

NOTE

RECONCILING THE SECOND AND NINTH CIRCUIT APPROACHES TO COPYRIGHT PREEMPTION: A UNIVERSAL SYSTEM IS PARAMOUNT TO THE PROTECTION OF IDEA PURVEYORS' RIGHTS

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I. INTRODUCTION.

Since the inception of the Copyright Act of 1976, no idea purveyor¹ has ever succeeded in a copyright infringement action against a movie or film studio in the Second or the Ninth Circuits.² Although this seems unusual for a statute

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¹ An idea purveyor is an individual who communicates an idea to a film studio with the expectation that the film studio will compensate the purveyor if it uses the idea. Aileen Brophy, *Whose Idea Is It Anyway? Protecting IDEA Purveyors and Media Producers After Grosso v. Miramax*, 23 CARDOZO ARTS & ENT. L.J. 507, 508 (2007).

² For a comprehensive list of cases over the past twenty years where idea purveyors failed to obtain a remedy under the Copyright Act of 1976 against a studio, see Steven T. Lowe, *Death of Copyright*, 33 L.A. LAW. 32, 34-35 (Nov. 2010). Plaintiffs failed to obtain a copyright remedy in all of the following cases brought before 1992: Hoehling v. Universal City Studios, Inc., 618 F.2d 972 (9th Cir. 1980) ("The Hindenburg"); Overman v. Universal City Studios, Inc., 605 F. Supp. 350 (C.D. Cal. 1984) (alleging that Richard Pryor's movie, "Bustin' Loose," infringed upon plaintiff's screenplay entitled, "Easy Money"); Meta-Film Assocs., Inc. v. MCA, Inc., 586 F. Supp. 1346 (C.D. Cal. 1984) ("Animal House"); Walker v. Time Life Films, Inc., 615 F. Supp. 430 (S.D.N.Y. 1985); Olson v. NBC, Inc., 855 F.2d 1446 (9th Cir. 1988) ("The A-Team"); Walker v. Time Life Films, Inc., 615 F. Supp. 430 (S.D.N.Y. 1985) ("Fort Apache, The Bronx"); Twentieth Century-Fox Film Corp. v. MCA, Inc., 715 F.2d 1327 (9th Cir. 1983) (finding a question of fact as to whether Universal Studios' "Battlestar: Galactica" infringed upon Twentieth Century-Fox's "Star Wars"); Davis v. United Artists, Inc., 547 F. Supp. 722 (S.D.N.Y. 1982) ("Coming Home"); Warner Bros., Inc. v. ABC, Inc., 523 F. Supp. 611 (S.D.N.Y. 1981) ("Superman"); Shaw v. Lindhei, 919 F.2d 1353 (9th Cir. 1990) ("The Equalizer"); Smith v. Weinstein, 578 F. Supp. 1297 (S.D.N.Y. 1984) ("Stir Crazy"); Litchfield v. Spielberg, 736 F.2d 1352 (9th Cir. 1984) ("E.T.-The Extra Terrestrial"); Berkic v. Crichton, 761 F.2d 1289 (9th Cir. 1985) ("Coma"); Universal City Studios, Inc. v. Film Ventures Int'l, Inc., 543 F. Supp. 1134 (C.D. Cal. 1982) (granting Universal a preliminary injunction for potential infringement of "Jaws 2"). Note that the only instances where a plaintiff was successful in either obtaining a preliminary injunction or in surviving a motion to dismiss occurred when a movie studio was a plaintiff.

intended, in part, to protect authors' works, this result comports with current copyright law. In enacting the Copyright Act of 1976, Congress considered not only authors' interests in protecting their works from infringement, but also the public's interest in ultimately obtaining access to such works.³ Moreover, Congress also considered subsequent authors' interests in incorporating other authors' ideas into their own works so as to continue the development of artistic endeavor.⁴ In balancing these interests, the Copyright Act of 1976 places significant limitations on an author's ability to assert copyright infringement claims against alleged infringers.⁵ For example, an author can only obtain copyright protection for an expression of an idea rather than an idea itself, and the author will not succeed in a copyright infringement claim unless the purportedly infringing work is substantially similar to the underlying work.⁶ These restrictions ensure the achievement of a congressionally-desired balance of protecting authors' works while not unduly restricting access to the ideas and non-copyrightable components of former authors' works.⁷

Idea purveyors who submit their works to a studio with the expectation that they will receive compensation if the studio uses their work likely cannot (and as history suggests, will not) succeed in a copyright infringement action against the studio because studios often force idea purveyors to sign a release before the studio will review the work.⁸ Courts have generally found these releases to be enforceable, and studios will not otherwise consider idea purveyors' works without such a release.⁹ Further, the ideas that idea purveyors proffer to studios are not copyrightable themselves, and although those ideas might be original and extremely valuable once an individual converts them into a finished product, the plaintiff cannot protect those ideas

³ See Katie M. Benton, *Can Copyright Law Perform the Perfect Fouetté?: Keeping Law and Choreography on Balance*, 36 PEPP. L. REV. 59, 65–66 (2008).

⁴ *Id.* at 65 n.43 (citing ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 391 (rev. 4th ed. 2007)).

⁵ See discussion *infra* Part II.A.

⁶ See Pamela Samuelson, *Why Copyright Law Excludes Systems and Processes from the Scope of Its Protection*, 85 TEX. L. REV. 1921, 1925 (2007) (“[T]here can be no property in thoughts, conceptions, ideas, [and] sentiments’ nor any ‘exclusive property in a general subject or in the method of treating it; nor in the mere plan of a work; nor in common materials, or the manner or purposes for which they are used.’” (quoting EATON DRONE, *A TREATISE ON THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS IN GREAT BRITAIN AND THE UNITED STATES* 98, 205 (1879))); see also Copyright Act of 1976, 17 U.S.C. § 102(b) (2006).

⁷ Samuel M. Bayard, *Chihuahuas, Seventh Circuit Judges, and Movie Scripts, Oh My!: Copyright Preemption of Contracts to Protect Ideas*, 86 CORNELL L. REV. 603, 633–34 (2001).

⁸ Brian Devine, *Free as the Air: Rethinking the Law of Story Ideas*, 24 HASTINGS COMM. & ENT L.J. 355, 364–65 (2002).

⁹ See *id.*

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from later infringement.¹⁰ In short, the copyright protection available under the Copyright Act is not conducive to protecting idea purveyors who submit ideas to film studios.¹¹

Although idea purveyors are often left without a remedy against film studios under the Copyright Act, California and New York created implied contract claims to prevent film studios from exploiting idea purveyors' ideas without compensation.¹² However, the Copyright Act of 1976 created uncertainty as to the continuing availability of these implied contract claims because Section 301 explicitly prohibits any individual from obtaining a "right or equivalent right in any work under the common law or statutes of any State."¹³ Section 301 of the Copyright Act of 1976 abrogates Section 2 of the Copyright Act of 1909, which provided that "nothing in this Act shall be construed to annul or limit the right of the proprietor . . . at common law or in equity to prevent the copying . . . of such . . . work without his consent."¹⁴ By implementing Section 301, it is clear that Congress intended to create a uniform federal copyright system, but it is less clear whether Congress intended for Section 301 to preempt some, or all, state law contract claims.¹⁵

Until very recently, the Second Circuit and Ninth Circuit courts had substantially divergent views as to the scope of Section 301 preemption of these state law contract claims.¹⁶ In *Montz v. Pilgrim Films & Television, Inc.*, the Ninth Circuit held that Section 301 does not preempt claims of breach of implied contracts under California law.¹⁷ Directly opposing the Ninth Circuit views on copyright preemption, the Southern District of New York in *Muller v. Twentieth Century Fox Film Corp.* held that the Copyright Act of 1976

¹⁰ See discussion *infra* Part II.A; see also Camilla M. Jackson, "I've Got This Great Idea for a Movie!" A Comparison of the Laws in California and New York That Protect Idea Submissions, 21 COLUM. L.J. & ARTS 47, 58 (1996) ("It is quite troublesome that California, the birthplace of the motion picture and television industry, clearly offers those who originate the ideas for its blockbuster successes such little protection The legal system does little to curtail the exploitative nature of the entertainment industry.").

¹¹ Lowe, *supra* note 2, at 40.

¹² See discussion *infra* Part II.B.

¹³ See generally Copyright Act of 1976, 17 U.S.C. § 301 (2006) ("[A]ll 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 . . . 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." (emphasis added)).

¹⁴ Copyright Act of 1909, ch. 320, § 2, 35 Stat. 1075, 1076 (repealed 1976).

¹⁵ See discussion *infra* Part IV.A.

¹⁶ See discussion *infra* Part III.A–C.

¹⁷ *Montz v. Pilgrim Films & Television, Inc.*, 649 F.3d 975, 981 (9th Cir. 2011), *cert. denied*, 132 S. Ct. 550 (2011) (mem.).

preempted a state claim similar to the claim in *Montz*.¹⁸ Moreover, in *Forest Park Pictures v. Universal Television Network, Inc.*, the Southern District of New York dismissed plaintiff's claim of breach of implied contract under California law for the same reasons articulated in *Muller*.¹⁹ However, most recently, the Second Circuit on appeal in *Forest Park Pictures* adopted an innovative approach to copyright preemption that reconciles the Second and Ninth Circuit approaches and looks to the relevant state's contract laws to determine enforceability of idea submission claims.²⁰

This Note argues that the Second Circuit achieved the proper result in *Forest Park Pictures* by adopting the Ninth Circuit's approach to preemption under Section 301 of the Copyright Act. First, the Ninth Circuit's approach more closely reflects the scope of preemption Congress intended Section 301 to have at the time it passed the Copyright Act of 1976. Second, the Second Circuit's historical approach to Section 301 preemption provided insufficient protection to artists, which potentially chilled artistic endeavor to the detriment of society.²¹ Connected to this point, the relative strengths of the contractual protections that New York and California law grant to idea purveyors align with the nature of the respective New York and California industries.²² Thus, the Second Circuit has achieved a more efficient balance by adopting the Ninth Circuit approach and allowing New York and California to provide varying degrees of contractual rights for idea purveyors.

This Note articulates the requisite elements of proof for copyright infringement and breach of implied contract claims and also identifies the method by which courts determine whether Section 301 of the Copyright Act preempts state law claims.²³ It then analyzes recent case law, with particular emphasis on *Montz*, *Muller*, *Forest Park*, and *Wild* to understand the nature of the circuit split between the Second and Ninth Circuit.²⁴ Finally, it argues that the Second Circuit properly adopted the Ninth Circuit's approach to Section 301 preemption and provides the underlying rationale for this conclusion.²⁵

¹⁸ *Muller v. Twentieth Century Fox Film Corp.*, 794 F. Supp. 2d 429, 448 (S.D.N.Y. 2011).

¹⁹ *Forest Park Pictures v. Universal Television Network, Inc.*, No. 10 Civ. 5168(CM), 2011 WL 1792587, at *3 (S.D.N.Y. May 10, 2011), *vacated*, 683 F.3d 424 (2d Cir. 2012).

²⁰ *Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424, 429–31, 433 (2d Cir. 2012).

²¹ See discussion *infra* Part IV.B.

²² See discussion *infra* Part IV.B.

²³ See *infra* Part II.

²⁴ See *infra* Part III.

²⁵ See *infra* Part IV.

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II. CLAIMS IDEA PURVEYORS BRING AGAINST FILM STUDIOS AND THEIR
POTENTIAL PREEMPTION.

A. *Copyright Infringement.*

The essential purpose of copyright law is to induce artists to create works that ultimately benefit the public.²⁶ Under the Intellectual Property Clause of the U.S. Constitution,²⁷ Congress has the power to create statutes that promote the proliferation of creative works, and Congress invoked this authority to create the Copyright Act.²⁸ The Copyright Act promotes the proliferation of creative works by giving authors the exclusive rights to reproduce their works, to prepare derivative works based on the underlying copyrighted work, to distribute copies, and to perform and display works publicly.²⁹

1. Establishing Copyrightable Subject Matter.

A particular work is eligible for protection under the Copyright Act if it falls within one of several enumerated categories, including dramatic, literary, and musical works.³⁰ The work must be an original work of authorship,³¹ meaning an author must independently create the work, and the work must reflect a “modicum of creativity.”³² Furthermore, authors must fix their works in a tangible medium of expression.³³ A tangible medium of expression is a vehicle that is permanent enough so that individuals may perceive the work for more than a transitory instance.³⁴ If a particular work falls within one of the categories enumerated under the Act and meets the originality and fixation

²⁶ *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975); *see also Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 n.10 (1984) (quoting H.R. REP. No. 2222, at 7 (1909) (indicating that federal copyright law promotes the welfare of the public by securing exclusive rights to authors for their works for limited periods)).

²⁷ U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . .”).

