

# Lawyers For The Talent

Entertainment Law

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## Lawyers For The Talent

by Richard Dooling

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## I Disclaim

I am an author and sometimes a screenwriter. I'm also a lawyer, and I teach Entertainment Law at the University of Nebraska College of Law, but I am not *your* lawyer, and the text you find here is *not* legal advice.

To paraphrase Hunter Thompson:

The entertainment industry is a cruel and shallow money trench ... a long plastic hallway where thieves and pimps run free and good men die like dogs.

It's no place to be guessing about your legal rights. If you need legal advice, please get a lawyer.

## Idea Protection

If the screenwriter has not yet written the screenplay she has in mind, she is unable to rely on copyright law to protect her idea. But what if she wants to tell a producer about her idea, in case the producer wants to hire her to write it? How can she prevent the producer from stealing the idea and developing it with someone else?

### *Desny v. Wilder*, (CA. 1956).

California Supreme Court (1956)

- [Case at Google Scholar](#)
- [Case in Westlaw](#)
- [A Good Summary](#)

In the late 1940s, writer Victor Desny telephoned director-producer [Billy Wilder](#) (*Sunset Blvd*, *Some Like It Hot*, and many others) to set up an appointment to meet with Wilder, so that Desny could pitch his story idea for a movie. Wilder's secretary told Desny to write a synopsis describing the idea. Two days later, Desny called back and dictated the synopsis to the secretary. Desny told the secretary that he expected compensation if the idea was used, and she assured him that he would be paid if his idea were used. Wilder stole Desny's idea and made a movie called *Ace In The Hole*.

Desny sued and won because he had made a deal that he would be paid if his idea were used. Otherwise, as the court observed, “ideas are as free as the air.”

### Excerpts From *Desny v. Wilder*

California Supreme Court (1956)

SCHAUER, J.

[Desny completed an untitled dramatic composition based on the life of Floyd Collins. Desny called Wilder’s office at Paramount and spoke to his secretary, stating that he wished to see Wilder. The secretary asked that he explain his purpose and he “told her about this fantastic unusual story,” describing a story about a boy trapped in a cave. Desny asked if he could send a copy of his story to Wilder, but the secretary stated it would need to be edited down to a synopsis by the script department first. Desny told the secretary he would abbreviate it himself. Two days later, Desny called Wilder’s office to inform her the synopsis was ready. The secretary asked that he read it to her over the phone so she could take it down in shorthand and Desny did so. The secretary stated she would talk it over with Wilder and get back to Desny. Desny told her Wilder could use the story only if they paid him “the reasonable value of it ...” The secretary said that if Wilder used the story, “naturally we will pay you for it.” Desny spoke to Wilder’s office once again in 1950 to protest the alleged use of his composition and idea in the movie *Ace in the Hole* made by Wilder. *Ace in the Hole* closely parallels both Desny’s synopsis and the history and life of Floyd Collins. It also contains a fictional incident which appears in Desny’s synopsis and which he claims is his creation.]

It may be that plaintiff’s concessions and arguments, in the light of the pleadings and evidence, are intended to suggest that there is some nebulous middle area between an abstract idea and a literary composition, wherein the idea has been cast in “concrete” form but not “concrete” enough to constitute a literary property....

However, for the purposes of this case at least, we find it unnecessary and undesirable to recognize any such hybrid, although we are aware that the Supreme Court of the United States has spoken of a “quasi property” right in news gathered and disseminated by a news service agency. The plaintiff here, we conclude, must stand or fall, and this case will be resolved, on rules applicable to ideas on the one hand or literary property on the other.

Generally speaking, ideas are as free as the air... But there can be circumstances when neither air nor ideas may be acquired without cost ... The producer may think up the idea himself, dress it and portray it; or he may purchase either the conveyance of the idea alone or a manuscript embodying the idea in the author’s

concept of a literary vehicle giving it form, adaptation and expression. It cannot be doubted that some ideas are of value to a producer.

An idea is usually not regarded as property, because all sentient beings may conceive and evolve ideas throughout the gamut of their powers of cerebration and because our concept of property implies something which may be owned and possessed to the exclusion of all other persons ...

We conclude that conveyance of an idea can constitute valuable consideration and can be bargained for before it is disclosed to the proposed purchaser ... But, assuming legality of consideration, the idea purveyor cannot prevail in an action to recover compensation for an abstract idea unless (a) before or after disclosure he has obtained an express promise to pay, or (b) the circumstances preceding and attending disclosure, together with the conduct of the offeree acting with knowledge of the circumstances, show a promise of the type usually referred to as "implied" or "implied-in-fact." ... Such inferred or implied promise, if it is to be found at all, must be based on circumstances which were known to the producer at and preceding the time of disclosure of the idea to him and he must voluntarily accept the disclosure, knowing the conditions on which it is tendered ... Unless the offeree has opportunity to reject he cannot be said to accept.

