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Product of the Mind: Idea Submission Cases and Copyright Preemption Post-*Grosso*

Catherine Niebergall*

“[T]here are a thousand thoughts lying within a man that he does not know till he takes up the pen to write.”¹—William Makepeace Thackeray, *The History Of Henry Esmond, Esq.*

I. INTRODUCTION

Ideas are a dime a dozen, but in Hollywood, this adage is a different story since writers often submit their ideas and concepts to producers instead of a copyrighted script. The Copyright Act of 1976 protects only concepts and ideas that writers record in some tangible form, like a copyrighted script.² So, how does the legal system handle cases regarding “idea submission,” or idea theft, when copyright laws do not apply? Similarly, what happens when a studio uses a writer’s copyrighted script idea to produce a film without physically acquiring any actual script from the writer?

Several courts, mostly from California and the Ninth Circuit, have held that writers sometimes have rights to their intangible ideas under contract law. The Supreme Court of California, in the seminal case *Desny v. Wilder*, first held that writers enjoy an implied contractual right to compensation when they submit material to producers with the understanding that the producers will pay the writers for any subsequent use of the writers’ ideas.³ The Ninth Circuit adopted the *Desny* holding when deciding cases such as *Grosso v. Miramax Film Corporation*, *Benay v. Warner Bros. Entertainment, Inc.*, and *Montz v. Pilgrim Films & Television, Inc.*⁴ The Second Circuit has only recently started to address idea theft cases with *Forest Park Pictures v. Universal Television Network, Inc.*⁵

This comment addresses copyright preemption and the contractual right to compensation in the area of idea submission cases. Part II explores the practice of idea submission in the entertainment industry, the landmark

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1. WILLIAM MAKEPEACE THACKERAY, *THE HISTORY OF HENRY ESMOND, ESQ.* 158 (1852), available at <http://www2.hn.psu.edu/faculty/jmanis/thackeray/henryesmond.pdf> (last visited Feb. 25, 2014).

2. 17 U.S.C. § 301 (1998).

3. See *Desny v. Wilder*, 299 P.2d 257, 277 (Cal. 1956) (en banc).

4. *Id.*; *Montz v. Pilgrim Films & Television, Inc.* (*Montz II*), 649 F.3d 975 (9th Cir. 2011), cert. denied, 132 S. Ct. 550 (U.S. 2011); *Benay v. Warner Bros.*, 607 F.3d 620 (9th Cir. 2010); *Grosso v. Miramax Film Corp.*, 383 F.3d 965 (9th Cir. 2004), opinion amended on denial of reh’g, 400 F.3d 658 (9th Cir. 2005).

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

Desny case, and the actual use requirement, which determines the evidentiary proof required for an idea theft claim.⁶ Part II also examines Section 301 of the Copyright Act of 1976, which uses a two-prong test to determine copyright preemption of state contract claims.⁷ It concludes with an examination of *Grosso*, another milestone case that held that the Copyright Act does not preempt implied contract claims.⁸ Part III surveys the current state of idea submission law, namely the three recent circuit court cases of *Benay*, *Montz*, and *Forest Park*.⁹ It also analyzes how these cases affect idea submission law. First, this section looks at the impact of *Benay* on the actual use requirement.¹⁰ Second, it examines how *Montz* has expanded the definition of the “extra element” test under the second prong of the Section 301 preemption test.¹¹ Third, it reviews *Forest Park*’s impact on the Second Circuit.¹² Finally, Part IV addresses the future of idea submission law, most notably if and when the Supreme Court will hear an idea submission case.

II. HISTORY OF IDEA SUBMISSION CLAIMS

A. Idea Submission in the Entertainment Industry

The idea submission process is burdensome on writers, producers, and studios within the entertainment industry. There are three ways that an idea can make it to the silver screen in Hollywood.¹³ First, a producer may come up with an original idea by himself and then turn that idea into a movie.¹⁴ However, producers rarely come up with ideas themselves.¹⁵ Second, an idea may be submitted to a producer or studio through an agent.¹⁶ This is the most common form of idea submission.¹⁷ Third, a writer can “pitch” an idea directly to a producer or his studio, but gaining direct access to a producer can be difficult.¹⁸ Additionally, studios and networks are inundated with so many

6. *Desny*, 299 P.2d at 257.

7. 17 U.S.C. § 301 (1998).

8. *Grosso*, 383 F.3d at 965.

9. *Benay*, 607 F.3d at 620; *Montz*, 649 F.3d at 975; *Forest Park*, 683 F.3d at 424.

10. *Benay*, 607 F.3d at 620.

11. *Montz*, 649 F.3d at 975.

12. *Forest Park*, 683 F.3d at 424.

13. Brian Devine, Comment, *Free as the Air: Rethinking the Law of Story Ideas*, 24 Hastings Comm. & Ent. L.J. 355, 363-64 (2002).

14. *Id.*

15. *Id.* at 363.

16. *Id.*

17. *Id.* at 363-64.

18. *Id.*

unsolicited idea submissions that most refuse to accept such unsolicited manuscripts unless the writer signs a release beforehand.¹⁹

Typically, a writer presents his idea submission in the form of an outline, synopsis, or treatment.²⁰ A film treatment provides a general synopsis of a writer's idea or script for a movie.²¹ Treatments normally range from eight to fifteen pages, include three to five acts, and explain the important conceptual elements.²² Professional script readers usually review these film treatments to evaluate their quality and possible commercial value before giving the treatments to producers for further review.²³ This process allows busy producers to review submissions quickly rather than waste precious time on meritless ideas.²⁴

However, the main problem with this review process is that the Copyright Act of 1976 does not apply to idea submissions and thus, provides no protection for writers' intellectual property.²⁵ Section 102 of the Copyright Act limits the scope of copyrights to "original works of authorship fixed in any tangible medium of expression," stating that "[i]n no case does copyright protection . . . extend to any idea, procedure, process . . . or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."²⁶ Since federal copyright protection does not apply to film treatments, outlines, and synopses under Section 102, state law sometimes supplies the only potential means for writers to protect their concepts and ideas.²⁷ As the Ninth Circuit has explained, "[c]ontract law, whether through express or implied-in-fact contracts, is the most significant remaining state-law protection for literary or artistic ideas."²⁸ For a writer to succeed on a contract claim, he must prove the requisite elements of mutual assent, consideration, and breach.²⁹ However, federal copyright law plays an important role in idea submission cases because of the potential for federal copyright law to

19. Devine, *supra* note 13, at 364.

20. *Id.*

21. *Film Treatments: How to Write a Film Treatment*, LIGHTS FILM SCHOOL, <http://www.lightsfilmschool.com/articles/treatments/index.html> (last visited Feb. 25, 2014).

22. *Id.*

23. *Id.*

24. Devine, *supra* note 13, at 364.

25. *See id.* at 365.

26. 17 U.S.C. § 102 (1990).

27. Devine, *supra* note 13, at 365.

28. *Benay*, 607 F.3d at 629.

29. Devine, *supra* note 13, at 367 (citing *Nadel v. Play-By-Play Toys & Novelties, Inc.*, 208 F.3d 368, 376 n.5 (2d Cir. 2000)).

preempt state contract claims under the Supremacy Clause.³⁰ Therefore, in cases where copyright law preempts state contract claims, the only other option for relief may be filing a copyright infringement claim, which may be more difficult to prove.³¹

B. *Desny v. Wilder*: Establishing the Implied Contractual Right to Compensation for Ideas

Desny changed the landscape of entertainment law forever when it held that writers have property rights in their intangible ideas.³² In *Desny*, the plaintiff, Victor Desny, called the office of a producer at Paramount Pictures, named Billy Wilder, with the hope of selling his movie idea.³³ Wilder's secretary answered Desny's phone call, listened to Desny's proposed movie idea, and found that Desny had a "fantastic unusual story" idea for Wilder.³⁴ Desny notably based his movie idea on the life story of Floyd Collins, a daring explorer who perished after getting trapped in a deep cave.³⁵

Desny wanted to submit a script to Wilder, but the secretary informed Desny that Wilder did not have time to read such a long proposal.³⁶ The secretary requested that Desny either abbreviate the script into a three or four page synopsis himself or otherwise submit his story to the studio's script department to make the same edits.³⁷ Desny decided to edit the script into a synopsis himself, called Wilder's office back two days later, and told the secretary it was ready.³⁸ Desny then read the synopsis over the telephone to the secretary so she could take it down in shorthand and forward the proposal on to Wilder.³⁹

During the course of the telephone call, Desny told the secretary that Wilder and Paramount Pictures could only use his story if they compensated him for "the reasonable value of it."⁴⁰ The secretary replied that if Wilder or Paramount used the story, then "naturally we will pay you for it."⁴¹ Desny

30. See *id.* at 375 (citing U.S. CONST. art. VI).

31. *Id.*

32. *Desny*, 299 P.2d at 269.

