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OFFICIAL TRANSCRIPT
PROCEEDINGS BEFORE
THE SUPREME COURT
OF THE
UNITED STATES

CAPTION: JAMES STEWART, ET AL., Petitioners
V. SHELDON ABEND, dba AUTHORS RESEARCH
COMPANY

CASE NO: 88-2102

PLACE: Washington, D.C.

DATE: January 9, 1990

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IN THE SUPREME COURT OF THE UNITED STATES

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JAMES STEWART, ET AL., :
Petitioners :
V. : No. 88-2102
SHELDON ABEND, dba AUTHORS :
RESEARCH COMPANY :
----- x

Washington, D. C.
Tuesday, January 9, 1990

The above-entitled matter came on for oral
argument before the Supreme Court of the United States at
12:59 p.m.

APPEARANCES:

LOUIS P. PETRICH, ESQ., Los Angeles, California; on
behalf of the Petitioners.
PETER J. ANDERSON, ESQ., Santa Monica, California; on
behalf of the Respondent.

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1 motion picture versions of the short story, and to
2 continue to exhibit those motion picture versions
3 throughout the life of the original or initial term of
4 copyright obtained by the short story author, as well as
5 any renewal term of that author.

6 QUESTION: That was an express assignment of the
7 right to renew?

8 MR. PETRICH: Yes, Your Honor. It's reproduced
9 in the --

10 QUESTION: And if the author hadn't died, could
11 the assignee have exercised that right or would the author
12 have had to do so?

13 MR. PETRICH: It has always been the law that
14 only the statutory successor named in the statute may
15 exercise the right.

16 QUESTION: So this case would be the same, in
17 your view, if he had -- never had assigned the renewal
18 right?

19 MR. PETRICH: No. If he had not assigned the
20 renewal right, we would not claim that we had a right to
21 use the work during his renewal term.

22 QUESTION: Well, even if he had assigned it, you
23 couldn't exercise it.

24 MR. PETRICH: We could not renew. The law
25 provides that only the people named in the statute may

1 actually renew it.

2 QUESTION: Well, what if he didn't renew it?

3 MR. PETRICH: Well, I misunderstood your
4 question.

5 If he did not renew it, the underlying story
6 would have gone into the public domain and anyone could
7 use the story.

8 In 1954, the film company created a motion
9 picture based on the story, adding new characters, new
10 incidents and new dialogue. That motion picture was
11 separately copyrighted under Section 7 of the 1909 act.

12 In 1968, the author of the short story died and
13 his copyright was renewed the following year by his
14 executor and became effective in 1970.

15 In 1982, the owners of the film copyright
16 renewed their copyright under section -- the same Section
17 24.

18 And now Jimmy Stewart and Alfred Hitchcock's
19 estate own 90 percent of the film copyright.

20 In 1983, relying on a decision of the Second
21 Circuit, the film was re-released as a part of a five-film
22 retrospective of Alfred Hitchcock films, many of which
23 included the talents of Jimmy Stewart.

24 Mr. Abend, the respondent here, in the meantime,
25 had acquired rights from the executor of the short story

1 author and he brought this claim, contending that the
2 death of the author before renewal, as well as the renewal
3 by the executor, operated as a matter of copyright law and
4 policy to terminate any rights that the films owners had
5 to continue using their film.

6 QUESTION: Mr. Abend is an agent?

7 MR. PETRICH: Well, he's listed as a literary
8 researcher. He has testified that he buys these rights
9 for himself and for clients.

10 The district court, in this case, granted
11 summary judgment for the defendants, relying upon the 1977
12 decision of Judge Friendly in the Rohauer case, which
13 Judge Friendly described as a case of first impression on
14 this issue.

15 A Ninth Circuit panel, by a split decision,
16 reversed the district court's summary judgment in this
17 case, and so we are here.

18 Both circuits, however, it's important to note,
19 acknowledge that a reconciliation of these competing
20 copyrights was required.

21 I will plan to explain why the Second Circuit's
22 accommodation of these competing interests best resolves
23 the competing copyright interests and policies, and why
24 the Ninth Circuit's accommodation in this case was flawed
25 and will result in a defeating of the policies and

1 purposes of the Copyright Act.

2 Under the Second Circuit's approach as to the
3 prior work -- when the prior author dies and his statutory
4 successor renews the copyright, the court would effect the
5 second-chance policy of Section 24 in favor of authors by
6 providing that all of the rights given to the derivative
7 work owner lapse or revert and go back to the statutory
8 successor of the prior work, with one important exception.

9 The owner of the derivative work would continue
10 to have the right to exploit that derivative work which
11 was made under license during the first term and
12 authorized by Section 7 and would only be able to continue
13 to exploit that work according to the limits placed on him
14 or her by that original assignment.

15 This effecting of the policy actually gives the
16 statutory successor even more than what the author would
17 have had had he survived and renewed because, under the
18 decision of this Court in Fred Fisher, if the author had
19 lived three more months and had renewed the copyright in
20 this case, as the assignment that he previously had given,
21 would have given the movie owners the rights to continue
22 to distribute the movie but, more importantly, to make
23 additional motion pictures.

24 QUESTION: (Inaudible) even if he assigned --
25 even though he had assigned, if he had lived, could you

1 have forced him to renew?

2 MR. PETRICH: We could not force him to renew.

3 QUESTION: And you couldn't force his statutory
4 successor to renew -- I mean, his executor?

5 MR. PETRICH: No. But there was a policy under
6 the copyright that the Copyright Office had: that others
7 could go in and renew in the name of the statutory
8 successor.

9 But you had to be careful to be sure that you
10 renewed in the name of the author if he was alive.

11 QUESTION: Well, you couldn't do it, could you?

12 MR. PETRICH: I think we could.

13 QUESTION: An assignee could have gone in and --

14 MR. PETRICH: Yes, we could. We would have had
15 a power of attorney to do so. In fact, some courts went
16 so far as to say that the power of attorney was even
17 implied by the prior assignment.

18 But the renewal had to be in the name of that
19 statutory successor or the author if --

20 QUESTION: So even if -- so he could not have
21 even -- if he'd of lived he couldn't have prevented you
22 from renewing it in his name?

23 MR. PETRICH: No. No, Your Honor, and --

24 QUESTION: What do you mean no? He couldn't?

25 MR. PETRICH: Oh, I'm sorry. He could not have

1 prevented us from renewing. And of course, why would he
2 because he would lose all of the other rights he would
3 have under the contract.

4 QUESTION: Well, he's just contrary.

5 MR. PETRICH: Well, that could happen.

6 Now, as to derivative work, the Second Circuit
7 came to a conclusion that the court would effect the
8 Section 7 and 24 rights granted to the derivative works
9 authors by allowing them simply to continue to use that
10 work which they had created under license during the first
11 term.

12 But it's important to note that there were
13 limitations. This was only applicable in a case where the
14 derivative work had been made under license and had been
15 made during the first term of the prior work's author.

16 Secondly, they would lose the right to exercise
17 any other rights under the assignment, such as rights of
18 exclusivity to prevent others from making motion pictures,
19 and they would also lose the right to make additional
20 motion pictures of their own into the second term.