²⁸ *See Sony Corp. of Am.*, 464 U.S. at 460.

²⁹ Copyright Act of 1976, 17 U.S.C. §§ 106(1)–(6) (2006).

³⁰ Copyright Act § 102.

³¹ *Id.*

³² *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991) (“[T]he *sine qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author. Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity [E]ven a slight amount will suffice.”) (internal citation omitted).

³³ Copyright Act § 102.

³⁴ *See 2 WILLIAM PATRY, PATRY ON COPYRIGHT* § 3:22 (2012) (quoting H.R. 4347, 89th Cong. § 102(6) (1996)).

requirements, the work is properly eligible for protection pursuant to Section 102 of the Copyright Act. Nevertheless, works may not receive protection due to several limitations, including the idea-expression dichotomy.³⁵

i. The Idea-Expression Dichotomy.

The idea-expression dichotomy emanates from Section 102(b) of the Copyright Act and can be reduced to the following interrelated principles: (1) an original work of authorship will not receive copyright protection if that work represents an idea, “regardless of the form in which it is described, explained, illustrated, or embodied in such work;”³⁶ and (2) the Copyright Act only protects particular expressions of ideas.³⁷ The idea-expression dichotomy also supports two corollaries.³⁸ First, copyright protection will not extend to the aspects of a work that have no connection to the creative and artistic nature of the work.³⁹ For example, an author cannot obtain copyright protection for an accounting system described in a work, even if copyright law may protect the description of such a system.⁴⁰ Second, the Copyright Act will not protect those aspects of a work that are so common to public usage as to fall within the public domain.⁴¹ Thus, a creative work may fall within the Act’s subject matter but still not receive protection, because it fails to articulate anything other than an idea.⁴²

ii. The Merger Doctrine.

In practice, courts have significant difficulty distinguishing an idea from an expression and use several judicially-created doctrines to determine whether a particular work represents an uncopyrightable idea or a copyrightable expression of that idea.⁴³ Two expressions of the idea-expression dichotomy

³⁵ See *Baker v. Selden*, 101 U.S. 99, 102 (1879).

³⁶ Copyright Act § 102(b).

³⁷ See *Mattel, Inc. v. Goldberger Doll Mfg. Co.*, 365 F.3d 133, 135–36 (2d Cir. 2004) (“The protection that flows from [a small level of creativity] is, of course, quite limited. The copyright does not protect ideas; it protects only the author’s particularized expression of the idea.”).

³⁸ See 2 PATRY, *supra* note 34, § 4:31 (quoting *Designers Guild Ltd. v. Russell Williams Ltd.*, (2000) 1 W.L.R. 2416 (H.L.) 2422).

³⁹ *Id.*

⁴⁰ *Baker*, 101 U.S. at 107.

⁴¹ See 2 PATRY, *supra* note 34, § 4:31 (quoting *Designers Guild Ltd.*, 1 W.L.R. at 2422).

⁴² *Id.*

⁴³ Glynn S. Lunney, Jr., *Reexamining Copyright’s Incentives-Access Paradigm*, 49 VAND. L. REV. 483, 505 (1996) (“While the effects of identifying an aspect of a work as an idea are thus relatively clear, the task of identifying which aspects a court should leave unprotected has proven more difficult.”); see also *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930).

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are the merger doctrine and the *scènes à faire* doctrine. Under the merger doctrine, a work may not receive copyright protection where there are only a limited number of ways to express the animating idea behind the work, and thus the idea consequently merges with the expression.⁴⁴ The merger doctrine helps prevent authors from unduly cornering the market for an idea by denying copyright when protecting the expression of an idea would constructively cordon off other authors' use of the idea itself.⁴⁵ In *Allen v. Academic Games League of America, Inc.*, the defendant used some of the plaintiff's academic games in a national tournament along with the rules the plaintiff developed.⁴⁶ The court held that the Copyright Act did not protect plaintiff's rules, as there were only a limited number of ways in which to articulate such rules.⁴⁷ The court also determined that granting copyright protection would give the plaintiff a monopoly on "such commonplace ideas as a simple rule on how youngsters should play their games."⁴⁸ The merger doctrine thus reflects both an articulation of the idea-expression dichotomy, as well as the policy determination that copyright protection should not bestow a monopoly over the animating idea behind a copyrighted work.⁴⁹

iii. The Scènes à Faire Doctrine.

Scènes à faire refers to those "incidents, characters or settings which are as a practical matter indispensable, or at least standard, in the treatment of a given topic."⁵⁰ None of the elements inherent in the expression of the underlying idea may receive protection. In *Hoehling v. Universal City Studios*, the plaintiff wrote a book that chronicled the events leading up to the infamous crash of the Hindenburg airship. The treatment of the crash included bacchian

⁴⁴ See *Morrissey v. Procter & Gamble*, 379 F.2d 675, 678 (5th Cir. 1967) ("When the uncopyrightable subject matter is very narrow, so that 'the topic necessarily requires' if not only one form of expression, at best only a limited number, to permit copyrighting would mean that a party or parties . . . could exhaust all possibilities of future use of the substance.").

⁴⁵ *Rice v. Fox Broad. Co.*, 330 F.3d 1170, 1174 (9th Cir. 2003) (finding no copyright infringement where defendant revealed plaintiff's magic tricks on a television broadcast because the expression of plaintiff's magic tricks merged with the animating concept behind the magic trick itself).

⁴⁶ *Allen v. Academic Games League of Am., Inc.*, 89 F.3d 614, 617 (9th Cir. 1996).

⁴⁷ *Id.*

⁴⁸ *Id.* at 618.

⁴⁹ *Kregos v. Associated Press*, 937 F.2d 700, 705 (2d Cir. 1991) ("Determining when the idea and its expression have merged is a task requiring considerable care: if the merger doctrine is applied too readily, arguably available alternative forms of expression will be precluded; if applied too sparingly, protection will be accorded to ideas.").

⁵⁰ See *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 979 (2d Cir. 1980) (quoting *Alexander v. Haley*, 460 F.Supp. 40, 46 (S.D.N.Y. 1978)).

scenes in a German beer hall, use of German song and the German national anthem, and greetings contemporaneous to Third Reich Germany.⁵¹ Although the defendant admitted that he consulted the plaintiff's book in creating his own version of the Hindenburg events—including the scenes of the German beer hall and the German songs—the court held that these elements of the work constituted *scènes à faire* and therefore were not protectable elements.⁵² Having determined that these elements fell outside of copyright protection, the court held that the defendant did not infringe on any copyright that the plaintiff held.⁵³ *Scènes à faire* derives from the idea-expression dichotomy because the elements constituting the *scènes à faire* already exist within the public domain and are generally not sufficiently developed to constitute protectable expression.⁵⁴ Thus, if a court determines that the material at issue constitutes only *scènes à faire*, the plaintiff cannot succeed in an infringement action, as the material is not copyrightable subject matter.

Although an author might establish that his or her work falls within the subject matter of copyright, the author cannot succeed in an action against an alleged infringer unless the author demonstrates that the alleged infringer has improperly misappropriated the author's work. The analysis is thus two-fold: (1) the author must demonstrate that his or her work falls within the subject matter of copyright; and (2) the author must demonstrate infringement. If the author fails to prove both of these elements, he or she cannot obtain protection under the Copyright Act of 1976.⁵⁵

2. Substantial Similarity and Unlawful Appropriation.⁵⁶

A subsequent author infringes upon a former author's work if: (1) the author of the subsequent work copied the former work; and (2) such copying constituted improper appropriation.⁵⁷ A plaintiff may demonstrate copying in two ways. First, the defendant may admit that he or she copied the plaintiff's work.⁵⁸ Second, the plaintiff may prove by direct or indirect evidence that the defendant copied the work.⁵⁹ In most circumstances, direct evidence will be

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

⁵⁴ See *Reed-Union Corp. v. Turtle Wax*, 77 F.3d 909, 914 (7th Cir. 1996).

⁵⁵ Copyright Act of 1976, 17 U.S.C. §§ 102, 106 (2006).

⁵⁶ Note that plaintiffs may bring copyright infringement actions against a defendant when the defendant allegedly infringes upon any of the exclusive rights protected by Section 106 of the Copyright Act. For simplicity, this note limits the infringement analysis to the infringement of the exclusive right to copy pursuant to Section 106(1).

⁵⁷ *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946).

⁵⁸ Mark A. Lemley, *Our Bizarre System for Proving Copyright Infringement*, 57 J. COPYRIGHT SOC'Y U.S.A. 719, 719 (2010).

⁵⁹ *Id.*

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unavailable, and plaintiffs may establish copying by demonstrating that the defendant had access to the plaintiff's work and that the two works are substantially similar.⁶⁰ Once the plaintiff has established that copying has taken place, he or she must then demonstrate improper appropriation.⁶¹

To establish improper appropriation, the plaintiff must again demonstrate substantial similarity.⁶² Although courts also use a "substantial similarity" test to determine whether copying has actually occurred, the proper inquiry to determine substantial similarity in the improper appropriation context is whether the defendant wrongfully appropriated an excessive amount of the plaintiff's copyrighted expression.⁶³ Proving improper appropriation not only requires a finding of substantial similarity between particular elements within both works, but plaintiffs must also demonstrate that the elements taken constitute a copyrightable portion of the work.⁶⁴ If the misappropriated elements are not copyrightable, then plaintiffs cannot succeed in their actions for copyright infringement.⁶⁵ On the other hand, where the individual portions of a work are themselves copyrightable, or where the alleged infringement does not involve particular copyrightable elements within a work but instead involves a copyrightable portion of the work in its entirety, then plaintiffs will likely succeed in their actions for copyright infringement.⁶⁶

Because of Section 102's distinction between protectable "works of authorship" and non-protectable ideas "embodied in" such works, plaintiffs in idea-solicitation cases often allege the misappropriation of full works rather than particular elements within the work.⁶⁷ The question thus becomes whether the misappropriated elements constitute a copyrightable expression of the plaintiff's idea or whether they merely constitute the plaintiff's ideas.⁶⁸ Courts often use the abstraction doctrine to frame the argument as to whether the misappropriated elements fall within the subject matter of the Copyright

⁶⁰ See *Laureyssens v. Idea Group, Inc.*, 964 F.2d 131, 139 (2d Cir. 1992); see also *Repp v. Webber*, 132 F.3d 882, 889 (2d Cir. 1997) ("[W]here there are striking similarities probative of copying, proof of access may be inferred: 'If the two works are so strikingly similar as to preclude the possibility of independent creation, copying may be proved without a showing of access.'" (quoting *Lipton v. Nature Co.*, 71 F.3d 464 (2d Cir. 1995))).

⁶¹ See, e.g., *Arnstein*, 154 F.2d at 468.

⁶² See *Wild v. NBC Universal, Inc.*, 788 F. Supp. 2d 1083, 1098 (C.D. Cal. 2011).

⁶³ *Arnstein*, 154 F.2d at 473.

⁶⁴ *Id.*

⁶⁵ *Wild*, 788 F. Supp. 2d at 1098.

⁶⁶ *Id.*

⁶⁷ Copyright Act of 1976, 17 U.S.C. § 102 (2006); Arthur R. Miller, *Common Law Protection for Products of the Mind: An "Idea" Whose Time Has Come*, 119 HARV. L. REV. 703, 755-56 (2006).

⁶⁸ *Baker v. Selden*, 101 U.S. 99, 102-03 (1879); 1 HOWARD B. ABRAMS, *THE LAW OF COPYRIGHT* § 14:22 (1991).

Act.⁶⁹

Judge Learned Hand initially articulated the abstraction doctrine in *Nichols v. Universal Pictures Corp.*⁷⁰ Judge Hand explained:

Upon any work . . . a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about . . . , but there is a point in this series of abstractions where they are no longer protected. . .⁷¹

A low level of abstraction for a work is one that incorporates many of the specific elements of a particular work, e.g. the developed characters, plot, and themes. On the other hand, a high level of abstraction might include merely general statements about the nature of the work. Take the classic story of Pinocchio (assuming that the story is still copyrighted as a literary work). A later author might write a story that integrates all of Pinocchio's attributes described in the earlier story along with a plot line substantially similar to the earlier work. In this hypothetical, the similarities between the works would fall within a very low level of abstraction. At this low level of abstraction, a court would likely find that the similarities constitute a copyrightable portion and would likely hold that the defendant has infringed upon the earlier Pinocchio story.⁷² On the other hand, the subsequent author might create a story integrating Pinocchio's character with a new plot line. Even further, the author might tell the story of a puppet's transformation into a boy, without any reference to the boy's nose growing when he tells a lie. Finally, the author might merely tell a story about a boy's moral development with a plotline completely dissimilar to Pinocchio. In these examples, the similarities fall within ever-higher levels of abstraction, and at a certain point, courts are no longer willing to find improper appropriation.⁷³

B. Implied Contracts and Their Potential Preemption Under Section 301.

Plaintiffs in idea-solicitation cases often claim both copyright infringement and breach of an implied contract.⁷⁴ In most circumstances, a plaintiff likely

⁶⁹ See, e.g., *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1163 (9th Cir. 1977).

