NEW USE IN COPYRIGHT: A MESSY CASE

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I. INTRODUCTION

There are two bodies of “new use” case law in the world of copyright. Generally, new use disputes arise with the advent of new technology. One body of law exists where the copyright owner has granted a license defining the uses for the copyrighted content to which the licensee has rights. Where the copyright owner has granted a limited license, rather than transferring the copyright entirely, the parties or a court must determine whether the use of the new technology fits within the granted rights of the license. In this situation, the question of new use is “‘about whether licensees may exploit licensed works through new marketing channels made possible by technologies developed after the licensing contract.’” A court must determine whether the copyright owner or the licensee has the right to the new use. Courts have generally answered this question by using state contract law to interpret the language of the license and by defining the technologies at issue.

The other body of new use case law derives from situations where there is no license. Someone buys the right to use copyrighted content and then licenses the use of the content, without the copyright owner’s permission, to a third party who then displays the content through a new technology. Generally, the courts refer to the Copyright Act to resolve this type of dispute to determine whether the licensor had the right to license the content to the third party or whether, by licensing the content, the licensor infringed upon one of the copyright owner’s exclusive rights under the Copyright Act.

This paper will examine how courts have applied general principles of contract interpretation and notions of technology in new use cases in which there is a license. It then will examine how courts have used the Copyright Act to resolve new use disputes. As the paper progresses, similarities and inconsistencies in the courts’ reasoning will be identified and analyzed.

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II. COHEN, REY, AND RANDOM HOUSE

One body of case law regarding new use in copyright develops from cases where a written license is involved. In these cases, courts rely upon principles of state contract law to determine whether the licensor (the copyright owner) or the licensee has the right to the new use. Each state has varying rules for contract interpretation. For example, Illinois has much stricter parol evidence laws than New York.\textsuperscript{52} Thus, a party in Illinois will have more difficulty illuminating the meaning of a written contract through extrinsic evidence than a similarly situated party in a state with more lenient parol evidence rules. But with regard to the fundamental principles of contract interpretation, courts apply the same general principles. “The primary objective is to give effect to the intent of the [contracting] parties as revealed by the language they chose to use.”\textsuperscript{53} Courts faced with new use disputes have stated this rule consistently. Secondly, “[t]he court[s] must consider the entire contract and reconcile all parts, if possible, to avoid inconsistency.”\textsuperscript{54}

When a new use dispute involves a written license, the courts have generated case law from which two general scenarios can be identified. In each scenario, determining the parties’ intent and defining the technologies at issue is key to the outcome of the case. The first scenario involves two prongs: 1) whether the new use in question (i.e. the new technology) was invented at the time of the license (i.e. whether the parties had reason to know of the use); and 2) whether the licensor’s grant of rights is specifically limited. First, following the general principles of contract interpretation in a scenario where the new use was not invented, or not well known at the time of the license, a court would conclude that the parties did not likely contemplate including the new use in the old license. It is unlikely that the parties intended inclusion of a new use in the license if they did not know of or anticipate the existence of the new use at the time of the license. Second, the court will then look to the grants of right in the license to determine whether the parties may have intended for unforeseen uses to be included in the license. A license with limited grants is further evidence that the parties did not intend to include any additional known or unknown (i.e. unforeseen) uses in the license. For

\textsuperscript{52} Random House, 150 F. Supp. 2d. at 623.
\textsuperscript{53} Bourne v. Walt Disney Co., 68 F.3d 621, 628-629 (2d Cir. 1995), (“The relevant principles of contract construction are well established. The primary objective ‘is to give effect to the intent of the [contracting] parties as revealed by the language they chose to use.’”) (quoting Seiden Assocs., Inc. v. ANC Holdings, Inc., 959 F.2d 425, 428 (2d Cir. 1992)).
\textsuperscript{54} Random House, 150 F. Supp. 2d at 618 (“In New York, a written contract is to be interpreted so as to give effect to the intention of the parties as expressed in the contract's language.”).
example, if the parties only licensed for the right to show a motion picture in a movie theatre, producing the movie for videocassette seems at first glance to fall outside the rights granted in the old license.

Following these general principles, the Ninth Circuit in Cohen v. Paramount Pictures Corp., the First Circuit in Rey v. Lafferty, and the Second Circuit in Random House v. Rosetta Books, came to the same basic conclusion: the new use was not included in the old license. In 1988, the Cohen court found that a 1969 license granting the right to use a musical composition in motion pictures exhibited in motion picture theatres and on television did not include the right to distribute videocassettes. In 1993, the Rey court determined that a 1979 license granting the right to produce “Curious George” films for television did not include the right to produce the films for videocassette. In 2001, the Random House court determined that literary licenses entered into in the 1960s and the early 1980s granting the right to publish books “in book form” did not include the right to publish e-books (electronic books).

The courts’ approach to determining intent in each of the three cases is similar, with a slight variation in Random House. Each court looked first to the language of the licenses for express grants of the new use in question. Cohen involved a “synchronization” license, giving H&J Pictures, Inc., the right to use a copyrighted musical composition, “Merry-Go-Round,” in the motion picture, “Medium Cool.” The court had to decide whether H&J’s license also included the right to distribute the musical composition in motion pictures via videocassettes. The synchronization license defined two specific uses of the musical composition. The first use was the exhibition of the composition in motion pictures to audiences in theatres and “other places of public entertainment where motion pictures are customarily exhibited.” The second use was the exhibition of the composition in motion pictures by “means of television...including ‘pay television,’ ‘subscription television’ and ‘closed circuit into homes television...'”

