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# BRINGING DOWN THE CURTAIN ON *REAR WINDOW*: COPYRIGHT INFRINGEMENT AND DERIVATIVE MOTION PICTURES

## I. INTRODUCTION

Very seldom does a feature length film begin its existence as a simple cinematic idea or creation. Rather, the film is usually the offspring of a pre-existing work.<sup>1</sup> Both works, the film and the pre-existing work, are worthy and capable of copyright protection. Movies based on underlying literary works must have the legal consent of the copyright proprietor of the literary work. Only then can exploitation of both the literary work and the movie exist in a peaceful and consensual manner.

But, what happens when the exploitation interests of the movie and the literary work clash, and the owner of the copyright in the literary work claims that his or her rights are being infringed? Whose interests should prevail? Should the proprietor in the underlying work be allowed to enjoy the exploitation of the derivative work?<sup>2</sup> These questions will be addressed in this casenote, in the context of *Abend v. MCA, Inc.*<sup>3</sup> (“*Abend*”). In *Abend*, the Ninth Circuit Court of Appeals held that “defendants’ continued exploitation of the *Rear Window* [Paramount Pictures 1954] film without Abend’s consent violate[d] Abend’s renewal copyright in the underlying story ‘It Had To Be Murder.’”<sup>4</sup>

## II. FACTS

In February 1942, *Dime Detective Magazine* published Cornell Woolrich’s story entitled “It Had To Be Murder.”<sup>5</sup> Popular Publications, Incorporated (“Popular Publications”), the magazine’s publisher,

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1. Some examples of successful movies that are based on literary works are *Gone With The Wind* (Metro Goldwyn Mayer 1939), *Out of Africa* (Universal 1985), *You Can’t Take It With You* (Columbia 1938), and *The Godfather* (Paramount 1972).

2. The derivative work is the movie as it is based on a pre-existing work. See *infra* note 45 for a statutory definition of “derivative work.”

3. 863 F.2d 1465 (9th Cir. 1988).

4. *Abend*, 863 F.2d at 1478. Defendants include MCA, Inc.; Universal Film Exchange, Inc.; James Stewart; Patricia Hitchcock O’Connel and Samuel Taylor, as Co-Executors of the Estate of Alfred Hitchcock and as Co-Trustees of the Assets of the Estate of Alfred Hitchcock. Abend, the plaintiff, is a literary agent who owns the copyright in the underlying work, a short story entitled “It Had To Be Murder,” on which *Rear Window* is partially based.

5. *Id.* at 1467.

held a "blanket copyright" in the magazine.<sup>6</sup> In April, 1943, Popular Publications assigned any rights it had in the story to Woolrich.<sup>7</sup> Two years later, Woolrich assigned the motion picture rights to "It Had To Be Murder" to B. G. De Sylva Productions for \$9,250.<sup>8</sup> Woolrich also agreed to renew the copyright in the story, and to assign De Sylva Productions the same rights for the twenty-eight year renewal term.<sup>9</sup> MCA acquired the movie rights to "It Had To Be Murder" from De Sylva's successors in interest for \$10,000.<sup>10</sup>

In 1954, Paramount Pictures produced and distributed the movie version of Woolrich's story. The movie, entitled *Rear Window*, was directed by Alfred Hitchcock and starred Jimmy Stewart and Grace Kelly.<sup>11</sup> The movie was copyrighted by the defendants Stewart, Hitchcock and MCA, at that time.<sup>12</sup>

Woolrich failed to renew the copyright in his story prior to his death in 1968.<sup>13</sup> He was without a surviving spouse or child, and left his property to a trust administered by his executor, Chase Manhattan Bank ("Chase Manhattan").<sup>14</sup> In 1969, Chase Manhattan renewed the copyright in "It Had To Be Murder" pursuant to the Copyright Act of 1909, 17 U.S.C. section 24 ("section 24").<sup>15</sup> Three years later, Chase Manhattan assigned the renewal copyright to Sheldon Abend, a literary agent, for "\$650 plus 10% of all proceeds from exploitation of the story."<sup>16</sup>

After *Rear Window* was broadcast on network television in 1971, Abend contacted Jimmy Stewart, Alfred Hitchcock and MCA to inform them that he owned the copyright renewal and that any rebroadcast would infringe his copyright.<sup>17</sup> Nevertheless, Stewart, Hitchcock and MCA entered into a second agreement with the ABC television network

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6. *Id.* The "blanket copyright" gave the publisher a copyright in everything within the magazine.

7. *Id.* The assignment did not include any rights to magazine publication.

8. *Id.*

9. *Abend*, 863 F.2d at 1467.

10. *Id.*

11. *Id.*

12. *Id.* at 1483.

13. *Id.* at 1467.

14. *Abend*, 863 F.2d at 1467.

15. *Id.* 17 U.S.C. § 24 (1909 Act) provides in relevant part:

the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright. . . .

16. *Abend*, 863 F.2d at 1467.

17. *Id.*

to rebroadcast the movie.<sup>18</sup> Thereafter, Abend filed suit against Stewart, Hitchcock and MCA alleging copyright infringement.<sup>19</sup> Abend later agreed to dismiss the complaint in exchange for \$25,000.<sup>20</sup>

In 1982 Stewart, Hitchcock and MCA renewed their copyright in *Rear Window*.<sup>21</sup> In 1983, the copyright owners of *Rear Window* authorized a re-release of the film, including theatre and cable showings in the United States, and sales and rentals of videodiscs and videocassettes.<sup>22</sup> The re-release generated over \$12 million in revenue.<sup>23</sup>

Again, Abend brought suit against Stewart, Hitchcock and MCA, alleging that the re-release constituted copyright infringement, and interfered with his ability to produce other derivative works based on the original story.<sup>24</sup>

Both parties filed cross-motions for summary judgment.<sup>25</sup> The defendants filed three motions for summary judgment, one based on *Rohauer v. Killiam Shows, Inc.*<sup>26</sup> ("*Rohauer*"), one based on alleged defects in the story's copyright, and one based on a fair use defense.<sup>27</sup> The district court granted defendants' motions for summary judgment based on *Rohauer* and the fair use defense, but denied the motion based on defects in the story's copyright.<sup>28</sup> Abend moved for summary judgment on the copyright infringement allegations,<sup>29</sup> which the district court denied. Both parties appealed the denial of their motions, while Abend also appealed the district court's grant of defendants' motion for summary judgment based on *Rohauer* and the fair use defense.<sup>30</sup> The Ninth Circuit rejected the *Rohauer* decision and reversed the district court's grant of summary judgment on that issue.<sup>31</sup>

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18. *Id.*

19. *Abend*, 863 F.2d at 1467.

20. *Id.* at 1467-68.

21. *Id.* at 1483.

22. *Id.* at 1468. This re-release was authorized as a result of the Second Circuit's decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1977), discussed *infra* notes 33-70 and accompanying text.

23. *Id.*

24. *Abend*, 863 F.2d at 1468.

25. *Id.*

26. 551 F.2d 484 (2d Cir. 1977), *cert. denied*, 431 U.S. 949 (1977). See *infra* notes 33-70 and accompanying text for discussion of *Rohauer*.

27. *Abend*, 863 F.2d at 1468.