⁷⁰ *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930).

⁷¹ *Id.*

⁷² See *id.* ("If *Twelfth Night* were copyrighted, it is quite possible that a second comer might so closely imitate *Sir Toby Belch* or *Malvolio* as to infringe.")

⁷³ See *id.*

⁷⁴ See, e.g., *Benay v. Warner Bros. Entm't, Inc.*, 607 F.3d 620 (9th Cir. 2010) (affirming dismissal of a copyright infringement claim while reversing dismissal of a breach of contract claim where plaintiffs alleged that Warner Bros. misappropriated their idea for the movie, *The Last Samurai*).

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will not prove copyright infringement due to the high level of abstraction between the plaintiff's work and the allegedly infringing work.⁷⁵ For example, a plaintiff might submit an idea for a reality television show involving a contestant who attempts to choose his or her "soul-mate" from a group of qualified suitors. A film studio can use this idea free of potential copyright liability because the low level of abstraction demonstrates that the company has appropriated an idea rather than a particular expression of that idea.⁷⁶ Notwithstanding the lack of protection under copyright law, the plaintiff may still potentially bring a state law claim for breach of implied contract under the theory that the plaintiff conditioned his submission with the implied promise that the entertainment company would compensate him if it used his idea.⁷⁷ While most courts identify this type of claim as an implied-in-fact contract claim, some courts incorrectly conflate this claim with an implied-in-law contract claim, a claim based on a very different theoretical foundation.⁷⁸

1. Distinguishing Implied-in-Law and Implied-in-Fact Contracts.

Implied-in-law contract claims are founded on principles of equity.⁷⁹ Rather than reflecting an actual contract created between the parties, implied-in-law contract claims are "obligation[s] imposed by the court to bring about justice and equity, without regard to the intent of the parties and without regard to whether they have an agreement."⁸⁰ Courts generally find the existence of an implied-in-law contract to avoid the injustice of allowing the plaintiff to enrich the defendant in some way without receiving compensation in return.⁸¹ The remedies plaintiffs seek in breach of implied-in-law contract claims are identical to those that the Copyright Act provides.⁸² For example, plaintiffs pursuing implied-in-law contract claims seek injunctions, damages, and profits. Moreover, breach of implied-in-law contract claims allow plaintiffs to maintain maximum control over their ideas, because implied-in-law actions depend solely on the defendant's unauthorized use of the plaintiff's work.⁸³ Implied-in-law contract claims thus create rights equivalent to those under the Copyright Act, and most courts have held that the Copyright Act preempts

⁷⁵ See, e.g., *Wild*, 788 F. Supp. 2d at 1110.

⁷⁶ See discussion *supra* Part II.A.2.

⁷⁷ See Jay Rubin, *Television Formats: Caught in the Abyss of the Idea/Expression Dichotomy*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 661, 682 (2006).

⁷⁸ 6 PATRY, *supra* note 34, § 18:28.

⁷⁹ 66 AM. JUR. 2D *Restitution and Implied Contracts* § 8 (2012).

⁸⁰ 1 RICHARD A. LORD, WILLISTON ON CONTRACTS § 1:6 (4th ed.).

⁸¹ See 6 PATRY, *supra* note 34, § 18:28.

⁸² See *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 458 (6th Cir. 2001).

⁸³ See *Harper & Row Publishers, Inc. v. Nation Enters.*, 501 F.Supp. 848, 852 (S.D.N.Y. 1980), *aff'd*, 723 F.2d 195 (2d Cir. 1983), *rev'd on other grounds*, 471 U.S. 539 (1985).

state law breach of implied-in-law contract claims.⁸⁴

One can easily distinguish between implied-in-law contracts and implied-in-fact contracts. No actual contract exists between the parties in the former, while the parties in the latter have formed an actual, though implicit, contract. Breach of implied-in-fact contract claims require the same general elements of proof as ordinary breach of contract claims, which are as follows: (1) mutual assent or offer and acceptance; (2) consideration; (3) legal capacity; and (4) lawful subject matter.⁸⁵ Rather than mutually assenting through an express agreement in words or writing, parties form implied-in-fact contracts through their respective conduct.⁸⁶ California and New York courts diverge as to the extent that the law will infer a promise to pay from the circumstances, and California provides a much more lenient approach.⁸⁷

2. California Implied-in-Fact Contracts: The *Desny* Claim.

The *Desny* claim is a cause of action under California law for a breach of an implied-in-fact contract that arises when courts imply the existence of a contract even in the absence of an express promise to pay.⁸⁸ The *Desny* court explained, “if the idea purveyor has clearly conditioned his offer to convey the idea upon an obligation to pay . . . and the offeree, knowing the condition before he knows the idea, voluntarily accepts its disclosure . . . and finds it valuable and uses it, the law will . . . imply a promise to compensate.”⁸⁹ Rather than granting the plaintiff a property right over his or her idea,⁹⁰ the *Desny* claim is premised on the theory that the defendant has breached his obligation to pay the plaintiff for the plaintiff’s *services* of conveying the idea rather than for the *idea* itself.⁹¹ Plaintiffs must satisfy the following elements to establish a *Desny* claim: (1) the plaintiff prepared the work; (2) disclosed the work to the defendant; and (3) did so under circumstances demonstrating that the film studio voluntarily accepted the idea and knew the associated conditions of the disclosure and reasonable value of the work.⁹² Additionally, plaintiffs must establish that the defendant in fact used his idea.⁹³

Although *Desny* established that courts may only imply a contract where the

⁸⁴ *Id.* See 6 PATRY, *supra* note 34, § 18:28.

⁸⁵ 1 LORD, *supra* note 80, § 3:2.

⁸⁶ 4 MELVILLE NIMMER, NIMMER ON COPYRIGHT § 19D.05 (2007).

⁸⁷ *Id.*

⁸⁸ Shannon M. Awsumb, “*Idea Theft*” *Claims Post-Grosso*, 24 ENT. & SPORTS LAW. 1, 13–14 (2006).

⁸⁹ *Desny v. Wilder*, 299 P.2d 257, 270 (1956).

⁹⁰ *Id.*

⁹¹ *Grosso v. Miramax Film Corp.*, 383 F.3d 965, 967 (9th Cir. 2003), *amended by* 400 F.3d 658 (9th Cir. 2005).

⁹² *Faris v. Enberg*, 158 Cal. Rptr. 704, 709 (Cal. Ct. App. 1979).

⁹³ Brophy, *supra* note 1, at 513.

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parties' actions clearly demonstrate that the parties intended to contract, California has significantly relaxed this rule.⁹⁴ Cases such as *Thompson v. California Brewing Co.*,⁹⁵ *Kurlan v. CBS, Inc.*,⁹⁶ and *Whitfield v. Lear*,⁹⁷ have found industry trade and custom sufficient to establish a promise to pay.⁹⁸ For example, the court in *Whitfield* stated, "If . . . a studio or producer is notified that a script is forthcoming and opens and reviews it when it arrives, the studio or producer has by custom implicitly promised to pay for the ideas if used."⁹⁹ In *Grosso v. Miramax Film Corp.*, the plaintiff submitted a screenplay to Miramax and alleged that Miramax used his ideas in creating the movie, *Rounders*.¹⁰⁰ Although the Ninth Circuit held that the works were not substantially similar and thus the plaintiff did not make out a copyright infringement claim, it held that the plaintiff made out a *Desny* claim.¹⁰¹ The plaintiff successfully pleaded a *Desny* claim because he alleged that he submitted his screenplay under the condition that Miramax would compensate him for the ideas integrated within the screenplay, and Miramax voluntarily accepted the plaintiff's conditions.¹⁰² Because California courts may infer a promise to pay merely from "the circumstances preceding and attending disclosure," California law reflects a lenient approach to inferring a promise to pay in idea submission cases based upon a breach of an implied-in-fact contract.¹⁰³

3. New York Implied-in-Fact Contracts.

New York law provides a cause of action based on the same elements as a *Desny* claim, but New York premises its breach of implied-in-fact contract claims on contract as well as property misappropriation theories.¹⁰⁴ Under New York Law, courts are unwilling to infer a promise to pay without originality and novelty, because New York courts view the protection of ideas as granting partial property rights to plaintiffs.¹⁰⁵ If the idea already exists in the public domain, then a plaintiff cannot assert a property right over that

⁹⁴ *Desny*, 299 P.2d at 270.

⁹⁵ *Thompson v. Cal. Brewing Co.*, 310 P.2d 436, 438 (Cal. Ct. App. 1957).

⁹⁶ *Kurlan v. CBS, Inc.*, 256 P.2d 962, 970 (Cal. 1953).

⁹⁷ *Whitfield v. Lear*, 751 F.2d 90, 93 (1984).

⁹⁸ *See id.*; *Thompson*, 310 P.2d at 438 ("Certainly the mere fact that the idea had been disclosed . . . would not preclude the finding of an implied contract to pay.").

⁹⁹ *Whitfield*, 751 F.2d at 93.

¹⁰⁰ *Grosso v. Miramax Film Corp.*, 383 F.3d 965, 967 (9th Cir. 2003).

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.* (quoting *Desny v. Wilder*, 299 P.2d 257, 270 (1956)); *see* 4 NIMMER, *supra* note 86, § 19D.05.

¹⁰⁴ 4 NIMMER, *supra* note 86, § 19D.05.

¹⁰⁵ *Downey v. Gen. Foods Corp.*, 286 N.E.2d 257, 259 (N.Y. 1972).

idea.¹⁰⁶ For example, in *Marraccini v. Bertelsmann Music Group Inc.*,¹⁰⁷ the plaintiff met with the general counsel of Bertelsmann Music Group Inc. (BMG) to discuss the creation of a new television channel that would appeal to the pop culture market.¹⁰⁸ BMG then misappropriated the plaintiff's idea by forming an unsuccessful venture to create a new pop culture television channel based on plaintiff's idea.¹⁰⁹ Even though the court assumed that BMG had in fact taken the plaintiff's idea, the court found that the idea "was an idea preexisting in the public domain" and was therefore unprotectable.¹¹⁰ BMG reveals that even if an idea purveyor and an entertainment company come to an implicit agreement that the company will pay the idea purveyor for his idea, the idea purveyor will not receive any protection for his or her idea if the idea is not novel and original.¹¹¹ Therefore, New York law creates a higher burden for plaintiffs who assert claims based on implied-in-fact contracts vis-à-vis California law.

C. *The Potential Preemption of Implied-in-Fact Contracts.*

1. The Framework to the Preemption Analysis.

Federal law may preempt state law implied-in-fact contract claims under two sources of law.¹¹² First, the Copyright Act of 1976 preempts all state law claims that fall within the preemptive scope of Section 301.¹¹³ Known as express preemption, Section 301 of the Copyright Act preempts all state law claims that provide "legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . [and] that are fixed in a tangible medium of expression . . ."¹¹⁴ Second, federal law may preempt state law claims pursuant to the Supremacy Clause of the U.S. Constitution,¹¹⁵ and such preemption may take two forms: field preemption and conflict

¹⁰⁶ See *Ed Graham Prods., Inc. v. NBC, Inc.*, 347 N.Y.S.2d 766, 769 (N.Y. Sup. Ct. 1973).

¹⁰⁷ *Marraccini v. Bertelsmann Music Group Inc.*, 644 N.Y.S.2d 875 (N.Y. App. Div. 1996).

¹⁰⁸ *Id.* at 876.

¹⁰⁹ *Id.*

¹¹⁰ *Id.* at 877.

¹¹¹ *Id.*

¹¹² Ultimately, even express preemption under Section 301 of the Copyright Act arises out of the Supremacy Clause of the Constitution. This note differentiates between express preemption under the Copyright Act and field/conflict preemption under the Supremacy Clause to avoid conflating the preemption analysis.

¹¹³ See 6 PATRY, *supra* note 34, § 18:1.

¹¹⁴ Copyright Act of 1976, 17 U.S.C. § 301 (2006).

¹¹⁵ U.S. CONST. art. VI, cl. 2.

