of employment can include: (1) the skills required; (2) the source of instrumentalities and tools; (3) the location of the work; (4) the duration of the parties' relationship; (5) whether the hiring party can assign additional projects to the hired party; (6) the extent of the hired party's discretion over when and how long to work; (7) the method of payment; (8) the hired party's role in hiring and paying assistants; (9) whether the work is part of the hired party's regular business; (10) whether the hiring party is in business; (11) employee benefits; and (12) tax treatment of the hired party. *See id.*

¹⁵² *See id.*

¹⁵³ *See generally id.*; *see also* 17 U.S.C. § 201(a).

¹⁵⁴ *See* 17 U.S.C. § 204(a); *see also* *Effects Assocs. v. Cohen*, 908 F.2d 555 (9th Cir. 1990), *cert. denied*, 498 U.S. 1103 (1991) (holding that a transfer must be in writing unless it is a non-exclusive license).

¹⁵⁵ *See* 17 U.S.C. § 201(d)(1); *see also* *Effects Assocs.*, 908 F.2d at 555. An assignment is for the sale of a copyright, and a license is for its use.

¹⁵⁶ *See* 17 U.S.C. § 106(2).

¹⁵⁷ 17 U.S.C. § 101.

ing work.¹⁵⁸ The new work can receive its own copyright protection if there is a substantial variation from the original work.¹⁵⁹ A derivative author will not obtain copyright protection for mere trivial differences.¹⁶⁰ Most importantly, the creation of a derivative will never effect the validity of the original work's copyright protection.¹⁶¹

D. *The 1909 Act's Two-Term System*

The 1909 Copyright Act created a system of two copyright terms.¹⁶² The first term began on the date of the work's first publication and lasted for twenty-eight years.¹⁶³ One year prior to the expiration of the first term, an author or his heirs could actively renew the work's copyright, through registration, for an additional twenty-eight years of protection.¹⁶⁴ If the author failed to obtain renewal, the work lost all protection and entered into the public domain.¹⁶⁵ The goal of the two-term system was to protect the author and his family by enabling them to renegotiate the work's copyright after its value in the marketplace had been determined.¹⁶⁶

¹⁵⁸ See generally *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951) (holding that a mezzotint of a work in the public domain was an original work); see also *Batlin & Son v. Snyder*, 536 F.2d 486 (2d Cir. 1976) (holding that additions to a toy bank in the public domain were too trivial to afford protection).

¹⁵⁹ See *Batlin*, 536 F.2d at 491.

¹⁶⁰ See *id.*; see also *Alfred Bell*, 191 F.2d at 103.

¹⁶¹ See *Stewart v. Abend*, 495 U.S. 207, 223 (1990). In *Russell v. Price*, for example, George Bernard Shaw registered a copyright for his play *Pygmalion* in 1913. Then, in 1938, MGM, under a license from Shaw, produced a derivative work—a movie based on the play. MGM obtained a copyright for the movie, which, upon failure to obtain renewal, expired in 1966. A separate film company decided to market the *Pygmalion* movie, which was then in the public domain. It was held, however, that the separate film company could not market the movie without infringing upon Shaw's original copyright protection. Shaw maintained the absolute right to control all derivatives of the play until the original copyright term expired. See *Russell v. Price*, 612 F.2d 1123, 1124 (9th Cir. 1979).

¹⁶² See Copyright Act of 1909; 17 U.S.C. § 24 (1977) (amended 1978). The system of two copyright terms was altered by the 1976 Act. See 17 U.S.C. § 302(a) (1998). Under the current Act, recently modified in 1998, an author is given one copyright term for a period of life plus seventy years. See *id.* The 1976 Act also provided a system of termination, which enables authors or their heirs to terminate grants of copyright and recapture most of the rights in a work, thereby getting the proverbial second bite of the apple. See 17 U.S.C. § 203.

¹⁶³ See 17 U.S.C. § 203.

¹⁶⁴ See *id.*

¹⁶⁵ See *id.*

¹⁶⁶ See Estie Stoll, Comment, *Derivative Copyright and the 1909 Act—New Clarity or Confusion?*, 44 BROOKLYN L. REV. 905, 914 (1978); see also R.D. Smith, Note, *Rohauer v. Killiam Shows, Inc. and The Derivative Work Exception to the Termination Right: Inequitable Anomalies Under Copyright Law*, 52 S. CAL L. REV. 635, 647 (1979). A report accompanying the 1909 Act stated that:

it was distinctly to the advantage of the author to preserve the renewal period. It not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years, [the] committee felt that it

This system essentially caused all of the author's assignments and licenses to lapse upon the expiration of the original term.

E. Stewart v. Abend

In 1990, in *Stewart v. Abend*,¹⁶⁷ the United States Supreme Court reviewed how the 1909 Act's two-term system affected derivative works.¹⁶⁸ In 1945, B.G. De Sylva Productions purchased the rights to Cornell Woolrich's story, *It Had To Be Murder*.¹⁶⁹ Woolrich agreed that he would properly renew the work's copyright and would assign all second-term rights to De Sylva.¹⁷⁰ In 1953, a production company owned by Jimmy Stewart and Alfred Hitchcock bought De Sylva's derivative rights and produced the movie *Rear Window*.¹⁷¹ In 1968, prior to the underlying work's copyright renewal, Woolrich passed away, leaving no heirs.¹⁷² Woolrich's executor renewed the story's copyright and sold the second-term rights in an auction to Sheldon Abend.¹⁷³ In 1971, *Rear Window* was broadcast on national television, and Abend brought suit, claiming that the release of the movie infringed the work's underlying copyright.¹⁷⁴ The Supreme Court held that Stewart's and Hitchcock's derivative copyright only extended to the newly added material.¹⁷⁵ Stewart and Hitchcock could not continue to exploit the derivative work without violating Abend's rights in the underlying short story.¹⁷⁶ The Court, therefore, held that the exploitation of a derivative work during the underlying work's renewal period infringes the original work's copyright, even if the creation of the derivative was authorized in the first term.

should be the exclusive right of the author to take the renewal term . . . so that he could not be deprived of that right.

H.R. REP. NO. 2222 § 23 (1909), reprinted in 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT S14 (1977).

¹⁶⁷ 495 U.S. 207, 249 (1990).

¹⁶⁸ See *id.* at 207.

¹⁶⁹ See *id.* at 212.

¹⁷⁰ See *id.*

¹⁷¹ See *id.* This movie was directed by Alfred Hitchcock. See *id.*

¹⁷² See *id.* The 1909 Copyright Act states:

[I]n the case of any other copyrighted work . . . if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright . . . when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright.

1909 Copyright Act.

¹⁷³ See *Stewart*, 495 U.S. at 212.

¹⁷⁴ See *id.* at 212-13.

¹⁷⁵ See *id.* at 220-21.

¹⁷⁶ See *id.*

F. *Copyright Infringement and Substantial Similarity*

To show copyright infringement, a plaintiff must first demonstrate factual copying. This can either be shown through a “defendant’s admission that he copied,” or through “circumstantial evidence—usually evidence of access—from which the trier of facts may reasonably infer copying.”¹⁷⁷ A plaintiff must also establish legal copying or improper appropriation. To illustrate improper appropriation, a plaintiff must show that there is substantial similarity between the two works.¹⁷⁸ This requires a fact finder to compare both works’ copyrightable elements.¹⁷⁹

Courts use numerous tests to determine substantial similarity. One of the most common approaches is for the fact finder to view the works’ overall total concept and feel through a layperson’s perspective.¹⁸⁰ The court in *Animal Fair, Inc. v. AMFESCO Industries*,¹⁸¹ used the total concept and feel test when comparing two pairs of bedroom slippers that resembled bears’ feet.¹⁸² The court held that the slippers “[gave] the same overall impression to the casual observer”¹⁸³ and that the slight differences between the slippers “[did] not alter the fact that the defendant [had] captured the ‘total concept and feel’ of the plaintiff’s slipper.”¹⁸⁴ Under the total concept and feel approach, it is inevitable that some non-copyrightable elements will fall into the comparison process.¹⁸⁵ This test, therefore, is difficult to use when dealing with literary works because it may result in the improper protection of plot ideas and stock devices.¹⁸⁶

In *Nichols v. Universal Pictures*,¹⁸⁷ Judge Learned Hand developed his own test to determine the substantial similarity between two plays.¹⁸⁸ Both plays involved two feuding Irish and Jewish families whose children marry contrary to their parents’ wishes.¹⁸⁹ In analyzing the plays, Judge Hand held that:

¹⁷⁷ *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946).

¹⁷⁸ See *Shaw v. Lindheim*, 908 F.2d 531, 534 (9th Cir. 1990).

¹⁷⁹ See generally *Computer Assocs. Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992); *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503 (9th Cir. 1987).