It is not essential to recovery that plaintiff's story or synopsis possess the elements of copyright protectibility if the fact of consensual contract be found ... Neither can we hold, on the state of the record, that plaintiff's synopsis is devoid of the elements necessary to give it some measure of such protectibility. While the trial court, or an appellate court on a sufficient record, may determine the specific extent of an author's property right in any particular work ... it is unnecessary on this appeal to define the limits more exactly than has already been done.

Here, as conceded by defendants for purposes of their summary judgment motion, plaintiff, in accordance with his testimony, submitted his synopsis to them through defendant Wilder's secretary and such submission included a declaration by both plaintiff and the secretary that defendants were to pay for his story if they used it. The mere fact that at the time of plaintiff's first telephone call to Wilder's office he described the central idea of the story to the secretary in response to her insistence that he explain the purpose of his call would not as a matter of law deprive plaintiff of the right to payment for the story as discussed by him and the secretary when he again spoke with her two days later and at her request read his synopsis to her, for her to take down in shorthand for defendants' consideration; the two conversations appear to have been parts of a single transaction and must be construed as such ...

## *Montz v. Pilgrim Films & Television, Inc.*

United States Court of Appeals Ninth Circuit (2011)

- [case on Google Scholar](#)

SCHROEDER, Circuit Judge:

In Hollywood, writers commonly submit copyrighted scripts to producers with the understanding that if the script is used, the producer must compensate the writer for the use of the copyrighted material. But what happens when the producer uses the idea or concept embodied in the script, but doesn't pay? The Supreme Court of California, in 1956, answered this question by recognizing an implied contractual right to compensation when a writer submits material to a producer with the understanding that the writer will be paid if the producer uses the concept. [Desny v. Wilder \(CA 1956\)](#)

A so-called “Desny claim” has remained viable under California law for over fifty years. This court applied that California law in [Grosso v. Miramax Film Corp. \(9th Cir. 2004\)](#), where we held that such an implied contractual claim is not preempted by federal copyright law. We explained that the contractual claim requires that there be an expectation on both sides that use of the idea requires compensation, and that such bilateral understanding of payment constitutes an additional element that transforms a claim from one asserting a right exclusively protected by federal copyright law, to a contractual claim that is not preempted by copyright law. *Grosso* has firm roots in our federal law as well as in the California law. Earlier, we recognized that a claim for unjust enrichment is essentially equivalent to a claim of copyright infringement and is therefore preempted. Yet we had also recognized a claim for breach of contract that was not preempted where the plaintiff establishes he had a reasonable expectation of payment for use. [Landsberg v. Scrabble Crossword Game Players, Inc., \(9th Cir. 1986\)](#).

We recently followed *Grosso* in [Benay v. Warner Bros. Entm't, Inc., \(9th Cir. 2010\)](#), and held a contractual claim was not preempted. We said that “contract law, whether through express or implied-in-fact contracts, is the most significant remaining state-law protection for literary or artistic ideas.” *Id.* The three judge panel in this case, however, found a similar claim preempted.

We again hold that copyright law does not preempt a contract claim where plaintiff alleges a bilateral expectation that he would be compensated for use of the idea, the essential element of a *Desny* claim that separates it from preempted claims for the use of copyrighted material. We see no meaningful difference between the conditioning of use on payment in *Grosso* and conditioning use in this case on the granting of a partnership interest in the proceeds of the production. *Montz*, as did

the plaintiffs in *Desny* and *Grosso*, has alleged he revealed his concept to defendants reasonably expecting to be compensated, if his concept was used. We conclude that the district court's judgment dismissing the contractual claim as preempted must be reversed.

Plaintiffs' complaint also alleged a claim under California law for breach of confidence. The district court dismissed it as preempted, as well, and the panel affirmed. We also reverse the judgment dismissing that claim and remand both for further proceedings.

## **I. Factual Background**

In 1981, Plaintiff Larry Montz, a parapsychologist, conceived of an idea for a television show that would follow a team of paranormal investigators conducting field investigations. As envisioned, each episode would follow the team to different real-world locations, where they would use magnetometers, infrared cameras, and other devices to investigate reports of paranormal activity. According to the complaint, from 1996 to 2003, Montz and Plaintiff Daena Smoller, a publicist and a producer, pitched Montz's idea to television studios, producers, and their representatives, including representatives of NBC and the Sci-Fi channel. A number of meetings and discussions took place, and Montz and Smoller presented screenplays, videos, and other materials relating to their proposed show. Ultimately, the studios indicated that they were not interested.

Three years later, in November 2006, Montz and Smoller filed a complaint against Pilgrim Films & Television, Inc., NBC Universal Inc., Craig Piligian, Jason Conrad Hawes, and ten unknown defendants in federal district court, alleging copyright infringement, breach of implied contract, breach of confidence, and several other causes of action. According to the complaint, after the meetings with Montz and Smoller, NBC partnered with Piligian and Pilgrim to produce a series on the Sci-Fi Channel based on the plaintiffs' materials. The show, called *Ghost Hunters*, starred Hawes as the leader of a team of investigators who travel across the country to study paranormal activity.