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preemption.¹¹⁶ In field preemption, federal law preempts state law claims if Congress intends to occupy the entire field.¹¹⁷ In conflict preemption, federal law preempts state law claims if the claim stands as an obstacle to federal purpose, or a private party cannot simultaneously conform to both federal and state law.¹¹⁸

To establish that federal law preempts a state law claim, a court must first determine whether Section 301 expressly preempts that claim.¹¹⁹ If Section 301 does not expressly preempt that claim, a court then must determine whether the state law claim otherwise conflicts with federal law or unduly impedes upon the respective field of federal law.¹²⁰ This method is appropriate given that the ultimate inquiry of preemption analysis is congressional intent, and congressional intent is most easily gleaned through a statute's express language and structure.¹²¹ Field and conflict preemption are often significant issues in idea submission cases, as Congress has created a uniform statutory structure to regulate copyrightable subject matter, and state law idea submission claims often impede upon the field of or conflict with the copyright scheme.¹²² Nevertheless, courts often restrict their analysis to express preemption under Section 301.¹²³

Courts apply a two-pronged test to determine whether Section 301 expressly preempts a state law claim, and defendants must satisfy both prongs to demonstrate that Section 301 preempts the state law claim.¹²⁴ First, under the subject matter prong, defendants must establish that the state law claim involves a work that falls within one of the Copyright Act's enumerated subject matter categories and satisfies the fixation and originality

¹¹⁶ *Altria Group, Inc. v. Good*, 555 U.S. 70, 76–77 (2009).

¹¹⁷ *See Berklee Coll. of Music, Inc. v. Music Indus. Educators, Inc.*, 733 F. Supp. 2d 204, 212 (D. Mass. 2010) (finding that Copyright Act did not preempt plaintiff's deceptive trade practices claims under a theory of field preemption, as plaintiff asserted an extra element of trademark infringement under the Lanham Act).

¹¹⁸ 6 PATRY, *supra* note 34, § 18:59.

¹¹⁹ *See Freightliner Corp. v. Myrick*, 514 U.S. 280, 288 (1995) (“The fact that an express definition of the pre-emptive reach of a statute ‘implies’—i.e., supports a reasonable inference—that Congress did not intend to pre-empt other matters does not mean that the express clause entirely forecloses any possibility of implied pre-emption.”).

¹²⁰ *Id.* at 288–89.

¹²¹ *Altria Group, Inc.*, 555 U.S. at 76; *see also* *Cipollone v. Liggett Group, Inc.*, 505 U.S. 504, 516 (1992).

¹²² 6 PATRY, *supra* note 34, § 17:23. (citing *Lontz v. Tharp*, 413 F.3d 435, 440–41 (4th Cir. 2005)).

¹²³ *Id.* § 18:2 (“[C]ourts typically begin and end preemption analysis with [Section 301].”).

¹²⁴ *Id.*; *see* *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 453 (6th Cir. 2001) (“Courts and commentators have described this preemption analysis as encompassing a ‘subject matter requirement’ and a ‘general scope’ or ‘equivalency’ requirement.”).

requirements.¹²⁵ Second, under the equivalency prong, defendants must show that the state law claim protects “legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified in Section 106” of the Copyright Act.¹²⁶

Considering the first prong of the preemption analysis, most federal courts conclude that ideas fall within the general subject matter of copyright, because “the scope of the [Copyright Act’s] subject matter extends . . . to elements of expression which themselves cannot be protected.”¹²⁷ Courts derive this conclusion from the fact that Congress has consistently rejected the copyright status of ideas, and states should not have the ability to subvert this clearly articulated policy choice.¹²⁸ Thus in idea submission cases, the preemption determination often turns on the second prong of the analysis.¹²⁹

Section 301 only preempts a state law claim if the state law claim abridges one of the rights found within the general scope of copyright as articulated in Section 106 of the Copyright Act.¹³⁰ Most courts apply the “extra element” test to determine whether or not the state law claim affects one of the Section 106 rights.¹³¹ *Wrench LLC v. Taco Bell Corp.* articulated the extra element test as follows:

[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 cause of action, there is no preemption, provided that the extra element changes the nature of the action so that it is qualitatively different from a copyright infringement claim.¹³²

With respect to idea submission claims, the issue becomes whether or not the formation of an implied contract between the purveyor and the entertainment company establishes the requisite “extra element,” which transforms the state law claim into one which is qualitatively different than a federal claim of copyright infringement.¹³³

¹²⁵ Copyright Act of 1976, 17 U.S.C. § 301 (2006) (referencing 17 U.S.C. §§ 102 & 103 (2006)); see Miller, *supra* note 67, at 752–53.

¹²⁶ Copyright Act § 301; see Miller, *supra* note 67, at 753–54.

¹²⁷ *Wrench LLC*, 256 F.3d at 455.

¹²⁸ See Miller, *supra* note 67, at 754; see also 6 PATRY, *supra* note 34, § 18:13 (finding that Congress intended to occupy the field by precluding states from extending protection to works that fail to meet the general standard of originality and to works encompassing uncopyrightable subject matter—e.g., ideas, systems, methods of operation).

¹²⁹ Miller, *supra* note 67, at 756.

¹³⁰ ABRAMS, *supra* note 68, § 6:25. For purposes of this note, the important “equivalent right” is the right to reproduce the copyrighted work. Copyright Act of 1976, 17 U.S.C. § 106(1) (2006).

¹³¹ Bayard, *supra* note 7, at 612; Miller, *supra* note 67, at 768–69.

¹³² *Wrench LLC*, 256 F.3d at 456.

¹³³ Miller, *supra* note 67, at 756.

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2. Is a Promise to Pay Sufficient?

The preemption dispute between circuits revolves around the extent to which a promise to pay supplies the requisite “extra-element” to avoid satisfaction of the equivalency prong of the preemption analysis.¹³⁴ Judge Easterbrook has perhaps articulated the clearest approach to the extra element test in his opinion in *ProCD, Inc. v. Zeidenberg*.¹³⁵ The court in *ProCD* held that the Copyright Act should not preempt actions sounding in contract, as success in breach of contract actions gives the plaintiff only the right to enforce a contract against a defendant, also known as an *in personam* right.¹³⁶ On the other hand, the Copyright Act gives the plaintiff the right to enforce Section 106 rights against anyone who infringes upon the plaintiff’s copyrighted work, also known as an *in rem* right.¹³⁷ According to the court in *ProCD*, the Copyright Act should not preempt breach of contract claims because the plaintiff only receives an *in personam* right to enforce a contract, a right which is qualitatively different than that granted in a copyright infringement action.¹³⁸ Thus, under the *ProCD* approach, an idea purveyor will avoid copyright preemption if a court finds that the idea purveyor divulged his idea with the intention to receive compensation for the defendant’s use of such idea, and the defendant understood and used the idea purveyor’s idea.¹³⁹

After the Copyright Act of 1976 came into effect, courts in the Ninth and Second Circuits both took relatively stringent approaches to the preemption of implied-in-fact contracts. In *Worth v. Universal Pictures, Inc.* the U.S. District Court for the Central District of California (“Central District”) concluded that a breach of an implied-in-fact contract is a species of quasi-contract, and that the Copyright Act of 1976 therefore preempted the plaintiff’s state law claim.¹⁴⁰ Moreover, in *Selby v. New Line Cinema Corp.* the Central District held that the Copyright Act of 1976 preempts claims which merely allege a failure to compensate.¹⁴¹ Likewise, in *Markogianis v. Burger King Corp.*, the U.S. District Court for the Southern District of New York held that copyright law preempted the plaintiff’s claim that the defendant breached an implied-in-fact contract not to disclose the plaintiff’s idea.¹⁴² Further, in *Arpaia v. Anheuser-*

¹³⁴ See, e.g., *Forest Park Pictures v. Universal Television Network, Inc.*, No. 10 Civ. 5168(CM), 2011 WL 1792587, at *3 (S.D.N.Y. May 10, 2011), *vacated*, 683 F.3d 424 (2d Cir. 2012).

¹³⁵ *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996).

¹³⁶ *Id.* at 1454.

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *Id.*

¹⁴⁰ *Worth v. Universal Pictures, Inc.*, 5 F. Supp. 2d. 816, 822 (C.D. Cal.1997).

¹⁴¹ *Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053, 1061–62 (C.D. Cal. 2000).

¹⁴² *Markogianis v. Burger King Corp.*, No. 95 Civ. 4627(JFK), 1997 WL 167113, at *2 (S.D.N.Y. Apr. 8, 1997).

Busch Cos., Inc., the District Court for the Western District of New York held that copyright law should preempt breach of implied-in-fact contract claims if such claims are clearly based upon the defendant's use of the plaintiff's copyrighted works.¹⁴³ While the Second Circuit has maintained this stringent approach until very recently,¹⁴⁴ a number of Ninth Circuit cases have relaxed this approach, and a promise to pay no longer satisfies the equivalency prong of the preemption analysis in the Ninth Circuit.¹⁴⁵

In *Chesler/Perlmutter Productions, Inc. v. Fireworks Entertainment, Inc.*, for example, the District Court for the Central District of California distinguished those breach of implied-in-fact contract claims which involve "mere submission of the subject work or fruitless negotiations," and those which involve "negotiations [that reach] the point of explicit agreement on specific terms."¹⁴⁶ Given that courts outside of California readily acknowledge the importance and influence of the entertainment industry in California law,¹⁴⁷ it is not a surprise that the Ninth Circuit was willing to rule that a promise to pay provided the requisite extra element to avoid establishment of the equivalency prong of the preemption analysis.

Grosso perhaps represents the Ninth Circuit's strongest articulation that a promise to pay avoids equivalency.¹⁴⁸ Recall that the plaintiff's claim in *Grosso* involved a classic articulation of a *Desny* claim, which required Grosso to demonstrate that he disclosed his work under circumstances from which it could be concluded that the offeree voluntarily accepted the disclosure knowing the conditions on which it was tendered and the reasonable value of the work.¹⁴⁹ Although the court determined that Grosso stated a valid *Desny* claim, it passed on the preemption issue. Rather than adhering to *Selby* and its

¹⁴³ *Arpaia v. Anheuser-Busch Cos.*, 55 F. Supp. 2d 151, 162 (W.D.N.Y. 1999).

¹⁴⁴ *See Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424 (2d Cir. 2012).

¹⁴⁵ *Compare Muller v. Twentieth Century Fox Film Corp.*, 794 F. Supp. 2d 429, 448 (S.D.N.Y. 2011), *and Forest Park Pictures v. Universal Television Network, Inc.*, No. 10 Civ. 5168(CM), 2011 WL 1792587, at *3 (S.D.N.Y. May 10, 2011), *vacated*, 683 F.3d 424 (2d Cir. 2012), *with Montz v. Pilgrim Films & Television, Inc.*, 649 F.3d 975, 975 (9th Cir. 2011).

¹⁴⁶ *Chesler/Perlmutter Prods., Inc. v. Fireworks Entm't, Inc.*, 177 F. Supp. 2d 1050, 1059 (2001)

¹⁴⁷ *See, e.g., Smith v. Weinstein*, 578 F. Supp. 1297, 1306 (S.D.N.Y. 1984) ("The California Supreme Court and its Courts of Appeal have heretofore made [policy determinations] after full consideration of the needs of that state's important movie industry.").

¹⁴⁸ Aaron J. Moss & Gregory Gabriel, *The Enforcement of Implied Contracts After Grosso v. Miramax*, 29-MAR L.A. LAW 16 (2006), *available at* <http://www.lacba.org/files/lal/vol29no1/2239.pdf>.

¹⁴⁹ *See discussion supra* Part II.B.2; *Grosso v. Miramax Film Corp.*, 383 F.3d 965, 968 (9th Cir. 2003).

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progeny,¹⁵⁰ which required a fact-intensive review of implied-in-fact contract claims, the *Grosso* court ignored *Selby* in its entirety and held that the implied promise to pay is *ipso facto* not equivalent to any right under the Copyright Act.¹⁵¹ While the Ninth Circuit in *Montz* recently reaffirmed the *Grosso* holding, the Second Circuit cases, *Forest Park Pictures* and *Muller*, indicate that the Second Circuit continues to view a promise to pay as an equivalent right that will satisfy the equivalency prong.¹⁵²

III. EXAMPLES OF THE SECOND AND NINTH CIRCUIT'S DIVERGENT APPROACHES TO PREEMPTION.

A. *Montz v. Pilgrim Films and the Ninth Circuit's Approach.*

In *Montz*, the plaintiffs developed an idea for a television program in which paranormal investigators would use various devices to determine the possible existence of paranormal activity at a particular location.¹⁵³ The plaintiffs proposed their show concept to NBC Universal representatives between 1996 and 2003, but the network representatives ultimately indicated that they were not interested in the concept for the show.¹⁵⁴ Notwithstanding its expressed disinterest, NBC Universal partnered with Pilgrim Films & Television to produce *Ghost Hunters*, a show similar to the plaintiffs' concept.¹⁵⁵

The plaintiffs brought suit against NBC Universal and Pilgrim Films & Television in the United States District Court for the Central District of California claiming copyright infringement along with, *inter alia*, a state claim for breach of an implied agreement not to exploit and profit from the plaintiffs' concepts without their express consent.¹⁵⁶ Pursuant to Federal Rule of Civil Procedure 12(b)(6), the defendants moved to dismiss for failure to state a claim, and the District Court granted the motion in respect to the state claims after finding those claims preempted by the Copyright Act.¹⁵⁷ Although the parties voluntarily dismissed the copyright infringement claims, the plaintiffs

¹⁵⁰ See *Endemol Entm't B.V. v. Twentieth Television, Inc.*, 1998 WL 785300 (C.D. Cal. 1998); *Metrano v. Fox Broad. Co.*, 2000 WL 979664 (C.D. Cal. 2000).