28. *Id.*

29. *Id.*

30. This note will only discuss the issues relevant to the Ninth Circuit's treatment of *Rohauer* in deciding *Abend*, and will not discuss the fair use defense and certain other issues contained in *Abend*.

31. *Abend*, 863 F.2d at 1482.

### III. THE NINTH CIRCUIT'S REASONING IN LIGHT OF *ROHAUER*

The Ninth Circuit perceived that the major issue in *Abend* was to reconcile the competing interests of the owner in the renewal copyright of the underlying work with those of the owner in the derivative work.<sup>32</sup> The Second Circuit had addressed and reconciled the same issue in *Rohauer*, which the district court in *Abend* followed. Thus, the Ninth Circuit had to review the *Rohauer* decision and either affirm or reject its holding. In order to understand the Ninth Circuit's opinion in *Abend*, one must first understand *Rohauer*.

#### A. *Rohauer v. Killiam Shows, Inc.*

In 1925, Edith Maude Hull, the author of "The Sons of the Sheik"<sup>33</sup> sold the motion picture rights in her novel to Joseph H. Moskowitz. At that time she also agreed to renew the copyright in the novel, and to assign the motion picture rights to Moskowitz for the renewal term.<sup>34</sup> In 1926 *The Son of the Sheik* (United Artists 1926) was produced starring Rudolph Valentino.<sup>35</sup> The film was copyrighted in 1926, and renewed in 1954.<sup>36</sup> Hull, however died before she could renew the copyright in the story or assign the motion picture rights to Moskowitz for the renewal term.<sup>37</sup> As a result, Hull's daughter Cecil renewed the story's copyright, and, in 1965 assigned to Rohauer all of her title and interest in and to the motion picture and television rights to "The Sons of the Sheik."<sup>38</sup> In 1961, the renewal copyright to *The Son of the Sheik* was sold to Killiam Shows, Incorporated ("Killiam Shows").<sup>39</sup> In 1966, Rohauer informed Killiam Shows of his assignment from Cecil Hull, and advised Killiam Shows that any showing of *The Son of the Sheik* would infringe his motion picture rights to "The Sons of the Sheik."<sup>40</sup> When Killiam Shows authorized a broadcast of *The Son of the Sheik*, Rohauer sued Killiam Shows for copyright infringement.<sup>41</sup>

The district court held that Rohauer's renewal copyright in the novel "The Sons of the Sheik" was infringed by broadcasts of *The Son of*

32. *Id.* The Second Circuit also found this to be the main issue in *Rohauer*.

33. E. HULL, *THE SONS OF THE SHEIK* (1925).

34. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 486 (2d Cir. 1977), *cert. denied*, 431 U.S. 949 (1977).

35. *Id.*

36. *Id.*

37. *Id.*

38. *Id.*

39. *Rohauer*, 551 F.2d at 486.

40. *Id.*

41. *Id.* at 486-87.

*the Sheik*.<sup>42</sup> The Second Circuit reversed the district court and held that exhibition of the previously copyrighted film did not infringe Rohauer's renewal copyright in the novel.<sup>43</sup> In reaching that conclusion, the court addressed several different issues in order to justify its conclusion.

### B. *The Second Circuit's Rohauer Analysis*

#### 1. Section 7's Force and Validity Clause

First, the Second Circuit examined section 7 of the 1909 Copyright Act<sup>44</sup> which provides copyright protection for "derivative works."<sup>45</sup> The court began its analysis by explaining section 7's purpose:

Doubtless aware, even in those simpler days, that new versions of copyrighted works 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, Congress provided that derivative works "shall be regarded as *new works subject to copyright under the provisions of this title*."<sup>46</sup>

The court noted Congress' concern to keep the derivative copyright in section 7 from "extend[ing] the duration of the copyright in the original work," thus causing injury to the public.<sup>47</sup>

An examination of the "force and validity" clause was necessary because Rohauer and Killiam Shows each interpreted the clause differ-

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42. *Rohauer v. Killiam Shows, Inc.*, 379 F. Supp. 736 (S.D.N.Y. 1974).

43. *Rohauer*, 551 F.2d at 494.

44. Section 7 of the 1909 Act reads:

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 title; but 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, or to secure or extend copyright in such original works.

45. The 1976 Copyright Act defines a "derivative work" as

a work based upon one or more pre-existing works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole represent an original work of authorship, is a "derivative work."

46. *Rohauer*, 551 F.2d at 487 (emphasis added).

47. *Id.* at 489. If § 7 was allowed to extend the duration of copyrights in the underlying work, Congress was afraid that authors of the underlying work could create or authorize derivative works every few years in order to extend their copyright for a potentially limitless time. This would unduly advantage the author, giving him or her a monopolistic grip on the copyright and consequently disadvantage the public by denying ultimate public access.

ently.<sup>48</sup> Rohauer claimed that Killiam Shows' exhibition of the film "affect[ed] the 'force' of the renewal copyright on the novel, and invaded his exclusive motion picture rights to the novel."<sup>49</sup> In contrast, Killiam Shows argued that "significant" force was given to the renewal copyright because the proprietor of the renewal copyright had control over any new works or "second generation" works based on the novel, and thus it was not necessary to deprive the owner of the derivative copyright from exhibiting the already created and copyrighted film.<sup>50</sup> According to the Second Circuit, the "force and validity" clause of section 7 was designed to protect the author of the underlying work.<sup>51</sup> Protection was achieved by ensuring that (1) the derivative copyright did not grant exclusive rights to use of the original work, and (2) the owner of the derivative copyright was not allowed to take action that would impair the underlying copyright.<sup>52</sup> The court traced the origin of certain language of the clause to Mr. W. B. Hale,<sup>53</sup> who testified at the Joint Hearings before the House and Senate Committees on Patents in March, 1908. Mr. Hale successfully argued that the relevant language should be changed from "no such copyright shall affect" to "the publication of any such new works shall not affect."<sup>54</sup>

Mr. Hale was concerned with the situation where a compilation was published, but for some reason not copyrighted.<sup>55</sup> Under the 1909 Act, failure to publish a work with the required copyright notice forfeited the copyright and placed the work in the public domain.<sup>56</sup> Mr. Hale did not want an uncopyrighted compiled work to terminate the copyrights of the works on which the compilation was based. Thus, Hale devised the language which reads that "the *publication* of any new such works shall not affect the force and validity of any subsisting copyright upon the matter employed or any part thereof, . . . ."<sup>57</sup>

Based on that portion of legislative history, the Second Circuit concluded that the "force and validity" clause had no bearing on the facts at

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48. *Id.* at 488.

49. *Id.*

50. *Id.*

51. *Rohauer*, 551 F.2d at 487.

52. *Id.* at 489.

53. Mr. Hale was a representative of the American Law Book Company.

54. *Rohauer*, 551 F.2d at 489.

55. *Id.*

56. 17 U.S.C. §§ 10, 19 (1982). See 1 M. NIMMER, NIMMER ON COPYRIGHT, § 7:02[C][1] at 7-13 (1989) ("Works with defective notice were injected into the public domain immediately upon publication").