The court concluded that the license envisioned exhibition only to audiences gathered in public places. The court added that the words of the

55 845 F.2d 851 (9th Cir. 1988).
56 990 F.2d 1379 (1st Cir. 1993).
58 Cohen, 845 F.2d at 853.
59 Rey, 990 F.2d at 1387-1388.
60 Random House, 150 F. Supp. 2d at 614.
61 Cohen, 845 F.2d at 853.
62 Id.
license would have to be “tortured” to expand their meaning to include the right to distribute and to sell videocassettes for home viewing. The meaning of “exhibition” in the license contemplated two classes of uses for the musical composition. The first class was a public place where a number of people would gather to watch the motion picture presented by the operators of that public place. The second class was “pay television,” “subscription television,” and “closed circuit into homes television,” or where a central distributor sends (in some manner) the picture simultaneously into numerous homes. According to the court, neither class involved the reproduction and distribution of individual copies of the work for individual home viewing. The license, therefore, included a limited grant of rights, which did not include the right to distribute via videocassette.

In Rey, the court had to determine whether Margret and H.A. Rey’s 1977 grant of right to Milktrain Productions to distribute films on television included the right to distribute the films on videocassettes. Margret and H.A. Rey, the authors of the famous children’s book, “Curious George,” granted Milktrain Productions an option to produce 104 animated Curious George film episodes “solely for broadcast on television.” Milktrain’s option was contingent upon its acquisition of financing for the film project, and referenced a potential agreement to license ancillary products based on the “Curious George” character once the 104 film episodes had been completed. The court first looked to the language of the license for any express grant of rights to the use of videocassettes. As in Cohen, the Rey court did not find any such rights. Unlike Cohen, the Rey court did not find specific limiting language in the license. Notwithstanding the lack of express restrictive language, the court determined that there was “reasonably inferable” limiting language that served the purpose of excluding the new use of videocassettes. The court found that a limited right to use of the content could be reasonably inferred from the language in the grant of right to produce only 104 episodes for television viewing, with the requirement that future use of the content must be negotiated. The court also found that the general tenor of this

63 Id.
64 Id.
65 Rey, 990 F.2d at 1381.
66 Id.
67 Cohen, 845 F.2d at 853 (The language of the license referred to the exhibition of the composition in motion pictures to audiences in theatres and “other places of public entertainment where motion pictures are customarily exhibited” as well as the exhibition of the composition in motion pictures by “means of television..., including ‘pay television,’ ‘subscription television’ and ‘closed circuit into homes television’…”).
68 Rey, 990 F.2d at 1390.
69 Id.
language indicated a limited scope, which provided the court with further assurance that the licensor did not intend to include additional uses, such as videocassettes.  

In *Random House*, the court had to determine whether Random House’s right to “print, publish and sell the work[s] in book form” precluded Rosetta Books, LLC, from subsequently licensing with the same authors to publish the same works in electronic form for distribution on the Internet as e-books.  


In 2000, the same authors granted Rosetta Books, LLC, the right to publish the same works as e-books.  

In answering the underlying question of whether Random House’s right to publish manuscripts “in book form” included the right to publish the manuscripts as e-books, the court followed the same general principles of contract interpretation that the *Rey* and *Cohen* courts used. The court looked at Random House’s license for express grants of right to the use of e-books, but found no such right.  

The court first found the definition of “book” to mean printed and bound pages and the definition of “form” to mean the external appearance of the object.  

Because e-books do not include printed pages that are bound, the court concluded that it is likely that the license (granting the right to publish “in book form”) did not include the right to publish e-books.  

The *Random House* court then looked to the license for any contradictory provisions, but found only provisions that supported its finding. One provision of the license enumerated specific rights, including the right “to publish book club editions, reprint editions, abridged forms, and editions in Braille.”  

The court stated that if these rights were specifically granted, and the right to publish e-books was not one of the enumerated rights, then the licensor did not intend to grant the right to publish e-books.  

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70 Id.
72 Id. at 615-617.
73 Id. at 614.
74 Id. at 620.
75 Id.
76 Id.
77 Id.
considered the notes made by the authors on the publisher’s form contracts. These notes documented the rights they were willing to grant and the rights they wanted to retain. The court found these notes to be further evidence that the authors intended to grant limited rights in their licenses with Random House. As these notes did not include a grant of right to the use of e-books, this right was excluded from the license.78

The court’s approach to addressing the technology of the new use was similar in Cohen and Rey, but varied slightly in Random House. The Cohen and Rey courts performed strict comparisons of the technology required for the function of each of the original uses to the technology of videocassettes. Within this analysis, neither court considered the medium of display to be a determining factor in their reasoning. If the courts had considered the medium, they might have reasoned that television and motion pictures involved the same medium as videocassettes, because in all three viewers watch a movie on a screen or monitor. Thus, the courts might have ruled that the license included the use of videocassettes. But the courts relied solely on strict analyses of the technology involved in each use. In fact, the Rey court lifted verbatim much of its language from the Cohen decision in this regard.79

In describing the technologies, the Cohen court concluded that the need for a monitor is the only common bond between videocassette and television technology.80 The court noted that to view a videocassette, the user only needs a monitor capable of displaying the material on the magnetized videotape, not necessarily a complete television set (that can receive broadcast signals). By contrast, to watch television, the viewer needs a television set capable of receiving broadcast signals.81 The dissimilarities go further. The Cohen court noted that the television rights contemplated in the license involved a centralized broadcasting scheme where an intermediary station or network, sends the broadcast signals to a person’s house and controls the programming. By contrast, videocassette technology is decentralized. Watching a videocassette does not require an intermediary station. Moreover, viewers can control the videocassette viewing experience by fast-forwarding, rewinding, pausing, etc. By contrast, the viewer does not have this kind of control over broadcast television signals.82