33. *Id.* at 261–62.

34. *Id.*

35. *Id.* at 262.

36. *Id.*

37. *Id.*

38. *Desny*, 299 P.2d at 262.

39. *Id.*

40. *Id.*

41. *Id.*

never spoke directly with Wilder, but relied on the secretary's authority to receive and deliver messages as Wilder's employee and agent.⁴²

About a year later in the summer of 1950, Desny learned that Wilder had started shooting a new movie that sounded remarkably similar to the movie idea that Desny pitched to Wilder's secretary.⁴³ Desny subsequently called Wilder's secretary and protested the studio's use of his movie idea and how closely it resembled his synopsis.⁴⁴ In the spring of 1951, Paramount Pictures released the movie, *Ace in the Hole*, which notably opened to "disappointing ticket sales" and unflattering critical reviews.⁴⁵ Nevertheless, on October 1, 1951, Desny and his attorneys filed a complaint against Wilder and Paramount Pictures for breach of contract and the "unauthorized use of dramatic material."⁴⁶ Desny sought \$150,000 in damages to compensate him for "the reasonable value of his literary property."⁴⁷ California's recently amended copyright law did not allow an infringement claim for theft of Desny's intangible idea, so Desny innovatively claimed that Wilder breached an implied-in-fact contract that the parties allegedly created when Desny explicitly conditioned the use of his movie idea on the receipt of reasonable compensation.⁴⁸

Prior to 1947, California copyright law provided much broader protection than federal copyright law.⁴⁹ California law had previously treated ideas like protectable property by extending copyright protections to "any product of the mind," which essentially made ideas protectable property.⁵⁰ However, in 1947, the California state legislature amended this provision and eliminated copyright protection for "product[s] of the mind."⁵¹ Consequently, after 1947, neither California copyright law nor federal copyright law protected intangible ideas.⁵² However, the *Desny* court recognized that California common law still provided writers with an alternative legal remedy to protect their ideas. While the *Desny* court famously declared that "ideas are as free as the air and as speech and the senses," the court also concluded that writers

42. *Id.*

43. Eric Hoyt, *Writer in the Hole: Desny v. Wilder, Copyright Law, and the Battle over Ideas*, 50 CINEMA J. 21, at 21–24 (2011).

44. *Desny*, 299 P.2d at 262.

45. Hoyt, *supra* note 43, at 24.

46. *Id.* at 25 (citing Complaint, 4:17–19, Oct. 1, 1951).

47. *Id.* (citing Complaint, 4:17–19, Oct. 1, 1951).

48. *See id.* at 25–26.

49. Lionel S. Sobel, *The Law of Ideas, Revisited*, 1 UCLA ENT. L. REV. 9, 16–17 (1994); CAL. CIV. CODE § 980 (West 1947).

50. *Id.*

51. Sobel, *supra* note 49, at 17.

52. *Id.*

have the right to explicitly condition the use of their ideas under contract law.⁵³

When comparing Desny's synopsis to an outline of the movie's photoplay, the court found "a remarkable similarity to [the] plaintiff's story both in respect to the historical data and the fictional material originated by [the] plaintiff."⁵⁴ For example, the protagonist in both the synopsis and the film had a "fear of the curse of dead Indians," which was a fictional element that Desny himself created to add dramatic flair to Floyd Collins' story.⁵⁵ The Supreme Court of California ultimately reversed the lower court's summary judgment order and remanded the case to the Superior Court of Los Angeles County so the parties could proceed with trial.⁵⁶ Five days before the case was scheduled for trial, Desny settled with Wilder and Paramount Pictures for the sum of \$14,350.⁵⁷ However, *Desny's* mark upon the entertainment industry had now been made as the beginning of the era of idea submission cases.

Desny now provides California writers the ability to seek legal recourse under an implied-in-fact contract theory when producers and studios misappropriate writers' idea submissions.⁵⁸ "*Desny* claims" have emerged as a term of art, referring exclusively to idea submission cases in Hollywood.⁵⁹ To establish a *Desny* claim, a writer must show that he or she "prepared the work, disclosed the work to the offeree for sale . . . and that the offeree voluntarily accepted the disclosure knowing the conditions on which it was tendered and the reasonable value of the work."⁶⁰

Desny also transformed the way studios operate in Hollywood.⁶¹ For example, The Writers Guild of America modified its 1966 Memorandum of Minimum Basic Agreement to clarify to all parties "that *any* dealings between one of their writer members and a television or film producer automatically implies a contract to pay at least the minimum for the material used."⁶² Similarly, studios have grown increasingly reluctant to accept "unsolicited

53. See *Desny*, 299 P.2d at 265.

54. *Id.*

55. *Id.* at 274, 281 n.10.

56. *Id.* at 278-79.

57. Hoyt, *supra* note 43, at 32.

58. *Desny*, 299 P.2d at 265.

59. Hoyt, *supra* note 43, at 37.

60. *Grosso*, 383 F.3d at 967.

61. See Hoyt, *supra* note 43, at 37-38.

62. *Id.* at 38 (quoting Robert Yale Libott, *Round the Prickly Pear: The Idea Expression Fallacy in a Mass Communication World*, 14 UCLA L. REV. 765 (1967) (original emphasis)).

submissions” and film treatments from unknown writers.⁶³ Now, to protect themselves from liability, producers and studios generally refuse to read any writer’s submission that does not contain a signed release.⁶⁴ Studios generally require such releases to explicitly state that the studio’s review of the writer’s material does not imply an agreement to use or compensate the writer for any further use of the writer’s material.⁶⁵

C. The Copyright Act Preemption Doctrine

The Copyright Act of 1976 only protects a writer’s expression of ideas when the writer records those expressions in a tangible form.⁶⁶ The distinction between tangible and intangible ideas thus creates a dichotomy where the expression of ideas is clearly protected under copyright law, but the protection of the ideas themselves must be sought through other means, namely state contract law.⁶⁷ The Copyright Act prevents states from supplementing federal copyright law with their own state copyright laws.⁶⁸ Under the authority of the Supremacy Clause, section 301 of the Copyright Act states that the federal Copyright Act preempts all equivalent state law claims.⁶⁹ Section 301 specifically states that “all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103 . . . are governed exclusively by this title.”⁷⁰ To determine whether the Copyright Act preempts a state law claim, courts use a two-prong test.⁷¹

Under this two-prong test, the Copyright Act preempts a state law claim when (1) the state law claim comes within the scope of the Copyright Act’s subject matter as defined under sections 102 and 103 of the Act, and (2) the state law claim is “equivalent to any of the exclusive rights within the general scope of [federal] copyright [law] as specified by section 106.”⁷² Sections 102 and 103 of the Copyright Act govern the first prong of the section 301

63. *Id.*

64. *Id.*

65. *See id.*

66. 17 U.S.C. § 102 (2012).

67. Samuel M. Bayard, *Chihuahuas, Seventh Circuit Judges, and Movie Scripts, Oh My!: Copyright Preemption of Contracts to Protect Ideas*, 86 CORNELL L. REV. 603, 604–05 (2001).

68. *Id.* at 608.

69. *See id.*

70. 17 U.S.C. § 301 (2012) (emphasis added).

