

Grosso v. Miramax Film Corp. May Prove To Be No Boon for Writers

ALLISON S. ROHRER

Entertainment lawyers have had more than two years to witness the fallout from *Grosso v. Miramax Film Corp.*,¹ in which the Ninth Circuit, after much anticipation, addressed the issue of whether the Copyright Act preempted “idea submission” claims, the so-called *Desny* claims, based on implied-in-fact contracts. Holding that the Copyright Act did not preempt such claims, the Ninth Circuit’s decision left writers, agents, and entertainment lawyers alike grappling with its effects. Was it a watershed victory for writers? Would the industry see a sharp increase in idea submission claims? Would these claims always survive the pleadings stage or get past summary judgment, forcing litigants to expend substantial sums to try their cases?

Although the effects of *Grosso* have not yet fully played out in the courts, the California Court of Appeal wrote the final chapter in the actual *Grosso* case on September 10, 2007, eight years after Jeff Grosso originally filed the complaint. The court concluded that Grosso could not establish the threshold element of his claim, i.e., the existence of an implied contract.

This article provides a brief refresher on the law of idea submission claims and how that law intersects with copyright law; reviews the history of *Grosso*, including the final outcome in the case; and considers what, if anything, the case signals for the future of idea submission claims.

Idea Submission and Copyright Infringement

Nearly all idea submission claims in the entertainment industry arise from the same basic scenario: the writer claims to have pitched a producer about the writer’s ideas for the next

big hit, and the producer allegedly uses the writer’s ideas without the writer’s permission.

In *Desny v. Wilder*, the California Supreme Court gave writers recourse for this perceived wrong. Recognizing that, as a general matter, “ideas are as free as the air,” the court nevertheless ruled that, under certain circumstances, an idea can be the subject of a contract.² The *Desny* court explained that the disclosure of the idea by the “idea purveyor” to the “idea recipient” could constitute consideration for a promise to pay compensation “on the theory that the disclosure of the idea may be of substantial benefit to the idea recipient.”³ The breach of the promise to pay would entitle the idea purveyor to recovery.

Under *Desny* and its progeny, to prevail on an idea submission claim framed as a breach of implied-in-fact contract, plaintiffs must first prove that they entered into an implied agreement with the defendant. In particular, the plaintiff must establish that (1) the plaintiff “conditioned [the] offer to convey the idea upon an obligation to pay for it if it is used”; and (2) the defendant, “knowing [this] condition before [] know[ing] the idea, voluntarily accept[ed] its disclosure.”⁴ Once the plaintiff establishes this threshold requirement, the plaintiff must establish that the defendant indeed used the idea.⁵ In the absence of direct evidence showing that the defendant used (that is, copied) the idea, a plaintiff must show that the defendant’s offending work contains ideas that are substantially similar to the plaintiff’s ideas, i.e., the characters, settings, subject, themes, story line, sequence, and plot ideas are substantially similar.⁶

Until the Ninth Circuit’s decision in *Grosso*, defendants routinely (and often successfully) moved to dismiss idea submission claims on preemption grounds, arguing that they were no more than copyright claims in disguise, the remedies for which Congress expressly limited to the Copyright Act.⁷

Indeed, the Copyright Act expressly supersedes state law rights that are equivalent to any of the rights within the general scope of copyright (e.g., the right to reproduce a copyrighted work) and that fall within the subject matter of copyright.⁸ On this basis, courts frequently held that the Copyright Act preempted idea submission claims premised upon the unauthorized reproduction of a work; consequently, plaintiffs would be left to litigate their claims under the Copyright Act.⁹

To prevail on a copyright infringement claim, a plaintiff must first pass the threshold requirement of ownership of a valid copyright.¹⁰ Unlike an idea submission claim, there is no copyright protection for ideas and concepts, only for the expression of ideas.¹¹ This part of the test for copyright infringement thus creates a higher burden for the plaintiff, which, together with the limited statutory damages and fee-shifting provisions of the Copyright Act, makes the preemption defense very appealing to defendants.¹²

Once a plaintiff meets the threshold burden, however, the plaintiff’s road gets easier. In a copyright claim, the plaintiff need not demonstrate that he or she entered into an implied agreement with the defendant whereby the defendant would compensate the plaintiff for use of the plaintiff’s idea. Rather, under copyright law, the plaintiff need only show that the defendant had access to the plaintiff’s copyrighted work, i.e., that the person who created the offending work had a reasonable opportunity to view the plaintiff’s work.¹³

