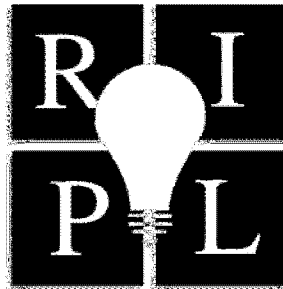


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



## NAVIGATING THE BRAMBLE BUSH IN IDEA SUBMISSION CASES

LISA PEARSON

### ABSTRACT

Today's law of idea submissions is a proverbial bramble bush for a variety of reasons. Both the legal theories of recovery and the viability of such claims differ widely from state to state. In addition, notwithstanding the vast body of idea-submission law, there are still many open issues. These complex, fact-specific cases still manage to ensnare plaintiffs and defendants alike in years of litigation. As such, finding one's way through the bramble bush to defend against idea submission claims is a daunting task. This article provides a map designed to help the litigator navigate the thicket. Following the trail is made simple with the aid of proactive and resourceful litigation techniques that focus on how to prevent these thorny cases from ever reaching a jury.

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## NAVIGATING THE BRAMBLE BUSH IN IDEA SUBMISSION CASES\*

LISA PEARSON\*\*

### INTRODUCTION

The realm of idea submission law is both complicated and highly lucrative. The reported damage award in the idea submission case of *Wrench LLC v. Taco Bell* was over \$42 million, including \$11.8 million in interest alone.<sup>1</sup> That verdict, however, pales in comparison to the \$240 million reportedly awarded to the plaintiff in *All Pro Sports Camp, Inc. v. Walt Disney Co.* three years earlier.<sup>2</sup> For copyright lawyers bottle-fed on the notion that ideas are free as air, these sky high awards are truly staggering. This article offers strategies for defending idea submission cases, focusing on how to prevent them from ever getting to a jury.

### I. THE BRAMBLE BUSH

The modern law of ideas is a proverbial bramble bush for a variety of reasons. First, unlike copyrights and patents, which are governed by federal statutes,<sup>3</sup> ideas are protected by state law; typically, state common law.<sup>4</sup> Available theories of recovery may well differ from state to state, and, even within a given jurisdiction, the cases are often inconsistent.<sup>5</sup> Further, federal courts frequently rule on state law issues in idea submission cases, with or without clear guidance from state courts.<sup>6</sup>

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<sup>1</sup> *Judge Raises Yum's Chihuahua Fine to \$42M · News Digests · Taco Bell Sued for Breach of Contract · Brief Article*, NATION'S REST. NEWS, Sept. 22, 2003, at [http://www.findarticles.com/p/articles/mi\\_m3190/is\\_38\\_37/ai\\_108279015](http://www.findarticles.com/p/articles/mi_m3190/is_38_37/ai_108279015). See generally *Wrench LLC v. Taco Bell Corp.*, 290 F. Supp. 2d 821 (W.D. Mich. 2003), *cross-appeals filed*, Nos. 03-2314, 03-2315 (6th Cir. Oct. 17, 2003) & 03-2366 (6th Cir. Oct. 27, 2003).

<sup>2</sup> Edward Russell, *Architects vs. Big Business: A Case Commentary*, Canadian Architect, at <http://www.esourcecanada.com/bnn/topic.asp?SearchString=1313/CA> (Feb. 2001). See generally *All Pro Sports Camp, Inc. v. Walt Disney Co.*, 727 So. 2d 363 (Fla. Dist. Ct. App. 1999).

<sup>3</sup> See generally 17 U.S.C. §§ 101–1332 (2000) (copyrights); 35 U.S.C. §§ 1–376 (2000) (patents).

<sup>4</sup> See, e.g., *Wrench*, 290 F. Supp. 2d 821 (relying on Michigan common law).