21 And finally, they would remain subject to all of
22 the specific limitations that were placed upon them in the
23 original assignment.

24 QUESTION: Under the Second Circuit's view, the
25 owner of the Woolrich copyright could make another movie

1 based on it, could it not?

2 MR. PETRICH: I'm sorry, Your Honor, could I
3 have that again?

4 QUESTION: Yes. Under the Second Circuit's view
5 -- supposing Mr. Abend, who I understand owns the Woolrich
6 short story --

7 MR. PETRICH: Right.

8 QUESTION: -- could he not now make another
9 movie based on that short story?

10 MR. PETRICH: Absolutely. He's the only one in
11 the world who could make new movies based on that short
12 story now. He has all of those rights.

13 QUESTION: But he could use any of the new
14 matter that was incorporated in the Hitchcock movie?

15 MR. PETRICH: No, Your Honor. Because that is
16 still subject to copyright --

17 QUESTION: No. He'd have to make an entirely
18 new motion picture of that.

19 MR. PETRICH: Well, that --

20 QUESTION: Now, he's the entire owner.

21 MR. PETRICH: The problem is that only a part of
22 the short story was used in the film.

23 QUESTION: Right.

24 MR. PETRICH: He could make a literal version of
25 the short story and have no problem from us. There's

1 nothing we could do about it.

2 Our short -- our film is a revision or an
3 augmentation of his short story. We've added the Grace
4 Kelly character and the Thelma Ritter character in the
5 film --

6 QUESTION: And he couldn't infringe those
7 additions to the story?

8 MR. PETRICH: He could not use the new matter
9 that was added by us.

10 That's under Rohauer, which is the Second
11 Circuit decision. Any payments that might be due under
12 the assignment, any screen credits that might be due under
13 the assignment would all still have to be made to the
14 statutory successor.

15 And as I have said, any limitations, such as
16 limitations on the territories or the time in which the
17 film can be shown -- they would still be binding. And in
18 fact this would be the same -- the derivative work owner
19 in that case would be in the same place as a derivative
20 work owner would be today under the 1976 act, if someone
21 had exercised the statutory termination right and the
22 statutory exception would come into play.

23 QUESTION: Well, Mr. Petrich, I gather that the
24 Rohauer decision has certainly not been unanimously
25 acclaimed in the scholarly community, one might say.

1 MR. PETRICH: Well, Professor Nimmer hasn't
2 liked it, but he also was counsel for the Writers Guild at
3 one time.

4 QUESTION: And the Registrar of Copyrights, I
5 guess, has filed something indicating --

6 MR. PETRICH: Correct. That the Writers Guild
7 had -- I'm sorry. The Copyright Registrar has, although
8 the Registrar has also said that this is a matter which is
9 confusing and needs some clarification, which is our
10 position.

11 QUESTION: Well, perhaps that's up to Congress.
12 But Congress created this unusual scheme, and apparently
13 with the idea of letting the original artists or author
14 benefit from whatever enhancement has developed by virtue
15 of use of the derivative works in the interim.

16 MR. PETRICH: That's not altogether clear, Your
17 Honor, because there's nothing in the record to show that
18 -- or the legislative history, that show that the 1909 act
19 intended to discriminate in favor of one set of authors
20 against another set of authors.

21 In fact, the record only shows that there was a
22 debate about whether derivative works ought to be -- ought
23 to have a shorter term and expire at the time of the
24 underlying author's term. And that was given up, and
25 instead, all the copyrights, derivative or otherwise, were

1 given the same term. And their rights all derive under
2 Section 24. They both are given two terms of 28 years.

3 QUESTION: If the copyright holder who made the
4 assignment had renewed, you say that he could not
5 interfere with your plan, if he had lived?

6 MR. PETRICH: If he had lived, he would have or
7 we would have had the assignment he had given us, which
8 would give us the assigned right to make --

9 QUESTION: Is that -- do you derive that
10 directly from the act or is that a judicial --

11 MR. PETRICH: Oh, no. No. That was from the
12 assignment itself.

13 QUESTION: Well, I know. But that's just a --
14 the assignment does not expire. Is that just a judicial
15 decision?

16 MR. PETRICH: That -- that's based on the
17 decision of this Court in 1943, the Fred Fisher case.

18 QUESTION: And that assignment is an assignment?

19 MR. PETRICH: So that Congress intended for
20 authors to have the right to assign their interests,
21 including their renewal interest.

22 QUESTION: Well, what about our later decision -
23 - which one is it -- Miller?

24 MR. PETRICH: Miller Music.

25 QUESTION: And it -- what if assignment isn't an

1 assignment; it's just an expectancy?

2 MR. PETRICH: In Miller Music, where you had a
3 competition between an author on one side and a mere
4 publisher on the other, it said that the clear intent of
5 Congress was that the author's successors -- in this case
6 the author is dead -- the author's successors ought to get
7 the new renewal and they ought to get the renewal term of
8 the --

9 QUESTION: What if he assigned to what -- in
10 that case, what did he assign?

11 MR. PETRICH: Apparently, the entire term, all
12 the copyrights --

13 QUESTION: Including the renewal?

14 MR. PETRICH: Including the renewal.

15 QUESTION: To the publisher?

16 MR. PETRICH: That's correct.

17 QUESTION: But who -- all he had was the
18 assignment. He didn't have a -- he didn't have another
19 copyright (inaudible).

20 MR. PETRICH: That's right. The difference we
21 say is that, in this case, we don't have author versus
22 user. We have author versus author.

23 Congress intended for all of the authors to be
24 able to exercise their rights under Section 24 and gave
25 all authors, equally, two terms. And gave all authors

1 that same second chance.

2 And they had to know that if they were going to
3 have overlapping copyrights because there were going to be
4 works that were derivative of other existing work, that
5 there were going to be overlaps.

6 And they made no provision at all -- no specific
7 provision at all to say that they wanted some sort of a
8 reversion that would prevent the copyright holder in the
9 derivative-work situation to have a shorter term of
10 enjoyment of his copyright.

11 In this case, if Mr. Abend was right, that the
12 copyright and the film would have run from 1954 to 1970,
13 and that he couldn't -- then the movie -- Hitchcock and
14 Stewart couldn't use it. And they couldn't use it for
15 another 28 years, and perhaps --

16 QUESTION: Unless they reached an agreement with
17 the respondents to allow for the use at some compensation.

18 MR. PETRICH: Well, the Ninth Circuit expressed
19 the view that, while they understood that there were
20 important policy reasons for reconciling these conflicting
21 interests, they chose not to bring those policy interests
22 into play until the remedies portion of the analysis.

23 And we think that's where they made the -- the
24 very grave mistake.

25 They started their reconciliation at the --

1 after they decided that they would favor one set of
2 authors over another set of authors and hold that the work
3 was an infringement. From in 1970 -- for at least another
4 28 years they would treat the use of the film copyright as
5 an infringement.

6 And they said: That won't hurt anybody because
7 people will just make new arrangements. But there are
8 reasons why they won't.

