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Disney Granted Right To Use Songs on Video (New York Law Journal)

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WALT DISNEY CO.

Someday, VCRs will come: Walt Disney "introduced credible evidence" that home viewing of films was "within the contemplation" of the movie industry at the time films such as "Snow White" were made, the panel ruled.

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Future Technology Forecast at Time of Grant

BY BILL ALDEN

WALT DISNEY Company can sell videocassettes featuring songs from "Snow White and the Seven Dwarfs" and "Pinocchio" despite agreements signed in the 1930s which gave the music copyrights to Irving Berlin's music publishing company, a federal appeals panel in Manhattan has ruled.

A panel of the U.S. Court of Appeals for the Second Circuit, in *Beebe Bourne v. The Walt Disney Co.*, 94-7793, construed the language of the agreements, which allowed Disney to retain rights in the tunes "in synchronism" with "motion pictures," as broad enough to cover use of the songs in videocassettes.

"While the specific technology underlying today's VCRs was not available during the 1930s," said Circuit Judge Roger J. Miner, writing for a unanimous panel, "Disney introduced credible evidence demonstrating that home viewing of motion pictures was within the contemplation of persons in the motion picture industry during the 1930s."

Circuit Judge Ellsworth A. Van Graafeiland and Southern District Judge Denise L. Cote, sitting by designation, joined in the 26-page opinion.

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Continued from page 1, column 6

ment granted back to Disney the right to record the music in all other motion pictures it produced.

In 1937, Disney entered into an assignment agreement by which Berlin obtained the copyrights to the eight songs from Disney's first feature-length film, "Snow White." Two years later, Disney and Berlin entered into a separate agreement over music rights to "Pinocchio."

Bourne subsequently obtained Berlin's rights in the Disney songs. In the early 1980s, Disney introduced videocassettes containing various animated pictures synchronized with Bourne's compositions.

In 1985, Disney released "Pinocchio" on videocassette and it remained on *Billboard*'s list of top-selling videocassettes for three years. It later distributed "Snow White" on videocassette, and used some of the songs in connection with "sing-along" programs and cartoons.

Bourne sued Disney in 1991, alleging that that the use of the songs in videocassettes fell outside the specific language of the original agreements. It also contended that the use of the songs in television commercials breached the licensing agreements.

A federal jury in 1993 rejected Bourne's claims regarding the videocassettes, but it found in Bourne's favor on the claims concerning the television ads and the parties stipulated to damages of $402,000.

On appeal, Bourne argued that the court erred by submitting to the jury the question of whether the agreements provided Disney the right to use the songs in videocassettes since such rights could not have been within the contemplation of the parties in the 1930s. Bourne maintained that the term "motion pictures" in the 1930s referred only to the "exhibition of projected images from celluloid film in a theater."

The appeals panel, however, saw "motion pictures" in a much broader light. "Rather than referring simply to the celluloid-film medium, we believe the term 'motion picture' reasonably can be understood to refer to a broad genus whose fundamental characteristic is a series of related images that impart an impression of motion when shown in succession, including any sounds integrally conjoined with the images," Judge Miner wrote.

"Under this concept the physical form in which the motion picture is fixed-film, tape, discs and so forth — is irrelevant."

Judge Miner pointed out that in the 1930s, Disney made available certain short subject cartoons for home viewing.

The court distinguished opinions cited by Bourne from the First and Ninth circuits concerning television and videocassettes, asserting that those opinions "did not address the precise issue presented here: whether the grant of rights to synchronize musical compositions with 'motion pictures' allows for videocassette synchronization."

Finally, Judge Miner rejected Bourne's argument that the burden of proof should have been on Disney at trial, declaring that in cases "where only the scope of the license is at issue, the copyright owner bears the burden of proving that the defendant's copying was unauthorized."

In addition to Mr. Max, Stuart A. Summit and George Berger of Phillips, Nizer represented Bourne. In addition to Mr. Litvack, Clark E. Walter and Joanna R. Swomley of Dewey Ballantine represented Disney.