Although both idea submission claims and copyright infringement claims require that the plaintiff establish that the defendant copied from the plaintiff, copyright law also requires that the plaintiff demonstrate that the two works are substantially similar in their expression, not just in their ideas.¹⁴ To determine whether the two works are substantially similar in their protectable expression, the works must

Allison S. Rohrer (arohrer@whiteoconnor.com) is an associate of White O’Connor Curry LLP in Los Angeles. Any opinions expressed in this article are those of the author and are not intended to reflect the views of the firm or its clients.

contain “similarities between the plot, themes, dialogue, mood, setting, pace, characters, and sequence of events” and be substantially similar in their “total concept and feel.”¹⁵ In applying this test, courts “‘compare[], not the basic plot ideas for stories, but the actual concrete elements that make up the total sequence of events and the relationships between the major characters.’”¹⁶

Grosso highlights these nuanced differences and subtle similarities between idea submission claims and copyright claims.

Genesis of *Grosso*

Grosso began in 1999, when aspiring screenwriter Jeff Grosso filed a complaint in the Los Angeles Superior Court claiming that the motion picture *Rounders* unlawfully incorporated ideas and themes from Grosso’s screenplay *The Shell Game*. Grosso brought claims for copyright infringement and breach of implied-in-fact contract against Miramax Film Corp. and various individuals and entities involved with the creation of *Rounders* (collectively, defendants), although Grosso had no contact with these defendants.¹⁷ On the contrary, Grosso alleged to have submitted his screenplay to a production company, Gotham Entertainment Group, which had a first-look deal with Miramax. Defendants removed the case to the U.S. District Court for the Central District of California and filed a motion for summary judgment on the copyright claim and a motion to dismiss the implied contract claim on the grounds that it was preempted by the Copyright Act.¹⁸ The district court granted the motions, and Grosso appealed.

Ninth Circuit Decision

On appeal, the Ninth Circuit upheld the order granting summary judgment on the copyright infringement claim because there was no substantial similarity. Specifically, the court explained that the works do not share substantially the same genre, mood, pace, themes, settings, characters, plots, or sequences of events, and any similarities in dialogue stemmed from the use of “common, unprotectable poker jargon.”¹⁹

Signaling a major departure from the rulings of the lower courts, however, the Ninth Circuit reversed the order dismissing Grosso’s idea submission

claim because the court concluded that the Copyright Act did not preempt the claim.²⁰ Rather, the court held that Grosso’s complaint “mirrors the requirements of *Desny*” and thus “stated a *Desny* claim.”²¹ The court then considered whether the Copyright Act preempts *Desny* claims. The Ninth Circuit held that *Desny* claims can survive a preemption challenge because “the implied promise to pay required by *Desny*” constitutes the requisite “extra element” that “transforms the action from one arising under the ambit of the federal statute to one sounding in contract.”²² Put differently, the court concluded that a *Desny* claim, which requires a “bilateral expectation of payment,” protects rights that are “qualitatively different from the rights protected by copyright.”²³

For Grosso, this meant that his implied contract claim had survived defendants’ motion to dismiss the claim on the grounds of preemption and that he would have the chance to establish the claim in state court. Notably, the Ninth Circuit reached its conclusion without indicating whether Grosso had alleged anything more than a generic recitation of the *Desny* elements, i.e., anything to suggest that there were communications between the parties that would give rise to a bilateral expectation of payment.²⁴

Following this ruling, the Ninth Circuit amended its opinion in March 2005 by underscoring, once again, that its conclusion was “compelled by the procedural posture of the *Desny* claim,” i.e., the court’s inquiry concerned only whether the complaint sufficiently stated a *Desny* claim.²⁵ Thus telegraphing that *Grosso* might not be as far-reaching as anticipated, the court concluded, “We need not and do not decide whether the summary judgment record or any future record, yet to be developed, supports that claim.”²⁶ The Ninth Circuit’s clarification was clearly prescient in light of the final chapter in the *Grosso* story.

Desny Claims Must Show an Implied Contract

The *Grosso* case was remanded to state court, where the parties proceeded to litigate the idea submission claim, culminating in defendants’ motion for summary judgment. On July 12, 2006, the Los

Angeles Superior Court granted summary judgment to defendants on the grounds that “no contract existed between the plaintiff and the defendants as there was no contact between them so that a contract could have been created.”²⁷

Despite having won the right to make his *Desny* claim over arguments of preemption by the Copyright Act, Grosso ironically reverted to the actual tenets of the Copyright Act to support his idea submission claim. In opposing defendants’ motion for summary judgment, Grosso asserted that he had established the existence of an implied contract on the grounds that (1) Grosso’s *The Shell Game* was similar to defendants’ *Rounders*, and (2) defendants had access to his work.²⁸ Grosso argued that the similarity between the works and defendants’ access thereto unequivocally proved that he had an implied agreement with defendants and that they breached the agreement. Not surprisingly, the court rejected Grosso’s argument.

