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Hollywood Goes Interactive: Licensing Problems Associated with Re-Purposing Motion Pictures into Interactive Multimedia Videogames

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HOLLYWOOD GOES INTERACTIVE:
LICENSING PROBLEMS ASSOCIATED WITH
RE-PURPOSING MOTION PICTURES INTO
INTERACTIVE MULTIMEDIA VIDEOGAMES

Michael R. Fuller*

I. INTRODUCTION

Hollywood is waking up to a new form of entertainment — one that is proving to be more profitable than motion pictures.1 In an industry that resists change, it is remarkable how quickly movie studios and individual artists alike are scrambling to review their contracts to ensure that they will not be left out of the new "game."2 This new area, the interactive videogame, utilizes the newest technology offered by interactive multimedia CD-ROM.3

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1. See John Bodie & Andy Marx, Two Can Play This Game; Agents and Studios Face Off in New Contest for Videogame Profits, VARIETY, Dec. 27, 1993, at 1 ("Domestically, videogames generated between $5 billion and $7 billion, while total U.S. box office for features was closer to $5 billion."). In fact, while Michael Crichton received $2 million for the motion picture rights in his novel Jurassic Park, he received close to double that amount for the interactive rights. Id.

2. All of the major motion picture studios have established interactive departments: Disney Interactive, Time Warner Interactive, Fox Interactive, Universal Interactive, Sony Imagesoft, and Paramount Interactive. See, e.g., Amy Harmon, Disney to get Interactive with Start of New Division, L.A. TIMES, Dec. 5, 1994, at D1. In addition, all of the large entertainment agencies, including International Creative Management, William Morris Agency, United Talent Agency, and Creative Artists Agency, have established new departments to deal with interactive rights. Bodie & Marx, supra note 1, at 1.

3. Interactive is defined as "[p]ertaining to a program or system that alternately accepts input and then responds." IBM DICTIONARY OF COMPUTING 349 (George McDaniel, 10th ed. 1993). Multimedia is defined as "[m]aterial presented in a combination of text, graphics, video, animation, and sound." Id. at 444. Interactive Multimedia is defined as a "[s]ynonym for interactive media." Id. at 349. Interactive Media is defined as a "[m]edia that derives input from the viewer to determine the content and duration of a message, thus making possible
Videogames, once scorned by the entertainment industry, will likely become huge money making projects for the motion picture studios.\(^4\) Ten years ago, home videogames were jerky blips on a screen with a few sounds.\(^5\) Today, with the creation of interactive multimedia CD-ROM, home videogames have advanced to include digitized stereo sound, digitized film clips, and storylines similar to, if not based upon, fast action-adventure motion pictures.\(^6\) This new technology has provided Hollywood movie makers with vast opportunities to collaborate with videogame developers and develop games based on past or future feature films.\(^7\)

This article will analyze the licensing problems encountered when a motion picture studio attempts to "re-purpose" a motion picture into an interactive videogame, i.e., develop a feature film into an interactive videogame using various film clips and sounds from the motion picture in individualized program material." \(^8\) See also Michael D. Scott & James N. Talbott, Interactive Multimedia: What Is It, Why Is It Important and What Do I Need to Know About It?, 11 COMPUTER/L.J. 585 (1991).

4. "Hollywood is... taking notice. Studios that once regarded videogames as a licensing opportunity about as important as T-shirts are creating game divisions and bringing game designers in on the ground floor of important new movies." Jonathan Weber, Video Games Go to the Movies, L.A. TIMES, Mar. 21, 1993, at D1. "It's changed from being a toy business to being an interactive entertainment business .... There are now technology and marketing ties with music, music videos, motion pictures and television." \(^9\) (quoting Olaf Olafsson, President of Sony Electronic Publishing).

5. \(^{10}\) ("Video games were [once] created by computer programmers, and their crude, jerky, cartoonish images more closely resembled a preschooler's painting than a Hollywood film.").

6. For example, Sony Pictures' The Last Action Hero, a fast action-adventure motion picture, has been re-purposed into an action-adventure interactive videogame. \(^{11}\)

7. This article will focus only on the development of interactive videogames in connection with motion pictures developed separately from the interactive videogame, where a game utilizes actual film clips and sounds from an independently created film. The article will not discuss the situation where game developers and producers produce their own film and sound for an interactive videogame.

Not only has this new technology offered motion picture makers an opportunity to develop interactive videogames from existing motion pictures, the reverse also is proving true. Deals are currently being struck with interactive videogame developers to acquire motion picture rights in interactive videogames, providing Hollywood with new movies based on existing videogames. See, e.g., Van Damme's Video Connection, WASH. POST, Apr. 29, 1994, at C6 (discussing Universal Pictures' release of a thirty-six million dollar motion picture based on the videogame Street Fighter); Lancit Media Obtains Exclusive Motion Picture, TV and Home Video Rights to Best-Selling Computer Game "Lemmings," BUS. WIRE, Dec. 1, 1993, available in LEXIS, News Library, Curnws File. Given this fact, "writers are facing a chicken-and-egg question: Which deal comes first, the videogame or the feature?" Bodie & Marx, supra note 1, at 1. The article pointed out that if a motion picture deal is cut first, and a major star is attached to the movie, the interactive rights would be worth a larger amount of money. \(^{12}\)

8. "Re-purposing" is a term of art used to describe the process of transforming a preexisting work into a new form of media.
Regardless of whether a studio has an "in-house" development department or licenses the right to an independent videogame developer, a paramount question must be answered before the videogame may be developed and distributed to consumers: Does the motion picture studio own, or has it licensed, all the rights necessary to develop an interactive videogame based on a preexisting motion picture?\(^9\)

The problems associated with the scope of licensed copyrights, when there is an expansion of technology, will inevitably affect the development of an interactive videogame from a preexisting film. These problems will arise unless attorneys have carefully contracted specifically for the rights necessary to reproduce, distribute, and perhaps perform the copyrighted work in an interactive multimedia videogame. Given that this technology is extremely new and many potential "videogame movies" have been in existence for many years, it is highly unlikely that a studio contracted specifically for the interactive multimedia rights. Thus, both parties to the original film contract will have to look to current copyright and contract law on the subject of expansion of technology and licenses, to determine if the assignor, or licensor, "gave away" her rights to interactive videogames when she assigned or licensed her rights for the motion picture. This article will discuss the current law covering the expansion of technology in relation to licensed copyrights, and assist the reader in determining whether a grant of rights for a motion picture encompasses interactive multimedia rights.

Although there have been numerous cases on the subject of expansion of technology and licensing, none have fully delineated a comprehensive approach to be utilized with future licensing disputes concerning expanding technology. This article organizes the different approaches and factors that the courts have used, and applies them to the subject of whether a typical

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9. Similar questions and problems present themselves when a motion picture company attempts to re-purpose a motion picture into an interactive motion picture. The question of whether a motion picture license would cover such a use is beyond the scope of this article. However, this author asserts that this question is more debatable than whether a typical motion picture license should allow for interactive videogames. It is arguable that the "new" use of interactive motion pictures is not really a new use, but just a new medium. The two uses may arguably be the same. It is this author's opinion that the re-purposing of motion pictures into interactive motion pictures is similar to the past move from silent motion pictures to "talking" motion pictures, and thus offers no new use and no substantive re-purposing. See discussion infra part III.A. and IV.C.