71. Bayard, *supra* note 67, at 609.

72. 17 U.S.C. § 301 (2012).

preemption test encompassing “subject matter”.⁷³ These sections collectively require that an idea must be “fixed in a tangible medium of expression” for the Copyright Act to apply.⁷⁴ Section 101 further clarifies, “[a] work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy . . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”⁷⁵ Consequently, federal copyright law does not preempt a state contract law when a plaintiff-writer’s ideas are recorded in a tangible medium.⁷⁶ The first prong of the section 301 preemption test is typically easily satisfied, as writers often record their ideas in some form of a tangible medium.⁷⁷

The second prong of the section 301 preemption test is more difficult to satisfy than the first. The “general scope” requirement under the second prong of the section 301 preemption test is met “when the state law rights asserted by the plaintiff are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106.”⁷⁸ Section 106 gives the copyright owner “the exclusive rights to do and to authorize” reproduction, preparation of derivative works, distribution, performance, and display of copyrighted works, and, in the case of sound recordings, digital audio transmission.⁷⁹ Therefore, section 301 preempts only those state law claims that infringe or interfere with the exclusive rights set out in section 106.⁸⁰

Courts apply the “extra element” test under the second prong of the section 301 preemption test.⁸¹ The extra element test calls for preemption unless the state law cause of action is “qualitatively different” from a copyright infringement claim.⁸² The extra element test has traditionally constituted an explicit promise to pay for use of a disclosed idea between a producer and a screenwriter, which survives preemption.⁸³ The existence of express contractual promises provides each party rights not covered by fed-

73. *Id.*; see also Bayard, *supra* note 67, at 609–10 (describing the two-prong test from § 301).

74. 17 U.S.C. § 301(a) (2012).

75. 17 U.S.C. § 101 (2010).

76. Bayard, *supra* note 67, at 610.

77. *Id.* at 613.

78. *Id.* at 612.

79. 17 U.S.C. § 106 (2002).

80. Bayard, *supra* note 67, at 612 (citing *Computer Assocs. Int’l. v. Altai, Inc.*, 982 F.2d 693, 716 (2d Cir. 1992)).

81. *Id.*

82. *Id.* at 612–13.

83. 5-19D MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 19D.03[C][2] (Matthew Bender Rev. Ed.).

eral copyright law, and thus the necessary “extra element” to avoid preemption.⁸⁴ However, courts disagree about what other types of quasi-contractual claims also avoid preemption by the Copyright Act.⁸⁵

The second prong is more problematic since courts have diverged in their application of section 106 and the “general scope” prong of section 301.⁸⁶ For example, in *ProCD, Inc. v. Zeidenberg*, the Seventh Circuit held that section 301 does not preempt contract claims because two-party contracts do not provide for “any of the exclusive rights within the general scope of copyright.”⁸⁷ Thus, the general rule is that a contractual promise qualifies as an “extra element,” even if the defendant breaches the contract by performing an act that section 106 designates exclusively for a copyright owner.⁸⁸ However, a series of cases deviated from the *ProCD* holding.⁸⁹ For instance, in *Endemol Entertainment v. Twentieth Television Inc.*, the district court found that a “breach of implied contract [claim] does not escape preemption” under section 301 because “ideas,” which are specifically excluded from Copyright Act protection . . . nonetheless fall under the scope of copyright subject matter.”⁹⁰ Similarly, in *Worth v. Universal Pictures*, a California district court found that federal copyright law preempted the plaintiffs’ breach of implied contract claim when a studio allegedly misappropriated the plaintiffs’ screenplay.⁹¹ Likewise, in *Selby v. New Line Cinema Corp.*, a California district court found that the Copyright Act preempted the plaintiffs’ implied contract claim because the implied contract did not protect any right or extra element beyond what the Copyright Act provided.⁹² However, this line of cases supporting preemption essentially became obsolete when the Ninth Circuit published its decision in *Grosso v. Miramax Film Corporation*.⁹³

D. Idea Submission Claims and Copyright Preemption Post-*Desny*

In the wake of *Desny*, courts faced increased pressure to clarify the scope of section 301 and to determine whether the Copyright Act preempted

84. *Id.*

85. *See id.*

86. *See* Bayard, *supra* note 67, at 613.

87. *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1455 (7th Cir. 1996).

88. *See* Bayard, *supra* note 67, at 614.

89. *See* Nimmer, *supra* note 83, at § 19D.03[C][2].

90. *Endemol Entm’t B.V. v. Twentieth Television Inc.*, 1998 WL 785300, at *1 (C.D. Cal. Sept. 29, 1998) (citing *U.S. ex rel. Berge v. Bd. of Trustees of the Univ. of Alabama*, 104 F.3d 1453, 1463 (4th Cir. 1997)).

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

92. *Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053, 1062 (C.D. Cal. 2000).

93. *Grosso*, 383 F.3d at 968.

implied contract claims. The Ninth Circuit's ruling in *Grosso v. Miramax Film Corporation* clarified some of these issues.⁹⁴ The *Grosso* court held that the Copyright Act does not preempt the *Desny* implied contract claims, consequently giving writers an additional means to protect their ideas.⁹⁵ This decision was important because contract claims have longer statute of limitation periods, which gives plaintiffs more time to file their idea theft claims.⁹⁶ This new development in idea submission law unsurprisingly led to a noticeable increase in the number of idea theft-related filings in California state courts.⁹⁷

However, while the *Grosso* opinion is important for clarifying the Ninth Circuit's position on copyright preemption and *Desny* claims, it spans less than three pages.⁹⁸ In another case, *Groubert v. Spyglass Entertainment Group, LP*, a California district court further analyzed the relationship between implied contract claims and federal copyright law, which sheds some light on why the Copyright Act does not preempt a *Desny* claim.⁹⁹ In *Groubert*, the plaintiff asserted a copyright infringement claim and a *Desny* claim against defendants for allegedly misusing the story idea and written treatment that the plaintiff had previously pitched to them.¹⁰⁰ The *Groubert* court notably reached the same conclusion as *Grosso* by finding that the Copyright Act of 1976 does not preempt an implied contract claim relating to an idea submission.¹⁰¹ The court further reasoned that each claim stands on its own because the contract claim "is not the equivalent to copyright law, which protects certain forms of expression from unauthorized reproduction, performance, distribution, or display by anyone."¹⁰² Under federal copyright law, the *Groubert* court found that the defendants could use the plaintiff's movie idea without having to compensate the plaintiff "if the idea does not fall within the protections of the [Copyright] Act."¹⁰³ Since the plaintiff only disclosed the idea to the defendants on the condition that he would be compensated if the idea was used, and the defendants accepted this condition, evidence of an implied contract existed, and thus, constituted "an 'additional

94. See *id.* at 965.

95. *Id.* at 968.

96. See Nimmer, *supra* note 83, at § 19D.03[C][2].

97. Shannon M. Awsumb, "Idea Theft" Claims Post-Grosso, 24 ENT. & SPORTS LAW. J. 1, 13 (2006).

98. See *Grosso*, 383 F.3d at 965–68.

99. See *Groubert v. Spyglass Entm't Grp.*, CV 02-01803-SVW JTLX, 2002 WL 2031271, at *2-3 (C.D. Cal. July 23, 2002).

100. *Id.* at *1.

101. *Id.* at *5.

102. *Id.* at *4.

103. *Id.*

element' not covered under copyright law."¹⁰⁴ Therefore, the *Groubert* court found that because the purpose of the contract was to protect the plaintiff's rights beyond those covered by federal copyright law, the plaintiff's copyright law rights were obviously not equivalent to those found in state contract law.¹⁰⁵

E. The Actual Use Requirement

Courts have developed the actual use requirement to determine whether an idea is independently developed or actually used (*i.e.* producer received the idea from a writer) for idea submission cases.¹⁰⁶ Actual use can be shown through direct or circumstantial evidence.¹⁰⁷ Since direct evidence of actual use of an idea is uncommon, most idea theft cases prevail on circumstantial evidence.¹⁰⁸

In order to meet the actual use requirement through circumstantial evidence, an inference based on access and similarity is made in the substantial similarity test.¹⁰⁹ Under the access prong, the plaintiff-writer must demonstrate that there was a "reasonable possibility" that the defendant was exposed to the plaintiff-writer's idea.¹¹⁰ Under the similarity prong, there must be some "substantial" similarity between the plaintiff-writer's idea and the defendant's.¹¹¹ The similarity prong has a low threshold since it turns on whether a reasonable person would conclude that actual use of an idea occurred.¹¹² If both access and similarity prongs are met, it may trigger an obligation to pay for the actual use of an idea.¹¹³

Courts have also adopted a more flexible approach to the actual use requirement through the "inverse ratio rule".¹¹⁴ Under the inverse ratio rule, a lesser evidentiary showing of access to an idea may be compensated by a greater showing of substantial similarity between the plaintiff-writer's idea and the defendant's idea, and a lack of similarity may be compensated by a greater evidentiary showing of access than normally required under the sub-

104. *Id.*

105. *Groubert*, 2002 WL 2031271, at *4.