<sup>5</sup> See e.g., *Downey v. Gen. Foods Corp.* 286 N.E.2d 257 (N.Y. 1972) (asserting that the critical issue in this idea misappropriation case turned on whether the idea suggested by the plaintiff was original or novel because one could assert no property right absent novelty); *Minniear v. Tors*, 72 Cal. Rptr. 287 (Cal. Ct. App. 1963) (applying the common law of contracts in an idea submission case).

<sup>6</sup> See, e.g., *Whitfield v. Lear*, 751 F.2d 90 (2d Cir. 1984) (where the United States Court of Appeals for the Second Circuit applied California common law of contracts).

Second, many different legal theories have been advanced in idea submission cases, including:

- A. Property-based Theories
  1. Common law copyright
  2. Plagiarism
  3. Misappropriation
  4. Conversion
  
- B. Contract Law Theories
  1. Breach of express contract
  2. Breach of implied contract
  3. Breach of quasi-contract
  4. Unjust enrichment
  
- C. Miscellaneous Tort Theories
  1. Breach of confidence
  2. Breach of confidential relationship
  3. Unfair competition
  4. Fraud
  5. Interference with prospective business advantage or contract
  6. Theft of trade secrets

The viability of such claims differs from state to state. New York, for example, recognizes property rights in novel and concrete ideas, while California does not.<sup>7</sup> Traditionally, however, California has been more liberal in upholding contract-based idea submission claims.

Third, due in part to the legal complexity of the law of ideas and also the popular culture subject matter of many of these cases (Taco Bell commercials, *The Bill Cosby Show* and the like), there are reams of cases, legal articles and other authorities in this field.

Fourth, these cases are *highly* fact-specific.

Fifth, to say that idea submission cases are often protracted is an extreme understatement. When kamikaze plaintiffs meet well-heeled defendants hell-bent on avoiding trial, serial motions, appeals and lawsuits often ensue. It is probably possible to illustrate every *Bluebook* case citation rule with the following two cases alone:

- (1) *Wrench LLC v. Taco Bell Corp.*, 49 U.S.P.Q.2d 1032 (W.D. Mich. 1998), *mot. to dismiss denied, mot. to strike granted*, 36 F. Supp. 2d 787 (W.D. Mich. 1998), *and summ. j. granted*, 51 F. Supp. 2d 840 (W.D. Mich. 1999), *rev'd*, 256 F.3d 446 (6th Cir. 2001), *reh'g en banc denied*, No. 99-1807, 2001 U.S. App. LEXIS 21380 (6th Cir. Sept. 13, 2001), *cert. denied*, 534 U.S. 1114 (2002), *later proceeding*, 212 F.R.D. 514 (W.D. Mich. 2002), *summ. j.*

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<sup>7</sup> See e.g., *Downey*, 286 N.E.2d 257 (applying common law property rights to an idea misappropriation case).

*granted*, No. 1:98-CV-46, 2003 U.S. Dist. LEXIS 7607 (W.D. Mich. May 1, 2003), *mot. granted in part, denied in part*, No. 1:98-CV-45, 2003 U.S. Dist. LEXIS 7608 (W.D. Mich. May 2, 2003), *mot. to amend j. granted*, 290 F. Supp. 2d 821 (W.D. Mich. 2003), *cross-appeals filed*, Nos. 03-2314, 03-2315 (6th Cir. Oct. 17, 2003) & 03-2366 (6th Cir. Oct. 27, 2003).