10. Most contracts between the studio and content providers are different and include different contractual language. Therefore, this article will focus on the general problems that may be encountered when a studio attempts to re-purpose a motion picture into an interactive multimedia videogame.
grant of motion picture rights covers interactive multimedia rights. While all licenses are different in their exact contractual language, many common principles apply to all licenses when interpreting the scope of rights granted with subsequent expansion of technology. Part II of this article discusses the general principles of licensing motion pictures and interactive videogames. Part III addresses several of the past problems in the licenses of motion picture rights when there was a later expansion of technology. Part IV asserts that, generally, motion picture rights should not include the rights necessary to produce interactive multimedia videogames and discusses the several reasons for that conclusion.

II. BASIC PRINCIPLES GOVERNING THE LICENSING OF MOTION PICTURE RIGHTS

Most motion pictures are derivative works based on preexisting copyrighted screenplays or novels. Thus, the producer of a film must obtain a license from the owner of the copyright in the preexisting work to use the novel or screenplay in the motion picture. Furthermore, motion pictures almost always have accompanying music, requiring the producers of a film wishing to use preexisting music to first obtain a synchronization right ("synch right") which enables them to use the music in the motion picture. Therefore, producers wishing to utilize preexisting works must

11. *See discussion infra* part II.
12. *See discussion infra* part III.
13. *See discussion infra* part IV.
14. A derivative work "is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version... or any other form in which a work may be recast, transformed, or adapted." 17 U.S.C. § 101 (1990).
15. However, it is also possible that the motion picture is a joint work with the screenplay. A joint work is defined as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101 (1990). However, the usual industry practice is that the various contributors are contractual employees of the producer or the producers license the preexisting works, thus precluding the work from being a joint work. *See, e.g., Craig Joyce et al., Copyright Law § 3.02[D], at 170 (2d ed. 1991).*
16. If the producer fails to obtain a license or right to utilize the underlying copyrighted work, she will have infringed that underlying work. *See 17 U.S.C. § 501 (1990).*
17. A synch right is the "right to reproduce the music onto the sound track of a film or a videotape in synchronization with the action." Buffalo Broadcasting Co. v. Am. Soc'y of Composers, Authors and Publishers, 744 F.2d 917, 920 (2d Cir. 1984). *See also* Broadcast Music, Inc. v. Columbia Broadcasting Sys., Inc., 441 U.S. 1, 33 n.23 (1979) ("The 'synch' right is the right to record a copyrighted song in synchronization with the film or videotape... ").
18. *See supra* note 16.
obtain many assignments, or licenses, of the rights necessary to utilize the works in the new motion picture.

Similarly, an interactive videogame based on a preexisting motion picture is also likely to be a derivative work. Thus, when an interactive videogame developer wishes to create an interactive videogame from a preexisting motion picture, the developer must obtain a license, or licenses, from the motion picture studio or from whomever holds the final rights in the motion picture to enable her to use the preexisting motion picture in the new game.

However, at this point, the careful developer should not presume that she holds all the necessary licenses to produce and distribute her game — the developer must carefully determine whether the motion picture studio holds all interactive rights in all preexisting works embodied in the motion picture to enable those preexisting works to be subsequently re-purposed into interactive videogames. If the motion picture studio did not obtain a license that would allow the preexisting work to be re-purposed into an interactive videogame, the studio, a fortiori, could not transfer such a right to the videogame developer. Therefore, all interactive videogame developers should further investigate the licenses to determine whether the motion picture company secured all the necessary rights in the preexisting works for interactive videogames. If the motion picture company was unable to transfer the necessary interactive rights, the videogame developer must directly contact the owner of the preexisting work to secure all necessary rights. Part IV of this article will discuss the different theories and factors that courts utilize when deciding whether the scope of a license covers a re-purposed use.

19. It is also possible that an interactive videogame is a joint work with the screenplay of a movie. See supra note 15. However, as with motion pictures, the various contributors most likely would be contractual employees of the producers of the interactive videogame or the producers would license the pre-existing works, thus precluding the work from being a joint work. See JOYCE ET AL., supra note 15, § 3.02[D], at 170.

20. This article is written in terms of a videogame developer who is independent of any motion picture studio developing an interactive videogame based on a preexisting motion picture. However, when an "in-house" developer, one who is employed directly by a studio, is developing the videogame, the dilemma is still present. There, the motion picture studio must still make sure that any licenses procured covering preexisting works allow the specific new use of interactive videogames.

21. See discussion infra part IV.
III. PAST LICENSING PROBLEMS ASSOCIATED WITH EXPANSION OF TECHNOLOGY AND THE RIGHTS TO PRODUCE MOTION PICTURES

To date, there have been three litigated situations in which there was a serious debate over whether a license given to produce motion pictures also included the right to re-purpose the work into a different medium.22

A. Right to Produce Talking Motion Pictures

The "talking" motion picture was the first example of how subsequently developed technology affected motion picture licenses.23 This issue arose during the silent movie era when a licensor assigned the necessary rights in a copyright to produce a motion picture.24 When technology allowed for talking movies, many licensors of silent movies claimed that the rights they assigned did not cover this new use, unless expressly provided for at the time of the license.25 However, licensees generally asserted that their licenses covered talking motion pictures because the use was not a new use, and therefore was not a re-purposed work.26 By arguing that the talking motion picture was not a re-purposed work, the licensees asserted that the court did not have to reach the ultimate issue of whether the "new" use was allowed under the original license,
because the use, telling a story through a motion picture, remained the same: "a motion picture is a motion picture" and adding sound did not change that fact. Usually, courts sided with the licensees, and held that these licenses did cover this subsequent "new" use.

**B. Right to Televise**

Subsequent to the talking motion picture, the advent of television was the next development in technology that spurned controversy over licensed motion picture rights. Specifically, the controversy focused on whether a motion picture license, drafted at a time when television had not yet been invented, allowed the subsequent televising of the motion picture. Licensors asserted that they could not have granted the right to televise because, at the time of the license, no such use existed. Licensees, on the other hand, argued that the "new" use of televising was not a new use, but was merely a new way of exhibiting or disseminating the work to the public. Courts are split on this issue.