57. *Rohauer*, 551 F.2d at 487 (quoting 17 U.S.C. § 7) (emphasis added).

hand.<sup>58</sup> Rather, the issue before them was how far an author's consent to create a derivative work extends, when the renewal term of the underlying copyright has been secured by a statutory successor under section 24.<sup>59</sup>

## 2. New Property Right vs. New Estate

After declining to analyze the cases used by Rohauer,<sup>60</sup> the Second Circuit set forth its reasons for deciding in favor of Killiam Shows. The first reason was based on the "new property right" theory adopted in *Edmonds v. Stern*<sup>61</sup> ("*Edmonds*"). *Edmonds* concluded that when "consent was given [to create a derivative work], a right of property sprang into existence, *not at all affected by the conveyance of any other right.*"<sup>62</sup> Applying this theory in *Rohauer*, the Second Circuit found that the new property right in the motion picture *The Son of the Sheik*, was not affected by vesting the renewal right in "The Sons of the Sheik" in Hull's daughter.<sup>63</sup> The Second Circuit reached this conclusion despite language from previous cases holding that the proprietor of the derivative copyright was protected "only as to the 'new matter' contained in the derivative work, and that the statutory successor in the underlying work [Hull's daughter] obtained a 'new estate' free from previous licenses."<sup>64</sup> The Second Circuit disagreed with that language and concluded that the copyright owner's "consent" to the creation of the derivative work gave the owner of the derivative copyright the right to as much of the underlying work as was already embodied in the derivative work, regardless of

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58. *Id.* at 490.

59. *Id.* The statutory successor is the person to whom the author's or owner's copyright legally passes under § 24. This person is entitled to renew the copyright at the correct time (within one year of the expiration of the original copyright term).

60. The Second Circuit dismissed the United States Supreme Court cases relied upon by both parties, as factually inapposite because none of those cases addressed the question "of effecting a proper reconciliation between the grant of derivative copyright in § 7 and the final proviso of § 24 with respect to renewals of underlying copyrights." The court also dismissed other district and appellate court cases relied on by Rohauer for similar reasons.

Regarding the precedents cited to resolve the *Rohauer* conflict, the Second Circuit remarked in general:

The short of the matter is that we have been cited to no case holding that the inability of an author to carry out his promise to effect a renewal of a copyright because of his death prior to the date for obtaining renewal terminates *as a matter of copyright law* the right of a holder of a derivative copyright to continue to publish a derivative work copyrighted before the author's death on which the copyright was thereafter renewed. It is equally true that we have been cited to no case upholding such a right.

*Id.* at 491-92.

61. 248 F. 897 (2d Cir. 1918).

62. *Id.* at 898.

63. *Rohauer*, 551 F.2d at 492.

64. *Id.*



what happened to the original copyright.<sup>65</sup> The Second Circuit seemed willing to accept the "new estate" theory in a situation where the parties never bargained for renewal rights. However, the court declined to do so where the assignment "explicitly included rights to the derivative work during the renewal term."<sup>66</sup> Thus, the Second Circuit put great stock in the author's *intent* to grant rights in the renewal period.<sup>67</sup>

### 3. Policy Considerations

Next, the Second Circuit decided, based on policy considerations, that the "equities lie preponderantly in favor of the proprietor of the derivative copyright."<sup>68</sup> The court reasoned that persons who create films or operas based on underlying works "will often have made contributions literary, musical and economic, as great as or greater than the original author."<sup>69</sup> The court also concluded that there was "no truly effective way" for the derivative copyright owner to protect against the author's death, and subsequent potential loss of rights in the renewal period.<sup>70</sup>

Thus, based on the "new property right" theory, the original author's intent to grant motion picture rights to the defendants in the renewal period, and the policy/equity considerations, the Second Circuit held that exhibition of *The Son of the Sheik* did not violate Rohauer's renewal copyright in the underlying story. It was that holding and the Second Circuit's accompanying analysis that greeted the Ninth Circuit in *Abend*.

#### C. *The Ninth Circuit's Analysis*

In deciding whether Killiam Shows was entitled to summary judgment based on *Rohauer*, the Ninth Circuit recognized two things: (1) that resolving the controversy required reconciling two competing interests, namely, those of the owner of the renewal copyright in the underlying literary work, and those of the owner of the renewal copyright in the movie; and (2) that the Second Circuit in *Rohauer* had already addressed this problem.<sup>71</sup> After setting forth the relevant sections of the 1909 Copyright Act dealing with the two competing interests,<sup>72</sup> the court

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65. *Id.*

66. *Id.* at 491.

67. In the court's mind, the lack of intent in other cases distinguished them from this case. *Rohauer*, 551 F.2d at 1491.

68. *Rohauer*, 551 F.2d at 493.

69. *Id.*

70. *Id.*

71. *Abend*, 863 F.2d at 1472-73.

72. See *supra* notes 17 and 45 for the text of 17 U.S.C. §§ 7, 24 (1909).

turned its attention to the *Rohauer* decision.

First, the Ninth Circuit examined the Second Circuit's adherence to the "new property right" theory.<sup>73</sup> Abend argued that this theory violated the "traditional rule" from *Russell v. Price*<sup>74</sup> ("*Russell*"), which states that "a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work."<sup>75</sup> The Ninth Circuit agreed with Abend's argument<sup>76</sup> and supported the traditional rule by discussing cases in which the Second Circuit contradicted itself by adopting the traditional rule.<sup>77</sup> The court found that the Second Circuit had affirmed the traditional rule in *Gilliam v. American Broadcasting Co.*<sup>78</sup> ("*Gilliam*"), declaring that ownership of the derivative copyright does not include the right to affect the scope or ownership of the copyright in the underlying story.<sup>79</sup>

Next, the Ninth Circuit examined another Second Circuit case, *G. Ricordi & Co. v. Paramount Pictures, Inc.*<sup>80</sup> ("*Ricordi*"), which held that a "copyright renewal creates a new estate . . . clear of all rights, interests or licenses granted under the original copyright."<sup>81</sup> In *Rohauer*, the Second Circuit distinguished *Ricordi* by pointing out that it did not involve a situation where the author intended to extend the derivative rights be-

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73. *Abend*, 863 F.2d at 1473.

74. 612 F.2d 1123 (9th Cir. 1979) *cert. denied*, 446 U.S. 952 (1980). See *infra* note 98 and accompanying text for *Russell* facts.

75. *Id.* at 1128.

76. Judge Thompson dissented however, and found that "[t]he import of the 'traditional rule' is simply that a derivative work's loss of its copyright protection does not cause the loss of the underlying work's copyright protection." *Abend v. MCA, Inc.*, 863 F.2d 1465, 1485 (9th Cir. 1988) (Thompson, J., dissenting).

77. *Abend*, 863 F.2d at 1473.

78. 538 F.2d 14 (2d Cir. 1976). *Gilliam* involved certain television programs created for the British Broadcasting Corporation ("BBC") by a group of writers and performers known as "Monty Python." The scriptwriters agreement between the BBC and Monty Python contained detailed procedures regarding script alterations prior to recording, and gave the BBC no power or authority to alter a program once it had been recorded. *Id.* at 17. After acquiring the distribution rights to some of the Monty Python programs from the BBC, Time-Life Films edited and broadcast three of the shows on the ABC Television network in 1975. *Id.* at 17-18. The Monty Python group was appalled at the editing done by Time-Life, and brought suit to enjoin a further broadcast of similarly edited programs. *Id.* The Second Circuit granted the injunction, finding that ABC had no contractual right to edit the recorded programs, and that such editing would infringe the copyright in the underlying scripts. *Id.* at 17, 20-21. In dicta, the Second Circuit stated that the copyright in the derivative work would not affect the scope or ownership of the copyright in the underlying script. *Id.* at 20.

