

WHOSE IDEA IS IT ANYWAY? PROTECTING IDEA PURVEYORS AND MEDIA PRODUCERS AFTER *GROSSO V. MIRAMAX*

TABLE OF CONTENTS

INTRODUCTION	508
I. COMMON-LAW DOCTRINAL DEVELOPMENT OF IDEA LAW: USE OF CONTRACT AND PROPERTY LAW PRE-COPYRIGHT ACT OF 1976.....	511
A. <i>The Roots of the Implied Contract Approach: Desny v. Wilder</i>	511
B. <i>Misappropriation and Contract: The New York Approach</i>	513
II. AFTER 1976: STATUTORY FRAMEWORK OF THE COPYRIGHT ACT AND THE TWO-PRONG TEST FOR PREEMPTION	515
A. <i>The Subject Matter Prong: "Scope and Protection Are Not Synonyms"</i>	516
B. <i>The Equivalency Prong: State versus Federal Rights ...</i>	519
1. A Promise to Pay does not Provide the Extra Element: An Approach on its Last Legs?	520
2. Preemption Finds its Pinnacle: The Rise and Fall of <i>Selby</i> And <i>Endemol</i>	521
3. The Supremacy of Contract: A Promise to Pay Always Provides the Extra Element	521
III. ENTER <i>GROSSO V. MIRAMAX</i> : HERO OR VILLAIN?.....	524
A. <i>Bye Bye Berge-ie: Why Grosso is an Improvement Over Berge</i>	524
B. <i>A Promise To Pay Defeats Federal Preemption: It's Desny Vu all over Again</i>	525
C. <i>Please Sign on the Dotted Line: Chilling Effects, Upfront Waivers and the Unintended Consequences of Grosso</i>	526
IV. CONCLUSION	528
A. <i>For Idea Purveyors: Use of Agents</i>	528
B. <i>Grosso Should Be Construed Narrowly by the Courts...</i>	529
C. <i>Conclusion</i>	530

INTRODUCTION

The scene unfolds like this: two parties meet in the boardroom of a film or television production company, most likely in New York or Los Angeles. On one side of the table is an “idea purveyor,”¹ who tells the producer across the table that he or she has a brilliant idea for a new film or television program. Either verbally or by using sparse written materials,² the idea purveyor³ communicates the idea. It could be a setup for a new reality show, a plot for a new film, or characters and scenes for a potential sitcom. The producer ponders the idea, then he rejects it with a “no thanks” and they part ways.

This is the paradigmatic “pitch meeting.”

Now, suppose that months later, the same producer unveils his latest hit, which is uncannily reminiscent of the idea revealed at the pitch meeting. The idea purveyor believes that he or she has been the victim of idea theft, and seeks recourse through the law. Act Two of this drama will perhaps play out in the courts, yet because of the disagreement among circuits, the final denouement is far from clear.

Copyright law does not protect ideas, but only the expression of ideas.⁴ However, in the current media landscape dominated by reality television, a raw unscripted idea can have considerable value even before it is ever reduced to its final tangible expression.⁵ This point is underscored by the recent (and whopping) \$30 million

¹ Often referred to as an “idea man”, defined by Professor Nimmer as “one who creates only an idea, not literary property, or, having created literary property, finds that only his idea and not his ‘expression’ has been borrowed.” Melville B. Nimmer & David Nimmer, 3 *Nimmer On Copyright* §16.01 (2001). I prefer the gender neutral term of “idea purveyor.” See Jonathan H. Anschell et al., *The Whole Enchilada: Wrench LLC v. Taco Bell Corp. and Idea Submission Claims*, 21 COMM. LAW 4 (2004).

² These materials might include words written on index cards, treatments, storyboards, or even a written screenplay.

³ The idea purveyor may pitch the idea on his own or be represented by his agent in such a transaction. “[T]hough producers may concoct the ideas or even the plots of projects, the usual way they arrive at viable projects worthy of development is through already fleshed out scenarios submitted by screenwriter agents or by story and idea pitches directly from writers.” Stuart K. Kauffman, *Motion Pictures, Moral Rights, and the Incentive Theory of Copyright: The Independent Film Producer as “Author*, 17 CARDOZO ARTS & ENT. L.J. 749, 779 (1999); see also David M. McGovern, *What is Your Pitch?: Idea Protection is Nothing But Curveballs* 15 LOY. L.A. ENT. L. REV. 475 (1995).

⁴ 17 U.S.C. § 102(b) (1994). “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.*

⁵ “[S]ome ideas, though undeveloped, possess value independent from their future expression.” Celine Michaud & Gregory Tulquois, *Idea Men Should Be Able to Enforce Their Contractual Rights: Considerations Rejecting Preemption of Idea-Submission Contract Claims*, 6 VAND. J. ENT. L. & PRAC. 75, 75 (2003).

award to the idea purveyors in *Wrench LLC v. Taco Bell*.⁶ In the wake of such bounty, and with the reality television format making ideas a more valuable currency than ever before,⁷ many more idea purveyors who believe their ideas have been stolen will take their grievances to court.⁸ California law, under which many Hollywood cases are decided, was recently clarified by *Grosso v. Miramax*.⁹ In *Grosso*, the Ninth Circuit determined that a breach of contract claim alleging theft of the idea for the movie “Rounders” was not preempted by the Copyright Act.¹⁰ Though *Grosso* cleared up confusion in the California district courts, disagreement exists among circuits as to whether a state law claim of idea theft based on breach of contract is preempted by Section 301¹¹ of the federal copyright law.¹²

⁶ 290 F. Supp. 2d 821 (W.D. Mich. 2003).

⁷ “Hollywood is a hotbed of idea theft that has worsened with the rising popularity of the reality TV show genre.” Bruce Broillet, *quoted in Leigh Ann Burton Sues Oscar De La Hoya and Golden Boy Promotions LLC; Alleges Defendants Wrongfully Took the Idea behind the “Next Great Champ” Television Show*, BUS. WIRE, Sept. 1, 2004.

⁸ For example, there is the recent brouhaha involving Fox’s alleged appropriation of the idea behind “The Next Great Champ.” Independent producer Leigh Ann Burton has alleged that Oscar De La Hoya’s production company Golden Boy stole her idea for a competitive boxing show called “House of Pain.” *Burton v. Oscar de la Hoya*, California Superior Court Case No. BC320906.; *see also* Michael Schneider, *Another Suit for ‘Champ’*, DAILY VARIETY, Sept. 2, 2004. This suit is in addition to a suit brought by NBC and producer Mark Burnett against Fox, claiming that Fox’s “The Next Great Champ” is a ripoff of NBC’s “The Contender.” *See* Bill Carter, *It Is a Reality Boxing Show, But the Real Fight Is Elsewhere*, N.Y. TIMES, Sept. 7, 2004. *See also* CBS Broad. Inc. v. ABC, Inc., 2003 U.S. Dist. LEXIS 20258 (S.D.N.Y. 2003) (denying preliminary injunction for “Survivor” against “I’m a Celebrity, Get Me Out of Here”); RDF Media Ltd. v. Fox Broad. Co., 372 F. Supp. 2d 556 (C.D. Cal. 2005) (“Wife Swap” against “Trading Spouses”); *ABC TV Is Sued Over Plan for Show*, N.Y. TIMES, Aug. 11, 2005 (involving claim that ABC stole idea for “Million Dollar Idea”).

⁹ 383 F.3d 965 (9th Cir. 2004) *amended by* 400 F.3d 658; *petition for cert. filed*, 2005 WL 1403156 (U.S. June 13, 2005) (No. 04-1682).

¹⁰ Avid poker player and freelance writer Jeff Grosso claimed that Miramax had stolen the idea for the Matt Damon movie “ROUNDERS” (Miramax 1998) from Grosso’s original script “THE SHELL GAME,” which he had written in 1995. “Texas hold ‘em had never been used in a movie before . . . It was obvious to me that they stole my movie. Those two works couldn’t be mutually exclusive. They realized that I was not powerful, had no connections, that they could rewrite the script and use it, for free.” Anne Thompson, *Appeals Court Ruling May Shift Power to Writers*, N.Y. TIMES, Oct. 13, 2004.

