Classic Motion Pictures Based on Copyrighted Stories—Ninth Circuit Leaves Legacy of Confusion: Abend v. MCA, Inc.

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Copyright protection serves to advance the public welfare in "Science and useful Arts"¹ by encouraging the creative efforts of individual authors and inventors.² Pursuant to constitutional au-

¹ U.S. Const. art. I, § 8, cl. 8. The Constitution provides that Congress shall have the power "[t]o promote the Progress of Science and useful Arts." Id.

² See Mazer v. Stein, 347 U.S. 201, 219 (1954). Copyright protection "motivate[s] the creative activity of authors and inventors by the provision of a special reward," and then allows public access to the product after the period of exclusive control expires. Sony Corp. of Am. v. Universal City Studios, 464 U.S. 417, 429 (1984). The reward induces the creator to release to the public the "products of his creative genius." United States v. Paramount Pictures, 334 U.S. 131, 168 (1948); see also Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932) ("The sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors").

Melville Nimmer, a leading authority on copyright law, adds that "[t]he primary purpose of copyright is not to reward the author." 1 M. NIMMER, NIMMER ON COPYRIGHT § 1.03[A] at 1-31 to 1-32 (1988). "[P]rivate motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts." Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975). The supposition that the grant of limited monopolies will ultimately result in creative stimulation is expressed in a congressional report that accompanied the Copyright Act of March 4, 1909 ("1909 Act"): The Constitution does not establish copyrights, but provides that Congress shall have the power to grant such rights if it thinks best. Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given. Not that any particular class of citizens, however worthy, may benefit, but because the policy is believed to be for the benefit of the great body of people, in that it will stimulate writing and invention to give some bonus to authors and inventors.
authority, Congress passed the Copyright Act of 1909 ("1909 Act"), affording creators exclusive rights over their respective works for limited time periods. The 1909 Act, supplanted by a general revision known as the Copyright Act of 1976 ("1976 Act"), provides that the subject matter of copyright law includes both the original


See U.S. Const. art. I, § 8, cl. 8. Congress may promote "Science and useful Arts, by securing for limited times to authors and inventors the exclusive right to their respective Writings and Discoveries." Id. While it appears that the framers of the Constitution unanimously determined that copyright should be within the federal sphere, 1 M. Nimmer, supra note 2, § 1.01[A] at 1-2, there existed also a "common law" copyright, whereby unpublished works were automatically protected by state law until publication. Id. § 2.02 at 2-16. Common law copyright, however, has been all but eliminated by reason of federal preemption under the current copyright act. See Copyright Act of 1976 § 3301(a), 17 U.S.C. § 301(a) (1982). A common law copyright existing prior to January 1, 1978 may, nonetheless, continue to receive lengthy protection. See Classic Film Museum, Inc. v. Warner Bros., 453 F. Supp. 852, 856 n.4 (D. Me. 1978), aff'd, 597 F.2d 13 (1st Cir. 1979).

The "limited time" designation constricts Congress' power, yet allows some discretion in determining the time frame. See Pennock v. Dialogue, 27 U.S. (2 Pet.) 1, 16-17 (1829). A grant of copyright protection in perpetuity would be unconstitutional, while protection for the life of an author plus fifty years raises no constitutional problem. 1 M. Nimmer, supra note 2, § 1.05[A] at 1-34 (1988). "The limited scope of the copyright holder's statutory monopoly, like the limited . . . duration required by the Constitution, reflects a balance of competing claims upon the public interest." Twentieth Century Music Corp., 422 U.S. at 156.


See 1909 Act, §§ 23-24, 35 Stat. at 1080-81 (repealed 1976). Under the 1909 Act, creations may be given maximum protection of 56 years—the first twenty-eight years extending from the date of initial publication. Id. § 23, 35 Stat. at 1080. The second 28-year term applies only when "application for such renewal and extension shall be made to the copyright office and duly registered therein within one year prior to the expiration of the original terms of copyright." Id. § 24, 35 Stat. at 1081. If timely application is not made, the protection expires and the work falls into the "public domain" at the end of the initial term. See id. § 23, 35 Stat. at 1080; see also infra note 6 (durational terms changed by provisions of the 1976 Act). See generally Copyright Office Information Circular No. 15, reprinted in S. Rothenberg, Copyright Law: Basic and Related Materials § 11, at 89 (1956) (discussing registration of claims to renewal copyrights).

See 1976 Act, 17 U.S.C. §§ 101-810 (1982). The 1976 Act supersedes the 1909 Act and provides that works created on or after January 1, 1978 have a single copyright term consisting of the life of the author plus fifty years following the author's death. Id. § 302. For works renewed prior to January 1, 1978, the term was extended to 75 years from the date of the original copyright. Id. § 304(b). Furthermore, if the copyright was still in the original 28 year term before January 1, 1987, the renewal term was increased to 47 years. Id. § 304(a). In renewing existing first term copyrights, the 1976 Act perpetuates the renewal provisions of the 1909 Act. See H.R. Rep. No. 1476, supra note 4, at 139 (would be unfair and confusing to cut off or alter interests and expectancies created before revision).
work and derivatives based on that work, such as a novel and a screenplay based on that novel. As a result of the ambiguous wording of the 1909 Act's renewal provision, conflict has arisen concerning the ability of the original copyright holder to recapture rights previously assigned to the holder of the derivative copyright after expiration of the initial term. Under the "traditional rule,"

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7 See 1909 Act, § 6, 35 Stat. 1075, 1079 (1909) (repealed 1976). Section 6 provides that:

[Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain, or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this Act.