9 First of all, in a -- in the usual copyright
10 infringement case, an injunction is the usual remedy. So
11 that gives tremendous leverage to the owner of the
12 original copyright or the underlying copyright.

13 And there's a great danger we think here that
14 undermines copyright policy because if someone in the
15 position of a short-story owner has too much leverage, he
16 is using the monopoly power Congress gave him in the --
17 for his short story -- not to just reap the benefits of
18 his short story.

19 He's not coming to us and telling us he wants to
20 make a new movie. He's coming to us and saying: I want
21 what you make on your movie and on the new matter that you
22 have put into your movie. That's what he wants to do.
23 That's the game.

24 And there are reasons to believe that, for
25 example, speculators that get into this field will refuse

1 to give consent. They have reasons not to give consent.
2 First of all, they have a comparatively low investment.

3 The plaintiff, in this case, bought his rights
4 for \$650.00. Well, when he negotiates with somebody who
5 has spent \$2 million to make and to release a motion
6 picture, he has considerable leverage in deciding how long
7 he's willing to negotiate.

8 Secondly, the person who takes over the rights
9 of the underlying copyright has other rights to exploit in
10 the meantime. He doesn't have to sit around and negotiate
11 with the movie owner or the other derivative work owner.
12 He can -- he gets to go back and exploit all the rights
13 that the author originally had, in the meantime.

14 QUESTION: May I interrupt with a question here?

15 MR. PETRICH: Yes, Your Honor.

16 QUESTION: Supposing -- instead of giving a
17 right to just the derivative work of motion pictures there
18 had been an assignment of all rights in the copyright.
19 Would you make the same argument? Would you be making the
20 same argument?

21 MR. PETRICH: Yes. It wouldn't be any different
22 if he had given us all rights of copyright. We still,
23 under the Second Circuit view, we'd only be left with
24 those rights we had actually exercised.

25 If we had made a movie, then we could continue

1 using the movie.

2 This is the same solution that Congress came up
3 with under the 1976 act.

4 QUESTION: So you relied primarily on the fact
5 that you did create a new work before the first copyright
6 term expired?

7 MR. PETRICH: Entirely. We have no position --
8 we have no position without it.

9 QUESTION: Well, then, if that's the case, does
10 it make any difference whether you've got a copyright on
11 the derivative work?

12 MR. PETRICH: Yes. We couldn't get a copyright
13 without the original owner's consent.

14 QUESTION: I know you couldn't get it.

15 But in order to maintain your position today,
16 supposing you had not copyrighted the derivative work.
17 Would your right to use what was given to you survive?

18 MR. PETRICH: I don't think so because we rely
19 entirely on the fact that we have a copyright which was --
20 gives us rights under Section 24 of the old law.

21 QUESTION: But the right the copyright gives you
22 is the right to exclude others from your new matter, and
23 you still have that right.

24 MR. PETRICH: Well, if we had not gotten a
25 copyright we couldn't exclude others from using our new

1 matter.

2 QUESTION: But I'm suggesting that normally you
3 can either use it or not use it at your will, as long as
4 nobody can interfere with your right. But your right to
5 exclude others doesn't necessarily carry with it a right
6 to use it yourself is what I'm saying.

7 MR. PETRICH: Oh, I understand that. And what
8 I'm saying is that you -- what gives us the problem here
9 is -- that Congress apparently was thinking of giving some
10 -- giving all copyright owners a so-called second chance.
11 But they weren't thinking necessarily of this situation.

12 There's nothing in the legislative history to
13 show that.

14 And so, if you just think about one copyright
15 and you say, all right, after the person dies it reverts
16 and goes back. What's the harm? Well, that's all right.
17 But you have harm here because there have been other
18 copyrights that have come into existence in the meantime,
19 and Congress specifically intended that they would have
20 the 58 years of enjoyment.

21 QUESTION: But you still have -- I think Justice
22 Stevens was saying you still have the value of that new
23 copyright that's come into existence. Let's suppose that
24 the original short-story writer or his successors want to
25 do a remake of the movie, Rear Window. They'd have to

1 come to you and pay you in order to do that remake.

2 MR. PETRICH: No, Your Honor. Because they can
3 avoid us by simply not using that which we added to the
4 film.

5 QUESTION: Oh, no. But they want to have Grace
6 Kelly and all of that. They want to do it. It's
7 essentially the same plot from the movie. They don't want
8 a new movie; they want a remake of Rear Window. They'd
9 have to come to you and pay, right? So that you would
10 have the full value of the renewal copyright -- of your
11 copyright, the right to exclude them.

12 MR. PETRICH: No. Because we don't have the
13 right to exploit our own work. What good is the work --

14 QUESTION: But that's not what a copyright gives
15 you.

16 MR. PETRICH: Well, yes. And -- you're right,
17 it doesn't give us the right to exploit our own work.
18 What I was trying to explain is that, because Congress
19 wanted us to have the right, this copyright, this valuable
20 right, it is implicit in that that the Congress did not
21 want the so-called second-chance policy to operate in a
22 way that would benefit one author at the expense of the
23 other author, wouldn't want to cut off our enjoyment of
24 our copyrights simply because it was going to, in one
25 case, give the second chance to the original author.

1 We have -- we are now in our second term. We
2 are now in the term where we're supposed to be getting our
3 second chance, and I disagree with you, Justice Scalia.
4 The right to exclude someone from using a Grace Kelly
5 character is not a very valuable right. In fact the
6 record shows, in this case, that Mr. Abend went out and
7 made a deal with Home Box Office to make a new film based
8 upon the short story without our characters. So nothing
9 stops him from going ahead and making new works without
10 us. And the --

11 QUESTION: To get a copyright on Rear Window,
12 did all you have to do is just make the film and present
13 it for a copyright?

14 MR. PETRICH: Yes, Your Honor. First of all, we
15 have to get the consent of any prior work that we are
16 using: music, story, graphics, whatever.

17 QUESTION: And do you have to demonstrate that -
18 - in getting your copyright that you have those
19 permissions?

20 MR. PETRICH: No, Your Honor.

21 QUESTION: The Copyright Office doesn't really
22 care about that at all.

23 MR. PETRICH: No. They're just not set up
24 administratively to determine those things.

25 In any motion picture there could conceivably be

1 dozens of works that are used in the motion picture. In
2 fact every motion picture today would probably see two or
3 three and maybe as many as ten licensed songs, and they
4 had to get permission. And all of those songs are like
5 little ticking bombs under this reversion theory. Any one
6 or two of them can go off, and now you can't use that song
7 in the movie after the death of the composer and the
8 renewal by his statutory successor.

9 QUESTION: Well, now under the work made-for-
10 hire-arrangement, presumably the motion picture industry
11 can solve some of these problems.

12 MR. PETRICH: Sure. But, for example, you can't
13 -- if you want to make a picture about the 1960s and you
14 want to use the music that was popular in the 1960s, you
15 don't always have that choice. And so you use licensed
16 music.