¹¹ Section 301 provides:

Preemption with respect to other laws: On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

17 U.S.C. § 301(a) (2004).

¹² “Though the courts have developed an ‘extra element’ test to evaluate preemption[,] the courts have not been uniform in its application. The lack of consistency

Idea purveyors and media producers have duly taken stands on opposing sides of the issue. Idea purveyors prefer to sue for breach of contract, as it opens the door to larger damage awards,¹³ and producers prefer copyright preemption, as the theft of ideas is not a violation of copyright law and therefore not a cause of action. If courts demonstrate a preference for non-preemption, as in *Grosso*, it will likely increase idea purveyors' tendency to sue because their potential gain is greater.¹⁴

Some courts say that an implied promise to pay always provides the "extra element" under Section 301 and thus a breach of contract claim should never be preempted by federal copyright law,¹⁵ and others believe that a claim should be preempted because an implied promise to pay is "equivalent" to the rights granted by the Copyright Act and does not add any extra element.¹⁶ Part I of this note will examine the common-law doctrinal development of idea law¹⁷ prior to the Copyright Act of 1976. Part II of this Note will examine the post-Act "extra element" test¹⁸ for determining

has recently caused the Sixth Circuit to openly criticize the test as "not provid[ing] any real guidance to the courts." Miramax Petition for Writ of Certiorari, 2005 WL 1403156 (June 13, 2005) (U.S. No. 04-1682) (citing *Ritchie v. Williams*, 395 F.3d 283, 288 n.3 (6th Cir. 2005) (citing Schuyler Moore, *Straightening Out Copyright Preemption*, 9 UCLA ENT. L. REV. 201, 204 (2002))).

¹³ The Copyright Act provides that remedies for infringement are limited to injunctions; impounding and destruction of infringing articles; recovery of the copyright owner's actual damages and any additional profits of the infringer or statutory damages; and costs and attorneys' fees. See 17 U.S.C. §§ 502-505. See *Business Trends Analysts, Inc. v. Freedomia Group, Inc.*, 887 F.2d 399, 406-07 (2d Cir. 1989); see also *Deltak, Inc. v. Advanced Systems, Inc.*, 767 F.2d 357, 360-61 (7th Cir. 1985) ("The value of the infringer's use is a permissible basis for estimating actual damages"). Larger damages, such as reasonable value of the defendants' use of the work, would be provided for through contract law.

¹⁴ For a discussion of the various possible sources of the duty not to disclose another's idea, see Larissa Katz, *A Powers-Based Approach to the Protection of Ideas*, 23 CARDOZO ARTS & ENT. L.J. (forthcoming Dec. 2005/ Jan. 2006).

¹⁵ Judge Easterbrook's Seventh Circuit approach, as expounded in *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996), is the majority view adopted by the Ninth Circuit in *Grosso*.

¹⁶ This is the minority approach, to be discussed *infra*.

¹⁷ Though this Note focuses on the submissions of ideas for television shows and films, the area of idea law also encompasses "idea proposals for board games, advertising schemes, and even natural-language search capabilities for legal research databases." Samuel M. Bayard, *Note: Chihuahuas, Seventh Circuit Judges and Movie Scripts, Oh My!: Copyright Preemption of Contracts to Protect Ideas*, 86 CORNELL L. REV. 603, 605 (2001). See, e.g., *Vantage Point, Inc. v. Parker Bros., Inc.*, 529 F. Supp. 1204, 1218 (E.D.N.Y. 1981) (denying relief to plaintiff alleging theft of board game idea on grounds that claim was time barred); *Katz Dochtermann & Epstein, Inc. v. HBO*, No. 97 CIV. 7763 (TPG), 1999 WL 179603, at *4 (S.D.N.Y. Mar. 31, 1999) (declining to preempt a contract claim for protection of advertising campaign ideas); *G.D. Searle & Co. v. Philips-Miller & Assocs.*, 836 F. Supp. 520, 526 (N.D. Ill. 1993) (holding a misappropriation claim preempted when the claim was based on the alleged theft by drug manufacturer of ideas for a marketing scheme). See generally Lionel S. Sobel, *The Law of Ideas, Revisited*, 1 UCLA ENT. L. REV. 9 (Spring 1994).

¹⁸ "[I]f an 'extra element' is 'required instead of or in addition to the acts of reproduction, performance, distribution or display, in order to constitute a state-created

whether a common law contract claim should be preempted, and the circuit split over how to implement this test. Part III will examine *Grosso* against the backdrop of prior case law, analyze whether it is a step in the right direction, and explore what unintended consequences might arise from this momentous decision.

The large award in *Wrench* has raised the stakes in this area of the law. It underscores the need for clarity and uniformity of application of the laws, in order to provide an environment that both safeguards the rights of idea purveyors and yet allows producers to protect themselves from potentially disastrous lawsuits. The recent decision in *Grosso* clarifies idea law in California. Nationally, however, ambiguities remain.

I. COMMON-LAW DOCTRINAL DEVELOPMENT OF IDEA LAW: USE OF CONTRACT AND PROPERTY LAW PRE-COPYRIGHT ACT OF 1976

A. *The Roots of the Implied Contract Approach: Desny v. Wilder*

Traditionally, victims of alleged idea theft found their remedy through state contract law.¹⁹ The seminal case of *Desny v. Wilder*²⁰ set the standard for recovery based on a theory of implied-in-fact contract.²¹ In *Desny*, an idea purveyor telephoned the office of noted film director Billy Wilder and revealed to Wilder's secretary his idea for a new movie about a man trapped in a cave and the heroic attempts to rescue him.²² "Plaintiff on his part told the secretary that defendants could use the story only if they paid him

cause of action, then the right does not lie "within the general scope of copyright," and there is no preemption.'" Bayard, *supra* note 17, at 612 (quoting *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 716 (2d Cir. 1992), quoting 1 NIMMER, *supra* note 1, at § 1.01[B]).

¹⁹ "Contract law is the legal ground that courts consistently recognize as being the most workable to compensate the idea creator and protect his literary or artistic idea." Michaud & Tulquois, *supra* note 5, at 75.

²⁰ 299 P.2d 257 (Cal. 1956) (interpreting California law).

²¹ Contracts in idea cases are almost always implied, as: express agreements of this kind are extremely rare, since idea recipients are generally quite reluctant to pay for the disclosed idea. Because idea-submission contracts are so rarely materialized into express contracts, courts must often find an implied-in-fact contract, *ex post*, when the idea man claims that the disclosure of the idea was actually made pursuant to a contract.

Michaud & Tulquois, *supra* note 5, at 75.

²² Desny's story was based on the real-life experience of one Floyd Collins, whose travails and ultimate death in a Kentucky cave captivated the nation in the 1920s. However, the lack of novelty of Desny's idea did not preclude contract recovery, as "[e]ven though the idea disclosed may be 'widely known and generally understood,' it may be protected by an express contract providing that it will be paid for regardless of its lack of novelty." *Desny*, 299 P.2d at 733 (citing Justice Traynor's dissenting opinion in *Stanley v. Columbia Broadcasting System*, 35 221 P.2d 73, 78 (1950)).

'the reasonable value of it' . . . she said that if Billy Wilder of Paramount uses the story, 'naturally we will pay you for it.'"²³ In this case, the producer's obligation to pay stemmed from the fact that the use of the idea was clearly conditioned on payment.²⁴

The court made it clear that this decision was not an invitation for courts to imply contracts haphazardly and without strict standards:

The idea man who blurts out his idea without having first made his bargain has no one but himself to blame . . . the law will not imply a promise to pay for an idea from the mere facts that the idea has been conveyed, is valuable, and has been used for profit; this is true even though the conveyance has been made with the hope or expectation that some obligation will ensue.²⁵

Thus, if there was not a clear and mutually understood communication of the expectation of payment, then the court would not imply a contract.

The *Desny* standard for finding an implied contract was somewhat loosened as courts became more willing to imply contracts on facts weaker than those in *Desny*. In *Chandler v. Roach*,²⁶ despite the lack of a spoken agreement, the court implied a contract, based on "trade customs, practices and usages"²⁷ in the entertainment industry, that idea purveyors would be compensated for their ideas. "It is reasonably understood that a professional author expects payment . . . so that the conduct of the producer in accepting it implies a promise to fulfill those reasonable expectations."²⁸ Thus, a promise to pay could be inferred through a combination of the behavior of the parties and their status as entertainment professionals.²⁹

Under California law, an idea does not have to be novel in order to get protection through implied in fact contract.³⁰

²³ *Desny*, 299 P.2d at 727.

²⁴ Though this sounds much like an express contract, the court jumps through many hoops to prove that it is an implied contract. See *Desny*, 299 P.2d at 733-740.

²⁵ *Desny*, 299 P.2d at 739.

²⁶ 319 P.2d 776 (Cal. Ct. App. 1957).

²⁷ *Kurlan v. Columbia Broad. Sys.*, 256 P.2d 962 (Cal. 1953).