As an initial matter, the court noted that the so-called similarities (if any) between the works failed to give rise to a claim for copyright infringement, thus suggesting that the lack of substantial similarity between the works was fatal to Grosso’s claim that defendants used his ideas in breach of the alleged implied agreement.²⁹

More fundamentally, the court made clear that “similarity in works does not establish a contract because it does not establish the existence of a contract.”³⁰ Thus, a plaintiff cannot invoke the elements of a copyright claim (access to the plaintiff’s work and substantial similarity) to satisfy the threshold element of an idea submission claim, i.e., the existence of an implied agreement. Accordingly, whether or not the plaintiff can ultimately satisfy the element of copying in breach of the implied agreement, the plaintiff must separately establish that an agreement between the parties existed in the first instance.

Grosso simply could not get past this threshold element. Instead, he presented evidence that there might have been an implied promise on behalf of Gotham, the production company to which Grosso had allegedly submitted his script and that had the first-look deal with Miramax, but the court explained that no link existed between Gotham’s

alleged acceptance of *The Shell Game* and an enforceable promise to Grosso by any of defendants.³¹ Accordingly, the trial court concluded that Grosso's claim was fatally flawed and warranted summary judgment: "[Grosso's] entire premise is based upon the speculation as to the evolution of an idea, and not upon an agreement made by any defendant in this action."³²

The California Court of Appeal agreed with the trial court's conclusion, affirming the summary judgment in favor of Miramax on September 10, 2007.³³ The court underscored that the evidence provided no reason to infer a contract between Grosso and Miramax. Gotham indeed had a first-look deal with Miramax, pursuant to which if Gotham obtained an interest in a project, Gotham was required to share it with Miramax and was not permitted to approach others until Miramax passed on it.³⁴ Defendants, however, presented evidence that Gotham never obtained such an interest, that Gotham never submitted Grosso's *The Shell Game* to Miramax, that Miramax had no record of ever receiving the screenplay, and that the people directly responsible for creating *Rounders* had no such record either.³⁵ Grosso nonetheless claimed that the parties expected that Grosso would be paid because Grosso had read a writer's guide that suggested aspiring writers submit scripts to Gotham and that referred to Gotham's deal with Miramax.³⁶ This was not enough to survive the motion for summary judgment.

As the court emphasized, Grosso simply had no contact whatsoever with Gotham or defendants, and certainly no calls, meetings, or other communications with anyone at Miramax.³⁷ As a result, Grosso's claim failed because there was

no evidence Gotham or any defendant accepted plaintiff's script with knowledge it was conditionally offered. No circumstances preceding or attending the disclosure show an implied promise by Gotham or Defendants to pay for use of *The Shell Game*. Plaintiff simply mailed his script to Gotham. Plaintiff's expectation of payment does not establish an implied agreement to do so.³⁸

Grosso's own declaration could not change these irremediable defects. Rather, the court explained that "Grosso's own expectation and understanding is insufficient to raise a triable issue of material fact as to the existence of an implied-in-fact contract. There must be evidence of circumstances such that an agreement to pay can fairly be implied."³⁹ Grosso's reliance on the writer's guide, the court further explained, was misplaced because there was no evidence to infer that the guide was a solicitation by Gotham accompanied by a promise to pay, or that Gotham intended to solicit material from the general public through the guide and then forward it to Miramax with a promise to pay for any ideas used.⁴⁰

Accordingly, after eight years of litigation, Grosso could not establish the threshold element to his idea submission claim, i.e., the existence of an implied agreement with defendants. Thus, the court never reached the next element of Grosso's claim, i.e., whether *The Shell Game* and *Rounders* shared such similar ideas that defendants' purported unauthorized use (and, hence, copying) of Grosso's ideas could be inferred from the similarities.

The Sequel

The final chapters of the *Grosso* story provide some clear guidance for practitioners. First, *Desny* claims are alive and well. They are also, perhaps, better defined. The courts have maintained *Desny*'s delineation of idea submission claims and claims under the Copyright Act as two distinct legal theories. The courts have further noted that litigants should not try to blur those lines by attempting to borrow the elements of a copyright claim to satisfy the elements of a *Desny* claim. Most importantly, the courts have made it abundantly clear that to prove an idea submission claim, plaintiffs must establish the existence of an implied agreement; no amount of access to a plaintiff's idea and no amount of allegedly similar ideas between the works at issue will relieve the plaintiff of this threshold burden.