(2) *Murray v. National Broadcasting Co.*, 671 F. Supp. 236 (S.D.N.Y. 1987), *aff'd*, 844 F.2d 988 (2d Cir. 1988), *cert denied*, 488 U.S. 955 (1988), *stay granted*, 718 F. Supp. 249 (S.D.N.Y. 1989), *compl. dismissed*, No. 13100/89, 1990 N.Y. Misc. LEXIS 676 (N.Y. Sup. Ct. July 23, 1990), *aff'd*, 178 A.D.2d 157 (N.Y. App. Div. 1991), *appeal dismissed*, 79 N.Y.2d 1036 (N.Y. 1992), *appeal denied*, 81 N.Y.2d 1064 (N.Y. 1993), *appeal denied*, 82 N.Y.2d 735 (N.Y. 1993), *inj. granted*, 214 A.D.2d 708 (N.Y. App. Div. 1995), *costs/fees proceeding*, 217 A.D.2d 651 (N.Y. App. Div. 1995), *recons. dismissed*, 87 N.Y.2d 966 (N.Y. 1996), *and recons. denied*, No. 85 Civ. 7675, 1993 U.S. Dist. LEXIS 16745 (S.D.N.Y. Nov. 22, 1993), *aff'd*, 29 F.3d 621 (2d Cir. 1994), *reh'g denied*, 35 F.3d 45 (2d Cir. 1994), *cert. denied*, 513 U.S. 1082 (1995).

This is also a bramble bush that may ensnare persons who are usually in the business of creating and protecting intellectual property, not stealing it. It is far from easy for those in the entertainment, publishing and advertising industries to insulate themselves from unwanted idea submissions. While an ounce of prevention certainly can't hurt, pre-submission releases may not always be enforceable.<sup>8</sup> Moreover, ideas are a dime a dozen and can be pitched to anyone, anywhere.<sup>9</sup> The landmark case of *Desny v. Wilder* involved an idea pitched to Billy Wilder's secretary.<sup>10</sup> Another California court has ominously warned: "In this State producers who discuss plots with would-be script writers, even at cocktail parties or in soda fountains, do so at their peril."<sup>11</sup>

## II. PRUNING THE THICKET

So how can a lawyer representing an idea recipient begin to prune the thicket of idea submission law? Here are a few useful tools: The "Law of Ideas," Chapter 16 of *Nimmer on Copyright*, provides the bible for anyone seeking to plead an idea submission claim; Lionel A. Sobel's article: *The Law of Ideas, Revisited*, provides a helpful counterpart for anyone defending one.<sup>12</sup> Appendix A. contains a checklist of

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<sup>8</sup> 4 MELVILLE NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 16.05[D] & n.30 (Release 3.5, 1994); Lionel S. Sobel, *The Law of Ideas, Revisited*, 1 UCLA ENT. L. REV. 9, 27 (1994).

<sup>9</sup> See *Desny v. Wilder*, 299 P.2d 257, 261-62 (Cal. 1956).

<sup>10</sup> *Id.*

<sup>11</sup> *Land v. Jerry Lewis Prods., Inc.*, 140 U.S.P.Q. 351, 353 (Cal. App. Dep't Super. Ct. 1964).

<sup>12</sup> Sobel, *supra* note 8, at 9. Paramount Pictures has perhaps unwittingly subsidized this scholarly debate. At the time they first wrote their articles (1954 and 1994, respectively), both authors were employed by Paramount. In 1954, when Professor Nimmer first wrote the article that was the genesis of the "Law of Ideas" chapter of his treatise, Paramount was defending *Desny*; 299

defenses that may be available in idea submission cases. However, because there are so many different legal theories a plaintiff can press into service and because these cases are extremely fact specific, no checklist can be truly exhaustive.<sup>13</sup>

In most idea submission cases, it will be worth revisiting the three defenses that failed in *Wrench v. Taco Bell*: contract formation, preemption and novelty.<sup>14</sup> In another case, they may well succeed on a pretrial motion.

### III. PROMISING DEFENSES

#### A. Contract Formation Issues

The modern law of ideas rests on some very good rhetoric. In *Desny v. Wilder*, the California Supreme Court eviscerated in short order the copyright law platitude that “ideas are as free as the air”:

Generally speaking, ideas are as free as the air and as speech and the senses, and as potent or weak, interesting or drab, as the experiences, philosophies, vocabularies, and other variables of speaker and listener may combine to produce, to portray, or to comprehend. But there can be circumstances when neither air nor ideas may be acquired without cost. The diver who goes deep in the sea, even as the pilot who ascends high in the troposphere, knows full well that for life itself he, or someone on his behalf, must arrange for air (or its respiration-essential element, oxygen) to be specially provided at the time and place of need. The theatrical producer likewise may be dependent for his business life on the procurement of ideas from other persons as well as the dressing up and portrayal of his self-conceptions; he may not find his own sufficient for survival.