²⁸ *Chandler*, 319 P.2d at 441.

²⁹ See also Lionel S. Sobel, *The Law of Ideas, Revisited*, 1 UCLA ENT. L. REV. 9, 46 (Spring 1994); *Bevan v. Columbia Broad. Sys.*, 329 F. Supp. 601, 608 (S.D.N.Y. 1971); *Vantage Point, Inc. v. Parker Bros.*, 529 F. Supp. 1204 (E.D.N.Y. 1981); *McGhan v. Ebersol*, 608 F. Supp. 277 (S.D.N.Y. 1985). But see *Grombach Prod. v. Waring*, 293 N.Y. 609, 616 (1944) ("Such a custom cannot 'create a contract where there has been no agreement by the parties and none is implied by law . . . no 'deal' was made between the plaintiff and defendant." (quoting *Stulsaft v. Mercer Tube & Mfg. Co.*, 288 N.Y. 255, 260 (1942))).

³⁰ This is in contrast with New York law. See *infra* Part I.B.

*Blaustein v. Burton*³¹ involved a pitch to Elizabeth Taylor and Richard Burton for a film version of Shakespeare's *Taming of the Shrew*. The plaintiff developed ideas for his own twists and modifications of the traditional story,³² which were subsequently used without his permission. The court recognized that "there is nothing unique about the idea of making a motion picture entitled 'The Taming of the Shrew,'"³³ but that this did not preclude implied contract recovery because "[t]here is nothing unreasonable in the assumption that a producer would obligate himself to pay for the disclosure of an idea which he would otherwise be legally free to use, but which, in fact, he would [not have come up with on his own] but for the disclosure."³⁴ As long as the idea conveyed was new to the producer, it was irrelevant that the producer might have obtained it legally through other means or thought of it on his own.

B. *Misappropriation and Contract: The New York Approach*

Unlike California,³⁵ New York protects ideas not only through contract, but also through the property theory of misappropriation.³⁶ New York law once required that an idea be novel or unique in a general sense in order to be protectible,³⁷ but

³¹ 88 Cal. Rptr. 319 (Cal. Ct. App. 1970).

³² Blaustein's original ideas that were not in the Shakespeare play included: the idea of casting respondents Richard Burton and Elizabeth Taylor Burton . . . the idea of using as the director of the motion picture Franco Zeffirelli, a stage director who at the time had never directed a motion picture and who was relatively unknown in the United States . . . the idea of eliminating from the film version of the play the so-called 'frame' i.e., the play within a play device which Shakespeare employed, and beginning the film version the main body of the story . . . including in the film version the two key scenes (i.e., the wedding scene and the wedding night scene) which in Shakespeare's play occur offstage and are merely described by a character on stage.

Blaustein at 167.

³³ *Id.* at 173.

³⁴ *Id.* at 183. See also *Donahue v. Ziv Television Programs, Inc.*, 54 Cal. Rptr. 130, 134 (Cal. Ct. App. 1966) ("An idea which can be the subject matter of a contract need not be novel or concrete.").

³⁵ "It is clear that California does not now accord individual property type protection to abstract ideas." *Desny v. Wilder*, 299 P.2d 257 (Cal. 1956).

³⁶ "[P]roperty law no longer plays a role in idea protection in California. Under New York law, however, claims for misappropriation of ideas based on a property theory are still permitted." Brian Devine, *Free as the Air: Rethinking the Law of Story Ideas*, 24 HASTINGS COMM. & ENT. L.J. 355, 366 (2002). See, e.g., *Sellers v. Am. Broad. Co.*, 668 F.2d 1207 (11th Cir. 1982) (applying New York law); *Adsani v. Miller*, 1996 WL 194326 (S.D.N.Y. Apr. 22, 1996); *Werlin v. Reader's Digest Ass'n, Inc.*, 528 F. Supp. 451 (S.D.N.Y. 1981); *Oasis Music Inc. v. 900 U.S.A. Inc.*, 614 N.Y.S.2d 878 (1994).

³⁷ See *Murray v. Nat'l Broad. Co.*, 844 F.2d 988, 990 (2d Cir. 1988), in which an idea theft claim regarding *The Cosby Show* failed because "under New York law, lack of novelty in an idea precludes plaintiff from maintaining a cause of action to prevent its unauthorized use" and the court did not consider the idea for a nonstereotypical black family on television to be novel.

eventually moved closer to California law by loosening the requirement. After the decision of the New York Court of Appeals in *Apfel v. Prudential-Bache Securities, Inc.*,³⁸ the key inquiry became “whether the idea had value, not whether it was novel.”³⁹ In order to have value, the idea merely has to be “new to the defendant at the time of the pitch, even if it is not unique or novel in a more general sense.”⁴⁰ This uniqueness or novelty, which leads to a property right, could be used as consideration for a contract.⁴¹ Thus, the property regime and the contract regime are enmeshed.⁴²

The *Apfel* rule was clarified in *Nadel v. Play-By-Play Toys*,⁴³ which involved the theft of an idea for a “plush toy figure [that] sat upright, emitted sound, and spun when placed on a flat surface.”⁴⁴ Applying New York law, the Second Circuit summarized the novelty requirement for both contract claims and misappropriation claims:

Contract-based claims require only a showing that the disclosed idea was novel to the buyer in order to find consideration By contrast, misappropriation claims require that the idea at issue be original and novel in absolute terms Finally, an idea may be so unoriginal or lacking in novelty generally that, as a matter of law, the buyer is deemed to have knowledge of the idea. In such cases, neither a property-based nor a contract-based claim for uncompensated use of the idea may lie.⁴⁵

Thus, New York law recognizes that some ideas may be so obvious and lacking in novelty as to be unprotectable. This stands in contrast to California law, which provides that even the most obvious idea could potentially be protected through contract.⁴⁶

³⁸ 81 N.Y.2d 470 (1993).

³⁹ *Id.* at 473.

⁴⁰ Anschell et al., *supra* note 1. See *Apfel*, 81 N.Y.2d at 478 (“The lack of novelty, in and of itself, does not demonstrate a lack of value”) For further discussion of the novelty requirement, see Mary LaFrance, *Something Borrowed, Something New: The Changing Role of Novelty in Idea Protection Law*, 34 SETON HALL L. REV. 485 (2004).

⁴¹ See *Hudson Hotels Corp. v. Choice Hotels Int’l, Inc.*, 995 F.2d 1173, 1178 (1993); see also *Downey v. Gen. Foods Corp.*, 31 N.Y.2d 56, 61 (1972) (“An idea may be a property right. But, when one submits an idea to another, no promise to pay for its use may be implied, and no asserted agreement enforced, if the elements of novelty and originality are absent, since the property right in an idea is based upon these two elements.”).

⁴² “Since New York law grants property rights in ideas, the ideas themselves were able to serve as consideration for such contracts.” Devine, *supra* note 36, at 371.

⁴³ 208 F.3d 368 (2d Cir. 2000).

⁴⁴ *Id.* at 372. Play-by-Play allegedly took this idea and used it to make Tornado Taz, a spinning and grunting Tasmanian devil plush toy. *Id.*

⁴⁵ *Id.* at 380.

⁴⁶ “The parties could self-impose a novelty requirement in an express contract if they

II. AFTER 1976: STATUTORY FRAMEWORK OF THE COPYRIGHT ACT AND THE TWO-PRONG TEST FOR PREEMPTION

When the Copyright Act of 1976 was enacted, the states lost their power of common-law copyright. “[I]t created a single federal copyright system for both published and unpublished works and took from the states the power to protect intellectual property through common law copyright.”⁴⁷ Though it abrogated state copyright power, the Act did not abrogate state contract law, leaving uncertain the fate of the implied contract theory of recovery for idea law in this new legal landscape.

Section 301 lays out a two-prong test to determine when state law claims should be preempted.⁴⁸ Simply put, “[p]reemption occurs when: (1) the work at issue comes within the *subject matter* of copyright and (2) the rights granted under state law are ‘*equivalent* to any of the exclusive rights within the general scope of copyright’ set forth in the Act.”⁴⁹ However, application of this test among the various circuits has not been uniform, leaving producers and idea purveyors uncertain as to the scope of their legal rights.

wish, but California courts have refused to do so judicially in the case of implied-in-fact contracts.” Devine, *supra* note 36, at 371.

⁴⁷ Bayard, *supra* note 17, at 608. See H.R. Rep. No. 94-1476, at 129 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5745; NIMMER, *supra* note 1, at § 1.01[A].