78 Id.
79 Rey, 990 F.2d at 1389-1390.
80 Cohen, 845 F.2d at 853-854.
81 Id.
82 Id.
The Random House court, however, looked at the concept of medium\textsuperscript{83} in distinguishing the case from Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.\textsuperscript{84} and Bartsch v. Metro-Goldwyn-Mayer,\textsuperscript{85} the two leading cases in the Southern District of New York, where each court found that the license \textit{did include} the right to the new use.\textsuperscript{86} In each case, the court determined that the licensee received a broad grant of rights. The Random House court noted how the Boosey and Bartsch courts found that the broad grant of rights included the right to the new use, because the new use fell within the medium of “motion pictures” expressed in the license.\textsuperscript{87}

Applying the medium analysis, the Random House court determined that the medium of e-books is wholly different from the medium of the printed page. The court reasoned that the digital make-up of e-books allowed users to manipulate and experience the content of the book in ways that were unavailable to readers of printed books. For example, e-books feature search functions, the ability to change font sizes and colors, the ability to electronically type and organize personal notes within the text itself, the ability to hyperlink, etc.\textsuperscript{88} The court also mentioned the requirement of a software program to read e-books and hardware to view e-books as further distinctions between the medium of e-books and the medium of the printed page.\textsuperscript{89} The court concluded that because the new use of e-books was not included in the same medium as printed books, the conclusions of Boosey and Bartsch did not control its case.\textsuperscript{90}

The three courts also used different approaches to determine whether the new use existed at the time of the license. The Cohen and Rey courts made findings as to the existence of the technology at the time of the license, which factored into the courts’ decisions. Both courts concluded that videocassette technology did not exist at the time of the licenses, which

\textsuperscript{83} The court also stated that the broad grant of right in the Boosey and Bartsch licenses was another aspect of distinction from the Random House case. See Random House, 150 F. Supp. 2d at 622.

\textsuperscript{84} 145 F.3d 481 (2d Cir. 1998) (holding where the grant of rights was broad, Disney’s release of the film “Fantasia,” featuring Stravinsky’s musical composition, “The Rights of Spring,” on videocassette fell within the scope of the license).

\textsuperscript{85} 391 F.2d 150, (2d Cir. 1968).

\textsuperscript{86} Random House, 150 F. Supp. 2d at 622.

\textsuperscript{87} Random House, 150 F. Supp. 2d at 622-623.

\textsuperscript{88} Id.

\textsuperscript{89} Id., citing Greenberg v. National Geographic Soc’y, 244 F.3d 1267, 1273 n.12 (11th Cir. 2001) (Digital format is not analogous to reproducing the magazine in microfilm or microfiche because it “requires the interaction of a computer program in order to accomplish the useful reproduction involved with the new medium.”).

\textsuperscript{90} Id.
factored greatly in the courts’ analysis of the parties’ intent. The Cohen court stated that perhaps the primary reason the licensor could not have granted the right to the use of videocassettes was that videocassette technology had not been invented in 1969 (the time of the license), a fact both parties acknowledged.91 Thus, the licensor could not have contemplated the public having access to videocassettes of the motion picture containing the musical composition, “Merry-Go-Round,” and the licensee could not have bargained for the right to distribute videocassettes.92

Similarly, the Rey court stated that because videocassette technology did not exist at the time of the license, the parties could not have intended it to be included in the license.93 The court acknowledged, “Such absence of specific intent [because the object of intent did not exist at the time of the license] typifies cases which address ‘new uses’ of licensed materials, i.e., novel technological developments which generate unforeseen applications for a previously licensed work.”94 This conclusion lies flush with principles of contract interpretation. If an object of interest had not been invented and there was no reason for the parties to know of it at the time of the license, then it is unlikely that the parties could have contemplated that specific object to be the subject of the license. In Rey, the court found that the specific technology of videocassettes had not been developed at the time of the license, and therefore, the parties likely did not contemplate its inclusion in the license.

The Random House court, by contrast, did not make any express findings on whether e-books existed at the time of the license. The closest the court came to addressing whether the technology existed at the time of the license was the statement: “…a reasonable person ‘cognizant of the customs, practices, usages and terminology as generally understood in the particular trade or business,’ would conclude that the grant language does not include e-books.”95 The court could have used this statement to introduce a discussion on whether the “practice” and “usage” of publishing e-books, or any type of electronic publishing, existed at the time the parties entered into the licenses with Random House; the court then could have developed a discussion of the parties’ intent. However, the court did not take this opportunity to explore the possibility of whether e-book technology existed. Instead, the court only stated that at the time of the license the publishing industry understood the

91 Cohen, 845 F.2d at 854.
92 Id.
93 Rey, 990 F.2d at 1387.
94 Id. at 1397.
grant of right to print “in book form” as a limited grant of right.96 This statement solely addressed how the parties should have understood the language of the license. Consequently, the Random House court determined the parties’ intent based entirely on the language of the license, while the Cohen and Rey courts also considered whether the parties could have contemplated the new use at all.

By failing to make a finding on the existence of e-book technology, the Random House court took a more limited route to determining the parties’ intent than the Rey and Cohen courts. All three courts looked to the language of the license for express grants of right to the new use at issue. Only the Random House court did not look outside the language of the license to consider whether the technology existed at the time of the license, and therefore, whether the parties could have contemplated the new use.