Plaintiffs' complaint specifically alleged that defendants breached an implied-in-fact contract. The complaint described the terms of the agreement:

Plaintiffs communicated their ideas and creative concepts for the "Ghost Hunters" to the Defendants, pursuant to the standard custom and practice in the industry with respect to the exchange of creative ideas, under the following terms:

- a. that Plaintiffs' disclosure of their ideas and concepts was strictly confidential;
- b. that the Defendants would not disclose, divulge or exploit the Plaintiffs' ideas and concepts without compensation and without obtaining the Plaintiffs' consent; and
- c. that, by accepting the Plaintiffs' disclosure of its concept, the Defendants accepted and agreed to abide by the foregoing terms.

The complaint further alleged that plaintiffs presented the concept on the express condition that they made the presentation as an offer to partner with the defendants and that plaintiffs justifiably expected to receive a share of the profits derived from any use of the idea:

The Plaintiffs presented their ideas for the "Ghost Hunter" Concept to the Defendants in confidence, pursuant to the custom and practice of the entertainment industry, for the express purpose of offering to partner with the Defendants in the production, broadcast and distribution of the Concept. Accordingly, the Plaintiffs justifiably expected to receive a share of any profits and credit that might be derived from the exploitation of its ideas and concepts for the Concept.

The dissent appears to overlook these clear allegations that compensation was expected in accord with industry practice.

Plaintiffs also alleged that defendants breached their confidential relationship "by taking Plaintiffs' novel ideas and concepts, exploiting those ideas and concepts, and profiting therefrom to the Plaintiffs' exclusion ..." The complaint therefore alleged a claim under California law of breach of confidence.

## **II. Procedural Background**

Defendants moved to dismiss the complaint under Federal Rule of Civil Procedure 12(b)(6) ... The district court granted in part and denied in part the defendants' motion. The court concluded that the complaint alleged facts sufficient to state a federal copyright claim, but that federal copyright law preempted the plaintiffs' state-law claims. The court dismissed the state-law claims with prejudice and without leave to amend.

Plaintiffs amended their copyright claim and added Universal Television Networks as a defendant. Subsequently, the parties stipulated to the voluntary dismissal of the amended copyright claim with prejudice. With no remaining claims to be adjudicated, the district court entered final judgment in favor of the defendants.

The plaintiffs timely appealed the dismissal of their breach of implied contract and breach of confidence claims.

On June 3, 2010, the three-judge panel affirmed, holding both claims preempted by federal copyright law. *Montz v. Pilgrim Films & Television, Inc.*, (9th Cir. 2010). We ordered a rehearing of this case en banc pursuant to a vote of the majority of active judges.

### III. California Implied-in-Fact Contract Law

Writers in the Hollywood film industry often submit scripts to producers, or set up meetings with them, in the hope of selling them scripts and concepts for movies. The practice has carried over into television. Since the writer is looking for someone to turn the written work into an entertainment production, writers often pitch scripts or concepts to producers with the understanding that the writer will be paid if the material is used. Since an idea cannot be copyrighted, a concept for a film or television show cannot be protected by a copyright. But the concept can still be stolen if the studio violates an implied contract to pay the writer for using it.

In *Desny*, the California Supreme Court recognized that a writer and producer form an implied contract under circumstances where both understand that the writer is disclosing his idea on the condition that he will be compensated if it is used. *Desny*. There, defendant Billy Wilder, famed director of *Sunset Boulevard* and *Witness for the Prosecution*, allegedly entered into an implied contractual arrangement that was initiated when the plaintiff telephoned Wilder's office and pitched a movie idea to Wilder's secretary who, along with Wilder, understood Wilder was to pay if he used the story. *Id.* Wilder produced a film, *Ace in the Hole*, allegedly based on the idea plaintiff had pitched for a movie inspired by the "life story of Floyd Collins who was trapped [in a cave] and made sensational news for two weeks." *Id.* Wilder allegedly failed to compensate the plaintiff, and the California Supreme Court held that, given the entertainment industry norms, the plaintiff had sufficiently plead the breach of an implied contract to pay for use of his idea. The issue here is whether copyright law now preempts such claims.

### IV. Copyright Preemption

The Copyright Act of 1976 expressly preempts state claims where the plaintiff's work "comes within the subject matter of copyright" and the state law grants "legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright." ... The scope of copyright subject matter does not extend to ideas that are not within a fixed medium. Section 301(b) specifically



excludes non-fixed ideas from the Copyright Act's scope; the statute describes "works of authorship not fixed in any tangible medium of expression" as "subject matter that does not come within the subject matter of copyright." 17 U.S.C. § 301(b). Ideas that are still purely airborne are thus not even within the subject matter of copyright. Once an idea has been written down or otherwise recorded, however, we have recognized that it satisfies the Copyright Act's writing requirement because it is fixed in a tangible medium.

For preemption purposes, ideas and concepts that are fixed in a tangible medium fall within the scope of copyright. ... Fixed ideas falls within the subject matter of copyright and thus satisfies the first prong of the statutory preemption test, despite the exclusion of fixed ideas from the scope of actual federal copyright protection.

