

Fantasia on Videotape Conjures a Lawsuit

by Stanley Rothenberg

Eighteen months ago on these pages we discussed *Bourne v. Walt Disney Co.*, 68 F.3d 621 (2d Cir. 1955), *cert. denied*, ___ U.S. ___, 116 S. Ct. 1890 (1996), in which the Second Circuit Court of Appeals upheld an expansive reading of a grant of motion picture rights with respect to new technology. There, the music publisher Irving Berlin, Inc., plaintiff Bourne's predecessor-in-interest, licensed motion picture synchronization rights to The Walt Disney Company ("Disney") in respect of the musical compositions created for Disney's 1937 and 1939 motion pictures "Snow White and the Seven Dwarfs" and "Pinocchio", respectively.

Here, in 1939, Igor Stravinsky ("Stravinsky"), predecessor-in-interest to plaintiff Boosey & Hawkes Music Publishers, Ltd. ("Boosey"), licensed Disney the right to use Stravinsky's musical composition, "The Rite of Spring," in Disney's animated motion picture "Fantasia", released in 1940. The action, *Boosey & Hawkes Music Publishers v. Walt Disney*, 934 F. Supp. 119 (S.D.N.Y. 1996), appeal pending, arises from Disney's 1991 release worldwide of "Fantasia" on videocassette and laser disc (collectively "video").

The original version of the licensed musical composition, completed by Stravinsky (1882-1971) in 1913, is and was at the time of the license to Disney, in the public domain in the United States, but also was and still is protected by copyright in many other countries throughout the world. Apparently there are no living witnesses to the formation of the licensing agreement which was negotiated in the United States and to which the court applied U.S. law. Presumably, the foreign copyrights in the composition were a moving force in impelling Disney to enter into the license agreement. Pursuant thereto, Stravinsky licensed Disney

the nonexclusive, irrevocable right, license, privilege and authority to record in any manner, medium or form, and to license the performance of, the musical composition . . . and to make copies of such recordings and to import said copies of recordings into any country covered by this license.

The said music may be used in whole or in part and may be adapted, changed, added to or subtracted from, all as shall appear desirable to the Purchaser [Disney] in its uncontrolled discretion . . . and the name of the undersigned may be announced in or in connection with said motion picture.

The right to record the musical composition as covered by this agreement is conditioned upon the performance of the musical work in theatres having valid licenses from the American Society of Composers, Authors and Publishers [ASCAP], or any other performing rights society having jurisdiction in the territory in which the said musical composition is performed.

According to Boosey the musical composition as it appears in the motion picture is altered from the original as composed by Stravinsky and the video is the same in relevant part as the motion picture. Boosey asserts, however, that the narration within the video, and the promotional piece which accompanies the deluxe commemorative edition of the video, gives a false impression that the video features the original version of the Stravinsky musical composition.

Boosey's first cause of action sought a declaratory judgment that the license granted by Stravinsky to Disney did not include the right to use the musical composition on video. The second cause of action, which follows therefrom, is for copyright infringement in at least eighteen countries other than the United States by reason of Disney's allegedly unauthorized copying and exploitation of a substantial portion of the musical composition on video. The third cause of action is for violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), by allegedly mutilating and impairing the integrity of the musical composition in violation of Stravinsky's moral right and for allegedly falsely attributing and advertising that the video contains a full and accurate recording of the musical composition. The fourth cause of action alleges that Disney breached the license agreement by marketing the video without Boosey's consent.

Boosey was granted summary judgment on its first cause of action on the issue of contract interpretation. The court noted that the license "to record in any manner, medium or form must include the right to record on video tape and laser disc". In *Bourne* the court held that the grant of rights to synchronize musical compositions with motion pictures allows for videocassette synchronization, that the term 'motion picture' was not limited to the celluloid-film medium but could reasonably include any other storage medium. With broader granting language in

the *Fantasia* license, a similar result was inevitable in the Second Circuit. In the Ninth Circuit, on the other hand, quite similar language resulted in a diametrically opposite result. *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988). However, the *Boosey* court also held that "the ASCAP condition states that Disney's rights are conditioned on Disney's showing *Fantasia* in theatres licensed by performing rights societies." Thus the court held that "the clear wording of the ASCAP condition prevents Disney from distributing video tapes or laser discs directly to consumers" in countries in which the musical composition is protected by copyright.

Was the purpose of the condition to limit the use of the film to motion picture theatres or to merely require that the motion picture theatres to which the film was licensed by the film distributor also have licenses from ASCAP. The latter interpretation seems quite reasonable and should garner a good deal of attention from the Second Circuit Court of Appeals, especially in light of the finding in *Bourne* that "Disney introduced credible evidence demonstrating that home viewing of motion pictures was within the contemplation of persons in the motion picture industry during the 1930s." Moreover, the Stravinsky license was given at a time when it was customary for film producers to obtain a license from the music publishers for music synchronization rights and for motion picture theatres to obtain a separate license from ASCAP for music performance rights. However, by reason of a Justice Department antitrust action against ASCAP, and the ensuing consent judgment, the members of ASCAP were prohibited from granting music synchronization rights to any film producer unless the member, or ASCAP, granted corresponding music performing rights.

Disney sought and obtained dismissal of Boosey's second cause of action under the principle of *forum non conveniens*. The court, relying on *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 507 (1947), found that the balance of factors underlying the principle (the private interests of the litigants versus public interests) strongly favored trial of the copyright issues in each of the countries whose copyright laws were invoked because

the courts in each of those countries are much more familiar with their own copyright laws than a United States court could be.

In addition, the enforceability of the ASCAP condition hinges on the application of antitrust laws in each of the nations named by Plaintiff . . . Those issues are better litigated in the countries where enforcement of the copyright is sought.

