

# Television Formats: Caught in the Abyss of the Idea/Expression Dichotomy

Jay Rubin\*

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\* J.D. candidate, Fordham University School of Law, 2006; B.A., Business Administration, Fordham College of Liberal Studies, *summa cum laude*, 2003; former freelance producer and Vice President of Production, Hearst Entertainment, Inc. The author wishes to thank Professor Sonia Katyal for her helpful guidance; Nicole Serratore, Beth Understahl, and Lisa Ju for their editorial contributions and Dorothea Constas, Esq. for her invaluable insight and support.

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## INTRODUCTION

A highly regarded television producer creates a series format.<sup>1</sup> He partners with a studio for financing, lines up some big name talent, and begins shopping the concept to broadcasters. His pitch is received with enthusiasm and he enters into negotiations with one broadcaster. Executives at other networks, not wanting to miss the opportunity for a potential ratings winner, also invite negotiations. Shortly thereafter, the team strikes a production deal with one of the networks. A losing bidder, having failed to secure the project, calls an alternate producer who has presented an idea in the same genre and suggests that they work together to ‘develop something’ in that area. The losing bidder cranks up the production process and launches its version of the program first. What result?

In March 2005, NBC began airing “The Contender,” a reality show conceived by Mark Burnett, of “Survivor” fame. When NBC won the contract for the show, Fox, who had been another interested network, developed a concept with another producer,

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<sup>1</sup> A format is presented in an elaborate package of materials including storylines, character descriptions, talent selections, settings, music, game rules, graphics, script treatments, production guidelines, etc. The ordering and selection of these components becomes the blueprint for production. However, the value of a format is not the particular elements chosen but a concept that underlies the series and is carried forward in each episode. It is somewhere between an abstract idea and the finished program. It is this idea that by necessity must be disclosed to be sold.

Endemol, for a very similar program entitled, “The Next Great Champ,” and announced an early launch. Although NBC, DreamWorks (Burnett’s studio partner) and Burnett were outraged by Fox’s behavior,<sup>2</sup> the only legal action initiated by DreamWorks and Burnett (NBC did not join as a plaintiff) was a claim for an injunction based on violations of California Athletic Commission regulations.<sup>3</sup> The court denied the motion for a restraining order and the action was dismissed.<sup>4</sup> NBC decided to push back its launch date to mitigate the potential dilution of audience share that would certainly result from the simultaneous launch of two identically formatted shows.

As often happens in television format disputes, another producer, Leigh Ann Burton, also claimed authorship of the concept behind Endemol’s “The Next Great Champ.”<sup>5</sup> She had previously pitched a boxing reality show concept to Oscar de la Hoya’s Golden Boy Productions, the company that collaborated with Endemol to deliver the Fox series.<sup>6</sup> In defending itself in the press, Fox stated that they had received five proposals from producers for similar ideas, including Endemol and Burnett.<sup>7</sup>

The pattern is a familiar one. It is seen everyday in the television industry. A writer or producer generates a concept for a series and pitches the show format to broadcasters and distributors. Shortly thereafter, a similar idea is embodied in a new series without the acquirer having hired him to produce the series, or compensated him for the idea. The fundamental difference between an expectation that the recipient will pay for the concept if

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<sup>2</sup> Scott Collins, *Boxing Shows’ Breaks; ‘Champ’ and ‘Contender’ are Fighting Each Other in Court, but They’re Both Getting Tax Deals and Disclosure Waivers From the State*, L.A. TIMES, Aug. 25, 2004, at E1.

<sup>3</sup> *Id.*

<sup>4</sup> Lisa de Morales, *Fox’s ‘Great Champ’ Still Standing*, WASH. POST, Aug. 19, 2004, at C01.

<sup>5</sup> Wade Paulsen, *Fox’s ‘The Next Great Champ’ Faces New Lawsuit Alleging Idea Theft*, REALTY TV WORLD, Sept. 2, 2004, <http://www.realitytvworld.com/news/fox-the-next-great-champ-faces-new-lawsuit-alleging-idea-theft-2868.php>.

<sup>6</sup> *Id.*

<sup>7</sup> Wade Paulsen, *Fox’s ‘The Next Great Champ’ Wins First Amendment Court Fight Against NBC’s ‘The Contender’*, REALTY TV WORLD, Sept. 1, 2004, <http://www.realitytvworld.com/news/fox-the-next-great-champ-wins-first-amendment-court-fight-against-nbc-the-contender-2864.php>.

it is used, and the expectation that the recipient will refrain from using an idea unless an agreement is reached is a fundamental distinction in television format submission cases. The law may protect the expectation to be paid, but not the expectation of exclusive control over the idea.

The purpose of this paper is not to crusade for the moral rights of television format purveyors over the opportunistic behavior of broadcasters. Most participants are repeat players and, from time to time, find themselves on either side of such disputes. The production company that pitches a show idea has also been the recipient of hundred of pitches from others.<sup>8</sup> Furthermore, every successful show will attract claims from those who have submitted similar ideas to the producing entity or broadcaster in the past.<sup>9</sup> The point, rather, is that a lack of legal consequences for the purposeful taking of another's work will naturally lead to a greater tendency to engage in such behavior. International licensing of television formats is worth hundreds of millions of dollars.<sup>10</sup> In reality most acquirers of programming would prefer to license a successful format rather than risk harming long-term relationships or incurring great expense in litigation by stealing the idea. However, producers and broadcasters lately seem more willing to borrow significantly and directly from competitors as well as those who pitch television formats in a "desperate search for proven . . . adaptable programming to compete in the multichannel age."<sup>11</sup> Is the industry as a whole moving toward anarchy, knowing that

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<sup>8</sup> Interview conducted March 6, 2005 with Nicole Serratore, former Director of Acquisitions, Miramax Films in New York. As one example, Miramax had at least twenty people in the development and acquisitions departments, each of whom might receive five to ten pitches or scripts per week, totaling between 5,000 and 10,000 ideas received by the company per year.

<sup>9</sup> See, e.g., *Murray v. Nat'l Broad. Co., Inc.*, 844 F.2d 988, 991 (2d Cir. 1988); *Buchwald v. Paramount Pictures Corp.*, No. C706083, 1990 WL 357611, at \*6 (Cal. Super. Ct. Jan. 8, 1990).

<sup>10</sup> Gautam Malkani, *Haven't We Seen That Programme Somewhere Before? Got Any Good Ideas? If So, Beware the Copycats, as Protection of TV Formats is Weak and You'll Need a Detailed 'Bible' to Stop the Rip-offs*, FINANCIAL TIMES (London), Sept. 21, 2004, Creative Business at 8 [hereinafter *Good Ideas*].

<sup>11</sup> *Id.*

anything short of copyright infringement or a clear contractual breach may not be enforceable?<sup>12</sup>

At the heart of the problem is a lack of legal certainty in disputes regarding idea submissions. This paper discusses the developments arising from the express language of the 1976 Copyright Act regarding copyright preemption and how these developments have affected television format submission cases. A growing number of courts are finding preemption of state law claims in idea submission cases.<sup>13</sup> The author's concern is that as courts cannot recognize format submission claims, the gentlemen's agreement on which the industry operates, tenuous as it is, is likely to break down. The broadcaster who seeks out and copies the best of what creative producers develop will have a competitive advantage by not having to invest in developing or acquiring formats or remunerating those who do. If the industry and the courts tolerate this practice, competitors must follow the same strategy or find themselves at a competitive disadvantage. Eventually there is little incentive to invest in creative ideas and all programming becomes commodified, reducing the value of the entire resource pool and reducing any incentive for innovation. The television industry relies heavily on the process of receiving and exploiting pitched formats.<sup>14</sup> The idea purveyor derives her incentive for innovation from a belief that should the project go forward, she will be included in the production and accordingly share in the revenues. Historically, especially among repeat players, the industry has recognized this understanding.<sup>15</sup>

The Copyright Act of 1976 made fundamental changes that affected this balance when it granted federal copyright protection to unpublished works.<sup>16</sup> At the same time, it preempted state

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<sup>12</sup> Examples of recent programs where litigation over format copying has arisen: *The Contender* versus *The Next Great Champ*; *American Idol*, *Pop Idol* versus *X-factor*; *Survivor* versus *I'm a Celebrity*; *Survivor* versus *Boot Camp*; *Do Over* versus *That was Then*; *Wife Swap* versus *Trading Spouses*; *Forgive Me* versus *Forgive and Forget*.

<sup>13</sup> See discussion *infra* Part II.

<sup>14</sup> See *Good Ideas*, *supra* note 10.

<sup>15</sup> 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 16.05[B], at 16-33 (Matthew Bender & Co., Inc. 2005) (1978) (discussing industry custom).

<sup>16</sup> The Copyright Act of 1976, 90 Stat. 2544 (1978) (current version at 17 U.S.C. § 102 (2000)).

common law copyright protection for unpublished works, because now such works fall within the scope of federal copyright.<sup>17</sup>

This alteration has effected judicial interpretation in the context of television format submissions. First, and immediately, any state law claims that are equivalent to rights protected under the 1976 Act are preempted.<sup>18</sup> That includes not only common law copyright, but also any property-based claims under state law such as conversion, misappropriation and quasi-contract.<sup>19</sup> This left contract theory, either express or implied-in-fact, as the only viable claims to protect against plagiarism.<sup>20</sup> Hence, in the television format setting, such as in the above example, the originators of the format are without legal recourse because what has been taken, namely, ideas, does not amount to copyright infringement.<sup>21</sup> Furthermore, where there is no relationship, either contractual or agency, between the parties, proving an extra element necessary to overcome preemption (beyond an understanding not to use the material) may be practically impossible.<sup>22</sup> It is no wonder that faced with the futility of presenting a copyright infringement claim or a state law claim that would withstand federal copyright preemption, the producers chose instead to bring a pretextual claim for violations of the state boxing regulations.<sup>23</sup>

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<sup>17</sup> The Copyright Act of 1976, 90 Stat. 2572 (1978) (current version at 17 U.S.C. § 301 (2000)). See, e.g., *United States ex rel. Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453, 1463 (4th Cir. 1997); *Klekas v. EMI Films, Inc.*, 198 Cal. Rptr. 296, 301 (1984) (“the federal statute applies so as to preempt any claim . . . based upon a common-law copyright theory.”).

<sup>18</sup> See, e.g., *Berge*, 104 F.3d at 1463; *Klekas*, 198 Cal. Rptr. at 301.

<sup>19</sup> See discussion *infra* Part I.A. See also Arthur R. Miller, *Common Law Protection for Products of the Mind: An “Idea” Whose Time Has Come*, 119 HARV. L. REV. 703, 764-73 (2006) (discussing judicial interpretation of preemption doctrine as it relates to novelty and concreteness).

<sup>20</sup> Lionel S. Sobel, *The Law of Ideas, Revisited*, 1 UCLA Ent. L. Rev. 9, 21-22 (1994); but see Glen L. Kulik, *Copyright Preemption: Is This the End of *Desny v. Wilder*?*, 21 LOY. L.A. ENT. L. REV. 1, 29 (2000) (suggesting that preemption has eliminated implied-in-fact contract claims for idea submission cases in California).

<sup>21</sup> See, e.g., *CBS Broad. Inc. v. ABC, Inc.*, No. 02 Civ. 8813 (LAP), 2003 U.S. Dist. LEXIS 20258 (S.D.N.Y. Jan. 13, 2003) (denying preliminary injunction on a copyright infringement claim brought by the broadcaster and producer of *Survivor* against the broadcaster and producer of a similar program, *I’m a Celebrity, Get Me Out of Here*).

<sup>22</sup> See discussion *infra* Part II.A.

<sup>23</sup> In April 2001 CBS and Burnett’s company, *Survivor Productions* brought suit against Fox Broadcasting alleging copyright infringement of *Survivor* by a similar

Recent case law at the circuit level has reaffirmed the efficacy of state law claims to withstand a preemption challenge in idea submission cases.<sup>24</sup> However, the circumstances of these cases, from the advertising industry<sup>25</sup> the feature film industry,<sup>26</sup> and the toy industry<sup>27</sup> are distinguishable from the circumstances of format submissions in television.<sup>28</sup> This paper examines the case law concerning idea submissions with particular attention to television format submissions and suggests that a lack of enforcement against plagiarism, besides being frustrating for plaintiffs,<sup>29</sup> also has economic consequences for broadcasters and distributors. Entitlement systems, even those established by contract, rely on enforcement to function.<sup>30</sup> Without a reliable system of enforcement, acquirers of program ideas have no other choice, from an economic standpoint, but to act opportunistically, reducing incentives for innovation and reducing economic efficiency.

Part I discusses copyright preemption of state law claims and the impact of preemption on the body of law termed “The Law of Ideas,” as applied to the entertainment industry. Part II addresses the current viability of implied-in-fact contract claims and its impact on television format submissions. Part III discusses the

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program, *Boot Camp*. Survivor Prod. LLC v. Fox Broad. Co., 2001 U.S. Dist. LEXIS 25512 (C.D. Cal. 2001). Eventually the suit was dropped. *Viacom Drops a Lawsuit Against Fox*, NEW YORK TIMES, September 8, 2001 at C4.

<sup>24</sup> See *infra* notes 23–25.

<sup>25</sup> See, e.g., *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446 (6th Cir. 2001); *Katz Dochtermann & Epstein, Inc. v. Home Box Office*, No. 97 CIV. 7763(TPG), 1999 WL 179603 (S.D.N.Y. Mar. 31, 1999).

<sup>26</sup> See, e.g., *Grosso v. Miramax Film Corp.*, 383 F.3d 965 (9th Cir. 2004).

<sup>27</sup> See, e.g., *Nadel v. Play-By-Play Toys & Novelties, Inc.*, 208 F.3d 368 (2d Cir. 2000).