¹⁸⁰ See *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106, 1110 (9th Cir. 1970).

¹⁸¹ 620 F. Supp. 175 (D. Minn. 1985), *aff’d without opinion*, 794 F.2d 678 (8th Cir. 1986).

¹⁸² See *id.* at 188.

¹⁸³ *Id.* at 183.

¹⁸⁴ *Id.* at 188.

¹⁸⁵ See *Roth Greeting Cards*, 429 F.2d at 1106; *Animal Fair*, 620 F. Supp. at 175.

¹⁸⁶ See ROBERT A. GORMAN & JANE C. GINSBURG, *COPYRIGHT FOR THE NINETIES* 448 (4th ed. 1993).

¹⁸⁷ 45 F.2d 119 (2d Cir. 1930), *cert. denied*, 282 U.S. 902 (1931).

¹⁸⁸ See generally *id.*

¹⁸⁹ See *id.*

[u]pon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. . . . but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his 'ideas,' to which, apart from their expression, his property is never extended.¹⁹⁰

In actuality, Hand's test is just a restatement of the notion that copyright law protects the expression of ideas, but not the ideas themselves.¹⁹¹

G. *Fictional Characters' Copyright Protection*

It has not been conclusively decided at what point fictional characters should qualify for copyright protection.¹⁹² Fictional characters present difficult questions because although they appear in part of a copyrighted work, they survive independently of that work in other contexts.¹⁹³ A character found in a novel, for example, can appear in a movie or a play in a completely different setting, plot, or style.

In 1930, Judge Hand determined in *Nichols* that fictional characters should receive copyright protection under a well-developed character test.¹⁹⁴ Hand concluded that "the less developed the characters, the less they can be copyrighted."¹⁹⁵

In 1955, the Ninth Circuit challenged the well-developed character test in *Warner Bros. Pictures v. Columbia Broadcasting System*,¹⁹⁶ known as the "Sam Spade Case." The court held that most characters will not be afforded copyright protection. The rare character will qualify only if "the character really constitutes the story being told."¹⁹⁷ If the character only serves as a "chessman in the game of telling the story," copyright protection will not be secured.¹⁹⁸

After the Ninth Circuit's decision, commentators found it dif-

¹⁹⁰ *Id.* at 121.

¹⁹¹ See Jeannette Rene Busek, Comment, *Copyright Infringement: A Proposal For a New Standard For Substantial Similarity Based on the Degree of Possible Expressive Variation*, 45 UCLA L. REV. 1777, 1789 (1998).

¹⁹² See generally David B. Feldman, Comment, *Finding a Home for Fictional Characters: A Proposal for Change in Copyright Protection*, 78 CAL. L. REV. 687 (1990) (arguing for a statutory "character" category).

¹⁹³ See Cathy J. Lalor, *Copyrightability of Cartoon Characters*, 35 IDEA 497, 498 (1995).

¹⁹⁴ See *Nichols v. Universal Pictures*, 45 F.2d 119 (2d Cir. 1930).

¹⁹⁵ *Id.* at 121.

¹⁹⁶ 216 F.2d 945 (9th Cir. 1954), *cert. denied*, 348 U.S. 971 (1955).

¹⁹⁷ *Id.* at 950.

¹⁹⁸ *Id.* Though Spade was found non-copyrightable, Spade's creator, Hammett, was still found to have the nonexclusive rights to use his character after licensing *The Maltese Falcon* to Warner Brothers. See *id.*

ficult to nominate any literary character that might pass this stringent “story being told” threshold.¹⁹⁹ Today, courts still struggle between Hand’s more flexible but overly broad standard and the almost impossibly narrow “Sam Spade” requirement.²⁰⁰

Although the tests may differ, the Central District of California has held that James Bond is a copyrightable character. In *Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co., Inc.*,²⁰¹ the court found that Honda infringed MGM’s copyright in the James Bond character when it released a commercial featuring a Bond-like character called “James Bob” driving a Honda del Sol. The judge issued an injunction forcing Honda to give up its ad campaign and stated that “there is sufficient authority for the proposition that a plaintiff who holds copyrights in a film series acquires copyright protection as well for the expression of any significant characters portrayed therein. . . . Accordingly, Plaintiffs will likely satisfy the ‘ownership’ prong of the test.”²⁰² The owner of James Bond, therefore, has a valuable interest to protect.

III. MGM’S COPYRIGHT OWNERSHIP ARGUMENTS

One of MGM’s primary concerns is to maintain the exclusive copyright in the James Bond character. In its briefs against Sony, MGM began its copyright analysis by focusing on the 1909 Copyright Act.²⁰³ Using *Stewart* to its advantage, MGM argued that McClory’s use of 007 should be considered a derivative work.²⁰⁴ MGM, therefore, contended that under section 7 of the 1909 Copyright Act, Fleming would still maintain all rights to the underlying material.²⁰⁵ The relevant statutory portion states that “the publication of any such new [derivative] works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof”²⁰⁶ MGM further explained that a copyright

¹⁹⁹ See, e.g., Melville B. Nimmer, *Copyright*, 43 CAL. L. REV. 791, 794 (1955) (speculating that Aldous Huxley’s *Point Counterpoint* might possibly qualify).

²⁰⁰ As one commentator has noted, “it is impossible to articulate a criterion for separating copyrightable from uncopyrightable characterizations that does not compel courts to operate *ultra vires* and hand down aesthetic decisions.” Francis M. Nevens, Jr., *Copyright + Character = Catastrophe*, 39 J. COPYRIGHT SOC’Y U.S.A. 303, 343 (1992).

²⁰¹ 900 F. Supp. 1287 (C.D. Cal. 1995); see also Nimmer, *supra* note 193, at 794.

²⁰² *Metro-Goldwyn-Mayer*, 99 F. Supp. at 1293.

²⁰³ Fleming’s novels are governed by this act because they were published prior to the enactment of the 1976 Copyright Act, which took effect on January 1, 1977. See Answering Brief for Plaintiff, *supra* note 13, at 23.

²⁰⁴ See *id.* As noted previously, a derivative work is “a work based upon one or more preexisting works. . . .” 17 U.S.C. § 101 (1998).

²⁰⁵ See Answering Brief for Plaintiff, *supra* note 13, at 23.

²⁰⁶ Copyright Act of 1909; 17 U.S.C. § 7 (1977); see also Answering Brief for Plaintiff, *supra* note 13, at 23.

in a derivative work under section 103(b) of the 1976 Act

extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.²⁰⁷

According to MGM, in 1990 the Supreme Court applied these sections in the landmark copyright case, *Stewart v. Abend*.²⁰⁸ As noted above, in *Stewart*, the Supreme Court held that the use of a derivative work during the renewal period infringes on the copyright of the underlying work held by the statutory successor or his assignees.²⁰⁹ MGM claimed that any grant made to McClory to use the protectable elements of Fleming's first seven novels lapsed at the end of the first copyright term.²¹⁰ Fleming died in 1964, prior to the first term's expiration in 1989.²¹¹ In accordance with *Stewart*, therefore, the renewal rights passed onto Fleming's trustees.²¹² The trustees sold their renewal rights to MGM, which effectively ended McClory's grant.²¹³ Thus, at the time of renewal, McClory lost all of the rights to exploit the James Bond character found in the first seven novels.

MGM argued that because McClory maintains no rights to the underlying character, if Sony produced a James Bond film, it would undoubtedly infringe upon the original copyright.²¹⁴ For this proposition, MGM once again cited the Court's analysis in *Stewart*.²¹⁵ MGM also examined the Court's decision in *Oddo v. Ries*.²¹⁶ In *Oddo*, the Ninth Circuit held that when a preexisting material is licensed for one derivative work, a further derivative work based on the underlying work's copyrightable components constitutes infringement of the original work.²¹⁷ Therefore, from MGM's perspective, Sony should be prohibited from creating any future

²⁰⁷ 17 U.S.C. § 103(b); see also Answering Brief for Plaintiff, *supra* note 13, at 23-24.

²⁰⁸ See Answering Brief for Plaintiff, *supra* note 14, at 24 (citing *Stewart v. Abend*, 495 U.S. 207, 223 (1990)).

²⁰⁹ See *Stewart*, 495 U.S. at 235-36.

²¹⁰ See Answering Brief for Plaintiff, *supra* note 13, at 26.

²¹¹ See *id.*

²¹² See *id.*

²¹³ See *id.*

²¹⁴ See *id.*

²¹⁵ See *id.*; see also *Stewart*, 495 U.S. at 235-36.

²¹⁶ 743 F.2d 630 (9th Cir. 1984); see Answering Brief for Plaintiff, *supra* note 13, at 26.