17 I think we've said in our reply brief that MCA
18 Universal did about 250 hours of television in a couple of
19 year periods and they used 400 licensed songs.

20 And one of the -- as I was going to say earlier,
21 one of the problems with the Ninth Circuit's approach is,
22 if it is followed, is it will mean that the works from
23 1962 to 1978, which have not yet been renewed and are
24 subject to renewal and are subject to reversion, people
25 will have no interest in wanting to use them because they

1 don't know what will happen at the time of renewal.

2 QUESTION: Well, they will, depending on the
3 price that they negotiate for them. I mean I -- frankly,
4 my guess is that there isn't -- there isn't a way that the
5 author can get a lot of money without negotiating with
6 somebody who's made the derivative work.

7 MR. PETRICH: But under the Ninth Circuit view,
8 he can't give away the right to use that work in the
9 future. And, therefore, he's giving you grief.

10 QUESTION: Not until within a year of --

11 MR. PETRICH: Correct.

12 QUESTION: -- the renewal.

13 MR. PETRICH: That's correct.

14 So you don't know and you don't always have a
15 way to buy around that problem -- for example, in this
16 case. There's no way that Jimmy Stewart and Hitchcock
17 could buy from Mr. Woolrich's executor because they don't
18 know who his executor's going to be until he dies, and
19 until we know what the will says.

20 QUESTION: Mr. Petrich, let's assume. Let's
21 stipulate that that's a very bad disposition. The
22 question remains whether that is the disposition that
23 Congress enacted. What is the text of the statute that
24 you rely upon to say that it is not?

25 MR. PETRICH: We rely on the fact that Congress

1 in Section 7 gave derivative works the same standing as
2 copyrights, as all other copyrights. And in fact, when we
3 use these terms, I think we tend to make too much of the
4 labels. Mr. Woolrich's work, for all we know, could be a
5 derivative work -- derivative in turn of something before
6 it. This is a relative term.

7 QUESTION: So that it ultimately gets back to
8 your contention that the same standing, as all other
9 copyrighted works, includes not only the right to exclude
10 people --

11 MR. PETRICH: But the right to enjoy it.

12 QUESTION: -- but the right to use yourself.

13 MR. PETRICH: Exactly.

14 QUESTION: Okay.

15 QUESTION: Well, I don't why then you even need
16 an assignment of the renewal.

17 MR. PETRICH: We need two copyrights and we need
18 the right to renewal because the original owner, when he
19 has to give us consent to make the work in the first
20 place, at that time, he can put any restriction on us he
21 wants. And at that time it's negotiated, as to what
22 restrictions or time limitations or territorial
23 limitations one may give.

24 Your Honor, I think I see my time is just about
25 up. I'd like to reserve the rest for rebuttal.

1 QUESTION: Very well, Mr. Petrich.

2 Mr. Anderson, we'll hear now from you.

3

4 ORAL ARGUMENT OF PETER J. ANDERSON

5 ON BEHALF OF RESPONDENT

6 MR. ANDERSON: Mr. Chief Justice, and may it
7 please the Court:

8 This action arises under the Copyright Act of
9 1976, not the Copyright Act of 1909. Petitioners conceded
10 as much in their opening brief at page 41, where they
11 state that, "The infringement action here arises from
12 conduct occurring after January 1st, 1978, and is thus
13 governed by the 1976 Copyright Act."

14 Mr. Petrich has stated that the renewal
15 copyright in the film Rear Window was created under
16 Section 24. That copyright was claimed in 1982 by the
17 successors to the creator of the film, Patron, Inc. As a
18 result, that renewal copyright was created under Section
19 304(a) of the Copyright Act of 1976.

20 Mr. Petrich has told the Court that what he
21 wants, and what Rohauer does, is to give the same
22 exception that subpart (c) of Section 304 gives to
23 derivative works. That's the exception that was created
24 under the 1976 act to allow continued use of the
25 underlying basic materials added or elaborated upon in a

1 motion picture.

2 This is the problem with Mr. Petrich's position:
3 His renewal copyright -- his client's renewal copyright
4 was created under Section 304(a), which contains no right
5 to continue distribution of the film. He nevertheless
6 asks for the Court to imply that the exception provided in
7 subpart (c) also applies in subpart (a).

8 We believe that since this -- the issues arise
9 under the 1976 Copyright Act and since that act reenacts
10 Section 24, that the Court is now bound by its decision in
11 Miller Music.

12 Below, at the Ninth Circuit, the petitioners
13 asked or suggested to the court that this Court would
14 reconsider Miller Music. Now they suggest to this Court
15 that the Court should put a gloss on Miller Music.

16 QUESTION: Decided by a very closely divided
17 Court.

18 MR. ANDERSON: That's true, Your Honor. But
19 it's been the law of the United States for the last 30
20 years. It was also a natural corollary to this Court's
21 decision in 1943 in Fred Fisher.

22 QUESTION: Yes. But the fact that it's a
23 statutory decision is based on a decision by a closely
24 divided Court -- is not a basis certainly in itself for
25 overruling it. But it's certainly also a reason perhaps

1 not to extend it beyond its facts.

2 MR. ANDERSON: But it's not actually clear that
3 this would be an extension of Miller Music beyond its
4 facts. In Miller Music, the Court had a publisher before
5 it, a publisher of music, and it's clearly -- it has been
6 the practice, as this Court noted in Mills Music v.
7 Snyder, and as the screen -- excuse me, the Songwriters
8 Guild and the Registrar of Copyrights note in their amicus
9 briefs, that it has been the practice for a publisher to
10 authorize derivative works based upon a grant of, for
11 instance, the rights to the words for a song.

12 QUESTION: There weren't two copyrights involved
13 in Miller, were there?

14 MR. ANDERSON: Implicitly there were.

15 QUESTION: Well, but there were not expressly.

16 MR. ANDERSON: Yes, Your Honor. But as the
17 Ninth Circuit noted, if Miller Music holds, as it does,
18 that a grant of the entire renewal term is completely void
19 and unenforceable against the statutory successor of the
20 dead author, then it would be frankly hard to figure out
21 how you could then say that the grant of some rights would
22 be nevertheless enforced against a statutory successor.

23 QUESTION: Well, that's an extension of Miller.

24 MR. ANDERSON: Your Honor, we think it would
25 actually be a complete undercutting of Miller because of

1 the practical fact that's -- publishers of music don't
2 just get the copyrights in a completed song. They get the
3 copyrights in words; they get the copyrights in lyrics.
4 They put these things together. Sometimes they'll
5 commission or employ someone to add the words to existing
6 music or whatever. But they're always dealing with
7 derivative works.

8 QUESTION: Do you agree that if the author had
9 lived and refused to renew, that the copyright could have
10 been renewed in his name?

11 MR. ANDERSON: Yes, Your Honor. The copyright
12 could have been renewed in his name, if he had refused.

13 QUESTION: And how about if he dies and the
14 executor refuses to renew? Do you think he could be --
15 then you could renew in the author's name?