⁴⁸ § 301. Preemption with respect to other laws

- (a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.
- (b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—
 - (1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or
 - (2) any cause of action arising from undertakings commenced before January 1, 1978;
 - (3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106; or
 - (4) State and local landmarks, historic preservation, zoning, or building codes, relating to architectural works protected under section 102(a)(8).

17 U.S.C.S. § 301 (2004).

⁴⁹ Selby v. New Line Cinema Corp., 96 F. Supp. 2d 1053, 1057 (C.D. Cal. 2000) (quoting Del Madera Properties v. Rhodes and Gardner, Inc., 820 F.2d 973, 976 (9th Cir. 1987)) (emphasis added).

A. *The Subject Matter Prong: "Scope and Protection are not Synonyms"*⁵⁰

In order for an idea claim to be preempted, the subject matter of the claim must come within the purview of the Copyright Act.⁵¹ It is a fundamental underpinning of federal copyright law that copyright protection extends only to *expressions* of ideas in a work and not to the ideas themselves.⁵² The Code provides, "in no case does copyright protection for an original work of authorship extend to any *idea* . . . regardless of the form in which it is described, explained, illustrated, or embodied in such work."⁵³ It is a cornerstone of the copyright doctrine that ideas are as "free as the air"⁵⁴ and for anyone to use as long as the expression which contains the idea is not copied.⁵⁵

Section 301 stands against the background of common law canons of preemption. Claims arising under state law can be preempted either directly, if federal law occupies the area, or indirectly, if a state law would frustrate the purpose of the federal law.⁵⁶ If a state attempts to provide protection which conflicts with

⁵⁰ United States *ex rel.* Berge v. Bd. of Trs. of the Univ. of Ala., 104 F.3d 1453, 1463 (4th Cir. 1997), *cert. denied*, 522 U.S. 916 (1997).

⁵¹ § 102. Subject matter of copyright: In general

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.

(b) 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.

17 U.S.C.S. § 102 (2005).

⁵² This principle is known as the "idea/expression dichotomy" and was first articulated in *Baker v. Selden*, 101 U.S. 99, 104-05 (1879).

⁵³ 17 U.S.C. § 102(b) (1994) (emphasis added).

⁵⁴ Int'l News Serv. v. Associated Press, 248 U.S. 215, 250 (1918).

⁵⁵ For an in-depth discussion of the policy motivations behind the idea/expression dichotomy, see Dennis S. Karjala, *Federal Preemption of Shrinkwrap and On-Line Licenses*, 22 U. DAYTON L. REV. 511, 520-21 (1997).

⁵⁶ The direct/indirect distinction is illustrated in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 251 (1964):

Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting

a federal policy, then any cause of action arising under it must be preempted. A line of patent cases illustrates this point with respect to the Patent and Copyright Clause.⁵⁷ In *Bonito Boats Inc. v. Thunder Craft Boats*,⁵⁸ the Supreme Court found that a cause of action arising under a state law that purported to protect unpatentable boat hull designs was preempted because it “impermissibly ‘interfere[d] with the federal policy . . . of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.’”⁵⁹ Thus, state laws cannot protect that which has been deemed unprotected by the applicable federal law, as that would subvert the federal goal of uniformity:

Given the inherently ephemeral nature of property in ideas, and the great power such property has to cause harm to the competitive policies which underlay the federal patent laws, the demarcation of broad zones of public and private right is ‘the type of regulation that demands a uniform national rule.’⁶⁰

As the Fourth Circuit has observed in a leading idea law preemption case, *United States ex rel. Berge v. Board of Trustees of the University of Alabama*, “the shadow actually cast by the Act’s preemption is notably broader than the wing of its protection.”⁶¹ The plaintiff in *Berge* argued that ideas that were contained within her doctoral dissertation were stolen and tried “to argue that ideas embodied in a work covered by the Copyright Act do not fall within the scope of the Act because the Act specifically excludes them from protection. But scope and protection are not synonyms.”⁶² According to *Berge*, there is a gray area of ideas that has been taken out of the purview of state law, yet has not risen to the level of federal copyright protection. Just as the claim in *Bonito Boats* arising under state law that attempted to protect unpatentable designs was preempted, a state contract cause of action that attempts to protect uncopyrightable ideas is also

patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws.

Id. at 231.

⁵⁷ U.S. CONST. art. 1, § 8, cl. 8.

⁵⁸ 489 U.S. 141 (1989).

⁵⁹ *Id.* at 153 (citing *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964)).

⁶⁰ *Id.* at 162-63 (citing *Ray v. Atl. Richfield Co.*, 435 U.S. 151, 179 (1978)).

⁶¹ *United States ex rel. Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453, 1463 (4th Cir. 1997). *Berge* involved a state law conversion claim, yet its principle has been applied to state law contract claims.

⁶² *Id.*

preempted because state law cannot be used to subvert federal policy.

Berge and the courts that follow its rationale have grounded their rulings in the legislative intent behind section 301:

[a]s long as work fits within one of the general subject matter categories of sections 102 and 103, the bill prevents the States from protecting it even if it fails to achieve Federal statutory copyright because it is too minimal or lacking in originality to qualify, or because it has fallen into the public domain.⁶³

This has been interpreted to mean that, once a work qualifies as a “work of authorship” under section 102,⁶⁴ uncopyrightable elements, i.e. ideas, contained within the work may be preempted but not protected by the Act. Following *Berge*, “most courts in recent years have held that ideas can be ‘within the subject matter of the Copyright Act’ for preemption purposes, as long as they are fixed in a written work.”⁶⁵ The fact that the ideas contained in the work are not independently copyrightable “does not take the work as a whole outside the subject matter protected by the Act That interpretation would run directly afoul of one of the Act’s central purposes, to ‘avoid the development of any vague borderline areas between State and Federal protection.’”⁶⁶

Thus, uncopyrightable ideas may fall within the “subject matter” preempted (but not protected) by the Act, thereby satisfying the subject matter prong. This interpretation, holding to

⁶³ H.R. Rep. No. 94-1476, at 1547.

⁶⁴ § 102’s requirement that the work be “fixed in any tangible medium of expression” can be satisfied by the work’s being fixed in any written form, such as storyboards, flash cards, treatments, or scripts. *See, e.g.,* *Katz Dochtermann & Epstein, Inc. v. HBO*, No. 97 CIV. 7763 (TPG), 1999 WL 179603, at *1 (S.D.N.Y. Mar. 31, 1999) (involving sample print ads, storyboards, and advertising copy); *Smith v. Weinstein*, 578 F. Supp. 1297, 1300 (S.D.N.Y. 1984) (involving film treatments and full length script), *aff’d*, 738 F.2d 419 (2d Cir. 1984). Note that if an idea is not fixed in a tangible medium of expression—that is, it is communicated orally—copyright preemption generally does not come into play.

Thus, if a writer discloses his idea to a producer orally without ever committing it to writing or any other “fixed medium of expression,” his idea is clearly not within the “subject matter” of copyright as defined in §102. The first prong would fail, and there would be no federal preemption. However, purely oral disclosures are rare, and so this distinction lacks practical force given the prevalence of treatments and outlines.

Devine, *supra* note 36, at 376 n.191. *See also* Bayard, *supra* note 17, at 610.

⁶⁵ Devine, *supra* note 36, at 377. *See* *Metrano v. Fox Broad. Co.*, 2000 U.S. Dist. LEXIS 7762 (C.D. Cal. Apr. 24, 2000) (citing *Berge*, 104 F.3d 1453); *Katz Dochtermann & Epstein, Inc. v. Home Box Office*, No. 97 CIV. 7763 (7PG), 1999 WL 179603 (S.D.N.Y. Mar. 31, 1999); *see also* *Endemol Entm’t v. Twentieth Television Inc.*, 48 U.S.P.Q.2d (BNA) 1524, 1529 (C.D. Cal. 1998) (“Even though the ideas embodied in a work covered by the Copyright Act fall outside copyright protection, this does not mean that they fall outside the Act’s scope regarding its subject matter.”).

⁶⁶ *Harper & Row, Publishers, Inc., v. Nation Enterprises*, 723 F.2d 195, 200 (2d Cir. 1983) (quoting H.R. Rep. No. 94-1476).

include ideas within the subject matter of copyright and to allow them to satisfy the first prong, is not without its critics,⁶⁷ yet it has been a cornerstone of idea submission cases thus far.