²¹⁷ See Answering Brief for Plaintiff, *supra* note 13, at 27; see also *Oddo*, 743 F.2d at 634.

derivative work based on the Bond character.²¹⁸

MGM further argued that Sony maintains no rights to the underlying copyright, even if McClory was considered a joint author of the derivative work.²¹⁹ MGM explained that, contrary to Sony's beliefs, joint authors of derivative works do not acquire the pre-existing rights owned by a co-author.²²⁰ As noted above, the derivative works provisions are located in section 7 of the 1909 Act and section 103(b) of the 1976 Act. MGM argued that neither section acknowledges an exception for joint derivative works where one of the authors created the underlying material.²²¹ In 17 U.S.C. section 103(b) Congress explicitly states that "[t]he copyright in such [a derivative] work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material."²²² MGM contended that because Congress does not set forth any deviations, it is evident that no exceptions were intended.²²³ Making exceptions to the derivative works section would prevent the statute from adhering to a consistent interpretation.²²⁴

MGM also claimed that Sony's interpretation lacks merit because it is inconsistent with legislative history and would require the court to identify a statutory repeal through implication.²²⁵ Sony's argument is only valid if joint authorship supercedes the creation of a derivative work. MGM claimed that the undefined joint work doctrine of the 1909 Act did not imply the repeal of section 7 from the 1909 Act.²²⁶ Moreover, the Second Circuit has held that the 1976 Act's definition of "joint work" does not repeal section 103(b) of the 1976 Act.²²⁷ In *Weissman v. Freeman*,²²⁸ the court held that in creating the definition for a joint work, Congress made "plain that copyright in a derivative work is independent of, and does not enlarge the scope of rights in, any pre-existing mate-

²¹⁸ See Answering Brief for Plaintiff, *supra* note 13, at 30.

²¹⁹ As noted above, section 101 defines a joint work as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101.

²²⁰ See Answering Brief for Plaintiff, *supra* note 13, at 30.

²²¹ See *id.*

²²² 17 U.S.C. § 103(b).

²²³ See Answering Brief for Plaintiff, *supra* note 13, at 31 (citing *Commissioner v. Glenshaw Glass Co.*, 348 U.S. 426, 431-33 (1955) (declining to create exceptions to the plain meaning of a federal statute)).

²²⁴ See *id.* at 31 (citing *Sorenson v. Secretary of Treasury*, 475 U.S. 851, 860 (1986); *United States v. Various Slot Machs.* on Guam, 658 F.2d 697, 703 n.11 (9th Cir. 1981)).

²²⁵ See *id.* at 32 (citing *Crawford Fitting Co. v. J.T. Gibbons Inc.*, 482 U.S. 437, 442 (1987)).

²²⁶ See *id.* at 32.

²²⁷ See *id.* There is no definition of a joint work in the Copyright Act of 1909.

²²⁸ 868 F.2d 1313 (2d Cir. 1989).

rial incorporated in it. There [was] thus no need to spell this conclusion out in the definition of 'joint work'."²²⁹ MGM, therefore, argued that Congress only intended to provide joint ownership for the newly added material.²³⁰

MGM asserted that if Sony's argument prevailed, a joint author, like McClory, would have greater rights than authors who create their own derivative works.²³¹ In *Oddo*, the Ninth Circuit held that authors of derivative works only own the added material even when the same author created the underlying work.²³² The Second Circuit followed this reasoning in *Silverman v. CBS, Inc.*,²³³ where it held that "a copyright affords protection only for original works of authorship and, consequently, copyrights in derivative works secure protection only for the incremental additions of originality contributed by the authors of the derivative works."²³⁴ This, the court reasoned, is also applicable to derivative works created by the original works author.²³⁵ Applying these courts' holdings, MGM argued that a derivative joint author cannot have greater rights than any other derivative work author, including an author who created the underlying work.²³⁶

MGM averred that if the court accepted Sony's joint derivative work exception, several constitutional and statutory policies would be undermined.²³⁷ This exception would deter authors from creating joint derivative works because authors would fear losing control of the underlying work.²³⁸ MGM illustrated this point by using an example involving the novelist, Agatha Christie. If Christie co-authored a movie script based on her previously copyrighted novel character, Miss Marple, she would lose her undivided rights to this character.²³⁹ This rationale seemed preposterous to MGM. If McClory and Christie were joint authors of a movie script, Sony's reasoning would suggest that McClory could create an entire "film franchise" based on Christie's Miss Marple character.²⁴⁰ This conclusion would dissuade authors from expanding their creative en-

²²⁹ *Id.* at 1318.

²³⁰ See Answering Brief for Plaintiff, *supra* note 13, at 33.

²³¹ See *id.* at 33-34.

²³² See *id.* (citing *Oddo v. Ries*, 743 F.2d 630 (9th Cir. 1984)).

²³³ 870 F.2d 40 (2d Cir. 1989).

²³⁴ *Id.* at 49 (holding that CBS could not sue the creators of Amos and Andy, who made a play out of the original material).

²³⁵ See *id.*

²³⁶ See Answering Brief for Plaintiff, *supra* note 13, at 36.

²³⁷ See Answering Brief for Plaintiff, *supra* note 13, at 36.

²³⁸ See *id.*

²³⁹ See *id.*

²⁴⁰ See *id.* at 36-37.

deavors, which is contrary to the fundamental tenets of copyright law.²⁴¹

MGM also argued that acceptance of a joint derivative work exception meant that an author would obtain an extended copyright term.²⁴² This prolonged ownership would be contrary to the Constitution's copyright provision.²⁴³ MGM explained that if an author's copyright were about to expire, the author could create a joint derivative work, which would create a new work, thereby increasing the underlying work's limited copyright term.²⁴⁴ This process would completely undermine the legislative intent underlying the Copyright Act.²⁴⁵

MGM further contended that this new copyright term would directly contradict Congress' intention of creating a two-term system.²⁴⁶ The Supreme Court has explained that, "[i]n this way, Congress attempted to give the author a second chance to control and benefit from his work. Congress also intended to secure to the author's family the opportunity to exploit the work if the author died before he could register for the renewal term."²⁴⁷ If a joint derivative work creates a new copyright term, the renewal system will be destroyed. This would deprive an author's heirs, like Fleming's, from reaping the benefits of a second term.²⁴⁸

In the last section of its copyright analysis, MGM rejected Sony's case law interpretation.²⁴⁹ In *Pye v. Mitchell*,²⁵⁰ the Ninth Circuit held that a joint author of an original work could sue a third party for infringement and statutory damages.²⁵¹ Contrary to Sony's analysis, when the *Pye* court held that each co-author owned

²⁴¹ See *id.* at 37 (citing *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 526 (1994) (discussing how monopoly privileges in the Copyright Act were established to spawn creative growth and special rewards)).

²⁴² See *id.*

²⁴³ See Answering Brief for Plaintiff, *supra* note 13, at 37 (citing U.S. CONST. art. I, § 8, cl. 8 ("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")).

²⁴⁴ See *id.*

²⁴⁵ See *id.* at 37-38 (citing H.R. REP. NO. 94-1476, at 120 (1976), *reprinted in* 1976 U.S.C.A.N. 5659, 5736 (noting concern that authors of underlying work could automatically become joint derivative authors, thereby converting their previously written works into new works)).

²⁴⁶ See *id.* at 38 (citing *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 463 (1943)).

²⁴⁷ *Id.* (quoting *Stewart v. Abend*, 495 U.S. 207, 218 (1990)); see also *Sylva v. Ballentine*, 351 U.S. 570, 582 (1956).

²⁴⁸ See Answering Brief for Plaintiff, *supra* note 13, at 38.

²⁴⁹ See discussion *infra* Parts III, IV.

²⁵⁰ 574 F.2d 476 (9th Cir. 1978).

²⁵¹ See Answering Brief for Plaintiff, *supra* note 13, at 39 (citing *Pye v. Mitchell*, 574 F.2d 476 (9th Cir. 1978)).

an interest in the entire joint work, the scope of the court's decision only applied to the newly added material.²⁵² According to MGM, Sony failed to find any case law that supported its argument for an expanded view of joint derivative authors' rights.²⁵³ MGM further claimed that several of Sony's cases just established the accepted rule that authors need intent to create a joint work.²⁵⁴ In this regard, Sony cited to the "Melancholy Baby" case.²⁵⁵ In that case, a husband intended to merge his music with his wife's lyrics.²⁵⁶ The wife's lyrics were not used in the song's final version, and a lawsuit ensued.²⁵⁷ The court held that because the author intended to merge his music with someone's lyrics, it did not matter whose lyrics were eventually chosen, as long as the lyrics' author had a similar intent.²⁵⁸ The finished product, therefore, constituted a joint work, creating an undivided interest in both the lyrics and the music.²⁵⁹

MGM explained that, contrary to the "Melancholy Baby" case's holding, Fleming did not have the required intent to create a co-authored movie script when writing the first seven novels.²⁶⁰ As Congress expressed, "[a]lthough a novelist . . . may write a work with the hope or expectation that it will be used in a motion picture, this is clearly a case of separate or independent authorship rather than one where the basic intention behind the writing of the work was for motion picture use."²⁶¹ Fleming did not intend

²⁵² See *id.* at 40 (citing *Pye*, 574 F.2d at 480).