16 MR. ANDERSON: If there was privity of contract
17 between the executor and the party compelling --

18 QUESTION: No. No privity of contract. He's
19 just an executor.

20 MR. ANDERSON: No. That -- and that is this
21 Court's holding in Miller Music.

22 QUESTION: Because it's already the -- the
23 renewal assignment is already a dead letter, is that it?

24 MR. ANDERSON: Well, the renewal assignment is
25 not a dead letter. It is merely the assignment of an

1 expectancy, as the Court stated in Miller Music. It's not
2 invalid; it just never came into existence.

3 The renewal expectancy was -- what the author --

4 QUESTION: Well, at least the executor isn't
5 bound by it.

6 MR. ANDERSON: No. The executor is not bound;
7 neither is any of the other statutory successors who don't
8 have a contract with the person who is --

9 QUESTION: But the renewal is -- it just
10 expired. The renewal assignment just expires, I guess,
11 with the death, is that right?

12 MR. ANDERSON: It's worthless.

13 In Miller Music the court specifically said it's
14 not invalid. It's just a contingency that never came into
15 fruition.

16 QUESTION: Well, it must not mean anything
17 unless you could go ahead and renew in the author's name
18 unless, if the executor refused. But you say you
19 couldn't.

20 MR. ANDERSON: Well, I'm not too sure I
21 understand. But my point is simply this. As a practical
22 matter, the Register of Copyrights will accept a claim for
23 renewal, even if it is not signed by the author.

24 If, in this instance, the petitioners' client,
25 or the petitioners rather -- excuse me -- had taken a

1 renewal in the name of the executor of Mr. Woolrich's
2 estate, and taken that to the Register of Copyrights, we
3 would have filed an action to have that set aside because
4 they had no standing, and because the executor had not in
5 fact agreed to convey the renewal copyright in the story.

6 QUESTION: Isn't there some tension, as lawyers
7 say, between the Fielding case and the Miller case?

8 MR. ANDERSON: The Fred Fisher case?

9 QUESTION: I'm sorry. Fred Fisher. Yes.

10 MR. ANDERSON: There is, Your Honor. And as
11 this Court I'm sure is aware, there has been a fair amount
12 of comment that the Fred Fisher case undercut the policy
13 that the Miller Music case actually gave effect to. And
14 that policy was that the author or his successors were to
15 have a second chance at controlling the work.

16 In Fred Fisher what the Court said was that the
17 person who obtained the renewal copyright did not have a
18 copyright right to continue using the work, but they had a
19 contract right. And since 1943 that's been interpreted to
20 mean that if the author does not live to renew and there's
21 no contract right with the author's statutory successors,
22 then in those instances the policy of a second chance is
23 fulfilled.

24 QUESTION: But the policy can be defeated by the
25 author assigning the renewal right in advance of its

1 exercise?

2 MR. ANDERSON: Absolutely. And that is --

3 QUESTION: So in effect that -- you know, if you
4 say the entire policy is to give authors a second chance,
5 Fielding does not carry that out -- or rather Fisher. So
6 there must be some other policy involved in the act.

7 MR. ANDERSON: Well, there is a second policy
8 that's been recited, and it's interesting the petitioners
9 elevate it to the primary policy.

10 If you read the legislative history, there was a
11 concern that if a work was not being used, and it didn't
12 matter to the author, then it should go into the public
13 domain. And so the 28-year term was a lapsing device. If
14 no one bothered to sign a piece of paper and give it to
15 the Register of Copyrights, the work went into the public
16 domain. That, I believe, a fair reading of the history
17 will reveal is -- was a secondary concern, that the
18 primary concern was giving an author a second chance,
19 which goes back to the statutes enacted in the 19th
20 century. The --

21 QUESTION: Certainly one can read the Fielding
22 opinion and not have -- I'm sorry, the Fisher opinion, and
23 not get the feeling that that was the primary purpose of
24 the copyright. There are several comments in the opinion
25 about the fact that we can't import into the law a chance

1 to give impecunious authors a second chance, when Congress
2 hasn't put it there.

3 MR. ANDERSON: Actually I think, Your Honor,
4 that a careful reading of Fred Fisher, first of all,
5 recites the statements in the House Report 60-2222, that
6 authors were often making unremunerative transfers because
7 of their inability -- or the inability, rather, to
8 evaluate when they first created a work its public appeal.

9 And so they were in the situation where, either
10 because they were just starting out and not established,
11 or they didn't know if the work was going to be a success
12 or not, that they were transferring it for a relatively
13 small amount of money. That discussion is repeated in
14 Fred Fisher.

15 The Court does go on to say that since the 1909
16 act specifically allows for assignment of interest and
17 copyright, that the court should not presume that such
18 interests are unenforceable as a matter of public policy
19 because to do so might prevent an author who finds himself
20 in dire straits from granting rights to the second term.

21 I would note once again, though, that we are
22 under the 1976 act and enacting -- reenacting Section 304
23 -- or excuse me, Section 24 as Section 304(a) and in
24 abrogating Fred Fisher, by making the determination right
25 wholly inalienable, the legislature noted or -- excuse me,

1 the legislative history indicates that Congress again
2 wanted to focus on giving the author a second chance to
3 control his work.

4 If that was not the sole purpose under the 1909
5 act, it is clearly the sole purpose under the 1976 act.
6 The lapsing and going into the public domain does not
7 apply since an author must affirmatively terminate the
8 rights, and otherwise his copyright would continue for the
9 full term of copyright.

10 The petitioners say that this is a problem
11 because it's an author versus author instead of author
12 versus user. And I think that highlights a little bit of
13 confusion that has run throughout Petitioners' briefs --
14 the dissent Abend and in Mr. Engel's article. The sole
15 authority cited by Petitioners prior to 1976, asserting
16 that the Abend rule was not actually the law.

17 And this confusion is that -- is the confusion
18 between the derivative work on the one hand and the matter
19 protectable by the derivative copyright.

20 It is easy for Petitioners to throw up their
21 hands and say that they can't use the film. They are not
22 entitled, necessarily, under the Copyright Act to use the
23 film. Their protection is in the new matter that they
24 have added. To the extent that they want protection. A
25 second chance to use the matter that they took from the

1 story -- they're a user. They didn't create the story.

2 And although it was never briefed and it was
3 never an issue because we did not move for an injunction,
4 we did not try to show irreparable injury, the fact that
5 the film has its genesis in this story was accepted. We
6 have not gone through and shown the Court the extent to
7 which the film takes from the story.

8 Just as one example --

9 QUESTION: Mr. Anderson, can I interrupt you for
10 a second?

11 MR. ANDERSON: Absolutely.

12 QUESTION: You're -- it's true, I suppose that -
13 - well, let me put it this way.

14 I'm concerned about the effect of your rule on
15 the author's ability to make a favorable marketing of his
16 creative work when his lifetime is -- one doesn't know how
17 long he's going to live.

18 Say five years before the expiration of the
19 first patent the motion picture company says: we want to
20 spend \$100 million making this gigantic epic with your
21 story. Is there some way you can guarantee that we can
22 have more than five years in which to recoup our
23 investment? You'd have to say no, wouldn't you?