<sup>28</sup> See, e.g., *Associated Artist Entm't, Inc. v. Walt Disney Pictures*, No. CV-95-00713-AAH, 1999 WL 132196, at \*1 (9th Cir. Mar. 9, 1999) (stating that an expectation of future business does not form an implied contract); *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 at \*12, (C.D. Cal. Sept. 29, 1998); *Entous v. Viacom Int'l, Inc.*, 151 F. Supp. 2d 1150, 1160 (C.D. Cal. 2001); *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1213 (9th Cir. 1998); *Keane v. Fox Television Stations, Inc.*, 297 F. Supp. 2d 921, 944 (S.D. Tex. 2004).

<sup>29</sup> See Glen L. Kulik, *Copyright Preemption: Is This the End of Desny v. Wilder?*, 21 LOY. L.A. ENT. L. REV. 1, 29 (2000) (suggesting that preemption has eliminated implied-in-fact contract claims for idea submission cases in California).

<sup>30</sup> See generally Robert P. Merges, *Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations*, 84 CAL. L. REV. 1293 (1996).

likely effect of these legal outcomes on the television industry and concludes with the recommendation that the acquirers of programming would benefit from the formation of a voluntary collective rights organization for the administration and arbitration of format authorship disputes. The Writers' Guild of America ("WGA") Script Registry, currently a passive resource, would be a one candidate to organize a dispute resolution system for the benefit of acquirers as well as purveyors of television formats.

### I. COPYRIGHT PREEMPTION OF STATE LAW CLAIMS

This section discusses the Law of Ideas and the effect that copyright preemption has had on the viability of state law claims in idea submission cases.

Copyright law offers little protection for television formats for three reasons. First, copyright law protects expression, not ideas.<sup>31</sup> When copyrights in a television format have been asserted, courts have found in most cases, only a similarity in ideas or scenes a faire, and not a taking of the expression of those ideas.<sup>32</sup> Second, the Copyright Act of 1976 protects unpublished works,<sup>33</sup> while under the Copyright Act of 1909,<sup>34</sup> unpublished works were the province of state common law copyright.<sup>35</sup> This regime offered unpublished works such as treatments and proposals somewhat broader protection under state law. Third, and most importantly, the Copyright Act of 1976 expressly preempts equivalent state law claims including common law copyright and any claim that is not *qualitatively different* from the rights protected under copyright,

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<sup>31</sup> See 17 U.S.C. § 102(b) (2000). See, e.g., *Beal v. Paramount Pictures*, 806 F. Supp. 963, 966 (N.D. Ga. 1992).

<sup>32</sup> See, e.g., *Warner Bros., Inc. v. Am. Broad. Cos.*, 523 F. Supp. 611, 615 (S.D.N.Y. 1981); *CBS Broad. Inc. v. ABC, Inc.*, No. 02 Civ. 8813 (LAP), 2003 U.S. Dist. LEXIS 20258, at \*4-5 (S.D.N.Y. Jan. 13, 2003); *Survivor Prods. LLC v. Fox Broad. Co.*, No. CV 01-3234 LGB (SHx), 2001 U.S. Dist. LEXIS 25511, at \*8-18 (C.D. Cal. June 11, 2001).

<sup>33</sup> See The Copyright Act of 1976, 90 Stat. 2572 (1978) (current version at 17 U.S.C. § 301 (2000)).

<sup>34</sup> See Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, 35 Stat. 1075, 1081 (1909) (current version at 17 U.S.C. §§ 101-914 (2000)).

<sup>35</sup> See Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, 35 Stat. 1075, 1081 (1909).

that is, the right to copy, distribute, make derivative works, perform or display.<sup>36</sup>

When one attempts to sell an idea for a television program, the idea is inevitably memorialized in some form of writing submitted to a studio, network, or production entity. Business is conducted this way in virtually every case.<sup>37</sup> Defendants will argue that a plaintiff's sole cause of action is for copyright infringement because anything reduced to writing is thereby copyrightable. A defendant will remove the case to federal court, alleging the contract cause of action is a disguised copyright infringement claim, subject to federal court jurisdiction. Once the case is in federal court, the defendant will move to dismiss the claim, contending it is preempted by the Copyright Act of 1976.<sup>38</sup>

Under the earlier regime<sup>39</sup>, unpublished works were the province of state law under common law copyright.<sup>40</sup> Under the 1976 Act, Congress explicitly intended to create a single federal system of copyright protection preempting the state common law copyright.<sup>41</sup> Section 301 states that all state claims that fall within

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<sup>36</sup> See The Copyright Act of 1976, 90 Stat. 2546 (1978) (codified at 17 U.S.C. § 106 (2000)).

<sup>37</sup> See *Good Ideas*, *supra* note 10.

<sup>38</sup> See Kulik, *Copyright Preemption* *supra* note 29

<sup>39</sup> Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, 35 Stat. 1075, 1081 (1909) (current version at 17 U.S.C. §§ 101-914 (2000)); see also 1 NIMMER ON COPYRIGHT *supra* note 15, § 1.01[A], at 1-4-1-8.

<sup>40</sup> See H.R. Rep. No. 94-1476, at 129-132 (1976), as reprinted in 1976 U.S.C.C.A.N. 5659, 5745-5746 (“[17 U.S.C.] [s]ection 301, one of the bedrock provisions of the bill, would accomplish a fundamental and significant change in the present law. Instead of a dual system of ‘common law copyright’ for unpublished works and statutory copyright for published works, which has been the system in effect in the United States since the first copyright statute in 1790, the bill adopts a single system of Federal statutory copyright from creation.”).

<sup>41</sup> *Id.* at 5745

The intention of section 301 is to preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright and that extend to works coming within the scope of the Federal copyright law . . . [S]ection 301 is intended to be stated in the clearest and most unequivocal language possible, so as to foreclose any conceivable misinterpretation of its unqualified intention that Congress shall act preemptively, and to avoid the development of any vague borderline areas between State and Federal protection.

*Id.*

the “subject matter of copyright” as defined in sections 102 and 103 of the Act, and assert “legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified in section 106 in works of authorship that are fixed in a tangible medium of expression,” are preempted under the Act.<sup>42</sup>

The effect of the unequivocal language in the statute and the strong statements in the Judiciary committee reports<sup>43</sup> had an immediate effect on the courts’ analyses of state law claims under property theories including quasi-contract.<sup>44</sup> The courts’ interpretation of the statute strictly limited but did not eliminate state law claims based on a relationship between the parties, such as express contract,<sup>45</sup> implied contract<sup>46</sup> or confidentiality.<sup>47</sup> However, from a practical standpoint, the careful writer who writes a detailed treatment, deposits a copy in the WGA Registry, and pitches the idea, but fails to establish an express agreement *to be paid* by the recipient if the idea is used, will most likely find his claims preempted by the 1976 Act.<sup>48</sup>

*A. The First Prong—Ideas Are Within the Subject Matter of Copyright*

Courts have applied section 301 by applying a two-prong test to determine preemption.<sup>49</sup> Under the first prong of the test, material contained in a work of authorship fixed in a tangible medium will be considered within the subject matter of copyright even if that material would not itself qualify for copyright, such as

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<sup>42</sup> 17 U.S.C. § 301(a) (2000).

<sup>43</sup> See *supra* notes 40 and 41.

<sup>44</sup> See discussion *infra* Part I.C.1.

<sup>45</sup> See discussion *infra* Part I.C.2.a.

<sup>46</sup> See discussion *infra* Part I.C.2.b.

<sup>47</sup> See discussion *infra* Part I.C.2.c.

<sup>48</sup> *Associated Artist Entm’t, Inc. v. Walt Disney Pictures*, No. CV-95-00713-AAH, 1999 WL 132196, at \*1 (9th Cir. Mar. 9, 1999). *But see* *Whitfield v. Lear*, 751 F.2d 90, 92 (2d Cir. 1984) (citing *Desny v. Wilder*, 299 P.2d 257, 270 (Cal. 1956)).

<sup>49</sup> See, e.g., *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 453 (6th Cir. 2001); *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1212 (9th Cir. 1998); *Kregos v. Associated Press*, 3 F.3d 656, 666 (2d Cir. 1993).

information,<sup>50</sup> titles<sup>51</sup> or ideas.<sup>52</sup> Under the second prong, called the “extra element”<sup>53</sup> or “equivalency,” test<sup>54</sup> the court looks to whether the state law claim asserts rights that are “qualitatively different” from those protected under the Copyright Act, i.e., reproduction, adaptation, distribution, performance or display.<sup>55</sup>

Occasionally plaintiffs in idea submission cases have crafted their pleadings to describe their work as ideas rather than expression, in an attempt to place ideas outside of the subject matter of copyright, so as to withstand the first prong of the preemption test.<sup>56</sup> However, the Second, Fourth, Sixth and Seventh Circuits have held that the Act’s subject matter is broader than the scope of its protections.<sup>57</sup>

The implication of this doctrine in the television format context, and discussed in *Endemol v. Twentieth Television*,<sup>58</sup> is that if the source of what was copied was embodied in a tangible medium such as a videotape pilot, series episodes from an existing show, or a written treatment, the material is included in the

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<sup>50</sup> See, e.g., *Harper & Row, Publishers, Inc. v. Nation Enters.*, 723 F.2d 195, 200 (2d Cir. 1983) (“The fact that portions of the Ford memoirs may consist of uncopyrightable material . . . does not take the work as a whole outside the subject matter protected by the Act.”).

<sup>51</sup> See, e.g., *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F. Supp. 1468, 1475 n.7 (S.D.N.Y. 1986) (finding that “Miami Vice” title although not copyrightable was within subject matter of copyright as part of the series).

<sup>52</sup> See, e.g., *United States ex rel. Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453, 1465 (4th Cir. 1997); *Markogianis v. Burger King Corp.*, No. 95 CIV. 4627(JFK), 1997 WL 167113, at \*2 (S.D.N.Y. Apr. 8, 1997).

<sup>53</sup> See *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985); see also 1 NIMMER ON COPYRIGHT *supra* note 15, § 1.01[B], at 1–14 – 1–15.

<sup>54</sup> See *Wrench*, 256 F.3d at 453.

<sup>55</sup> 17 U.S.C. § 106 (2000).

<sup>56</sup> See, e.g., *Berge*, 104 F.3d at 1463.

<sup>57</sup> Second circuit: *Nat’l Basketball Ass’n v. Motorola, Inc.* 105 F.3d 841, 849 (2d Cir. 1997); Fourth circuit: *Berge*, 104 F.3d at 1463; Sixth circuit: *Wrench*, 256 F.3d at 455; Seventh Circuit: *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1453 (7th Cir. 1996) (“[o]ne function of § 301(a) is to prevent states from giving special protection to works of authorship that Congress has decided should be in the public domain, which it can accomplish only if ‘subject matter of copyright’ includes all works of a type covered by sections 102 and 103, even if federal law does not afford protection to them.”).

<sup>58</sup> *Endemol Entm’t, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 (C.D. Cal. Sept. 29, 1998).

definition of copyright subject matter.<sup>59</sup> However, if what is taken is only ideas underlying that copyrighted work, that does not constitute copyright infringement.<sup>60</sup> This distinction between “subject matter” as listed in § 102 (a)<sup>61</sup> and “scope of copyright” referred to in § 301(a)<sup>62</sup> leaves the copying of ideas embodied in a written proposal or a finished program without protection under copyright, and with protection under very limited circumstances under state law.

The leading case applying this doctrine was *Berge v. Board of Trustees of the University of Alabama*.<sup>63</sup> In *Berge*, the Court of Appeals for the Fourth Circuit reversed a district court judgment in favor of the plaintiff on her claim for “conversion of intellectual property.”<sup>64</sup> The plaintiff, the author of an unpublished research paper on epidemiology, alleged plagiarism by a subsequent author on the same subject.<sup>65</sup> The plaintiff claimed that it was only her “ideas and methods” that had been stolen.<sup>66</sup> The court noted that the dissertation was in written form and thus subject to copyright

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<sup>59</sup> See generally *id.*

<sup>60</sup> *Berge*, 104 F.3d at 1463.

<sup>61</sup> 17 U.S.C. § 102(a) (2000):

Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.

<sup>62</sup> 17 U.S.C. § 301(a) (2000): “[A]ll legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103 . . . .”

<sup>63</sup> *United States ex rel. Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453, 1463 (4th Cir. 1997) (holding the Copyright Act preempts a claim under Alabama law for conversion of ideas embodied in plaintiff’s unpublished doctoral dissertation).

<sup>64</sup> *Id.* at 1455.

<sup>65</sup> *Id.* at 1456.

<sup>66</sup> *Id.* at 1463.

protection.<sup>67</sup> The Court regarded the author's argument, that her "ideas and methods" were excluded from the scope of copyright protections, as a "fallacious interpretation of the Copyright Act."<sup>68</sup> According to the court, the plaintiff wanted "to argue that ideas embodied in a work covered by the Copyright Act do not fall within the scope of the Act because the Act specifically excludes them from protection. But scope and protection are not synonyms."<sup>69</sup>

In the genre of scholarly works, the *Berge* decision makes sense. The plaintiff, in writing her dissertation, had utilized a database at the University of Alabama and had been supervised by experts in the field located at that institution where the pertinent research had been conducted for 15 years before her arrival.<sup>70</sup> It was over-reaching for her to claim exclusive rights to the "ideas and methods" that she employed. The principle of the idea/expression dichotomy assures that an author cannot take ideas out of circulation just because she employs them, especially when those ideas are the building blocks upon which scientific research may be advanced.<sup>71</sup>

However, when a court applies this doctrine to television format submission cases, the result can be illogical. In *Endemol v. Twentieth Television*,<sup>72</sup> the district court found preemption of an implied contract claim<sup>73</sup> where the defendant, a potential licensee of a television format, declined to enter an agreement with the licensor of a television format and subsequently duplicated the format.<sup>74</sup> The plaintiff brought claims for both copyright

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<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

<sup>69</sup> *Id.* Judge Ervin joins the ranks of judicial poets when he coins the phrase: "the shadow actually cast by the Act's preemption is notably broader than the wing of its protection," which follows the above quote.