²⁵³ See *id.* MGM asserts that Sony's cases either fail to contain a derivative work or the cases' holdings are undisputed. See *Merchant v. Levy*, 92 F.3d 51 (2d Cir. 1996) (holding that the three-year statute of limitations barred suit for co-authorship and royalties); *Goodman v. Lee*, 78 F.3d 1007 (5th Cir. 1996) (holding that royalties are awarded when plaintiff is co-author of the original work); *Childress v. Taylor*, 945 F.2d 500 (2d Cir. 1991) (holding that defendant was not a joint author of an original play); *Marascalco v. Fantasy, Inc.*, 953 F.2d 469 (9th Cir. 1991) (holding that heirs obtain deceased co-author's interest in the renewal term of a song); *Sweet Music, Inc. v. Melrose Music Corp.*, 189 F. Supp. 655 (S.D. Cal. 1960) (holding that heirs obtain deceased co-author's interest in the renewal term of a song); *Lieberman v. Estate of Chayefsky*, 535 F. Supp. 90 (S.D.N.Y. 1982) (holding that the court had subject matter jurisdiction for declaration of co-authorship); *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 42 F. Supp. 859 (S.D.N.Y. 1942) (holding that the renewal of copyright by one co-author established an automatic renewal for the other co-authors).

²⁵⁴ See Answering Brief for Plaintiff, *supra* note 13, at 41.

²⁵⁵ *Id.* (citing *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 161 F.2d 406, 407 (2d Cir. 1946)).

²⁵⁶ See *id.*

²⁵⁷ See *id.* (citing *Shapiro*, 161 F.2d at 408).

²⁵⁸ See *id.* (citing *Shapiro*, 161 F.2d at 410).

²⁵⁹ See *id.* at 42.

²⁶⁰ See *id.*

²⁶¹ *Id.* (citing H.R. REP. NO. 94-1476, at 120 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5736); see also MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* § 6.05, at 6-14 (1997).

for his novels to be merged into a movie script; therefore, the first seven novels could not be viewed as a joint work.²⁶²

MGM asserted that McClory was nothing more than a typical derivative works author.²⁶³ Fleming's grant to use the James Bond character expired as a matter of law at the conclusion of the first copyright term.²⁶⁴ Furthermore, McClory maintained no rights to use the James Bond character because joint derivative authors do not obtain ownership rights of the underlying material. This applies even if a co-joint-author wrote the original material.²⁶⁵ Thus, if Sony used the James Bond character, it would infringe upon MGM's well-established copyright.

IV. SONY'S LEGAL ARGUMENT

Sony's argument began by establishing McClory's ownership rights as one of James Bond's authors. Sony argued that McClory's rights did not arise from Fleming's assignment, but rather, McClory's interest developed through the joint creation of the McClory Scripts.²⁶⁶ As noted above, a joint work is a "work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."²⁶⁷ A joint work has been viewed as "a joint laboring in furtherance of a common design."²⁶⁸ According to Sony, the McClory Scripts developed from a story outline to a screenplay with the intention of creating a single work.²⁶⁹ The scripts reflect the contributions of McClory, Whittingham, and Fleming and, therefore,

²⁶² See Answering Brief for Plaintiff, *supra* note 13, at 42-46. MGM also discredited several other cases cited by Sony, claiming that either the cases' decisions were distinguished by district courts or the cases failed to contain a derivative work argument. See, e.g., *Ashton-Tate Corp. v. Ross*, 916 F.2d 516, 522-23 (9th Cir. 1990) (holding that a co-author of an original work who did not write the derivative is not a joint author of the derivative); *Weissman v. Freeman*, 868 F.2d 1313 (2d Cir. 1989) (holding that a co-author of an original work who did not write the derivative is not a joint author of the derivative); *Gilliam v. American Broad. Cos.*, 538 F.2d 14, 22 (2d Cir. 1976) (rejecting uniformly that a creator of a derivative work obtains the rights to use the underlying work throughout its entire copyright term); *Richmond v. Weiner*, 353 F.2d 41 (9th Cir. 1965) (using the joint authorship test to see if intent existed when authors created a medical book); *Strauss v. Hearst Corp.*, 8 U.S.P.Q.2d 1832 (S.D.N.Y. 1988) (using the joint authorship test to see if a magazine photograph was part of a joint work).

²⁶³ See Answering Brief for Plaintiff, *supra* note 13, at 46.

²⁶⁴ See *id.*

²⁶⁵ See *id.* at 45.

²⁶⁶ See Brief in Opposition for Defendant, *supra* note 10, at 14; see also *supra* note 30 and accompanying text.

²⁶⁷ 17 U.S.C. § 101 (1998).

²⁶⁸ Brief in Opposition for Defendant, *supra* note 10, at 14 (quoting *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 266, 267 (2d Cir. 1944)).

²⁶⁹ See *id.* As noted above, the McClory Scripts served as the foundation for *Thunderball*.

constitute a joint work.²⁷⁰ Fleming had acknowledged this joint venture numerous times.²⁷¹ For example, the 1963 Assignment to McClory states, "Mr. McClory, Mr. Whittingham, and Mr. Fleming are joint authors of the story comprised in the film scripts [the McClory Scripts]."²⁷² This statement can be viewed as an admission acknowledging that a joint work had been created.²⁷³

After establishing that a joint work had been developed, Sony argued that McClory had earned the complete rights of a joint author. When a joint work is created, "each contributor automatically acquires an undivided ownership in the entire work, including all of the contributions contained therein."²⁷⁴ Sony contended that McClory was not liable for copyright infringement because an author cannot infringe upon his own copyright.²⁷⁵ A joint author's infringement immunity even "extends to the situation where one co-owner makes unauthorized use of the contribution of the other."²⁷⁶ McClory, as a co-author, was therefore entitled to all ownership rights, including the work's renewal term.²⁷⁷ Sony argued that, contrary to the Court's holding in *Stewart*, a joint author's interest in the renewal term is not contingent upon whether all of the co-authors are alive at the time of renewal.²⁷⁸ McClory should thus maintain his rights into the renewal term, regardless of what happens to Fleming's individual interest.²⁷⁹

Sony claimed that joint authors are free to use all of the pre-existing materials that have been contributed to the joint work. This well-established rule, according to Sony, has existed for over fifty years.²⁸⁰ The Second Circuit has held that when a composer, in a joint work, created music for a lyricist's song, "[t]o allow the author to prevent the composer, or the composer to prevent the author, from exploiting the [work's] power to please, would be to allow him to deprive his fellow of the most valuable part of the

²⁷⁰ McClory maintained the rights to Whittingham's work pursuant to a work for hire agreement. See Brief in Opposition for Defendant, *supra* note 10, at 15.

²⁷¹ See *id.*

²⁷² *Id.* at 17 (citing to the 1963 Assignment of *Thunderball* rights from Fleming to McClory).

²⁷³ See *id.* at 16.

²⁷⁴ *Id.* at 20 (quoting *NIMMER*, *supra* note 262, § 6.03 at 6-6).

²⁷⁵ See *id.* (citing *Weissman v. Freeman*, 868 F.2d 1313, 1318 (2d Cir. 1989), *cert. denied*, 493 U.S. 883 (1989); *Richmond v. Weiner*, 353 F.2d 41, 46 (9th Cir. 1965), *cert. denied*, 384 U.S. 928 (1966)).

²⁷⁶ Brief in Opposition for Defendant, *supra* note 10, at 16 (quoting *Strauss v. Hearst Corp.*, 8 U.S.P.Q.2d 1832, 1837 (S.D.N.Y. 1988)).

²⁷⁷ See *id.* at 16-17 (citing *Childress v. Taylor*, 945 F.2d 500, 505 (2d Cir. 1991)); see also 17 U.S.C. § 304 (a)(1)(c) (1998).

²⁷⁸ See Brief in Opposition for Defendant, *supra* note 10, at 16-17.

²⁷⁹ See *id.* at 17.