Coincidentally, on August 19, 1996, ten days after *Boosey* was decided by Judge Kevin Thomas Duffy, another judge in the Southern District of New York, Kimba M. Wood, decided *Ice Music Ltd. v. Schuler*, 42 U.S.P.Q. 2d (BNA) 1449, 1450 (S.D.N.Y. 1996), in which the publishing agreement stated that it "shall be governed and interpreted in accordance with the law of England." Although Judge Wood invited the parties to brief the applicability of English law or submit expert testimony as to how English law would apply, neither party chose to do so. Would the court have dismissed the case on the grounds of *forum non conveniens* if it had found that English contract law was applicable, or is it very different where copyright law is involved, especially where it involves the copyright laws of eighteen foreign jurisdictions? However, in *London Film Prods. Ltd. v. Intercontinental Communications, Inc.*, 580 F. Supp. 47 (S.D.N.Y. 1984), the British plaintiff alleged copyright infringement by a United States defendant in Chile, Costa Rica, Ecuador, Panama, Peru and Venezuela by means of unauthorized distribution of a motion picture in the public domain in the United States. Notwithstanding the need to apply several foreign copyright laws, the court did not dismiss the case. Additionally, in its appeal to the Second Circuit, Boosey contends that, *inter alia*, Disney's failure to move to dismiss on grounds of *forum non conveniens* until the eve of trial ("after moving to transfer venue, conducting discovery, moving for summary judgment on the § 43(a) claim, and preparing pre-trial submissions", Boosey's reply brief, p. 13), several years after the action commenced, should have resulted in a denial of the motion because of Disney's untimely delay.

With respect to the third cause of action, the court held that neither Section 43(a) of the Lanham Act nor *Gilliam v. American Broadcasting Co.*, 538 F.2d 14 (2d Cir. 1976) (the landmark "Monty Python" case), precludes persons from modifying or mutilating a work, but rather from falsely representing that a modification of an original work is either (1) the original work or (2) a work of the author of the original. However, the court held that to obtain monetary damages under Section 43(a), plaintiff must introduce evidence of actual consumer confusion and that since Boosey, which sought damages only, had not presented any evidence of confusion, the court granted Disney summary judgment dismissing the Lanham Act claim.

On the fourth cause of action, Boosey's claim for breach of contract, namely, breach of the ASCAP condition in the license, the court held that the failure to fulfill the condition means that the use was unlicensed and that such unlicensed use may be an infringement of copyright where such protection exists, but that there was no breach of

contract. This holding, together with the court's holding on the first cause of action, should prove beneficial to Boosey if the Second Circuit reverses on the issue of *forum non conveniens* and directs the court to try the foreign copyright infringement claims.

Conclusion

To zero in on the issue which triggered the lawsuit, the trend, in the Second Circuit, appears to favor the grantee in respect of the interpretation of the scope of a grant made decades before the commercial introduction of the disputed new technology, whether it was television in *Bartsch v. Metro-Goldwyn-Mayer, Inc.*, 391 F.2d 150 (2d Cir.), cert. denied, 393 U.S. 826 (1968) or videocassettes in *Bourne* and *Boosey*. Presumably, the same rationale should apply to other new technology such as cable transmission (basic or pay), CD-ROMs and the Internet. However, the latter wondrous storage media raise still further questions. For example, may a CD-Rom or a Web site reproduce, on the screen, lyrics from the film's licensed songs, or excerpts from the literary work upon which the film is based? Obviously, resort to the language of the granting instrument is required because, for example, a music synchronization and performance license does not in and of itself include a right of visual display of song lyrics. Yet, we are seeing a convergence of media so that the possibility exists that a book publisher and a film producer, both of whom may have received broad rights in a literary work, will claim they received the right to display excerpts from a literary work on the screen. If the granting language is not restrictive in nature the courts in the Second Circuit are likely to give a grantee the benefit of the doubt; however, what is the court to do where there are *two* grantees from the distant past whose present intentions intersect? Instinctively, I suspect that in such case the grantor will be the winner by default. Clearly, we are living in interesting copyright times, and can look forward, with confidence, to an instructive, and probably entertaining, opinion from the Second Circuit in respect of Walt Disney's "Fantasia" on video, worldwide.

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1.) Stanley Rothenberg, "From Cartoons To 'Snow White' On Videocassette". *New York Law Journal*, December 4, 1995.

2.) *Id.* at F. Supp. 121.

3.) *Id.* at 123.

4.) 934 F. Supp. at 123.

5.) *Id.*

6.) 68 F.3d at 630.

7.) See Stanley Rothenberg, "Copyright and Public Performance of Music" (1954; reissued 1987) for the ASCAP Domestic and Foreign Consent Decrees, and discussion thereon.

8.) 934 F. Supp. at 124.

9.) See also *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1095 (9th Cir.), cert. denied, 513 U.S. 1001 (1994) (although plaintiff was precluded from asserting a claim under the Copyright Act based upon defendants' unauthorized foreign distribution of videocassettes, plaintiff could still assert claims for breach of contract under state law or for infringement of copyright under the laws of the applicable foreign countries.)

10.) *But, see, Shostakovich v. Twentieth Century-Fox Film Corp.*, 196 Misc. 67, 70, 80 N.Y.S. 2d 575, 578 (Sup. Ct. N.Y. Co. 1948), aff'd, 275 A.D. 692, 87 N.Y.S. 2d 430 (1st Dep't 1949) ("There is no charge of distortion of the compositions nor any claim that they have not been faithfully reproduced. Conceivably, under the doctrine of moral right, the court could in a proper case, prevent the use of a composition or work, in the public domain, in such a manner as would be violative of the author's rights").

11.) 934 F. Supp. at 126.

12.) *Id.* at 127.

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