The courts’ use of policy arguments is also varied. The Cohen court explicitly stated that when a licensor grants limited rights, a licensee should not be able to “reap the entire windfall” of a new use (or medium) that did not exist at the time the parties entered into the license, or that burgeoned in the market long after the commencement of the license.97 Allowing the licensee to reap such rewards would contradict the purpose of copyright. The court stated “that the Copyright Act was ‘intended definitively to grant valuable, enforceable rights to authors, publishers, etc.,….’to afford greater encouragement to the production of literary works of lasting benefit to the world.”98 It is hard to tell whether the Rey court relied upon this policy in its reasoning. The Rey court discussed the policy and referenced Cohen in its discussion of the strict approach to interpreting licenses. The court stated that a strict approach was “‘intended to prevent licensees from ‘reaping the entire windfall’ associated with the new medium.”99 But the court did not expressly state that it chose one policy or another to support its decision. Because the circumstances in Cohen and Rey are so similar however, it can be argued that the Rey court was cognizant of preventing the licensee from reaping a windfall for simply possessing a license at the time a new use was developed.

96 Id. citing Field v. True Comics, 89 F.Supp. 611, 613-614 (S.D.N.Y. 1950)
97 Cohen, 845 F.2d at 854.
98 Cohen, 845 F.2d at 854, citing Washington Publishing Co. v. Pearson, 306 U.S. 30, 36 (1939); Scott v. WKJG, Inc., 376 F.2d 467, 469 (7th Cir. 1967) (“A copyright is intended to protect authorship. The essence of a copyright protection is the protection of originality rather than novelty or invention.”).
99 Rey, 990 F.2d at 1387-1388. The court’s statement was apart of its discussion regarding the two approaches to interpreting licenses, as expressed by Professor Nimmer, Melville B. Nimmer and David Nimmer, Nimmer on Copyright § 10.10[B] at 10-85 (1992), also discussed, infra, in detail in Section III.
The Random House court’s view of policy, by contrast, seemed to be only incidental to its decision. Although the Random House court referenced policy to distinguish its case from the Boosey and Bartsch cases, the court’s reference was incidental to its decision because it already had distinguished the cases earlier in the opinion. The court stated that the Boosey and Bartsch courts were concerned about stifling the progress of technology by depriving licensees of the opportunity to explore new and innovative technologies. The Random House court found no such risk in its case, however, stating that in the 21st Century, it could not be said that licensee-publishers and movie producers have any advantage over smaller start-up companies in making advances in digital technology. But, it was not critical for the court to use policy to distinguish its case from Boosey and Bartsch, because the court already had distinguished its case on more substantive grounds. The court determined earlier in the opinion that the limiting language in the Random House licenses and the nature of the digital technology distinguished its case from the broad grant of rights and the same-medium uses in Boosey and Bartsch.

There is another implication of the Random House court’s consideration of policy. The court’s statement that book publishers and movie producers do not necessarily have an advantage over start-up companies in making advances in digital technology seems to write policy arguments out of most of the current and future new use doctrine. The court’s decision appears to state that all the parties involved are on a level playing field when it comes to exploring and utilizing advances in digital technology. Given that most, if not all, current and future advances in technology involve digital technology, the policy arguments utilized by the Boosey and Bartsch courts no longer will have significance, because licensees as well as licensors will presumably have the same technological capabilities. Whether a court determines that one party or the other has the right to the new use, it never will have to consider whether its decision will stifle the progress of technology.

III. BARTSCH AND BOURNE

The second general scenario in new use case law exists when a court determines two things: first, that the licensor’s grant of rights in the license was broad, and second, that industry insiders had reason to know of the new technology at the time of the license. This scenario is illustrated by two Second Circuit Court of Appeals cases: Bartsch v. Metro-Goldwyn-Mayer

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100 Random House, 150 F. Supp. 2d at 623.
101 Id. at 622-623.
102 391 F.2d 150 (2d Cir. 1968).
and Bourne v. Walt Disney Co.\textsuperscript{103} Although the Bartsch and Bourne courts varied more in their reasoning and approach than the Cohen, Rey, and Random House courts, both came to the conclusion that the new use was included in the old license.

Bartsch, decided in 1968, is the earliest decision in the line of cases discussed here. The court determined that the license granting motion picture rights to a play did include the right to telecast the play (i.e. broadcast the movie version of the play on television). The play was a German musical called “Wie Einst in Mai,” which was produced in the United States as “Maytime.”\textsuperscript{104} In January of 1930, composers, writers, and others with interests in the play, assigned Bartsch the motion picture rights to the play. In May of 1930, Bartsch assigned motion picture rights to Warner Brother’s, Inc. And in early 1935, Warner Brothers transferred those rights to Metro-Goldwyn-Mayer, Inc., which made, distributed, and exhibited a highly successful motion picture “Maytime.”\textsuperscript{105}

The Bartsch court’s approach to determine whether the new use was included in the old license can be distinguished from the courts’ approach in Cohen and Rey. As discussed in Section II above, the Cohen and Rey courts explicitly stated that they determined the parties’ intent by looking primarily to the express grants of right in the licenses. The Bartsch court did look to the language of the license and found a broad grant of rights in the assignments to and from Bartsch.\textsuperscript{106} The court based its finding on language expressing a grant of “motion picture rights throughout the world,” which were spelled out to include the right “to copyright, vend, license and exhibit such motion picture photoplays throughout the world.”\textsuperscript{107} But the court stopped short of trying to discover the parties’ actual intent, because none of the parties who were involved in the license were present at the trial. Without the parties, the court stated, it would be impossible to reconstruct what the parties had actually intended over forty years before.\textsuperscript{108}

Unwilling to discover the parties’ actual intent, the Bartsch court considered two approaches suggested by the late Professor Melville Nimmer.\textsuperscript{109} The first approach strictly adheres to the meaning of the words in