²⁸⁰ See *id.* at 17-18.

contribution; to take away the kernel and leave him only the husk."²⁸¹ The composer, therefore, could use the song's lyrics without infringing on the lyricist's original copyright.²⁸²

Sony contended that the joint authorship rules applied even if the McClory Scripts were considered derivative works. When a derivative work is jointly created, both authors can exploit the work even if one of the authors has previously copyrighted their contribution.²⁸³ In one case, an author copyrighted a certain form with no intention of creating a derivative work.²⁸⁴ The form was later used and jointly modified to suit a specific business. A court held that because the author intended to contribute the prior form, a joint work was created, and the business could freely use the derivative work without infringement.²⁸⁵ In order to be considered a joint author of a derivative work, each author has to contribute to the work, and each author has to intend on creating a joint work.²⁸⁶ Sony claimed that the McClory Scripts effectively satisfied these criteria.²⁸⁷ Thus, even if the McClory Scripts were considered derivative works, McClory would still be able to exploit the works in their entirety.²⁸⁸

Sony asserted that MGM, in support of their argument, improperly relied on *Oddo v. Ries*.²⁸⁹ Contrary to MGM's argument, the defendant in *Oddo* could not be considered a collaborator for the purpose of a joint derivative work.²⁹⁰ The defendant only contributed money and did not add any element upon which the manuscript in question was based.²⁹¹ The defendant could have been viewed as a co-owner through the execution of a contract, but since no contract existed, the defendant had no rights to the work.²⁹² Therefore, the defendant infringed on the plaintiff's copyright by publishing a book that contained some of the plaintiff's earlier articles found in the manuscript.²⁹³

²⁸¹ *Id.* at 18 (quoting *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 266, 267 (2d Cir. 1944)).

²⁸² *See id.*

²⁸³ *See id.* at 16-17 (citing *NIMMER*, *supra* note 251, § 6.06[B], at 6-18 to 6-19).

²⁸⁴ *See* Brief in Opposition for Defendant, *supra* note 10, at 16-17 (citing *Words & Data Inc. v. GTE Communications Serv., Inc.*, 765 F. Supp. 570, 575 (W.D. Mo. 1991)).

²⁸⁵ *See id.*

²⁸⁶ *See id.* (quoting *Weissman v. Freeman*, 868 F.2d 1313, 1318 (2d Cir. 1989), *cert. denied*, 493 U.S. 883 (1989)).

²⁸⁷ *See id.* at 19.

²⁸⁸ *See id.*

²⁸⁹ *See id.* (citing *Oddo v. Ries*, 743 F.2d 630 (9th Cir. 1984)).

²⁹⁰ *See id.* (citing *Oddo*, 743 F.2d at 631).

²⁹¹ *See* Brief in Opposition for Defendant, *supra* note 10, at 19 (citing *Oddo*, 743 F.2d at 632).

²⁹² *See id.*

²⁹³ *See id.* (citing *Oddo*, 743 F.2d at 632). Sony contends that in contrast to *Oddo*, the case

The 1909 Copyright Act requires all assignments to be in writing signed by the proprietor of the copyright.²⁹⁴ Sony argued that no signed writing between McClory and Fleming existed.²⁹⁵ McClory's rights, therefore, must have been those of a joint author, not a joint owner. According to Sony, MGM improperly offered into evidence a 1959 letter from Fleming's agent, which referred to a possible Bond movie.²⁹⁶ This unsigned letter made no reference to any work or conveyance and could not constitute a grant of copyright.²⁹⁷ The letter had no legal effect because it failed to mention McClory's name.²⁹⁸ McClory's rights as a joint author were clearly independent from this letter and superceded any other contemplated agreement Fleming may have made.²⁹⁹

Sony contended that MGM's arguments contradicted its own prior cases and failed to establish that the McClory Scripts were derivative works.³⁰⁰ If a work amounts to an infringement of a prior work, then it will be considered a derivative.³⁰¹ Copyright infringement is generally shown by the defendant's access to the work and the new work's substantial similarity to the original work's protectable elements.³⁰² MGM claimed that Fleming's first seven novels "distinctively delineated" the James Bond character.³⁰³ This argument, however, contradicted the facts established in *Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co., Inc.*³⁰⁴ In *Honda*, MGM claimed that "[t]he James Bond character [had] . . . acquired a life of his own through the sixteen Bond films as a fully realized and distinctive personality with unique, delineated attributes."³⁰⁵ Sony further claimed that in other lawsuits MGM had offered expert testimony to establish that the 007 the world knows today is nothing like the Bond found in Fleming's novels.³⁰⁶ MGM

of *Beloit Corp. v. C3 DataTec, Inc.*, supports their position. *See id.* (citing *Beloit Corp. v. C3 DataTec, Inc.*, Copyright L. Dec. (CCH) ¶ 28,501 (E.D. Wis. 1995)).

²⁹⁴ *See id.* (citing the Copyright Act of 1909; 17 U.S.C. § 28 (1977)).

²⁹⁵ *See id.*

²⁹⁶ *See id.*

²⁹⁷ *See id.* (citing *Real Estate Data, Inc. v. Sidewell Co.*, 809 F.2d 366 (7th Cir. 1987)).

²⁹⁸ *See id.* at 20 (citing *Karo v. San Diego Symphony Orch. Ass'n*, 762 F.2d 819, 821-22 (9th Cir. 1985)).

²⁹⁹ *See id.* (citing *Puretest Ice Cream, Inc. v. Kraft, Inc.*, 806 F.2d 323, 325 (1st Cir. 1986)).

³⁰⁰ *See id.* at 21.

³⁰¹ *See id.* (citing *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984)).

³⁰² *See id.* (citing *Narell v. Freeman*, 872 F.2d 907, 910 (9th Cir. 1989)).

³⁰³ *See id.* at 21-22.

³⁰⁴ *See id.* at 22 (citing *Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co.*, 900 F. Supp. 1287 (C.D. Cal. 1995)).

³⁰⁵ *Id.*

³⁰⁶ *See id.* Richard Jewell, Associate Dean of Academic Affairs of U.S.C.'s School of Cinema-Television, testified that "[a]lthough the films were inspired by the character that Ian

has now asserted that the Bond character found in the first seven novels was “an established literary character and cultural phenomenon with signature traits and distinctive characteristics.”³⁰⁷

Sony argued that MGM was playing “fast and loose” with the judicial system.³⁰⁸ According to Sony, MGM should be judicially estopped from obtaining an advantage “by the manipulative assertion of inconsistent positions, factual or legal,”³⁰⁹ and that MGM could not change its prior position in order to seek a victory against Sony.³¹⁰ In the instant case, MGM claimed that the James Bond character depicted in Fleming’s first seven novels could be described as “virile, heroic, unflappable under pressure,” “a ruthless and deadly assassin; a man of countless romantic and sexual liaisons,” and “a resourceful agent who survives as much by his wits as by his weaponry, who struck the perfect balance between reality and fantasy.”³¹¹ This present view of Bond radically differed from the expert testimony presented by MGM in *Honda*. For example, one of MGM’s experts testified that, “[i]n the novels, Bond never makes a witty remark after killing someone. . . . Bond takes his job and the threats around him with grave seriousness. He fears for his own safety and curses his mistakes. He often ends his mission in convalescence.”³¹² The Bond previously characterized by MGM’s experts is clearly not the same character that can be found in the McClory Scripts.³¹³ Sony contended through its experts that the Bond portrayed in the McClory Scripts “displayed a more positive and upbeat tone, in which Bond is a humorous, flip character who, unlike the literary Bond, dallies sexually during his missions, has no identifiable personal life and jokes about matters that otherwise are considered very serious in the first seven novels.”³¹⁴ The Bonds, therefore, are two distinctly different characters with no substantial similarity.³¹⁵

Fleming created in his Bond books . . . the movie Bond was (and is) close to being a unique superhero.” *Hanson PLC v. MGM*, 932 F. Supp. 104 (C.D. Cal. 1997).

³⁰⁷ Brief in Opposition for Defendant, *supra* note 10, at 22 (quoting Brief for MGM Motion for Preliminary Injunction [Redacted Version] at 6, *Danjaq, LLC v. Sony Corp.*, No. 97-841 (C.D. Cal. 1998) [hereinafter Motion for Preliminary Injunction for Plaintiff]).

³⁰⁸ *See id.*

³⁰⁹ *Id.* (quoting *Russell v. Rolfs*, 893 F.2d 1033, 1037 (9th Cir. 1990)).

³¹⁰ *See id.* at 23 (citing *Committee of the Russian Federation on Precious Metals and Gems v. IRS*, 987 F. Supp. 1181, 1184 (N.D. Cal. 1997); *Continental Illinois Corp. v. Commissioner*, 998 F.2d 513, 517 (7th Cir. 1993)).

³¹¹ *Id.* (quoting Motion for Preliminary Injunction for Plaintiff, *supra* note 193, at 4-5).