<sup>70</sup> *See id.* at 1455-56.

<sup>71</sup> *See CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61, 71 (2d Cir. 1994) (discussing distinction between "building block" ideas and "opinion" ideas).

<sup>72</sup> *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 (C.D. Cal. Sept. 29, 1998).

<sup>73</sup> *Id.* at \*17.

<sup>74</sup> *Id.* at \*3. "Forgive and Forget" television show produced following pitch of format for "Forgive Me". *Id.* at \*4.

infringement and breach of an implied-in-fact contract.<sup>75</sup> In arguing that ideas were not within the subject matter of copyright, the plaintiff asserted that *Berge* was inapplicable because there the plaintiff could not show copying, and in *Berge* the claim was for conversion rather than implied contract.<sup>76</sup> The court found the distinction to be one of fact and that “the relevant question before this Court is one of law,” that ideas are within the subject matter of copyright and therefore the first prong of the preemption test is satisfied.<sup>77</sup> The factual distinction is important. The scientific methodology that Berge employed in her paper is closer to the type of ideas that the Copyright Act intended to exclude from protection,<sup>78</sup> as compared to the creative ideas embodied in a format treatment.<sup>79</sup> Therefore, a plaintiff who can neither maintain a copyright claim, and whose claim under state law is preempted by an overly broad interpretation of preemption doctrine, is left with no legal recourse to a flagrant imitation of his format.

The only conceivable situation that might arise where an idea does not fall within the subject matter of copyright would be an oral pitch that had never been written down. Because formats are almost invariably embodied in a written treatment, they satisfy the first prong of the test even though the ideas contained therein are not themselves copyrightable.

#### *B. The Second Prong—The Extra Element Test*

Section 106 of the Act provides that an owner of a copyright has exclusive rights to undertake and to authorize the reproduction, preparation of derivative works, distribution of copies of the copyrighted work by sale or by transfer of ownership, performance, and the public display of the copyrighted work.<sup>80</sup> To survive preemption, a state law cause of action arising from the

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<sup>75</sup> *Id.* at \*1.

<sup>76</sup> *Id.* at \*10.

<sup>77</sup> *Id.* at. \*10–11.

<sup>78</sup> See H.R. Rep. No. 94-1476, at 129–132 (1976), as reprinted in 1976 U.S.C.C.A.N. 5659, 5670.

<sup>79</sup> See generally, e.g., *CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994).

<sup>80</sup> 17 U.S.C. § 106 (2000).

submission of an idea must include an “extra element” (in addition to or instead of the acts of reproduction, performance, distribution, or display) that “changes the nature of the action so that it is *qualitatively* different from a copyright infringement claim.”<sup>81</sup> To survive preemption, the second prong requires that the state law claim “must derive from something beyond the alleged unauthorized use of a copyrighted work, and must protect rights qualitatively different from the assertion of copyright rights.”<sup>82</sup>

The difficulty in television format submission cases is that generally the plaintiff asserts that the defendant, by inviting the proposal, has impliedly promised not use the concepts contained in the pitch, until and unless some agreement is reached. However, the promise not to accept the benefit of a copyright work is not qualitatively different from an infringement claim and will not withstand preemption.<sup>83</sup>

The question is what does constitute the extra element necessary to make a state law claim qualitatively different from a copyright claim and therefore withstand preemption?

### *C. State Law Claims Asserting Qualitatively Different Rights*

In practice, state law protection against unauthorized copying of ideas is grounded in contract and agency law. A plaintiff must prove that either a contract or confidential relationship exists to satisfy the extra element requirement and avoid preemption.<sup>84</sup>

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<sup>81</sup> *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985); *see also* 1 NIMMER ON COPYRIGHT *supra* note 15, § 1.01[B], at 1-14 – 1-15.

<sup>82</sup> *Trenton v. Infinity Broad. Corp.*, 865 F. Supp. 1416, 1428 (C.D. Cal. 1994).

<sup>83</sup> *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 at \*16, (C.D. Cal. Sept. 29, 1998).

<sup>84</sup> A number of other legal theories that have been consistently preempted include: (1) misrepresentation under the Lanham Act § 43(a): *Kienzle v. Capital Cities/Am. Broad. Co., Inc.*, 774 F. Supp. 432, 438-39 (E.D. Mich. 1991); (2) trade dress under the Lanham Act: *RDF Media Ltd. v. Fox Broadcasting Co.*, 372 F. Supp.2d 556 (C.D. Cal. 2005); (3) common law unfair competition: *Survivor Prod. LLC v. Fox Broad. Co.*, 2001 U.S. Dist. LEXIS 25512 (C.D. Cal. 2001); *Smith v. Weinstein*, 578 F. Supp. 1297, 1306-07 (S.D.N.Y. 1984); and (4) interference with contract or prospective business advantage: *Motown Record Corp. v. George A. Hormel & Co.*, 657 F. Supp. 1236, 1240 (C.D. Cal. 1987).

Until 1978,<sup>85</sup> unpublished works were protected by a body of state law referred to as “common law copyright,” and published works were protected by federal copyright.<sup>86</sup> While copyright only protects expression, not ideas,<sup>87</sup> another body of law has developed to protect works of the mind. This is the “The Law of Ideas,”<sup>88</sup> consisting of five categories of state law claims that might offer some protection where ideas, rather than the concrete expression of ideas, have been copied.<sup>89</sup> Those claims are: property theory, quasi-contract, confidentiality, express contract, and implied-in-fact contract.<sup>90</sup> Together, copyright protection and the Law of Ideas, complemented each other and constituted the law of plagiarism.<sup>91</sup>

The Law of Ideas developed in the 1950’s in California. The general rule in most jurisdictions at the time was that “ideas are ‘free as the air.’”<sup>92</sup> In contrast, prior to 1947, a California statute protected any “product of the mind,” by granting to it’s author “exclusive ownership” therein, in addition to the exclusive ownership of the expression of the idea under copyright.<sup>93</sup> Some

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<sup>85</sup> Copyright Act of 1909, ch. 320, 35 Stat. 1075 (1909) (current version at 17 U.S.C. § 106 (2000)).

<sup>86</sup> 1 NIMMER ON COPYRIGHT *supra* note 15, Overview, at OV-3.

<sup>87</sup> 17 U.S.C. § 102(b) (2000) (“In no case does copyright protection . . . extend to any idea . . .”); *Mazer v. Stein*, 347 U.S. 201, 217 (1954) (“Unlike a patent, a copyright gives no exclusive right . . . protection is given only to the expression of the idea—not the idea itself.”).

<sup>88</sup> The term comes from the title of Melville Nimmer’s article, *The Law of Ideas*, 27 S. CAL. L. REV. 119 (1954).

<sup>89</sup> *See generally id.*

<sup>90</sup> *Id.*; *See generally* 4 NIMMER ON COPYRIGHT *supra* note 15, §§ 16.02–16.06, at 16–5 – 16–49.

<sup>91</sup> J. Thomas McCarthy, *McCarthy’s Desk Encyclopedia of Intellectual Property* 249 (defining plagiarism as the “copying of ideas or expression of another author and using them as one’s own work.”).

<sup>92</sup> *Int’l News Serv. v. Associated Press*, 248 U.S. 215, 250 (1918) (Brandeis, J., dissenting).

<sup>93</sup> CAL. CIV. CODE § 980 (1872) (current version at CAL. CIV. CODE § 980 (West 2006)). As originally enacted in 1872 the section provided that:

The author of any product of the mind, whether it is an invention, or a composition in letters or art, or a design, with or without delineation, or other graphical representation, has an exclusive ownership therein, and in the representation or expression thereof, which continues so long as the product and the representations or expressions thereof made by him remain in his possession.

California decisions involving pre-1947 claims on protection for unpublished works treated plot ideas and radio formats as a property entitlement.<sup>94</sup> In 1947, the California legislature passed an amendment eliminating this unique extension of common law copyright.<sup>95</sup> As a result, the California Supreme Court took an opportunity during the period 1950 to 1956 to define the legal framework in idea submission cases.<sup>96</sup> In 1954, a young attorney named Melville Nimmer, working on behalf of Paramount Pictures, wrote an article detailing the state law claims, which might protect against the unauthorized use of an idea.<sup>97</sup> Ironically, Paramount was the very studio that was denied a motion for summary judgment when a writer claimed that director Billy Wilder misappropriated his script idea for the film, “Ace in the Hole.”<sup>98</sup> That case, *Desny v. Wilder*,<sup>99</sup> has remained the seminal case for implied contract claims in idea submission cases.<sup>100</sup> The

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<sup>94</sup> *Golding v. R.K.O. Pictures, Inc.*, 221 P.2d 95 (Cal. 1950) (movie “The Ghost Ship” infringed plot idea of the play “The Man and His Shadow”); *Kovacs v. Mutual Broad. Sys., Inc.*, 221 P.2d 108 (Cal. Dist. Ct. App. 1950) (radio giveaway program protected); *Burtis v. Universal Pictures Co., Inc.*, 256 P.2d 933, 939 (Cal. 1953) (movie “She Wrote the Book” not found substantially similar to an unpublished story, however the court stated that “under the earlier form of the statute, a ‘theme’ or ‘idea’ was protectible, although at common law and under the 1947 amendment . . . protection is extended only to the ‘representation or expression’ of a composition.”).

<sup>95</sup> CAL. CIV. CODE § 980, ch. 1107 (1947) (current version at CAL. CIV. CODE § 980 (West 2006)). In 1947, the section was rewritten to declare that: “The author or proprietor of any composition in letters or art has an exclusive ownership in the representation or expression thereof as against all persons except on who originally and independently creates the same or a similar composition.”

<sup>96</sup> See *Stanley v. Columbia Broad. Sys., Inc.*, 221 P.2d 73 (Cal. 1950); *Weitzenkorn v. Lesser*, 256 P.2d 947 (Cal. 1953); *Kurlan v. Columbia Broad. Sys., Inc.*, 256 P.2d 962 (Cal. 1953); *Desny v. Wilder*, 299 P.2d 257 (Cal. 1956).

<sup>97</sup> See generally Melville B. Nimmer, *The Law of Ideas*, 27 S. CAL. L. REV. 119 (1954) [hereinafter *The Law of Ideas*].

<sup>98</sup> See *Desny v. Wilder*, 299 P.2d at 260 (“O’Melveny & Myers, W. B. Carman, William W. Alsup, Everett B. Clary, Philip F. Westbrook, Jr., Louis W. Myers, Sidney Justin and Melville B. Nimmer, for Respondents.”). The *Desny* opinion cited Nimmer’s article with approval in finding against his client (“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.”) *Id.* at 263; (“This accords with the general weight of authority.”) *Id.* at 266.

<sup>99</sup> *Desny*, 299 P.2d 257.

<sup>100</sup> See discussion *supra* Part I.C. and discussion *infra* Part II.A.

legal theories arising out of cases during this period<sup>101</sup> fall under five headings: property theory, quasi-contract, confidentiality, express contract, and implied contract.<sup>102</sup>

### 1. Property Theories

Property theories, including quasi-contract, no longer provide protection for ideas due to federal copyright preemption doctrine.<sup>103</sup> “[A]n essential element of . . . property is the legal right to exclude others from enjoying it.”<sup>104</sup> The policy rationale behind the exclusion of ideas from copyright protection, that an author can not claim a monopoly over ideas, even her original ideas, as separate from the expression of those ideas, precludes the recognition of a property interest in ideas even if that property theory were other than copyright.<sup>105</sup> However, such theories continue to be asserted occasionally in idea submission cases<sup>106</sup> and recognized in the literature.<sup>107</sup> Cases that hold that a property right exists in ideas predate the 1947 amendment to § 980 of the California Civil code,<sup>108</sup> or suggest so only in dicta.<sup>109</sup> The California Supreme Court eliminated any doubt on this point with

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<sup>101</sup> See *infra* note 170 and accompanying text.

<sup>102</sup> 4 NIMMER ON COPYRIGHT *supra* note 15, §§ 16.02–16.06, at 16–5 – 16–49.

<sup>103</sup> See discussion *supra* Part I.A.– I.B.

<sup>104</sup> *Int'l News Serv. v. Associated Press*, 248 U.S. 215, 250 (1918) (Brandeis, J., dissenting).

<sup>105</sup> See *Weitzenkorn v. Lesser*, 256 P.2d 947, 956 (Cal. 1953) (holding that there is no property interest in “basic dramatic core” after 1947 amendment). “Tarzan’s Magic Fountain” was allegedly plagiarized from plaintiff’s story “Tarzan in the Land of Eternal Youth.” See *id.* at 950. *But see* *Golding v. R.K.O. Radio Pictures, Inc.*, 193 P. 2d 153 (Cal. Dist. Ct. App. 1948) (holding the opposite under the pre-1947 Act).

<sup>106</sup> See, e.g., *United States ex rel. Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453 (4th Cir. 1997).

<sup>107</sup> 4 NIMMER ON COPYRIGHT *supra* note 15, § 16.02.

<sup>108</sup> Compare *Stanley v. Columbia Broad. Sys., Inc.*, 221 P.2d 73 (Cal. 1950) (finding that the author of a radio program format had a property right in the fruits of his labor). *Id.* at 79. with *Kurlan v. Columbia Broad. Sys., Inc.*, 256 P.2d 962 (Cal. 1953) (holding that the plaintiff was entitled to prove that the defendants had expressly or impliedly promised to pay for the use of plaintiff’s material.).