This final requirement may diminish in practice what many plaintiffs may have seen as a boon from the Ninth Circuit's original *Grosso* decision. Ultimately, the final chapters of *Grosso* stand simply for the proposition that

plaintiffs must proffer actual evidence showing that they conditioned disclosure of an idea on a promise by the defendant to pay for its use and that the defendant's receipt and use of the idea was with knowledge of the conditions on which the idea was disclosed. In other words, the courts have made clear that a *Desny* claim is not really a new type of claim or an exotic alternative to a claim under the Copyright Act. It is simply a claim for breach of contract, and plaintiffs pleading under *Desny* had better have evidence of an implied agreement if they ever hope to prevail. **C**

Endnotes

1. 383 F.3d 965 (9th Cir. 2004).
2. *Desny v. Wilder*, 46 Cal. 2d 715, 731-33 (1956).
3. *Id.* (citing *Stanley v. Columbia Broad. Sys.*, 35 Cal. 2d 653, 674 (1950) (Tryanor, J., dissenting)).
4. *Id.* at 739; *Mann v. Columbia Pictures, Inc.*, 128 Cal. App. 3d 628, 646-49, n.6 (1982).
5. *See Mann*, 128 Cal. App. 3d at 647 n.6.
6. *Id.* at 647 n.6, 648-49; *Desny*, 46 Cal. 2d at 748-49; *Sutton v. Walt Disney Prods.*, 118 Cal. App. 2d 598, 603-04 (1953); *Henried v. Four Star Television*, 266 Cal. App. 2d 435, 436-37 (1968); *Minnear v. Tors*, 266 Cal. App. 2d 495, 505 (1968).
7. *See, e.g., Entous v. Viacom Int'l*, 151 F. Supp. 2d 1150 (C.D. Cal. 2001); *Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053 (C.D. Cal. 2000); *Worth v. Universal Pictures, Inc.*, 5 F. Supp. 2d 816 (C.D. Cal. 1997).
8. 17 U.S.C. §§ 106, 301.
9. *See id.*
10. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991); 17 U.S.C. §§ 102(b), 411(a).
11. *See* 17 U.S.C. § 102(b); *Mazer v. Stein*, 347 U.S. 201, 217 (1954).
12. *See* 17 U.S.C. §§ 504, 505.
13. *See Cavalier v. Random House, Inc.*, 297 F.3d 815, 822 (9th Cir. 2002); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1163 (9th Cir. 1977); *Meta-Film Assocs., Inc. v. MCA, Inc.*, 586 F. Supp. 1346, 1355 (C.D. Cal. 1984); *Kornfeld v. CBS*, 226 U.S.P.Q. 1010, 1013 (C.D. Cal. 1985).
14. *See Cavalier*, 297 F.3d at 822.
15. *Id.*
16. *Funky Films, Inc. v. Time Warner Entm't Co., L.P.*, 462 F.3d 1072, 1077 (9th

Cir. 2006) (citations omitted).

17. *Grosso v. Miramax Film Corp.*, No. B193872, 2007 WL 2585053, at *1–2 (Cal. Ct. App. Sept. 10, 2007) (not acceptable for citation).

18. *Id.*; *Grosso v. Miramax Film Corp.*, 383 F.3d 965, 967 (9th Cir. 2004).

19. *Grosso*, 383 F.3d at 967.

20. *Id.* at 967–68.

21. *Id.* at 967.

22. *Id.*

23. *Id.*

24. *See generally id.* at 965–68.

25. *Grosso v. Miramax Film Corp.*, 400 F.3d 658, 659 (9th Cir. 2005).

26. *Id.*

27. *Grosso v. Miramax Film Corp.*, No. BC 215947, Minute Order Entered 07/12/06 at 1.

28. *Id.* at 1.

29. *See id.* at 2.

30. *Id.* at 3–4.

31. *Id.* at 3.

32. *Id.* at 3.

33. *Grosso v. Miramax Film Corp.*, No. B193872, 2007 WL 2585053, at *1 (Cal. Ct. App. Sept. 10, 2007).

34. *Id.* at *2.

35. *Id.* at *3.

36. *Id.* at *5.

37. *Id.* at *7–9.

38. *Id.* at *7.

39. *Id.*; *see also* *A Slice of Pie Prods., LLC v. Wayans Bros. Entm't*, 487 F. Supp. 2d 41, 51 (D. Conn. 2007) (plaintiff's self-serving declaration setting forth his "hope" and "expectation" did not support inference of bilateral expectation of compensation).

40. *Id.* at *9.