Accordingly, the major focus of litigation has been on the second prong of the preemption test: whether the asserted state right is equivalent to any of the exclusive rights within the general scope of copyright. To survive preemption, a state cause of action must assert rights that are qualitatively different from the rights protected by copyright. In *Grosso*, we held that the rights created under California law emanating from *Desny* were qualitatively different from the rights protected by federal copyright law because a *Desny* claim includes an added element: an agreement to pay for use of the disclosed ideas. Contract claims generally survive preemption because they require proof of such an extra element.

The California Courts of Appeal have uniformly concluded that *Desny* claims are not preempted because they flow from agreements and understandings different from the monopoly protection of copyright law. The California decisions focus on the personal nature of the relationship formed in idea submission cases: "The creation of an implied-in-fact contract between an author, on the one hand, and an agent, producer, or director, on the other hand, is of such a personal nature that it is effective only between the contracting parties." ... Thus, it is unlike a copyright that is a public monopoly. The rights protected under federal copyright law are not the same as the rights asserted in a *Desny* claim, and the California state courts have recognized this consistently over the decades.

In recent years, litigation has, not surprisingly, moved to the federal courts where defendants have hoped for greater success in pressing for copyright preemption ...

In a later case, however, a district court held that an implied-in-fact contract claim survived Copyright Act preemption because it was substantively different from a copyright claim: "The whole purpose of the contract was to protect Plaintiff's rights to his ideas beyond those already protected by the Copyright Act..." [\*Groubert v. Spyglass Entm't Group\*, \(C.D.Cal. 2002\)](#). Nimmer expressly approved this decision. We agreed with this assessment when we decided in *Grosso* that copyright law does not preempt an implied contractual claim to compensation for

use of a submitted idea. We reaffirm that rule today....

Plaintiffs' claim for breach of confidence also survives copyright preemption. The claim protects the duty of trust or confidential relationship between the parties, an extra element that makes it qualitatively different from a copyright claim.

## **V. Sufficiency of the Complaint as to the Breach of Implied Contract and Breach of Confidence Claims**

Defendants argue that the complaint fails to allege sufficient facts to make out a claim for breach of implied contract. They assert that it lacks any allegation (1) that Montz and Smoller disclosed their idea for sale, (2) that they expected to be reasonably compensated for the idea, and (3) that defendants knew the conditions on which it was offered. Yet the complaint makes all three allegations and closely tracks the complaint we found sufficient in *Grosso*.

Defendants similarly argue that Montz and Smoller failed to allege sufficient facts to make out their claim for breach of confidence. They argue that there is no allegation (1) that plaintiffs disclosed "confidential and novel information," and (2) that defendants knew it was supposed to be kept confidential. But the complaint clearly contains these allegations as well.

## **VI. Conclusion**

The judgment of the district court is REVERSED and the matter REMANDED for further proceedings on plaintiffs' remaining claims.

### ***Montz* Dissent**

O'SCANNLAIN, Circuit Judge, Joined by GOULD, TALLMAN and BEA, Circuit Judges, dissenting:

Montz does not claim to have sold his rights as a copyright owner. To the contrary, he alleges that he retained those rights, and that Pilgrim implicitly promised *not* to use or to disclose his ideas *without his consent*. As the district court properly held, an action to enforce a promise not to use or to disclose ideas embodied in copyrighted material without authorization asserts rights equivalent to those protected by the Copyright Act. Accordingly, the district court's determination that the Copyright Act preempts Montz's claims should be affirmed. I respectfully dissent from the Court's opinion to the contrary ...

## I

I shall address only the second prong [of the preemption analysis]: whether Montz's claims are "equivalent" to the exclusive rights afforded to copyright owners by section 106.

## A

Montz's breach-of-implied-contract claim consists of the following allegations: (1) "the Plaintiffs presented their ideas for the 'Ghost Hunter' Concept to the Defendant in confidence, pursuant to the custom and practice of the entertainment industry, for the express purpose of offering to partner with the Defendants in the production, broadcast and distribution of the Concept," (2) "by accepting the Plaintiffs' disclosure of its concept," the defendants agreed that they "would *not* disclose, divulge or exploit the Plaintiffs' ideas and concepts without compensation and *without obtaining the Plaintiffs' consent*," (3) "the Plaintiffs justifiably expected to receive a share of any profits and credit that might be derived from the exploitation of [their] ideas and concepts," and (4) "by producing and broadcasting the Concept," "the Defendants breached their implied agreement not to disclose, divulge or exploit the Plaintiffs' ideas and concepts *without the express consent of the Plaintiffs*, and to share with the Plaintiffs ... the profits and credit for their idea and concepts." (emphasis added).

To distinguish itself from a copyright claim, a state law claim "must protect rights which are qualitatively different from the copyright rights." *Laws v. Sony* (9th Cir. 2006). This requires that the state claim have an "extra element which transforms the nature of the action." Montz's breach-of-implied-contract claim fails this test.