\textsuperscript{103} 68 F.3d 621 (2d Cir. 1995).
\textsuperscript{104} 391 F.2d at 151.
\textsuperscript{105} Id. at 151-152.
\textsuperscript{106} Id. at 153.
\textsuperscript{107} Id.
\textsuperscript{108} Id. at 155.
the license – *i.e.*, where “a license of rights in a given medium (*i.e.*, ‘motion picture rights’) includes only such uses as fall within the unambiguous core meaning of the term (*i.e.*, exhibition of motion picture film in motion picture theatres) and excludes any uses which lie within the ambiguous penumbra (*i.e.*, exhibition of motion picture film on television).”¹¹⁰ This approach is similar to the approach taken by the *Cohen* and *Rey* courts. These two courts strictly considered the core meanings and functions of the uses involved and concluded that videocassette technology was different than television and motion picture technology. In Nimmer’s terms, the courts found that the “core meanings” of “videocassette,” “motion picture,” and “television” were distinct and lay only within the ambiguous penumbra of each other. Therefore, a license for the right to one (*i.e.* motion picture) could not include a right to another (*i.e.* television).

The *Bartsch* court, by contrast, did not choose the strict approach. The court determined that with a broad grant of right in the license, it should follow Nimmer’s second approach. This approach, which the court stated Professor Nimmer preferred,¹¹¹ provides that “the licensee may properly pursue any uses which may reasonably be said to fall within the medium as described in the license.”¹¹² Unlike the strict approach, the second approach requires only that the medium of the new use reasonably fall within the media described in the license. While the first approach distinguishes the media of motion pictures and television, the “preferred approach” considers the two media the same because the latter reasonably falls within the meaning of the former. Applying this neutral method of interpretation, the *Bartsch* court determined that the new use of television reasonably fell within the medium of motion pictures as it was defined in the license. The license broadly defined motion picture rights as “motion picture rights throughout the world,” including the right “to copyright, vend, license, and exhibit such motion picture photoplays throughout the world.” Thus, the court concluded that “motion pictures” was defined broadly enough in the license to reasonably include the use of television.

The court slightly departed from the “preferred” second approach, however, by trying to discover the parties’ actual intent. The court determined that in the early 1930s, at the time of the license, knowledgeable people in the motion picture industry recognized the existence of television technology, even though the technology was not as developed as it had become at the time.

¹¹⁰ *Bartsch*, 391 F.2d at 155.
¹¹¹ *Id.*
¹¹² *Id.*
of the trial.\textsuperscript{113} Therefore, the court determined that Bartsch, an experienced businessman, should have been aware of the natural implications of the language he accepted when he had reason to know of the potential of television as a medium of production and distribution.\textsuperscript{114} Although the court’s consideration of intent in this fashion does not necessarily reduce the credibility of its decision or of Nimmer’s “preferred approach,” it does illustrate the difficulty in staying with a single approach when dealing with new use disputes. Where a license is the source of a dispute, a court is supposed to invoke the general contract principle of realizing the parties’ intent. If the court fails to determine the parties’ intent, the court’s decision might be less credible than if the court had discovered the parties’ intent.

The \textit{Bartsch} court’s use of the “preferred approach” produces a different result than does the court’s reasoning in the “first scenario” cases of \textit{Cohen}, \textit{Rey}, and \textit{Random House}. In the three “first scenario” cases, the courts found distinctions between the technologies and functions of the old and new uses, which aided each court’s finding that the new use was not included in the old license. The \textit{Bartsch} court also determined that there were differences in the technologies, but did not find these differences to be demonstrative. The court described television technology as involving images carried on airwaves, which produce pictures when they are “unscrambled” and “descanned” as they enter into the television set.\textsuperscript{115} This manipulation of electrons is far different, the court noted, from merely “throwing” a picture up on a movie theatre screen.\textsuperscript{116} Although the court found that the technologies and functions of television and motion pictures are separate and distinct, it also found that the medium of television reasonably fell within the medium of motion pictures.

The court’s reasoning in \textit{Bartsch} indicates that it considered the license to convey a broad grant of right to the content, not necessarily rights to the use of the content. This may be a natural consequence of there being a broad grant of right. If the license grants the licensee the right to any use, including new uses, then the licensee essentially has the right to unfettered use of the content. The policy objectives followed by the court fall in line with this analysis. The court stated that by choosing the preferred approach, it ensured that a single person would have the right to distribute the work, thereby avoiding potential deadlock, an undesirable situation that the first rule

\textsuperscript{113} \textit{Bartsch}, 391 F.2d at 154.
\textsuperscript{114} \textit{Id}. at 155.
\textsuperscript{115} \textit{Bartsch}, 391 F.2d at 153.
\textsuperscript{116} \textit{Id}.
might produce. If the licensee can reasonably assume that it has the right to a new use, then the licensee can swiftly distribute the licensed content via the new use. This approach is in accord with the underlying purpose of copyright – to benefit the world through the dissemination of creative works.

The Bourne court took an entirely different route than the Bartsch court in coming to the same conclusion that the new use was included in the old license. The Bourne court determined that a 1930s license granting Disney limited rights to use Bourne’s musical compositions in Disney’s motion pictures, “Snow White and the Seven Dwarfs” and “Pinocchio,” included the right to produce videocassettes of the motion pictures containing the compositions. Disney’s employees actually wrote the musical compositions, but Disney had assigned the copyrights to Irvin Berlin, Inc., a music publisher and predecessor in interest to Bourne, in the 1930s, when the movies were first released. While Disney had the right to “use the compositions ‘in synchronism with any and all of the motion pictures which may be made by [Disney],’” Bourne argued that this right did not include distributing films with the compositions on videocassette. Bourne brought two copyright infringement claims. The first claim concerned Disney’s use of the musical compositions in the two movies. The second claim involved Disney’s use of the musical compositions in various television commercials.