³¹² *Id.* (quoting *Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co., Inc.*, 900 F. Supp. 1287 (S.D. Cal. 1995) (testimony of John Cork)). Sony also cites the testimony of Bond experts Kingsley Amis and Lee Pfeiffer. *See id.*

³¹³ *See* Brief in Opposition for Defendant, *supra* note 10, at 24.

³¹⁴ *Id.* (quoting the declarations of expert witnesses Walter and Seger).

³¹⁵ *See id.*

Sony claimed that MGM's expert comparison of both Bond characters was so broad that every work encompassing a spy adventure could fit MGM's generic outline.³¹⁶ According to an MGM expert,

[f]irst, Bond is assigned by M to investigate some bit of international intrigue. . . . Bond meets beautiful women who succumb to his charms . . . [has] sexual encounters . . . clashes with an oddly depicted henchman (a thug/bodyguard) who works for the villain. Along the way, there is usually a fair degree of violence, such as hand-to-hand combat, sadistic torture, deadly weapons and high-tech gadgets. . . . By the story's end, Bond and the heroine are typically captured by the villain, who finally reveals to Bond the true nature of his evil scheme. Bond and his women are then left to be liquidated, but relying on his wit and ingenuity, Bond escapes and defeats the villain's plans.³¹⁷

Sony argued that MGM's attempt to equate the McClory Scripts to derivative works was useless because there was no substantial similarity and McClory, as a joint author, had the legal right to exploit the works.³¹⁸

Sony argued that, aside from the McClory Scripts, they also owned the rights to, and could legally exploit, the *Thunderball* novel.³¹⁹ Fleming, as noted above, wrote the *Thunderball* novel based on the jointly produced movie script.³²⁰ As a joint author in the United States, Fleming could legally create the derivative work, provided that he properly distributed the novel's revenues.³²¹ English law, however, strictly prohibited the writing and publication of the derivative novel.³²² Under English law, Fleming was subject to liability, including an injunction to prohibit future publication and an apportionment of the novel's revenue.³²³ Instead of fighting lawsuits in two countries, Fleming chose to settle.³²⁴ In 1961, a settlement was implemented in an English Tomlin Order, which gave McClory the right to reproduce the novel in cinematography films.³²⁵

A Tomlin Order is significantly different than a grant and can-

³¹⁶ See *id.*

³¹⁷ *Id.* at 25 (quoting declaration of expert witness Biederman at ¶ 23).

³¹⁸ See *id.*

³¹⁹ See *id.*

³²⁰ See *id.*

³²¹ See *id.* (citing *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989)).

³²² See *id.*

³²³ See *id.* (citing Copyright Act, 1956, § 17 (Eng.)); see also *Cescinsky v. George Rutledge & Sons, Ltd.*, 2 K.B. 325, 329-30 (1916).

³²⁴ See Brief in Opposition for Defendant, *supra* note 10, at 26.

³²⁵ See *id.*

not be characterized similarly when applying the Court's holding in *Stewart*.³²⁶ The Tomlin Order effectively established a trust that made the plaintiff and defendant co-owners of the property.³²⁷ The order placed Fleming's novel in a constructive trust, "covering McClory's equitable share of the property created by Fleming from the jointly authored McClory Scripts, and vested that share—the film rights in the novel—in McClory."³²⁸ The creation of this trust would prevent, as it would in the United States, the reversion of the property interest.³²⁹ Furthermore, the death of Fleming did not alter the Tomlin Order.³³⁰ In 1965, pursuant to the Tomlin Order, McClory gave Fleming's trustees money for the licensing of *Thunderball*.³³¹ In both England and the United States, by accepting payment, the Fleming trustees accepted the terms set forth in the original agreement.³³² The Court's holding in *Stewart*, therefore, is not applicable because the Tomlin Order does not constitute a grant, and the Fleming Trustees accepted the terms set forth in the original agreement.

In the final section of its copyright argument, Sony argued that its ownership interest in James Bond and *Thunderball* expanded due to an agreement between Danjaq and McClory.³³³ Part of the English settlement gave McClory the right to authorize the production of a *Thunderball* movie.³³⁴ In 1965, McClory granted Danjaq's request to make the film.³³⁵ Danjaq agreed that ten years after the domestic release of the film, McClory would receive "all rights in the shooting script of 'Thunderball' and all other versions of the script or screenplay written in connection with the production thereof."³³⁶ After Fleming's death in 1964, Danjaq acquired, from Fleming's Trustees, the renewal rights to Fleming's copyright interest.³³⁷ Danjaq, therefore, effectively owned all of Fleming's rights when the contract with McClory came due in 1975.³³⁸ Re-

³²⁶ 495 U.S. 207 (1990); see also Brief in Opposition for Defendant, *supra* note 10, at 26.

³²⁷ See Brief in Opposition for Defendant, *supra* note 10, at 26.

³²⁸ *Id.* at 26-27.

³²⁹ See *id.* at 27; see also *A. Brod. Inc. v. SK&I Co. LLC*, 1998 WL 119644 at *11 (S.D.N.Y. Mar. 13, 1998) (quoting *Republic of Philippines v. Marcos*, 806 F.2d 344, 355 (2d Cir. 1986)).

³³⁰ See Brief in Opposition for Defendant, *supra* note 10, at 27.

³³¹ See *id.*

³³² See *id.* (citing *Enterprise Leasing Corp. v. Shugart Corp.*, 231 Cal. App. 3d 737, 745 (1991); *Woodley v. Woodley*, 47 Cal. App. 2d 188 (1941)).

³³³ See *id.* at 28.

³³⁴ See *id.*

³³⁵ See *id.*

³³⁶ *Id.* (quoting the 1965 Agreement).

³³⁷ See *id.* at 28-29.

³³⁸ See *id.* at 29.

ardless of *Stewart*, McClory's agreement with Danjaq enabled him to gain extended rights to *Thunderball* in the copyright's second term.³³⁹

Sony asserted that MGM improperly relied on the Court's holding in *Stewart*. The McClory Scripts should be viewed as joint works, regardless of their possible derivative nature. McClory, as a joint author and through the Tomlin Order, owned all of the rights to *Thunderball* and the underlying material. McClory also owned extended rights to the work, due to a contractual relationship with Danjaq. Sony argued that, through an assignment of McClory's rights, it had obtained the rights to *Thunderball* and the use of the James Bond character.

V. HOW THE COURT SHOULD RULE AND ISSUES FOR CONSIDERATION

Although Sony has left the dispute, it can be assumed that McClory will continue to maintain Sony's legal position. As such, the court's interpretation of the facts will be critical in determining the final outcome. Ian Fleming's literary Bond character clearly had gained notoriety by the time Fleming published the seventh Bond novel in 1961.³⁴⁰ Fleming, like any astute businessperson, wanted to capitalize on his character's popularity and decided to create the first Bond film. Fleming enlisted the help of movie expert Kevin McClory and together, they generated the now infamous McClory Scripts. Through the analysis of the relationship between Fleming and McClory, it becomes apparent that the McClory Scripts should be considered joint derivative works.

A. *The McClory Scripts Are Joint Works Pursuant to 17 U.S.C. § 101*

The McClory Scripts unmistakably reflect that joint works had been created. The authors intended "that their contributions be merged into inseparable or independent parts of a unitary whole."³⁴¹ As discussed in Part IV, *supra*, the Second Circuit has explained that a joint work is "a joint laboring in furtherance of a common design."³⁴² The test for a joint work requires: (1) intent

³³⁹ See *id.* at 30; see also *Stewart v. Abend*, 495 U.S. 207 (1990).

³⁴⁰ Ian Fleming's first seven works include: *Casino Royale*, 1953; *Live and Let Die*, 1954; *Moonraker*, 1955; *Diamonds are Forever*, 1956; *From Russia, With Love*, 1957; *Goldfinger*, 1959; *Thunderball*, 1961.

³⁴¹ 17 U.S.C. § 101 (1998).

³⁴² Brief in Opposition for Defendant, *supra* note 10, at 14 (quoting *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 266, 267 (2d Cir. 1944)).

and (2) a contribution.³⁴³ In this case, both sides have apparently conceded that the requisite intent factor has been satisfied.³⁴⁴ The only possible issue in dispute is whether McClory actually contributed to the works. In one of MGM's public statements they claim that, "of the 10 McClory scripts, only one was written by McClory . . . and that was a letter which includes five paragraphs about Bond."³⁴⁵ The amount of McClory's actual contribution, however, has no bearing on whether a joint work was created in this case.³⁴⁶ Jack Whittingham developed the *Thunderball* scripts under McClory's work for hire agreement. Under this agreement all of Whittingham's rights transfer to McClory.³⁴⁷ So, while personally McClory may have contributed virtually nothing to the scripts, legally, McClory has satisfied the contribution requirement through the transfer of Whittingham's rights.³⁴⁸ As joint authors, both Fleming and McClory could exploit their works for the duration of the copyright.³⁴⁹

B. *The McClory Scripts Are Derivative Works Pursuant to
17 U.S.C. § 101*

The most contested issue in this dispute is whether the McClory Scripts should be considered derivative works. As discussed in Part II, *supra*, a derivative work is "a work based upon one or more preexisting works."³⁵⁰ A derivative work will not be considered an infringing work if a derivative work's author is authorized to use the underlying protected material.³⁵¹ Undoubtedly, the McClory Scripts should be considered derivative works. Fleming and McClory intentionally modified Fleming's literary character to suit the silver screen. The joint authors did not even try to conceal the works' derivative nature by changing the lead character's name.