Under section 106, a copyright owner has the exclusive rights to reproduce, to distribute, and to display the copyrighted work, as well as to prepare derivative works based on the copyrighted work. 17 U.S.C. § 106. Section 106 also provides a copyright owner with the exclusive rights to authorize such reproduction, distribution, display, and preparation. *Id.* Montz alleges that "by producing and broadcasting" *Ghost Hunters*, "the Defendants breached their implied agreement not to disclose, divulge or exploit the Plaintiffs' ideas and concepts without their express consent." In other words, Montz asserts that Pilgrim produced and broadcast a television program derived from Montz's screenplays, video, and other materials *without authorization*. These rights are equivalent to the rights of copyright owners under section 106—namely, the exclusive rights to authorize reproduction, distribution, and display of original works, and to authorize preparation of derivative works.

## B

With respect, I suggest the majority does not appreciate the significance of Montz's refusal to authorize Pilgrim to use the ideas embodied in his materials. This is not the same as authorizing Pilgrim to use his ideas so long as it pays him. A copyright is not just the right to receive money upon the use of a work; it is "the right to control the work, including the decision to make the work available to or withhold it from the public." [Laws](#). Indeed, because a copyright gives its owner a property right—not merely a liability right—injunctive relief for copyright infringement is provided for by Congress, and is routinely granted by courts.

To be sure, many copyright owners choose to sell the right to control their work. But a copyright holder may turn down money—or accept less money—in exchange for retaining more control over, and more involvement with, his work. For instance, Matt Damon and Ben Affleck famously refused to sell the rights to *Good Will Hunting* until they were promised starring roles in the film. Such is the case here: Montz did not offer to sell his idea to Pilgrim; he offered "to partner" with Pilgrim in the show's "production and distribution." And when that offer was refused, Montz received an implied promise that Pilgrim would not use the ideas embodied in his materials without his consent.

Thus, Montz does not claim to have sold the rights to the ideas embodied in his materials, as did the plaintiff in [Grosso v. Miramax Film Corp.](#), (9th Cir. 2004). *Grosso* involved a particular type of breach-of-implied-contract claim, the elements of which the California Supreme Court elucidated in [Desny v. Wilder](#), (CA 1956). To state a *Desny* claim, the plaintiff must plead that he "prepared the work, disclosed the work to the offeree for sale, and did so under circumstances from which it could be concluded that the offeree voluntarily accepted the disclosure knowing the conditions on which it was tendered and the reasonable value of the work." [Grosso](#).

"Mirroring the requirements of *Desny*," the complaint in *Grosso* alleged the plaintiff had submitted a movie script to the defendants "with the understanding and expectation ... that [he] would be reasonably compensated for its use by Defendants." *Id.* We concluded that the defendants' "implied promise to pay" for use of the idea embodied in the script constituted "an 'extra element' for preemption purposes." The subject of the implied contract, then, was the sale of the plaintiff's idea. The plaintiff asserted that he had "disclosed [his] work to the offeree for sale," and that, by using the ideas embodied in his work, the offeree had implicitly agreed to pay for it. *Grosso*.

By contrast, Montz alleges that he retained his rights as a copyright owner. Montz "presented [his] ideas for the 'Ghost Hunter' Concept to the Defendants ... for the express purpose of offering to partner with the Defendants in the production,

broadcast and distribution of the Concept.” Pilgrim rejected the offer but allegedly promised implicitly not to use Montz’s ideas “without [his] consent.” Therefore, according to the complaint, Pilgrim did not promise to pay for the use of Montz’s ideas. Rather, it promised (implicitly) to respect Montz’s rights to the production, distribution, and broadcast of his work. Put differently, it promised to respect the rights afforded to Montz by the Copyright Act.

The majority asserts that there is “no meaningful difference between the conditioning of use on payment in *Grosso* and conditioning use in this case on the granting of a partnership interest in the proceeds of the production.” This was never the issue. The *Montz* panel did not rely on the difference between seeking compensation in the form of a lump sum versus a percentage of profits. Rather, it relied on the difference between authorizing the use of one’s work in exchange for money, and not authorizing the use of one’s work at all. I am mindful of Montz’s allegation that he expected to receive compensation and credit if his ideas were ever used. But this fact alone is not sufficient to “transform the nature of the action.” *Laws*. Montz expected to receive compensation and credit for use of his work only because he also expected—as any copyright owner would—that his work would not be used without authorization. Far from being “transformative,” entitlement to compensation and credit under the implied contract was merely the result of the contract’s prohibition against unauthorized use of Montz’s work. There is thus nothing in the complaint that “qualitatively distinguishes” the breach-of-implied-contract claim from a copyright claim. *Id.*

## C

The majority insists that by limiting implied contract protection to those who authorize the use of their work in exchange for consideration, “the dissent misses the point.” But it is not clear just what point I am missing. If the point is to fill “the gap that would otherwise exist between state contract law and copyright law,” *Id.* at 981, then I suggest that a focus on authorization is entirely appropriate. Where a copyright owner authorizes the use of his work, but does not receive the consideration he was promised, he has a contract claim; where a copyright owner does not authorize the use of his work, but, nonetheless, someone uses it to produce a substantially similar work, he has a copyright claim.