"A work is not derivative unless it has substantially copied from a prior work." 1 M. NIMMER, supra note 2, § 3.01, at 3-3; cf. L. Batlin & Son, Inc. v. Snyder, 536 F.2d 486, 489 (2d Cir.) (copyright invalid where differences are trivial), cert. denied, 429 U.S. 857 (1976); Chamberlin v. Uris Sales Corp., 150 F.2d 512, 513 (2d Cir. 1945) (copyright protection requires "at least some substantial variation, not merely a trivial originality").

Nimmer suggests that "copyright in a derivative work attaches only to that original material which is added to or incorporated in the underlying work, and not in the underlying work itself." 1 M. NIMMER, supra note 2, § 3.07[A], at 3-28 to 3-28.1.

In opposition to the view that derivative copyright attaches only to the "new matter"—which includes creative contributions such as acting, staging and script adaptations—are advocates of the "new property right" theory. Id. at 3-23. Under this view, "a new property right springs into existence" which the derivative proprietor may continue to exercise, regardless of the necessary incorporation of "old matter." Id.; see, e.g., Edmonds v. Stern, 248 F. 897, 898 (2d Cir. 1918) (orchestral arrangement considered "piece of property wholly separate and independent from . . . copyright of the song"). See generally Jaszi, When Works Collide: Derivative Motion Pictures, Underlying Rights and the Public Interest, 28 UCLA L. REV. 715, 780-90 (1981) (recounting historical development of "new property right" theory); infra notes 35-37 and accompanying text (discussing "new property right" theory).

Critics view the "new property right" theory as inconsistent with the language of § 7 of the 1909 Act, which provides in pertinent part that "the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works." 1909 Act, § 7, 35 Stat. at 1077 (repealed 1976). Known as the "force or validity" clause, its interpretation has been a crucial determinant in the outcome of copyright suits, and its interpreters have become heated adversaries. See infra notes 38-41 and accompanying text (discussing opposition to "new property right" theory); compare 1 M. NIMMER, supra note 2, § 3.07[A], at 3-28 (refusing to recognize "new property right" theory) and Comment, Derivative Copyright and the 1909 Act—New Clarity or Confusion? Rohauer v. Killiam Shows, Inc., 44 BROOKLYN L. REV. 905, 921-26 (1978) (same) with Colby, Rohauer Revisited: "Rear Window," Copyright Reversions, Renewals, Terminations, Derivative Works and Fair Use, 13 PEPPERDINE L. REV. 569, 580-81 (1986) (recognizing independence of derivative copyrights) and Jaszi, supra, at 746 (same).

8 See 1909 Act §§ 7, 24, 35 Stat. at 1077, 1080-81 (1909) (repealed 1976). The 1909 Act provided that an author's copyright protection endures for twenty-eight years, after which it reverts to the author, if living, or to his heirs or executors if the author has died. See id. §§
only the new material embodied in a derivative work was protected by the derivative copyright, thereby enabling the holder of the original copyright to recapture rights in the underlying work when the initial copyright ended. In 1977, however, the United States Court of Appeals for the Second Circuit abandoned this theory in Rohauer v. Killiam Shows, Inc., and held that a derivative film's independent copyright entitled its proprietor to exhibit the film af-

23, 24, 35 Stat. at 1080-81. Controversies ensue when a derivative copyright holder attempts to ignore renewal rights of the underlying copyright holder and claims unbridled liberty to continue use of what was originally assigned. See, e.g., Russell v. Price, 612 F.2d 1123, 1124-25 (9th Cir. 1979) (suit brought to enjoin licensed rental of motion picture based on George Bernard Shaw's play "Pygmalion"), cert. denied, 446 U.S. 952 (1980); Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 486-87 (2d Cir.) (owners of copyright to silent motion picture "The Son of the Sheik" sued by copyright holders of novel upon which film was based, following broadcast on public television station), cert. denied, 431 U.S. 949 (1977); R. Ricordi & Co. v. Paramount Pictures, 189 F.2d 469, 470 (2d Cir.) (owners of opera based on novel "Madame Butterfly" sought declaratory judgment that they had movie rights in opera after termination of underlying copyright), cert. denied, 342 U.S. 849 (1951); Edmonds, 248 F. at 897 (songwriter claimed sale of orchestral arrangement, originally arranged with consent, infringed underlying song); Fitch v. Shubert, 20 F. Supp. 314, 315 (S.D.N.Y. 1937) (statutory successor of copyrighted play sued to enjoin defendants from production of operetta based on play).