106. Sobel, *supra* note 49, at 65.

107. *Id.* at 66.

108. *Id.* at 67.

109. *Id.*

110. *Id.* at 68.

111. *Id.*

112. Sobel, *supra* note 49, at 68.

113. *See id.* at 65.

114. Jonathan Richard Sandler, *Idea Theft and Independent Creation: A Recipe for Evading Contractual Obligations*, 45 LOY. L.A. L. REV. 1421, 1427-28 (2012).

stantial similarity test.¹¹⁵ By using the inverse ratio rule, courts are able to make an inference of actual use of an idea in an impermissible way when evidentiary support for one prong is slightly deficient.¹¹⁶

In addition to the inverse ratio rule and the substantial similarity test, courts also occasionally use the striking similarity test to prove actual use.¹¹⁷ The striking similarity test requires that the similarities between the plaintiff-writer's idea and the defendant's idea be "so striking that actual use may be inferred from those similarities alone, without any evidence of access being offered."¹¹⁸ The striking similarity test is a high threshold to meet (*i.e.* similarities can have no other explanation, like independent creation or prior common source), so courts seldom use this test since such brazen idea theft rarely occurs.¹¹⁹

III. CURRENT STATE OF IDEA SUBMISSION LAW

The law of copyright preemption has undergone subtle changes since *Grosso*. Historically, six theories have been used to protect ideas: property, quasi-contract, express contract, implied-in-fact contract, confidential relationship, and misappropriation.¹²⁰ However, virtually all idea submission cases now fall under express contract law or implied-in-fact contract law.¹²¹ *Desny* claims remain viable today, even as courts have started to shift their focus more towards section 301 and the preemptory effect of the Copyright Act.¹²² The Ninth Circuit continues to clarify related issues as demonstrated by their decisions in *Benay v. Warner Bros. Entertainment, Inc.*, which illustrates the significance of the substantial similarity test for analyzing preemption,¹²³ and *Montz v. Pilgrim Film & Television*, which broadly construes the extra element test.¹²⁴ Among other notable developments, other federal circuits have started to adopt the *Grosso* holding, as seen in the Second Circuit decision — *Forest Park Pictures v. Universal Television Network*.¹²⁵ The significance of these decisions will be discussed in more detail below.

115. *Id.*

116. *Id.* at 1428.

117. Sobel, *supra* note 49, at 72.

118. *Id.*

119. *Id.*

120. Nimmer, *supra* note 83, at § 19D.02 (citing *Benay*, 607 F.3d at 629 (citation omitted)).

121. *Id.*

122. *Montz II*, 649 F.3d at 976–77.

123. *Benay*, 607 F.3d at 620.

124. *Montz II*, 649 F.3d at 975.

125. *Forest Park Pictures v. Universal Television Network*, 683 F.3d 424, 435 (2d Cir. 2012).

A. Copyright Preemption in the Ninth Circuit

1. Benay: The Substantial Similarity Test and Copyright Preemption

In *Benay v. Warner Brothers*, the Ninth Circuit examined how courts look at different evidence when evaluating copyright infringement claims and *Desny* contract claims.¹²⁶ In this case, the Benay brothers (plaintiffs) claimed copyright infringement and breach of an implied contract under California law against a production company after the company (defendants) allegedly breached their implied contractual agreement to compensate the brothers for use of their screenplay.¹²⁷ The defendants claimed that they developed the film independently from the plaintiffs' screenplay and that the two works did not share substantial similarities.¹²⁸ The district court agreed with the defendants and granted summary judgment for the defendants on both the copyright claim and the contract claim.¹²⁹ Plaintiffs appealed the summary judgment rulings.¹³⁰

On appeal, the Ninth Circuit found that the majority of the similarities between the company's movie and the brothers' screenplay involved elements that were not protected, copyrightable material.¹³¹ Applying the inverse ratio rule, the court further found that there were no substantial similarities between plaintiffs' protected material and the defendants' movie.¹³² Ultimately, the Ninth Circuit affirmed the district court's summary judgment on the copyright infringement claim in favor of the defendants.¹³³ The court analyzed the validity of the plaintiff's contract claim separately.¹³⁴

The Court recognized that the plaintiffs might be able to show that the defendants' movie shared substantial similarities to their unprotected ideas under contract theory.¹³⁵ The court thus analyzed the degree of similarity between the screenplay and the film in the context of the contract claim.¹³⁶ The Ninth Circuit reiterated that "the analysis of similarit[ies] under an implied-in-fact contract claim is different from the analysis of a copyright claim, even where the plaintiff has submitted a full copyright-protected

126. *Benay*, 607 F.3d at 624.

127. *Id.* at 623.

128. *Id.* at 623, 625.

129. *Id.* at 623.

130. *Id.*

131. *Id.* at 629.

132. *Benay*, 607 F.3d at 625; *see supra* Part II.E (describing the inverse ratio rule).

133. *Id.* at 629.

134. *Id.*

135. *Id.* at 632.

136. *Id.* at 630.

script.”¹³⁷ Therefore, the court reasoned that the similarities between the screenplay and the film were substantial enough to support a contract claim even though the copyright infringement claim failed.¹³⁸ Thus, the plaintiffs’ *Desny* claim survived preemption by the Copyright Act, and the plaintiffs’ contract claim survived summary judgment since the court was able to consider a broader sampling of evidence to evaluate the validity of that claim.¹³⁹

The Ninth Circuit court’s decision and analysis of the substantial similarity test make *Benay* significant. The *Benay* court found that the substantial similarity test for a *Desny* claim is not the same as the substantial similarity test for copyright infringement, which requires proving that actual use of an idea occurred.¹⁴⁰ Courts generally agree that the recipient of an idea is “legally obligated to pay only if the idea was the one actually received from the plaintiff.”¹⁴¹ Actual use of an idea may be proved through direct or circumstantial evidence.¹⁴² More commonly, the actual use of the plaintiff-writer’s idea is proven with circumstantial evidence contained in the dual elements of access and similarity through the substantial similarity test.¹⁴³ To prove access, the plaintiff-writer must demonstrate that there was a “reasonable possibility” the defendant knew of the plaintiff’s idea, which is usually easier to prove than similarity.¹⁴⁴ The degree of similarity necessary to infer actual use is different from proving an obligation to pay for an idea.¹⁴⁵ The *Benay* court examined the substantial similarity requirement for the obligation to pay in both copyright and breach of implied contract claims.¹⁴⁶

For a copyright infringement claim, substantial similarity must be proved through the “substantial similarity” of copyright-protected elements.¹⁴⁷ Thus, the *Benay* court affirmed the notion that a similar idea alone is not enough for purposes of the substantial similarity test.¹⁴⁸ Further, the court found that finding a claim for copyright infringement under the substantial similarity test “does not preclude a finding of substantial similarity for purposes of an implied-in-fact contract under California law.”¹⁴⁹ The

137. *Id.* at 632.

138. *Benay*, 607 F.3d at 632.

139. *Id.*

140. *See id.*

141. Sobel, *supra* note 49, at 65.

142. *Id.* at 66.

143. *Id.* at 67.

144. *Id.* at 68.

145. *Id.* at 69.

146. *See Benay*, 607 F.3d at 632.

147. Sobel, *supra* note 49, at 78.

148. *Benay*, 607 F.3d at 631.