<sup>109</sup> Cases during the same period from other jurisdictions may seem to grant that a property right exists in a radio format: *Belt v. Hamilton Nat. Bank*, 108 F. Supp. 689 (D.C. Cir. 1952); or television format: *Silver v. Television City, Inc.*, 215 A.2d 335, 338 (Pa. Super. 1965); however, this is merely dicta. In these cases the facts are consistent with implied contract.

its decision in *Desny v. Wilder* when it said, “it is clear that California does not now accord individual property type protection to abstract ideas.”<sup>110</sup> Likewise under the 1976 Act, copyright does not extend to ideas.<sup>111</sup> If an idea has been fixed in a tangible medium of expression and therefore would qualify as a “work of authorship,”<sup>112</sup> then any state law claims based on a theory that ideas are property would be preempted by federal copyright law.<sup>113</sup> For these reasons, courts have dismissed conversion of idea and misappropriation of idea claims.<sup>114</sup> Consistent with this policy, courts have dismissed quasi-contract claims for the unauthorized use of ideas, holding that the proof necessary to prevail on a quasi-contract theory is the same as that necessary to prevail in a copyright infringement action.<sup>115</sup> Following the 1976 Act, quasi-contract claims are not common, but when asserted, they are dismissed on preemption grounds.<sup>116</sup>

## 2. Contract and Agency Theories

Claims predicated upon a relationship between the parties, i.e., express contract, implied-in-fact contract, and confidential

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<sup>110</sup> *Desny v. Wilder*, 299 P.2d 257, 265 (Cal. 1956).

<sup>111</sup> The Copyright Act of 1976, 90 Stat. 2544 (1978) (current version at 17 U.S.C. § 102 (2000)).

<sup>112</sup> 17 U.S.C. § 102 (2000).

<sup>113</sup> 17 U.S.C. § 301 (2000) (“[W]orks of authorship that are fixed in a tangible medium of expression . . . come within the subject matter of copyright . . .”).

<sup>114</sup> *See, e.g.*, *Minnear v. Tors*, 72 Cal. Rptr. 287, 292 (Cal. Ct. App. 1968) (“In the absence of a protectible property there can be no conversion of an idea.”). *See also* *Mann v. Columbia Pictures, Inc.*, 180 Cal. Rptr. 522, 525–26 (Cal. Ct. App. 1982); *Whitfield v. Lear*, 751 F.2d 90, 92 (2d Cir. 1984); *Meta-Film Assocs., Inc. v. MCA, Inc.*, 586 F. Supp. 1346, 1355 (C.D. Cal. 1984); *Nash v. CBS, Inc.*, 704 F. Supp. 823, 833–35 (N.D. Ill. 1989).

<sup>115</sup> *See, e.g.*, *Weitzenkorn v. Lesser*, 256 P.2d 947 (Cal. 1953); *Kurlan v. Columbia Broad. Sys., Inc.*, 256 P.2d 962 (Cal. 1953); *see also Mann*, 180 Cal. Rptr. at 525; *Klekas v. EMI Films, Inc.*, 198 Cal. Rptr. 296 (Dist. Ct. App. 1984).

<sup>116</sup> *See, e.g.*, *Del Madera Prop. v. Rhodes & Gardener, Inc.* 820 F.2d 973, 976–77 (9th Cir. 1987); *Wolff v. Inst. of Elec. & Elec. Eng’rs, Inc.*, 768 F. Supp. 66, 70 n.3 (S.D.N.Y. 1991); No. 85 Civ. 10017 (CSH), 1988 WL 18932, at \*9 (S.D.N.Y. Feb. 19, 1988); *Ronald Litoff, Ltd. v. Am. Express Co.*, 621 F. Supp. 981, 986 (S.D.N.Y. 1985); *Universal City Studios v. Nintendo Co., Ltd.*, 615 F. Supp. 838, 856–57 (S.D.N.Y. 1985); *see also* 4 NIMMER ON COPYRIGHT *supra* note 15, § 16.03[B] at 16–14.

relationship, continue to be viable in idea submission cases.<sup>117</sup> Historically, these theories have been successfully applied in television treatment cases.<sup>118</sup>

#### a) Express Contract

Broadcasters and distributors do not pay for pitches, nor do they generally promise to pay if any of the ideas are used. On the contrary, most require the signing of a waiver for unsolicited submissions.<sup>119</sup> The idea purveyor invests time and energy in creating a proposal or script in the hope that the concept will get picked up, in which case paid work will follow.<sup>120</sup>

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<sup>117</sup> See generally *Metrano v. Fox Broad. Co., Inc.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664 (C.D. Cal. Apr. 24, 2000); *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446 (6th Cir. 2001); *Grosso v. Miramax Film Corp.*, 383 F.3d 965 (9th Cir. 2004); *Nadel v. Play-By-Play Toys & Novelties, Inc.*, 208 F.3d 368 (2d Cir. 2000); *Katz Dochtermann & Epstein, Inc. v. Home Box Office*, No. 97 CIV. 7763(TPG), 1999 WL 179603 (S.D.N.Y. Mar. 31, 1999); *Stewart v. World Wrestling Fed'n Entm't, Inc.*, No. 03 CV 2468 RLC, 2005 WL 66890 (S.D.N.Y. Jan. 11, 2005).

<sup>118</sup> See e.g., *Metrano v. Fox Broad. Co., Inc.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664, at \*19 (C.D. Cal. Apr. 24, 2000); *Kurlan v. Columbia Broad. Sys., Inc.*, 256 P.2d 962, 970 (Cal. 1953); *Mann v. Columbia Pictures, Inc.*, 180 Cal. Rptr. 522, 525-26 (Cal. Ct. App. 1982); *Donahue v. Ziv Television Programs, Inc.*, 54 Cal. Rptr. 130 (Cal. Dist. Ct. App. 1966); *Minnear v. Tors*, 72 Cal. Rptr. 287 (Cal. Ct. App. 1968)..

<sup>119</sup> The release form is a tool employed by producers and signed by the writer prior to a submission. The form waives the writer's right to sue the producer. The standard form states, "I will not assert against you . . . any claim based on plagiarism, infringement, confidential relationship, implied contract, unfair competition or otherwise arising out of any alleged used by you of my treatment or screenplay." The same release then states, "notwithstanding my release . . . in the event a court . . . shall find that you have wrongfully appropriated my screenplay from me and that the screenplay is original with me . . . then I will suffer no damages in excess of \$1000." The validity of releases has been questioned, but the continued use of the release forms evidences their value to producers. See 4 NIMMER ON COPYRIGHT *supra* note 15, § 16.05[C]. Networks discourage unsolicited submissions by either claiming that submission will be discarded unopened, see FOX Broadcasting Co. website available at <http://www.fox.com/community/askfox/answer11.htm> (last visited Feb. 22, 2006); or asserting that the unsolicited submission of creative ideas somehow waives any claim the author might have, see NBC website available at [http://www.nbc.com/Footer/Contact\\_Us/](http://www.nbc.com/Footer/Contact_Us/) (last visited Feb. 22, 2006).

<sup>120</sup> Option contracts with writers or individual producers are occasionally used to lock up a property for a period of time, but this is more common in the feature film industry. See, e.g., *Buchwald v. Paramount Pictures Corp.*, No. C706083, 1990 WL 357611, at \*1 (Cal. Super. Ct. Jan. 8, 1990).

Alternatively, and more commonly, if a producer has developed a television format and is actively seeking distribution as in “The Contender” example above, the parties are actually engaged in negotiating a contract for delivery of the completed program, not for the treatment.<sup>121</sup> The format is merely the blueprint for the series and if negotiations break down, neither party will be bound.<sup>122</sup>

Express contract claims for idea submissions are more likely to arise in feature film<sup>123</sup> or software industries,<sup>124</sup> where the practice of paying for such proposals may be more common. In the television industry, however, express contract disputes would most likely arise only where parties have agreed to a producer, writer or development agreement.<sup>125</sup> When such claims do arise, a plaintiff is likely to demonstrate that the rights asserted under the contract are qualitatively different than a promise not to accept the benefit of a copyrighted work.

For example, in *Chesler/Perlmutter Productions, Inc. v. Fireworks Entertainment, Inc.*,<sup>126</sup> Chesler had pitched to Fireworks a dramatic series entitled “Gitana,” featuring a sixteenth century action heroine.<sup>127</sup> When Fireworks produced a similar program, “Queen of Swords,” Chesler filed suit in state court alleging breach of express and implied contract.<sup>128</sup> Firework removed the case to federal court by alleging that the state claims were preempted by copyright.<sup>129</sup>

Chesler alleged that over and above pitching the idea orally, Fireworks asked for a written treatment which Chesler supplied.<sup>130</sup>

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<sup>121</sup> See generally *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049, at \*3 (C.D. Cal. Sept. 29, 1998).

<sup>122</sup> *Id.*

<sup>123</sup> See, e.g., *Buchwald*, 1990 WL 357611, at \*6.

<sup>124</sup> See, e.g., *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222, 1125 (3d Cir. 1986).

<sup>125</sup> See, e.g., *Chesler/Perlmutter Prods., Inc. v. Fireworks Entm't, Inc.*, 177 F. Supp. 2d 1050, 1054 (C.D. Cal. 2001).

<sup>126</sup> *Chesler/Perlmutter Prods., Inc. v. Fireworks Entm't, Inc.*, 177 F. Supp. 2d 1050 (C.D. Cal 2001).

<sup>127</sup> *Id.* at 1054.

<sup>128</sup> *Id.*

<sup>129</sup> *Id.* at 1053.

<sup>130</sup> *Id.* at 1054.

In addition, there were ongoing discussions between the parties concerning development, production, financing, compensation, and an exchange of budgets.<sup>131</sup> Chesler also sent a draft agreement that detailed the compensation for production fees, hiring of writers, and share of profits.<sup>132</sup>

Based on these allegations, the U.S. District Court for the Central District of California found the claims for breach of express contract and breach of a partially written and partially oral contract.<sup>133</sup> The claims were not preempted because the alleged terms, e.g., specific amounts and times of payment, selection of Chesler's writer, employment of Chesler's employee as producer, and Chesler's right of consultation, "go beyond a 'promise not to accept the benefit of a copyright work.'"<sup>134</sup>

Although the court acknowledged that the claim for breach of implied contract was a "closer question," the court found dispositive the allegations that the parties reached an actual agreement and that the relationship between the parties continued thereafter.<sup>135</sup> These allegations satisfied the "extra element" requirement such that the claim exceeded the exclusive rights protected by the Act.<sup>136</sup> Similarly, the allegation that Fireworks breached an explicit promise to pay certain sums of money and was unjustly enriched by retaining those specific sums was held to be sufficient to provide the requisite "extra element."<sup>137</sup>

#### b) Implied-in-Fact Contract

The only difference between the implied-in-fact contract and the express contract is that the offer and acceptance in implied-in-fact contracts is determined from circumstances rather than what the parties verbalize.<sup>138</sup> This could be the behavior of the parties

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<sup>131</sup> *Id.*

<sup>132</sup> *Id.*

<sup>133</sup> *Id.*

<sup>134</sup> *Id.* at 1059 (quoting *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049, at \*16 (C.D. Cal. Sept. 29, 1998))

<sup>135</sup> *Chesler*, 177 F. Supp. 2d at 1059.

<sup>136</sup> *Id.*

<sup>137</sup> *Id.*

<sup>138</sup> See 4 NIMMER ON COPYRIGHT *supra* note 15, § 16.05, at 16-31.

indicating their intentions to enter into a contract, or circumstances implied from industry practice.<sup>139</sup> The circumstances that can support the inference that the recipient of a format submission intended to pay for the idea if used, is essential to avoiding preemption.

The California Supreme Court first recognized the use of contract law for idea submission cases in *Stanley v. Columbia Broadcasting System*.<sup>140</sup> The plaintiff in that case had created a format for a radio program which he submitted to CBS, and which, he claimed, CBS copied in producing a similar radio program.<sup>141</sup> The plaintiff contended that he had an implied agreement with CBS that required the network to pay him if it used his format.<sup>142</sup> The jury awarded him \$35,000, and the judgment was affirmed by the California Supreme Court.<sup>143</sup> Because the radio program at issue was first broadcast in 1945, the case was decided based on California law before the 1947 amendment.<sup>144</sup> Therefore, the court did not consider the legal consequences of the 1947 amendment in the opinion, so the case's significance is limited.<sup>145</sup>

However, in his dissenting opinion in *Stanley*, Justice Traynor wrote an exposition on the law of ideas.<sup>146</sup> There, he explained why “[t]he policy that precludes protection of an abstract idea by copyright does not prevent its protection by contract”<sup>147</sup> and he further explained how contract law principles ought to be applied in protecting ideas.<sup>148</sup> Six years later, Justice Traynor's dissent in *Stanley* was “accepted as the law of California” by a majority of the California Supreme Court in *Desny v. Wilder*.<sup>149</sup>

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<sup>139</sup> See, e.g., *Desny v. Wilder*, 299 P.2d 257, 260 (Cal. 1956).

<sup>140</sup> *Stanley v. Columbia Broad. Sys.*, 221 P.2d 73 (Cal. 1950).

<sup>141</sup> *Id.* at 74.

<sup>142</sup> *Id.*

<sup>143</sup> *Id.*

<sup>144</sup> CAL. CIV. CODE § 980 (1872); see *supra* note 91.

<sup>145</sup> See Lionel S. Sobel, *A Practical Guide to Copyright Ownership and Transfer: The Differences Between Licenses, Assignments and Works Made for Hire and Suggestions for Analyzing which One is “Best” For a Particular Transaction*, ENT. L. REP., Feb. 1984 3, 7 (1984).

<sup>146</sup> See *Stanley*, 221 P.2d at 85 (Traynor, J., dissenting).

<sup>147</sup> *Id.*

<sup>148</sup> *Id.*

<sup>149</sup> See *Desny v. Wilder*, 299 P.2d 257, 266 (Cal. 1956).