Like the previous courts, the Bourne court first looked to the express grants of the license to determine the parties’ intent. One license provided Disney with “the non-exclusive right to mechanically and/or electrically record the said musical compositions…in synchronism with any and all of the motion pictures which may be made by [Disney].” The other license provided Disney with the right to “record such music mechanically in any and all other motion pictures to be produced by [Disney].” The court did not find any express grant of right to use videocassettes. Where the “first scenario” courts would likely have stopped their analysis here to conclude that the new use was not included in the license, the Bourne court took another

117 Id. at 155.
118 Cohen, 845 F.2d at 854.
119 Bourne, 68 F.3d at 629-630.
120 Id. at 623.
121 Id.
122 Id. at 623-624 (regarding the second claim, the jury found in Bourne’s favor and the parties ultimately stipulated to damages to the amount of $420,000).
123 Id. at 628-629.
124 Id. at 629.
125 Bourne, 68 F.3d at 629.
step to determine whether the definition of “motion pictures” included videocassettes. It is at this point that the court radically departed from the methods used by the other courts.

Bourne argued that videocassettes were commercially unknown at the time of the license. He supported his argument by citing to the Rey and Cohen cases, which held that the right to television did not include the right to videocassettes.\(^{126}\) The court, however, ignored Bourne’s arguments and the case law, and chose to follow the broad definition of “motion pictures” that was only later enacted in the Copyright Act of 1976:

A broad genus whose fundamental characteristic is a series of related images that impart an impression of motion when shown in succession, including any sounds integrally conjoined with the images. Under this concept the physical form in which the motion picture is fixed - film, tape, discs, and so forth - is irrelevant...\(^{127}\)

The court’s decision to use this definition is bizarre for two reasons. First, none of the previous courts referenced the Copyright Act to define the use or medium at issue. Second, when the parties entered into the license in the 1930s, the Copyright Act of 1909 controlled, not the 1976 Copyright Act; Congress had not yet enacted this broad definition into the Copyright Act. At the time of the 1909 Act, Congress understood the broad definition to be the definition of “motion pictures,” but the definition itself was only documented in the legislative history.\(^{128}\) This broader definition did not become part of the Copyright Act until Congress enacted the 1976 Act, nearly forty years after the parties entered into the licenses.

Given the court’s use of this definition, the court’s finding of the parties’ intent lacks credibility. There is nothing in the opinion to suggest why the court used the 1976 Copyright Act to define “motion pictures.” The court noted that two of Disney’s witnesses “testified in support of this understanding [of the court’s definition of “motion picture”].”\(^{129}\) But the court did not state whether the witnesses simply had the same understanding, or whether the witnesses in fact used the legislative history and the 1909 Act as a source of that understanding. If the witnesses merely had a coincidental understanding of the definition of “motion pictures,” then the court went

\(^{126}\) Bourne, 68 F.3d at 629-630 (citing Rey, 990 F.2d at 1390 and Cohen, 845 F.2d at 854).

\(^{127}\) Id. at 630 (citing, S. Rep. No. 72, 92d Cong., 1st Sess. 5 (1971)).

\(^{128}\) Id.

\(^{129}\) Id. at 630.
outside the parties’ contemplation by going to the Copyright Act, and therefore, ignored both Bourne’s and the parties’ intent. Bourne testified that he understood the term “motion pictures” in the 1930s to refer to the exhibition of projected images from celluloid film in a theater. An expert witness even corroborated Bourne’s understanding of the definition of “motion picture.” Yet, the court ignored Bourne’s testimony and relied on the definition found in the legislative history of the 1909 Act.

The court’s use of the congressional understanding of “motion picture” under the 1909 Act has another implication. According to the legislative history, the “physical form in which the motion picture is fixed -- film, tape, discs, and so forth -- is irrelevant...” This undercuts the Rey and Cohen decisions, in which the courts distinguished the media in question according to their specific technological attributes, and concluded that videocassettes were not the same as motion pictures and television. Notwithstanding the qualifying language in the licenses in Rey and Cohen, if the Rey and Cohen courts had applied the Copyright Act to their cases in the same manner as the Bourne court, their entire analysis of the technology of the old and new uses would have been unnecessary. Because physical form is irrelevant under the Copyright Act, there would have been no need to distinguish the technologies of the physical forms. Furthermore, even though the licenses identified the forms of exhibition for the motion pictures (movie theatres and television), it is likely the courts would have only considered the underlying subject matter of the license, “motion pictures,” as the controlling element of the license. The Copyright Act does not recognize the physical form in which the motion pictures are displayed. With “motion picture” as the controlling subject matter, all other physical forms of display would be included in the license.

If the Random House court used the Copyright Act as a basis for its reasoning, its decision would likely have come out differently as well, despite there being a different species of content – literary works – at issue. Under the current Copyright Act, “literary works” are defined as:

Works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or

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130 Id. at 629.
131 Id.
132 Bourne, 68 F.3d at 630 (citing, Rep. No. 72, 92d Cong., 1st Sess. 5 (1971)).
133 Id. at 630.
cards, in which they are embodied.\textsuperscript{134}

Under this definition, as with the definition of “motion pictures,” the physical form of the “literary work” is irrelevant. Therefore, Random House would have had a much stronger argument that its right to publish “in book form” included the right to publish the work in any form, including e-book form. If the court applied the Copyright Act, all the differences the court found between the physical form of e-books and of printed books\textsuperscript{135} would be irrelevant. As in the Rey and Cohen cases, the important factor would be the underlying subject matter of the license, \textit{i.e.} the manuscript.\textsuperscript{136} Whether in e-book form or printed book form, the manuscript remains the same (discounting the changes that readers can make to text of their e-books). Given this reasoning, it is likely that the Random House court would have found that Random House did have the right to publish the manuscript in any physical form, including electronic form, which would have precluded Rosetta Books from such a right.