149. *Id.*

Ninth Circuit found that the substantial similarity analysis for a copyright infringement claim is different from that of a breach of implied contract claim.¹⁵⁰ Unlike a copyright infringement claim, elements that are not copyright-protected can be used to show substantial similarity in a contract claim.¹⁵¹

The major impact of *Benay* is the additional costs associated with litigation; litigants may be forced to litigate substantial similarity separately under a copyright infringement claim and a breach of an implied contract claim.¹⁵² To avoid the potential litigation costs, some commentators suggest a nondisclosure agreement with language addressing which party pays for the ideas in the subject work and which party has control over the work.¹⁵³

2. Montz: Defining the Parameters of the Extra Element Test

In *Montz v. Pilgrim Films & Television* (“*Montz II*”), the Ninth Circuit held that the Copyright Act did not preempt the writers’ claim for breach of an implied contract or their breach of confidence claim.¹⁵⁴ A breach of confidence claim is essentially a breach of fiduciary claim that intends to “protect[] the duty of trust or confidential relationship between the parties.”¹⁵⁵ The Ninth Circuit court applied a more permissive interpretation of the extra element test by finding that an implied promise of “a partnership interest in the proceeds of the production” satisfied the test.¹⁵⁶ Consequently, the *Montz II* decision notably expanded the extra element test beyond the simple and straightforward monetary agreement to include more than a breach of contract claim.¹⁵⁷

In *Montz*, parapsychologist Larry Montz had the idea to create a television program that would follow and record the activities of a team of paranormal investigators while working in the field.¹⁵⁸ Montz and his publicist, Daena Smoller, worked extensively to pitch the idea to studios and producers

150. *Id.* at 632.

151. *Id.*

152. Marc J. Rachman & C. Andrew Keisner, *The IP You See, and The IP You Don’t*, Portfilio Media, Inc. published by Law 360, 1, 2 (Sept. 2, 2010).

153. *Id.*

154. *Montz II*, 649 F.3d at 975.

155. *Id.* at 981.

156. *Montz II*, 649 F.3d at 977; see also Michael Palmisciano, Comment, *Resurrecting the Spirit of the Law: Copyright Preemption and Idea Protection in Montz v. Pilgrim Films*, 53 B.C. L. REV. E-SUPPLEMENT 209, 210 (2012) (calling the *Montz II* holding on the extra element test a “permissive interpretation”).

157. *Montz II*, 649 F.3d at 981.

158. *Id.* at 977.

from the years 1996 to 2003.¹⁵⁹ The two met with studios and presented screenplays, videos, and other proposals related to their show idea.¹⁶⁰ However, all the studios indicated to Montz that they were not interested in a show about paranormal investigators.¹⁶¹ Yet, one of the studios later partnered with Craig Piligian, and Pilgrim Films, to produce the television series *Ghost Hunters*, which followed a team of paranormal investigators across the country.¹⁶² Montz and Smoller subsequently filed a lawsuit against Piligian and Pilgrim Films alleging several claims, including: copyright infringement, breach of implied contract, and breach of writers' confidence among other actions.¹⁶³ The district court, however, entered judgment to dismiss the plaintiffs' claims on the basis that the federal Copyright Act preempted the breach of contract claim and breach of confidence claims.¹⁶⁴ The plaintiffs subsequently appealed.¹⁶⁵

On appeal, Montz argued that the Copyright Act did not preempt his implied contract and breach of confidence claims because the rights asserted in those claims were not equivalent to the rights provided to him under copyright law.¹⁶⁶ However, the *Montz I* justices ruled that "[t]he gravamen of the claim is that the defendants used the plaintiffs' work, without authorization, to create (and then profit from) a new television program," and that "[t]he rights asserted by the plaintiffs under the implied contract are thus equivalent to the rights of copyright owners under § 106."¹⁶⁷ The *Montz I* justices affirmed the district court's ruling against the plaintiff.¹⁶⁸ However, the court, by majority vote of the Ninth Circuit justices, later ordered an *en banc* rehearing of the case.¹⁶⁹

After the *en banc* rehearing, the *Montz II* court reversed and remanded the previous panel's decision from *Montz I*.¹⁷⁰ The split in the rulings between *Montz I* and *Montz II* represents the challenge that the extra element test presents to the courts.¹⁷¹ According to the *Montz II* court, an implied

159. *Id.*

160. *Id.*

161. *Montz II*, 649 F.3d at 977.

162. *Id.*

163. *Id.*

164. *Id.* at 978.

165. *Montz v. Pilgrim Films & Television, Inc.*, 606 F.3d 1153, 1156 (9th Cir. 2010) [hereinafter *Montz I*]; *Montz II*, 649 F.3d at 978.

166. *Montz I*, 606 F.3d at 1157-58.

167. *Id.* at 1157.

168. *Id.* at 1160.

169. *Montz II*, 649 F.3d at 978.

170. *Id.* at 980-81.

171. See Palmisciano, *supra* note 156, at 216-17.

contract claim must allege (1) the plaintiff disclosed that their idea was for sale; (2) the plaintiff expected to be reasonably compensated for sharing that idea; and (3) the defendant knew the conditions on which the idea was offered.¹⁷² Moreover, to survive preemption, the contract claim must still contain an extra element which makes the nature of the claim qualitatively different from a copyright claim.¹⁷³ While courts traditionally interpreted this additional element as a “bilateral understanding of payment” made in a contractual agreement, the *Montz II* court applied a decidedly permissive interpretation of the extra element test.¹⁷⁴ Specifically, the *Montz II* court found that a breach of confidence claim, as a non-contract claim, was “qualitatively different from a copyright claim,” and therefore, satisfied the extra element test.¹⁷⁵ The court considered the parties’ “confidential relationship” to constitute the extra element.¹⁷⁶

Four judges, however, vehemently disagreed with the *Montz II* majority’s permissive interpretation of the extra element test.¹⁷⁷ Judge O’Scannlain, writing on behalf of the dissenting justices, argued “an action to enforce a promise not to use or to disclose ideas embodied in copyrighted material without authorization asserts rights [that are] equivalent to those protected by the Copyright Act.”¹⁷⁸ Relying on the theory that a copyright gives the owner the right to exclusively control the work and exclude others from using it, the dissent argued that the studio merely “promised (implicitly) to respect Montz’s rights to the production, distribution, and broadcast of his work. Put differently, [the studio] promised to respect the rights afforded to Montz by the Copyright Act.”¹⁷⁹ Therefore, Judge O’Scannlain argued that the majority incorrectly found that the breach constituted an extra element, when in reality the only agreement between the parties was to respect the plaintiff’s rights under copyright law.¹⁸⁰

While the majority in *Montz II* broadly construed the extra element test under the second prong of the Section 301 preemption analysis, the Ninth Circuit’s conclusion in *Montz II* is incorrect because this permissive interpretation of the extra element infringes on the rights afforded by the Copyright Act of 1976. Prior to *Montz II*, the Ninth Circuit had narrowly defined this

172. See *Montz II*, 649 F.3d at 981.

173. *Id.*

174. *Id.* at 976–77.

175. *Id.* at 981.

176. *Id.*

177. *Id.* at 981 (O’Scannlain, J., dissenting).

178. *Montz II*, 649 F.3d at 982–84 (O’Scannlain, J., dissenting).

179. *Id.* at 982 (O’Scannlain, J., dissenting).

180. *Id.* at 983–84 (O’Scannlain, J., dissenting).

extra element as a bilateral expectation to monetary compensation.¹⁸¹ By challenging *Montz I*, *Montz II* wrongly expanded the definitional parameters for what constitutes an extra element.

The extra element test has been problematic since Judge Leisure ruled that the extra element must change “the nature of the action so that it is qualitatively different from a copyright infringement claim” in *Mayer v. Josiah Wedgwood & Sons, Ltd.*¹⁸² The *Grosso* court promulgated that the traditional interpretation of the extra element test is that it is the “existence of an actual agreement between plaintiff and defendant involving a promise to pay for use of disclosed ideas.”¹⁸³ The *Montz I* court correctly ruled that the breach of confidence claim, as a non-contractual agreement, did not constitute an extra element.¹⁸⁴ In adhering to the traditional, narrow interpretation of the extra element test, the *Montz I* court properly recognized that the plaintiff’s claim was “equivalent to the rights of copyright owners under § 106—namely, the exclusive rights to use and to authorize use of their work.”¹⁸⁵

The *Montz II* majority opinion sparked a strong dissent led by Judge O’Scannlain and joined by Judges Gould, Tallman, and Bea.¹⁸⁶ Judge O’Scannlain rejected this permissive interpretation of the extra element test and argued that Montz’s claim was not qualitatively different from the rights afforded under the Copyright Act.¹⁸⁷ He argued that the majority simply failed to distinguish Montz’s “implied promise that Pilgrim would not use the ideas embodied in his materials without his consent” from a claim to sell “the rights to the ideas embodied in his materials” as in *Grosso*.¹⁸⁸ The distinction Judge O’Scannlain makes centers on the authorization to distribute rather than merely an offer to pay for an idea. Section 106 of the Copyright Act covers authorization to distribute,¹⁸⁹ which supports Judge O’Scannlain’s opinion, and clearly places Montz’s claim outside the scope of the extra element test since there is no qualitative difference. In a separate dissent, Judge

181. *Id.* at 977; see *Benay*, 607 F.3d at 629.