*Desny v. Wilder* was the case in which an aspiring writer named Victor Desny sued Billy Wilder and Paramount Pictures, alleging that in producing the movie *Ace in the Hole*, they had used a story he had submitted to Wilder.<sup>150</sup> Desny had called Wilder's office asking to meet with Wilder, to pitch a 65-page script based on the story of Floyd Collins, a man who had been trapped in a cave for two weeks during the 20's.<sup>151</sup> When Wilder's secretary heard how long the script was, she told Desny that Wilder would never read such a long submission and that if he sent it, the script department would write up a synopsis for Wilder to read.<sup>152</sup> Desny said he would prefer to write the synopsis himself.<sup>153</sup> A few days later he called again and the secretary asked him to read it to her over the phone so that she could take it down in shorthand.<sup>154</sup> In that phone conversation, Desny explained that he had put a great deal of work into the story and was presenting it for sale.<sup>155</sup> The secretary told him that if they used it, "naturally we will pay you for it."<sup>156</sup> The film followed the storyline in the synopsis and included a fictional episode which appeared in the synopsis and which the court found to be original and novel.<sup>157</sup> *Desny v. Wilder* became the seminal case in the application of contract theory for idea submission cases.

The mere submission of an idea however, does not give rise to an implied contract.<sup>158</sup> *Desny v. Wilder* held that two circumstances must exist, either before or at the time of disclosure, for an agreement to be implied.<sup>159</sup> First, that the purveyor of the idea has set a condition to reveal the idea only if the recipient agrees to pay for it if used.<sup>160</sup> Second, the recipient, knowing the condition before he knows the idea, voluntarily accepts the

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<sup>150</sup> *Id.* at 260–61.

<sup>151</sup> *Id.* at 262.

<sup>152</sup> *Id.*

<sup>153</sup> *Id.*

<sup>154</sup> *Id.*

<sup>155</sup> *Id.*

<sup>156</sup> *Id.*

<sup>157</sup> *Id.* at 262–63.

<sup>158</sup> *Id.* at 270.

<sup>159</sup> *Id.*

<sup>160</sup> *Id.*

disclosure, and then, finding it valuable, uses it.<sup>161</sup> *Desny* also makes clear that just because an idea turns out to be valuable does not imply a contract.<sup>162</sup> Subsequent demands following an unconditioned disclosure, even if the recipient used the idea for profit, do not give rise to an implied promise to pay for the idea.<sup>163</sup> The idea purveyor must strike his deal before pitching the idea.<sup>164</sup> *Desny* was entitled to a trial on his implied-in-fact contract claim because he conditioned his pitch on receiving the reasonable value of it if it was used, and Wilder's secretary thereupon reassured him and assented to the disclosure.<sup>165</sup>

Following *Desny v. Wilder*, courts in California<sup>166</sup> and other states<sup>167</sup> expanded on the implied-in-fact contract doctrine. These courts found that an implied or express 'promise to pay for an idea if it was used,' was sufficient to maintain an action for breach of an implied contract, and that such a promise constituted the additional element needed to survive copyright preemption.<sup>168</sup>

Often, circumstances do not so neatly support the inferences necessary to finding an implied-in-fact contract.<sup>169</sup> Unlike an express contract, where the elements of contract are expressed in words, an implied-in-fact contract requires the action of the parties to justify the inference that an agreement has been sufficiently established.<sup>170</sup>

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<sup>161</sup> *Id.*

<sup>162</sup> *Id.*

<sup>163</sup> *Id.*

<sup>164</sup> *Id.*

<sup>165</sup> *Id.* at 273–75.

<sup>166</sup> *Chandler v. Roach*, 319 P.2d 776, 780–782 (Cal. Dist. Ct. App. 1958); *see also* *Kurlan v. Columbia Broad. Sys., Inc.*, 256 P.2d 962, 970 (Cal. 1953) (reversing dismissal where plaintiff claimed compensation, based "upon a contract implied in fact from trade customs, practices and usages," for the use of an idea for a television program). *See also* *Mann v. Columbia Pictures, Inc.*, 180 Cal. Rptr. 522, 525-26 (Cal. Ct. App. 1982); *Blaustein v. Burton*, 88 Cal. Rptr. 319 (Cal. Dist. Ct. App. 1970); *Donahue v. Ziv Television Programs, Inc.*, 54 Cal. Rptr. 130 (Cal. Dist. Ct. App. 1966) (Underwater Legion against Sea Hunt); *Minnear v. Tors*, 72 Cal. Rptr. 287 (Cal. Ct. App. 1968).

<sup>167</sup> *See, e.g.,* *Curtis v. Time, Inc.*, 147 F. Supp. 505, 506 (D.D.C. 1957).

<sup>168</sup> *Whitfield v. Lear*, 751 F.2d 90 (2d Cir. 1984).

<sup>169</sup> *See, e.g.,* *Smith v. Weinstein*, 578 F. Supp. 1297, 1305 (S.D.N.Y. 1984); *Faris v. Engberg*, 158 Cal. Rptr. 704 (Cal. Ct. App. 1979); *Klekas v. EMI Films, Inc.*, 198 Cal. Rptr. 296 (Dist. Ct. App. 1984).

<sup>170</sup> *Nadel v. Play-By-Play Toys & Novelties, Inc.*, 208 F.3d 368, 377 (2d Cir. 2000).

For example, in *Fischer v. Viacom International, Inc.*,<sup>171</sup> the creator of a team of animated characters, which served as the basis for his unpublished manuscript and a published collection of comic strips, approached Nickelodeon (a cable network owned by Viacom) about creating a series based on his characters.<sup>172</sup> He alleged that Nickelodeon expressed interest and encouraged him to develop the show concept.<sup>173</sup> Subsequently Nickelodeon developed “Blue’s Clues” which Fischer claimed was based on the characters he presented.<sup>174</sup>

The District Court for the District of Maryland dismissed Fischer’s implied contract claim finding that the “alleged contract did not regulate the parties’ conduct beyond the mere use of Fischer’s ideas.”<sup>175</sup> This claim, according to the court, was equivalent to rights protected under copyright and therefore preempted.<sup>176</sup>

The disclosure of the idea, in itself, does not justify compensation to the plaintiff just because the person to whom he disclosed the idea subsequently uses it.<sup>177</sup> As the *Desny* opinion states, “[t]he 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.”<sup>178</sup> The seller must clearly communicate that he is disclosing the idea on the condition that the buyer will pay for it if it is used.<sup>179</sup> If the buyer then accepts the idea, courts should find that a contract exists between the parties.<sup>180</sup>

### c) Breach of Confidence

A breach of confidence, that is the disclosure of an idea to a third party by the recipient of the idea after expressly or impliedly

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<sup>171</sup> *Fischer v. Viacom International, Inc.*, 115 F. Supp. 2d 535 (D. Md. 2000).

<sup>172</sup> *Id.* at 537.

<sup>173</sup> *Id.* at 538.

<sup>174</sup> *Id.*

<sup>175</sup> *Id.* at 542.

<sup>176</sup> *Id.*

<sup>177</sup> *Id.* at 544.

<sup>178</sup> *Desny v. Wilder*, 299 P.2d 257, 270 (Cal. 1956).

<sup>179</sup> *Id.*

<sup>180</sup> *See, e.g.*, *Whitfield v. Lear*, 751 F.2d 90, 92–93 (2d Cir. 1984) (applying California law); *Grosso v. Miramax* 383 F.3d 965, 968 (9th Cir. 2004); *Desny*, 299 P.2d at 270.

agreeing to treat the idea ‘in confidence’ is equivalent to a breach of contract.<sup>181</sup> The Central District of California court has found the understanding not to disclose an idea to be an extra element that takes a breach of confidence claim outside the scope of copyright.<sup>182</sup>

In *Metrano v. Fox Broadcasting Co.*,<sup>183</sup> Art Metrano, an actor, proposed a format for a series entitled “Beyond Belief” to several producers including Katie Face Productions.<sup>184</sup> Katie Face then arranged a pitch meeting with the defendants.<sup>185</sup> Following the pitch meeting, Fox informed Metrano that they were not interested in “Beyond Belief.”<sup>186</sup> Three years later, Fox aired a series, “Guinness World Records: Prime Time” that the plaintiff claimed utilized the same format as his proposed series.<sup>187</sup> The defendant successfully removed the action based on copyright preemption and then moved to dismiss Metrano’s state law claims.<sup>188</sup> The district court, citing *Endemol*<sup>189</sup> dismissed the implied contract claim.<sup>190</sup> The court, however, allowed the plaintiff to go forward on his breach of confidence claim.<sup>191</sup> The court held that the fact that Metrano proposed the show to several other producers and registered the treatment with the WGA did not constitute public disclosure, as each of those meetings could also be construed as confidential.<sup>192</sup> This may offer some glimmer of hope to plaintiffs

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<sup>181</sup> See generally *Faris v. Engberg*, 158 Cal. Rptr. 704 (Cal. Ct. App. 1979); *Landsberg v. Scrabble Crossword Game Players, Inc.*, 736 F.2d 485 (9th Cir. 1984).

<sup>182</sup> *Metrano v. Fox Broad. Co., Inc.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664, at \*19 (C.D. Cal. Apr. 24, 2000) (finding that the understanding with the recipient of the idea for a television format “Beyond Belief” would not be disclosed constituted the “extra element” necessary to bring the claim outside of copyright preemption). See also *Berkla v. Corel Corp.*, 66 F. Supp. 2d 1129, 1151 (E.D. Cal. 1999).

<sup>183</sup> *Metrano v. Fox Broad. Co., Inc.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664 (C.D. Cal. Apr. 24, 2000).

<sup>184</sup> *Id.* at \*1.

<sup>185</sup> *Id.*

<sup>186</sup> *Id.*

<sup>187</sup> *Id.*

<sup>188</sup> *Id.* at \*2.

<sup>189</sup> *Endemol Entm’t, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 (C.D. Cal. Sept. 29, 1998).

<sup>190</sup> *Metrano*, 2000 WL 979664, at \*6.

<sup>191</sup> *Id.* at \*6.

<sup>192</sup> *Id.* at \*8.

in overcoming the second prong of the preemption test when the circumstances lend themselves to breach of confidence claim.

In the case of Burnett, DreamWorks and NBC mentioned in the introduction, the parties wanted to prevent Fox from going forward with its version of a boxing reality show.<sup>193</sup> If they had pleaded breach of confidence or breach of implied contract, an injunction would not have been available because a breach of confidence is limited to the remedies available in a breach of contract.<sup>194</sup>

Confidential relationship theory is also included in the category of state claims protecting ideas.<sup>195</sup> However, it is only applicable where a trust arrangement already exists between the plaintiff and another person<sup>196</sup> such as an agent<sup>197</sup> or an employee<sup>198</sup> who shares the idea with a third party who then exploits the idea.<sup>199</sup> Where the person who originally disclosed the idea had no contact with the third person who eventually used it, there is no privity of contract and courts have held that no contract exists between them, not even an implied contract.<sup>200</sup> On the other hand, the third person who eventually used the idea could be liable if he knew of that confidential relationship, and that it was breached by the disclosure of the idea to him.<sup>201</sup>

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<sup>193</sup> Paulsen, *supra* note 5.

<sup>194</sup> *Metrano*, 2000 WL 979664, at \*8.

<sup>195</sup> *See, e.g., USM Corp. v. Tremco Inc.*, 710 F. Supp 1140, 1142 (N.D. Ohio 1988) (addressing the confidential relationship theory as a basis for legal protection of trade secrets).

<sup>196</sup> *See, e.g., Blaustein v. Burton*, 88 Cal. Rptr. 319, 336 (Cal. Dist. Ct. App. 1970).

<sup>197</sup> *See, e.g., Davies v. Krasna*, 121 Cal. Rptr. 705 (Cal. 1975).

<sup>198</sup> *See, e.g., Ralph Andrews Prods. v. Paramount Pictures Corp.*, 271 Cal. Rptr. 797, 801–03 (Cal. Dist. Ct. App. 1990) (holding that purchaser of idea from former employee of another company may be liable to that company if purchaser knew or should have known that employee stole the idea from the former employer).

<sup>199</sup> *See, e.g., Thompson v. California Brewing Co.*, 310 P.2d 436, 439–41 (Cal. Dist. Ct. App. 1957); *USM Corp. v. Tremco Inc.*, 710 F. Supp 1140, 1142–1143 (N.D. Ohio 1988) (“the ‘confidential relationship’ theory imposes a duty on a knowingly wrongful third party”).

<sup>200</sup> *Donahue v. Ziv Television Programs, Inc.*, 54 Cal. Rptr. 130, 139–41 (Cal. Dist. Ct. App. 1966).

<sup>201</sup> *See* 4 NIMMER ON COPYRIGHT *supra* note 15, § 16.07 at 16–51; *Davies*, 121 Cal. Rptr. at 710–12; *Thompson*, 310 P.2d 436 at 440–42. *But see Vantage Point, Inc. v. Parker Bros., Inc.*, 529 F. Supp. 1204, 1214–15 (E.D.N.Y. 1981).

## II. THE QUESTIONABLE VIABILITY OF STATE LAW CLAIMS

Within the past decade<sup>202</sup> federal courts throughout the country have grappled with the factual circumstances that sustain state law claims for the unauthorized use of ideas embodied in copyrightable works based on implied-in-fact contract.<sup>203</sup> An examination of the case law indicates no general rule for preemption of implied-in-fact contract claims based on the submission of ideas. The outcome depends on “the precise contract right being asserted.”<sup>204</sup> For example, if the expectation of the parties is not the direct sale of the ideas but rather that, should the idea prove workable, the parties will enter into negotiation on a producer or writer contract,<sup>205</sup> then the “extra element” test fails and the implied-in-fact contract claim will be preempted.<sup>206</sup> Because pitches are commonly taken informally or without solicitation on the part of the recipient, it is the rare case where a recipient has, pre-disclosure, expressed or implied by his actions, a promise to pay

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<sup>202</sup> *Berge* in 1997 looks like the first Court of Appeals case that found preemption because ideas are within the scope of copyright but not within its protection. Del Madiera in 1987 used the 2-prong analysis but the copyrighted work was a map and the uncopyrightable material was information. See also *Nat'l Basketball Ass'n v. Motorola, Inc.* 105 F.3d 841 (2d Cir. 1997).