Not only is there difficulty in harmonizing the interests of the copyright holders, but these tensions may lead to the more far-reaching effect of reducing public access to motion pictures. See Jaszi, supra note 7, at 739. The denial of renewal rights to the holder of a derivative copyright may conflict with constitutional aims. See supra notes 1, 3. See generally Note, The Errant Evolution of Termination of Transfer Rights and the Derivative Works Exception, 48 OHIO ST. L.J. 897, 900 (1987).
ter expiration without infringing upon the underlying work.\footnote{11} Recently, in *Abend v. MCA, Inc.*,\footnote{12} the United States Court of Appeals for the Ninth Circuit resurrected the "traditional rule" and held that, contrary to *Rohauer*, a derivative motion picture copyright holder was not entitled to exhibit the film after expiration of the underlying story's copyright absent post-renewal date permission from the story's copyright holder.\footnote{13}

In *Abend*, the defendants authorized the re-release of the film "Rear Window,"\footnote{14} and were subsequently sued by the copyright holders of the Cornell Woolrich story, which provided the basis for the film's screenplay.\footnote{15} At the original 1945 sale of the motion picture rights, Woolrich promised the assignees he would renew the copyright in the story at the appropriate time and reassign the same movie rights for the twenty-eight-year renewal term.\footnote{16} However, Woolrich died prior to the renewal date, and the story rights passed to his executor, Chase Manhattan Bank.\footnote{17} In 1972, Chase

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\footnote{11} Id. at 494. In *Rohauer*, the infringement claim concerned defendant's 1971 broadcast of the silent motion picture "The Son of the Sheik," starring Rudolph Valentino, on a public television station. *Id.* at 486. The film was based on the novel "The Sons of the Sheik," copyrighted in 1925 by British writer Edith Maude Hull. *Id.* As in *Abend*, the parties had an agreement granting motion picture rights to endure through the renewal term of the underlying novel. *Id.* However, the original author died prior to the end of the first term, and her heir assigned all rights in the underlying work to the plaintiff. *Id.* The plaintiff sued for infringement since the defendants continued exhibiting the picture after the original copyright had expired. *Id.* at 486-87. The plaintiff argued that upon the expiration of the original copyright term, the renewal rights in the novel reverted to the author's heir free and clear of all prior grants of renewal rights by the author to the defendants' predecessor. *Id.* at 487. Although the court acknowledged that the daughter was not bound by her mother's grant as to new productions made after the renewal period, it held that the grant did authorize continued exhibition of any film which was first produced during the original term:

> [W]e do not believe . . . that the vesting of renewed copyright in the underlying work in a statutory successor deprives the proprietor of the derivative copyright of a right . . . to use so much of the underlying copyrighted work as already has been embodied in the copyrighted derivative work, as a matter of copyright law. *Id.* at 492. Thus, the court implicitly rejected the traditional rule in favor of the "new property right" theory. See infra notes 36-43 and accompanying text.

\footnote{12} 863 F.2d 1465 (9th Cir. 1988).

\footnote{13} See id. at 1478.

\footnote{14} Id. at 1468. The defendants, the estate of Alfred Hitchcock (director), James Stewart (star of "Rear Window," along with Grace Kelly), MCA (owners of film and its renewal copyright), and Universal Film Exchange (distributor), re-released "Rear Window" in theatres, and on cable television, videodisc and videocassette. *Id.* at 1467-68.

\footnote{15} Id. at 1467. Cornell Woolrich's story "It Had to be Murder" was first published in 1942 in *Dime Detective Magazine*, the publisher of which held a "blanket copyright" that was assigned back to Woolrich in 1943. *Id.*

\footnote{16} Id.

\footnote{17} Id. Woolrich's executor, Chase Manhattan Bank, renewed the copyright in the story,
Manhattan assigned the copyright to Abend who discerned that under the 1909 Act’s renewal provision, Woolrich’s promise might be legally unenforceable or dishonored. Abend sued to enjoin the re-release, despite the fact that the defendants had copyrighted and renewed “Rear Window,” the film, as a separate work. The defendants contended that Woolrich’s promise to assign his rights for the renewal period authorized them to re-release the film during the renewal period. The district court accepted the reasoning of the Rohauer decision and granted the defendants’ motion for summary judgment.

On appeal, the Ninth Circuit reversed the district court’s grant of summary judgment. Writing for the court, Judge Pregerson implied that Rohauer violated the “traditional rule” that a derivative copyright protects only “new matter” contained in the derivative work, as opposed to “old matter” derived from the underlying work. The majority asserted that it need not determine the 1909 Act’s bearing on derivative works because the case was controlled by Miller Music Corp. v. Charles N. Daniels, Inc., in which a renewal copyright was recaptured free of all purported

effective 1970, and, in 1972, assigned the renewal copyright to Abend for $650 plus 10% of all related proceeds. Id.

18 Id.
19 Id. at 1483 (Thompson, J., dissenting). Abend’s complaint also alleged that the defendants threatened to interfere with Abend’s ability to produce a play and television version of the story. Id. at 1468. These issues were not addressed by the court.


Following the Second Circuit’s decision in Rohauer, the defendants authorized Universal Pictures to re-release the film. Abend, 863 F.2d at 1468. Another basis for the district court’s decision was the “fair use” defense, which allows for certain unauthorized uses of a copyrighted work that are considered non-infringing if deemed fair. See id. at 1480-82. The district court accepted the defendants’ contention that “Rear Window” served an educational rather than a commercial purpose. Id. at 1481. However, it is submitted that the Ninth Circuit correctly rejected the appropriateness of this defense. “This case presents a classic example of an unfair use: a commercial use of a fictional story that adversely affects the story owner’s adoption rights.” Id. at 1482.

