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PUBLIC DOMAIN: AVAILABLE BUT NOT ALWAYS FREE

Edward M. Cramer*
Lauren Block**

During the month of December, numerous New York and national television stations will undoubtedly air Frank Capra's *It's a Wonderful Life*\(^1\) starring James Stewart. While precise numbers are not yet available for this holiday season, last year it was estimated that the film was shown over a dozen times in the New York market alone. *It's a Wonderful Life* is a good movie, but is it truly "wonderful"? The movie may be televised without payment of a copyright licensing fee, which may explain its numerous airings. This is because the copyright for *It's a Wonderful Life*, originally obtained in 1947 by Liberty Films,\(^2\) was never renewed due to a clerk's oversight.\(^3\) Moreover, the story that formed the basis for the movie,\(^4\) "The Greatest Gift," written by Philip Van Doren Stern on a Christmas card, was never copyrighted. Therefore, the work has lapsed into the public domain. Once a film is deemed to be in the public domain, a television station or movie theater can show the film without making payments to a copyright owner, assignee or licensor, if the underlying work is not subject to copyright protection.

Securing a copyright and renewing does make a difference. The distributors of the movie *Rear Window*\(^5\) received twelve million dollars from the re-release of the motion picture during its renewal term.\(^6\) Furthermore, the right to show a half-hour re-run of *The Cosby Show* brought in revenues of about four million dollars, and it has recently been reported that *Roseanne* has generated billings

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1. *It's a Wonderful Life* (Liberty Films 1947).
3. The Entertainment and Sports Lawyer, ABA Volume 8, Number 1, Spring 1990, at page 10.
4. *It's a Wonderful Life* is a derivative work of the underlying work "The Greatest Gift." The Copyright Act of 1976, 17 U.S.C. § 101 (1988) defines a "derivative work" as "a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version... or any other form in which a work may be recast, transformed or adapted."
of more than one million dollars per episode in or for its syndication.\(^7\) Thus, failure to secure proper copyright protection and to re-

new where applicable these works can be costly.

If it was true that anyone could freely use films that lapsed into the public domain it would be possible to get a great deal of free pro-

gramming by referring to three books of compilations of films in the public domain.\(^8\) These compilations are valuable research tools. But laymen, as well as lawyers, should not be misled into believing that solely because a film is in the public domain anyone is free to use it. Rather, a closer examination of the copyright status of the underlying work must be made before a film is deemed free for usage. This examination is necessary in light of the Supreme Court's recent decision in \textit{Stewart v. Abend}\(^9\) ("Rear Window" or "Rear Window Case").\(^{10}\)

\textbf{STEWART v. ABEND IN THE DISTRICT COURT}

The \textit{Rear Window} Case involved the author Cornell Woolrich ("Woolrich"), who agreed in 1945 to assign to B.G. De Sylva Pro-

ductions ("De Sylva Productions") the right to make films from sev-

eral of his stories.\(^{11}\) Woolrich also agreed to renew the copyrights at the appropriate time and assign them to De Sylva Productions.\(^{12}\)

In 1954, one of Woolrich's stories, "It Had to be Murder," be-

came the basis of the highly successful film \textit{Rear Window}, directed by Alfred Hitchcock and starring James Stewart.\(^{13}\) However, Wool-

rich died in 1969, before he could obtain and assign the renewal rights.\(^{14}\) Furthermore, Woolrich was not survived by a widow or children (the statutory designees of the renewal rights),\(^{15}\) and he left his estate, including the renewal rights to the story "It Had to be Murder" in a trust to be administered by Chase Manhattan Bank ("Chase").\(^{16}\) Chase conveyed the renewal rights to Sheldon Abend

\begin{itemize}
  \item[9.] 110 S.Ct. at 1750.
  \item[11.] Stewart, 110 S.Ct. at 1752.
  \item[12.] Id.
  \item[13.] Abend, 863 F.2d at 1467.
  \item[14.] Stewart, 110 S.Ct. at 1755.
  \item[16.] Abend, 863 F.2d at 1467.
\end{itemize}
("Abend") for $650 plus 10% of the proceeds from the exploitation of the story. In hindsight, what a bargain!

After Abend obtained the renewal rights in the story, he informed the then copyright owners of *Rear Window* and its renewal rights, (known collectively as the "Film Company"), that their use of the film infringed on his rights since he owned the renewal copyright in the underlying work.

The Copyright Act of 1909, applicable to *Rear Window*, provided an author with a twenty-eight year term of copyright protection and a right to renew for a second term of twenty-eight years. Additionally, the Copyright Act of 1909 provided that for a renewal assignment to be effective, the author needed to be alive at the time of renewal. In *Miller Music Corp. v. Charles N. Daniels, Inc.*, the Supreme Court held that if the author dies during the first copyright term of twenty-eight years, the assignee loses its rights. The Court also observed in *Rear Window*, that an assignee of the renewal rights takes only an expectancy interest in the work.

Additionally, Abend alleged that the film company's use of the film interfered with his rights to produce other derivative works. In response to Abend's allegations, the Film Company contended that their exploitation of the film did not result in copyright infringement. They further alleged that, based on the "fair use" statute, they did not need a license since *Rear Window* was a derivative work and, as such, was an independent work for which no license from Abend was necessary.

Since the Film Company alleged that no factual issue existed, it moved for summary judgment. In support of its position, the Film Company relied on *Rohauer v. Killiam Shows, Inc.*, a case in which the facts are very similar to those in the *Rear Window* Case.