<sup>203</sup> Alabama: *United States ex rel. Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453 (4th Cir. 1997); California: *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 (C.D. Cal. Sept. 29, 1998), *Associated Artist Entm't, Inc. v. Walt Disney Pictures*, No. CV-95-00713-AAH, 1999 WL 132196 (9th Cir. Mar. 9, 1999), *Metrano v. Fox Broad. Co., Inc.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664 (C.D. Cal. Apr. 24, 2000), *Chesler/Perlmutter Prods., Inc. v. Fireworks Entm't, Inc.*, 177 F. Supp. 2d 1050 (C.D. Cal. 2001), *Grosso v. Miramax Film Corp.*, 383 F.3d 965 (9th Cir. 2004), *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209 (9th Cir. 1998); New York: *Markogianis v. Burger King Corp.*, No. 95 CIV. 4627(JFK), 1997 WL 167113, at \*2 (S.D.N.Y. Apr. 8, 1997), *Stewart v. World Wrestling Fed'n Entm't, Inc.*, No. 03 CV 2468 RLC, 2005 WL 66890 (S.D.N.Y. Jan. 11, 2005); Maryland: *Fischer v. Viacom Int'l, Inc.*, 115 F. Supp. 2d 535, 542 (D. Md. 2000); Texas: *Keane v. Fox Television Stations, Inc.*, 297 F. Supp. 2d 921, 944 (S.D. Tex. 2004); Michigan: *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446 (6th Cir. 2001); New Jersey: *Baer v. Chase*, 392 F.3d 609 (3d Cir. 2004).

<sup>204</sup> *Fischer v. Viacom Int'l, Inc.*, 115 F. Supp. 2d 535, 542 (D. Md. 2000) (quoting *Wrench LLC v. Taco Bell Corp.*, 51 F. Supp. 2d 840, 853 (W.D. Mich. 1999) (applying New York law).

<sup>205</sup> See, e.g., *Associated Artist Entm't, Inc. v. Walt Disney Pictures*, No. CV-95-00713-AAH, 1999 WL 132196 (9th Cir. Mar. 9, 1999).

<sup>206</sup> See, e.g., *Endemol*, 1998 U.S. Dist. LEXIS 19049, at \*15.

for an idea if used.<sup>207</sup> There is authority on the validity of industry custom as a source of this assent in implied contracts,<sup>208</sup> however, cases relying on industry custom to find the existence of an implied-in-fact contract concern transactions in industries other than television programming.<sup>209</sup>

When a breach of contract claim alleges qualitatively different rights other than reproduction, adaptation, distribution, or display of a copyrighted work, then the right is not “within the general scope of copyright, and there is no preemption.”<sup>210</sup> Determining the nature and existence of such qualitatively different or additional elements is both a legal and factual hurdle for plaintiffs. A publisher’s promise to pay royalties,<sup>211</sup> or a breach of confidentiality in an employment agreement<sup>212</sup> are examples of such an additional element.<sup>213</sup> This principle is consistent with *Desny v. Wilder*<sup>214</sup> where it is proven that the defendants promise, either express(ly) or implied(ly), to pay if the idea is used.<sup>215</sup> However, where the plaintiff’s assertion is a “contract-based

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<sup>207</sup> *Desny v. Wilder*, 299 P.2d 257, 267 (Cal. 1956).

<sup>208</sup> 4 NIMMER ON COPYRIGHT *supra* note 15, § 16.05 at 16–35.

<sup>209</sup> *See, e.g., Toy business*: *Nadel v. Play-By-Play Toys & Novelties, Inc.*, 208 F.3d 368, 380 (2d Cir. 2000) (toy business); *Feature films*: *Grosso v. Miramax Film Corp.*, 383 F.3d 965, 967 (9th Cir. 2004), *Feature v. Spyglass Entm’t Group, LP*, CV 02-0183-SVW(JTLx), 2002 U.S. Dist. LEXIS 17769, (C.D. Cal. July 22, 2002), *Katz Dochtermann & Epstein, Inc. v. Home Box Office*, No. 97 CIV. 7763(TPG), 1999 WL 179603 (S.D.N.Y. Mar. 31, 1999); *Advertising*: *Epstein, Inc. v. Home Box Office*, No. 97 CIV. 7763, 1999 WL 179603 (S.D.N.Y. Mar. 31, 1999). *But see* *Whitfield v. Lear*, 751 F.2d 90 (2d Cir. 1984) (applying California law).

<sup>210</sup> 1 NIMMER ON COPYRIGHT *supra* note 15, § 1.01[B][1], at 1–13.

<sup>211</sup> *Asunto v. Shoup*, 132 F. Supp. 2d 445, 452 (E.D. La. 2000).

<sup>212</sup> *Lennon v. Seaman*, 63 F. Supp. 2d 428, 432, 438 & n.5 (S.D.N.Y. 1999); *see also* *Metrano v. Fox Broad. Co., Inc.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664, at\*6–7 (C.D. Cal. Apr. 24, 2000) (holding implied contract claim preempted by copyright but holding that breach of confidence claim was not).

<sup>213</sup> 1 NIMMER ON COPYRIGHT *supra* note 15, at § 101[B][1][a], at 1–15 – 1–16.

<sup>214</sup> *See* discussion *infra* Part I.C.

<sup>215</sup> *Stewart v. World Wrestling Fed’n Entm’t, Inc.*, No. 03 CV 2468 RLC, 2005 WL 66890, at \*6 (S.D.N.Y. Jan. 11, 2005); *Grosso v. Miramax Film Corp.*, 383 F.3d 965, 968 (9th Cir. 2004); *Chesler/Perlmutter Prods., Inc. v. Fireworks Entm’t, Inc.*, 177 F. Supp. 2d 1050, 1059 (C.D. Cal. 2001); *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 459 (6th Cir. 2001); *Katz Dochtermann & Epstein, Inc. v. Home Box Office*, No. 97 CIV. 7763(TPG), 1999 WL 179603, at \*4 (S.D.N.Y. Mar. 31, 1999); *Whitfield v. Lear*, 751 F.2d 90, 92 (2d Cir. 1984).

tort,”<sup>216</sup> that is, where the loss is some future benefit that would flow from an actual or prospective contract, such rights are considered as equivalent to copyright protection, and are therefore preempted.<sup>217</sup>

*A. The Desny Claim, Is It Still Viable?*

Despite the difficulties presented by copyright preemption doctrine, the *Desny*-type claim is still alive—barely. Recently in *Grosso v. Miramax Film Corp.*,<sup>218</sup> the Ninth Circuit<sup>219</sup> affirmed the district court’s grant of summary judgment in favor of the defendants on plaintiff’s copyright claim, but reversed the district court’s dismissal of an implied-in-fact contract claim.<sup>220</sup> In 1996, Jeff Grosso, a screenwriter submitted a screenplay to Gotham Entertainment Group, a copy of which he had deposited with the WGA Registry.<sup>221</sup> Gotham was connected to Miramax through a ‘first look deal’ and was owned by a past executive of Miramax.<sup>222</sup> Some time thereafter, Miramax released the film “Rounders,” which Grosso claimed was substantially similar to his screenplay.<sup>223</sup> Grosso’s submission was unsolicited.<sup>224</sup> He brought suit in state court alleging a *Desny*-type contract claim.<sup>225</sup> Defendant removed to federal court where Judge Collins dismissed the contract claim but gave plaintiff leave to amend the complaint

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<sup>216</sup> 1 NIMMER ON COPYRIGHT *supra* note 15, at § 101[B][1][a][ii], at 1–17.

<sup>217</sup> Cases dismissing implied contract claim: *Metrano*, 2000 WL 979664; *Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053 (C.D. Cal. 2000); *Endemol Entm’t, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 (C.D. Cal. Sept. 29, 1998); *Worth v. Universal Pictures, Inc.*, 5 F. Supp. 2d 816 (C.D. Cal. 1997); *Associated Artist Entm’t, Inc. v. Walt Disney Pictures*, No. CV-95-00713-AAH, 1999 WL 132196 (9th Cir. Mar. 9, 1999); *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209 (9th Cir. 1998); *Markogianis v. Burger King Corp.*, No. 95 CIV. 4627(JFK), 1997 WL 167113 (S.D.N.Y. Apr. 8, 1997); *Keane v. Fox Television Stations, Inc.*, 297 F. Supp. 2d 921 (S.D. Tex. 2004).

<sup>218</sup> *Grosso v. Miramax Film Corp.*, 383 F.3d 965 (9th Cir. 2004).

<sup>219</sup> Chief Judge Schroeder writing for the panel.

<sup>220</sup> *Grosso*, 383 F.3d at 967.

<sup>221</sup> Brief of Plaintiff-Appellant at 5, *Grosso v. Miramax Film Corp.*, No. 01-57255, 2002 WL 32302494 (9th Cir. Sept. 3, 2002).

<sup>222</sup> *Id.*

<sup>223</sup> *Id.* at 5–6.

<sup>224</sup> *Id.* at 5.

<sup>225</sup> *Id.* at 4.

to include copyright infringement.<sup>226</sup> The court subsequently granted defendants' motion for summary judgment as to the copyright claim.<sup>227</sup>

The Ninth Circuit affirmed the summary judgment for the defendant on the copyright infringement claim, finding that the district court "carefully and correctly" found the works not substantially similar in genre, mood, pace, themes, settings, characters, plot and sequences of events.<sup>228</sup> The court however reversed the dismissal of the implied contract claim concluding simply that "the complaint stated a Desny claim."<sup>229</sup> The court did not elaborate and pulled back even further by amending its opinion six months later; adding a penultimate paragraph declaring that the decision to reverse the dismissal was based *solely* on a finding that the Plaintiff's first amended complaint stated a Desny claim.<sup>230</sup> The inference in this cryptic language might be that the court did not want to suggest, as the plaintiff had suggested in his brief,<sup>231</sup> that the 1976 Copyright Act had completely eliminated the implied-in-fact contract claim under California law.

The implied-in-fact contract claim continues to be viable where the defendant clearly solicits the submission and encourages the plaintiff to continue further development following the initial pitch. Most notable is the Sixth Circuit decision in *Wrench LLC v. Taco Bell*<sup>232</sup> followed by a jury award of \$30 million to two cartoonists who had pitched the "Psycho Chihuahua" character for use in Taco Bell's television advertisements.<sup>233</sup> The parties had been in discussion and negotiation concerning the concept for over 18 months, including numerous presentations, a sample

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<sup>226</sup> *Grosso*, 383 F.3d at 967.

<sup>227</sup> *Id.*

<sup>228</sup> *Id.* See also *CBS Broad. Inc. v. ABC, Inc.*, No. 02 Civ. 8813 (LAP), 2003 U.S. Dist. LEXIS 20258, at \*4-5 (S.D.N.Y. Jan. 13, 2003).

<sup>229</sup> *Grosso*, 383 F.3d at 967.

<sup>230</sup> *Grosso v. Miramax*, 400 F.3d 658, 659 (9th Cir. 2005).

<sup>231</sup> *Grosso v. Miramax*, Reply Brief of Appellant 2002 WL 32302495 at \*8 (9th Cir.) (December 27, 2002)

<sup>232</sup> *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446 (6th Cir. 2001).

<sup>233</sup> Theresa Howard, *Chihuahua Idea Men Win Taco Bell Suit*, USA Today, June 4, 2003, available at [http://www.usatoday.com/money/industries/food/2003-06-04-taco-bell-lawsuit\\_x.htm](http://www.usatoday.com/money/industries/food/2003-06-04-taco-bell-lawsuit_x.htm).

commercial and a proposed licensing contract.<sup>234</sup> Although the defendant claimed that their advertising agency had independently conceived of the campaign, the plaintiff's pitch materials had been forwarded to the agency.<sup>235</sup> The court also stated that novelty was not required in a contract-based claim under Michigan law.<sup>236</sup>

The implication of these Ninth and Sixth circuit decisions seems to be that it is not proper to grant a defendant's motion to dismiss when a plaintiff can plead that an understanding existed to pay for an idea if used, because the finding of an implied-in-fact contract requires a detailed fact-based inquiry. However, a number of cases in the television industry, which have not been overruled, have allowed defendants to employ the one-two punch of removal/preemption to dismiss implied-in-fact contract claims.<sup>237</sup>

#### *B. The Particular Problem in Television Format Submission Cases*

In *Endemol Entertainment, B.V. v. Twentieth Television*<sup>238</sup> District Judge Audrey Collins<sup>239</sup> granted defendants motion to dismiss an implied contract claim based on copyright preemption.<sup>240</sup> The Court held that "[t]he promise not to accept the benefit of a copyright work, with nothing more, is not sufficient to provide the extra element required for a [contract] cause of action."<sup>241</sup>

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<sup>234</sup> *Wrench*, 256 F.3d at 450.

<sup>235</sup> *Id.* at 449–51.

<sup>236</sup> *Id.* at 460.

<sup>237</sup> See *Associated Artist Entm't, Inc. v. Walt Disney Pictures*, No. CV-95-00713-AAH, 1999 WL 132196, at \*1 (9th Cir. Mar. 9, 1999); *Keane v. Fox Television Stations, Inc.*, 297 F. Supp. 2d 921, 944 (S.D. Tex. 2004); *Fischer v. Viacom Int'l, Inc.*, 115 F. Supp. 2d 535, 542 (D. Md. 2000); *Metrano v. Fox Broad. Co., Inc.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664, at \*6–7 (C.D. Cal. Apr. 24, 2000); *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 (C.D. Cal. Sept. 29, 1998); *Worth v. Universal Pictures, Inc.*, 5 F. Supp. 2d 816, 822 (C.D. Cal. 1997) (holding the Copyright Act preempts breach of implied contract claims).