182. Arthur R. Miller, *Common Law Protection for Products of the Mind: An “Idea” Whose Time Has Come*, 119 HARV. L. REV. 703, 756 (2006) (quoting *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523 (S.D.N.Y. 1985)).

183. See 5 MELVILLE B. NIMMER & DAVID NIMMER, 19D NIMMER ON COPYRIGHT § 19D.03[C][2] (Matthew Bender rev. ed. 2013) (citing *Wrench L.L.C. v. Taco Bell Corp.*, 256 F.3d 446, 457 (6th Cir. 2001), *cert. denied*, 534 U.S. 1114 (2002)); see also *Grosso v. Miramax Film Corp.* 383 F.3d at 965, 968 (9th Cir. 2004), *opinion amended on denial of reh’g*, 400 F.3d 658 (9th Cir. 2005).

184. *Montz I*, 606 F.3d at 1158.

185. *Id.*

186. *Montz II*, 649 F.3d. at 981 (O’Scannlain, J., dissenting).

187. *Id.* at 982 (O’Scannlain, J., dissenting).

188. *Id.* at 983–84 (O’Scannlain, J., dissenting).

189. 17 U.S.C. § 106 (2012).

Gould noted that the claim on the authorization to distribute the work was functionally the same as one of the rights afforded under copyright law—the authorization to distribute.¹⁹⁰ Additionally, he stated that that majority holding would be problematic since “film production and network companies face the chaotic prospect of having to meet conflicting federal and state standards on essentially the same question, a result the Copyright Act aimed to avoid.”¹⁹¹

The *Montz II* defendant petitioned for certiorari to the Supreme Court of the United States,¹⁹² which is unsurprising in light of the strong dissents in *Montz II* and the conflict between *Montz I* and *Montz II*. However, the Supreme Court denied certiorari,¹⁹³ which left this permissive interpretation in place in the Ninth Circuit. *Montz II* leaves a problematic legacy given the different definitional parameters of the extra element test, such as those established in *Montz II* and *Benay*. As idea submission cases increase outside the Ninth Circuit, courts will have little guidance from the Ninth Circuit in properly construing the test. This opens the door for a future circuit split on the extra element test with some circuits potentially adopting the narrow interpretation of the extra element test while others will mistakenly follow the permissive interpretation in *Montz II*.

B. The Second Circuit Aligns with the Ninth Circuit on Copyright Preemption

In *Forest Park Pictures v. Universal Television Network*,¹⁹⁴ the Second Circuit recently held that the Copyright Act did not preempt a breach of implied contract claim in an idea submission case.¹⁹⁵ However, the Second Circuit’s decision in *Forest Park* was somewhat unexpected. Based on the Second Circuit’s prior decisions holding that the Copyright Act preempted certain quasi-contract claims,¹⁹⁶ commentators also believed that the Second

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

191. *Id.* (Gould, J., dissenting).

192. *Pilgrim Films & Television, Inc. v. Montz*, 132 S. Ct. 550 (2011) (denying certiorari).

193. *Id.*

194. 683 F.3d 424 (2d Cir. 2012).

195. *Id.* at 433; see also Marc J. Rachman & C. Andrew Keisner, *Case Study: Forest Park Pictures v. Universal Television*, PORTFOLIO MEDIA, INC. DAVIS & GILBERT LLP (July 9, 2012 2:38 PM), http://www.dglaw.com/images_user/newsalerts/Rachman.Keisner.Law360.Forest.Park.Pictures.V.Universal.Television.July.9.2012.pdf.

196. See, e.g., *Briarpatch, L.P. v. Phx. Pictures Inc.*, 373 F.3d 296, 306 (2d Cir. 2004) (holding that the Copyright Act preempted an unjust enrichment claim); *Fin. Info. Inc. v. Moody’s Investors Serv. Inc.*, 808 F.2d 204, 208 (2d Cir. 1986) (holding that the Copyright Act preempted an idea misappropriation claim claim); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 723 F.2d 195,

Circuit would find that the Copyright Act preempted breach of implied contract claims.¹⁹⁷ However, the Second Circuit ruling followed the Ninth Circuit's lead to allow writers the limited ability to file idea submission claims under state contract law.¹⁹⁸

1. Forest Park: Manhattan Follows Hollywood

In *Forest Park*, plaintiffs Forest Park Pictures, Hayden Christensen, and Tove Christensen (collectively, "Forest Park"), developed an idea for a television program where the protagonist would work as a "concierge" doctor for the wealthy in Malibu after being ostracized from the medical community.¹⁹⁹ Forest Park plaintiffs created a written treatment for the television series and mailed the treatment to USA Network.²⁰⁰ Subsequently, Forest Park and USA Network representatives met to discuss the treatment with the understanding that USA Network would compensate Forest Park if the network commercially developed the idea.²⁰¹ During the pitch meeting, USA Network representatives admitted they had never heard of "concierge" doctors, and, while they found the idea intriguing, communication between the parties soon ceased.²⁰² However, about four years later, USA Network aired a show entitled *Royal Pains*, which was about a "concierge" doctor who worked in the Hamptons.²⁰³ Forest Park sued for breach of an implied contract, based on USA Network's implied promise to compensate Forest Park for the use of their idea.²⁰⁴

In *Forest Park*, the court evaluated the plaintiffs' claims regarding: (1) whether the Copyright Act preempted the plaintiffs' breach of implied contract claim, and (2) whether the plaintiffs properly plead their claim under California state law.²⁰⁵ The Second Circuit examined Forest Park's breach of implied contract claim under the two-prong section 301 preemption test.²⁰⁶ Under the first subject matter prong, the court affirmed the broad interpretation that "works may fall within the subject matter of copyright, and thus be subject to preemption, even if they contain material that is uncopyrightable

200 (2d Cir. 1983) (holding that the Copyright Act preempted a conversion claim), *rev'd on other grounds*, 471 U.S. 539 (1985).

197. Rachman & Keisner, *supra* note 195.

198. *Id.*

199. *Forest Park*, 683 F.3d at 428.

200. *Id.*

201. *Id.*

202. *Id.*

203. *Id.*

204. *Id.* at 428–29.

205. *Forest Park*, 683 F.3d at 429.

206. *See id.* at 429–33.

under section 102.”²⁰⁷ The court noted that “the scope of copyright for preemption purposes . . . extends beyond the scope of available copyright protection.”²⁰⁸ The Second Circuit ultimately held that the Copyright Act is so broad that plaintiffs’ ideas fell within the subject matter requirement even though USA Network never physically acquired them, which satisfied this prong of the preemption test.²⁰⁹

Under the second prong of the preemption test, the *Forest Park* court examined whether the state contract claim was equivalent to one of the exclusive rights provided under copyright law.²¹⁰ Similar to the courts in *Benay* and *Montz*, the Second Circuit applied the extra element test.²¹¹ Prior to this decision, the Second Circuit court had notably held that the Copyright Act does not preempt numerous other claims, including misappropriation claims, trade secret claims, and breach of confidential relationship claims.²¹² However, the Second Circuit had also previously held that a state law claim is “preempted when the extra element changes the scope but not the fundamental nature of the right” in cases concerning unjust enrichment, misappropriation, and conversion.²¹³ In *Forest Park*, the Second Circuit ultimately determined that there were several qualitative differences between an implied contract claim under state law and a copyright violation claim under federal law.²¹⁴ Therefore, the court ruled that the Copyright Act did not preempt *Forest Park*’s contract claim.²¹⁵

The Second Circuit further held that there is no difference, for purposes of Section 301 preemption analysis, between express contracts and implied-in-fact contracts.²¹⁶ However, the court argued that there is a significant difference between implied-in-fact and implied-in-law contracts.²¹⁷ In implied-in-fact contract cases, courts traditionally find the parties’ actual agreement to be the extra element of the contract claim that distinguishes it from a copyright claim.²¹⁸ In an implied-in-law contract, the plaintiff does not need to prove the existence of any actual agreement between the parties.²¹⁹ Based

207. *Id.* at 429–30.