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17. *Stewart*, 110 S.Ct. at 1756.
18. Id.
20. Id.
22. Id. at 376.
24. Id. "Derivative works" is defined in 17 U.S.C. § 101 (1988), as a "work based upon one or more pre-existing works . . . ."
27. *Stewart*, 110 S.Ct. at 1758. It should be noted that a previous lawsuit between the parties ended in a settlement. Id. However, in this instance, they could not resolve their differences.
RELIANCE ON ROHAUER

Rohauer involved a highly successful motion picture entitled The Son of the Sheik starring Rudolph Valentino.29 The movie was based on a novel written by Edith Maude Hull ("Hull") who copyrighted the work in 1925 and shortly thereafter assigned the motion picture rights to Joseph H. Moskowitz ("Moskowitz").30 Like Woolrich in the Rear Window Case, Hull agreed to renew the copyright on the underlying work prior to its expiration and assign the film rights for the renewal term to Moskowitz.31

The Son of the Sheik was released in 1926 and was copyrighted in the same year by Moskowitz's assignee.32 In 1954, the copyright on the film was renewed by the then proprietor, Artcinema Associates, Inc. The renewal rights were sold and eventually assigned in 1968 to the defendant Killiam Shows, Inc. ("Killiam").33 Hull's sole surviving issue renewed the copyright for the underlying work in 1952 and assigned the motion picture and television rights to one of the plaintiffs, Rohauer.34

In 1971, the film was shown on television from a copy obtained from Killiam.35 Since the plaintiffs, owners of the renewal copyright, had not granted Killiam a license for the renewal rights, they contended that the airing of the film constituted an infringement.36 Plaintiffs then instituted an action against Killiam and the television station which aired the film.37 In response, the defendants claimed that they were entitled to renew the copyright on the film since the original copyright term on Hull's novel had expired and "no new motion picture versions could lawfully be made on the basis of the 1925 grant from Mrs. Hull."38

In a decision written by Judge Friendly, the Second Circuit held in Rohauer that "exhibition of the film ... did not violate the renewal copyright."39 Killiam could continue to exploit the film on the basis of the original grant from Hull despite the fact that the rights in the novel had expired. Therefore, Rohauer could not "deprive[] the proprietor of the derivative copyright of a right ... to use so much of the underlying copyrighted work as already has

29. Rohauer, 551 F.2d at 486.
30. Id.
31. Id.
32. Id.
33. Id.
34. Id.
35. Id.
36. Id. at 486-87.
38. Rohauer, 551 F.2d at 487.
39. Id. at 494.
been embodied in the copyrighted derivative work, as a matter of copyright law.\textsuperscript{40}

Relying on the Rohauer decision, the district court in \textit{Rear Window} granted the Film Company’s motion for summary judgment.\textsuperscript{41} The Ninth Circuit Court of Appeals, however, reversed the district court’s decision and expressly rejected the Second Circuit’s reasoning in \textit{Rohauer}.\textsuperscript{42}

\section*{THE SUPREME COURT RESOLVES THE CONFLICT}

In light of the divergent decisions issued by the Second and Ninth Circuits and to clearly enunciate "the law of the land" with respect to the issue of "whether the owner of the derivative work infringed the rights of the successor/owner of the pre-existing work by continued distribution and publication of the derivative work during the renewal term of the pre-existing work," the Supreme Court granted certiorari to hear the \textit{Rear Window} Case.\textsuperscript{43}

In a six to three decision, the Supreme Court, in a well reasoned and lengthy opinion written by Justice O’Connor, affirmed the decision of the Ninth Circuit\textsuperscript{44} and rejected the reasoning in \textit{Rohauer}.\textsuperscript{45}

The ruling in the \textit{Rear Window} Case can be simply stated as follows: a copyright infringement results if the owner of a derivative work exploits the work during the renewal term of the underlying work and the exploitation is done without a valid license or assignment from the owner of the renewal rights. Therefore, anyone who desires to exploit a copyrighted work during its renewal term must be certain to acquire the right from the owner during the renewal term, who may or may not have been the owner during the original term.\textsuperscript{46}

If we apply the ruling of the Supreme Court in \textit{Rear Window} to the case of films in the public domain, we reach the result which was stated at the outset, namely, that some of the films in the "public domain" are really not freely available for exhibition, sale or distribution.

For example, if a film in the public domain is based upon a work, e.g., a novel or a short story that is still the subject of copyright protection, a license or assignment would be required from the copyright owner of the underlying work to use it.\textsuperscript{47} Additionally, in light

\begin{itemize}
\item 40. Id. at 492.
\item 42. Abend, 863 F.2d at 1482.
\item 43. Stewart, 110 S.Ct. at 1755.
\item 44. Id. at 1750.
\item 45. Id. at 1763.
\item 46. See id. at 1761.
\item 47. See id.
\end{itemize}
of the Rear Window Case, a new film could not be made and exhibited while the original work is still protected. Again, an assignment or license from the owner of the copyright for the original term would not be effective. Rather, an assignment or license from the renewal copyright owner would be required. The same requirement would apply to the continued exploitation of "public domain" films which are derived from a work in its renewal term.48

A FINAL CAVEAT

Do not be misled — "public domain" in the case of films and other derivative works does not necessarily mean the derivative work can be used without the necessary licenses or permission. Further inquiry is necessary to determine whether a protected underlying work exists.

48. See id. at 1758 (citing White-Smith Music Pub. Co. v. Goff, 187 F.2d 247, 250 (1st Cir. 1911)). (Note: 110 S.Ct. at 1758 is a reference to a dichotomy between original term and renewal term and that renewal provision creates absolutely new title.)