24 MR. ANDERSON: Yeah. You would have to say no.
25 The statute doesn't allow it, but it's not necessarily a

1 practical problem. Films are made because of the
2 anticipation of getting a revenue -- generating a revenue
3 in the short term.

4 QUESTION: Well, say it's done, you know, just
5 the year before the 27th year.

6 MR. ANDERSON: Films are often also delayed for
7 quite a period of time before they actually are released.
8 It's not unusual for the negotiations for rights, the
9 negotiations for cast to take nine or ten years.

10 One interesting example that was raised in
11 petitioners brief was Singing in the Rain. Singing in the
12 Rain was a 1952 film that employs material, words and
13 music, from the 1929 copyright -- 1929 plus 28 means that
14 they were in fact facing five years left in the original
15 term of the song -- well, of the words in the lyrics --
16 two copyrights, actually. They nevertheless made Singing
17 in the Rain.

18 In our case, interestingly enough, Paramount
19 paid --

20 QUESTION: Well, of course, they made it at a
21 time when they thought the Rohauer rule was the right
22 rule.

23 MR. ANDERSON: That's not accurate, Your Honor.
24 In 1952, when Singing in the Rain was made, that was one
25 year after G. Ricordi was decided. G. Ricordi, which is a

1 Second Circuit decision, said that a derivative copyright
2 conveys no rights in the underlying work and that once the
3 license was terminated or once there was no license, you
4 couldn't continue to use the Puccini Opera.

5 It was also after Fitch v. Shubert, another case
6 where an operatic could not be used because there was
7 neither a copyright right or a contract right.

8 It was after the 1925 statement by Mr. DeWolf in
9 his treatise that -- of our exact problem. That if the
10 author dies before renewal, Mr. DeWolf stated that then
11 the statutory successors could come in and bring an action
12 for infringement, if they continued to distribute the
13 existing work, the existing movie.

14 And the Motion Picture Association of America,
15 in their brief as amicus curiae in DeSylva, they cite Mr.
16 DeWolf as a preeminent authority of the time.

17 And by the way, that brief was authored by Mr.
18 Nimmer. Mr. Nimmer, who, Petitioners' counsel states has
19 represented authors has also represented studios.

20 That was the view of the law.

21 In 1955, Mr. Bricker, in-house counsel to
22 Universal Studios, said exactly the same thing. So it's
23 absolutely clear that this was the view of the studios.

24 The --

25 QUESTION: Does that make it binding on the

1 courts, that it was the view of the studios?

2 (Laughter.)

3 MR. ANDERSON: Well, Your Honor, I think to the
4 extent that Petitioners are claiming a lack of fairness in
5 this result, then I think it is something that the Court
6 should consider.

7 In fact, I believe in Fred Fisher the Court
8 talked about industry practices; in DeSylva they talked
9 about industry practices.

10 In some instances --

11 QUESTION: You know, it also goes to show, I
12 would assume, whether the skies will fall if we continue
13 what they have assumed to be the rule.

14 MR. ANDERSON: And that was my second point,
15 Your Honor. Thank you.

16 That the -- that movies are made in
17 contemplation of the risk that continued rights to
18 distribute the film are going to evaporate.

19 Singing in the Rain was five years.

20 If I could get back to the Paramount example.
21 Paramount Pictures paid for the production of the Rear --

22 QUESTION: I suppose the other side of this is
23 that maybe these all did turn out well, but there's also
24 been some motion picture companies that have gone bankrupt
25 over the years.

1 MR. ANDERSON: I know of no, and there is no
2 indication in the record of a motion picture company that
3 went bankrupt because of this issue.

4 QUESTION: For this reason. But you also don't
5 know how many deals might have been turned down because of
6 this concern.

7 The fact that they made some transactions
8 doesn't mean that there weren't some that were turned down
9 for -- because of -- because it's certainly an obvious
10 risk of some importance.

11 MR. ANDERSON: I understand the Court's point,
12 and I would again note that Universal, which is the
13 subsidiary of Petitioner MCA, never came up with a single
14 instance of deadlock.

15 Clearly, if anyone can do it Universal can do
16 it.

17 The amicus, who are all the other major
18 production companies except Disney, which is not joined in
19 the petition before this Court, no one has been able to
20 come up with any evidence that a film evaporated because
21 of this specter of copyright death.

22 QUESTION: Well, didn't it even -- the dissent
23 in Miller agree that a widow and children would take
24 precedence over the assignee of the renewal term?

25 MR. ANDERSON: Yes, Your Honor.

1 The point, as I understood it, in the dissent to
2 Miller music was that that rule should not be extended to
3 executors.

4 QUESTION: And that was the dissent's point?

5 MR. ANDERSON: Yes, Your Honor.

6 QUESTION: But is that still the case, that
7 widows and children are especially protected?

8 MR. ANDERSON: Yes, Your Honor. It is still the
9 case under the inalienable crimination rights. And it is,
10 again, extended to authors who survive. Authors, widows
11 and children can come in and terminate a --

12 QUESTION: So assignees have always had the risk
13 of being upstaged by a widower or children?

14 MR. ANDERSON: Yes. Absolutely. That goes back
15 even before Fred Fisher. And Fred Fisher, although it has
16 been criticized, was accurately predicted by the majority
17 of the commentators.

18 The -- if I could just make the one point about
19 Paramount. Paramount Pictures paid for the production of
20 the Rear Window film -- never got the copyright in the
21 film, because what it did was it advanced the production
22 costs so that it could be made in the name of Patron.
23 Patron then got the copyright.

24 And what Paramount got was the right to
25 distribute the film for eight years.

1 So here you have a motion picture company that
2 had the absolute --

3 QUESTION: From who did Paramount get the right
4 to distribute the film for eight years?

5 MR. ANDERSON: From Patron.

6 QUESTION: The Patron?

7 MR. ANDERSON: Yes, Your Honor. It's a
8 relatively common practice nowadays.

9 So Paramount when -- made this investment
10 through Patron but knowing that it would have no right at
11 all to exploit the film past eight years.

12 An agreement was reached where that was
13 extended, but initially they were limited to an eight-year
14 term.

15 So the concept that a derivative work might not
16 be made employing existing materials because of risks that
17 might come up in four or five, eight years, simply is not
18 borne out by the facts or the historical record.

19 And as Justice O'Connor pointed out, what's more
20 likely to happen, and I believe it will happen with the
21 supposed conflict between pre-'78 and post-'78 works, is
22 that you'll get the works used but the price is going to
23 reflect the risk. And of course, that's always been the
24 case.

25 And in fact that's one of the problems with the

1 Rohauer decision. The price paid to Mr. Woolrich for the
2 renewal rights reflected the risk that they would never
3 vest.

4 If this Court were to adopt Rohauer, the
5 studios, who have never paid for the rights from the
6 statutory successors and never paid consideration that was
7 equal to a vested right to continue to use, would
8 nevertheless get a vested right.

9 QUESTION: Well, did the studios pay no
10 attention to Rohauer after it came down, when it was the
11 only court of appeals opinion in the field?