208. *Id.* at 429–30.

209. *Id.* at 430.

210. *Id.*

211. *Forest Park*, 683 F.3d at 430–31, 435.

212. *Id.* at 430–31.

213. *Id.* at 431.

214. *Id.* at 431–32.

215. *Id.* at 432–33.

216. *Id.* at 432.

217. *Forest Park*, 683 F.3d at 432.

218. *Id.*

219. *Id.*

on this distinction, the court held that implied-in-law contracts do not have this “extra element” and are therefore preempted by the Copyright Act.²²⁰

In *Forest Park*, it is important to note that the Second Circuit applied California law instead of New York law when it evaluated the validity of the parties’ implied-in-fact contract claim.²²¹ This may have affected the outcome of the case since the court found a conflict between the enforceability of a contract under California law, which states that an open price term can be filled in by industry standard, and New York law, which is murky about the legality of “gap fillers” in implied-in-fact contract claims.²²²

In sum, the *Forest Park* court further supported the viability of *Desny* claims for idea submission cases.²²³ While *Forest Park* did not expressly condition disclosure of its pitch on the expectation of payment, it pitched the idea to USA Network with the expectation that the network would compensate it if the network used its idea.²²⁴ The parties also implicitly understood that USA Network knew that the standard in the entertainment industry was to compensate individuals for the use of their ideas.²²⁵ The *Forest Park* court ultimately found that there was an enforceable implied-in-fact contract, and the contract claim was not preempted by the Copyright Act.²²⁶ Therefore, the Second Circuit held that the district court incorrectly dismissed the plaintiffs’ complaint, and vacated and remanded for further review.²²⁷

With *Forest Park*, the Second Circuit aligned itself with the Ninth Circuit by finding that the Copyright Act did not preempt a claim for breach of an implied contract in the area of idea submission.²²⁸ This decision surprised some commentators who believed that the Second Circuit would conclude differently based on its previous rulings that certain quasi-contract claims were preempted.²²⁹ For instance, in *Briarpatch v. Phoenix Pictures*, the Second Circuit found that a claim of unjust enrichment was preempted by the Copyright Act when plaintiff Briarpatch sought to protect its adaptation interests in *The Thin Red Line*, a novel and screenplay, which was later adapted to film.²³⁰ Under New York law, the basic elements of an unjust enrichment

220. *Id.*

221. *Id.* at 434.

222. *Id.* at 433–34.

223. *See Forest Park*, 683 F.3d at 435.

224. *Id.*

225. *Id.*

226. *Id.* at 436.

227. *Id.*

228. *See id.* at 427–28; *Benay*, 607 F.3d at 629, 632; *see also Montz II*, 649 F.3d at 977.

229. *See Rachman & Keisner, supra* note 195, at 1–2.

230. *Briarpatch*, 373 F.3d at 300, 306.

claim require proof that the defendant was enriched at the plaintiff's expense, and equity and good conscience weigh against allowing the defendant to keep what the plaintiff is seeking to recover.²³¹ In *Briarpatch*, the act of turning the novel and screenplay into a motion picture infringed on the adaptation rights belonging to the plaintiff, therefore meeting the second and third elements of the unjust enrichment test.²³² However, under the first element of the unjust enrichment claim, the Second Circuit found in favor of the defendants by stating that "[w]hile enrichment is not required for copyright infringement, we do not believe that it goes far enough to make the unjust enrichment claim qualitatively different from a copyright infringement claim."²³³

The Second Circuit adhered to this stance on preemption in *Moody's Investors* and *Harper & Row Publishers*.²³⁴ In *Financial Information*, the court found that a claim for idea misappropriation was preempted by the Copyright Act because "state law claims that rely on the misappropriation branch of unfair competition are preempted."²³⁵ Similarly, in *Harper & Row*, the Second Circuit ruled the Copyright Act preempted the plaintiff's conversion claim based on the unauthorized publication of an article because the right to control reproduction and derivative use of the copyrighted material was already protected under federal copyright law.²³⁶ However, the Second Circuit took care to distinguish its prior decisions concerning copyright preemption of quasi-contracts from the claim in *Forest Park* by noting that prior claims concerned implied-in-law contracts, whereas *Forest Park* hinged on an implied-in-fact contract.²³⁷

The *Forest Park* court explained that there is "a significant difference for preemption purposes between contracts implied-in-fact and contracts implied-in-law."²³⁸ Whereas an implied-in-law contract is "fictitious" because it is not based on an existence of an explicit agreement between the parties, an implied-in-fact contract is a "true contract that arises from the tacit agreement between the two parties" which contains the extra element of bargain-

231. *Id.* at 306.

232. *See id.*

233. *Id.*

234. *See Moody's Investors*, 808 F.2d at 208 (holding that the Copyright Act preempts idea misappropriation claim); *Harper & Row*, 723 F.2d at 201 (holding that the Copyright Act preempts conversion claim).

235. *Moody's Investors*, 808 F.2d at 208 (citing *Warner Bros. v. Am. Broad. Co.*, 720 F.2d 231, 247 (2d Cir. 1983)).

236. *Harper & Row*, 723 F.2d at 201.

237. *See Forest Park*, 683 F.3d at 430–32.

238. *Id.* at 432 (citing ARTHUR L. CORBIN, 1-1 CORBIN ON CONTRACTS § 1.20 (Joseph M. Perillo ed., 1993)).

ing between the parties.²³⁹ It is this extra element that makes an implied-in-fact contract qualitatively different from the claim asserted under copyright law.²⁴⁰ For instance, in *Muller v. Andersen*, the Second Circuit applied *Forest Park* to a screenwriter's claim that defendants illegally used the plaintiff's script in the film, *Alien v. Predator*.²⁴¹ The court found that the defendants violated an implied-in-fact contract by using Muller's script without remuneration, and, therefore, the breach of implied contract claim was not preempted by the Copyright Act.²⁴²

The *Forest Park* decision further deviated from some district court rulings in the Second Circuit that ruled differently on the issue of preemption.²⁴³ In an unpublished hearing transcript for *O'Keefe v. Ogilvy & Mather Worldwide, Inc.*, the District Court of the Southern District of New York found that a breach of an implied contract was not preempted because it met the extra element requirement.²⁴⁴ On the other hand, prior to *Forest Park*, the Second Circuit found that the Copyright Act preempted state law claims of idea misappropriation and idea appropriation in *A Slice of Pie Productions, LLC v. Wayans Brothers Entertainment*.²⁴⁵ The district court found guidance in *Briarpatch* by holding that "the preemption provisions of the Copyright Act apply to state law claims seeking protection of equivalent rights, whether or not the plaintiff has contemporaneously asserted a copyright infringement claim."²⁴⁶ Thus, the *Forest Park* court took a step in the opposite direction on preemption concerning implied-in-fact contracts from its prior decisions in *Briarpatch* and *A Slice of Pie*.²⁴⁷

In stark contrast to *Montz II*, the *Forest Park* court did not address the definitional parameters of the extra element test.²⁴⁸ Whereas the Ninth Circuit in *Montz II* opted for a decidedly permissive interpretation of the extra element test, the *Forest Park* court glossed over it.²⁴⁹ As a result, the Second Circuit could ultimately adopt a permissive interpretation of the extra ele-

239. *Id.*

240. *See Forest Park*, 683 F.3d at 433.

241. *Muller v. Anderson*, 501 F. App'x 81, 82, 84 (2d Cir. 2012).

242. *Id.* at 84.