79. *Id.* at 20-21. The Ninth Circuit incorrectly stated that *Gilliam* was decided after *Rohauer*. *Rohauer* does not mention *Gilliam* in its opinion.

80. 189 F.2d 469 (2d Cir. 1951), *cert. denied*, 342 U.S. 849 (1951). See *infra* notes 125-37 and accompanying text for *Ricordi* facts.

81. *Id.* at 471.

yond the original copyright term.<sup>82</sup> On this point, the Ninth Circuit recognized that in both *Rohauer* and *Abend* the “authors clearly agreed to assign the motion picture rights to the owners of the derivative work during the renewal term.”<sup>83</sup> However, the Ninth Circuit relied on *Miller Music Corp. v. Charles N. Daniels, Inc.*<sup>84</sup> (“*Miller Music*”), in finding that the mere *intent* to assign was unconvincing. The Ninth Circuit concluded that despite the existence of *intent*, there had been no *effective* grant of rights to make a derivative work during the renewal term.<sup>85</sup> While the Second Circuit found intent to grant renewal rights a distinguishing factor, the Ninth Circuit found such intent unconvincing and ineffective as an actual grant of motion picture rights. The court also cited the legislative history of section 24 to support the holding of *Miller Music*, and the proposition that renewal rights are contingent on the author making the renewal at the appropriate statutory time.<sup>86</sup>

Thus, the Ninth Circuit rejected the Second Circuit’s “new property right” theory in favor of the “traditional rule,” and found that Woolrich’s intent to grant renewal rights in the movie never *vested* in defendants, since Woolrich did not live long enough to renew.<sup>87</sup> Next, the Ninth Circuit turned to what it considered to be *Rohauer’s* ultimate con-

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82. *Rohauer*, 551 F.2d at 491.

83. *Abend*, 863 F.2d at 1474-75.

84. 362 U.S. 373 (1960). In *Miller Music*, Ben Black and Charles Daniels composed the song “Moonlight and Roses” and assigned it to Villa Moret, Incorporated, which secured the original copyright. *Id.* Prior to the expiration of the original term, Black assigned to Miller Music his renewal rights, for royalties and \$1,000. *Id.* at 373-74. Black’s next of kin were three brothers, each of whom executed a similar assignment and delivered them to Miller Music. *Id.* Black died before the expiration of the original twenty-eight year term. Absent a specific bequest in the will concerning the renewal copyright, one of the brothers, acting as executor, renewed the copyright for the renewal term. *Id.* The probate court awarded the renewal copyright to Black’s residuary legatees, who assigned the copyright to Charles N. Daniels, Inc. *Id.* Miller Music then sued Charles N. Daniels, Inc. for copyright infringement. *Id.* at 373. The Court, in a 5-4 decision, found for Charles N. Daniels, Inc., and held that assignments of renewal rights made in the original term do not vest in the assignee if the assignor dies prior to the statutory time for making the renewal. *Id.* at 377-78. Rather, renewal rights pass to the statutory successors pursuant to § 24. *Id.*

The dissent vehemently argued against the result achieved by the majority, stating that such a result was never intended by the Copyright Act, and impinged “on the very interests which the Copyright Act was designed to protect.” *Id.* at 383.

85. *Abend*, 863 F.2d at 1475.

86. Mr. W. B. Hale testified in a hearing before the Committee on Patents:

[I]t is only possible to cover the right of renewal of the actual author. The right of renewal is contingent. It does not vest until the end. If he is alive at the time of renewal, then the original contract may pass, but his widow or children or other persons entitled would not be bound by that contract.

*Id.* at 1476.

87. *Abend*, 863 F.2d at 1472, 1475.

siderations: policy and equity.<sup>88</sup>

While the Ninth Circuit agreed with *Rohauer's* equity argument that derivative works often contain "contributions literary, musical and economic, as great as or greater than the original author,"<sup>89</sup> it reasoned that the theory could also work in the reverse. In short, the court concluded that many derivative works involve only minimal contributions and thus should not be afforded the same protections and considerations as those works which contain substantial contributions.<sup>90</sup>

The Ninth Circuit also rejected *Rohauer's* second equity argument concerning the "inability of the purchaser of the derivative copyright 'to protect himself against the eventuality of the author's death before the renewal period.'" <sup>91</sup> Again, the court relied on the *Miller Music* rule that assignees of copyright renewal rights have sufficient notice that they are acquiring only a contingent interest, which might not vest.<sup>92</sup>

Next, the Ninth Circuit disagreed with the Second Circuit's focus on the potential unfairness to owners of derivative works rather than the policies behind section 24 that favor the author.<sup>93</sup> The court focused on the purpose of a section 24 renewal: to give the author a "second chance" to make a better deal, and to protect the author's family from losing the renewal rights.<sup>94</sup> The Ninth Circuit cited *Rohauer's* failure to consider the concerns embodied in section 24, and disagreed with the Second Circuit's reliance on Congress' intent regarding the 1976 Act in interpreting the 1909 Act.<sup>95</sup>

While the Second Circuit viewed certain provisions of the 1976 Act as evidencing Congress' intent to give "special protection" to derivative works,<sup>96</sup> the Ninth Circuit found otherwise. The court stated that "[w]hen Congress enacted the 1976 Act, the prevailing view was that the owners of the renewal copyright in the underlying story could veto the continued use of the derivative work."<sup>97</sup> The Ninth Circuit presumed

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88. *Id.* at 1476.

89. *Rohauer*, 551 F.2d at 493.

90. *Abend*, 863 F.2d at 1477.

91. *Id.* (quoting *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 493 (2d Cir. 1977)).

92. *Id.* (quoting *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373, 375 (1960)).

93. *Id.*

94. *Id.*

95. *Abend*, 863 F.2d at 1478.

96. *Rohauer*, 551 F.2d at 494. The 1976 Act does not allow termination by the author of grants or licenses for existing derivative works which the author had granted twenty-eight year renewal rights to. 17 U.S.C. § 304(c)(6)(A) (1982). The Second Circuit viewed this exception as Congress' intent to give "special protection" to derivative works. *Abend*, 863 F.2d at 1478.