<sup>238</sup> *Endemol Entm't, B.V. v. Twentieth Television Inc.*, No. CV98-0608 ABC (BQRx), 1998 U.S. Dist. LEXIS 19049 (C.D. Cal. Sept. 29, 1998).

<sup>239</sup> Judge in *Grosso v. Miramax Film Corp.*, 383 F.3d 965 (9th Cir. 2004).

<sup>240</sup> *Endemol*, 1998 U.S. Dist. LEXIS 19049, at \*17.

<sup>241</sup> *Id.* at \*16.

Endemol is a Dutch producer and international distributor of television programming.<sup>242</sup> In January of 1994, Endemol presented a television program format for “Forgive Me,” a popular program that had been running in Europe since 1991, to Jonathan Goodson of Mark Goodson Productions at the NATPE Convention.<sup>243</sup> Goodson expressed interest but negotiations ended in May 1994 with no agreement on terms.<sup>244</sup> Endemol alleged that it was understood that disclosure was made in confidence and that it would be compensated for any use of the ideas.<sup>245</sup> The following season, Goodson, now in his own company, co-produced a show entitled “Forgive and Forget” in association with Monet Lane and Twentieth Television, which Endemol claimed was based on the format it had presented.<sup>246</sup> Endemol filed suit in federal court alleging copyright infringement and breach of implied-in-fact contract.<sup>247</sup>

The court, following the reasoning in *United States ex rel. Berge v. Trustees of the University of Alabama*,<sup>248</sup> found the plaintiff’s implied contract claim duplicative of the copyright infringement claim.<sup>249</sup> Endemol asserted that the defendants had disclosed and exploited the ideas and “enter[ed] into an agreement to develop and produce Plaintiff’s ideas and concepts” thereby “interfering with Plaintiff’s ability to exploit and license its television program in the United States.”<sup>250</sup>

The court described the plaintiff’s claim as falling into the category of contract claims that allege no additional rights, other than the promise not to benefit from the copyrighted work,<sup>251</sup> and

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<sup>242</sup> *Id.* at \*2.

<sup>243</sup> *Id.* at \*2–3. NATPE stands for National Association of Television Programming Executives and represents broadcasters and other distributors of television programming. They hold an annual convention in January where program licensing deals are negotiated.

<sup>244</sup> *Id.* at \*3.

<sup>245</sup> *Id.*

<sup>246</sup> *Id.* at \*3–4.

<sup>247</sup> *Id.* at \*1.

<sup>248</sup> *United States ex rel. Berge v. Bd. of Trs. of the Univ. of Ala.*, 104 F.3d 1453 (4th Cir. 1997); *see supra* notes 60–67 and accompanying text.

<sup>249</sup> *See Endemol*, 1998 U.S. Dist. LEXIS 19049 at \*17.

<sup>250</sup> *Id.*

<sup>251</sup> *Id.*

was therefore preempted.<sup>252</sup> Although the plaintiff asserted breach of confidence, it did so only within the breach of contract claim, and the court summarily ignored it.<sup>253</sup>

As *Endemol* demonstrates, if negotiations fail or the acquirer expresses no interest, and subsequently copies the underlying ideas, the implied contract theory will fail for two reasons. First, the plaintiff cannot assert that the acquirer promised to pay for the idea if used. If any promise can be inferred, it is that the acquirer promised not to use the idea without entering a contract. This right, which is exclusive control over the material at issue, is equivalent to copyright and therefore preempted by federal copyright.<sup>254</sup> Second, from the idea purveyor's point of view, she has disclosed the idea with the expectation of entering into a contract at some future date. If pleaded as a future expectation, this does not rise to the level of consideration necessary to sustain the assertion that an implied-in-fact contract has been created between the parties.<sup>255</sup>

The argument that a contract claim is not qualitatively different from a copyright claim is troubling. In a contract claim, whether the contract is written, oral, or implied-in-fact, the plaintiff must prove a promise, the terms of the contract, consideration, and so forth. It is illogical to conclude that *any* promise does not constitute an "extra element" that makes such claims qualitatively different from copyright protection. Unlike a contract, copyright grants exclusive right against the world.<sup>256</sup> Even though the act of breaching the contract and infringing the copyright can arise from the same incident, these causes of action are qualitatively different.

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<sup>252</sup> *Id.*

<sup>253</sup> *Id.* ("Because the Court grants Defendants' motion to dismiss Plaintiff's second cause of action for breach of contract, it need not consider Plaintiff's claim that the second cause of action includes a cause of action for breach of confidence.").

<sup>254</sup> *See id.* at \*16-17; *see also* *Worth v. Universal Pictures, Inc.*, 5 F. Supp 2d 816, 822 (C.D. Cal. 1997).

<sup>255</sup> *See* *Associated Artist Entm't, Inc. v. Walt Disney Pictures*, No. CV-95-00713-AAH, 1999 WL 132196, at \*1 (9th Cir. Mar. 9, 1999).

<sup>256</sup> *See* *Pro CD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1454 (7th Cir. 1996).

### III. THE POTENTIAL EFFECT OF LEGAL OUTCOMES ON THE INDUSTRY

When one imagines the idea submission dispute, two scenarios come to mind. In the first, an eager writer has pitched his life's work only to see its essence appropriated without remuneration.<sup>257</sup> This is the *Desny* paradigm. The concept may be a unique or common-place concept,<sup>258</sup> based on historical facts,<sup>259</sup> or consist of research performed for a producer.<sup>260</sup> The writer subsequently sees a break-out hit without having received acknowledgement or compensation. Cases between such purveyors of ideas and broadcasters are inherently different from the second scenario where deals are struck (or negotiations break down) between industry players. Although the former may be unfair, the latter will have serious economic consequences on the entire industry. Industry practice is influenced by legal outcomes. As a lack of legal enforcement becomes incorporated into the general practice, some broadcasters and producers have become more brazen in borrowing program formats from each other.<sup>261</sup>

A successful series may prompt authors, who have pitched a show format at some time in the past and believe they recognize those ideas in the finished product, to claim that it was their format that was used to develop the series.<sup>262</sup> For example, Leigh Burton's claim, that she pitched a boxing reality show to Golden

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<sup>257</sup> See, e.g., *Metrano v. Fox Broadcasting Co.*, No. CV-00-02279 CAS JWJX, 2000 WL 979664, at \*1 (C.D. Cal. Apr. 24, 2000).

<sup>258</sup> See, e.g., *Murray v. Nat'l Broad. Co., Inc.*, 844 F.2d 988, 995 (2d Cir. 1988) (affirming lower court's denial of plaintiff's claim that NBC misappropriated his idea for a television series when the network produced "The Cosby Show").

<sup>259</sup> See, e.g., *Chase-Riboud v. Dreamworks, Inc.*, 987 F. Supp. 1222, 1222 (C.D. Cal. 1997) (denying author of novel's motion for preliminary injunction against producers of "Amistad").

<sup>260</sup> See, e.g., *Baer v. Chase*, 392 F.3d 609, 613 (3d Cir. 2004) (taking up plaintiff's claim that David Chase misappropriated his idea to create "The Sopranos").

<sup>261</sup> See *Good Ideas*, supra note 10; Bill Carter, *At Fox, Reality Robbery Mastermind or Just Playing the Game?* N.Y. TIMES, June 29, 2004 § E at 1.

<sup>262</sup> See e.g., *Keane v. Fox Television Stations, Inc.*, 297 F. Supp. 2d 921, 925 (S.D. Tex. 2004); *Idema v. DreamWorks*, 162 F. Supp. 2d 1129, 1144 (C.D. Cal. 2001); *Reyher v. Children's Television Workshop*, 533 F.2d 87, 87 (2d Cir. 1976); *Smith v. New Line Cinema*, No. 03 Civ. 5274(DC), 2004 WL 2049232, at \*1 (S.D.N.Y. Sept. 13, 2004); *Chase-Riboud*, 987 F. Supp. at 1222; *Baer*, 392 F.3d at 613; *Murray*, 844 F.2d at 988.

Boy Productions while Mark Burnett was pitching a similar idea to Fox, is a frequent occurrence in the television industry.<sup>263</sup> Multiple overlapping claims become an intractable dilemma in idea submission cases.

The television and film industries survive on the collective effort of creative authors, both writers and producers, to pitch their ideas for the next breakout hit. The author needs to pitch the idea to get the project off the ground, while studio and network executives rely upon hearing every pitch that is out there so as not to overlook that next hit, for their careers depend on it. Despite the fact that a format may not be particularly novel in a general sense, the idea may still have value to the recipient. For instance, the value may be “not having to expend resources pursuing the idea through other channels or by having a profit-making idea implemented sooner rather than later.”<sup>264</sup>

There is little incentive for a broadcaster to contract for television formats if the ideas behind those formats are available at no cost. Negotiations for the rights to television formats continue due to business relationships,<sup>265</sup> but when negotiations break down, there is no incentive for the broadcaster to refrain from developing an identical program with another producer. If ideas have no

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<sup>263</sup> Seven similar claims were brought against Paramount Pictures resulting from the studio's production of “Coming to America.” *See, e.g.*, *Buchwald v. Paramount Pictures Corp.*, No. C706083, 1990 WL 357611, at \*5 (Cal. Super. Ct. Jan. 8, 1990); *Beal v. Paramount Pictures*, 806 F. Supp. 963, 964 (N.D. Ga. 1992). Two similar claims were brought against the producers of the television series “Sea Hunt.” *See Minniear v. Tors*, 72 Cal. Rptr. 287, 290 (Ct. App. 1968); *Donahue v. Ziv Television Programs, Inc.*, 54 Cal. Rptr. 130, 132 (Cal. Dist. Ct. App. 1966). Two analogous claims were also brought against Fox in relation to its series “The Next Great Champ.” *See supra* note 5 and accompanying text.

<sup>264</sup> *See, e.g.*, *Apfel v. Prudential-Bache Sec., Inc.* 616 N.E.2d 1095, 1098 (N.Y. 1993).

<sup>265</sup> In the normal course of business, producers contract with authors, generally through their agents, to option copyrighted works, or to pay writers for fully developed scripts, or for production and delivery of finished projects from early stage concepts, or to license formats of existing programs for use in other markets. Given the vast number of ideas pitched compared to the relatively small number of projects produced (at Miramax, for example, however, it is no wonder that so many allegations of plagiarism occur). *See supra* note 8 and accompanying text. It is also understandable that upon hearing an intriguing pitch, a broadcaster or producer may inadvertently incorporate the ideas embodied in that pitch in the development of similar projects, leading to disputes over the origins of the program concept. *See supra* note 265 and accompanying text.

economic value individually, and using other people's ideas has no legal consequences, the 'gentlemen's agreement' not to gain the benefit of a pitch without the involvement of the author is no longer maintainable. Furthermore, as this industry custom erodes, the inference of industry custom is eroded as well. Court decisions reflect this shift,<sup>266</sup> finding it increasingly difficult to find that an implied-in-fact contract exists.

*A. A Statutory Solution is Unworkable*

A statutory solution to this problem is not possible because granting property rights to television formats would cast the net too broadly. It would be impossible to separate the cases of over-reaching<sup>267</sup> from those where genuine misappropriation had taken place. Robert Merges and others have argued persuasively that proposals for compulsory license schemes to deal with the burden of obtaining intellectual property licenses and, failing this, dealing with litigation, are economically inefficient.<sup>268</sup> Compulsory licensing is useful under circumstances where many owners of strong property rights need to reduce transaction costs for users of those rights.<sup>269</sup> In recommending a collective rights organization for digital content, Merges focuses on the private ordering of repeat exchanges where strong property entitlements are in the hands of many rights holders and both users and rights holders are motivated to overcome transactional bottlenecks.<sup>270</sup> Examples of this type of collective licensing arrangement are the American Society of Composers, Authors and Publishers ("ASCAP") and patent pools.

Television format submissions do not fit this model: that strong property rule entitlements motivate parties to bargain over the value of intellectual property.<sup>271</sup> In contrast, the market for idea

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<sup>266</sup> See *supra* note 238 and accompanying text.

<sup>267</sup> See *supra* notes 258, 259, 260 and accompanying text.

<sup>268</sup> See Merges, *supra* note 28, at 1299–1300; see also Stanley M. Besen et al., *An Economic Analysis of Copyright Collectives*, 78 VA. L. REV. 383, 384 (1992) (considering why copyright collectives emerge and examining the laws that govern such collectives).

<sup>269</sup> See Merges, *supra* note 28, at 1295.

<sup>270</sup> See *id.*

<sup>271</sup> See *id.* at 1305–06.

submissions is one where a small group of acquirers are encouraged by a *lack* of property rights to behave opportunistically in order to gain a competitive advantage in the short term.<sup>272</sup> This lack of exogenous property entitlement is markedly different from the traditional framework of intellectual property systems.<sup>273</sup> It is time for the industry to look at the long-standing problem of imitation of television formats, not as a conflict between the poor writer and the rapacious producer, but as a dispute among a tight-knit group of acquirers sharing a common resource who undervalue, and therefore overexploit, that resource thereby discouraging investment in maintaining or replenishing the resource pool.<sup>274</sup>

*B. A Collective Rights Organization Is Worth Considering*

In discussing the effectiveness of collective rights organizations, Merges points to collective rights organizations that have succeeded where no property entitlement exists.<sup>275</sup> His examples range from Medieval traders, to municipalities sharing water rights in the Los Angeles basin<sup>276</sup>. He refers in particular to the work of Elinor Ostrom, who has conducted extensive research on common resource institutions organized to manage shared natural resources.<sup>277</sup>

Ostrom defines three fundamental similarities of such institutions that have proven successful.<sup>278</sup> First, the individual acquirers of a common-pool resource must share a past and expect to share a future.<sup>279</sup> It is therefore important for individuals to maintain their reputations within the community.<sup>280</sup> Second, the

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<sup>272</sup> Cf. *id.* at 1319 (arguing that collective rights organizations “bundle rights and settle accounts among members”).