**C. Right to Produce Videocassettes**

The third example of licensing and the effect of new technology that caused litigation was the development of the home videocassette recorder ("VCR"), which, more importantly, led to many motion pictures being released in videocassette form. This relatively recent debate over

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27. Murphy, 112 F.2d at 749.
28. See supra note 25.
29. See supra note 23.
30. See, e.g., Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150 (2d Cir. 1968) (assignment granting the right to copyright, vend, license, and exhibit a motion picture included the right to televise the motion picture); Ettore v. Philco Television Broadcasting Corp., 229 F.2d 481 (3rd Cir. 1956) (holding that television was a new use compared to that of motion pictures, and that the plaintiff should not be deemed to have granted a use not in existence and not contemplated by either party at the time of contracting).
31. See Bartsch, 391 F.2d at 152; Ettore, 229 F.2d at 483.
32. Bartsch, 391 F.2d at 152.
33. Id. at 154.
34. See supra note 30.
35. See, e.g., Rey v. Lafferty, 990 F.2d 1379 (1st Cir. 1993) (license of right to produce films for television did not encompass distribution by videocassette); Cohen v. Paramount Pictures, Inc., 845 F.2d 851 (9th Cir. 1988) (license to exhibit motion picture by means of television did not allow for the new use of exhibition by videocassettes); Abkco Music, Inc. v. Westminster Music, Ltd., 838 F. Supp. 153 (S.D.N.Y. 1993) (whether license of all rights in musical composition permitted licensees to exploit new technologies through videocassettes was an issue for jury); Philadelphia Orchestra Ass’n v. Walt Disney Co., 821 F. Supp. 341 (E.D. Pa. 1993) (issue of fact existed regarding whether a license to use recordings in connection with a
whether motion picture licenses covered the release of motion pictures on videocassette has caused the most litigation over the scope of motion picture licenses. Licensors argued that motion picture licenses could not allow for exhibition by videocassette because this new use was vastly different from the previous use of exhibition by motion picture. Licensees, in addition to arguing that the two uses were similar, often found protection in the sweeping language of their license which attempted to include all benefits from technological advancements. This area continues to produce litigation today, in light of the many films that are being released in video form daily. Again, courts are split on this issue.

IV. DOES THE RIGHT TO PRODUCE A MOTION PICTURE INCLUDE THE RIGHT TO PRODUCE INTERACTIVE MULTIMEDIA VIDEOGAMES?

A. Ascertainable Intent of the Parties

When determining the scope of a license, the most important factor is the intent of the parties. A license of rights is basically a contract
between the two parties. Thus, if the intent of the parties regarding the scope of a license is ascertainable, this intent will control.

Because we are dealing with new uses, which became possible through new technology developed subsequent to the drafting of a license, it is unusual to have a license drafted so that the parties’ intent is unambiguous as to whether the scope of that license covers a specific new use. Thus, most licenses are ambiguous as to their scope in covering new technological uses. When faced with the question of whether a license is ambiguous as to the intent of the parties, courts use one of two different methods. Under the first method, courts constrain the parties to the four corners of the document when attempting to establish the existence of an ambiguity. Under the second approach, courts generally allow the parties to establish the existence of the ambiguity through the use of extrinsic parol evidence.

usage.” Rey v. Lafferty, 990 F.2d 1379, 1387 (1st Cir. 1993) (emphasis in original).

42. See, e.g., Nimmer & Nimmer, supra note 22, § 10.08, at 10-71 (“Principles of contract law are generally applicable in the construction of copyright assignments, licenses and other transfers of rights.”).

43. See, e.g., Philadelphia Orchestra Ass’n v. Walt Disney Co., 821 F. Supp. 341, 345 (E.D. Pa. 1993) (“The fundamental rule in construing a contract is to ascertain and give effect to the intention of the parties, as expressed in the language of the contract.”). See also Nimmer & Nimmer, supra note 22, § 10.08, at 10-72 (“The task in contract construction is, where possible, to effectuate the intent of the parties.”).


45. See, e.g., Nimmer & Nimmer, supra note 22, § 10.10[B], at 10-87.

46. Nimmer & Nimmer, supra note 22, § 10.10[B], at 10-92 (under California law, extrinsic evidence is allowed to prove a reasonably susceptible meaning). See also Dabney, supra note 44, at 89 (under New York law, evidence extrinsic to the agreement may not be considered).


48. See, e.g., Nimmer & Nimmer, supra note 22, § 10.08, at 10-73. In California, extrinsic evidence is allowed to prove an ambiguity, regardless of whether the meaning is ascertainable from the contract itself.

Under California law, the test of admissibility of extrinsic evidence to explain the meaning of a written instrument is not whether it appears to the court to be plain and unambiguous on its face, but whether the offered evidence is relevant to prove a meaning to which the language of the contract is reasonably susceptible.
Once the existence of an ambiguity is established, some courts allow the parties to introduce evidence of custom in the industry to help ascertain the intent of the parties on the scope of a license.\textsuperscript{49} However, given that the subject matter concerns technology that did not exist at the time of drafting, the custom of the industry is seldom helpful in ascertaining the parties' intent because the industry has not had the opportunity to develop a custom concerning the newly developed technological use.\textsuperscript{50} Additionally, a few courts have allowed parties to attempt to define the scope of a license by using evidence of past dealings between the parties to establish their intent.\textsuperscript{51} However, as was the case with custom, past dealings usually provide little assistance when attempting to ascertain intent because the new use in question did not exist at the time of the execution of the license, and thus could not have been the subject of past negotiations.\textsuperscript{52}

Most often, in cases involving a subsequently developed technological use, there is no single intent of the parties, if intent ever existed at all.\textsuperscript{53}
While it is possible that both parties had a different intent as to the scope of the license at the time of execution, it is more likely that there existed no intent at all at the time of the execution of the license because the contested license relates to a subsequently developed use, which neither party contemplated when entering the original license.\(^5\)

In the case of interactive videogames, it is doubtful that either party had the specific intent that a motion picture license would someday include such a new use. Parties to a license executed ten to twenty years ago most likely could not have imagined such a new use of their copyrighted work.\(^55\) However, a party could argue that she intended a broad license which would allow for such a use, not because that party contemplated that specific use, but because she intended on securing a license broad enough for all future technological changes.\(^56\) The issue of intent is clearly a case specific issue, and therefore will be argued on the specific facts at hand. Since courts generally cannot ascertain the intent of the parties from the document itself or other extrinsic evidence, it is important to look to other factors and approaches that courts utilize when determining whether the scope of a license covers a subsequently developed use.\(^57\)

**B. The Contrasting Approaches to Licenses and Expansion of Technology**

If the intent of the parties regarding the scope of a license is not ascertainable, courts have essentially used one of two approaches advanced by Professor Melville Nimmer:\(^58\) one favoring licensors and one favoring licensees.\(^59\) Under the first approach, absent contrary intent, a court will...
construe a license to include "only such uses as fall within the unambiguous core meaning of the term . . . and exclude any uses which lie within the ambiguous penumbra . . . ."60 Thus, a court will interpret the contract to reserve any rights not expressly or unambiguously granted.61 This approach favors the licensor or original author. Under the second approach, absent contrary intent, "the licensee may properly pursue any uses that may reasonably be said to fall within the medium as described in the license."62 This pro-licensee approach, often called the "preferred approach,"63 allows the licensee to re-purpose the licensed work in any medium that the language of the license could reasonably and ambiguously allow. Therefore, if the license could reasonably be read to allow such a use, that use is permitted under the license.64

1. The Pro-Licensor Approach

_Cohen v. Paramount Pictures Corp._65 follows the first approach of favoring the licensor.66 In _Cohen_, the Ninth Circuit held that a 1969

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Dabney, _supra_ note 44, at 95-96 (approaches apply if the license is determined to be ambiguous and if extrinsic evidence is unavailable). _See also_ Allen R. Grogan, _Licensing for Next Generation New Media Technology_, _Computer Law_, Nov. 1993, at 1.