97. *Abend*, 863 F.2d at 1478 (quoting *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 (1985), (White, J., dissenting)).

that Congress knew of this view when it enacted the 1976 Act and chose not to alter it.<sup>98</sup>

Thus, the Ninth Circuit held that continued exploitation of *Rear Window* violated Abend's renewal copyright in the underlying story.<sup>99</sup> However, although the equities did not dictate a holding in favor of the derivative work, the equities argument did influence the Ninth Circuit's remedy. Here, the court recognized the "substantial money, effort, and talent" that went into *Rear Window* and acknowledged that its success both "initially and upon re-release [was] attributable in significant measure to, inter alia, the outstanding performances of its stars—Grace Kelly and James Stewart—and the brilliant directing of Alfred Hitchcock."<sup>100</sup>

The Ninth Circuit recommended that the lower court on remand not enjoin the defendants from exploiting *Rear Window*.<sup>101</sup> An injunction would injure the defendants, causing a "great injustice" based on their significant contributions, and would foreclose "legitimate profits."<sup>102</sup> Also, the court concluded that enjoining further exploitation of *Rear Window* "could cause public injury by denying the public the opportunity to view a classic film for many years to come."<sup>103</sup> Instead, the court found monetary compensation to be the appropriate remedy, holding that Abend should be paid actual damages suffered as well as the profit attributable to the infringement.<sup>104</sup>

#### IV. THE EXISTING STATE OF THE LAW

##### A. Case Law

The first case to address the potential conflict between underlying and derivative works was *Edmonds v. Stern*.<sup>105</sup> There the Second Circuit held that a new property right sprang into existence upon the creation of an authorized derivative work.<sup>106</sup> Furthermore, that property right was unaffected by the conveyance of any other right.<sup>107</sup> In *Edmonds*, Shepard Edmonds composed the music and lyrics of a song, which he sold to

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98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *Abend*, 863 F.2d at 1479.

103. *Id.*

104. *Id.* at 1479-80.

105. 248 F. 897 (2d Cir. 1918).

106. *Id.* at 898.

107. *Id.*

Stern and other defendants.<sup>108</sup> Stern copyrighted the song in 1903 under a royalty agreement.<sup>109</sup> Thereafter, Edmonds authorized Stern to use the song as part of an operetta, and to copyright an orchestral medley of all the music of the operetta, including Edmond's song.<sup>110</sup> In 1907, defendants assigned the copyright in the song to Edmonds.<sup>111</sup> A few years later, persons employed by Edmonds bought from Stern some copies of the orchestral medley.<sup>112</sup> Edmonds sued defendants, claiming that the sale of the orchestral medley infringed the copyright in his song.<sup>113</sup>

In finding no copyright infringement, the court recognized that defendants had a lawful copyright in the orchestral medley.<sup>114</sup> The court further found that the song, and the operatic score which contained the song, were "legally separate, and independent of each other."<sup>115</sup> The Second Circuit did not care that the separate and independent existence grew out of Edmond's consent to allow his song to be part of the operetta.<sup>116</sup> Rather, the court held that "[w]hen that consent was given, a right of property sprang into existence, not at all affected by the conveyance of any other right."<sup>117</sup> Thus, the "new property right" theory was penned.

The next case to deal with this topic was *Fitch v. Shubert*<sup>118</sup> ("*Fitch*"), which adopted a slightly different theory. In *Fitch*, Clyde Fitch wrote a play called "Barbara Frietchie, the Frederick Girl," which was copyrighted in 1900.<sup>119</sup> Upon his death, the interest in the initial term of the copyright passed to his mother, and then to the Actors Fund of America.<sup>120</sup> In 1925, the Actors Fund granted a license to the Shuberts to produce a musical version of the play entitled "My Maryland."<sup>121</sup> In 1927, Clyde's cousin, Richard, the statutory successor in the renewal copyright, renewed the copyright in the play.<sup>122</sup> When the Shuberts mounted a production of the play in 1937, Richard sued for

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108. *Id.* at 897.

109. *Id.*

110. *Edmonds*, 248 F. at 897.

111. *Id.*

112. *Id.*

113. *Id.*

114. *Id.* at 898.

115. *Edmonds*, 248 F. at 898.

116. *Id.*

117. *Id.*

118. 20 F. Supp. 314 (S.D.N.Y. 1937).

119. *Id.*

120. These facts are from Judge Friendly's *Rohauer* opinion where he discusses the *Fitch* case. *Rohauer v. Killiam Shows, Inc.* 551 F.2d 484, 490 (2d Cir. 1977).

121. *Rohauer*, 551 F.2d at 490.

122. *Fitch*, 20 F. Supp. at 315.

copyright infringement.<sup>123</sup> The court held that the Shuberts had acquired a license from Fitch through direct dealing with him in the renewal term.<sup>124</sup> Additionally, the court in dictum said:

it is clear that the plaintiff acquired a new and independent right in the copyright, free and clear of any rights, interests, or licenses attached to the copyright for the initial term. . . . It is evident therefore that all rights which the defendants acquired in 1925 to use the Fitch play as the basis of a musical operetta expired when the copyright for the original term expired in 1928 and when a new grantee appeared as owner of the Fitch play for the renewal term.<sup>125</sup>

The next significant case on this issue, *G. Ricordi & Co. v. Paramount Pictures*,<sup>126</sup> relied on the *Fitch* dicta in framing its holding. In *Ricordi*, author John Long wrote a novel entitled "Madame Butterfly."<sup>127</sup> With Long's consent, Belasco wrote a play based on the novel, and copyrighted it in 1917.<sup>128</sup> In 1901, Long and Belasco gave Ricordi the exclusive rights to make an opera, based on the play.<sup>129</sup> Ricordi copyrighted the play in 1904 and later renewed it.<sup>130</sup> Long renewed his novel's copyright in 1925, and in 1932 granted Paramount the motion picture rights in the novel.<sup>131</sup> At the same time, Paramount acquired an assignment of the motion picture rights in Belasco's play.<sup>132</sup> Belasco had never renewed the play's copyright.<sup>133</sup>

Thus, Ricordi owned the copyright in the opera, and Paramount held the motion picture rights in the novel and the play. Ricordi sued for a declaration that he was entitled to make a movie version of the opera.<sup>134</sup> Paramount argued that Ricordi had to obtain Paramount's consent for the use of the Long novel and the Belasco play.<sup>135</sup> Paramount argued that the expiration and renewal of the copyrights in the novel and play terminated Ricordi's exclusive license to use the novel or play for a

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123. *Id.*

124. *Id.* at 316.

125. *Id.* at 315 (citation omitted).

126. 189 F.2d 469 (2d Cir. 1951).

127. *Id.* at 470. J. LONG, MADAME BUTTERFLY (1904).

128. *Id.*

129. *Id.*

130. *Id.*

131. *Ricordi*, 189 F.2d at 472.

132. *Id.*

133. *Id.*

134. *Id.*

135. *Id.* at 472.

motion picture version of the opera.<sup>136</sup>

The Second Circuit agreed with Paramount, and held that Ricordi had received no rights under Long's renewal in the novel.<sup>137</sup> Thus, Ricordi could not use the novel to make a motion picture version of Long's story. The Second Circuit stated that Ricordi's interest extended only to "what was copyrightable as new matter in its operatic version."<sup>138</sup> The court reiterated the dictum from *Fitch* in holding that "[a] copyright renewal creates a new estate . . . clear of all rights, interests or licenses granted under the original copyright."<sup>139</sup>

These two theories, the "new property right" and the "new estate" theory, were before the Second Circuit in *Rohauer*. As discussed herein, the court chose the "new property right" theory advanced in *Edmonds*.<sup>140</sup> In 1979, the Ninth Circuit was asked to apply *Rohauer* in a copyright infringement case, *Russell v. Price*.<sup>141</sup>

In *Russell*, defendant Budget Films distributed copies of the 1938 film *Pygmalion* (Metro Goldwyn Mayer, 1938), believing it to be in the public domain.<sup>142</sup> Defendants were sued by Janus Films, which was licensed by the copyright proprietors in the George Bernard Shaw play "Pygmalion" (on which the film is based) to be the exclusive distributor of the film.<sup>143</sup> In declining defendants' request to follow the *Rohauer* rule the court pointed out the significant factual differences between *Rohauer* and *Russell*.