¹⁵¹ *Grosso*, 383 F.3d at 968.

¹⁵² Compare *Muller v. Twentieth Century Fox Film Corp.*, 794 F. Supp. 2d 429, 448 (S.D.N.Y. 2011), and *Forest Park Pictures v. Universal Television Network, Inc.*, No. 10 Civ. 5168(CM), 2011 WL 1792587, at *3 (S.D.N.Y. May 10, 2011), *vacated*, 683 F.3d 424 (2d Cir. 2012), with *Montz v. Pilgrim Films & Television, Inc.*, 649 F.3d 975, 975 (9th Cir. 2011) (en banc).

¹⁵³ *Montz*, 649 F.3d at 977.

¹⁵⁴ *Id.*

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* at 977–78.

¹⁵⁷ *Id.*

appealed the District Court's finding of preemption.¹⁵⁸

The Ninth Circuit reviewed its initial panel decision and *en banc* reversed the panel's finding that the Copyright Act preempted the plaintiffs' claims.¹⁵⁹ In his opinion for the majority, Judge Schroeder concluded that there was no material difference between the case at bar and *Grosso* or *Desny*.¹⁶⁰ In making this determination, the court applied the two-pronged preemption analysis to resolve whether the Copyright Act preempts the plaintiffs' state-law claims.¹⁶¹ Under the first prong, the court held that plaintiffs' ideas were fixed within a tangible medium and therefore fell within the subject matter of the Copyright Act, and therefore, within the Copyright Act's scope of preemption.¹⁶² Thus, according to the court, the Copyright Act does not preempt unfixed ideas.¹⁶³ However, because plaintiffs fixed their claims in a tangible medium, they fell within the subject matter of copyright and satisfied the first-prong analysis.¹⁶⁴

Applying the second-prong of the analysis, the court held that the plaintiffs' state law claims survived copyright preemption, because the particular rights protected were those *in personam* rather than *in rem*.¹⁶⁵ The court determined that rather than granting the plaintiffs a public monopoly for the allegedly infringed work, the state law breach of implied contract claims created rights protectable solely between the parties involved.¹⁶⁶ Furthermore, the implied agreement between the parties offered an extra element to survive copyright preemption: the implicit agreement for payment stemming from the use of the work.¹⁶⁷ Given this added element, the court viewed the rights protected under the state law claim as substantially different from those protected under the Copyright Act and held that the plaintiffs' state claims survived federal preemption under the second-prong of the preemption test.¹⁶⁸

The court also considered two subsidiary points in its analysis of the preemption issue. First, the Hollywood film industry has a particular industry custom of using implied contracts in conducting business.¹⁶⁹ Second, this

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at 975.

¹⁶⁰ *Id.* at 977.

¹⁶¹ *See id.* at 979–80.

¹⁶² *Id.* at 979.

¹⁶³ *Id.* (“Ideas that are still purely airborne are thus not even within the subject matter of copyright.”).

¹⁶⁴ *Id.*; *see also* Miller, *supra* note 67, at 752–53.

¹⁶⁵ *See Montz*, 649 F.3d at 980–81.

¹⁶⁶ *Id.* at 980.

¹⁶⁷ *Id.*; *see also* Anna R. Buono & Alonzo Wickers IV, *Montz v. Pilgrim Films & Television, Inc.: Copyright Preemption and Idea Submission Cases*, 28 COMM. LAW. 4, 6 (2011).

¹⁶⁸ *Montz*, 649 F.3d at 980–81.

¹⁶⁹ *Id.* at 978–79 (“Writers in the Hollywood film industry often submit scripts

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industry custom depends on the availability of meaningful protection for “literary and artistic ideas.”¹⁷⁰ The particular industry custom the court referred to is the “paradigmatic ‘pitch meeting,’” where an “idea purveyor” communicates an idea to a producer that he or she believes will be the next big hit.¹⁷¹ As a policy matter, the court indicated that if the Copyright Act preempted state claims for breach of implied contracts, then there would be a gap between state law and copyright law in the entertainment industry, and “[w]ithout such legal protection, potentially valuable creative sources would be left with very little protection in a dog-eat-dog business.”¹⁷² Thus, the court’s holding that the Copyright Act did not preempt plaintiffs’ state law claims seemed motivated in part by the fear that a complete lack of legal protection for the idea purveyor’s expression would inhibit the public proliferation of valuable artistic ideas.¹⁷³

Four of the twelve judges for the Ninth Circuit dissented.¹⁷⁴ Judge O’Scannlain’s dissent focused on the agreement the plaintiffs alleged that the defendants breached and determined that protecting that agreement would create a right essentially the same as one protected under copyright law.¹⁷⁵ The plaintiffs presented their idea to the network representatives with the condition that the representatives ““would not disclose, divulge or exploit the [p]laintiffs’ ideas and concepts without compensation and *without obtaining the [p]laintiffs’ consent.*””¹⁷⁶ To Judge O’Scannlain, the fact that the plaintiffs justifiably expected not only compensation for the use of their idea, but also consent for any use of that idea, transformed the rights from non-preempted rights falling outside of copyright preemption to rights essentially equivalent to those of copyright.¹⁷⁷ Judge O’Scannlain distinguished *Desny* from the case at bar by articulating that the former involved the extra element of a promise to pay while the latter involved protection for unlawful use and disclosure.¹⁷⁸ Although the plaintiffs also expected to receive compensation for the use of their work, Judge O’Scannlain found this insufficient to transform the right

Since the writer is looking for someone to turn the written work into an entertainment production, writers often pitch scripts . . . with the understanding that the writer will be paid if the material is used.”).

¹⁷⁰ *Id.* at 981 (“[C]ontract law, whether through express or implied-in-fact contracts, is the most significant remaining state-law protection for literary or artistic ideas.” (quoting *Benay v. Warner Bros. Entm’t, Inc.*, 607 F.3d 620, 629 (9th Cir. 2010))).

¹⁷¹ Brophy, *supra* note 1, at 508.

¹⁷² *Montz*, 649 F.3d at 981.

¹⁷³ *See id.* at 981.

¹⁷⁴ *Buono & Wickers*, *supra* note 167, at 6.

¹⁷⁵ *Montz*, 649 F.3d at 982 (O’Scannlain, J., dissenting).

¹⁷⁶ *Id.* at 982 (quoting majority opinion at 978) (emphasis in original).

¹⁷⁷ *See id.* at 982.

¹⁷⁸ *Id.* at 984.

from one preempted by Section 301 of the Copyright Act to one properly protectable under *Desny*.¹⁷⁹ Ultimately, the “entitlement to compensation and credit under the implied contract was merely the result of the contract’s prohibition against unauthorized use of [the plaintiffs’] work.”¹⁸⁰

Judge O’Scannlain also took issue with the majority’s *ex ante* argument that preempting breach of implied contract claims would leave a substantial number of works unprotected by either state or federal law and, therefore, would reduce the proliferation of those works to the public.¹⁸¹ As an initial matter, Judge O’Scannlain did agree with the majority’s argument that the purpose of allowing plaintiffs’ state claims is to fill “the gap that would otherwise exist between state contract law and copyright law.”¹⁸² However, Judge O’Scannlain found this argument inappropriate for the purpose of determining whether the Copyright Act preempts state law.¹⁸³ The Copyright Act struck a balance between creators’ interests in protecting their works and the public proliferation of those works,¹⁸⁴ and “the fact that the state-created right is . . . broader . . . than its federal counterpart will not save it from preemption.”¹⁸⁵

Judge Gould filed a separate dissent. First, he focused on the impracticality of the “extra element” standard.¹⁸⁶ Judge Gould expressed concern that the preemption provision would become useless if implied contract claims that are functionally equivalent to copyright infringement claims were allowed to proceed under state law through the “extra element” theory.¹⁸⁷ Second, Judge

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Id.* at 985.

¹⁸² *Id.* (quoting majority opinion at 981).

¹⁸³ *Id.* (“If . . . ‘the point’ is to provide greater protection . . . than is afforded under the Copyright Act, then it is a point I am glad to miss, as it is inconsistent with the objectives of Congress.”).

¹⁸⁴ See Diane Leenheer Zimmerman, *Copyrights as Incentives: Did We Just Imagine That?*, 12 THEORETICAL INQUIRIES L. 29, 32–33 (2011) (“[T]he focus has been on how best to strike a balance between the incentives . . . for today’s authors and the public interest in freer access to what has been created.”); see also Carrie Ryan Gallia, *To Fix or Not to Fix: Copyright’s Fixation Requirement and the Rights of Theatrical Collaborators*, 92 MINN. L. REV. 231, 235–36 (2007) (“[T]he purpose of copyright protection . . . is to promote progress [A]n absence of copyright protection would lead to unchecked and uncompensated copying, which would discourage creation.”).

¹⁸⁵ *Montz*, 649 F.3d at 985. For an argument supporting Judge Gould’s position, see Jonathan H. Anshell et al., *The Whole Enchilada: Wrench LLC v. Taco Bell Corp. and Idea Submission Claims*, COMM. LAW. 23 (Winter 2004) (“For preemption purposes, courts have held that the subject matter element cannot be circumvented by asserting that the cause of action at issue is based on ideas, not on the expression of those ideas.”).

¹⁸⁶ *Montz*, 649 F.3d at 986 (Gould, J., dissenting).

¹⁸⁷ *Id.*

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Gould addressed the practical difficulties the entertainment industry faces under a legal regime that protects “nebulous” state law claims that are in substance federal copyright claims.¹⁸⁸ Judge Gould’s dissent articulates one of the common arguments made in support of limiting the availability of state law claims to protect rights that may arguably fall under the Copyright Act.¹⁸⁹ Other courts have used arguments like those in the *Montz* dissents to find federal preemption.¹⁹⁰

B. The Second Circuit Approach as Articulated in Muller and Forest Park.

The District Court for the Southern District of New York recently dealt with the preemption issue in *Muller v. Twentieth Century Fox Film Corp.*¹⁹¹ and in *Forest Park Pictures v. Universal Television Network, Inc.*¹⁹² In both cases, the court held that the Copyright Act preempted the plaintiffs’ state law claims for breach of implied contract.¹⁹³ While *Montz* asserts that a claim for failure to compensate creates the requisite “extra element” to fall outside of copyright preemption, both *Muller* and *Forest Park* hold that the right to receive compensation for an unauthorized use protects rights equivalent to the exclusive rights protected under the Copyright Act.¹⁹⁴ As articulated below, the Second Circuit in *Forest Park* took the opportunity to reevaluate its position on the preemptive force of Section 301 and ultimately brought its views into conformity with that of the Ninth Circuit.¹⁹⁵

¹⁸⁸ *Id.*; see also Buono & Wickers, *supra* note 167, at 7 (“[T]he writer is looking for someone to turn his written work into an entertainment production . . . with the understanding that the writer will be paid if the material is used [T]he combination of *Desny* and *Montz* may make it very difficult for any defendant to dispute this assumption.”). *But see* Lowe, *supra* note 2, at 40 (“Case law has provided defendants with an impenetrable shield of confusing and often contradictory principles that thwart plaintiffs in nearly every instance, with only tiny cracks in that shield providing a mere glimpse of hope.”).

¹⁸⁹ See Joseph P. Bauer, *Addressing the Incoherency of the Preemption Provision of the Copyright Act of 1976*, 10 VAND. J. ENT. & TECH. L. 1, 14 (2007); see generally Copyright Act of 1976, 17 U.S.C. § 106 (2006).

¹⁹⁰ See, e.g., *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 455 (6th Cir. 2001) (holding that creative works may still fall within the scope of the Copyright Act’s subject matter notwithstanding that those works may not qualify for affirmative protection under the Copyright Act); *Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053, 1058 (C.D. Cal. 2000).

¹⁹¹ *Muller v. Twentieth Century Fox Film Corp.*, 794 F. Supp. 2d 429 (S.D.N.Y. 2011).

¹⁹² *Forest Park Pictures v. Universal Television Network, Inc.*, No. 10 Civ. 5168(CM), 2011 WL 1792587 (S.D.N.Y. May 10, 2011), *vacated*, 683 F.3d 424 (2d Cir. 2012).

¹⁹³ See *infra* Part III.B.1–2.

¹⁹⁴ See *Forest Park Pictures*, 2011 WL 1792587 at *3; *Muller*, 794 F. Supp. 2d at 448.