It is the author's opinion that the current two-approach system can be said to encourage forum shopping and inconsistent rulings. The Ninth Circuit, following the pro-licensor approach, will undoubtedly attract plaintiff licensors. _See infra_ notes 65-77 and accompanying text. On the other hand, the Second Circuit, following the pro-licensee approach, will be desirable to defendant licensees. _See infra_ notes 79-82 and accompanying text. The author asserts that the outcome of most license scope-cases hinges more on the specific forum and the approach utilized, rather than on the exact merits of each case. Until there is a uniform approach, this will continue to be the case.

60. _Nimmer & Nimmer_, _supra_ note 22, § 10.10[B], at 10-92.

61. _Id._ ("[a]ny rights not expressly [in this case meaning unambiguously] granted are reserved").

62. _Id._ at 10-92 to 10-93.

63. The pro-licensee alternative is "the one which it is believed is to be preferred . . . ." _Nimmer & Nimmer_, _supra_ note 22, § 10.10[B], at 10-92 (citing _Bartsch_ v. _Metro-Goldwyn-Mayer, Inc._, 391 F.2d 150 (2d Cir. 1968) (Treatise quoted); _Landon_ v. _Twentieth Century-Fox Film Corp._, 384 F. Supp. 450 (S.D.N.Y. 1974) (Treatise quoted); _see also_ _Rey_ v. _Lafferty_, 990 F.2d 1379, 1388 (1st Cir. 1993) (discussing the "preferred," pro-licensee, approach).

In _Bartsch_, the court stated that the pro-licensee approach was preferred because it allows for greater dissemination of the copyrighted work, while the pro-licensor approach might prevent the work from ever being disseminated through a new medium. _Bartsch_, 391 F.2d at 155.

64. _Nimmer & Nimmer_, _supra_ note 22, § 10.10[B], at 10-93 (The license may pursue any use "within the ambiguous penumbra because if whether or not a given use falls within the description of the medium is ambiguous it must, by definition mean that it is within the medium in a reasonable sense . . . .").

65. 845 F.2d 851 (9th Cir. 1988).

66. _Id._
"synch license" did not confer the right to reproduce a composition in a reproduction of the film in videocassette form. Although the court did not expressly articulate that it was following this specific approach, it is apparent throughout the court's reasoning that it was. The particular license in Cohen allowed the defendant to perform the composition through exhibition of the motion picture both in theaters and on television. However, the court held that the license did not confer the rights to exhibit through videocassettes because the two uses were so different. This allowed "only such uses as fall within the unambiguous core meaning of the term."

The court in Cohen reasoned that if it were to broadly construe a license to cover mediums not ascertainable at the time of execution, it would be allowing licensees to "'reap the entire windfall' associated with the new medium." The court also stated in support of this approach that "the license must be construed in accordance with the purpose underlying federal copyright law" of granting "valuable, enforceable rights to authors, publishers, etc., ..." Therefore, the court "would frustrate the purposes of the Act were [it] to construe [the] license — with its limiting language — as granting a right in a medium that had not been introduced to the domestic market at the time the parties entered into the agreement." Thus, the Ninth Circuit appears to be following this pro-licensor approach.

67. See supra note 17.
68. Cohen, 845 F.2d at 855.
69. See id. at 854 (holding that the motion picture license did not allow a new use of exhibiting by videocassette because it would not protect the author to allow a new use that was not contemplated at the time of the execution of the license); see also Grogan, supra note 59, at 5 ("Cohen follows the approach that assumes that a grant extends only to uses that are unambiguously within the core meaning of the term.").
70. Cohen, 845 F.2d at 853.
71. Id. at 855.
73. Cohen, 845 F.2d at 854 (citing Neil S. Nagano, Comment, Past Copyright Licenses and the New Video Software Medium, 29 UCLA. L. REV. 1160, 1184 (1982)).
74. Cohen, 845 F.2d at 854.
75. Id. (quoting Washingtonian Publishing Co. v. Pearson, 306 U.S. 30, 36 (1939)); see also id. ("The essence of a copyright protection is the protection of originality rather than novelty or invention" (quoting Scott v. WKJG, Inc., 376 F.2d 467, 469 (7th Cir. 1967))).
76. Id.
77. See Apple Computer, Inc. v. Microsoft Corp., 759 F. Supp. 1444, 1451 (N.D. Cal. 1991) ("[D]istrict courts [are] to interpret copyright licenses narrowly, consistent with the federal copyright policy of providing incentives in the form of copyright protection to authors."). But see Murphy v. Warner Bros. Pictures, 112 F.2d 746 (9th Cir. 1940) (holding "talking" motion pictures did not constitute new use compared to silent motion pictures).
Following this pro-licensor approach, a license to use a pre-existing work in a motion picture would not allow for a re-purpose of that work into an interactive videogame, unless the contract specifically provided for it. It is difficult to legitimately argue that a license covering motion picture rights also includes, within its "unambiguous core meaning," the use of that work in the form of an interactive videogame due to their apparent differences.\(^7\) This is especially true if the original motion picture license was executed at a time when technology did not allow for such a use.

2. The Pro-Licensee Approach

A case that illustrates the pro-licensee approach is \textit{Bartsch v. Metro-Goldwyn-Mayer, Inc.}\(^7\) In \textit{Bartsch}, a plaintiff brought suit to enjoin an assignee of motion picture rights in a play from allowing the motion picture to be exhibited on television.\(^8\) In holding that the assignment of motion picture rights covered the new use of television, the court stated:

If the words [in the license] are broad enough to cover the new use, it seems fairer that the burden of framing and negotiating an exception should fall on the grantor; if Bartsch or his assignors had desired to limit "exhibition" of the motion picture to the conventional method where light is carried from a

While no federal circuit courts other than the Ninth Circuit have had a published opinion leaning toward the first approach, the First Circuit has stated that, in some instances, the pro-licensor approach should be followed. In the case of \textit{Rey v. Lafferty}, 990 F.2d 1379 (1st Cir. 1993), the court followed the pro-licensee approach but stated that the pro-licensor approach is "particularly appropriate in situations which involve overreaching or exploitation of unequal bargaining power by a licensee in negotiating the contract." \textit{Id.} at 1388; see also discussion \textit{infra} part IV.E. It is also just as important to note that the court stated that "[i]t may also be appropriate to follow the first approach where a particular 'new use' was completely unforeseeable and therefore \textit{could not possibly} have formed part of the bargain between the parties at the time of the original grant." \textit{Rey}, 990 F.2d at 1388 (emphasis in original); see also discussion \textit{infra} part IV.D.

78. \textit{See} discussion \textit{infra} part IV.C. on differences between motion pictures and interactive videogames.

79. 391 F.2d 150 (2d Cir. 1968).