22 Id.
23 See id. at 1473-78; supra note 9 and accompanying text.
assignments. The majority refused to enjoin the re-release of the movie, observing that such a remedy would be a "great injustice" to both the owners of the film and the public. The court determined the proper remedy to be monetary damages.

In an expansive dissent, Judge Thompson saw no logic in departing from Rohauer's sound reasoning and firm precedent. Reasoning that Abend and Rohauer dealt with "two works of equal dignity in the eyes of copyright law," Judge Thompson distinguished those decisions from cases like Miller, which dealt with the relative rights of the parties to a single copyrighted work.

While the Abend court's decision to deviate from the much-criticized precedent may have been welcomed by critics of the Rohauer decision, it is submitted that Abend did not correctly or fairly apply existing copyright law. This Comment will seek to untangle the pertinent statutory provisions and reconcile the factual distinctions of the relevant case law in light of the equitable concerns particularly applicable to classic motion pictures.

A REVIEW OF THE 1909 ACT

Copyright disputes are "governed by title 17 as it existed when the cause of action arose." The alleged infringement in Abend occurred in 1982, yet the existing provisions led the court to the 1909 Act because the underlying work was copyrighted and renewed prior to the effective date of the 1976 Act. Under the 1909

25 Abend, 863 F.2d at 1474 n.8; see Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 378 (1960). The Abend majority based its decision on a 1960 Supreme Court case concerning the assignment of all rights as opposed to only derivative rights in a work. See 863 F.2d at 1475-77; infra notes 59, 65 and accompanying text (discussion of Miller).

26 Abend, 863 F.2d at 1479.

27 Id. The court relied in part on a suggestion by Professor Nimmer that "where great public injury would be worked by an injunction, the courts might . . . award damages or a continuing royalty instead." Id. (quoting 3 M. Nimmer, supra note 2, § 14.06(B), at 14-55 to 14-56.2.

28 See id. at 1487 (Thompson, J., dissenting).

29 Id. at 1485 (Thompson, J., dissenting).

30 Id. at 1484-87 (Thompson, J., dissenting).

31 See, e.g., 1 M. Nimmer, supra note 2, § 3.07[A], at 3-25 to 3-32 (devoting eight pages to criticism of Rohauer decision); Note, Rohauer v. Killiam Shows, Inc. and the Derivative Work Exception to the Termination Right: Inequitable Anomalies Under Copyright Law, 52 S. Cal. L. Rev. 635, 656-59 (1979) (discrediting the Rohauer court's rationale); Comment, supra note 7, at 925-29 (same).


33 See 1976 Act, 17 U.S.C. § 304(b). This provision perpetuates the renewal protection
Act, the court must consider the following sections: section 1, defining the scope of copyright protection; section 7, concerning derivative copyrights; and section 24, providing for copyright renewal. The inconsistencies of the latter two provisions, which may be read as granting overlapping rights to the underlying material, provide a basis for conflict between the derivative copyright holder and the original copyright holder upon the advent of the renewal term.

Application of the copyright statutes has resulted in the evolution of two conflicting principles of law. The first, the "new property right" theory, suggests that once a derivative work is validly prepared, an entirely new property right "springs into existence." Consequently, the theory grants to authorized creators of derivative works, protection on par with that allotted to holders of the underlying copyright.

of the 1909 Act for pre-1978 works which were protected when the 1976 Act took effect. See Note, supra note 8, at 909.

The Abend court focused its analysis almost exclusively on the 1909 Act, first referring to the act when discussing the right to renew the copyright as being "governed exclusively by section twenty-four of the Copyright Act of 1909." Abend, 863 F.2d at 1470. Further, in arriving at its decision, the court stated that it "must construe two provisions of the Copyright Act of 1909." Id. at 1472. During the remedies discussion, however, the court claimed that it must "apply the remedy provision of the 1976 Copyright Act because the infringement occurred after 1977." Id. at 1479 n.19; see infra notes 47-54 and accompanying text.

Section 7 introduces the copyrightability of creations based on other works later designated "derivatives." See id. § 7; see also supra note 7 (discussing meaning of derivative work). Section 24 of the 1909 Act does not expressly include works copyrightable under § 7, but more generally applies to any work copyrighted. 1909 Act, § 24, 35 Stat. at 1080-81 (repealed 1976).

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See Russell v. Price, 612 F.2d 1123, 1128 (9th Cir. 1979), cert. denied, 446 U.S. 952 (1980); Comment, supra note 7, at 912. A conflict arises because derivative work by definition is created upon the foundation of the underlying work and thus unavoidably involves exhibition of "old matter." See id. at 912 n.35.

See Note, supra note 8, at 902-07.

