

## Second Circuit Reversal Regarding Disney's *Fantasia* On Videocassettes

by Stanley Rothenberg

The Second Circuit, in a significant, well-reasoned opinion by Judge Pierre Leval, reversed the district court for the Southern District of New York regarding Disney's release in 1991 of *Fantasia* in video format. *Boosey & Hawkes Music Publishers, Ltd v. The Walt Disney Company* 145 F.3d 481, 46 U.S.P.Q. 2d (BNA) 1577 (2d Cir. 1998), *reh'g denied opinion amended* No. 96-9205 (2d Cir. July 10, 1998). Disney obtained a worldwide license in 1939 (the Agreement) from composer Igor Stravinsky to record in any manner, medium or form his musical composition "The Rite of Spring" for use in synchronization with Disney's movie *Fantasia*, first released theatrically in 1940. The composition was in the public domain in the United States, but protected by copyright in many other countries. There is no reference in the Agreement to media thereafter devised or invented, i.e., "future technologies." Rather, the Agreement contained a clause, conditioning the right to record the composition upon performance thereof in theatres having valid ASCAP or similar performing rights society licenses (the ASCAP Condition). Boosey & Hawkes, Stravinsky's successor, brought this action in 1993.

Although the district court found that the right to record in any manner, medium, or form included the right to record on video, it held that the ASCAP Condition prevented Disney from distributing videos directly to consumers. Also, even though the composition was in the public domain in the U.S., Disney was vulnerable to Boosey's foreign copyright claims. But Disney obtained dismissal of those claims under the principle of *forum non conveniens* because the claims involved the application of at least 18 different foreign laws.

On appeal, Disney challenged the summary judgment, which declared that the Agreement does not authorize video distribution of the composition. In turn, Boosey contended that in addition to the ASCAP Condition the license did not authorize distribution in video because there was no "future technologies" provision. This caused Judge Leval to reexamine the landmark Second Circuit decision, *Bartsch v. Metro-Goldwyn-Mayer, Inc.*, 391 F.2d 150 (2d Cir.) (Friendly, J.), *cert. denied*, 393 U.S. 826 (1968) (the author represented Bartsch) in which a 1930 license of movie rights to the play *Maytime* was held to include the right to televise the movie *Maytime*.

In *Bartsch*, the Second Circuit held that licensees may properly pursue any uses which may reasonably be said to fall within the medium as described in the license. "If the words are broad enough to cover the new use, it seems fairer that the burden of framing and negotiating an exception should fall on the grantor." Judge Leval added, "at least when the new medium is not completely unknown at the time of contracting." (At the Bartsch trial, there was testimony that television was publicly demonstrated in New York as early as 1927.) Judge Leval states that the license "to record in any manner, medium, or form" extends to videocassette recording absent any indication in the Agreement to the contrary, citing the Court's earlier decision, *Bourne v. Walt Disney Co.*, 68 F.3d 621 (2d Cir. 1995), *cert. denied*, \_\_\_ U.S. \_\_\_, 116 5. Ct. 1890 (1996), which concerned *Snow White and the Seven Dwarves* and *Pinocchio* on videocassette.

Continuing, Judge Leval states, "If a new-use hinges on the foreseeability of the new channels of distribution at the time of contracting . . . Disney has proffered unrefuted evidence that a nascent market for home viewing of feature films existed by 1939. The Bartsch analysis thus compels the conclusion that the license for motion picture rights extends to video format distribution."

In respect of the ASCAP Condition, the Court said, *inter alia*, this, "read literally," required no more than that Disney perform *Fantasia* in two or more ASCAP-licensed theaters, "a condition surely long ago satisfied," so that the ASCAP Condition does not "unambiguously prohibit" Disney from performing the composition in non-ASCAP theatres, or from distributing the movie directly to consumers.

Moreover, because the composition was in the public domain in the U.S.—where Disney was making its movie—Disney did not need a license from Stravinsky "to record" the composition. Thus, the court remanded for trial whether Disney violated the ASCAP Condition and whether Disney was guilty of breach of contract. However, the order denying Boosey's petition for a rehearing amended the opinion by adding two footnotes regarding the ASCAP Condition, holding that "[the court's] discussion does not preclude any factual issues which may be raised at trial."

Regarding *forum non conveniens*, Judge Leval said that the district court failed to determine "whether Disney was subject to jurisdiction in the various countries where the [district] court anticipated that trial would occur. . . ."

Moreover, "relevant private interests of the litigants" to be considered in the assessment "include access to proof, availability of witnesses" and all other factors "that make trial of a case easy, expeditious and inexpensive," citing *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508-509 (1947).

Judge Leval found that "[a] trial here promises to begin and end sooner than elsewhere," and would, among other things, involve "a single proceeding," and would be less expensive than 18 suits in 18 countries. "The need to apply foreign law alone is not sufficient to warrant dismissal." Thus the court vacated the dismissal of the foreign copyright claims and remanded them for trial.

Accordingly, we shall undoubtedly see many more foreign copyright claims in the Second Circuit courts, unless, of course, the claimant thinks foreign courts will be more sympathetic to its foreign copyright claims *and* claimant can get jurisdiction abroad over an infringing party with a deep pocket.

Even though the court found that the grant to Disney included video rights, this is not necessarily dispositive of the issue of copyright infringement under foreign law. Some foreign countries may not recognize the grant of rights concerning future technologies. However, the law of the country in which the contract was entered into may be held to govern the scope of the grant. It will be very interesting to see how the choice of law rules and laws of the 18 foreign countries at issue will be applied by the district court on remand. The array of foreign legal experts brought to bear will also undoubtedly be exciting to watch.

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