80. The court looked to language in the assignment that gave the assignee "the right 'to copyright, vend, license and exhibit such motion picture photoplays throughout the world.'" \textit{Id.} at 153. The court specifically reasoned that this language included "the right . . . to 'exhibit' the copyrighted motion picture by a telecast without a further grant by the copyright owner." \textit{Id.}

It is interesting to note that this pro-licensee court recognized the fact that because the issue concerns a new use brought about by technology, there was most likely no intent on the particular use contested. \textit{See supra} note 53. The court stated that, in the end, the "decision must turn, as Professor Nimmer has suggested, . . . on a choice between two basic approaches more than on an attempt to \textit{distill} decisive meaning out of language that very likely had none." \textit{Bartsch}, 391 F.2d at 155.
projector to a screen directly beheld by the viewer, they could have said so. 81

The court further reasoned that this approach, as applied to these facts, would guarantee greater dissemination of the copyrighted work. 82

Even if a court were to follow the “preferred approach” 83 in deciding whether a typical motion picture license should allow for a new use of interactive videogames, the court would most likely find that it does not. This is because the new use of the licensed copyright work in interactive videogames is not a use which “may reasonably be said to fall within the medium as described in the license.” 84 It is not a reasonable proposition to claim that the use of an interactive videogame is reasonably similar to the use of motion pictures. When a licensor contemplates her copyrighted work being utilized in a motion picture, it would be unreasonable to expect that the licensor also contemplated that this granted right would allow the licensee to then utilize the work in an interactive videogame. While it is conceivable to hold that videocassette exhibition reasonably falls within the scope of a typical motion picture license, it is inconceivable to hold that interactive videogame exhibition reasonably falls within the same typical license. The medium and purposes of motion pictures are entirely different than those of interactive videogames. The purposes and use of each work, as well as the method of presentation, are substantially different. 85

In the case of interactive videogames, the purpose of the use or medium is to both mentally and physically challenge the user of the game. Additionally, with the interactive videogame, the viewer is actually an active participant with the medium. Whereas with a motion picture, the purpose of the use is to provide a type of mental relaxation and is designed to require no participation from the viewer. While the two uses, and the two mediums, are similar in that they are both designed to provide entertainment, that is the extent of their similarities. Their methods of providing entertainment differ significantly. If a court were to hold that the

81. Bartsch, 391 F.2d at 155. But see Rey v. Lafferty, 990 F.2d 1379, 1388 (1st Cir. 1993) (in applying the preferred, pro-licensee approach, “the burden and risk of drafting licenses whose language anticipates the possibility of any particular ‘new use’ are apportioned equally between [the] licensor and licensee”) (emphasis added).

82. Bartsch, 391 F.2d at 155. (“A further reason favoring the broader view in a case like this is that it provides a single person who can make the copyrighted work available to the public over the penumbral medium . . . .”).

83. See supra note 63.

84. NIMMER & NIMMER, supra note 22, § 10.10[B], at 10-93.

85. See infra discussion part IV.C. (on the differences between motion pictures and interactive videogames).
uses are "reasonably similar," relying on the fact that the two mediums both have entertainment purposes, the court, in essence, would be allowing a motion picture licensee to hold a monopoly on a licensor's rights. 86

C. Mere Improvement in Existing Use or New Technological Use

In determining whether a license encompasses a "new" use, courts have occasionally looked to whether the "new" use is a mere improvement in existing use or is a completely new use. 87 If a court determines that the "new" use is a mere improvement in the existing use, the court will usually construe the license to allow for the "new" use. 88 However, if a court concludes that the "new" use is a complete transformation of the old use, the court will not construe the license to allow for such a new use. 89

This type of analysis was first demonstrated in a case covering a license dispute over "talking" motion pictures. 90 In L.C. Page & Co. v. Fox Film Corp., 91 the court rejected a licensor's claim that his license of "exclusive moving picture rights" did not allow for the use of "talking"

86. But see Heather J. Meeker, Note, Multimedia and Copyright, 20 Rutgers Computer & Tech. L.J. 375, 397 (1994) (arguing that intellectual property law allows an author to engage in monopolistic behavior by refusing to license his work).

87. See, e.g., Cohen v. Paramount Pictures Corp., 845 F.2d 851 (9th Cir. 1988) (comparison of television versus videocassette display); L.C. Page & Co. v. Fox Film Corp., 83 F.2d 196 (2d Cir. 1936) (comparison of talking motion pictures versus silent motion pictures); Bourne Co. v. Walt Disney Co., 1992 Copyright L. Dec. (CCH) ¶ 26, 934 (S.D.N.Y. 1992), rev'd on other grounds, Bourne Co. v. Tower Records, Inc., 976 F.2d 99 (2d Cir. 1992) (cit ing Tele-Pac, Inc. v. Grainger); Tele-Pac, Inc. v. Grainger, 570 N.Y.S.2d 521 (N.Y. App. Div. 1991) (comparison of television versus videocassette display). See also Dabney, supra note 44, at 93-94. ("If an allegedly 'new' technology can be characterized as a mere improvement in a known technology, as opposed to be an entirely new medium or means of exploitation, that can help establish that the technology is encompassed by a license grant.").

"It has [also] been held, for example, that recording contracts made in the era of 78 rpm discs encompassed the 'new' technology of long playing ('LP') vinyl records." Dabney, supra note 44, at 93 (citing Gee v. Columbia Broadcasting Sys., Inc., 471 F. Supp. 600, 657-59 (E.D. Pa. 1979); Granz v. Harris, 98 F. Supp. 906, 909-1000 (S.D.N.Y. 1951); Desmond v. 20th Century Fox Record Corp., 321 N.Y.S.2d 45 (N.Y. App. Div. 1971)).

88. See, e.g., L.C. Page & Co., 83 F.2d at 199; Murphy v. Warner Bros. Pictures, Inc., 112 F.2d 746, 749 (9th Cir. 1940).

89. See Cohen, 845 F.2d at 854 (television and videocassette display have very little in common); Tele-Pac, Inc., 570 N.Y.S.2d at 523 (broadcasting by television is an entirely different concept and technology from that involved in playing a videocassette); Bourne Co. v. Walt Disney Co., 1992 Copyright L. Dec. (CCH) ¶ 26, 934 (S.D.N.Y. 1992), rev'd on other grounds, Bourne Co. v. Tower Records, Inc., 976 F.2d 99 (2d Cir. 1992) (that license of right to record song in synchronization with motion picture does not include right to reproduce in videocassette form). See also Dabney, supra note 44, at 94.

90. See L.C. Page & Co., 83 F.2d at 197.

91. 83 F.2d 196 (2d Cir. 1936).
motion pictures. In support of allowing such a "new" use, the court reasoned that "[t]he development of mechanism making it possible to accompany the screen picture with the sound of spoken words was but an improvement in the motion picture art." The court further explained that sound in motion pictures was "nothing more than a forward step in the same art," and that "the form and area of exploitation were the same." Thus, under this court's reasoning, a "new" use that is a mere improvement in an existing use is allowable under an ambiguous license agreement because the purpose and use remain the same.

As for motion picture licenses and whether interactive videogames may be an allowed use under an ambiguous license, it must then be considered whether the "new" use is a mere improvement in the existing use. Based on the specific language of the L.C. Page court, the two uses are of a different "art," and their "form and area of exploitation" are completely dissimilar. Apart from the fact that they are both designed to entertain, the purposes behind the two uses are completely different. The use or purpose of a motion picture is to tell a story to a non-participant viewer, while that of an interactive videogame is to provide an active, ever-changing mental and physical challenge to an individual viewer. While it would be possible to argue that an interactive videogame is a mere improvement of older "first generation" videogames, it is much more difficult to argue that motion pictures and interactive videogames are even part of the same "art," let alone assert that the latter is a mere improvement of the former.