B. *The Equivalency Prong: State versus Federal Rights*

To satisfy the second prong of the preemption test, the rights that the plaintiff is seeking to enforce under state law must be “equivalent”⁶⁸ to the exclusive rights, as defined in section 106, that are reserved to a copyright holder. These include exclusive rights of reproduction, preparation of derivative works, distribution, performance, and public display.⁶⁹

To determine whether state rights are equivalent to rights protected by copyright, an inquiry must be made as to whether the state law claim provides an “extra element”⁷⁰ beyond the protection offered by copyright law. The extra element pertains only to rights, not remedies.⁷¹ If an extra element is present, a claim is not preempted by the Act. Professor Nimmer explains:

[I]f under state law the act of reproduction, performance, distribution, or display . . . will *in itself* infringe the state-created right, then such right is pre-empted. But if qualitatively other elements are required . . . in order to constitute a state-created cause of action, then the right does not lie “within the general scope of copyright,” and there is no pre-emption.⁷²

Thus, the crucial inquiry is whether a contractual promise to compensate the idea purveyor for the idea can suffice as the extra element. If a promise to pay is considered to be outside the rights guaranteed by the Act, then the claim is not preempted.

⁶⁷ See, e.g., Michaud & Tulquois, *supra* note 5, at 75.

⁶⁸ 17 U.S.C.S. § 301(f) (2005).

⁶⁹ 17 U.S.C.S. § 106 (2005).

⁷⁰ “Courts generally hold that a state right is not equivalent to copyright, and thus is not subject to preemption, if the state cause of action contains an operative element that is absent from the cause of action for copyright infringement.” PAUL GOLDSTEIN, COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES: CASES AND MATERIALS ON THE LAW OF INTELLECTUAL PROPERTY 15.2.1.2 (4th ed. 1997).

⁷¹ “In the context of a breach of contract cause of action, the extra element is not supplied by the mere breach of a promise giving rise to rights equivalent to copyright protection; the extra element must be a contractual promise creating a right not existing under federal copyright law.” *Kabehie v. Zoland*, 125 Cal. Rptr. 2d 721, 725 (2002). See also NIMMER, *supra* note 1, at § 1.01 [B][1] (“Even if additional remedies might exist under state law, the claim is pre-empted absent a showing of different rights.”).

⁷² NIMMER, *supra* note 1, at § 1.01.

1. A Promise to Pay does not Provide the Extra Element: An Approach on its Last Legs?

Under New York law, the promise to pay for an idea is not an “extra element” because the right being infringed is not considered sufficiently distinct from the rights protected by copyright under section 106. In *Fischer v. Viacom International, Inc.*,⁷³ a claim alleging that Viacom stole an idea and used it as the basis for the highly successful “Blue’s Clues” television program was found to be preempted because an implied promise to pay was not an extra element beyond the rights provided by copyright. Applying New York law, the U.S. District Court for the District of Maryland reasoned that “[b]ecause this alleged contract did not regulate the parties’ conduct beyond the mere use of Fischer’s ideas, the rights protected by the implied contract are equivalent to the exclusive rights protected by the Copyright Act.”⁷⁴ This interpretation turns not on the affirmative state right to get paid, but rather on the negative right, provided by copyright, to prevent others from using the idea. “If . . . this right arises simply from an implied promise not to use another’s ideas without paying for them, then the state law action is qualitatively equivalent to an action for copyright infringement and, therefore, will be preempted.”⁷⁵

In *Pannizza v. Mattel*,⁷⁶ the plaintiff presented her ideas for two new computer programs, then sued under quasi-contract theory when she believed her ideas were stolen by toy-maker Mattel. This time it was the Southern District of New York that decided that an implied promise to pay for the use of the ideas could not defeat preemption.⁷⁷ Panizza’s claim:

solely concern[ed] the benefit defendant allegedly received by using plaintiff’s ideas . . . without her permission or authorization to do so. ‘The overwhelming majority of courts in this circuit have held that an unjust enrichment claim based upon the copying of subject matter within the scope of the Copyright Act is preempted.’”⁷⁸

⁷³ 115 F. Supp. 2d 535 (D. Md. 2000).

⁷⁴ *Id.* at 542.

⁷⁵ *Id.*

⁷⁶ 68 U.S.P.Q.2d 1469, 2003 WL 22251317 (S.D.N.Y. Sept. 30, 2003).

⁷⁷ See also *Arpaia v. Anheuser-Busch Cos.*, 55 F. Supp. 2d 151 (W.D.N.Y. 1999) (implied contract claim for unauthorized use of frogs saying “Bud-Weis-Er” preempted); *Markogianis v. Burger King Corp.*, 42 U.S.P.Q.2d (BNA) 1862 (S.D.N.Y. 1997) (implied contract claim for “SMARTEN-UP” concept for Burger King Kids’ Club preempted).

⁷⁸ *Pannizza*, 2003 WL at *3; (quoting *Boyle v. Stephens, Inc.*, 1998 WL 690816, *6 (S.D.N.Y. Sept. 29, 1998), *aff’d* 2001 WL 1313784 (2d Cir. Oct. 24, 2001)); see also *Smith v. New Line Cinema*, 2004 WL 2049232 (S.D.N.Y. Sept. 13, 2004).

2. Preemption Finds its Pinnacle: The Rise and Fall of *Selby* and *Endemol*

This strong preemption approach found its apotheosis in the California district courts. In cases like *Selby v. New Line Cinema Corporation*,⁷⁹ *Endemol Entertainment v. Twentieth Television*⁸⁰ and *Metrano v. Fox Broadcasting*,⁸¹ California courts consistently found that an implied promise to pay did not provide the extra element.⁸² In *Selby*, the District Court for the Central District of California went to great lengths to find the exception that proves the rule:

[C]onceivably the promise may not really be an “additional element.” Suppose, *e.g.*, that the defendant promised “I will not infringe any copyright or copyright protection in the script you are proposing to show me.” In that case, the very promise is so inextricably entwined with the copyright that to permit the promisee to sue upon it would undermine the preemption feature of the Copyright Act.⁸³

By positing such an extreme (and unlikely) scenario to bolster its assertion that promises are most often likely to provide the same rights as those given by copyright, the *Selby* court’s overreaching only serves to undercut its credibility.

Perhaps because of dissatisfaction with decisions like *Selby* and *Endemol*, the Ninth Circuit’s recent decision in *Grosso v. Miramax* has overruled the California district courts’ preemption approach, limiting the strong preemption doctrine to the Second⁸⁴ and Fourth Circuits.

3. The Supremacy of Contract: A Promise to Pay Always Provides the Extra Element

The approach that a contractual promise (generally a promise

⁷⁹ 96 F. Supp. 2d 1053 (C.D. Cal. 2000).

⁸⁰ 48 U.S.P.Q. 2d (BNA) 1524 (C.D. Cal. 1998).

⁸¹ 2000 WL 979664 (C.D. Cal. 2000).

⁸² In fact, this line of cases led some scholars to believe that *Desny* was on its last legs. See Glen L. Kulik’s ominously titled *Copyright Preemption: Is This The End of Desny v. Wilder?*, 21 Loy. L.A. Ent. L.J. 1 (2000).

⁸³ *Selby*, 96 F.Supp.2d at 1060; see also *Endemol Entm’t v. Twentieth Television Inc.*, 48 U.S.P.Q.2d (BNA) 1524, 1528 (C.D. Cal. 1998).

⁸⁴ The Second Circuit is currently the strongest enforcer of copyright preemption doctrine, as not only breach of contract claims but also state law misappropriation claims may be preempted by copyright. See *N.B.A. v. Motorola*, 105 F.3d 841, 849 (2d Cir. 1997) (finding preemption of state law misappropriation claim against cell phone company for providing its subscribers with unauthorized data about basketball games on the basis that “[c]opyrightable material often contains uncopyrightable elements within it, but Section 301 preemption bars state law misappropriation claims with respect to uncopyrightable as well as copyrightable elements.”).

to pay for the right to use an idea)⁸⁵ provides the extra element sufficient to defeat preemption is grounded in the assertion that contract rights are inherently different from the rights granted by copyright. In *ProCD, Inc. v. Zeidenberg*,⁸⁶ Judge Easterbrook of the Seventh Circuit illustrated this difference in language that has become a cornerstone of non-preemption cases: “[a] copyright is a right against the world. Contracts, by contrast, generally affect only their parties; strangers may do as they please, so contracts do not create ‘exclusive rights’ [as delineated in section 106].”⁸⁷ In this way, rights guaranteed by contract and copyright can never be equivalent because of the difference in the parties against whom such a right is enforceable. A right enforceable against one person cannot be the same thing as a right enforceable against everybody.⁸⁸