1 M. Nimmer, supra note 2, § 3.07[A], at 3-23.

See Edmonds v. Stern, 248 F. 897, 898 (2d Cir. 1918); Sunset Sec. Co. v. Coward McCann, Inc., 297 P.2d 137, 140 (Cal. Dist. Ct. App. 1956), vacated, 47 Cal. 2d 907, 306 P.2d 777 (1957). In Sunset Securities, the defendant had obtained a limited, 10-year grant of motion picture rights to a novel. Id. at 138. Noting that a derivative work is independently copyrightable as a separate entity, the intermediate appellate court had disregarded the terms of the agreement and authorized use of the film after expiration of the 10 years. Id. at
by section 7 and is unaffected by renewal of the underlying copyright.\(^9\)

The alternative theory, followed strictly by the Abend court, regards the interests of the derivative copyright holder as clearly subordinate;\(^40\) it denies the existence of any "new property right" in the work.\(^41\) Proponents of this "subordination" theory suggest

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140-41. The California Supreme Court subsequently vacated that appellate decision, but based its judgment solely upon contract interpretation, mentioning neither the "new property right" theory, nor the Edmonds decision. Sunset Securities, 47 Cal. 2d at 911-12, 306 P.2d at 779-80. For a discussion of Sunset Securities, see Nevins, supra note 19, at 609-10.

Sources of the "new property right" theory date to the beginning of the 270-year history of Anglo-American statutory copyright. See, e.g., Thomas v. Lennon, 14 F. 849, 852 (D. Mass. 1883) (rejecting view that by publishing derivative work, underlying work is necessarily "dedicated"); Boosey v. Fairlie, 7 Ch. D. 301, 309 (1877) (English case recognizing full independence of derivative work, though not specifically acknowledging distinction between underlying and derivative works). See generally B. Kaplan, supra note 4, at 25-37 (discussing early copyright cases tending to establish "new property right" theory); Jaszi, supra note 7, at 780-85 (same). But see Nevins, supra note 19, at 609 (1977) (author, who favors "new property right" theory, notes that "analytical and historical roots are weak").

Pointing to the survival of the theory, publication of new works has continued through the post-1909 Act period, despite unwilling incorporation of a preexisting work. See, e.g., Rushton v. Vitale, 218 F.2d 434, 435-36 (2d Cir. 1955) (publication of photograph showing copyrighted doll not a dedication of figure to public); Bentley v. Tibbals, 223 F. 247, 257 (2d Cir. 1915) (court refused to enjoin publication of book that included matter taken from plaintiff's book); Nat'l Council of Young Israel v. Feit Co., 347 F. Supp. 1293, 1297-98 (S.D.N.Y. 1972) (new works incorporating previously copyrighted materials treated as separate entities).

\(^{31}\) See Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 490 (2d Cir.), cert. denied, 431 U.S. 949 (1977). The thrust of § 7 is to protect authorized versions of copyrighted works which "might involve a degree of intellectual effort and expense quite as great as or considerably greater than the contribution of the author of the underlying work." Id. at 487.

The last clause of § 7 designates an infringement if the derivative work affects "the force or validity" of the underlying copyright. See 1909 Act, § 7, 35 Stat. at 1077 (repealed 1976). According to Rohauer, the "force or validity" clause is meant first to ensure that the granting of derivative rights is not construed as granting exclusive rights freely to use the original work. Rohauer, 551 F.2d at 489. Second, the clause is meant to avoid the risk that the proprietor of the derivative copyright may impair the underlying copyright. Id. Because neither was a risk in Rohauer, the court concluded that the clause had "no bearing on the problem at issue." Id. at 490. Those concerned with copyright law revision gave more attention to protecting the public from overreaching by derivative copyright owners than to clarifying the legal relationship between underlying and derivative works generally." Jaszi, supra note 7, at 793.

\(^{40}\) See Abend, 863 F.2d at 1476 n.14. The only case which relied explicitly on the subordination rule is Russell v. Price, 612 F.2d 1123, 1128 (9th Cir. 1979), cert. denied, 446 U.S. 952 (1980).

\(^{41}\) See Abend, 863 F.2d at 1473. The Abend court agreed with the plaintiff's contention that "the new property right theory to reconcile sections 7 and 24 violates the traditional rule." Id; see also Edward B. Marks Music Corp. v. Charles K. Harris Music Publishing Co., 255 F.2d 518, 521 (2d Cir.) ("copyright renewal creates a separate interest distinct from the original copyright"), cert. denied, 358 U.S. 831 (1958); Fitch v. Shubert, 20 F. Supp. 314, 315
that deference to the last portion of section 7, the "force or validity" clause, necessitates the creation of a "new and independent right in the copyright, free and clear of any rights . . . attached to the copyright for the initial term." The court interprets section 24 as providing the author with a broad opportunity to recapture the derivative rights previously transferred.

It is suggested that the Abend court overstated its objections to the "new property right" theory, and that an illustration of the possible uses of a derivative work will clarify the court's misguided conclusion. A derivative copyright holder may seek authorization to re-release the particular work that he was permitted to create. Alternatively, the derivative copyright holder may create a work not within the assignor's contemplation by producing, for example, a play, opera or remake of the originally assigned work ("second-order derivatives"). The Abend court discredited the "new property right" theory, basing its disapproval of the theory on the misplaced assumption that such a theory would afford the derivative

(S.D.N.Y. 1937) (all acquired rights to use underlying work expired upon start of renewal term).