D. Ability of Parties to Have Contemplated the New Technology

One factor that many courts have discussed, when determining whether a license covers a new technological use, is whether the parties to the license could have contemplated the new technological use. Even
though courts are divided on the importance of this factor, many have nevertheless discussed it when analyzing an ambiguous license.\(^9\) Indeed, this has been the most frequently addressed factor of this highly contested issue.\(^9\) Licensors claim that if the parties were totally unaware of the new technological use or medium, no intent to transfer the rights accompanying its use was possible, and therefore, the license did not encompass such a use.\(^10\) Licensees counter by asserting that the new use should be allowed as long as the possibility of it was commercially known.\(^10\) Additionally, licensees argue that even though the parties may not have contemplated this specific use, the intent to include such use was incorporated by broadly drafting a license to cover all new uses or mediums.\(^10\) Regardless of the particular weight given to this factor, it addresses the paramount question of who shall "reap the entire windfall" of this unanticipated new use.\(^10\)

One of the first cases to apply this factor was *Kirke La Shelle Co. v. Paul Armstrong Co.*\(^10\) *La Shelle* involved the motion picture license to the dramatic rights of a play.\(^10\) In determining that the license did not encompass "talking" motion picture rights, the court relied principally on the fact that "‘talkies’ were unknown commercially and were, therefore, not in contemplation of the parties."\(^10\) The court held that:

Since "talkies" were unknown at the time when the contract was entered into, it cannot be said that "talkie" rights were within the contemplation of the parties either as a subject for the transfer

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98. Rey, 990 F.2d at 1386 (was not a decisive factor); Cohen, 845 F.2d at 854 (operated as a decisive factor for the licensor); Bartsch, 391 F.2d at 154 (operated as a decisive factor for the licensee); Ettore, 229 F.2d at 487 (operated as a decisive factor for the licensor); L.C. Page & Co., 83 F.2d at 199 (was not a decisive factor); Philadelphia Orchestra Ass'n, 821 F. Supp. at 346 (operated as a decisive factor for the licensee); Abkco Music, Inc., 838 F. Supp. at 155 (was not a decisive factor); Kirke La Shelle Co., 188 N.E. at 165 (operated as a decisive factor for the licensor).
99. Rey, 990 F.2d at 1386; Cohen, 845 F.2d at 854; Bartsch, 391 F.2d at 154; Ettore, 229 F.2d at 487; L.C. Page & Co., 83 F.2d at 199; Philadelphia Orchestra Ass'n, 821 F. Supp. at 346; Abkco Music, Inc., 838 F. Supp. at 155; Kirke La Shelle Co., 188 N.E. at 165.
100. See Philadelphia Orchestra Ass'n, 821 F. Supp. at 346; Kirke La Shelle Co., 188 N.E. at 166.
103. See Cohen, 845 F.2d at 854.
104. 188 N.E. 163 (N.Y. 1933).
105. *Id.* at 164.
106. *Id.* at 165.
of an interest therein to the appellant or as included in the motion picture rights specifically excepted.\footnote{107} Thus, this court found it paramount that, in order for a license to include a later developed use not specifically referred to in the contract, that use must have at least been commercially known at the time of the execution of the license.\footnote{108}

A few courts have followed the holding and reasoning of the La Shelle court.\footnote{109} Most notably, due to its strict application of the La Shelle rule, the Ninth Circuit in \textit{Cohen v. Paramount Pictures Corp.} held that a license allowing exhibition by television did not cover distribution of videocassettes for home viewing.\footnote{110} The court stated that the primary reason why the license could not be read to encompass such a new use was that "VCRs for home use were not invented or known . . . when the license was executed."\footnote{111}

However, many courts appear to disapprove of the restrictive interpretation that is given to a license under the La Shelle rule, and have restricted La Shelle's applicability to only a few certain factual situations.\footnote{112} In fact, a few courts, while giving cursory analysis to the La Shelle rule, have gone to great lengths to prove that knowledge of the potential new use was, in fact, commercially known.\footnote{113} The best example of a court's attempt to limit the La Shelle rule was \textit{Philadelphia Orchestra Ass'n}.

\footnotesize{\textsuperscript{107} \textit{Id.} at 166.  
\textsuperscript{108} \textit{See id.} at 165-66.  
\textsuperscript{109} \textit{Cohen}, 845 F.2d at 854 (explaining that the primary reason that a license to exhibit by television did not include the right to exhibit by videocassette was that VCRs for home use were not invented or known at time of license); \textit{Ettore}, 229 F.2d at 491 (holding that television was a new use compared to that of motion pictures, and that the plaintiff should not be deemed to have granted a use not in existence and not contemplated by either party at the time of contracting); \textit{see also Abkco Music, Inc.}, 838 F. Supp. at 157 (La Shelle rule should apply when (1) parties could not have known about invention's existence, and (2) the possibility of such new uses could not have been part of the benefit of the bargain); \textit{Rey}, 990 F.2d at 1379 (if the new use was not completely unforeseeable, Professor Nimmer's pro-licensor approach should apply).  
\textsuperscript{110} 845 F.2d at 855.  
\textsuperscript{111} \textit{Id.} at 854 ("Perhaps the primary reason why the words 'exhibition by means of television' in the license cannot be construed as including the distribution of videocassettes for home viewing is that VCRs for home use were not invented or known in 1969, when the license was executed.").  
\textsuperscript{112} \textit{Bartsch}, 391 F.2d at 154; \textit{L.C. Page & Co.}, 83 F.2d at 198-99; \textit{Philadelphia Orchestra Ass'n}, 821 F. Supp. at 346; \textit{see also Abkco Music, Inc.}, 838 F. Supp. at 157 (La Shelle rule applies only when (1) parties could not have known about invention's existence, and (2) the possibility of such new uses could not have been part of the benefit of the bargain). Many courts look to the sophistication of the licensor to determine whether she should have anticipated the possibility of the new use. \textit{See infra discussion part IV.D.}  
\textsuperscript{113} \textit{Bartsch}, 391 F.2d at 154; \textit{Philadelphia Orchestra Ass'n}, 821 F. Supp. at 346.}
Association v. Walt Disney Co. In 1939, the Philadelphia Orchestra Association licensed to the defendant the right to use its recordings in connection with the feature picture Fantasia. The defendants later released the film in videocassette form and the plaintiff subsequently sued for violation of the license. The plaintiff, relying on La Shelle, asserted that its license did not cover this “new” use because “the technology involved ‘did not exist and [was] not even in contemplation at the time of the 1939 [a]greement.’” However, in attempting to find the possibility of knowledge, the court did not focus on the plaintiff’s own knowledge, but looked instead to whether it could identify anyone that possibly contemplated this new use.

While the La Shelle rule is still discussed as an applicable factor, its impact has generally not been decisive because some courts have gone to great lengths to establish that someone, somewhere, contemplated the contested new use. If, however, one can conclusively establish that a new use or medium was completely incomprehensible at the time of execution, courts would either have to follow the La Shelle rule or dismiss the rule altogether. Of course, establishing that new uses are not within the contemplation of the parties is practically impossible, as most new technology has been predicted by someone before its actual existence.

As for interactive videogames, it is improbable that either party to a motion picture license executed before the mid-1970s would have considered the possibility of the motion picture being re-purposed into an interactive videogame. However, it might be possible for a party or the court to locate someone that claims to have contemplated this new use, thus making the La Shelle rule inapplicable.