....

The lawyer or doctor who applies specialized knowledge to a state of facts and gives advice for a fee is selling and conveying an idea. In doing that he is rendering a service. The lawyer and doctor have no property rights in their ideas, as such, but they do not ordinarily convey them without solicitation by client or patient. Usually the parties will expressly contract for the performance of and payment for such services, but, in the absence of an express contract, when the service is requested and rendered the law does not hesitate to infer or imply a promise to compensate for it. In other words the recovery may be based on contract either express or

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P.2d 257. In 1994, it was pursuing an appeal from *Buchwald v. Paramount Pictures Corp.*, 13 U.S.P.Q.2d 1497 (Cal. App. Dep’t Super. Ct. 1990), and Professor Sobel was co-counsel for Paramount at trial.

<sup>13</sup> See *infra* app. A.

<sup>14</sup> See *generally*, *Wrench LLC v. Taco Bell Corp.*, 51 F. Supp. 2d 840 (W.D. Mich. 1999).

implied. The person who can and does convey a valuable idea to a producer who commercially solicits the service or who voluntarily accepts it knowing that it is tendered for a price should likewise be entitled to recover.<sup>15</sup>

Few members of the bar would take issue with the self-evident proposition that they should be paid for their services or (in this day of bottled water) that one can undertake to buy something otherwise available for free. Surely, if someone agrees in writing to retain the services of an “idea man” for a set fee, that agreement should be enforceable. If the parties make the same agreement orally, it, too, should be enforceable. If, instead of saying “yes, I agree” when the idea man states the terms under which he will disclose his ideas, the would-be recipient nods vigorously in agreement, the same result should obtain.

This is where things start to break down. It is said that “[t]he only distinction between an implied-in-fact contract and an express contract is that, in the former, the promise is not expressed in words, but is implied from the promisor’s conduct.”<sup>16</sup>

As applied in idea submissions cases, this is one of the most fictional of legal fictions. Very little need be shown to get a case to a jury, and clever plaintiffs and their clever attorneys can tailor just about any idea submission case to fall under the implied contract rubric. While mutual assent and consideration are elements of both express and implied contract claims, some decisions suggest that the requisite assent may be found in little more than the plaintiff’s submission and the defendant’s acceptance of that submission, at least in cases involving professional writers and producers or solicited submissions.<sup>17</sup> In its summary judgment decision in *Taco Bell*, the district court refused to dismiss the plaintiff’s implied contract claim, holding:

Implied in fact contracts often arise where one accepts a benefit from another for which compensation is customarily expected. Thus, where evidence shows that the parties understood that compensation would be paid for services rendered, a promise to pay fair value may be implied, even if no agreement was reached as to price, duration, or other terms of the contract.<sup>18</sup>

To make matters worse, courts sometimes permit evidence of industry custom and practice to function as a substitute for any other evidence of the creation of a contract or its terms. In ruling on motions in limine, the district court in *Taco Bell* reiterated its prior summary judgment decision stating: “the only relevant question is whether the parties knew that compensation was expected if Taco Bell used Wrench’s ideas, without regard to whether the parties reached any agreement on the specific

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<sup>15</sup> *Desny v. Wilder*, 299 P.2d 257, 264, 266–67 (Cal. 1956).

<sup>16</sup> *Weitzenkorn v. Lesser*, 256 P.2d 947, 959 (Cal. 1953) (citations omitted).

<sup>17</sup> *See, e.g., Chandler v. Roach*, 319 P.2d 776, 780 (Cal. Ct. App. 1957); *Gunther-Wahl Prods. Inc. v. Mattel, Inc.*, 128 Cal. Rptr. 2d 50, 55 (Cal. Ct. App. 2002) (finding error in jury instruction requiring the plaintiffs to prove that they “clearly conditioned their disclosure on Mattel’s agreement to pay . . . if it used the ‘Flutter Faeries’ concept on any portion of it” where Mattel had invited the plaintiffs to make a presentation).