12 MR. ANDERSON: The petitioners and the motion
13 picture studios who filed their amicus brief claimed that
14 they had relied on Rohauer for the 11 years and that that
15 should be a fact that the Court should consider.

16 Now, the Court did deny cert. in Rohauer, and we
17 think that the Court should have a free hand to rule on
18 the issue on the merits instead of what may have happened
19 over the last 11 years.

20 But the points I would -- the more obvious
21 reasons why they could not have -- reasonably -- I'm sorry
22 --reasonably relied on the Rohauer decision was that
23 within two years the Ninth Circuit Court of Appeals said
24 that Rohauer was unconvincing and did everything except
25 knock it off the books in the Ninth Circuit. The -- also,

1 furthermore --

2 QUESTION: Well, all that would do was create a
3 conflict. I mean -- the Ninth Circuit isn't superior,
4 even in California.

5 MR. ANDERSON: Yes, Your Honor. But it sure put
6 the studios on notice that if this issue came up in the
7 Ninth Circuit, what happened --

8 QUESTION: It might go the other way.

9 MR. ANDERSON: Exactly.

10 Professor Nimmer immediately called the Rohauer
11 decision plainly wrong and said that he doubted that other
12 courts might follow it. But on also --

13 QUESTION: Wait. How much weight should we give
14 to a professor, admittedly a -- respected authority in the
15 field, calling a decision wrong?

16 MR. ANDERSON: My point is the weight that the
17 studios give Mr. Nimmer. And that weight was --

18 QUESTION: To what extent does that bind this
19 Court?

20 MR. ANDERSON: Your Honor, it's a treatise; it's
21 a commentary. And I'm not saying that it binds this
22 Court.

23 QUESTION: Well, I hope you're not.

24 MR. ANDERSON: But I am saying that for the
25 studios to say that they reasonably relied on Rohauer,

1 when the premier authority in the field said that it was
2 plainly wrong, I think that someone should think twice
3 about how much reliance they actually did put on Rohauer.

4 Furthermore, Rohauer involved the showing of a
5 preexisting print that was made -- they made one videotape
6 copy and then showed that preexisting print over a public
7 television station.

8 What the petitioners have done here is made
9 several thousand new 35-millimeter print versions of the
10 film, and made several hundred thousand new videotape
11 copies.

12 Each time they made a new copy that was an
13 infringement of a separate and different right than the
14 one that was involved in Rohauer. So to say that the
15 studios could reasonably rely on Rohauer, which was
16 referred to as unconvincing within two years by the Ninth
17 Circuit -- by the way, also in 1977 in the Register's
18 report, it called Rohauer one of the biggest surprises
19 under the 1909 act.

20 When you have the Register saying it's a
21 surprise; when you have Rohauer carefully noting that only
22 one videotape was made and it was a preexisting print, for
23 the studios then to march out boldly making thousands and
24 thousands of new copies, distributing works in videotape
25 form and otherwise going far beyond Rohauer, then I think

1 that their just -- their reliance on Rohauer is clearly
2 not justified.

3 QUESTION: Does your position differ in any way
4 from that of the Registrar of Copyrights?

5 MR. ANDERSON: No, Your Honor. I think that the
6 Registrar of Copyrights put it very well. The only caveat
7 I would add, though, is that there's that one language
8 which Petitioners have tried to find shelter in -- that
9 it's a confusing area of the law. And if I might just
10 explain a little.

11 There is no doubt that some provisions of the
12 renewal -- excuse me -- some of the renewal provisions are
13 confusing.

14 It wasn't until within the last year that a
15 district court squarely dealt with the issue of what
16 happens if an author, at the beginning of the 27th year,
17 renews the copyright and then dies and then someone else
18 comes in -- his statutory successor. So there -- it's
19 clear -- and that I think was the kind of uncertainty that
20 was left open to construction. And --

21 But as far as this issue goes, I think the
22 Registrar hit the nail on the head when, in the brief,
23 they say that this case presents a straightforward
24 interpretation of Fred Fisher and Miller Music.

25 The petitioners' counsel has attempted to

1 explain Rohauer, or to justify it by saying that what it
2 does is it gives effect to the consent of the author. And
3 the problem -- and it limits the new uses, or the
4 continued use to that consent.

5 Well, there are several problems with that. And
6 the first one is that you can read Rohauer and you will
7 never find the Court itself expressing that opinion. That
8 is the general interpretation of Rohauer because that is
9 all that the defendant wanted.

10 However, in Petitioners' -- at the district
11 court level, Petitioners, in one of their memorandums,
12 which appears as Docket Number 101 at page 19. They --

13 QUESTION: (Inaudible) the office created by
14 statute?

15 MR. ANDERSON: Yes, it is, Your Honor. One of
16 the provisions of the Copyright Act provides that the
17 administrative functions will be exercised by the
18 Registrar of Copyrights. I believe that section is --

19 QUESTION: What is he supposed -- what is he
20 supposed to know about the substantive meaning of the
21 Copyright Act?

22 MR. ANDERSON: Your Honor, I think the Registrar
23 is the person -- or is the person who is in charge of the
24 administration of the Copyright Act. For one, has to
25 decide --

1 QUESTION: He isn't entitled to issue
2 regulations about what the statute -- does he?

3 MR. ANDERSON: They do issue guidelines or the
4 Registrar's compendium of practice was that his
5 "regulation" --

6 QUESTION: Is the Registrar authorized to appear
7 in court on his own, without appearing through the
8 Solicitor General?

9 MR. ANDERSON: Since they have, I sure hope they
10 are, but I -- frankly, I can't answer that question. It
11 was not something that was either raised in Petitioners'
12 reply or otherwise.

13 They have -- the Registrar has nevertheless
14 appeared and has nevertheless urged affirmance of the
15 Ninth Circuit's decision.

16 The point that I was about to make was that in
17 the district court, the petitioners said that there was no
18 limit in Rohauer that prevented the petitioners from
19 making remakes of their -- of their film.

20 When we came back and said that that would --
21 has blown Rohauer completely into -- into new abuses, they
22 back-pedaled and said: Well, what Rohauer was really
23 trying to effect was limiting the new uses to the scope of
24 the consent that was given by the author.

25 And there are some substantial problems with

1 that. Mr. Woolrich consented to -- if Mr. Woolrich
2 consented to remakes, why is it that Petitioners can't
3 make remakes, if the point of Rohauer is that it gives
4 effect to his consent?

5 If, as Petitioners now state, that it's limited
6 by the extent to which they exercised their rights --
7 well, they never exercised the right to make videotape
8 copies. But now they've made millions of dollars
9 exploiting videotape copies.

10 So it's very, very difficult to find out
11 intellectually where Rohauer ends and where you -- what
12 effect you give to the consent of the author, assuming
13 that you want to give any effect to it in light of the
14 Court's holding in Miller Music.

15 The -- excuse me. The other problem with
16 Rohauer is that it gives no compensation at all to the
17 owners of the statutory -- the owners of the renewal
18 copyrights and books.