¹⁹⁵ See discussion *infra* Part III.B.3.

1. Muller v. Twentieth Century Fox Film Corp.

In *Muller*, the plaintiff, James Muller, wrote a screenplay about an expedition to Antarctica to explore an ancient structure frozen below the surface.¹⁹⁶ The story unfolds as the expedition group reaches the structure, and stone gargoyles come to life, attacking the group.¹⁹⁷ Ultimately, two members of the group fall in love after they survive this ordeal.¹⁹⁸ Mr. Muller pitched his screenplay through the solicitation of various production companies, including the defendants, Twentieth Century Fox Film Corp. and Davis Entertainment.¹⁹⁹ Although Mr. Muller had no further contact with the defendants, he submitted his screenplay to intermediate parties who may have discussed the screenplay with the defendants.²⁰⁰ According to Mr. Muller, “[i]mplicit in these arrangements is that if the ideas or screenplays are utilized, the author will be acknowledged and compensated. Otherwise, the arrangement wouldn’t exist.”²⁰¹ Plaintiff alleged that after he disclosed his screenplay to various industry participants, defendants misappropriated his screenplay and used it in the creation of the film *Alien vs. Predator*.²⁰²

After granting summary judgment to the defendants on the issue of copyright infringement, the *Muller* court turned to Mr. Muller’s breach of implied-in-fact contract claim and found that Section 301 preempted Mr. Muller’s claim.²⁰³ Under the subject matter prong of the preemption analysis, the court determined that Mr. Muller’s claim fell within the subject matter of the Copyright Act of 1976.²⁰⁴ The court then applied the equivalency prong and found that even if a sufficient promise to pay on the part of the defendants existed, it would still only create a right which “is equivalent to the exclusive rights protected by federal copyright law.”²⁰⁵ Having found that Mr. Muller’s claim created an equivalent right to that provided under the Copyright Act of 1976, the court dismissed Mr. Muller’s claim.²⁰⁶

Interestingly, if Mr. Muller had brought his claim in the Ninth Circuit, the result would have likely been the same. The Ninth Circuit would have likely found that no specific implied agreement existed between Mr. Muller and the production companies, because Mr. Muller did not participate in active

¹⁹⁶ *Muller*, 794 F. Supp. 2d at 432.

¹⁹⁷ *Id.*

¹⁹⁸ *Id.* at 435–36.

¹⁹⁹ Amended Complaint at 6–8; *Muller*, 794 F. Supp. 2d 429 (No. 08 CIV. 02550 (DC)).

²⁰⁰ *Id.* at 7–8.

²⁰¹ *Id.* at 6.

²⁰² *Id.* at 2.

²⁰³ *Muller*, 794 F. Supp. 2d at 448.

²⁰⁴ *Id.*

²⁰⁵ *Id.*

²⁰⁶ *Id.*

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negotiations with the defendants, and it is uncertain whether the defendants obtained Mr. Muller's work as a result of his own solicitations.²⁰⁷ Without an implied agreement, the Ninth Circuit would have found that Mr. Muller's implied-in-fact contract claim was insufficient.

However, the more pertinent difference between the Ninth and the Second Circuits' approaches to this hypothetical is their respective Section 301 preemption methodologies. The Ninth Circuit would have examined the substance of Mr. Muller's claim that he and the defendants had an implicit agreement that the defendants would compensate Mr. Muller in the event that the defendants used Mr. Muller's screenplay. On the other hand, the Second Circuit did not need to consider the merits of Mr. Muller's allegation that he and the defendants formed an implied agreement for compensation because an implied agreement for compensation always creates an equivalent right to one protected in the Copyright Act of 1976. Thus, under the Second Circuit approach, an implied-in-fact contract based solely on a promise to pay is *per se* unenforceable.²⁰⁸

2. *Forest Park Pictures v. Universal Television Inc.* in the District Court.

Less than a week after the Ninth Circuit published its *Montz* opinion, the Southern District of New York dealt with the preemption issue in *Forest Park*.²⁰⁹ *Forest Park* involved a suit brought by actors, Hayden and Tove Christensen, against Universal Television Network for an alleged infringement of an idea for a television series entitled "Housecall."²¹⁰ The plaintiffs' series centered on a doctor who begins making house calls to wealthy individuals living in Malibu, California, after he is expelled from a conventional medical community.²¹¹ In 2005, the plaintiffs allegedly sent their "Housecall" materials to USA Network and subsequently met with a USA Network employee to pitch the show.²¹² After further communication, USA Network ultimately rejected the plaintiffs' idea.²¹³ In 2009, USA Network produced a series entitled, "Royal Pains," which is based on the same concept as the plaintiff's concept, except that the doctor lives in the Hamptons rather than Malibu.²¹⁴ Plaintiffs brought suit under the theory that the defendants breached an implied agreement to compensate the plaintiffs if the defendants

²⁰⁷ See Amended Complaint, *supra* note 199, at 8–9.

²⁰⁸ *Smith v. New Line Cinema*, No. 03 Civ. 5274(DC), 2004 WL 2049232, at *5 (S.D.N.Y. Sept. 13, 2004).

²⁰⁹ *Forest Park Pictures v. Universal Television Network, Inc.*, No. 10 Civ. 5168(CM), 2011 WL 1792587 (S.D.N.Y. May 10, 2011), *vacated*, 683 F.3d 424 (2nd Cir. 2012).

²¹⁰ *Id.* at *1.

²¹¹ *Id.*

²¹² *Id.*

²¹³ See *id.* at *2.

²¹⁴ *Id.*

used their idea.²¹⁵ The defendants moved to dismiss the complaint under the supposition that the Copyright Act preempted the plaintiff's claims, and the District Court granted the defendant's motion to dismiss under a preemption theory.²¹⁶

The court applied the two-pronged preemption analysis to determine whether the Copyright Act of 1976 preempted the plaintiff's state law claims.²¹⁷ Beginning with the first prong, the court determined that the "character biographies, plots, and story lines created by [the plaintiffs] for Housecall—falls within the subject matter of the copyright laws."²¹⁸ In direct contradiction to the Ninth Circuit in *Montz*, the court further determined that even if the plaintiffs' ideas were unfixed, those ideas would still fall within the subject matter of the Copyright Act and would possibly be preempted.²¹⁹ The court in *Forest Park* did not address the *Montz* court's concern that leaving individual idea creators without any protection whatsoever would hinder the proliferation of creative ideas, but rather it proceeded to the second-prong of the preemption analysis.

Under the second-prong of the analysis, the court applied the "extra element" test to determine whether the state law claim created rights equivalent to the exclusive rights provided in Section 106 of the Copyright Act.²²⁰ Furthermore, the court referenced the Southern District of New York's recent decision in *Muller* for the proposition that the Copyright Act preempts a state law breach of implied contract claim if such claim is based on an alleged failure to compensate the plaintiff for use of the plaintiff's work.²²¹ Applying *Muller* and the "extra element" test to the facts, the court held that the plaintiffs' state law claim asserted rights equivalent to those pursuant to the

²¹⁵ *Id.*

²¹⁶ *Id.*

²¹⁷ *Id.*

²¹⁸ *Id.* at *3.

²¹⁹ Compare *Montz v. Pilgrim Films & Television Inc.*, 649 F.3d 975, 979 (9th Cir. 2011) ("Section 301(b) specifically excludes non-fixed ideas from the Copyright Act's scope; the statute describes 'works of authorship not fixed in any tangible medium of expression' as 'subject matter that does not come within the subject matter of copyright.'"), with *Forest Park Pictures*, 2011 WL 1792587, at *3 ("[T]he preemptive reach of the Copyright Act also encompasses state-law claims concerning materials that are not copyrightable, such as ideas Thus, even if Plaintiffs' state-law claim is based on their ideas and concepts for Housecall, the claim still falls within the subject matter of the copyright laws."). See generally 6 PATRY, *supra* note 34, § 18:9 ("Where a state claim is asserted with respect to subject matter not 'encompassed' within the Copyright Act, there is no preemption regardless of whether the rights asserted are equivalent to those granted in Section 106.").

²²⁰ *Forest Park Pictures*, 2011 WL 1792587, at *3.

²²¹ *Id.* (discussing *Muller v. Twentieth Century Fox Film Corp.*, 794 F. Supp. 2d 429, 449 (S.D.N.Y. 2011)).

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Copyright Act. The court therefore concluded that the Copyright Act preempted plaintiffs' claims.²²²

3. *Forest Park* on Appeal in the Second Circuit.

On June 26, 2012, the Second Circuit issued its *Forest Park* opinion, which irreconcilably conflicts with its former views on the scope of preemption under Section 301 of the Copyright Act of 1976.²²³ The Second Circuit began its analysis with the subject matter prong of the two-pronged approach to Section 301 preemption.²²⁴ In conformity with both Ninth and Second Circuit precedence, the court found that the "'subject matter of copyright' includes all works of a *type* covered by sections 102 and 103, even if federal law does not afford protection to them."²²⁵ Because the plaintiffs' complaint alleged that USA's program, "Royal Pains," embodied plaintiffs' ideas, the plaintiffs' complaint satisfied the subject matter prong.²²⁶

The Second Circuit then turned to the equivalency prong to determine whether the plaintiffs' complaint sought to vindicate "a 'legal or equitable right[] that [is] equivalent to any of the exclusive rights within the general scope of copyright . . .'"²²⁷ Whereas the Southern District of New York determined in *Muller* and *Forest Park* that implied-in-fact contracts involving idea submissions satisfied Section 301's equivalency prong, the Second Circuit took the opportunity to distinguish implied-in-fact contract claims from rights granted pursuant to the Copyright Act of 1976.²²⁸ The Second Circuit found the following differentiating characteristics: (1) the Copyright Act of 1976 does not grant owners a right to receive compensation for another's use of a work; (2) a breach of an implied-in-fact contract claim requires extra elements beyond copying; and (3) a plaintiff may only assert a breach of an implied-in-fact contract claim against a "contractual counterparty" rather than the general public.²²⁹ These factors were the same factors that the Ninth Circuit considered in *Montz*, and thus the Second Circuit conformed its views to those of the Ninth Circuit in determining that an implied-in-fact contract claim contains substantial differences to that of copyright.²³⁰

Besides differentiating claims arising under contract and copyright law, the Second Circuit also ascertained that a majority of other circuits previously

²²² *Id.*

²²³ See discussion *supra* Parts III.B.1 & 2; *Forest Park Pictures v. Universal Television Network, Inc.*, 683 F.3d 424 (2d Cir. 2012)

²²⁴ *Forest Park Pictures*, 683 F.3d at 430.

²²⁵ *Id.* (quoting *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1453 (7th Cir. 1996)).

²²⁶ *Id.*

²²⁷ *Id.*

²²⁸ *Id.*

²²⁹ *Id.* at 431.

²³⁰ *Id.*

found that the Copyright Act of 1976 does not preempt contract claims at least in certain circumstances.²³¹ For example, the court cited the Ninth Circuit opinions in *Montz* and *Wrench*, which found that the Copyright Act did not preempt implied-in-fact contracts.²³² The Second Circuit also looked to opinions in the First, Fourth, Fifth, Seventh, Eighth, and Eleventh Circuits, which held that the Copyright Act did not preempt any number of express contracts or licensing agreements.²³³ However, just like the Ninth Circuit in *Grosso* and *Montz*, the Second Circuit was careful to distinguish these non-preempted express and implied-in-fact contracts from implied-in-law contracts.²³⁴ Whereas a plaintiff must demonstrate a promise to pay to establish a breach of an implied-in-fact or express contract, an implied in law contract requires proof only that the defendant was unjustly enriched when it used the plaintiff's work.²³⁵ Thus, the Second Circuit established that a promise to pay provided an extra element, which makes an implied-in-fact contract qualitatively different from a copyright claim, and applying this analysis to plaintiffs' claim, determined that Section 301 did not preempt plaintiff's implied-in-fact contract claim.²³⁶

Having conformed its views on the scope of preemption to those of the Ninth Circuit, the Second Circuit turned to the discrete question of whether plaintiff properly pleaded an implied-in-fact contract under *applicable state law*—either that of New York or California.²³⁷ To resolve this issue, the court conducted a choice of law analysis, which required the court to determine whether any actual conflict exists between New York and California law, and if so, where the implied-in-fact contract had its “center of gravity.”²³⁸ The court compared New York law with California law and found a sufficient conflict in that California law applies industry standards to fill an open price term, whereas it is not clear under New York law whether the same rule applies.²³⁹ Since the court found a conflict between New York and California

²³¹ *Id.*

²³² *Id.* (citing *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 456 (6th Cir. 2001); *Montz v. Pilgrim Films & Television Inc.*, 649 F.3d 975, 980–81 (9th Cir. 2011)).