If, however, “the point” is to provide greater protection against the unauthorized use of copyrighted material than is afforded under the Copyright Act, then it is a point I am glad to miss, as it is inconsistent with the objectives of Congress. The Copyright Act strikes a balance between the property rights of copyright owners, and the expressive rights of the rest of the creative community, by permitting copyright suits only where “there is substantial similarity between the protected

elements” of the two works. *Benay v. Warner Bros. Entm’t, Inc.* (9th Cir. 2010). Here, Montz attempts to use an implied contract claim to do what the Copyright Act does (i.e., to protect the unauthorized use of copyrighted materials). The only difference is that Montz’s implied contract claim would protect those rights more broadly because California implied contract law does not require as strict a showing of substantial similarity as federal copyright law. But the “fact that the state-created right is ... broader ... than its federal counterpart will not save it from pre-emption.”

## II

Montz’s breach-of-confidence claim also asserts rights equivalent to the rights protected by the Copyright Act. The complaint states that “the Plaintiffs’ disclosure of their ideas and concepts [was] strictly confidential,” and that “by taking the Plaintiffs’ novel ideas and concepts, exploiting those ideas and concepts, and profiting therefrom to the Plaintiffs’ exclusion, the Defendants breached their confidential relationship with the Plaintiffs.” Such claim simply echoes the allegations of the breach-of-implied-contract claim. Indeed, the alleged breach-of-confidence stems from the alleged violation of the very rights contained in section 106—the exclusive rights of copyright owners to use and to authorize use of their work.

The majority relies on two elements to distinguish the rights asserted in Montz’s breach-of-confidence claim from the rights protected by the Copyright Act. First, the breach-of-confidence claim requires Montz to show that Pilgrim disclosed confidential material (i.e., the ideas embodied in Montz’s materials) to third parties. But a copyright affords its owner the same right: the right against unauthorized disclosure of copyrighted work. Second, the breach-of-confidence claim requires that Montz show Pilgrim breached a confidential relationship or entrustment. Yet a breach of a relationship of trust does not, by itself, transform the nature of an action. The breach-of-confidence claim still asserts rights protected by the Copyright Act; the only difference is that the rights are asserted against a particular person (i.e., someone with whom the copyright holder had a confidential relationship). But the right against unauthorized disclosure of copyrighted work already applies against everyone, regardless of whether one had a confidential relationship with the copyright holder.

Because Montz’s breach-of-confidence claim is not qualitatively different from a copyright claim, it is preempted.

### III

Montz does not allege that he sold the ideas embodied in his *Ghost Hunters* materials to Pilgrim and that Pilgrim simply failed to make good on its promise to pay. Instead, he alleges that Pilgrim used the ideas embodied in Montz's copyrighted material without his permission. Because the Copyright Act protects such equivalent rights, I respectfully dissent.

GOULD, Circuit Judge, dissenting:

I join Judge O'Scannlain's dissent. I emphasize my concern with the improvident practical results that the majority decision will likely engender. The "extra element" argument is impractical for an "implied" claim like this. Although an express contract claim can proceed under state law, courts should be cautious about implying a contract claim in circumstances where the claim functionally looks like a copyright claim. There is no virtue in permitting a supplemental state law jurisdiction that in substance expands federal copyright law.

Under such a legal regime, film production and network companies face the chaotic prospect of having to meet conflicting federal and state standards on essentially the same question, a result the Copyright Act aimed to avoid. Studio and network ventures need stable law that does not unsettle expectations. The majority's decision, however, will lead to uncertainty by making state law—with its ambiguity, variability, and volatility—available to litigants who bring nebulous state law claims that in substance assert rights in the nature of copyright. Hence, I respectfully dissent.

### *Quirk v. Sony*

United States District Court (N.D. CA 2013)

- [case on Google Scholar](#)
- [case on Westlaw](#)

Order granting motions for summary judgment.

Richard Seeborg, District Judge.

In 1998, plaintiff Joe Quirk published a novel entitled *Ultimate Rush*, about a San Francisco package delivery service messenger, who carried out athletic and daring feats on rollerblades, and became involved in perilous situations with criminals relating to the contents of packages he was delivering. Quirk considered the action novel well-suited for adaption into a movie, and secured an option contract from Warner Brothers to that end. Although Warner Brothers commissioned two

separate screenplays to be written from the book, it ultimately never pursued the project, and its option lapsed.

In 2010, Quirk heard from his publisher, friends and acquaintances that a movie entitled *Premium Rush* was in production. Set in New York, *Premium Rush* tells the story of a bicycle messenger pursued by a rogue cop, who is trying to obtain the mysterious contents of a package the messenger has been hired to deliver. Quirk concluded that *Premium Rush* represented an unauthorized adaptation of his novel, and brought this action for copyright infringement against the screenwriter and director, and various entities involved in the production of the movie. Quirk also asserted a so-called *Desny* claim, contending that defendants had breached an implied contract to pay for use of his work, regardless of whether their movie includes material that infringes his rights under copyright law.