1. Derivative Works Do Not Have To Be Substantially Similar

The Ninth Circuit's decisions, thus far, have supported Sony's position that a derivative work needs to be substantially similar to

³⁴³ See *Weissman v. Freeman*, 868 F.2d 1313, 1318 (2d Cir. 1989), *cert. denied*, 493 U.S. 883 (1989).

³⁴⁴ See 17 U.S.C. § 101; see also *Weissman*, 868 F.2d at 1318.

³⁴⁵ Hamilton, *supra* note 1, at 12.

³⁴⁶ It is probably for this reason that MGM left this argument out of its briefs.

³⁴⁷ See *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989).

³⁴⁸ See *Ashton-Tate Corp. v. Ross*, 916 F.2d 516, 522 (9th Cir. 1990); see also *Weissman*, 868 F.2d at 1318.

³⁴⁹ See NIMMER, *supra* note 262, § 6.06[B], at 6-18 to 6-19.

³⁵⁰ 17 U.S.C. § 101 (1998).

³⁵¹ See NIMMER, *supra* note 262, § 3.01.

the underlying material. In *Litchfield v. Spielberg*,³⁵² the court determined that a work will be considered derivative “only if it would be considered an infringing work if the material which it has derived from a prior work had been taken without the consent of a copyright proprietor of such prior work.”³⁵³ This reasoning, however, is inconsistent with the purpose of copyright law and should be rejected in this case.

The Ninth Circuit and Sony improperly misconstrue the notion that a derivative work needs to be substantially similar to the underlying material.³⁵⁴ The Copyright Act only requires that a derivative must be “based on” the original copyrighted expression.³⁵⁵ While many cases properly use the substantial similarity test to determine infringement, it should not be used to confirm a derivative status.³⁵⁶ This logical conclusion “follows from the historical distinction between reproduction rights and derivative rights because a derivation would not necessarily incorporate the entire work, or even a substantial part thereof.”³⁵⁷ The Ninth Circuit’s decision that a derivative work has to constitute an infringement of the underlying work places derivative authors in a catch twenty-two. In order to receive copyright protection for a derivative work, the derivative needs to be a substantial variation of the original work.³⁵⁸ Yet, according to the Ninth Circuit, the work also has to be substantially similar.³⁵⁹ The Ninth Circuit is drawing a fine line that will be too difficult for authors to discern.

If the court maintains and accepts Sony’s argument, it would have a negative impact on the entire derivative works industry. In 1997, for example, Sony’s own corporation created the film *Airforce One*.³⁶⁰ In that same year, author Max Allen Collins created a derivative novel based on the movie.³⁶¹ If Sony’s argument prevails, Collins could sue Sony, claiming that his novel is not substantially

³⁵² 736 F.2d 1352 (9th Cir. 1984).

³⁵³ *Id.* at 1357; see also *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 969 (9th Cir. 1992), *cert. denied*, 507 U.S. 985 (1993) (holding that a derivative work must incorporate a portion of the copyrighted work in some form).

³⁵⁴ See 17 U.S.C. § 101; see also Timothy Everett Nielander, *The Mighty Morphin Ninja Mallard: The Standard for Analysis of Derivative Work Infringement in the Digital Age*, 4 TEX. WESLEYAN L. REV. 1, 12 (1997).

³⁵⁵ See 17 U.S.C. § 101; see also Nielander, *supra* note 355, at 12.

³⁵⁶ See Nielander, *supra* note 339, at 12.

³⁵⁷ *Id.*; see also H.R. REP. NO. 94-1476, at 62 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5657, 5675 (noting that the historical distinction will be maintained in the 1976 Act).

³⁵⁸ See *Batlin & Son v. Snyder*, 536 F.2d 486, 491 (2d Cir. 1976).

³⁵⁹ See *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984).

³⁶⁰ The movie *Airforce One* was created by a Sony subsidiary, Columbia Pictures, in 1997. The movie grossed over \$187,000,000 in the United States alone. See *The Internet Movie Database* (visited Jan. 10, 1999) <<http://www.imdb.com>>.

³⁶¹ See *id.*

similar to the underlying film. If successful, Collins could create his own cinematic version of *Airforce One* based on his original novel. Sony's argument would inhibit the licensing of derivative works and would essentially defeat copyright law's ultimate purpose of fostering quantity, quality, and diversity in the marketplace.³⁶²

C. *An Author Does Not Relinquish all Rights to a Previously Copyrighted Work Through the Contribution to a Joint Work*

Once the court properly concludes that a joint derivative work has been created, it must reject Sony's assertion that an author's previously copyrighted material can be relinquished through the participation in a joint work. Sony's argument would discourage authors from creating joint works and would improperly modify the statutory limits of a derivative work. First, authors would reluctantly create joint works from their previously copyrighted material. For example, an author like Michael Crichton might not have written the *Jurassic Park* movie script if it had meant losing all rights to the novel.³⁶³ Second, the 1976 Act specifically states that a copyright in a derivative work "does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material."³⁶⁴ If the court accepts Sony's argument, an author could essentially increase the original work's copyright term through the creation of a joint work. If an author copyrighted a novel under the 1976 Act, the first term for copyright ownership would expire after the life of the author plus seventy years.³⁶⁵ According to Sony's argument, if the author's statutory successor used the novel in a joint work, the work's copyrightable term would begin anew. This would unquestionably violate the statute's text and the legislature's intent by increasing the duration of the copyright.³⁶⁶

³⁶² See McDonough, *supra* note 128, at 459; see also *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975); *Mazer v. Stein*, 347 U.S. 201, 219 (1954). If the court rejects this argument, a substantial similarity test needs to be applied to determine whether the McClory Scripts are substantially similar to the first seven novels. The court should still conclude that the McClory Scripts are derivative works.

³⁶³ See *The Internet Movie Database* (visited Mar. 5, 1999) <<http://www.imdb.com>> (listing Michael Crichton as screenwriter for *Jurassic Park*).

³⁶⁴ 17 U.S.C. § 103(b) (1998).

³⁶⁵ See 17 U.S.C. § 302(a).

³⁶⁶ See *Perrin v. United States*, 444 U.S. 37, 42 (1980) (holding that statutes should be construed by taking their ordinary and plain meaning); see also *Flora v. United States*, 357 U.S. 63, 65 (1958) (holding that the duty of the court is to give effect to the intent of the legislature).

D. *The Court's Holding in Stewart v. Abend Should Apply to the McClory Scripts*

The *Thunderball* novel and the McClory Scripts are derivative works within the purview of the Court's decision in *Stewart*.³⁶⁷ In 1963, Fleming assigned McClory the exclusive rights to the *Thunderball* novel.³⁶⁸ Created in 1961, the *Thunderball* novel encompassed all aspects of Fleming's first seven novels and the McClory Scripts.³⁶⁹ Under the 1909 Act, the novel's first term of copyright protection extended until 1989.³⁷⁰ Upon proper renewal, the second term could have extended the copyright protection for an additional forty-seven years.³⁷¹ This means that McClory could have exploited every aspect of the novel and the scripts without infringing on the underlying work's copyright.³⁷² Ian Fleming, however, died in 1964, while all of his novels were in their first copyright term.³⁷³ Through the application of *Stewart*, each of Fleming's licenses and assignments thereby ended prior to the commencement of the second term.³⁷⁴ McClory, therefore, could not exploit the *Thunderball* novel or the McClory Scripts after 1989, without infringing the underlying copyright of Fleming's first seven novels.³⁷⁵

³⁶⁷ Contrary to Sony's unfounded argument, the Tomlin Order did not alter the derivative work status because, rather than actually granting or transferring certain rights, a Tomlin Order only records the terms of a settlement. See Plaintiffs' Reply to The McClory Defendants' Opposition to Plaintiffs' Motion for Preliminary Injunction [Redacted Version] at 5, *Danjaq, LLC v. Sony Corp.*, No. 97-8414 (C.D. Cal. Jul. 27, 1998) [hereinafter Reply for Plaintiff]. Sony's claim that *Stewart* has no effect on English law is also misplaced. This case involves questions pertaining to the possible infringement of copyright laws within the United States. See *id.* at 4-5.