42 Fitch, 20 F. Supp. at 315. In Fitch, the statutory successor of a copyrighted play unsuccessfully attempted to enjoin the defendants from continuing to produce a derivative operetta. Id. at 315-16. The plaintiff's successors had assigned the defendants a license, but the rights were limited to the original term. Id. at 314. Although the defendants' right to continue using the derivative work ended upon renewal of the underlying copyright, the court held that the plaintiff had granted the defendants a valid license to continue producing the operetta. Id.; see Mimms, Reversion and Derivative Works Under the Copyright Acts of 1909 and 1976, 25 N.Y.L. Sch. L. Rev. 595, 610 (1980) (viewing Fitch case as standing for proposition that derivative work proprietor is unable to use work in renewal term without license from statutory successor). But see Jaszi, supra note 7, at 796 (defendants in Fitch were barred merely as a contractual matter).

43 See 1909 Act, § 24, 35 Stat. at 1080-81 (repealed 1976). Renewal could give an author a chance to "recapture" work with which he had previously parted. See Jaszi, supra note 7, at 721 n.12. There has been disagreement in defining the scope of section 24. Compare Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643, 657 (1943) (author's renewal copyright determined not to nullify earlier transfer of copyright ownership) with Miller Music Corp. v. Charles N. Daniels, Inc., 265 F.2d 925 (2d Cir. 1959), aff'd, 362 U.S. 373, 378 (1960) (effect of renewal was to cancel any transfers made by deceased author during original copyright term).

44 See, e.g., Abend, 863 F.2d at 1468 (principal claim concerned continued use of motion picture originally consented to be produced); Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 486 (2d Cir.) (same), cert. denied, 431 U.S. 949 (1977).

45 See, e.g., Gilliam v. American Broadcasting Cos., 538 F.2d 14, 18 (2d Cir. 1976) (claim pertained to work not contemplated by the parties at original assignment); G. Ricordi & Co. v. Paramount Pictures, 189 F.2d 469, 470 (2d Cir.) (same), cert. denied, 342 U.S. 849 (1951). For factual summaries, see infra note 46. See generally Nevins, supra note 19, at 612-14 (discussing Gilliam).
copyright holder the right to make second-order derivatives that were not within the scope of the parties' original expectations. It is suggested, however, that the "new property right" theory is far more restrictive, attaching only when the derivative copyright holder seeks continued use of the specific work expressly authorized to be created, and not extending to protection of different works created from the underlying material. The Abend court interpreted the new property theory too broadly and, thereby, failed to accord the producers of "Rear Window" the derivative copyright protection that they deserved.

The Role of the 1976 Act

Courts and commentators are divided as to whether the 1976 Act, which provides stronger protection for derivative copyright holders than the 1909 Act, may guide cases governed by the 1909 Act. While the 1909 Act lacks explicit language covering the conflict in Abend, the 1976 Act expressly creates a "derivative works

46 See Abend, 863 F.2d at 1473-74. The Abend court relied on precedent that was factually distinct from Abend in that the cases presented the issue of whether a holder of a derivative copyright is free to use that right to produce something that was not contemplated by the assignor at the time of the original deal. Id.; see, e.g., Gilliam, 538 F.2d at 17-18. In Gilliam, the plaintiffs had created television program scripts, known as "Monty Python's Flying Circus," for the British Broadcasting Corporation ("BBC"). Id. at 17. The plaintiffs also permitted the BBC to license the programs to be broadcast in the United States. Id. The BBC licensed the programs to American Broadcasting Co., which edited the programs without permission. Id. at 18. Such alterations were the basis for the infringement suit, which resulted in an injunction. Id. at 26. The Abend court noted the distinction between the "Rear Window" facts and the "Monty Python" facts and stated that the work in the Gilliam controversy was a "mutilation" of what had originally been created. Abend, 863 F.2d at 1474. Still, the Abend majority felt justified in using the case as precedent to support Abend's claim, even though Abend involved no such mutilation. Id.

It is submitted that the Abend court was led to rely on the Ricordi case because of similar incongruous reasoning. See id. at 1474-75. Ricordi concerned the production of a motion picture which was originally an opera. See Ricordi, 189 F.2d at 470. While the Ricordi court held that the derivative copyright owner's interest extended only to "new matter in its operatic version," the court never considered the possibility of continued use of the opera alone. Id. at 471. Unlike the Abend court, which treated Ricordi as applicable precedent, Rohauer understood Ricordi as holding merely that the derivative copyright holder "could not make general use of the protected underlying material." Rohauer, 551 F.2d at 493 (quoting Engle, 12 BULL. COPYRIGHT SOC'Y 83, 119-20 & n.126 (1964)).

47 See Rohauer, 551 F.2d at 494 n.11 (reviewing legislative history of the 1976 Act as guidance for interpreting 1909 Act). But see Comment, supra note 7, at 929-31 (criticizing Rohauer's use of the 1976 Act as "unduly influenced by anticipation of the new law").