First, unlike *Rohauer*, the defendants in *Russell* never bargained with the author of the original work and had no relationship with anyone

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136. *Ricordi*, 189 F.2d at 472.

137. *Id.* at 471.

138. *Id.*

139. *Id.*

140. The United States Supreme Court denied Rohauer's petition for certiorari, 431 U.S. 949 (1977). In *Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985), a case involving the division of royalties and the derivative works exception of § 304 of the 1976 Act, four dissenting Justices of the Court had this to say about the underlying/derivative works conflict:

*Ricordi* merely held that the licensee of a copyright holder may not prepare a new derivative work based upon the copyrighted work after termination of the grant. Some courts and commentators, however, extracted from *Ricordi* a rule that even continued utilization of a previously created derivative work must cease after termination of the grant in the underlying work. (citations omitted). A narrower interpretation eventually prevailed, but not until after passage of the 1976 Act. See *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1977), cert. denied, 431 U.S. 949 (1977) (emphasis added). *Id.* at 183 n.7.

This statement was not contradicted by the majority in *Mills Music* and indicates the Supreme Court's view on this issue. It certainly indicates where the four dissenting Justices stand.

141. 612 F.2d 1123 (9th Cir. 1979).

142. *Id.* at 1124.

143. *Id.* at 1125.



that had so bargained.<sup>144</sup> Second, the defendants in *Russell* had contributed nothing to the derivative work, and unlike the defendants in *Rohauer*, were not entitled to any "sympathy" which might properly be accorded to creators of derivative works.<sup>145</sup> After distinguishing *Rohauer*, the *Russell* court simply applied the "well-established doctrine that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work."<sup>146</sup> The court also held:

[t]he established doctrine prevents unauthorized copying or other infringing use of the underlying work or any part of that work contained in the derivative product so long as the underlying work itself remains copyrighted. Therefore, since exhibition of the film *Pygmalion* necessarily involves exhibition of parts of Shaw's play, which is still copyrighted, plaintiffs here may prevent defendants from renting the film for exhibition without their authorization.<sup>147</sup>

In *Russell*, the Ninth Circuit implied its dislike for the Second Circuit's *Rohauer* decision.<sup>148</sup> Not surprisingly, when the Ninth Circuit faced facts similar to *Rohauer* in *Abend*,<sup>149</sup> the court rejected *Rohauer*, and instead used the theories stated in *Ricordi* and *Russell*.

### B. Commentators' Views

Much like the cases, the commentators are divided on the conflict between underlying and derivative works. The leading copyright commentator, the late Professor Melville B. Nimmer, sides with the Ninth Circuit's *Abend* decision.<sup>150</sup> He disagrees with the "new property right" theory in that (1) it is not warranted by an express provision of the Copyright Act and (2) it is "contrary to the axiomatic copyright principle that a person may exploit only such copyrighted literary material as he either owns or is licensed to use."<sup>151</sup> Nimmer also stated that the theory was

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144. *Id.* at 1127.

145. *Id.*

146. *Russell*, 612 F.2d at 1128 (citing 1 M. NIMMER, NIMMER ON COPYRIGHT § 3.04 (1979)). The 1989 edition of NIMMER ON COPYRIGHT cites *Russell v. Price* for the traditional rule. Thus, *Russell* cited NIMMER ON COPYRIGHT for the rule, and now NIMMER ON COPYRIGHT cites *Russell* for the rule. 1 M. NIMMER, NIMMER ON COPYRIGHT § 3.04 at 3-16 (1989).

147. *Russell*, 612 F.2d at 1123.

148. *See, Russell*, 612 F.2d at 1126 n.10, 1127 nn.12-13.

149. 863 F.2d 1465 (9th Cir. 1988).

150. The Ninth Circuit sides with Nimmer on this issue, and cites Nimmer in support of several of its arguments.

151. 1 M. NIMMER, NIMMER ON COPYRIGHT § 3.07[A] at 3-23, 24 (1989).

repudiated by *Ricordi* and *Gilliam*, but revived by *Rohauer*.<sup>152</sup>

Nimmer disagreed with *Rohauer's* "force and validity" analysis, stating that the Second Circuit "cavalierly dispose[d] of this clause by relying upon a Senate Committee colloquy."<sup>153</sup> Seemingly, Nimmer would give the underlying work enough "force" to prohibit the derivative work copyright owner from making any *new* works, and from further exploitation of the already created derivative work.<sup>154</sup>

Nimmer also disagreed with the degree of importance the Second Circuit placed on the underlying author's *intent* to grant rights in the renewal period.<sup>155</sup> Nimmer obviously preferred the Ninth Circuit's reliance on *Miller Music* ("assignees of renewal rights take the risk that the rights acquired may never vest in their assignors").

Regarding *Rohauer's* equity analysis, Nimmer was concerned that the *Rohauer* rule would benefit the derivative work in inequitable situations; namely, where the derivative work contained merely slight alterations of an underlying work.<sup>156</sup> In short, Nimmer would reject *Rohauer* and embrace the *Abend* court's holding which favors the underlying work.

Barbara Ringer, former Register of Copyrights, came to the "tentative"<sup>157</sup> conclusion in her 1960 study for the Senate Judiciary Committee entitled "Renewal of Copyright" (Study No. 31) that:

It would seem, on the basis of judicial authority, legislative history, and the opinions of the commentators, that someone cannot avoid his obligations to the owner of a renewal copyright merely because he created and copyrighted a "new version" under a license or assignment which terminated at the end of the first term.<sup>158</sup>

Still, other commentators lend support to the Second Circuit's *Rohauer* position. In 1964, Professor Donald Engel wrote:

The cases indicate that the proprietor of the copyright in an authorized new work who no longer has authorization to use the underlying work may continue to use the new work in sub-

152. *Id.*

153. *Id.* Nimmer was referring to Mr. Hale's comments.

154. *Id.*

155. *Id.*

156. 1 M. NIMMER, NIMMER ON COPYRIGHT § 3.07[A] at 3-30 (1989).

157. *Rohauer* used the word "tentative" presumably to describe Ringer's language "[i]t would seem. . . ." Ringer based her conclusion on *Ricordi* and similar earlier cases. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 492 (2d Cir. 1977) cert. denied, 431 U.S. 949 (1977).

158. "Renewal of Copyright" (Study No. 31), reprinted in 1 *Studies on Copyright*, 503 (1963).

stantially identical form but may not create a new version of the new work which also constitutes a new version of the underlying work.<sup>159</sup>

Along that same line of reasoning, Engel read the *Ricordi* case as follows:

[the] "Madame Butterfly" case did *not* hold that the proprietor of the copyright in the new work was precluded from making copies of or permitting public performances of the opera, but merely held that he could not make *general* use of the protected underlying material for the creation of a motion picture, itself a new work based upon the underlying copyright which he no longer had authorization to use.<sup>160</sup>

That reading of *Ricordi* was utilized by the *Rohauer* court in distinguishing *Ricordi* and allowing continued exploitation of the derivative work.