[The copyright infringement portions of this opinion are in the chapter on Copyright Infringement.]

### **B. *Desny* claim**

In 1956, the California Supreme Court recognized an implied contractual right to compensation when a writer submits material to a producer with the understanding that the writer will be paid if the producer uses the concept. *Desny*. The Ninth Circuit has reaffirmed that *Desny* claims remain viable and are not preempted by copyright law. *Montz v. Pilgrim Films & Television, Inc.*, (9th Cir. 2011). The *Montz* court described the essence of the claim as resting on “an expectation *on both sides* that use of the idea requires compensation.” Such a “bilateral understanding of payment” is critical, because it “constitutes an additional element that transforms a claim from one asserting a right exclusively protected by federal copyright law, to a contractual claim that is not preempted by copyright law.”

The *Desny* court elaborated, “the idea purveyor cannot prevail in an action to recover compensation for an abstract idea unless (a) before or after disclosure he has obtained an express promise to pay, or (b) the circumstances preceding and attending disclosure, together with the conduct of the offeree acting with knowledge of the circumstances, show a promise of the type usually referred to as ‘implied’ or ‘implied-in-fact.’” *Desny*. Moreover, “the law will not imply a promise to pay for an idea from the mere facts that the idea has been conveyed, is valuable, and has been used for profit; this is true even though the conveyance has been made with the hope or expectation that some obligation will ensue.” *Id.*

At the pleading stage, Quirk was permitted to proceed with his *Desny* claim because he had alleged, albeit with a fair degree of speculation and uncertainty as



to the details, that defendants had obtained his novel and/or one of the Warner Brothers screenplays under circumstances that might support a “bilateral expectation of payment.” Quirk had speculated as to a large number of possible means of transmission of his work to defendants. Now, after discovery, Quirk asserts that the evidence supports a compelling inference that defendants somehow obtained the Warner Brothers scripts and a copy of the novel from CAA, which undisputedly retained those materials in its files. Specifically, Quirk insists it is a “virtual certainty” that defendant Koepp, who was also represented by CAA, obtained the *Ultimate Rush* material “through his agents at Creative Artists Agency.”<sup>[6]</sup>

In support, Quirk relies on the absence of evidence to support any *other* method of transmission of either the book or the Warner Brothers scripts, the presence of those materials in the CAA library, CAA’s representation of Koepp, and some indications that persons at CAA circulated materials relating to *Ultimate Rush* at a point in time long after Warner Brothers’ efforts to develop the project had been abandoned. Quirk’s argument also depends heavily on his premise that a comparison of the novel, the movie, and the intervening scripts, reveals clear signs of the “adaption process.”

There is a degree of circularity to Quirk’s contentions. *If*, as he contends, the indications that *Premium Rush* was adapted from Quirk’s novel are unmistakable and undeniable across the various intervening scripts, *then* defendants necessarily had copies of at least the Warner Brothers scripts, and possibly the novel itself, when writing and making *Premium Rush*. *If* defendants indeed had those materials in hand, *then* perhaps the only reasonable inference is that they obtained them from CAA. Yet as Quirk’s urging for application of the inverse ratio rule reveals, his argument that the works have similarities indicative of “copying” to some degree reflects an assumption that defendants had access in the first instance. The argument also relies on concluding that there are similarities across the various works that can only be explained if defendants worked with the book and/or the Warner Brothers scripts at the ready, a proposition that remains speculative.

In any event, with the evidentiary record now developed, Quirk’s *Desny* claim fails for each of the following independent reasons. First, even assuming a reasonable fact-finder could conclude that commonalities among elements found in the novel, the movie, and the intervening scripts demonstrate that *Premium Rush* was created by a process of adaptation from *Ultimate Rush*, Quirk still lacks evidence that defendants utilized any of his ideas under circumstances giving rise to a “bilateral expectation of payment.” Quirk’s “virtual certainty” that Koepp obtained materials from “his agents” at CAA is not only sheer speculation, it lacks any detail as to the precise circumstances, rendering it insufficient as a showing of conditions under which an implied contract might arise.

Second, Quirk is relying primarily on the notion that any person obtaining a copy of either of the Warner Brother's scripts allegedly would have known and understood, from warnings on the scripts themselves, that they could not be used absent some contractual arrangement for payment. As noted in the prior order, a *Desny* claim for use of ideas embodied in a novel might be viable even where those ideas were transmitted to the defendants through the medium of an intervening derivative work. Nevertheless, at least part of Quirk's argument is that defendants' movie can be seen as an embodiment of ideas developed in those screenplays but not necessarily present in the same form in book. It is therefore unclear either that expectations relating to the conditions under which the *scripts* could be used are sufficient to support a *Desny* claim arising from the book, or that Quirk has any standing to bring a *Desny* claim arising from any use of the scripts.