ProCD's logic regarding the nonequivalence of contracts and copyright, which harkened back to the rationale of *Desny*, has been embraced by many courts. The Central District Court of California, in *Chesler/Perlmutter Productions, Inc. v. Fireworks Entertainment, Inc.*⁸⁹ determined that the discussion of specific contract terms and the presence of a written contract were

⁸⁵ It should be noted that breach of contract claims involving confidentiality agreements are not preempted. See *Lennon v. Seaman*, 63 F. Supp. 2d 428 (S.D.N.Y. 1999) (employee's unauthorized disclosure of photographs of John Lennon and Yoko Ono violated “plaintiff's bargained-for right not to have certain information disclosed to others, rather than, as the copyright law provides, to enforce an exclusive right to reproduce, distribute and display certain works.” *Id.* at 25. The court dismissed the unjust enrichment claim based on the copyrighted photographs, but allowed the claim for breach of confidentiality agreement); see also *Brignoli v. Balch Hardy & Scheinman, Inc.*, 645 F. Supp. 1201, 1204-06 (S.D.N.Y. 1986) (holding that breach of contract claims, including a breach of confidentiality agreement, were not preempted because they involved “extra elements”); *Smith v. Weinstein*, 578 F. Supp. 1297, 1307-08 (S.D.N.Y. 1984) (holding that, while any claim that rested not on the actual breach of the contract but rather on unauthorized copying was preempted, the breach of contract claims focusing on rights such as confidentiality and payment for ideas were not preempted).

⁸⁶ 86 F.3d 1447 (7th Cir. 1996). This is not an idea submission case. Rather, it involves the enforceability of shrinkwrap licenses for software that would allow the user to access a database of phone numbers. However, its interpretation of section 301 has been applied widely in the area of idea submissions law. For an in-depth examination of *ProCD*, see Brian Covotta & Pamela Sergeeff, *ProCD Inc. v. Zeidenberg*, 13 BERKELEY TECH. L.J. 35 (1998).

⁸⁷ *ProCD*, 86 F.3d at 1454.

⁸⁸ Note that the *ProCD* rule is not watertight. “Judge Easterbrook denied adopting a conclusive rule that all claims labeled “contract” would escape preemption. However, the opinion's language and logic tell a different story, in which it is indeed hard to imagine a contract claim not considered qualitatively different.” Bayard, *supra* note 17, at 617 (internal citations omitted).

⁸⁹ 177 F. Supp. 2d 1050 (C.D. Cal. 2001) (written contract for television series involving swashbuckling Spanish princess sufficient to withstand preemption challenge because “written terms, which go beyond a “promise not to accept the benefit of a copyright [sic] work,” provide the necessary “extra element.”) *Id.* at 1059, citing *Endemol Ent. v. Twentieth Television Inc.*, 48 U.S.P.Q.2d (BNA) 1524, 1528 (C.D. Cal. 1998)).

sufficient to provide the extra element.⁹⁰ The *ProCD* principle holds true even when the evidence of a contract is not explicit, but rather implied in fact. In *Groubert v. Spyglass Entertainment*,⁹¹ the idea was disclosed on the condition that the creator be compensated, and this sufficed as the extra element. New York's Southern District even jumped on the bandwagon in *Katz Dochrermann & Epstein v. HBO*,⁹² ruling that even a merely implicit promise to pay provided the extra element.

*Wrench LLC v. Taco Bell*⁹³ provides one of the most striking examples of the supremacy of contract over preemption, because of the hefty sum that a jury awarded to the creators of the "Psycho Chihuahua" character, which had been improperly appropriated by Taco Bell for their extremely popular marketing campaign.⁹⁴ When remanding the case to the jury, the Sixth Circuit stated in no uncertain terms that "the state law right is not abridged by an act which in and of itself would infringe one of the exclusive rights granted by section 106, since the right to be paid for the use of the work is not one of those rights."⁹⁵

This non-preemption approach is ascendant, and is controlling law in many circuits including the Fifth,⁹⁶ Sixth,⁹⁷

⁹⁰ See also *Trenton v. Infinity Broad. Corp.*, 865 F. Supp. 1416, 1429-30 (C.D. Cal. 1994) (finding that breach of contract claims based on an express contract would not be preempted).

⁹¹ 63 U.S.P.Q. 2d (BNA) 1764 (C.D. Cal. 2002).

⁹² 50 U.S.P.Q. 2d (BNA) 1957 (S.D.N.Y. 1999). This district court decision can be considered an aberration, as generally courts within the Second Circuit adhere to a more stringent preemption doctrine. Cf. *A.M.C. v. Turner Ent. Co.*, 922 F. Supp. 926 (S.D.N.Y. 1996) (holding that breach of contract claim was preempted where the express contract governed rights equivalent to those under the Copyright Act); *Wolff v. Inst. of Elec. and Elec's. Eng'rs., Inc.*, 768 F. Supp. 66, 69 (S.D.N.Y. 1991) (holding that the breach of contract claim was preempted where the alleged breach was an infringement of the plaintiff's copyright).

⁹³ 290 F. Supp. 2d 821 (W.D. Mich. 2003); see also Shirley Leung, *Jury: Taco Bell Owes Chihuahua Creators \$30 Million*, WALL ST. J., June 5, 2003.

⁹⁴ "The *Wrench* plaintiffs developed a cartoon character known as 'Psycho Chihuahua,' a 'caricature of a feisty, edgy, confident Chihuahua with a big dog's attitude.'" *Bayard*, *supra* note 17, at 620 (quoting *Wrench LLC v. Taco Bell Corp.*, 51 F. Supp. 2d 840, 853 (W.D. Mich. 1999) ("Wrench III")). When Taco Bell started running television commercials featuring a "suave male Chihuahua with a taste for Taco Bell food and known for the line, 'Yo quiero Taco Bell,'" the plaintiffs claimed that Taco Bell had "misappropriated their creative images, ideas, concepts, and designs for its own use without compensating the Plaintiffs for use of their property." *Bayard*, *supra* note 17, at 621 (quoting *Wrench LLC v. Taco Bell Corp.*, 49 U.S.P.Q.2d 1032, 1034 (W.D. Mich. 1998) ("Wrench I")).

⁹⁵ 256 F.3d 446, 456 (6th Cir. 2001); *cert denied*, 534 U.S. 1114 (2002) ("Wrench IV").

⁹⁶ See *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1501 (5th Cir. 1990) (affirming district court's holding that the enforcement of the contract in question was not preempted since the rights created under the contract were not equivalent to the exclusive rights under the copyright laws).

⁹⁷ See *Wrench v. Taco Bell Corp.*, 256 F.3d 446, 454 (6th Cir. 2001). But see *Ritchie v. Williams*, 395 F.3d 283, 287-89 (6th Cir. 2005) (finding express contract preempted);

Seventh,⁹⁸ Eighth,⁹⁹ and now, thanks to *Grosso v. Miramax*,¹⁰⁰ the Ninth. At least one District Court has even employed it in the field of popular music. In *Brown v. Mojo*,¹⁰¹ the court found that a contractual relationship between members of the band Cherry Poppin' Daddies and their label regarding payment for playing on copyrighted sound recordings was sufficiently distinct from the copyrights in the recordings themselves to defeat preemption.

III. ENTER *GROSSO V. MIRAMAX*: HERO OR VILLAIN?

A. *Bye Bye Berge-ie*:¹⁰² Why *Grosso Is an Improvement over Berge*

The *Grosso v. Miramax*¹⁰³ decision of the Ninth Circuit Court of Appeals clarified the muddled law that preceded it. Since the Ninth Circuit encompasses what is popularly known as "Hollywood" (that is, nearly all the film and much of the television industry), it is arguably the most important federal jurisdiction for idea law.¹⁰⁴ Thus, a clarification of California law serves as an important boon to the film industry, by providing a roadmap for parties to better understand their rights and obligations.

The preemption line of cases stemmed from one decision, *United States ex rel. Berge v. Board of Trustees of the University of*

Murray Hill Publ'g, Inc. v. ABC Comm., Inc., 264 F.3d 622, 637-38 (6th Cir. 2001) (unjust enrichment claim preempted). "The inconsistency within the Sixth Circuit reflects the ineffectiveness of the 'extra element' test." *Miramax* Petition for Writ of Cert., 2005 WL 1403156 (U.S. June 13, 2005) (No. 04-1682).

⁹⁸ See *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996).

⁹⁹ See *Nat'l Car Rental Sys., Inc. v. Comp. Assoc. Int'l, Inc.*, 991 F.2d 426, 433 (8th Cir. 1993).

¹⁰⁰ 383 F.3d 965 (9th Cir. 2004).