48 See Jaszi, supra note 7, at 747 n.86. "[I]t is far from clear that the Congresses that devised and enacted the 1909 Act ever considered the problem." Id. Moreover, there exists little legislative history on the 1909 Act. Id. at 748 n.86. When the statute was amended in
exception" to the general rule that authors maintain nonwaivable rights to terminate transfers after a certain time.\textsuperscript{49} The \textit{Abend} court disregarded this exception and criticized the \textit{Rohauer} court for utilizing the 1976 Act to demonstrate "Congress' intent [in 1909] to give 'special protection' to derivative works."\textsuperscript{50} However, it is submitted that the action taken by the \textit{Rohauer} court was far more limited than the \textit{Abend} court believed. Judge Friendly clarified the court's action by stating, "of course, . . . provisions of the new Act cannot be read as varying clear provisions of the 1909 Act in cases to which the new Act does not apply."\textsuperscript{51}

It is suggested that the 1976 Act was properly used in \textit{Rohauer} to clarify the obscure provisions of the 1909 Act. Moreover, a stronger case may be made for the application of the 1976 Act in \textit{Abend} rather than in \textit{Rohauer}. In \textit{Abend}, the copyright to "Rear Window" was renewed in 1982 under the 1976 Act,\textsuperscript{52} whereas in \textit{Rohauer}, the derivative copyright was renewed in 1954 under the 1909 Act.\textsuperscript{53} Thus, as a result of the uncertainty in the law and the post-1976 infringement and renewal dates, the \textit{Abend} court should have adopted the legislative policy of the 1976 Act, which protects derivative copyrights, and should have granted the defendants continued distribution rights.\textsuperscript{54}


Section 103(b) of the 1976 Act provides that "[t]he copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work." \textit{1976 Act}, 17 U.S.C. § 103(b). Nimmer, who remains loyal to the old/new matter dichotomy, reasons that this clause still prevents the derivative copyright holder from using the "old matter" and, thus, the entire derivative work. 1 M. Nimmer, \textit{supra} note 1, § 3.07[A], at 3-32.

\textsuperscript{50} \textit{Abend}, 863 F.2d at 1478. The \textit{Abend} court agreed that in 1976 "Congress may, indeed, have intended section 304(c)(6)(A) to provide additional protection." \textit{Id}.

\textsuperscript{51} \textit{Rohauer}, 551 F.2d at 494.

\textsuperscript{52} \textit{Abend}, 863 F.2d at 1483 (Thompson, J., dissenting).

\textsuperscript{53} \textit{Rohauer}, 551 F.2d at 486. The copyright infringement in \textit{Rohauer} occurred in 1971 when the motion picture was aired on public television. \textit{Id}.

\textsuperscript{54} See Colby, \textit{supra} note 7, at 595. The Colby article, written immediately after the \textit{Abend} suit was filed, provides an overview of the relevant authorities on copyright law. See \textit{id} at 569-71.
The Abend court characterized the defendants’ release of "Rear Window" as an infringement, yet the court denied the plaintiff’s request for injunctive relief. The court, in implementing the remedy, utilized a dual balancing process, weighing the interests of the public at large against those of the respective copyright holders. However, the balance between the public interest in the film and Abend's interest in exclusive control must not be subordinate to the determination of whose rights predominate as between the disputing copyright holders. It is submitted that the Abend court, in an effort to spare the film from “dying” in the old movie archives, properly tailored its decision both to remain consistent with the copyright laws and to accommodate the Hitchcock classic.

In balancing the equities, the Abend court noted the impossibility of separating “new matter,” which may properly be used, from “old matter,” which is protected from use. It is suggested that a rule which is impossible to follow is meaningless and, as such, should have alerted the court to its flawed decision. The Abend court, however, felt justified in relying on Miller Music Corp. v. Charles N. Daniels, Inc. This case, though, is factually distinct from Abend because in Miller Music all rights to the work were assigned by the original copyright holder. In Abend, the plaintiff was free to profit from other uses of the story—by authorizing a new movie, television show, theatrical production, book, book cassette, etc.—while the defendants controlled only the work

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65 Abend, 863 F.2d at 1478-79.
66 See id. at 1478-81.
67 See Jaszi, supra note 7, at 803. There is more involved than merely the adjustment of private interests. Id. “[T]he interests of the ultimate intended beneficiary of copyright in Anglo-American law—the public” are a necessary consideration in resolving conflicts involving derivative motion pictures. Id.
68 Abend, 863 F.2d at 1479; see Nevins, supra note 19, at 602. Countless films have suffered what Nevins calls “copyright death.” Id. This occurs when “the principle of discontinuity between the initial and renewal terms . . . mandates [that] . . . the derivative work becomes unavailable to the public.” Id.
69 Abend, 863 F.2d at 1478-79. The court admitted that defendants’ enjoyment of their renewal right in the “new matter”—Hitchcock’s directing, James Stewart’s and Grace Kelly’s star performances, the scenery and the story adaptations—“would be rendered meaningless by the grant of an injunction.” Id. at 1479.
70 362 U.S. 373 (1960).
71 Id. at 373-74. As in Abend, the creator of the underlying work in Miller Music promised the defendants renewal rights, but died prior to the expiration of the original term. Id. at 374. His executor thereafter tried to recapture the assigned rights. Id.
which they were permitted to create.\textsuperscript{62} In \textit{Miller Music}, on the other hand, a song composer assigned all rights to his song during the initial copyright term.\textsuperscript{63} Thus, the assignee gained control of the work, though he added no new matter and contributed nothing to the song's artistic value.\textsuperscript{64} It is submitted that the equitable conflict presented in \textit{Miller Music} was vastly different from and irreconcilable with \textit{Abend}.