The Bourne court departed again from the case law in determining that videocassette technology, or its precursor, existed at the time of the licenses in the late 1930s.\textsuperscript{137} Where the Rey and Cohen courts determined that videocassette technology did not exist in the late 1960s and in the 1970s, the Bourne court determined that the technology did exist in the 1930s, thirty years before. The court came to this conclusion based on evidence Disney presented demonstrating that at the time of the licenses industry insiders had contemplated \textit{home viewing} of movies. Disney’s evidence included short movies that Disney had produced for home viewing and evidence of the development of non-celluloid storage methods of motion pictures.\textsuperscript{138} The court neither specified, nor did the court seem to care, whether the “home viewing” technology was in fact videocassette technology. The court’s discussion indicates that it only cared that the technology was “home viewing” technology. The Rey and Cohen courts, however, carefully addressed the specific technologies at issue (\textit{i.e.} the storage of motion pictures on magnetic tape in videocassette technology), in determining whether they existed at the time of the license.\textsuperscript{139}

If the Bourne court’s disregard for identification of underlying specific technologies were to become the norm in the new use doctrine, it would likely

\textsuperscript{134} 17 U.S.C. §101 (see definition of “literary works”).
\textsuperscript{135} Random House, 150 F. Supp. 2d at 622-623.
\textsuperscript{136} See Rey, 990 F.2d at 1389; Cohen, 845 F.2d at 853-854.
\textsuperscript{137} Bourne, 68 F.3d at 630.
\textsuperscript{138} Id.
\textsuperscript{139} See Rey, 990 F.2d at 1389-90; Cohen, 845 F.2d at 854.
push the new use doctrine out of existence. Courts could include nearly any type of new technology within the meaning of any old license, so long as the technologies served the same general underlying purpose with regard to the content licensed. The importance of how the content is viewed would entirely supercede the importance of the underlying technology by which the content was delivered. Any type of “home viewing” would be considered the same. Any type of “movie theatre” viewing would be considered the same. To go even further, any type of viewing that required some sort of screen, regardless of the underlying technology and the location of the screen, might be considered the same. Such inclusion would leave few new uses that can be easily distinguishable from old uses. Without exclusions, there would be very little need for the new use doctrine at all.

IV. TASINI

The other body of case law regarding new use in copyright has evolved from situations where there is no license. In these situations, one party buys not licenses, the right to use copyrighted content for a particular use from the copyright owner. The problem arises when the buyer then licenses the right to the use of the content to a third party without the permission of the copyright owner. In these situations, the courts rely on different methods to determine whether the buyer has infringed one of the copyright owner’s express rights under the Copyright Act. 140 There is no license involved in this situation, so the courts cannot use contract law to determine intent. Consequently, the court will look to the Copyright Act to determine who has the right to the new use.

The Supreme Court of the United States faced this situation in New York Times Company v. Tasini. 141 The New York Times (“Times”) bought Tasini’s free-lance articles to publish in its newspaper. 142 The Times then licensed Tasini’s articles to two computer database companies, one of which was LEXIS/NEXIS. 143 Tasini argued that the Times infringed upon his rights to reproduction and distribution by licensing his work without his permission. 144 The Times argued that it had the right under §201(c) of the Copyright Act to license the free-lanced articles “as part of...any revision of

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142 See id. at 487.
143 Id. at 489.
144 See id. at 487.
that collective work [in which the articles originally appear].” 145 In other words, the Times argued that it was privileged under the Copyright Act to license its periodicals, containing Tasini’s articles, to the electronic databases as revisions of the original printed collective works (i.e. the original editions of the periodicals).

The Supreme Court disagreed with the Times’ position and ruled that the Times had infringed Tasini’s express right of reproduction and distribution under the Copyright Act. 146 There is no analysis of the parties’ intent. The Court instead objectively compared the function of the databases with the meaning of the privilege asserted by the Times. 147 To achieve this goal, the Court focused on the perception of the articles when users retrieved the articles from the databases. 148 The Court found that when users searched the databases, the databases produced search results in which the articles were isolated from the original context of their periodical. 149 As such, the perceptibly of the articles in the search results of the database was different from in the original periodical. 150 Therefore, the court found, Tasini’s articles, as utilized by the electronic databases, were not “part of” a revision of the original periodical in which the articles appeared. 151

The Times argued that it had the right to publish the articles in any physical form because the Copyright Act is media neutral. 152 The Times asserted that under the Copyright Act, “copyright protection subsists in original works ‘fixed in any tangible medium of expression.’” 153 Accordingly, merely transferring a copyrighted work from one medium to another does not alter that work for copyright purposes. 154 The Court rejected his argument. The Court stated that converting newsprint to microfilm preserves the context of the articles while converting the articles from newsprint to the electronic databases does not. 155 The transfer to microfilm is a straight “lift” of the periodical from the newsprint and a “paste” of the periodical onto the microfilm. By contrast, users of the databases can only view the articles individually, not as part of the intact periodicals in which the articles were

145 Id. at 488 (quoting 17 U.S.C. §201(c)).
146 Id.
147 Id. at 488.
148 Id. at 499.
149 Id. at 487.
150 See id. at 499-500.
151 Id. at 500.
152 Id. at 502.
153 Id. at 502 (citing 17 U.S.C. §102(a)).
154 Id.
155 Id.
originally published. Thus, the transfer of articles to the database is not like the “cut and paste” transfer for microfilm.