A comprehensive article in support of the "new property right" theory was written by Professor Peter Jaszi.<sup>161</sup> He argued that Nimmer's rule favoring the underlying work<sup>162</sup> was at odds with cases that supported the "new property right" theory.<sup>163</sup> He also felt that Nimmer's position was capable of "producing undesirable results when applied to contemporary problems in motion picture distribution."<sup>164</sup> Jaszi advocates the "interest-balancing" approach used in *Rohauer*, at least where derivative motion pictures are concerned.<sup>165</sup> Only then does he think that the public interests will be met which the copyright system was designed to promote.<sup>166</sup> When copyright law is interpreted to limit public access to copyrighted works, Jaszi asserts that such limitation threatens the very foundations of copyright law as a bargain between the artist and the public.

Another article, written by Richard Colby,<sup>167</sup> also argued in support

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159. Engel, 12 BULL. OF THE COPYRIGHT SOC'Y 83, 119-20 & n.126 (1964).

160. *Id.*

161. See Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest*, 28 UCLA L. REV. 715 (1981) [hereinafter Jaszi]. Jaszi is a professor at Washington College of Law, American University, Washington, D.C., and represented the appellants in *Rohauer*.

162. See Jaszi, *supra* note 161, at 749. Jaszi's article refers to Nimmer's rule as "derivative subordination."

163. Jaszi, *supra* note 161, at 749.

164. *Id.*

165. *Id.*

166. *Id.*

167. Richard Colby was an adjunct professor at Pepperdine University School of Law, and served on numerous copyright committees, including having served as Chairman of the Copyright Committee of the Motion Picture Association of America, Inc.

of *Rohauer*.<sup>168</sup> Colby argued that the statutory successor to the original work, and the copyright owner in the derivative work can *both* enjoy significant use of their respective copyrights.<sup>169</sup> The statutory successor has the exclusive right to create *new* motion pictures (e.g., remakes and sequels), while the derivative copyright owner has the right to continue exploiting the derivative motion picture already created in the original term.<sup>170</sup>

Colby noted that *Gilliam* could not have repudiated *Rohauer*, because *Rohauer* was decided *after Gilliam*.<sup>171</sup> Colby found the key to the cases on this issue to be the "author's consent—given in *Rohauer* and in the 'Rear Window' litigation to include the renewal term, not given in *Fitch, Ricordi, . . . or Gilliam*."<sup>172</sup> Colby found, as did the Second Circuit, that the author's intent should weigh heavily in favor of allowing the derivative work to enjoy continued exploitation.<sup>173</sup>

In summation, the law as it exists on this issue is not well settled, and the *Abend* and *Rohauer* cases represent new factual situations which the law has struggled to address. The "new property right" theory and its supporters argue that the derivative work should be allowed to continue being exploited. The "new estate" and "new matter" theories and their supporters argue that the underlying copyright should be given deference, and that the derivative work should not be exploited.

#### V. ANALYSIS: A MODERN ANALYSIS OF THE UNDERLYING/ DERIVATIVE CONFLICT REQUIRES THAT EQUITY/POLICY CONSIDERATIONS BE GIVEN SIGNIFICANT WEIGHT

The Ninth Circuit recognized the importance and value of equity considerations, but applied them too late in its opinion. The court downplayed and dismissed equity concerns in forming its holding, and instead emphasized them in creating a remedy. In effect, the Ninth Circuit forced the defendants to buy the right to continue exploiting the copyrighted derivative work, and forced the plaintiff to sell such right. While holding that such exploitation infringed *Abend's* renewal copyright in the underlying short story, the court realized the potential injury to the creators and the public if the film was enjoined from exploitation alto-

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168. Colby, *Rohauer Revisited: "Rear Window," Copyright Revisions, Renewals, Terminations, Derivative Works and Fair Use*, 13 PEPPERDINE L. REV. 569 (1986) [hereinafter Colby].

169. Colby, *supra* note 168, at 582.

170. *Id.* at 582-83.

171. *Id.* at 591.

172. *Id.*

173. *Id.*

gether. Thus, while the Second Circuit in *Rohauer*, under facts essentially identical to *Abend*, relied on equity considerations in holding that exploitation of the derivative work did *not* infringe the underlying copyright, the Ninth Circuit used equity arguments to salvage a holding which proclaims otherwise. This about face by the Ninth Circuit actually gives credence to the significance of the equity arguments which led to the Second Circuit holding.

The movies in both *Abend* and *Rohauer* can now enjoy continued exploitation. However, *Rear Window* must buy the "privilege" of copyright infringement, while *The Son of the Sheik* can enjoy exploitation far from the shadow of copyright infringement. As mentioned above, both cases involved essentially the same factual scenario. Unfortunately, the Ninth Circuit chose not to follow the Second Circuit's holding in *Rohauer*.

The Ninth Circuit rejected the "new property right" theory in favor of the "new estate" and "new matter" theories. In doing so, it protected the "new matter" in *Rear Window*,<sup>174</sup> but disagreed with exploitation of the film because it contained "old matter" from the underlying work. Presumably then, the defendants could take their protected "new matter" and license its use for a new creation.<sup>175</sup> However, Stewart and Hitchcock could not *exhibit* the film, because doing so would include the exhibition of some of the original work—the short story.

Under *Abend*, while defendants can license the "new matter" for use in the creation of another work, they may not use the "new matter" as it exists, intertwined with the old matter from the underlying short story. Realistically, this presents a problem. It is unlikely that the "new matter" will be separated out and licensed for someone else's use for the same reason that the film cannot be shown without some of the original work being exhibited. It is nearly impossible, in a medium such as motion pictures, to separate "new matter" from "old, underlying matter."<sup>176</sup> Protecting only the "new matter" in the case of a derivative motion picture effectively denies the derivative copyright owner of any use or benefits of his creative and substantial effort. Unless, of course, the derivative copyright owner can purchase from the renewal copyright

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174. Alfred Hitchcock approximated that the movie borrowed 20% of the underlying story. Brief for Petitioner at 29, n.39, *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988), *cert. granted*, 58 U.S.L.W. 3212 (U.S. Oct. 3, 1989) (No. 88-2102).

175. Or is this what is considered a "second generation" work? If so, and if second generation works are forbidden, then under *Abend*, what are Stewart and Hitchcock left with? Apparently nothing. Recognizing this glaring shortcoming, the Ninth Circuit had to backtrack on its reasoning and its holding, and allow continued exploitation of the film.

176. See Jaszi, *supra* note 161, at 738.

owner the right to exploit the derivative motion picture. Such is the answer of the Ninth Circuit.