³⁶⁸ See Hamilton, *supra* note 1, at 14.

³⁶⁹ Under 17 U.S.C. § 106(2), copyright owners have the right to prepare derivatives based upon the copyrighted work. Here, Fleming used this right to create the McClory Scripts.

³⁷⁰ See Copyright Act of 1909; 17 U.S.C. § 24 (1977).

³⁷¹ See *id.* The 1976 Act extended the copyright protection for the renewal term from the original 28-year term to 47 years. See 17 U.S.C. § 304(a)(c)(iv).

³⁷² See *Stewart v. Abend*, 495 U.S. 207, 218 (1990); see also *Sylva v. Ballentine*, 351 U.S. 570, 582 (1956).

³⁷³ See Memorandum of Points and Authorities in Support of Plaintiff's Motion for a Preliminary Injunction [Redacted Version] at 13-14, *Danjaq, LLC v. Sony Corp.*, No. 97-8414 (C.D. Cal. June 29, 1998) [hereinafter Memorandum in Support of Plaintiff]; see also Copyright Act of 1909; 17 U.S.C. § 24 (1977). Fleming's only sibling, Caspar, died in 1975 and Fleming's wife, Anne, died in 1981. Contrary to Sony's argument, under the 1909 Act, Fleming's wife, child, and an executor—not Danjaq—were Fleming's statutory successors. See Copyright Act of 1909; 17 U.S.C. § 24; see also Brief in Opposition for Defendant, *supra* note 10, at 29.

³⁷⁴ See *Stewart*, 495 U.S. at 220-21.

³⁷⁵ See *id.* at 249; see generally *Russell v. Price*, 612 F.2d 1123 (9th Cir. 1979). As noted above, the goal of the two-term system was to protect the author and his family by enabling them to renegotiate the work's copyright after its value in the marketplace had been determined. See H.R. REP. NO. 2222, § 23 (1909), reprinted in 6 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, at S14 (1977). Sony places some emphasis on a 1965 agreement between

E. *McClory Can Receive Past or Future Profits if the Copyrights in the McClory Scripts Have Been Utilized*

Although under this analysis, most of MGM's arguments seem to prevail, the court still needs to determine if McClory has any rights as a joint derivative author.³⁷⁶ As noted above, a derivative work can receive its own copyright protection if there is a substantial variation from the original work,³⁷⁷ although trivial differences will not warrant copyright protection.³⁷⁸ In this case, it is evident that the creation of the McClory Scripts added original copyrightable components to the underlying work. If subsequent works used these added elements, McClory could have a valid claim for past or future profits.³⁷⁹ This point does not appear to be fully explored in either side's briefs. This joint rights argument could give McClory access to a substantial piece of the Bond Empire.³⁸⁰

To resolve this discrepancy, the court would have to perform two separate tests. At the onset, the court would need to determine which copyrightable aspects have been added to the derivative work.³⁸¹ The court would have to remember that copyright law only protects the expression of the ideas, not the ideas themselves.³⁸² The plot, therefore, of a potential nuclear war will not be given copyright protection because it is merely an idea. The actual words that are used to express this idea, however, may be protected.³⁸³ Once the court has essentially separated the newly added copyrightable elements, a substantial similarity test must occur.³⁸⁴ The court will have to compare the copyrightable elements of each Bond movie with the elements abstracted from the

McClory and Danjaq. This agreement was essentially a license to use the James Bond character, which, under *Stewart*, expired at the conclusion of the first copyright term. See Brief in Opposition for Defendant, *supra* note 10, at 28.

³⁷⁶ Sony became the exclusive owner of the *Thunderball* novel and movie script through the assignment from McClory. McClory, as has been explained at length, became the exclusive owner of these works under the 1963 Tomlin Order. See *supra* note 47.

³⁷⁷ See *Batlin & Son v. Snyder*, 536 F.2d 486, 491 (2d Cir. 1976).

³⁷⁸ See *id.* at 490; see also *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 103 (2d Cir. 1951).

³⁷⁹ See *Batlin*, 536 F.2d at 490.

³⁸⁰ In the current litigation Sony has argued that it is entitled to make its own line of 007 films. This argument will not prevail because, as explained above, a new film would infringe the copyright of Fleming's first seven novels. Sony, however, might successfully argue that the subsequent Bond films have infringed its derivative works.

³⁸¹ See *Batlin*, 536 F.2d at 491; see also *Alfred Bell*, 191 F.2d at 103.

³⁸² See 17 U.S.C. § 102(b) (1998); see also *Baker v. Selden*, 101 U.S. 99, 104 (1879).

³⁸³ See 17 U.S.C. § 102(b); see also *Baker*, 101 U.S. at 104.

³⁸⁴ See generally *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992); *Shaw v. Lindheim*, 908 F.2d 531 (9th Cir. 1990); *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503 (9th Cir. 1987); *Roth Greeting Cards v. United Card Co.*, 429 F.2d 1106 (9th Cir. 1970). As noted above, the substantial similarity test should only be used when determining copyright infringement.

derivative work. The court should not use the total concept and feel test when doing this comparison.³⁸⁵ Inevitably, on the surface, the McClory Scripts and each Bond film will look and feel alike. Therefore, instead, the court should use a comparison process that closely resembles the Second Circuit's test developed for computer cases in *Computer Associates International, Inc. v. Altai, Inc.*³⁸⁶ The court should first use an abstraction process whereby the ideas are separated from the expression.³⁸⁷ Then, through a filtration process, the court should decide whether the expression of the ideas has been generated from necessity or utility.³⁸⁸ Finally, the court needs to compare the remaining elements to determine whether the works are substantially similar.³⁸⁹ The application of this test may reveal that certain joint derivative additions were infringed in subsequent works. Thus, McClory could be awarded back profits, which could amount to hundreds of millions of dollars for each movie in which his joint derivative rights had been used. In a litigation of such high stakes, the strength of McClory's claim to back profits could serve as leverage for an eventual settlement and possibly even a producing pact between McClory and MGM.

If an appeals court agrees with Judge Rafeedie that it is too late to assert rights in the previous works,³⁹⁰ it is still possible for McClory to make a claim of copyright infringement based on present and future works.³⁹¹ A copyright in a work is not lost just because the copyright owner has failed to litigate a previous infringement.³⁹²

VI. CONCLUSION

The litigation surrounding *Danjaq v. Sony Corp.* was the culmination of a dispute that has spanned nearly forty years. This case, and its endless litigation, has tremendous implications on the way intellectual property contracts should be drafted. Many times, authors option their novels to movie studios. When the contracts are made, the author usually retains the right to make a sequel. Yet, the author rarely demands a license or an assignment to all of the

³⁸⁵ See *Roth Greeting Cards*, 429 F.2d at 1106.

³⁸⁶ 982 F.2d at 693 (2d Cir. 1992).

³⁸⁷ See *id.* at 706.

³⁸⁸ See *id.* at 707.

³⁸⁹ See *id.* at 710.

³⁹⁰ See *supra* note 117 and accompanying text.

³⁹¹ In 1999, MGM released *The World Is Not Enough*, starring Pierce Brosnan as 007. See The Internet Movie Database (visited Apr. 25, 2000) <<http://www.imdb.com>>.

³⁹² See, e.g., *Columbia Pictures, Inc. v. Redd Horne Inc.*, 568 F. Supp. 494, 498 (W.D. Pa. 1983) (stating that a even a waiver of a right does not transfer any other rights that remain with the copyright owner).

derivative elements that may be added to the work. If these derivative elements are not given to the author, when the author uses one of the derivative elements in a sequel, it will infringe upon the derivative owner's copyright.

In the instant case, it is evident that McClory has no right to create his own line of James Bond films because he would infringe the underlying work's copyright. Yet, he may have a right to past or future profits, based on MGM's use of the derivative elements contained in the McClory Scripts. In the end, with the competing interests in the Bond franchise, and in the immense revenues that it generates, we can be assured of one thing: as the end credits of each Bond film promise us, "Bond Will Be Back."

*Keith Poliakoff**

* Associate, Becker & Poliakoff P.A., Fort Lauderdale, Florida; J.D., *cum laude*, Order of the Coif, Specialization: Intellectual Property and Communications Law, 2000, Benjamin N. Cardozo School of Law. Keith would like to thank Timothy Toohey, Esq. for supplying him with all of the redacted materials and for answering a plethora of questions. Without Mr. Toohey's generous help this comment could never have been written. Keith would also like to thank Professors David Koreznik, Esq. and Eric Rayman, Esq., whose expertise helped in revising this work. Finally, Keith would like to thank Ryan Poliakoff, Esq., Matthew Peal, Candice North, and all of his friends and family for their help and support.