19 The petitioners have said that my client
20 received the rights to the renewal copyright for \$650.00.
21 The actual transaction was that he was going to share with
22 the trust -- excuse me -- created by Mr. Woolrich's Will,
23 10 percent of all monies generated.

24 This is a transaction that Chase Manhattan Bank
25 handled as the trustee -- that they're very happy with.

1 And there's been no claim of overreaching from them,
2 although Petitioners would like to make that claim here.

3 The main point that I would like to make,
4 though, is that this is not a case between Jimmy Stewart -
5 - although it's a case between Jimmy Stewart and Mr.
6 Abend, it is not an issue solely between them, that this
7 case will have far-reaching effects.

8 The vast majority of the renewal copyrights are
9 owned by the children and the widows of authors who had
10 films made based upon their books. And the question is,
11 will they participate in the profits that are generated,
12 directly attributable to the use of the stories and novels
13 in the second term of copyright, what the petitioners
14 claim is an entitlement to a second chance to use their
15 film.

16 As I've noted, they're confusing the use of the
17 film with the use of the new matter. What they're really
18 asking for is a second chance to impose the bad bargain
19 that the author made on his statutory successors.

20 Here is Mr. Abend; in another case it's going to
21 be the next of kin of the woman who wrote Gone With the
22 Wind or the Sound of Music or Dr. Zhivago.

23 QUESTION: Mr. Anderson, before you get into all
24 those other works, do you agree with the Ninth Circuit's
25 ruling on remedy, that you have no right to an injunction?

1 MR. ANDERSON: Well, Your Honor, the problem
2 that I have with that is -- first of all, we didn't ask
3 for an injunction before that appeal went up.

4 QUESTION: I'm very interested in whether you
5 agree with the Ninth Circuit's view.

6 MR. ANDERSON: Well, I do not agree --

7 QUESTION: You do not agree.

8 MR. ANDERSON: -- as to our case for the simple
9 reason -- for instance, the court says that we haven't
10 made a showing of irreparable injury. We never were
11 required to because we did not move for a preliminary
12 injunction and we did not move for a temporary injunction.
13 We did not ask for a summary judgment. In total, we asked
14 only for a summary judgment because --

15 QUESTION: You don't think the remedy is limited
16 to just some kind of statutory damages or royalties? You
17 think you could actually enjoin the production to --

18 MR. ANDERSON: Well, Your Honor, I think that
19 the court properly said -- the Ninth Circuit properly said
20 that injunctive relief has always been discretionary. And
21 I think that the amount of new matter that is included in
22 a derivative work is one of the factors that the court
23 could consider in a proper court -- in a proper case,
24 after a full briefing and with all the evidence, that a
25 court might say that an injunction is an improper remedy.

1 QUESTION: Thank you, Mr. Anderson.

2 Mr. Petrich, you have four minutes remaining.

3 REBUTTAL ARGUMENT OF LOUIS P. PETRICH

4 ON BEHALF OF THE PETITIONERS

5 MR. PETRICH: Thank you, Your Honor.

6 I wanted to comment on the fact -- answer the
7 question raised by counsel about where Rohauer ends. It
8 ends precisely where the present statute ends.

9 If the statutory successor takes over, the
10 derivative work owner may only continue to exploit the
11 existing work to the extent that he was given the right to
12 do so by the original arrangement.

13 It would -- following the Second Circuit --

14 QUESTION: Well, let me be sure I understand
15 that. That's how you include the videotapes, because you
16 said he has the right to --

17 MR. PETRICH: That's right.

18 QUESTION: But what if -- what if he hadn't
19 produced anything? You had the right to produce a lot of
20 things by the original range of things.

21 MR. PETRICH: If we had not produced the film,
22 we would have nothing.

23 QUESTION: Well, then, why can you produce
24 videotapes?

25 MR. PETRICH: Because they're simply a version

1 of the film; they're just a copy. Yes.

2 QUESTION: Well, that's the point. They are a
3 copy.

4 MR. PETRICH: But they are just additional
5 copies. I mean, there is no reason -- if you're going to
6 allow us to use the film, there's no reason to make us
7 take one print around from each theater. We have -- it
8 seems to me that it's reasonable that we have a right to
9 make enough copies that they could be marketable in the
10 way that the product is usually marketed.

11 QUESTION: Well, you don't have to take one book
12 around from one bookstore to another.

13 MR. PETRICH: I would hope not. And certainly,
14 that's not the -- what Congress thought was a reasonable
15 result in 1976, although I'm not by any means saying that
16 what the Congress did in 1976 has to govern what is done
17 here. In fact I should point out that counsel is wrong.

18 In our brief, at page 41, we say that the fair-
19 use issue is determined by the 1976 act because the
20 conduct which gives rise to the fair use all occurred
21 after 1976.

22 But the renewal issue and the effect of the
23 death of the original author and the renewal by the
24 executor all took place before 1976. There's no way that
25 the 1976 act could determine the effect of that 1970

1 renewal.

2 And it's not reasonable to say that Mr. Woolrich
3 didn't get fairly compensated. There's no record of that.
4 All that's in the record is that he sold five short
5 stories to people who were willing to take a chance that
6 they might use some of them in a film someday, and that he
7 got a payment of \$9,200, which in 1987 was worth something
8 between \$50,000 and \$100,000.

9 It was entirely up to him whether or not he
10 wanted to take that as a lump sum. And for all we know,
11 he put it in real estate and it came out better for him.

12 But it -- I just -- it's not reasonable to look
13 backwards and try to second-guess what made Mr. Woolrich
14 happy in 1945.

15 As far as the special expertise of the Registrar
16 and Professor Nimmer, I want to point out that in 1960 the
17 Registrar said that the -- that she thought it looked
18 like, in the case where a work -- or the first term of
19 copyright had expired by agreement, maybe you couldn't use
20 that work any longer. And she cited it for that -- the
21 Ricordi case -- not this Court's decision in Miller Music,
22 which had come out earlier in the year, in which she cited
23 Ellsworth throughout her study. She relied, not at all,
24 on the Miller Music case.

25 And Professor Nimmer, who wrote the treatise on

1 this, from 1963 to 1977 said not a word about Miller Music
2 as being the guide in this case. He, too, relied on the
3 Ricordi case, which Judge Friendly pointed out had nothing
4 to do with this case.

5 And in fact the re-reading of the district
6 court's decision in Ricordi will show that Paramount
7 Pictures, in that case, who was -- in the case of Mr.
8 Abend, conceded that the owner of the opera had the right
9 to continue performing the opera -- had the right to grant
10 new rights.

11 CHIEF JUSTICE REHNQUIST: Thank you, Mr.
12 Petrich.

13 The case is submitted.

14 (Whereupon, at 2:00 p.m., the case in the above-
15 entitled matter was submitted.)
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CERTIFICATION

Alderson Reporting Company, Inc., hereby certifies that the attached pages represents an accurate transcription of electronic sound recording of the oral argument before the Supreme Court of The United States in the Matter of:

#88-2102 - JAMES STEWART, ET AL., Petitioners V. SHELDON ABEND, dba

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BY Leona M. May
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