The Court’s decision is congruent with the legislative history regarding the “revision” privilege under the Copyright Act. The effect of the databases on the periodical was wholly different from the effect of the “revisions” that Congress declared as fitting within §201(c). The legislative history provided the example that a publisher could reprint an article from its 1980 edition of an encyclopedia in a 1990 revision of the same encyclopedia. However, a publisher could not revise the contribution itself (i.e., the article), or include it in a new anthology or an entirely different magazine or other collective work. In other words, the “revision” refers to the collective work in which the copyrighted work is published. The immediate context of the article in the new 1990 edition of the encyclopedia may be different from that of the 1980 edition, because of the large amount of new information spanning the ten years, but the article nonetheless appears within a certain context that has only been revised, not completely changed.

Congress also provided examples that contrast with the encyclopedia example, which focuses the definition of “revision.” A revision of the article itself has nothing to do with the collective work in which it originally appeared, and therefore, falls outside the §201(c) privilege. Likewise, if the publisher places the article in an entirely new anthology, the article is no longer in a revision of the original collective work. Similarly, publishing an article in a new magazine or a new collective work, which is completely unrelated to the original collective work, eliminates any possibility that the publisher engaged in a “revision” that Congress contemplated under the Copyright Act.

The Tasini Court’s discussion of media neutrality comports with the decision in Bourne, where the court determined that the right to motion pictures included the right to videocassettes. The Tasini Court rejected the Times’ argument regarding media neutrality, because the transfer of articles to the database did not involve a “mere conversion” of the periodicals. It follows that if the context of articles remained intact within the functions of the database, it is likely the Court would have come out in favor of the Times rather than against it. This reading of Tasini comports with the reasoning in Bourne. Transferring motion pictures from reels to videocassette is arguably

[156] Id. at 496-497 (citations omitted).
[157] Id. at 496-497 (citations omitted).
[158] See Bourne, 68 F.3d at 630.
[159] Tasini, 533 U.S. at 503.
the same as transferring a periodical from newsprint to microfilm, because the motion picture remains intact throughout the conversion and is perceptibly the same after the transfer. Thus, despite the existence of a license in Bourne and the absence of a license in Tasini, the courts utilized the same line of reasoning to reach their conclusions.

Applying the Tasini Court’s approach to the media neutrality to Random House has the opposite effect than the effect of applying Bourne to Random House. As discussed earlier, if a court applied Bourne to Random House, the court would come to a conclusion that is inapposite to the Random House conclusion. This is so because the physical form in which the books were published would be irrelevant under the media neutral Copyright Act; thus, Random House’s license would include the right to publish e-books. However, if a court applied Tasini to Random House, the Random House decision would stand. The court would likely find that Random House’s license did not include the right to publish e-books because e-books are a different medium than printed books.

The key factor would be perception. Arguably, a manuscript in e-book form, before a reader uses any of the unique e-book functions to manipulate the text, is perceptibly the same as the printed version of the manuscript. However, when a reader invokes these e-book functions – text searching, note-taking, changing font size and color, adding hyperlinks, etc.\(^\text{160}\) – the manuscript arguably becomes perceptibly different than in its printed form. Thus, a court would likely find, as the Random House court did, that e-books are different from printed books, and therefore, are not included in Random House’s license granting the right to publish printed books.\(^\text{161}\) This analysis demonstrates the impact of perception on the effect of media neutrality. Without considering perceptibility, a court applying media neutrality to the Random House facts would likely find that e-books are included in Random House’s license. However, if the court considered perception in its application of media neutrality to the Random House facts, the court would likely find that e-books are not included in Random House’s license.

The New York Times asserted various other arguments that the Court also rejected. One argument that the Times put forth is that the electronic databases are like microfilm. The Court rejected this argument, because even though one sheet of microfilm may contain multiple editions of a periodical, or multiple periodicals, the context of the articles within editions and periodicals remains intact after the transfer to microfilm. As such, the

\(^{160}\) Id. at 622-623.

\(^{161}\) Random House, 150 F. Supp. 2d at 622.
perception of the article is the same when viewed on microfilm as it is when viewed in the periodical.\textsuperscript{162} The \textit{Times} also invoked \textit{Sony Corp. v. Universal City Studios, Inc.}\textsuperscript{163} to argue that the end users’ conduct when using the electronic databases caused the articles to fall outside the privileges of §201(c).\textsuperscript{164} The Court rejected this argument, stating that \textit{Sony} dealt with whether the “sale of copying equipment” constituted contributory infringement because of how the end users utilized the equipment.\textsuperscript{165} In the instant case, however, neither the \textit{Times} nor the electronic databases were selling copying equipment. Rather, the \textit{Times} was selling articles that the electronic databases caused to fall outside the §201(c) privilege by virtue of the function of the databases, not because of any conduct on the part of the end users.\textsuperscript{166}

V. CONCLUSION

The cases presented in this paper illustrate identifiable inconsistencies in how courts have resolved new use disputes. Notwithstanding the common outcomes of particular cases, the courts applied varying methods of finding intent, defining technology, and interpreting language in coming to their conclusions. These varying methods make for an inconsistent case law, which leaves parties unclear about how to do business.

\textsuperscript{162} \textit{Tasini}, 533 U.S. at 501.
\textsuperscript{163} \textit{464} U.S. 417 (1984).
\textsuperscript{164} \textit{Tasini}, 533 U.S. at 504 (\textit{quoting Sony}, 464 U.S. at 442).
\textsuperscript{165} \textit{Id.}
\textsuperscript{166} \textit{Id.}