***Montz*: En banc Review of Copyright Preemption**

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In 1996, Larry Montz, a parapsychologist assisted by a publicist, began pitching an idea to representatives of NBC Universal, who in 2003 expressed lack of interest. When, despite that, the allegedly similar *Ghost Hunters* series was subsequently produced in partnership with Pilgrim, Montz sued for copyright infringement and breach of contract. *See* Montz v. Pilgrim Films & Television, Inc., 606 F.3d 1153 (9th Cir. 2010).

The district court found the copyright claim to survive a motion to dismiss, but it was dropped before appeal. The contract claims, however, were found to be preempted. 606 F.3d at 1156. Distinguishing Grosso v. Miramax Film Corp., 383 F.3d 968, (9th Cir.2004) (no preemption when there is a "bilateral expectation of compensation"), Judge O'Scannlain's June 3d opinion affirms. It characterizes plaintiff's claim as limited to an offer to work with defendants to produce a TV series. "Whereas the breach of the alleged agreement in *Grosso* violated the plaintiff's right to payment on a sale, the breach of the alleged agreement in this case violated the plaintiffs' exclusive rights to use and to authorize use of their work -- rights equivalent to those of copyright owners under § 106." 606 F.3d at 1158.

That seems a feeble basis for distinguishing *Grosso*. Perhaps due to his own misgivings, on July 21st, Judge O'Scannlain issued a sua sponte order for the parties to file "simultaneous briefs setting forth their respective positions on whether this case should be reheard en banc." On Sept. 30, Judge Kozinski, ordered that the case be reheard en banc. 623 F.3d 912.

In an amicus brief supporting defendants, MPAA argues for affirmance as well as disapproval of *Grosso*. 2010 WL 5650013 (9th Cir.). Following that, defendants agreed with the latter in a supplemental brief. This apparently sets the stage for the Ninth Circuit to reconsider *Grosso* as well as *Montz*.

MPAA's brief primarily advances what is often, in the context of statutory construction, called a golden rule argument. Lacking specific text to support its view of

what is and is not preempted by § 301(a), it presents a parade of horribles. Claims akin to those presented in *Montz* and *Grosso* should be preempted, it urges, because they are often flimsy and fabricated, as well as based on banal, abstract ideas. *Id*. at *17-22. Looking to *Grosso* itself, they recount how Miramax ultimately prevailed, but only after lengthy, expensive judicial proceedings. *Id*. at *19. Finally, MPAA states that risks of that kind "tend to cause companies such as Amicus' members to tighten submission policies." *Id*. at *22. None of that need be disputed to reject preemption as basis for affirming *Montz* or for disapproving *Grosso*.

MPAA's brief claims that New York and California law differ with respect to novelty requirements for outside submissions. *Id*. at * 17, n. 14. That may have been true through 1986, but Apfel v. Prudential-Bache Securities Inc., 81 N.Y.2d 470, 478, 616 N.E.2d 1095 (1993), holds otherwise. "The law of contracts would have to be substantially rewritten were we to allow buyers of fully disclosed ideas to disregard their obligation to pay simply because an idea could have been obtained from some other source or in some other way." 81 N.Y.2d at 478. This is in full accord with Chandler v. Roach, 156 Cal.App.2d 435, 441–42, 319 P.2d 776 (1957): "'There is nothing unreasonable in the assumption that a producer would obligate himself to pay for the disclosure of an idea which he would otherwise be legally free to use, but which in fact, he would be unable to use but for the disclosure."

Although copyright preemption under § 301 was addressed in Goldstein v. California, 412 U.S. 546 (1973), that case is not helpful to resolve possible preemption of state contract law. Thus, Judge Easterbrook in ProCD, Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996), used mostly patent precedents to conclude, "A copyright is a right against the world. Contracts, by contrast, generally affect only their parties; strangers may do as they please, so contracts do not create 'exclusive rights.'" *See also*, *When Easy Cases Make Bad Law*. <http://tinyurl.com/4qovnez>

Of the cases cited in *ProCD*, Aronson v. Quick Point Pencil Co., 440 U.S. 257, 263 (1979), is especially apt. "Enforcement of the agreement does not withdraw any idea from the public domain. The design for the keyholder was not in the public domain

before Quick Point obtained its license to manufacture it. …. It is equally clear that the design entered the public domain as a result of the manufacture and sale of the keyholders under the contract."

If anything, the logic underlying that patent-centered opinion is more compelling in the copyright arena. Under § 102(b), following public disclosure, ideas are not protected at all. *See, e.g.,* United States ex rel. Berge v. University of Alabama, 104 F.3d 1453 (4th Cir. 1997). *Berge* makes it clear that relator's state cause of action for use of her ideas failed only because she neither alleged nor proved any breach of trust. *Id*. at 1490.

It is no simple matter to avoid the effect of *Quick Point's* holding in the context of cases such as *Grosso* and *Montz*. To do so would require that products such as keyholders be distinguished from products such as films and TV programs. Moreover, it would require that preemption turn on whether state actions are to enforce express or implied contracts. Neither distinction seems convincing, much less compelling.

Indeed, changes in well-established state contract law should be made by state legislatures or, less preferably, state courts. Along the spectrum of potential fora for addressing seemingly legitimate concerns about outside submissions, federal courts appear to be particularly ill suited, and federal preemption appears to be a singularly inappropriate tool.