<sup>18</sup> *Wrench*, 51 F. Supp. 2d at 847 (citations omitted).

terms of a contract.”<sup>19</sup> The court then permitted the plaintiff’s experts to testify “regarding custom in the licensing industry insofar as it relates to whether parties in the industry generally understand that compensation is expected where one party, at the request of another party, submits an idea.”<sup>20</sup>

In *Whitfield v. Lear*, the plaintiff sent Norman Lear and his production company a mailgram informing them a script was forthcoming and then proceeded to send the script itself.<sup>21</sup> An assistant to Lear replied to the plaintiff, informing him that while Lear had no personal interest in the script, the mailgram was being forwarded to the Senior Vice president for Creative Affairs at TAT Communications.<sup>22</sup> There were no further communications between the plaintiff and either recipient of the script.<sup>23</sup> Based upon the plaintiff’s contention “the custom in the television industry is that [when]. . . a studio or producer is notified that a script is forthcoming and opens and reviews it when it arrives, that studio or producer has by custom implicitly promised to pay for the ideas if used,” the court (applying California law) denied summary judgment.<sup>24</sup>

In *Minniear v. Tors*, the plaintiff produced a pilot film and permitted a television director to review it per the latter’s request.<sup>25</sup> The parties engaged in no negotiations.<sup>26</sup> Based on the plaintiff’s claim that “it is understood in the industry that when a showing is made, the offeror shall be paid for any ideas or materials used therein,” the court found a jury could infer the defendant accepted the ideas with the knowledge that the plaintiff expected payment.<sup>27</sup>

Professor Sobel maintains that it is “highly doubtful that there actually exists any industry custom to pay for ideas” in the entertainment industry.<sup>28</sup> Of course, litigators are well aware that if they look hard enough they can find a credible expert witness to establish far more farfetched propositions.

The good news for idea recipients is that the New York courts are more hostile to this approach than their counterparts in California. *Grombach Productions v. Waring* is an early New York case rejecting the use of industry custom and practice to create a contractual relationship in lieu of evidence of actual assent by the idea recipient.<sup>29</sup> The court in *Grombach* stated: “[s]uch a custom . . . cannot create a contract where there has been no agreement by the parties.”<sup>30</sup>

Similarly, in *Marraccini v. Bertelsmann Music Group*, the Appellate Division affirmed the dismissal of an idea submission claim on a motion to dismiss because

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<sup>19</sup> *Wrench LLC v. Taco Bell Corp.*, No. 1:98-CV-45, 2003 U.S. Dist. LEXIS 7608, at \*4 (W.D. Mich. May 2, 2003).

<sup>20</sup> *Id.* at \*11 (citation omitted).

<sup>21</sup> *Whitfield v. Lear*, 751 F.2d 90, 91 (2d Cir. 1984).

<sup>22</sup> *Id.* at 94.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 93; see also *McGhan v. Ebersol*, 608 F. Supp. 277, 285 (S.D.N.Y. 1985).

<sup>25</sup> *Minniear v. Tors*, 72 Cal. Rptr. 287, 289 (Cal. Ct. App. 1963).

<sup>26</sup> See *id.*

<sup>27</sup> *Id.* at 291, 294.

<sup>28</sup> Sobel, *supra* note 8, at 45.

<sup>29</sup> *Grombach Prods. v. Waring*, 293 N.Y. 609 (N.Y. 1944).