²³³ *Id.* (citing *Utopia Provider Sys., Inc. v. Pro-Med Clinical Sys., L.L.C.*, 596 F.3d 1313, 1326–27 (11th Cir. 2010); *Bowers v. Baystate Techs., Inc.*, 320 F.3d 1317, 1324–26 (Fed. Cir. 2003); *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1454–55 (7th Cir. 1996); *Nat'l Car Rental Sys., Inc. v. Computer Assocs. Int'l, Inc.*, 991 F.2d 426, 431 (8th Cir. 1993); *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1490, 1501 (5th Cir. 1990); *Acorn Structures, Inc. v. Swantz*, 846 F.2d 923, 926 (4th Cir. 1988)).

²³⁴ *Id.* at 432.

²³⁵ *Id.*

²³⁶ *Id.* at 432–33.

²³⁷ *Id.* at 433.

²³⁸ *Id.*

²³⁹ *Id.*

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contract law, the court engaged in a “center of gravity” analysis and found that California law applied, as the vast majority of contacts between the parties occurred in California.²⁴⁰ Applying California law, and in particular, *Desny* and *Grosso*, the Second Circuit found that the plaintiffs’ complaint properly alleged that plaintiffs disclosed their idea with the condition that USA Network would compensate the plaintiffs for use of their idea.²⁴¹ Thus, the Second Circuit vacated the Southern District of New York’s ruling and remanded the case back to the trial court.²⁴²

IV. THE SECOND CIRCUIT PROPERLY ADOPTED THE NINTH CIRCUIT’S
APPROACH TO PREEMPTION.

The Second Circuit properly adopted the Ninth Circuit’s approach to Section 301 preemption in *Forest Park*, as the Ninth Circuit’s approach more closely reflects the scope of preemption Congress intended Section 301 to have at the time it passed the Copyright Act of 1976. Moreover, the Second Circuit’s pre-*Forest Park* interpretation of Section 301 provided insufficient protection to artists, because it preempted claims that California developed in response to the Copyright Act of 1976’s failure to provide adequate protection to idea purveyors. Both of these arguments rely heavily on the balance that Congress intended to create when it implemented the Copyright Act of 1976, and understanding this balance is crucial in determining the soundness of the Second Circuit’s decision to adopt to the Ninth Circuit’s approach.

The purpose of American copyright law is to “promote the [p]rogress of [s]cience and useful [a]rts, by securing for limited [t]imes to [a]uthors and [i]nventors the exclusive [r]ight to their respective [w]ritings and [d]iscoveries.”²⁴³ This purpose represents the economic rationale for copyright protection, which provides that copyright law responds to the market inefficiencies that exist because individuals can often misappropriate artists’ works at a low cost.²⁴⁴ Copyright law strikes a delicate balance between the interests of artists in obtaining adequate compensation for their creativity and the interests of the public and other artists in having access to works and ideas that exist in the public domain.²⁴⁵ If copyright law grants authors excessive

²⁴⁰ *Id.* at 433–34.

²⁴¹ *Id.* at 435.

²⁴² *Id.* at 436.

²⁴³ U.S. CONST. art. 1, § 8, cl. 8.

²⁴⁴ See Maureen O’Rourke, *Rethinking Remedies at the Intersection of Intellectual Property and Contract Law*, 82 IOWA L. REV. 1137, 1142 (1997).

²⁴⁵ Although the term “public domain” is an undefined term within the Copyright Act, it is commonly understood to be a component of the copyright system that includes expired copyrighted works, works resulting from fair and permissible uses of copyrighted material, and works which cannot satisfy the elements of copyrightability. See Elizabeth Townsend Gard, *Copyright Law v. Trade Policy: Understanding the Golan Battle Within the Tenth*

protection for their works, then the public cannot enjoy all works and expression to which the First Amendment entitles them.²⁴⁶ Likewise, if copyright law grants too little protection to artists' works, then artists will likely underproduce creative works to the detriment of society as a whole.²⁴⁷ Congress's incorporation of an express preemption clause under Section 301 of the Copyright Act of 1976 signals that Congress intended to simplify and unify national intellectual property protection and believed that the rights and protections afforded within the Copyright Act of 1976 provided the proper balance between authors' and the public's interests.

A. *The Second Circuit Approach Previously Provided Greater Preemptive Force than Congress Intended Under Section 301 of the Copyright Act of 1976.*

Although Congress created a uniform preemption policy when it incorporated Section 301 into the Copyright Act of 1976, Congress intended to allow certain state law claims to survive the preemption regime it established in Section 301 of the Copyright Act of 1976.²⁴⁸ The legislative history behind the Copyright Act of 1976 supports this conclusion.²⁴⁹ For example, the House Report indicates that “[n]othing in the bill derogates from the rights of parties . . . to sue for breaches of contract; however, ‘interference with contract relations’ is merely the equivalent of copyright protection.”²⁵⁰ Moreover, Congress's specific intent in creating Section 301 of the Copyright Act of 1976 was likely to dispose of the causes of action based on common law copyright that Section 2 of the Copyright Act of 1909 had previously made available.²⁵¹ While the legislative history of the Copyright Act of 1976 suggests that Congress did not intend to preempt all state law causes of actions, the legislative history does not clearly answer whether an implied-in-fact contract can survive Section 301 preemption. Thus, one must look to the preemption scheme Congress created within Section 301.

The preemption test that the Second and Ninth Circuits apply to determine whether Section 301 preempts a particular claim emanates from the literal language of Section 301, which provides that “no person is entitled to any such right . . . under the common law or statutes of any [s]tate . . . in works . . . that come within the subject matter of copyright . . . [and] that are equivalent to any

Circuit, 34 COLUM. J.L. ARTS 131, 136 (2011).

²⁴⁶ See Benton, *supra* note 3, at 65–66.

²⁴⁷ *Id.* at 65–66.

²⁴⁸ Miller, *supra* note 67, at 756–59.

²⁴⁹ *Id.*

²⁵⁰ H.R. REP. NO. 94-1476, at 132 (1976).

²⁵¹ Miller, *supra* note 67, at 760.

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of the exclusive rights within the general scope of copyright.”²⁵² As discussed *supra*, Section 301 preempts a state law claim for a breach of an implied contract if the work at issue falls within the subject matter of copyright *and* the state law claim provides a right equivalent to one the Copyright Act of 1976 provides.²⁵³ Thus, a proper determination of Congress’s intent as to the scope of Section 301 should consider both whether Congress intended (1) for unfixed works to fall within the scope of copyrightable subject matter; and (2) for a promise to pay to create a right equivalent to a Section 106 right.

Beginning with the subject matter question, courts²⁵⁴ and commentators²⁵⁵ are split on the issue of whether Congress intended for unfixed works to fall within the scope of copyrightable subject matter. Those that believe that Congress intended for unfixed works to fall within copyrightable subject matter look to the legislative history of Section 301. For example, House Report No. 94-1476 indicates that “[a]s long as a work fits within one of the general subject matter categories of section 102 and 103, the bill prevents the States from protecting it even if it fails to achieve Federal statutory copyright”²⁵⁶ Others argue that Congress intended to allow unfixed ideas to fall outside the scope of copyrightable subject matter because Congress consistently allows state law claims to survive copyright preemption when Congress provides statutory protection for works involving unfixed ideas.²⁵⁷ This argument fails to consider that Congress may affirmatively allow state law claims for these works to survive preemption because without such affirmative statement, these claims would fall within copyrightable subject matter. In other words, the default may be that unfixed works fall within copyrightable subject matter until Congress affirmatively states otherwise. Moreover, if unfixed ideas fall outside of copyrightable subject matter, idea purveyors receive incentives to keep their ideas in unfixed form, as those works would survive preemption under Section 301. Such a scheme is inefficient because idea purveyors may wish to fix their works as they develop their idea but may choose not to for fear of preemption. Given that the legislative history indicates that Congress did not intend for ideas to fall

²⁵² Copyright Act of 1976, 17 U.S.C. § 301 (2006).

²⁵³ See discussion *supra* Part II.B.3.

²⁵⁴ See *Fischer v. Viacom Intern., Inc.*, 115 F. Supp. 2d 535, 541 (D. Md. 2000) (finding that ideas for animated characters fell within the scope of the Copyright Act); *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 455 (6th Cir. 2001) (commenting that the “Second, Fourth, and Seventh Circuits have held that the scope of the Copyright Act’s subject matter extends beyond the tangible expressions that can be protected under the Act”).

²⁵⁵ H.R. REP. NO. 94-1476, at 5747 (1976). *But see* Bauer, *supra* note 189, at 49 (“One of the clearest situations in which preemption is not called for is a breach of contract action, where copyrighted works are the subject of the dispute . . .”).

²⁵⁶ H.R. REP. NO. 94-1476, at 5747 (1976).

²⁵⁷ *Id.*; see Copyright Act § 1101.

outside of the subject matter of copyright and that Congress likely did not intend to create an end-run around Section 301 preemption, unfixed ideas should generally fall within copyrightable subject matter. Both the Ninth and the Second Circuit agree with this conclusion.²⁵⁸

The main point of divergence between the Ninth Circuit and the Second Circuit prior to *Forest Park* was whether Congress intended a promise to pay to create a right different from one provided within the Copyright Act of 1976. While the legislative history surrounding section 301 does little to assist in determining congressional intent, several clues within the Copyright Act of 1976's ten-year legislative history suggest that Congress did not intend to preempt implied-in-fact contracts based on promises to pay.²⁵⁹ First, the Section 301 preliminary drafts that Congress worked with provide a list of several claims that would survive Section 301, including breach of contract.²⁶⁰ Although Congress eventually excluded the list at the request of the Department of Justice, the exclusion was more a result of Congress's fear that allowing a state claim for "misappropriation," one of the items on the list at that point, would create too broad an exclusion.²⁶¹ Congress eventually excluded the entire list, but did so to expedite the completion of the bill, under the assumption that state law contract claims would continue to fall outside of Section 301.²⁶²

Second, Congress's main purpose in enacting Section 301 was to abolish common law copyright. The Committee on the Judiciary for the House of Representatives ("Committee") stated that Congress in creating Section 301 intended to "preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright"²⁶³ Moreover, the Committee stated that "Section 301(b) explicitly preserves common law copyright protection" for certain classes of works.²⁶⁴ This suggests that Congress's focus was on common law copyright protection rather than on the abrogation of state law claims such as implied-in-fact contracts, which provide only *in personam* rights. As discussed *supra*, implied-in-fact contracts are *actual* contracts compared with implied-in-law contracts, which are merely equitable claims.²⁶⁵ Implied-in-law contracts thus provide the type of common law copyright

²⁵⁸ See Gary Friedrich Enters., LLC v. Marvel Enters., Inc., 713 F. Supp. 2d 215, 226 (S.D.N.Y. 2010) ("[C]ourts in this circuit have drawn a distinction between the scope of a copyright's protection and its preemptive reach."); Selby v. New Line Cinema Corp., 96 F. Supp. 2d 1053, 1058 (C.D. Cal. 2000).

²⁵⁹ Miller, *supra* note 67, at 759–62.

²⁶⁰ *Id.*

²⁶¹ *Id.*

²⁶² H.R. REP. NO. 94-1476, at 132 (1976); see also, Miller, *supra* note 67.

²⁶³ H.R. REP. NO. 94-1476, at 130 (1976).

²⁶⁴ *Id.* at 131.

²⁶⁵ See discussion *supra* Part II.B.1.

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protection with which the Committee was concerned, while implied-in-fact contracts do not present the same concerns, because the state action only prevents one party from breaching an actual contract.²⁶⁶ Thus, the Committee's statements demonstrate that Congress intended to limit the scope of Section 301 to those claims resembling common law copyright, and implied-in-fact contracts seem to fall outside Congress's preemptive intent.²⁶⁷

In sum, the Second Circuit properly adopted the Ninth Circuit's approach to federal preemption because the Ninth Circuit's approach more closely conforms to Congress's intent as to the preemptive scope of Section 301. Although both Circuits correctly acknowledge that unfixed ideas should fall within the scope of copyrightable subject matter, the Second Circuit prior to *Forest Park* incorrectly held that a promise to pay does not establish anything other than an equivalent right under Section 106. Thus, the Second Circuit pre-*Forest Park* derogated from Congress's intent in creating Section 301 by preempting breach of implied-in-fact contract actions based on a promise to pay.

B. The Second Circuit Provides Insufficient Protection to Idea Purveyors.

New York and California provide differing levels of protection for idea purveyors.²⁶⁸ California protects idea purveyors' ideas so long as the purveyor and the production company or studio have come to an agreement, even if that agreement remains implicit between the parties.²⁶⁹ In contrast, New York requires that idea purveyors demonstrate that their ideas are both novel and concrete to succeed in breach of implied-in-fact contract cases against production companies or studios.²⁷⁰ The relative strength of the protection that each jurisdiction provides to idea purveyors reflects the differing characteristics of the entertainment industries in those jurisdictions.