<sup>273</sup> See e.g., Besen, *supra* note 269, at 383; Merges, *supra* note 28, at 1301 n. 13.

<sup>274</sup> Cf. ELINOR OSTROM, GOVERNING THE COMMONS: THE EVOLUTION OF INSTITUTIONS FOR COLLECTIVE ACTION (1990) (analyzing self regulated institutions which manage the sharing of natural resources such as water rights, fisheries, and forestry).

<sup>275</sup> See Merges, *supra* note 28, at 1323–24.

<sup>276</sup> See *id.*

<sup>277</sup> See *id.* at 1322; See generally OSTROM, *supra* note 269.

<sup>278</sup> See OSTROM, *supra* note 269, at 88–89.

<sup>279</sup> *Id.* at 88.

<sup>280</sup> *Id.*

individuals in the group must share accepted norms of proper behavior and have similar goals.<sup>281</sup> Third, the group must have “institutional robustness.”<sup>282</sup> That is, rules of behavior have been devised and modified over time, according to a set of governing principles.<sup>283</sup>

The condition in the television industry fits this pattern. Television is a close-knit industry. There are only a handful of media companies that control the pipeline for broadcast output.<sup>284</sup> Furthermore, these companies are owned by media conglomerates that have significant station and cable network ownership.<sup>285</sup>

The suppliers of television format ideas, although a much more numerous group, are generally members of the WGA, the union for both feature film and television writers, and the agents who represent them.<sup>286</sup> Membership requirements for the WGA tend to screen out non-repeat players.<sup>287</sup> There is also a great deal of cross-over by individuals alternating between the network side and the production side. This creates an environment where norms of behavior, although informal, are inviolate. As to the rules of behavior, each network has its own corporate culture; however, at the programming level the rotation of individuals tends to promote uniform behavior and therefore “institutional robustness.”

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<sup>281</sup> *Id.* at 88–89.

<sup>282</sup> *Id.* at 89.

<sup>283</sup> *Id.*

<sup>284</sup> Five companies—Viacom, Disney, General Electric, News Corp. and Time Warner—control over 75% of television viewing. WRITERS GUILD OF AMERICA, WEST, INC., THE BIG PICTURE, STATE OF THE INDUSTRY, <http://www.wga.org/organizesub.aspx?id=1036> (last visited Jan. 17, 2006). Viacom owns CBS and the UPN, General Electric owns NBC, Disney owns ABC, News Corp. owns Fox, and Time Warner owns the WB.

<sup>285</sup> *E.g.*, Viacom also owns the MTV Networks group, Spike TV, BET and seventeen local CBS affiliates in major markets; Time Warner owns CNN, HBO, TNT, TBS, and Time Warner Cable; NBC Universal owns the USA Network, Telemundo, Bravo, CNBC, and MSNBC, as well as fourteen local NBC affiliates in major markets; News Corp. also owns FX; and Disney also owns the Disney Channel, ESPN, half of Lifetime, ABC Family, and nine local ABC affiliates in major markets.

<sup>286</sup> *See* WRITERS GUILD OF AMERICA, WEST, INC., REQUIREMENTS FOR ADMISSION TO THE WGA, WEST, INC., [http://www.wga.org/subpage\\_whoare.aspx?id=84](http://www.wga.org/subpage_whoare.aspx?id=84) (last visited Jan. 17, 2006).

<sup>287</sup> *Merges, supra* note 28, at 1367–68.

Informal enforcement techniques of ostracism and even boycott occur regularly without any formal mechanism.<sup>288</sup>

For the above reasons, the television industry satisfies Ostrom's fundamental attributes for the development of a common-pool resource institution. The desire to overcome opportunism and reduce transaction costs, including the cost of litigation, makes this viable. In Europe, where licensing of television formats is a much more robust business than in the U.S., a voluntary organization has developed to address the issue of format copying.<sup>289</sup>

### 1. FRAPA

Format licensing in Europe faces similar legal obstacles as those discussed here. To address these issues the Format Recognition and Protection Association was formed in Germany in 2000.<sup>290</sup> It was started by television production companies with the objective of defining a code of conduct and mediating disputes that arise over television formats in international markets.<sup>291</sup> FRAPA currently consists of more than 100 companies from within the television and broadcasting industries.<sup>292</sup> In 2003, it mediated 18 format plagiarism disputes.<sup>293</sup> The organization is supported with government funds from the state of North Rhine-Westphalia in Germany.<sup>294</sup>

Due to the cultural diversity and language differences across markets in Europe, the licensing of formats as an alternative to the licensing of finished programs is in high demand. A successful show in one country is less likely to play well in another. Therefore, although the opportunity to recreate the format of a successful show using local talent may be more expensive than

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<sup>288</sup> *Id.* at 1368 (referring to informal sanctions of the form "you'll never eat lunch in this town again.").

<sup>289</sup> <http://www.frapa.org/homepage.html> (FRAPA was formed in 2000 to address this issue) (last visited Jan. 17, 2006).

<sup>290</sup> *Id.*

<sup>291</sup> *Id.*

<sup>292</sup> *Id.*

<sup>293</sup> *Id.*

<sup>294</sup> *Id.*

direct program licensing, local programming is generally more popular with viewers and also increases local production revenues.<sup>295</sup> This drives the format licensing industry. The organization's membership consists of television format licensors.<sup>296</sup> Its secondary long-term goal, to lobby for more clearly defined legal protection for formats, may limit its ability to affect the business practice of acquirers of programming.<sup>297</sup>

In Ostrom's analyses of common-pool resource institutions, it is the acquirer group that must develop and agree to a set of rules controlling the exploitation of the resource.<sup>298</sup> This is a paradigm shift from the purpose and governance of collective rights organizations such as ASCAP.<sup>299</sup> Here, there is no strong property right held by the suppliers of television format ideas. On the contrary, it is the fact that this resource is free for the taking that threatens its sustainability.<sup>300</sup>

Confirming this analysis, collective rights organizations such as the Authors Registry and the Publication Rights Clearinghouse, which represent freelance writers in their efforts to collect royalty payments for re-use of their published works, have had only limited success.<sup>301</sup> This is because the publishers are not members. From a publisher's perspective, it is more cost-effective (especially when the cost is zero) to obtain all rights initially rather than limited rights that may be augmented by contracting with a CRO later.<sup>302</sup> The analogy to television formats is striking. The author

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<sup>295</sup> See generally *Good Ideas*, *supra* note 10.

<sup>296</sup> *Id.*

<sup>297</sup> Cf. Bettina C. Goldmann, *New Law on Copyright Contracts in Germany*, 9 *COMPUTER & INTERNET L.* 17, 17 (2002).

<sup>298</sup> OSTROM, *supra* note 269, at 58.

<sup>299</sup> Merges, *supra* note 28, at 1361 (suggesting that "[t]ransactions, not entitlements, are the starting point from which economic activity follows" for exchange institutions in the absence of property rights).

<sup>300</sup> Cf. Ostrom at 5-7 (citing Mancur Olson, *The Logic of Collective Action* (1965)) ("unless the number of individuals is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, *rational, self-interested individuals will not act to achieve their common or group interests.*" (Olson p. 2; emphasis in original). *Id.* at 6.

<sup>301</sup> Maureen A. O'Rourke, *Bargaining in the Shadow of Copyright Law After Tasini*, 53 *CASE W. RES. L. REV.* 605, 632-33 (2003).

<sup>302</sup> *Id.* at 633.

suggests that unlike the example of FRAPA, the Authors Registry, or PRC, a collective rights organization for television format rights must be formed and supported by the acquirers of formats, and must be justified by the economic benefit of cooperative exploitation of a common resource, and the reduction in litigation costs.

## 2. The Writers' Guild of America and the WGA Registry

Under the organization of the WGA, a system for the identification, administration and arbitration of television format rights can be successfully implemented. Unlike FRAPA,<sup>303</sup> this should include representation of format acquirers: broadcasters, distributors and production companies, as well as format purveyors.

Those who write for TV or movies are represented by the WGA.<sup>304</sup> The union has been relatively successful in attaining reasonable levels of compensation for its members.<sup>305</sup> It has essentially granted copyright ownership to producers in return for decent rates of pay, residuals, and the ability to control the credit screenwriters receive.<sup>306</sup> Major broadcasters and production companies, those who hire members under Guild contracts, are signatory members of the Guild.<sup>307</sup> It should be noted that many

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<sup>303</sup> See *supra*, notes 284–289 and accompanying text.

<sup>304</sup> WGA Home Page, <http://www.wga.org/>.

<sup>305</sup> See Lionel S. Sobel, *A Practical Guide to Copyright Ownership and Transfer: The Differences Between Licenses, Assignments and Works Made for Hire and Suggestions for Analyzing which One is "Best" For a Particular Transaction*, ENT. L. REP., Feb. 1984 3, 7 (1984) ("Virtually all successful screenwriters belong to the Writers Guild of America which has entered into a collective bargaining agreement with virtually all producers.").

<sup>306</sup> John M. Kernochan, *Ownership and Control of Intellectual Property Rights in Motion Pictures and Audiovisual Works: Contractual and Practical Aspects – Response of the United States to the ALAI Questionnaire*, ALAI Congress, Paris, September 20, 1995, 20 COLUM.-VLA J.L. & ARTS 379, 402 (1996) ("[T]he Guild has . . . established minimum scales of payment . . . negotiated basic "residual" payments . . . reserved rights of "novelization" . . . [and] control[led] the determination . . . of writing credits for screenplays . . .").

<sup>307</sup> WGA, *supra* note 299.

cable networks and smaller production companies do not use WGA writers and are not signatories.<sup>308</sup>

The WGA developed a “Script Registry” to lower both the risk of misappropriation or over-reaching in script and format submission situations.<sup>309</sup> For a fee, writers can deposit a copy of a script they are going to submit with the Registry, which date-stamps it and stores it for five years.<sup>310</sup> This system offers some evidence of authorship to script writers when they submit treatments or scripts. The Registry encourages the writer to include a notice of his registration on the materials he submits.<sup>311</sup> This gives the writers a sense of security but no legal protection against misappropriation.<sup>312</sup> The WGA will testify, if necessary, as to the date of submission; however they do not review or even have a way of knowing the content of any material deposited in the Registry.<sup>313</sup> The WGA receives 30,000 submissions annually maintaining the file for 5 years and have approximately 150,000 submissions on file at any time.<sup>314</sup> The WGA also operates an arbitration service that resolves about 300 cases each year.<sup>315</sup> By developing a governance structure consisting of both signatory and member participants, the WGA Registry could be augmented to offer a more active role in setting rules that could manage television format submissions between and among industry participants—those who pitch formats as well as those who receive them.

Robert Merges has adapted Elinor Ostrom’s design principles common to successful common resource institutions to the intellectual property area.<sup>316</sup> As Merges suggests, there is a great

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<sup>308</sup> *Id.*

<sup>309</sup> Merges, *supra*, note 28 at 1366–67.

<sup>310</sup> WGA-Registration Details, [http://www.wga.org/subpage\\_register.aspx?id=1192#duration](http://www.wga.org/subpage_register.aspx?id=1192#duration).

<sup>311</sup> *Id.*

<sup>312</sup> *Id.*

<sup>313</sup> *Id.*

<sup>314</sup> *Id.*

<sup>315</sup> WGA-Legal and Claims, [http://www.wga.org/subpage\\_whoare.aspx?id=813](http://www.wga.org/subpage_whoare.aspx?id=813).

<sup>316</sup> Merges, *supra*, note 28, at 1360–61.

deal of overlap between the problems of allocating a shared natural resource and repeated transactions in abstract property rights.<sup>317</sup>

Merges Design Principles for Intellectual Property Rights Exchange Institutions

1. Start small
2. Include members with low mutual monitoring costs
3. Assign knowledgeable industry members to the key task of valuing information
4. Include grievance/dispute resolution staffed by experts
5. Structure governance to reflect interests of each distinct class of members
6. Carefully manage relations with government authorities<sup>318</sup>

Under these guiding principles, a detailed analysis of current business practices in television format submission transactions could help to determine a set of rules that can offer some modicum of predictability for originators of television formats, producing entities, and broadcasters. The standards that such a study would develop include but are not limited to:

- What constitutes a television format (as distinguished from a mere idea).
- Standards on similarity, originality, concreteness and novelty for formats.
- Standards of confidentiality.
- Standards on anti-competitive practice among broadcasters and distributors.
- Viability of royalty and attribution awards.
- Mechanisms for registration, reporting, monitoring and enforcement.

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<sup>317</sup> *Id.* at 1360.

<sup>318</sup> *Id.* at 1361.

- Industry-wide best practices for the submission and receipt of proposals with considerations for both solicited and unsolicited submissions.
- The goal: a more robust, more creative television industry.

#### CONCLUSION

The result of case law on idea submissions points to the conclusion that unless an acquirer of a television format is willing to pay for something which he might otherwise have for free, the courts will not grant recovery for the unauthorized use of an idea or for the service provided in pitching the idea. At the same time, even where a producer or broadcaster has attempted to protect itself in its relationship with idea purveyors, the likelihood is high that at least one and probably several people will file suit for each successful show that the producer generates.

This problem has been viewed as a conflict between the interests of the creative writer/producer and the interests of the acquiring distributor/broadcaster. This is true only at the case level. At the industry-wide level the conflict is among a rather confined group of players, who may at any time find themselves on either side of the dispute.

Furthermore, the commercial value of any product is, in part, determined by its legal status. This is important in the television industry, for example, in financing production companies who must be able to rely on the proper valuation of their intellectual property assets. The eventual result of the uncertainty of legal outcomes in television format submission cases must be market failure, the commodification of television programming, and the erosion of audience share to other entertainment media where innovation is encouraged.

Viewed in this way, a voluntary collective rights organization could reduce transaction, monitoring and enforcement costs for idea submission in the television industry and encourage the development of new ideas that are the fuel for innovative programming.