<sup>30</sup> *Id.* at 616.



the terms of the parties' alleged contract were too vague to be enforced.<sup>31</sup> The plaintiff contended that, before submitting a written proposal to Bertelsmann Music Group ("BMG") in response to its expression of interest in her concept for a new cable music channel, "she entered into an oral agreement with BMG to hold the proposal in confidence and that if the proposal was used, she would be compensated and receive both an equity position in the new channel and a job position."<sup>32</sup> Noting that the payment, job and equity stake were all undefined, the court found "the terms allegedly agreed to were far too indefinite to constitute an enforceable contract."<sup>33</sup> The court rejected the plaintiff's argument "that all open-ended terms were definable by objective industry standards for idea submission," noting neither the standards nor their use in this manner were incorporated or referenced anywhere in the record.<sup>34</sup>

Other contract formation issues may serve to provide viable defenses. New York and other jurisdictions are wont to find a failure of consideration where the idea is not novel, or at least novel to the defendant, unless the defendant has entered into an express contract with his eyes wide open.<sup>35</sup> Where the idea submitter pitched his idea to a low level employee or another entity entirely, lack of authority may be a complete defense. The "blurt out" defense offers another hook on which a court can hang a finding that no contact was formed, and is particularly helpful in California.<sup>36</sup> In some cases, an idea submitter will make an unsolicited submission without first exacting any promise from the recipient.<sup>37</sup> In such a case, the defendant may have a so-called "blurt-out" defense.<sup>38</sup> Although somewhat inelegant, this rhetoric comes from *Desny v. Wilder*:

The idea man who blurts out his idea without having first made his bargain has no one but himself to blame for the loss of his bargaining power. The law will not in any event, from demands stated subsequent to the unconditioned disclosure of an abstract idea, imply a promise to pay for the idea, for its use, or for its previous disclosure. The law will not imply a promise to pay for an idea from the mere facts that the idea has been conveyed, is valuable, and has been used for profit; this is true even though the conveyance has been made with the hope or expectation that some obligation will ensue.<sup>39</sup>

Surely, this is the right result, but it is hard to reconcile with some of the later implied contract cases that let custom and practice fill the void.

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<sup>31</sup> *Marraccini v. Bertelsmann Music Group*, 644 N.Y.S.2d 875, 877 (N.Y. App. Div. 1996).

<sup>32</sup> *Id.* at 876. Based on the author's experience and review of the cases, the plaintiff in *Marraccini* put forth a fairly detailed pleading of an implied contract claim.

<sup>33</sup> *Id.* at 877.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> *See Desny v. Wilder*, 299 P.2d 257, 270 (Cal. 1956).

<sup>37</sup> *See id.*

<sup>38</sup> *See id.*

<sup>39</sup> *Id.*

### B. Preemption

There have been many decisions on whether idea submission claims are preempted by the U.S. Copyright Act.<sup>40</sup> While it is hard to distill any hard and fast rules and the commentators, too, have been all over the map,<sup>41</sup> courts have evolved a two-pronged analysis to ascertain whether state law claims survive federal preemption.<sup>42</sup> The analysis simply asks whether, under § 301 of the Copyright Act: (1) the work at issue in the state law claim falls within the scope of the subject matter of the copyright, and (2) the state law claim seeks to vindicate rights equivalent to one of the exclusive rights already protected by copyright.<sup>43</sup>

Preemption was, of course, one of the main issues in *Taco Bell*.<sup>44</sup> In general, where the claim to an idea is based on a property theory (common law copyright, misappropriation, conversion, plagiarism), a preemption defense is likely to be successful. However, where the claim is based on a contract or breach of confidence theory, it can survive only if properly pleaded. What about quasi-contract or unjust enrichment? The court in *Taco Bell* held these theories were also preempted.<sup>45</sup> Other courts may disagree.