115. Id. at 343.
116. Id. at 344.
117. Id. at 346 (alteration in original).
118. Id. The court succeeded in finding the La Shelle rule inapplicable by claiming that this use was not unforeseeable because “[a]s early as 1927, an inventor demonstrated his ‘Phonovisor’ at a London department store using phonograph equipment to record a television signal on a wax disc for playback on a mechanical television device.” Id. The court then stated that “[w]ith this evidence before it, a jury may easily conclude that home video technology was contemplated at the time of the agreement.” Id.
119. Philadelphia Orchestra Ass’n, 821 F. Supp. at 346; see also Bartsch, 391 F.2d at 154 (finding that one reason a motion picture license allowed for exhibition by television was that “[d]uring 1930 the future possibilities of television were recognized by knowledgeable people in the entertainment and motion picture industries,’ though surely not in the scope it has attained”).
120. See Dabney, supra note 44, at 92 (discussing the fact that “popular knowledge of a technology may lag for many years behind its actual development”).
E. Bargaining Position of Both Parties

The sophistication and bargaining position of the parties to a license can affect the outcome of license scope determinations as applied to new technology in two ways. First, courts look to the sophistication of the licensor when deciding whether she should be presumed to have known of the possibility of a new technological use. Second, a few courts will apply the pro-licensor approach when the situation involves "over-reaching or exploitation of unequal bargaining power by a licensee in negotiating the contract." Therefore, when a court finds that the licensee exploited her unequal bargaining power, some courts will construe that license to include "only such uses as fall within the unambiguous core meaning of the term . . . and exclude any uses that lie within the ambiguous penumbra." Additionally, some courts suggest that the pro-licensee approach should be applied when the situation is an "arm's length transaction between sophisticated parties." Thus, the court will allow the licensee, absent contrary intent, to "pursue any uses that may reasonably be said to fall within the medium as described in the license."

When dealing with the question of whether a license for motion pictures encompasses the new use of interactive videogames, a court should consider the bargaining position of the parties to the license. Hence, the court should first look to the sophistication of the licensor to determine whether she will be presumed to have anticipated the possibility of the new

121. See, e.g., Rey v. Lafferty, 990 F.2d 1379, 1388 (1st Cir. 1993).
122. Rey, 990 F.2d at 1391 (court looked to the fact that the licensor was an "elderly woman" who was not represented by counsel during the larger part of the transaction); Bartsch, 391 F.2d at 154 (in holding that the plaintiff was deemed to have known of possibility of new use, the court noted that the licensor was an "experienced businessman"); Ettore, 229 F.2d at 481 (in concluding that it would be unfair to state that the licensor's mind should have averted to the possible new use, court looked to sophistication of the licensor). See also supra part IV.D.
123. See supra note 49-52 and accompanying text.
124. Rey, 990 F.2d at 1388 (court applied pro-licensor approach because the licensor was an "elderly woman" who was not represented by counsel during the larger part of the transaction, while the licensee was an investment firm experienced with licensing agreements). See also Cohen, 845 F.2d at 851.
125. NIMMER & NIMMER, supra note 22, § 10.10[B], at 10-92. See also discussion supra part IV.B.
126. See supra notes 53-55 and accompanying text.
127. See Rey, 990 F.2d at 1388; see also Bartsch, 391 F.2d at 154 (court looked to the fact that the licensor was an experienced businessman in applying the pro-licensee approach).
128. NIMMER & NIMMER, supra note 22, § 10.10[B], at 10-92 to 10-93. See also discussion supra part IV.B.
technology that allowed for interactive videogames.\textsuperscript{129} Second, a few courts would also look to whether there was unequal bargaining power of the licensee to determine which Nimmer policy objective should be undertaken to decide the scope of the license.\textsuperscript{130}

\section*{F. Contractual Language}

While it is impossible to address all conceivable contractual language, two clauses are particularly important in determining whether a new use should be encompassed within a motion picture license: (1) the future advance clause and (2) the reservation of rights clause.

\subsection*{1. Future Advance Clause}

A "future advance clause"\textsuperscript{131} has been a successful vehicle through which licensees of motion picture rights have argued for a broad reading of the license to encompass a new technological use.\textsuperscript{132} A future advance clause is one that states that the licensee may exploit the licensed work through "any means or methods now or hereafter known."\textsuperscript{133} A few courts have held that these types of clauses expressly grant to the licensee the benefits of all future technological uses and mediums, and thereby do not allow a licensor to claim that she did not contemplate or anticipate the new use.\textsuperscript{134} In fact, even the pro-licensor court in \textit{Cohen v. Paramount Pictures Corp.}\textsuperscript{135} suggested in its opinion that licenses with future advance clauses can confer "the right to . . . [use] films by methods yet to be invented."\textsuperscript{136}

\begin{itemize}
    \item \textsuperscript{129} \textit{Bartsch}, 391 F.2d at 154; \textit{Entore}, 229 F.2d at 481.
    \item \textsuperscript{130} \textit{Rey}, 990 F.2d at 1388. \textit{See also Cohen}, 845 F.2d at 851.
    \item \textsuperscript{131} A "future advance" clause is a term given by the author to various clauses that attempt to include within a license grant all possible future advances or uses. \textit{See, e.g.}, \textit{Rooney v. Columbia Pictures Indus., Inc.}, 538 F. Supp. 211, 229 (S.D.N.Y. 1982) ("by other improvements and devices which are now or may hereafter be used"); \textit{Platinum Record Co. v. Lucasfilm, Ltd.}, 566 F. Supp. 226, 227 (D.N.J. 1983) ("any means or methods now or hereafter known"); Tele-Pac, Inc. v. Grainger, 570 N.Y.S.2d 521, 522 (N.Y. App. Div. 1991) ("by television or any other similar device now known or hereafter to be made known").
    \item \textsuperscript{132} \textit{See Platinum Record Co.}, 566 F. Supp. at 227; \textit{Rooney}, 538 F. Supp. at 213. \textit{See also Rey}, 990 F.2d at 1389 (discussing impact of future advance clauses).
    \item \textsuperscript{133} \textit{Platinum Record Co.}, 566 F. Supp. at 227.
    \item \textsuperscript{134} \textit{Id.} at 227-28; \textit{Rooney}, 538 F. Supp. at 229. \textit{But see Tele-Pac, Inc.}, 570 N.Y.S.2d at 523 (reading license narrowly not to allow exhibition by videocassette even though the license contained a future advance clause).
    \item \textsuperscript{135} 845 F.2d 851 (9th Cir. 1988).
    \item \textsuperscript{136} \textit{Id.} at 855. However, the court in \textit{Cohen} required that the future advance clause modify the specific right in question in order for the clause to be read to grant future uses associated with
The case most often cited for the above proposition is *Rooney v. Columbia Pictures Indus., Inc.* 137 In *Rooney*, the plaintiff licensed to the defendants the rights to exhibit his motion pictures. 138 The license stated that the defendants could exhibit the films by "other improvements and devices which are now or may hereafter be used." 139 In holding that this license encompassed the new use of exhibition by videocassette in the home, the court stated the often quoted rule of future advance clauses: "Where . . . a party has acquired a contractual right which may fairly be read as extending to media developed thereafter, the other party can hardly avoid the contract's application to such media by establishing that the precise nature of the advance was not anticipated." 140