Third, and perhaps most fundamentally, regardless of the precise circumstances under which defendants may have obtained and used copies of the Warner Brothers scripts, the novel, or both, any *Desny* claim arising from use of ideas found in the book necessarily fails as a matter of law, given Quirk's voluntary wide public distribution of those ideas years before defendants ever began working on their movie. As the *Desny* decision itself states:

The idea man who blurts out his idea without having first made his bargain has no one but himself to blame for the loss of his bargaining power. The law will not in any event, from demands stated subsequent to the unconditioned disclosure of an abstract idea, imply a promise to pay for the idea, for its use, or for its previous disclosure.

#### *Desny.*

Here, Quirk's publication of *Ultimate Rush* in the late 1990's was an "unconditioned disclosure" to the public at large of *all* of the ideas contained in the novel. From the outset of this litigation, Quirk has admitted that if defendants worked from a copy of his novel they purchased on the open market, he would have no viable *Desny* claim. There is no reason in law or logic that the result should be different even assuming defendants worked from a copy of the novel (and/or from the Warner scripts) obtained through CAA. Quirk is, in effect, claiming that the legends on the Warner scripts, and the other circumstances that necessarily would surround any transmission of the materials to defendants from CAA, are demands for payment that imply a promise by defendants to pay, upon any use by them of the ideas of the novel. Those "demands," however, were made many years *after* the ideas of the novel were unconditionally disclosed to the public, and therefore *cannot* "imply a promise to pay for the idea, for its use, or for its previous disclosure."

While *Montz* does not purport to set out what must be pleaded or proved at a

minimum to support a *Desny* claim, its description of the plaintiffs' allegations before it is instructive. The *Montz* plaintiffs had averred that the "disclosure of their ideas and concepts was strictly confidential" and that defendants impliedly agreed they "would not disclose, divulge or exploit the Plaintiffs' ideas and concepts without compensation and without obtaining the Plaintiffs' consent." *Montz*.

It may be that a plaintiff can pursue a *Desny* claim even where the subject ideas have not been treated with the utmost degree of secrecy and confidentiality, but *Montz* shows that the touchstone remains whether the plaintiff can be said to be disclosing something that is not otherwise freely available to the defendant. Indeed, it is the *disclosure* of ideas, not protectable under copyright law, but of potential value to the defendants, that serves as the consideration for the implied promise to pay. See *Desny*. ("The policy that precludes protection of an abstract idea by copyright does not prevent its protection by contract. Even though an idea is not property subject to exclusive ownership, its disclosure may be of substantial benefit to the person to whom it is disclosed. That disclosure may therefore be consideration for a promise to pay.")

Quirk elected to disclose the ideas in his novel to the entire world without any conditions, other than those arising from copyright law, on the ability of persons to make whatever use of the ideas in the novel they wished. He cannot now claim defendants were nevertheless impliedly bound to pay for using the ideas, regardless of the precise circumstances under which they were exposed to the novel (if they were) years later. Accordingly, summary judgment must be granted in defendants' favor on the *Desny* claim.

## V. CONCLUSION

Defendants' motions for summary judgment are granted. A separate judgment will issue.

IT IS SO ORDERED.

[Footnotes: Gelfand offers examples of movies expressly presented as adaptations of underlying books, where the film differed greatly from the original work, but the original author still received credit and compensation. Such examples merely beg the question, however, as to whether one of those authors would have been entitled to compensation had there been no contract in place and the final film lacked substantial similarity of copyrightable expression. That filmmakers sometimes *do* acknowledge and compensate authors even where their films ultimately would not otherwise constitute infringing work does not create legal liability where a

filmmaker uses only non-protectable ideas without attribution or compensation.]

[In light of these conclusions, Quirk was given the opportunity to submit an analysis that was limited to comparing the final movie as made to his book. Without waiving his arguments that the intermediate scripts are relevant, Quirk did so.]

[More precisely, Quirk only need show a triable issue of fact as to the existence of a somewhat lesser degree of similarity.]

[Quirk's agent did pitch *Ultimate Rush* directly to defendant Columbia back in the late 90's. Although Quirk argues that Columbia can be held liable under various theories, he does not contend there is any evidence that Columbia made the movie as a result of anything it learned at that time, or that it had a copy of the book or other materials in its possession when *Premium Rush* was being developed. While Quirk contends the prior contact between Quirk's agent and Columbia is relevant, his *Desny* theory now rests solely on the allegation that defendants obtained possession of the Warner Brothers scripts and the novel through CAA.]

#### Totally Optional Reading & Viewing

- [Pitch the idea? Or just write it and be done?](#)
- *Passman*, Chapter 18, Songwriter Deals, Creative Control & Moral Rights (pgs. 296-297).
- [Ninth Circuit Revives California Idea Submission Claims](#), by Anna R. Buono.
- [‘Leprechaun’ Creator Sues Over ‘Vampireleprechaun’ Film | Hollywood Reporter](#)  
(The legal drama behind the creation of a vampire-leprechaun hybrid film is almost as colorful as the creature itself.)