The *Taco Bell* decision suggests two interesting variants: (1) A property theory may have an additional element, such as misappropriation of a novel idea, which, arguably, is *not* preempted;<sup>46</sup> and (2) A breach of contract claim is predicated upon the undertaking not to copy the idea (rather than a promise to pay if it is used), which, arguably, *is* preempted.<sup>47</sup>

Other courts have taken a more expansive view of the preemption of contract-based idea submission claims (as did the district court in *Taco Bell* before it was reversed upon appeal<sup>48</sup>). For instance, the court in *Selby v. New Line Cinema* adopted a fact-specific approach and found that federal preemption precluded the breach of an implied-in-fact contract claim based upon the defendants' alleged promise to compensate and give appropriate credit to the plaintiff if any of the plaintiff's were used.<sup>49</sup> The court concluded that the alleged promise "does not prohibit any conduct beyond that prohibited by the Copyright Act."<sup>50</sup>

Similarly, *Endemol Entertainment B.V. v. Twentieth Television Inc.* involved a dispute over the rights to the idea for a European television show that was proposed

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<sup>40</sup> 17 U.S.C. § 301 (2000).

<sup>41</sup> See Glen L. Kulik, *Copyright Preemption: Is This The End of Desny v. Wilder*, 21 LOY. L.A. ENT. L. REV. 1 (2000); Samuel M. Bayard, *Chihuahuas, Seventh Circuit Judges, and Movie Scripts: Oh My!: Copyright Preemption of Contracts to Protect Ideas*, 86 CORNELL L. REV. 603 (2001); Celine Michaud & Gregory Tulquois, *Idea Men Should Be Able to Enforce Their Contractual Rights: Considerations Rejecting Preemption of Idea Submission Contract Claims*, 6 VAND. J. ENT. L. & PRAC. 76 (2003).

<sup>42</sup> *Wrench LLC v. Taco Bell Corp.*, 51 F. Supp. 2d 840, 849 (W.D. Mich. 1999).

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> *Id.* at 853.

<sup>46</sup> *Id.* at 854.

<sup>47</sup> *Id.* at 853.

<sup>48</sup> *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446 (6th Cir. 2001).

<sup>49</sup> *Selby v. New Line Cinema*, 96 F. Supp. 2d 1053, 1057 (C.D. Cal 2000).

<sup>50</sup> *Id.* at 1062.

by the plaintiff to the defendant production company for potential licensing in the United States.<sup>51</sup> The implied-in-fact contract at issue allegedly resulted from the fact that “[a]t all times it was understood [by the parties] that disclosure of the format, including sample programs, was made in confidence, and that Plaintiff would be compensated for any subsequent use of any ideas.”<sup>52</sup> The court held the claim preempted, finding that the alleged contract created “no additional rights other than promising not to benefit from the copyrighted work.”<sup>53</sup>

### C. Lack of Novelty

Reports of the demise of the novelty defense in idea cases have been greatly exaggerated.<sup>54</sup> In California, it is true that lack of novelty is no defense to a contract-based idea submission claim. Indeed, there is unsettling language that even the most banal idea may support such a claim.<sup>55</sup> However, even in sunny California, novelty is an element of idea submission cases if they are brought on a breach of confidence theory.<sup>56</sup>

In New York, *Murray v. National Broadcasting Co.* and *Apfel v. Prudential-Bache Securities, Inc.*, confirm that novelty, or at least novelty to the defendant, remains an element of most, if not all, causes of action for the unauthorized use of an idea.<sup>57</sup> In *Murray*, the plaintiff, a National Broadcasting Corporation (“NBC”) employee, claimed he originated the idea for NBC’s highly successful series *The*

<sup>51</sup> *Endemol Entm’t B.V. v. Twentieth Television Inc.*, 48 U.S.P.Q.2d 1524, 1525 (C.D. Cal. 1998).

<sup>52</sup> *Id.* at 1525.

<sup>53</sup> *Id.* at 1525, 1528.

<sup>54</sup> Novelty is generally defined by what it is not:

To establish novelty, a plaintiff’s idea “need not reflect the ‘flash of genius,’ but it must show genuine novelty and invention, and not a merely clever or useful adaptation of existing knowledge.” While even original ideas combine elements that are themselves not novel, novelty cannot be found where the idea consists of nothing more than a variation on a basic theme. In addition, a plaintiff may not claim that an idea is original if it was already in use in the industry at the time of submission.