The first significant difference between the New York and California entertainment industries is that California maintains nearly all of the large film studios in the United States. The six most prominent motion picture producers and distributors have their domicile in California, and these producers film motion pictures, conduct post-production editing, maintain marketing departments and perform advertising within the state.²⁷¹ In 2011, these six

²⁶⁶ See discussion *supra* Part II.B.1.

²⁶⁷ See discussion *supra* Part II.B.1.

²⁶⁸ See 3 ROBERT LIND ET AL., ENTERTAINMENT LAW 3D: LEGAL CONCEPTS AND BUSINESS PRACTICES § 15:7 (2012) ("New York has a history of greater hostility to idea disclosure cases than California.").

²⁶⁹ See discussion *supra* Part II.B.2.

²⁷⁰ See discussion *supra* Part II.B.3.

²⁷¹ 1 ROBERT LIND ET AL., *supra* note 268 § 1:6. These studios are Twentieth Century Fox, Disney, Universal, Paramount, Sony, and Warner Bros. Although these film studio companies are domiciled in California, corporations domiciled in New York own four out of

studios possessed an 81.6 percent market share of the total film studio market and produced approximately \$8.3 billion in gross revenue.²⁷² New York, on the other hand, does not maintain anything close to this level of film production. None of the major studios have their domicile in New York, and only recently have full production studios begun to form in New York.²⁷³

The relative sizes of the California and New York film industries create disparate effects on their respective entertainment markets. For example, the California film industry produces approximately \$16 billion in wages a year, approximately twice the amount of wages produced in New York.²⁷⁴ The California film industry also creates approximately 193,000 direct jobs, 126,000 of which are production-related.²⁷⁵ In contrast, the New York film industry creates approximately 87,000 jobs, 43,000 of which are production-related.²⁷⁶ Not only is the California film industry substantially larger than the New York film industry, but California experiences greater wealth generation through the production of total wages and the creation of jobs. Thus, California courts often approach legal disputes in this area with a view toward promoting growth and innovation in the film industry.²⁷⁷ Film production companies and studios depend on idea purveyors for new ideas, and idea purveyors may forego disseminating ideas to production companies if the purveyors have no legal recourse against the production companies that exploit their ideas without adequate compensation.

One of the common ways film studios obtain new project ideas is for an idea purveyor to pitch an idea to the film studio in the context of a pitch meeting.²⁷⁸ The idea purveyor may submit his or her idea to a film studio directly or may work with a talent agency as an intermediary between the film studio and the

the six studios, and only Disney studios is wholly owned by a California corporation. See *Ownership Chart: The Big Six*, FREEPRESS, <http://www.freepress.net/ownership/chart> (last visited Apr. 9, 2012).

²⁷² *Studio Market Share*, BOX OFFICE MOJO, <http://boxofficemojo.com/studio/?view=company&view2=yearly&yr=2011&p=.htm> (last visited Apr. 9, 2012). Between January 1, 2012 and March 25, 2012, these studios produced \$1.76 billion in gross revenue.

²⁷³ See, e.g., *Overview*, STEINER STUDIOS, <http://www.steinerstudios.com/projectssummary.html> (last visited Apr. 9, 2012).

²⁷⁴ *State-by-State Film & Television Economic Contribution*, MOTION PICTURE ASSOCIATION OF AMERICA, <http://www.mpa.org/policy/state-by-state> (last visited Apr. 9, 2012).

²⁷⁵ *Id.*

²⁷⁶ *Id.*

²⁷⁷ See *Smith v. Weinstein*, 578 F. Supp 1297, 1306 (S.D.N.Y. 1984) (“The California Supreme Court and its Courts of Appeal have heretofore made [policy determinations] after full consideration of the needs of that state’s important movie industry.”).

²⁷⁸ 1 LIND ET AL., *supra* note 268, at § 1:11.

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writer.²⁷⁹ The circumstances between the idea purveyor and the studio are such that the idea purveyor will expect to receive reasonable compensation if the studio uses the purveyor's idea.²⁸⁰ However, the studios have substantial bargaining strength over the individual purveyor, and it is less than certain that the purveyor will receive compensation once the purveyor has disclosed his or her idea.²⁸¹ Thus, not only is California's film industry substantially larger than New York's, but an industry structure exists in California that does not exist in New York which creates a class of individuals in need of substantial protection for ideas.²⁸² California law acknowledges the unequal bargaining power between purveyors and studios by providing broad protection to implied-in-fact agreements.²⁸³ By the same logic, New York law requires that plaintiffs prove more elements to obtain protection for their implied contracts.²⁸⁴

The Second Circuit, prior to *Forest Park*, failed to acknowledge the differences between New York and California law because it preempted all claims based on a promise to pay. This approach to preemption had a small effect in cases arising under New York law, because New York courts will never infer a promise to pay if the idea at issue is not novel and original.²⁸⁵ Thus, the high standard that New York courts place on plaintiffs to establish a promise to pay comported with the Second Circuit's view that a promise to pay is not sufficient to survive preemption. On the other hand, California courts are willing to infer a promise to pay based on industry custom, and the Second Circuit, prior to *Forest Park*, unequivocally found that Section 301 preempts these claims.²⁸⁶ The Second Circuit's approach is particularly troubling because idea purveyors receive much less protection under the Copyright Act of 1976 than Congress originally anticipated.²⁸⁷ Although California law accounts for this insufficient protection by expanding its protections for idea purveyors, the Second Circuit vitiates this protection by preempting *Desny* claims.²⁸⁸

The Ninth Circuit acknowledges California's need to protect idea purveyors by allowing claims based on a promise to pay to survive Section 301

²⁷⁹ *Id.*

²⁸⁰ See *Montz v. Pilgrim Films & Television Inc.*, 649 F.3d 975, 978–79 (9th Cir. 2011).

²⁸¹ See, e.g., Amended Complaint, *supra* note 199, at 8–9.

²⁸² See *supra* notes 271–74.

²⁸³ See discussion *supra* Part II.B.2.

²⁸⁴ See discussion *supra* Part II.B.3.

²⁸⁵ *Downey v. General Food*, 286 N.E.2d 257, 259 (1972).

²⁸⁶ See discussion *supra* Part II.B.2.

²⁸⁷ See *Lowe*, *supra* note 2, at 34–36.

²⁸⁸ See *Forest Park Pictures v. Universal Television Network, Inc.*, 10 CIV. 5168 CM, 2011 WL 1792587 (S.D.N.Y. May 10, 2011), *vacated*, 683 F.3d 424 (2d Cir. 2012).

preemption.²⁸⁹ While the Ninth Circuit's approach also allows breach of implied-in-fact contract claims under New York law to survive Section 301 preemption, New York law places a high burden on plaintiffs to demonstrate a promise to pay.²⁹⁰ Thus, New York law places its own limits on implied-in-fact contract claims such that not substantially more implied-in-fact contract claims under New York law would succeed in the Ninth Circuit compared to the Second Circuit. As discussed *supra*, California has legitimate reasons to provide greater protections to idea purveyors than New York, and the Ninth Circuit's approach comports with California law.²⁹¹ The Second Circuit adoption in *Forest Park* of the Ninth Circuit's approach acknowledges California's need to provide greater protections to idea purveyors without substantially augmenting the protections idea purveyors receive under New York law. Therefore, the Second Circuit properly adopted an approach to Section 301 preemption that allows claims based on a promise to pay to survive Section 301 preemption.

V. CONCLUSION

The pre-*Forest Park* approach that the Second Circuit took to preemption under the Copyright Act negatively impacted idea purveyors, entertainment studios, and the judicial systems of the respective jurisdictions.²⁹² Because idea purveyors in the Second Circuit did not receive protection for their ideas, they could find no relief for the unauthorized and uncompensated use of the ideas the purveyors devoted substantial resources to develop.²⁹³ Even when those ideas did satisfy the requirements for copyrightability under the Copyright Act, there was no guarantee that a copyright infringement claim would succeed on the merits.²⁹⁴ Moreover, federal preemption of state law implied-in-fact contract claims had significant consequences for large studios, as these studios use idea solicitation as a means of creating new films and television shows.²⁹⁵ In sum, the Second Circuit's approach to preemption prior to *Forest Park* limited idea submissions to an amount lower than the drafters of

²⁸⁹ See, e.g., *Montz v. Pilgrim Films & Television, Inc.*, 649 F.3d 975 (9th Cir. 2011).

²⁹⁰ See *supra* Part II.B.3.

²⁹¹ See, e.g., *Smith v. Weinstein*, 578 F. Supp. 1297, 1306 (S.D.N.Y. 1984) ("The California Supreme Court and its Courts of Appeal have heretofore made [policy determinations] after full consideration of the needs of that state's important movie industry.").

²⁹² Rubin, *supra* note 77, at 664–65.

²⁹³ Shyamkrishna Baganesh, *The Pragmatic Incrementalism of Common Law Intellectual Property*, 63 VAND. L. REV. 1543, 1558–59 (2010).

²⁹⁴ Miller, *supra* note 67, at 755–56; see also Lowe, *supra* note 2, at 32.

²⁹⁵ See, e.g., *Montz v. Pilgrim Films & Television, Inc.*, 606 F.3d 1153, 1155–57 (9th Cir. 2011), *rev'd en banc*, 949 F.3d 975 (9th Cir. 2011), *cert. denied*, 132 S. Ct. 550 (2011); Brophy, *supra* note 1; Buono & Wickers, *supra* note 167

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the Copyright Act of 1976 anticipated.

Until the Second Circuit in *Forest Park* conformed its preemption approach to the Ninth Circuit's approach, for the thirty-six years after the enactment of the Copyright Act of 1976, the Ninth and Second Circuits diverged substantially on their interpretation of Section 301. The Ninth Circuit's opinion in *Montz* demonstrates that the Ninth Circuit will find that a promise to pay establishes an "extra element" such that it will not provide an equivalent right in satisfaction of the equivalency-prong of the Section 301 analysis.²⁹⁶ In direct contrast, the Southern District of New York's opinions in *Forest Park Pictures* and *Muller* clearly indicated that a promise to pay would be insufficient as an extra element and does not create a right other than one protected under the Copyright Act of 1976.²⁹⁷ However, the Second Circuit in *Forest Park* consequently conformed its approach to that of the Ninth Circuit, when it found that a properly pleaded implied-in-fact contract would survive preemption under Section 301 of the Copyright Act of 1976.²⁹⁸

The Second Circuit properly adopted the Ninth Circuit's approach because the Ninth Circuit's approach more closely conforms to Congress's intent when it implemented the Copyright Act of 1976 and affirmatively preempted certain claims. Congress's specific purpose in creating Section 301 was to dispose of the numerous and incoherent common law copyright doctrines which existed prior to the implementation of the Copyright Act of 1976. Moreover, Congress intended for state law breach of contract actions to survive Section 301 preemption. Therefore, the Second Circuit's approach prior to *Forest Park* conflicted with Congress's intent where it preempted claims based on a theory that a studio has breached an actual, though implicit, contract to compensate an idea purveyor for using the idea purveyor's idea.

Moreover, idea purveyors receive almost no protection under the Copyright Act.²⁹⁹ Although the lack of success for idea purveyors in copyright infringement actions is partially due to the nature of the works that purveyors submit, e.g., unfixed ideas or materials already within the public domain, much of this lack of success is due to the bargaining strength that studios have over idea purveyors to obtain purveyor's works through liability releases or to adopt the portions of works that fall outside of copyrightable subject matter.³⁰⁰ Further, this interaction between studio and idea purveyor is particularly common in California, and California has an interest in mitigating this imbalance by allowing idea purveyors to establish a promise to pay based on industry custom.³⁰¹ On the other hand, New York has less of an interest in

²⁹⁶ See *supra* Part III.A.

²⁹⁷ See *supra* Parts III.B.1 & 2.

²⁹⁸ See *supra* Part III.B.3.

²⁹⁹ See *supra* note 3 and accompanying text.

³⁰⁰ See *supra* Part IV.B.

³⁰¹ See discussion *supra* Part IV.B.

protecting this particular industry, and this lesser interest is reflected in the greater burden New York places on idea purveyors to establish breaches of implied-in-fact contracts.³⁰² By adopting the Ninth Circuit's approach to copyright preemption, it acknowledged the greater interest California has in protecting idea purveyors, while simultaneously not allowing substantially more claims based under New York law to survive preemption. Accordingly, the Second Circuit correctly adopted the Ninth Circuit's approach to preemption and subsequently promoted the respective balances that New York and California have created in protecting idea purveyors and allowing free access to ideas.

³⁰² See 3 LIND ET AL., *supra* note 268, at § 15:5.