In the analysis of the specific issue of motion picture licenses and the new use of interactive videogames, it is important to note that a license with a future advance clause will not automatically include such a new use. 141 It may be possible for a licensor to argue that the new use of interactive videogames is not an "advance" in the current media. 142 Instead, the licensor may argue that this new use is one that is not part of the technological continuum of new uses of the preexisting media, but a completely new and, more importantly, unrelated use. 143

2. Reservation of Rights Clause

Just as a clause in a license may operate to include a new use, a "reservation of rights clause" 144 may exclude new uses from being

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138. Id. at 213.
139. Id. at 229.
140. Id.
141. *See, e.g.*, Tele-Pac, Inc., 570 N.Y.S.2d at 522 (holding that the license to distribute motion pictures "for television or any other similar device now known or hereafter to be made known" did not encompass the new use of videocassettes and videodiscs).
142. *See id.*  See also discussion supra part IV.C.
143. *See Tele-Pac, Inc.*, 570 N.Y.S.2d at 524 (pointing out the basic differences between the two uses in determining the new use was not encompassed within license with a future advance clause).  See also discussion supra part IV.C.
144. A reservation of rights clause is a provision in a license that reserves to the licensor all rights that are not expressly granted to the licensee in the license. *See, e.g.*, Dabney, supra note 44, at 95 (reservation of rights clause reserves "to the licensor all rights not expressly granted to the licensee").
encompassed within a license. Under a reservation of rights clause, the licensor attempts to retain or reserve any right that is not expressly granted to the licensee in the license. However, just because one drafts a license with a reservation of rights clause, it does not mean that a court will hold that the license does not encompass a new use. Courts may interpret that the right to exploit new uses was, in fact, given under the license, and therefore not reserved. Thus, one must carefully draft the granting language of a license with a reservation of rights clause, just as carefully as one does with a license without a reservation clause.

The Second Circuit, in Bartsch v. Metro-Goldwyn-Mayer, Inc., interpreted a motion picture license broadly to encompass the new medium of television distribution, even though the license included a reservation of rights clause. The licensee was able to have the license include the new use by arguing that the licensor gave him the right of future uses, and therefore, the new use was not reserved. The court gave little attention to the fact that the license had a reservation clause and stated in a footnote that it could not "read [the reservation clause] as standing for more than the truism that whatever Bartsch had not granted, he had retained." The court held that Bartsch had granted the right for the new use, and thus, the reservation clause did not have any effect.

In contrast, some courts have given reservation of rights clauses more meaning and held that they help to exclude a new use or medium from being encompassed within a license. In Cohen v. Paramount Pictures, Inc., the Ninth Circuit stated that a reservation of rights clause "oper-

145. See Cohen, 845 F.2d at 854 (reservation of rights clause "operates to preclude uses not then known to, or contemplated by the parties"); see also Tele-Pac, Inc., 570 N.Y.S.2d at 526 (the granting language of the license was by its own terms sufficiently limited so that no express reservation of rights is required.). But see Bartsch, 157 F.2d at 154 n.1 (reservation of rights clause could not be read "as standing for more than the truism that whatever [the licensor] had not granted, he had retained").

146. See supra note 140.

147. See Bartsch, 391 F.2d at 155 (even though motion picture license contained a reservation of rights clause, court allowed for the new use of exhibiting by television).

148. See id. at 154 n.1.

149. 391 F.2d 150 (2d Cir. 1968).

150. Id. at 153, 155. The reservation of rights clause in Bartsch limited the rights of the licensee to those "specifically . . . granted herein" and reserved to the licensor "all other rights now in existence or which may hereafter come into existence." Id. at 154 n.1.

151. Id. at 154.

152. Id.

153. Id. at 155.

154. See Cohen, 845 F.2d at 854.

155. 845 F.2d 851 (9th Cir. 1988).
ate[d] to preclude uses not then known to, or contemplated by the parties."'156 Thus, in contrast with the court in Bartsch, the court in Cohen allowed a reservation clause to benefit the licensor.157 Additionally, it is important to note that a few courts have stated that reservation of rights clauses do not have to be expressly stated in the license, and therefore, may be implied.158

While a reservation of rights clause will not always operate to exclude new uses, it can exist as a factor to establish that a licensor did not intend to transfer the rights to new uses not anticipated or contemplated by her.159 Moreover, if the licensor is able to use the reservation clause to help establish the absence of her intent regarding a new use, it may prove very helpful.160

V. CONCLUSION

The determination of whether a license encompasses new technological uses and mediums is an area of the law that will continue to grow as technology advances. Licenses written and executed carefully today will invariably be questioned at a later date to determine whether they can be read to encompass a new use or medium. This has repeatedly been proven true in the area of motion picture licenses.

Little agreement exists among the different courts on the exact methodology to be used or the importance of different factors when addressing the question of application of licenses to new uses. This article has attempted to organize the approaches and many factors that the courts have considered when determining this issue.

The new medium or use of interactive videogames, unless intended by the licensor, should not be encompassed within the uses allowed in a typical motion picture license. Regardless of which policy approach is followed by a court, the new use of interactive videogames is outside of all

156. Id. at 854.
157. See discussion supra part IV.F.2.
158. Rey, 990 F.2d at 1390 (stating that, although the license did not contain specific limiting language, such a limitation was reasonably inferable for the general situation of the parties and the general tenor of the license); Tele-Pac, Inc., 570 N.Y.S.2d at 523 (holding that the granting language of the license was by its own terms sufficiently limited so that no express reservation of rights is required).
159. See Cohen, 845 F.2d at 854 (reservation clause operated to "preclude uses not then known to, or contemplated by the parties"). See also Grogan, supra note 59, at 8 ("[T]he cases suggest that emphasizing your reservation of rights is likely to be of benefit.").
160. See discussion supra part IV.A (discussion that intent of the parties controls if ascertainable).
reasonable interpretations of a typical motion picture license.\textsuperscript{161} Under the pro-licensor approach, a court should not allow the new use of the interactive videogames because it does not fall within the unambiguous core meaning of allowable uses of a typical motion picture license.\textsuperscript{162} Under the pro-licensee approach, a court should not allow the new use of interactive videogames because the use is not within a reasonable interpretation of a typical motion picture license due to the inherent differences between the uses and purposes of the two media.\textsuperscript{163} Furthermore, a typical motion picture license should not be interpreted to encompass the new use of the interactive videogame because the interactive videogame is not a mere improvement in the existing technology, but is instead a completely new use of motion pictures.\textsuperscript{164} Moreover, this new use could not have been anticipated or contemplated by either party, unless licensed quite recently, because the technology allowing for this repurposing is relatively new.\textsuperscript{165} Thus, a court, applying any of the approaches and factors analyzed above, should find that, absent contrary intent, a typical motion picture license should not be read to include the new use of interactive videogames.

\textsuperscript{161} See discussion \textit{supra} part IV.B.
\textsuperscript{162} See discussion \textit{supra} part IV.B.1.
\textsuperscript{163} See discussion \textit{supra} part IV.B.2.
\textsuperscript{164} See discussion \textit{supra} part IV.C.
\textsuperscript{165} See discussion \textit{supra} part IV.D.