Although the \textit{Abend} court criticized \textit{Rohauer} for having been influenced by the significant sums of money that were spent in creating the derivative work,\textsuperscript{65} the court thereafter acknowledged analogous variables by instructing the district court to recognize the defendants' substantial investment in "Rear Window," along with the film's great contributions to the artistic world.\textsuperscript{66} Moreover, because of the unforeseen technological advances that enabled tremendous exploitation of the film, the court reasoned that Abend should be able to "recapture" some of this profit.\textsuperscript{67} \textit{Abend} thus proposed an uncertain rule, dependent upon the derivative holder's investment in the work, the court's critique of the film's importance and the available means of exploitation.\textsuperscript{68} The rule disregards the bargain that was made between the parties in 1954, when consideration was given, regardless of whether the film turned out to be profitable or valuable for its artistic contribution.

\begin{footnotes}
\item[62] See \textit{Abend}, 863 F.2d at 1485 (Thompson, J., dissenting); see also G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469, 472 (2d Cir.) (plaintiff could not make general use of story to create motion picture version of opera), cert. denied, 342 U.S. 849 (1951).
\item[63] See \textit{Miller Music}, 362 U.S. at 373-74.
\item[64] Id. at 375. There was, in fact, no derivative created at all. Id. The \textit{Russell} court recognized the absence of "a conflict between two copyrights, each apparently granting their 'proprietors overlapping "exclusive" rights to use whatever underlying material . . . had been incorporated into the derivative film.'" \textit{Russell}, 612 F.2d at 1128; see \textit{Rohauer}, 551 F.2d at 494 (makers of derivative works, unlike licensees who simply distribute unchanged underlying works, make their own creative contributions which Congress sought to protect). In a discussion of the broad veto power of the original copyright holder over the continued performance of a derivative work, four justices of the Supreme Court supported the \textit{Rohauer} decision by recognizing that "a narrower interpretation eventually prevailed." See \textit{Mills Music, Inc. v. Snyder}, 469 U.S. 153, 183 n.7 (1985) (White, J., dissenting).
\item[65] See \textit{Abend}, 863 F.2d at 1477.
\item[66] \textit{Id.} at 1478. The court recognized that "[t]he success of the movie resulted in large part from factors completely unrelated to the underlying story." \textit{Id.} at 1479.
\item[67] \textit{Id.} at 1477.
\item[68] \textit{See id.} at 1476-78. The \textit{Abend} court, however, did not set forth guidelines for applying these factors to future determinations. \textit{See id.} The Supreme Court rejected this type of approach when it noted, in a music infringement case, that "[a]s a matter of fact—or of judicial notice—we are in no position to evaluate the function that each music publisher actually performs in the marketing of each copyrighted song." \textit{Mills Music}, 469 U.S. at 175.
\end{footnotes}
to society. In weighing the private interests in Abend, the court decided that derivative copyright holders should bear the risk of having their rights withdrawn. This is justifiable when an undivided work is assigned, but, when a motion picture has been produced, the risk is improperly borne by its producer, whose film may be of greater value to the public. In fashioning a remedy, the Abend court recognized the potential public harm; yet in formulating such a strict rule, the possible detriment to public accessibility to the arts was disregarded.

CONCLUSION

The Abend decision created a split in the circuits and an uncertain future for films with similar copyright histories. "Rear Window" may still be viewed by the public, but the stringent protection given to the holders of copyrights in underlying work, through the "subordination" theory, will increase the number of films to which public access is denied. Alternatively, the failure to recognize protection deserved by derivative producers will result in the forced payment of substantial sums to the holders of claims based on rights in underlying works. Such outcomes may ultimately destroy the founding fathers' intention of fostering cultural development through copyright legislation.

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69 Abend, 863 F.2d at 1467. In 1945, Woolrich consented to the film being produced in return for $9,250. Id. Even Nimmer claims that a derivative work "is saved from being an infringing work only because the borrowed or copied material was taken with the consent of the copyright owner." 1 M. NIMMER, supra note 2, § 3.01, at 3-3 to 3-4.

70 Abend, 836 F.2d at 1476.

71 See Miller Music, 362 U.S. at 375 (1960). If the author had been alive at the end of the initial term, the renewal rights would be valid. Id. A dissenting Justice in Miller Music saw this as an unfair burden. Id. at 379 (Harlan, J., dissenting). The Rohauer majority saw this burden as inequitable, especially when the conflict concerned a derivative. See Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 494 (2d Cir.), cert. denied, 431 U.S. 949 (1977); see also Abend, 863 F.2d at 1487 ("because of the quirk of fate that Woolrich died before the renewal term... Abend... is entitled to a portion of 'Rear Window's' profits... [which] just doesn't make sense") (Thompson, J., dissenting).

72 Abend, 863 F.2d at 1478.

73 Films to which public access has been denied include Thanks for the Memory, You Can't Take it With You, The Man Who Came to Dinner, Night Has a Thousand Eyes, The Black Angel, Deadline at Dawn, and many others. For lists, see Mills Music, Inc. v. Snyder, 469 U.S. 153, 183 n.7 (1985) (White, J., dissenting) and Nevins, supra note 19, at 602 n.10.