The Ninth Circuit has created a market for agents like Abend to purchase renewal copyrights and extract money from derivative copyright owners for exploiting their creations. This scenario is acceptable where no agreement exists with the original author for rights in the renewal period. However, where the original author intended to grant rights in the renewal term,<sup>177</sup> an approach like that of the Ninth Circuit gives an inequitable result. Furthermore, Abend brought suit to enjoin exploitation of *Rear Window* because doing so hurt his ability to create new adaptations based on the original story. The result in *Abend* does nothing for him in this regard. First, the "new matter" in *Rear Window* is protected, and Abend would have to be very careful not to infringe on that "new matter." Second, removing *Rear Window* from circulation neither improves nor impacts on the chances of success for Abend's new adaptation. His work will still have to pass public muster with the original Jimmy Stewart/Grace Kelly version. Finally, paying Abend for the infringement of his copyright does not contribute to his ability to make an adaptation of the original story. Under *Abend*, *Rear Window* is still being shown, and Abend did not get what he sued for in the first place. Unless, of course, monetary compensation was really Abend's goal initially. Certainly, it is a viable goal now.

Throughout its opinion the Ninth Circuit explains why *Rear Window* should *not* continue to be exploited. In the end, the court strongly recommended that *Rear Window should* be allowed to be exploited. If the Ninth Circuit had been true to its arguments and holding, it would not have created the "forced sale" remedy. Abend's copyright is still being infringed, only now he is being paid to "suffer." The Ninth Circuit concluded that equity considerations were the prime motivating factor in the Second Circuit's *Rohauer* decision. In *Abend*, the Ninth Circuit shot down those equity arguments in rejecting *Rohauer*. Yet, the Ninth Circuit *embraced* those *same* equity arguments in creating an "equitable" remedy. The Ninth Circuit's remedy rationale should have gone into its holding, as was done in *Rohauer*.

*Rohauer* gives the plaintiff freedom to make new adaptations based on the original work, and to keep others from doing likewise. At the same time, the owners of the derivative motion picture are free to exploit their already created and copyrighted work, pursuant to the intent and

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177. *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), should be distinguished on its facts as it did not involve the underlying/derivative conflict, and should not be adhered to in this context in order to achieve a more equitable and sensible result.

agreement of the original work's author. This seems to be the just and equitable answer for the underlying/derivative work conflict, where the derivative work is a motion picture.

## VI. THE EFFECTS AND IMPLICATIONS OF *ABEND*

The effect of *Abend* is simple: derivative works in situations similar to *Rear Window* or *The Son of the Sheik* will be removed from distribution unless the derivative copyright owners reach agreement with the owners of the copyright in the underlying work. If an agreement is not achieved, the derivative film will probably be shown anyway, and the underlying copyright owner will have to file suit to determine the amount of damages due him or her. Certainly the possibility exists that the public will lose access to some films. Ironically, this is one result the Ninth Circuit wanted to avoid. The Second Circuit's holding in *Rohauer* preserves public access and the respective rights of the copyright proprietors.

Equipped with the *Abend* decision, literary agents may well seek out *Abend/Rohauer* situations in order to cash in on the Ninth Circuit's judicially imposed sale.<sup>178</sup> Surely this will do little to keep certain motion pictures available to the public. Defendants' counsel has determined that, under *Abend*, a derivative work based on a work first copyrighted in 1977 could be kept off the market for the period of the first work's forty-seven year renewal term from the years 2005-2052 if the author dies before renewal.<sup>179</sup> Thus, artists may decline to incorporate pre-1978 works into derivative works for fear that the right to continued use might be suspended. Certainly, one of the aims of copyright law was to encourage creative effort and activity. The *Abend* decision does just the opposite.

## VII. CONCLUSION

In 1977 the Second Circuit in *Rohauer v. Killiam Shows, Inc.*, was faced with a case of first impression. Judge Friendly, described by Nim-

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178. Indeed, *Abend* has determined that over 600 underlying work/derivative work conflicts exist similar to those in *Abend*. *Abend* himself owns, or has purchased for others, over 100 underlying works. Brief for Petitioner at 22, n.28, *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988), cert. granted, 58 U.S.L.W. 3212 (U.S. Oct. 3, 1989) (No. 88-2102). *Rohauer* owned renewals in at least 200 films. *Id.* The Los Angeles Daily Journal reported that *Abend's* counsel estimated that between 500 and 1,000 copyright infringement claims might surface as a result of the Ninth Circuit's holding in *Abend*. Vogeler, *9th Circuit Revives Author's Copyright To 'Rear Window'*, L.A. Daily J., Dec. 28, 1988, at 1, col. 4.

179. Brief for Petitioner at 22, n.29, *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988), cert. granted, 58 U.S.L.W. 3212 (U.S. Oct. 3, 1989) (No. 88-2102).

mer as "one of the nation's outstanding copyright judges,"<sup>180</sup> wrote for the court without dissent. The Second Circuit held that continued exploitation of a previously created and copyrighted motion picture, whose creation was authorized by the underlying work's author, and where the same author explicitly intended to grant motion picture rights in the renewal term, did not infringe the renewal copyright in the underlying work. In 1988, the Ninth Circuit faced facts essentially identical to those in *Rohauer*. Nonetheless, in a 2-1 decision,<sup>181</sup> the court held that exploitation of the film *Rear Window* did infringe the renewal copyright in the underlying work. However, backpedaling on its own arguments and the rationale of its holding, the court found that the film *should* continue to be exploited for equity reasons. Thus, the Ninth Circuit designed a remedy wherein the derivative copyright owner had to pay the underlying copyright owner an undetermined percentage of the profits earned from distributing the film.

The effect of the Ninth Circuit's holding is inequitable, and will serve to hinder public access to certain motion pictures, and will inhibit the creative process. In contrast, the Second Circuit's *Rohauer* decision allows both underlying and derivative copyright holders to enjoy significant protection, enjoyment, and exploitation of their respective copyrights, without denying public access or inhibiting creative effort. While case law and commentators alike are split in this area of the law, certainly the better view, based on equity and policy considerations is that of the Second Circuit. The holding in *Rohauer* should be adhered to in the future, and *Abend* should be overturned.<sup>182</sup> Only then can the purposes

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180. 1 M. NIMMER, NIMMER ON COPYRIGHT, § 3.07[A] at 3-31 (1989).

181. (Thompson, J., dissenting). One of the judges in the majority was a district court judge sitting by designation. Computer research revealed no cases he had heard involving copyright.

182. Judge Thompson, in his dissent, argues in favor of adhering to the holding in *Rohauer*. He found that *Rohauer* was decided on a "precedent-free slate," and that Judge Friendly and the Second Circuit reached the correct conclusion, based on the 1909 Act, its legislative history, and policy considerations. *Abend v. MCA, Inc.*, 863 F.2d 1465, 1486 (9th Cir. 1988) (Thompson, J., dissenting). Thompson concluded that *Rohauer* did not "deny authors of underlying works or their successors a 'second chance' to reap benefits from their own works." *Id.* at 1487. Rather, under the *Rohauer* rule, *Abend* would be free to "republish 'It Had To Be Murder,' authorize a new movie, television or theatrical productions, create book cassettes and otherwise capitalize on the success of *Rear Window* in any manner so long as he does not infringe upon the new matter contained in that movie." *Id.*

As to the majority's remedy, Thompson stated:

This 'share-the-wealth' concept offends my sense of justice. I don't see why *Abend* should be permitted to squeeze the defendants for money generated by a movie which they created, in which they risked their capital, and to which they committed their substantial talents. Granted, the defendants used Woolrich's story. But they paid him for it, and he agreed to assign his renewal rights in the story to them.

*Id.*



and theories underlying copyright law be met.

*Matthew P. Lewis\**

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