¹⁰¹ 2000 U.S. Dist. LEXIS 9155, *10 (D. Or. 2000) ("Contract questions that depend on common law or equitable principles belong in state court." (quoting *Dolch v. United California Bank*, 702 F.2d 178, 180 (9th Cir. 1983) (internal citations and quotations omitted)); also citing *Borden v. Katzman*, 881 F.2d 1035, 1038 (11th Cir. 1989).

¹⁰² This is a pun on "Bye Bye Birdie," see http://en.wikipedia.org/wiki/Bye_Bye_Birdie, (last visited March 11, 2005), a musical which became a movie which became a television show, thus illustrating the point that "there are no original ideas in Hollywood . . . one writer suggested that there are only thirty-six fundamental dramatic situations." Devine, *supra* note 36, at 363; see also GEORGE POLTI, *THE THIRTY-SIX DRAMATIC SITUATIONS* (Writer, Inc., 1988) (1917); HENRY ALBERT PHILLIPS, *THE UNIVERSAL POLT CATALOG* (Stanhope Dodge Publishing Co. 1916). Some critics of Hollywood's lack of originality have gone even further, "claiming there [a]re only seventeen basic plots; the premise of every film or television show either fits one of these or is derived from a combination of them." Devine, *supra* note 36, at 363 (citing Steve Duin, *The Plots Slowly Thicken*, *THE OREGONIAN* (June 25, 1998)).

¹⁰³ 383 F.3d 965 (9th Cir. 2004).

¹⁰⁴ The Ninth Circuit's only rival in idea submission jurisprudence is the Second Circuit, which encompasses New York City and therefore a large segment of the television industry. Cf., Camilla M. Jackson, "I've Got This Great Idea For a Movie!" *A Comparison of the Laws of California and New York That Protect Idea Submissions*, 21 COLUM.-VLA J.L. & ARTS 47, 47 (1996) ("the two jurisdictions that deal with idea submissions most often [are] California and New York.").

Alabama,¹⁰⁵ which was somewhat questionable as a matter of copyright doctrine.¹⁰⁶ Based on the idea/expression dichotomy,¹⁰⁷ idea submissions should not fall under the purview of copyright in the first place; rather, they should escape preemption on the first prong of the test, subject matter, since ideas are not within the subject matter of copyright.¹⁰⁸

Berge is an inappropriate precedent for idea submission cases because its facts did not even involve idea submissions, but rather, a state law conversion claim involving an academic paper.¹⁰⁹ By providing certainty and correcting the erroneous *Berge* line of cases, *Grosso* will have both practical and doctrinal benefits. However, though it can be considered an improvement over *Berge*, *Grosso* itself is far from perfect.

B. *A Promise to Pay Defeats Federal Preemption:
It's Desny Vu All over Again*

Despite its benefits, *Grosso* is hardly a panacea for Hollywood's idea-submission ills. Though its outcome may be laudable, its logic and discussion of previous case law are somewhat lacking. Rather than explicitly negating the preemption doctrine that had been spreading in the California courts and elsewhere, the court in *Grosso* merely dusted off *Desny v. Wilder* and relied heavily on its simple rationale of the supremacy of contract. In a brief opinion that was remiss in not addressing the *Selby/Endemol* preemption line of California cases, the court simply declared that, "[t]he contract claim turns not upon the existence of a [copyright] . . . but upon the implied promise to pay the reasonable value of the material disclosed."¹¹⁰ Thus, rather than bringing any new analysis to the table, the court has simply traveled full circle and ended up at the same result it did almost 50 years ago in *Desny*.

But what exactly did *Grosso* say? According to the popular press, "Hollywood legal circles have been puzzling over the decision, which declares that movie and television executives enter [an] implied contract every time they read [a] script or hear [a] pitch."¹¹¹ But is this really true? *Grosso* notwithstanding,

¹⁰⁵ United States *ex rel.* *Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453, 1463 (4th Cir. 1997).

¹⁰⁶ For an in-depth critique, see Michaud & Tulquois, *supra* note 5.

¹⁰⁷ See *Baker v. Selden*, 101 U.S. 215, 250 (1879).

¹⁰⁸ See *supra* Part II.A.

¹⁰⁹ See *Berge*, 104 F.3d at 1463.

¹¹⁰ *Grosso v. Miramax*, 383 F.3d 965, 968 (9th Cir. 2004) (citing *Landsberg v. Scrabble Crossword Game Players, Inc.*, 802 F.2d 1193, 1196-97 (9th Cir. 1986)).

¹¹¹ Thompson, *supra* note 9.

traditional concepts of contract law still apply; there must have been some acceptance of the idea in order for a contract to be formed.¹¹² The rules do not change simply because of the context of the entertainment business. In order to establish an implied-in-fact contract in the entertainment context,

[A] plaintiff must allege: 'that he or she prepared the work; that he or she disclosed the work to an offeree for sale [the offer]; that . . . the offeree voluntarily accepted [acceptance] the disclosure knowing the conditions on which it was tendered (i.e., the offeree must have the *opportunity to reject* the attempted disclosure if the conditions were unacceptable); and the reasonable value of the [work].'¹¹³

Producers must still have an opportunity to reject the idea before they are unwittingly ensnared in a contract with an idea purveyor, or else there can be no acceptance and thus no contract.

C. *Please Sign on the Dotted Line: Chilling Effects, Upfront Waivers and the Unintended Consequences of Grosso*

This enforceability of contract rights in the face of preemption challenges arguably gives the parties more power to control their own affairs via negotiation and bargaining, rather than having the federal copyright statute jump in and enforce penalties and statutory damages which may be contrary to the intent of the parties. *Grosso* appears at first blush to give idea purveyors more power to enforce their rights,¹¹⁴ since breach of contract tends to be their preferred cause of action.¹¹⁵ However, it may have unintended consequences that end up harming idea purveyors in ways the court might not have intended.

Before *Grosso*, producers were already wary of unsolicited idea submissions. Because producers are "constantly inundated with unsolicited idea submissions . . . practically every studio and

¹¹² The Restatement Second of Contracts provides:

§ 22 Mode of Assent: Offer and Acceptance

(1) The manifestation of mutual assent to an exchange ordinarily takes the form of an offer or proposal by one party followed by an acceptance by the other party or parties.
(2) A manifestation of mutual assent may be made even though neither offer nor acceptance can be identified and even though the moment of formation cannot be determined.

RESTATEMENT (SECOND) OF CONTRACTS §22 (1981).

¹¹³ *Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053, 1056 (C.D. Cal. 2000) (emphasis added) (quoting *Star Patrol Enterprises, Inc. v. Saban Entm't, Inc.*, 129 F.3d 127 (9th Cir. 1997)).

¹¹⁴ "The [*Grosso*] ruling, if it stands, appears to strengthen the position of writers." Thompson, *supra* note 9.

¹¹⁵ See *supra* note 13 and accompanying text.

network refuses to accept unsolicited ideas unless they are accompanied by a release.”¹¹⁶ Courts have generally found these releases to be enforceable.¹¹⁷ In such a release, “[the idea purveyor] must waive all of his rights to the material before the producer will even read it. If he does not sign a release, his submission will most likely be returned to him unopened.”¹¹⁸ Thus, producers are already extremely wary about accepting unsolicited idea submissions, leaving only the slightest crack in the door for an aspiring unknown writer to get through. By giving writers more of a chance to get to a jury on a breach of contract claim, *Grosso* might cause the producers to pull the door shut entirely, leaving unknown writers¹¹⁹ with even less bargaining power than they had before.

Faced with the possibility that *Grosso* might expose them to liability for contracts by which they never intended to be bound, producers will give themselves even more of an “opportunity to reject”¹²⁰ via more stringent legal releases and other hurdles that idea purveyors will have to surmount before an idea or treatment is even considered. These releases are likely to include an arbitration provision, thus waiving the right to go to court, providing a shorter period of time in which to bring a dispute to arbitration and providing a limitation on damages which is determined before the idea is even disclosed.¹²¹ Rather than leveling the playing field

¹¹⁶ Devine, *supra* note 36, at 364.

¹¹⁷ “Most courts have held these releases to be enforceable.” *Id.* See also *Burten v. Milton Bradley Co.*, 763 F.2d 461, 467 (1st Cir. 1985) (finding a disclosure agreement that purported to waive all of plaintiff’s rights to be unenforceable because its terms were ambiguous, though an unambiguous agreement would have been enforceable); *Spinello v. Amblin Entm’t*, 34 Cal. Rptr. 2d 695, 699-700 (1994); 29 Cal. App. 4th 1390, 1398-99 (1994). (finding arbitration clause in submission waiver to be enforceable because both parties were sophisticated and thus it was not a contract of adhesion).