243. Rachman & Keisner, *supra* note 195, at 2.

244. *Id.*

245. *See A Slice of Pie Prod., LLC v. Wayans Bros. Entm't*, 392 F. Supp. 2d 297, 316 (D. Conn. 2005).

246. *Id.* (citing *Briarpatch*, 373 F.3d at 306-07).

247. *See Forest Park*, 683 F.3d at 432.

248. *See id.*

249. *See Forest Park*, 683 F.3d at 424; *Montz II*, 649 F.3d at 975.

ment test when a case challenging the test's definitional parameters comes before the court.²⁵⁰

As the entertainment industry flourishes in New York, the Second Circuit will certainly experience a rise in idea submission cases because of *Forest Park*.²⁵¹ The *Forest Park* decision notably did not address the definitional parameters of the extra element test. However, *Forest Park* demonstrates that the Second Circuit will likely follow the lead of the Ninth Circuit in idea submission cases. Unaddressed issues from *Forest Park* will likely be decided in the future as the number of copyright preemption cases in idea submission rise in the Second Circuit.²⁵²

IV. FUTURE DEVELOPMENTS IN IDEA SUBMISSION LAW

The area of idea submission law has continued to develop since *Desny* and will continue to grow as long as television and movies remain popular. While the Second and Ninth Circuits have addressed this area of the law, the U.S. Supreme Court has yet to rule on any idea submission cases. The next section addresses the future of this emerging area of law.

A. The Supreme Court on Copyright Preemption and Idea Submission Law

The Supreme Court has never addressed whether the Copyright Act preempts state law claims in idea submission cases. The Ninth Circuit in *Grosso*, *Benay*, and *Montz II*, and the Second Circuit in *Forest Park*, demonstrate that courts generally disapprove of preemption. The courts that have addressed preemption all seem to agree that *Desny* claims provide qualitatively different rights than those afforded under federal copyright law.²⁵³ The major question for the Supreme Court is the scope of the extra element test, *i.e.*, whether the extra element test only implicates breach of contract or if it considers other claims, such as breach of confidence.²⁵⁴ Cases such as *Benay* were silent regarding whether the extra element test applies to anything more than "bilateral expectation of compensation" contract claims.²⁵⁵ However, the *Montz I* and *Montz II* cases demonstrated that the courts are in serious conflict as to whether the extra element test could also be broadly construed to include non-monetary compensation claims, like a breach of confidence claim.²⁵⁶

250. See *Forest Park*, 683 F.3d at 432.

251. See Rachman & Keisner, *supra* note 195, at 2.

252. See *id.* (citing *Forest Park*, 683 F.3d at 434).

253. See *Forest Park*, 683 F.3d at 424; *Montz II*, 649 F.3d at 975; *Benay*, 607 F.3d at 620; *Montz I*, 606 F.3d at 1153.

254. See *Montz II*, 649 F.3d at 981.

255. See *Benay*, 607 F.3d at 632.

256. See *Montz II*, 649 F.3d at 975, 981.

In 2011, the Supreme Court had the opportunity to address the extra element test under the second prong of the Section 301 preemption test when defendant Pilgrim Films petitioned the Court for certiorari review in *Montz II*.²⁵⁷ However, the Supreme Court denied certiorari.²⁵⁸ Considering the high level of conflict between the *Montz I* and *Montz II* opinions, the strong dissent of Justice O'Scannlain in *Montz II*, and the possibility of similar cases arising in the future, it would have been prudent for the Court to grant certiorari and give the courts more guidance on the scope of the "extra element" test.

When the Supreme Court ultimately grants certiorari on this issue, the Court should follow *Montz I* and hold that the extra element test is narrowly construed, and consequently preempted by the Copyright Act, in order to properly distinguish state claims from the rights afforded under copyright law. The extra element test involves contract claims, which afford significantly different rights than copyright claims.²⁵⁹ However, breach of confidence claims and other similar claims relating to idea theft do not provide for functionally different rights than those under copyright law. By expanding the definitional parameters of the extra element test to include non-monetary compensation, the Ninth Circuit and other courts will continue to confuse these preemption issues until the Supreme Court provides guidance.

V. CONCLUSION

In the absence of copyright protection, the "law of ideas" has become increasingly complex.²⁶⁰ Since *Desny*, studios have shied away from accepting unsolicited manuscripts and film treatments, due to the fear of inadvertently establishing an implied contract with writers. However, such safeguards have neither eradicated *Desny* claims nor simplified the law surrounding idea submission cases. The *Grosso* decision clarified questions surrounding idea submission law on the issue of whether the Copyright Act preempts *Desny* claims.²⁶¹ Following *Grosso*, there has been a noticeable increase in the number of idea submission cases, as litigants now have the advantage of asserting dual claims of breach of implied contract and copyright infringement.

In recent years, however, there has been a shift away from traditional *Desny* claims and a new focus on copyright preemption, particularly the section 301 extra element test. Most of these cases originate in the Ninth Circuit

257. See *Pilgrim Films*, 132 S. Ct. 550 (2011).

258. See *id.*

259. See *Forest Park*, 683 F.3d at 424.

260. See Sobel, *supra* note 49, at 12 (stating that idea submission law is also known as the "law of ideas").

261. See *Grosso*, 383 F.3d at 965.

and California district courts. However, the Second Circuit, as seen in *Forest Park*, has also considered idea submission cases.²⁶²

In the Ninth Circuit, the *Benay* court found that the substantial similarity test for a breach of an implied contract claim is not the same for a copyright infringement claim, which potentially increases litigation costs for the parties.²⁶³ However, *Montz I* and *Montz II*, which transformed the extra element test, overshadow *Benay*. Prior to *Montz II*, courts had narrowly construed the extra element test to include only those claims involving a bilateral expectation of monetary compensation.²⁶⁴

The en banc decision in *Montz II* erroneously adopted a permissive interpretation of the extra element test by holding that it encompassed a non-monetary agreement, namely the promise not to use or disclose plaintiff's ideas without consent.²⁶⁵ However, the *Montz II* majority seemed to ignore the sound reasoning of the dissent, led by Judge O'Scannlain. Judge O'Scannlain correctly argued that a promise not to disclose ideas without consent cannot constitute an extra element because it is equivalent to Section 106 of the Copyright Act, which covers the production and distribution of copyrighted works.²⁶⁶

Unsurprisingly, the *Montz II* defendant, Pilgrim Films, petitioned the Supreme Court to review the case to decide the definitional parameters of the extra element test.²⁶⁷ However, the Supreme Court mistakenly denied certiorari.²⁶⁸ If the Supreme Court had granted review on this issue, then it would have had the opportunity to overturn *Montz II* and correctly conclude that the extra element test needs to be defined narrowly and not intrude on the rights afforded under the Copyright Act of 1976. Clearly, the conclusion in *Montz II* opens the door for a circuit split between the Second and Ninth Circuits, as courts struggle to define what exactly constitutes an "extra element."

As the entertainment industry continues to explode, idea submission law will continue to grow, from Hollywood to Manhattan. However, there are glaring deficiencies in this area of the law since it has been addressed only through state law. The Supreme Court has never heard an idea submission case. The real test for the Court will be ruling on the definitional parameters of the extra element test. The Ninth Circuit conflict between *Montz I* and *Montz II* presents a unique opportunity for the Supreme Court to finally address idea submission law, since the *Montz II* majority did not properly distinguish claims for authorization to distribute from claims for the exclusive

262. See *Forest Park*, 683 F.3d at 428.

263. See *Benay*, 607 F.3d at 632.

264. See *id.* at 629.

265. See *Montz II*, 649 F.3d at 981–82.

266. See *id.* at 983 (O'Scannlain, J., dissenting).

267. See *Pilgrim Films*, 132 S. Ct. at 550.

268. See *id.*

right to use and authorize use of a work under Section 106 of the Copyright Act.²⁶⁹

In the coming years, the area of idea submission law will continue to develop because ideas continue to drive innovation. While the law of idea seems complex and intricate at times, this is only because it exists primarily through federal circuits, which have established their own body of case law. Courts need Supreme Court guidance to provide clarification on emerging points of conflict in idea submission cases.

269. See *Montz II*, 649 F.3d at 982 (O'Scannlain, J., dissenting).