¹¹⁸ Devine *supra* note 36 at 364-65. See also *Whitfield v. Lear*, 751 F.2d 90, 93 (2d Cir. 1984) (“The custom in the television industry is that a studio or producer not desiring any outside submissions states so explicitly and, when a studio or producer is not interested in reviewing a particular script, the script is returned unopened.”).

¹¹⁹ *Grosso* is of special concern for unknown writers, who have no reputation to give them credence with a studio, yet also no reputation to lose by bringing a frivolous lawsuit. “[W]riters who are represented by established agents and lawyers typically engage in relatively freewheeling exchanges with film and television executives, counting on their representatives’ influence and industry custom to protect them from misappropriation.” Thompson, *supra* note 9.

¹²⁰ *Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053 (C.D. Cal. 2000) (citing *Star Patrol Enters., Inc. v. Saban Entm’t, Inc.*, 129 F.3d 127 (9th Cir. Oct.23, 1997)).

¹²¹ *Lindey on Entertainment* provides some guidelines for what such a release might look like.

On the Producer’s Part:

[W]e receive many suggestions that duplicate those previously made either by members of our own staff or by others. Moreover, we may commence using material similar to yours that we receive after the date of your submission. It has theretofore become necessary for us to adopt the policy of

between producers and idea purveyors, these provisions all serve to reduce the idea purveyor's bargaining power by limiting both remedies and damages for idea theft.

IV. CONCLUSION

A. *For Idea Purveyors: Use of Agents*

A contract is generally considered to be a freely-bargained-for agreement, but idea submission releases have been criticized as contracts of adhesion because of the vast disparity in bargaining power between the parties.¹²² However, regardless of whether idea purveyors like them or not,¹²³ releases are here to stay for the near future. If idea purveyors could find a way to improve their

refusing to consider any material unless the person submitting it signs the agreement appended to this statement and specifies the maximum payment that he is to get if we use his material.

And on the writer's part:

I agree that you may use my material or one or more of its features or components. If you commence such use, and provided the material is original, novel and valuable, you agree to pay me as total compensation therefor such sum of money as we may subsequently agree upon in writing. If we have not attempted or are unable to agree upon the sum, and you commence the use of the material, you will pay me and I will accept as full consideration for all rights of every kind in the material, the sum of [\$_____] if it is first used as the basis of a series of network broadcasting programs, [\$_____] if the material is first used as the basis of a series of local programs, or [\$_____] if the material is first used for any other purpose. I acknowledge that I shall suffer no damages in excess of the foregoing from your use of my material or by reason of any other claim that I may assert with respect thereto

Any controversy arising out of or in connection with this submission will be conclusively determined by arbitration in [the City of New York] before the American Arbitration Association and under its rules. The arbitrator's decision shall be controlled by the terms of this agreement, and in no event shall an award exceed the applicable amount specified in paragraph 1 hereof. I agree that any arbitration proceeding that I may choose to bring against you shall be initiated within [six] months after the date of your first use of any material that I claim to be mine.

2 ALEXANDER LINDEY & MICHAEL LANDAU, *LINDEY ON ENTERTAINMENT*, Publ. & the Arts § 7:70 (2004); *see also* 2 LINDEY ON ENTERTAINMENT, PUBL. & THE ARTS § 7:71 (providing similar release in letter format).

¹²² *See* Devine, *supra* note 36, at n.248 and accompanying text. For a more comprehensive survey, *see* NIMMER, *supra* note 1, at § 16.05 n.30 (including CAL. CIV. CODE § 1668 (2005), which provides that "all contracts which have for their object, directly or indirectly, to exempt any one from responsibility for his own fraud, or willful injury to the person or property of another, or violation of law, whether willful or negligent, are against the policy of the law.")

¹²³ Devine argues that, as a normative matter, releases should be enforceable because their benefits outweigh their detriments. "With releases in place, many people might decide to keep their ideas to themselves instead of submitting them subject to a waiver. In this way, allowing releases hurt the flow of creativity. However, whatever limit this imposes would pale in comparison to the limit on creativity that would result if releases were unenforceable." Devine, *supra* note 36, at n.252.

bargaining power, they could negotiate the releases to make their terms less onerous.

One way to equalize the bargaining power is the use of agents. In an industry reliant on reputation, in which idea purveyors do not want to ruin their good reputations by being labeled difficult and litigious, having a positive reputation can be the only way to increase one's bargaining power. By hiring an agent, lawyer or other representative and relying on his or her reputation, an unknown writer can sidestep the problem of not having a reputation of his or her own. "[P]roducers would not be able to simply refuse to deal with agents [as they could with individual idea purveyors] . . . [A]gents have the bargaining power that individual writers lack; they are producers' main source of idea submissions. While unsolicited idea submissions are a nuisance, producers depend on agents to find them new projects. After all, they have to get their ideas from somewhere."¹²⁴ Idea purveyors and producers still need each other. Under the current legal framework, the best way for idea purveyors to try to remedy their lack of bargaining power is through the enhanced reputation and bargaining power of agents.

B. *Grosso Should Be Construed Narrowly by the Courts*

In order to avoid ensnaring producers into contracts by which they never consented to be bound, courts should only imply a contract where there has actually been assent and a bargain has been struck. *Grosso* should not be read broadly to "declare[] that movie and television executives enter an implied contract every time they read a script or hear a pitch."¹²⁵ Rather, more than just an "industry custom"¹²⁶ that the idea purveyor expects to be paid should be required to imply a contract. The fact that a producer pays for ideas in general should not oblige him or her to pay for *every* idea that comes across his or her desk. To do so would contravene the fundamental principle that ideas should be "free as the air."¹²⁷ If *Grosso* is actually resurrecting *Desny*,¹²⁸ the courts should take note of the actual standards set out in *Desny* itself. "The idea man who blurts out his idea without having first made

¹²⁴ See *id.* at 388-89.

¹²⁵ Thompson, *supra* note 9.

¹²⁶ See *supra* notes 27-29 and surrounding text.

¹²⁷ *Int'l News Serv. v. Assoc. Press*, 248 U.S. 215, 250 (1918) (Brandeis, J. dissenting).

¹²⁸ This appears to be what the *Grosso* court is doing, as they repeatedly refer to a breach of implied contract claim as a "*Desny* claim." *Grosso v. Miramax*, 383 F.3d 965 (9th Cir. 2004), *amended by*, 400 F.3d 658, *petition for cert. filed*, 2005 WL 1403156 (U.S. June 13, 2005) (No. 04-1682).

his bargain has no one but himself to blame.”¹²⁹

To construe *Grosso* narrowly would not just benefit the producers, but also the idea purveyors. Since producers and idea purveyors exist in a symbiosis wherein they rely on each other for artistic and financial survival, “any legal doctrine that is too demanding on producers may end up altering the idea submission relationship, with severely negative consequences for the writers [and idea purveyors].”¹³⁰ By implying a contract only when the parties have actually intended to do so, courts can help avoid “put[ting] a new chill on the already frosty business of selling ideas, by forcing studios and networks to spell out terms or seek legal waivers before they read or listen to a word.”¹³¹ With waivers already in place at most studios, the last thing idea purveyors need is to have producers erecting even more barriers to entry.

C. Conclusion

Despite its shortcomings, *Grosso v. Miramax* has brought some clarity to a heretofore muddled area of the law, a move that can only decrease transaction costs and help Hollywood to get on with the business of making films. In choosing the non-preemption approach, the Ninth Circuit has joined the majority of circuits in disapproving the *Berge* line of cases. However, courts should be careful to not take *Grosso* too far; a contract is an agreement between two parties, and courts should be wary of implying contracts and imposing obligations on parties against their wishes. The fact that *Grosso* has made such a radical move by resuscitating the half-century old *Desny v. Wilder* illustrates the point that when it comes to ideas in Hollywood, or the Ninth Circuit, “there’s nothing new under the sun.”¹³²

Aileen Brophy*

¹²⁹ *Desny v. Wilder*, 299 P.2d 257, 270 (1956).

¹³⁰ Devine, *supra* note 36, at 385.

¹³¹ Thompson, *supra* note 9.

¹³² See Charles Mudede, *There’s Nothing New Under the Sun: Hollywood’s Narrative Cannibalism*, THE STRANGER, July 6, 2000, available at <http://www.thestranger.com/seattle/Content?oid=4368> (last viewed Aug. 25, 2005).

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