*Wrench LLC v. Taco Bell Corp.*, 51 F. Supp. 2d 840, 857 (W.D. Mich. 1999) (quoting *AEB & Assocs. Design Group, Inc. v. Tonka Corp.*, 853 F. Supp. 724, 734 (S.D.N.Y. 1994) (mem.)).

<sup>55</sup> See *Weitzenkorn v. Lesser*, 256 P.2d 947, 958 (Cal. 1953).

It is conceivable, even though improbable, that Weitzenkorn might be able to introduce evidence tending to show that the parties entered into an express contract whereby Lessee . . . agreed to pay for her production regardless of its protectibility and no matter how slight or commonplace the portion which they used. Such evidence, together with comparison of the productions, would present questions of fact for the jury . . .

*Id.*; see also *Land v. Jerry Lewis Prods. Inc.*, 140 U.S.P.Q. 351, 352 (Cal. App. Dep’t Super. Ct. 1964) (“Producers may become obliged to pay for commonplace ideas, no matter how tired, threadbare, faded and shopworn the ideas, if they have conducted themselves in such a manner that a promise to pay can be inferred.”).

<sup>56</sup> *Tele-Count Eng’rs, Inc. v. Pacific Tel. & Tel.*, 214 Cal. Rptr. 276, 279 (Cal. Ct. App. 1985).

<sup>57</sup> *Murray v. Nat’l Broad. Co.*, 844 F.2d 988, 991 (2d Cir. 1988); *Apfel v. Prudential-Bache Sec., Inc.*, 81 N.Y.2d 470, 477 (1993).

*Cosby Show*.<sup>58</sup> The plaintiffs two proposals for a show entitled “Father’s Day” did share many elements in common with the show that eventually aired, which included an episode by the same name.<sup>59</sup> Murray proposed his idea to Josh Kane, an NBC vice-president and a top entertainment programming official, for a half-hour, weekly series centering on a black, middle-class American family.<sup>60</sup> The similarities between Murray’s proposal and the show that aired were as follows:

(1) “The leading character will be the father, a 45-year-old attorney in private practice who is a devoted family man and a compassionate proud, authority figure.”<sup>61</sup> (In *The Cosby Show*, Bill Cosby played Cliff Huxtable, a doctor in private practice who otherwise fit this description.);

(2) “The mother, loving and supportive, is a county administrative worker who finds joy in striking a balance between family and her work.”<sup>62</sup> (Mrs. Huxtable was a lawyer who otherwise fit this description.);

(3) “The family includes four children; a son, 14, a daughter, 7, a second daughter, 4, and an infant son. The family’s eldest son, 20, is a scholar of a distant college and is preparing for law school. He makes only periodic appearances, but his life has continuing impact upon his family at home.”<sup>63</sup> (The Huxtable family had five children (four in the first few episodes), one of whom went away to college.);

(4) “The family lives in a home located in a suburb of a major city.”<sup>64</sup> (The Huxtables lived in a Brooklyn brownstone.);

(5) “This program adds a new and unique dimension to the American television family program genre. It is not a situation comedy *per se*. While humor may be a factor on occasion, it is not essential to the main focus of the program.”<sup>65</sup> (This is arguably a fair characterization of *The Cosby Show*);

(6) “The characters are real people in real life situations, striving for personal achievement. The program may well resemble ‘Father Knows Best’ and ‘The Dick Van Dyke Show.’ It will be radically different from ‘The Jeffersons,’ ‘Good Times,’ ‘Different Strokes,’ and ‘That’s My Mama.’ The father will not be a buffoon, a supermasculine menial, or a phantom. Children will not engage in eyerolling ‘sassiness,’ or abusive anti-social behavior. The mother will be neither a heavy-set cleaning woman, nor a struggling person without purpose or direction. In short, the characters will present various human personalities.”<sup>66</sup> (Bingo!)

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<sup>58</sup> *Murray*, 844 F.2d at 990.

<sup>59</sup> *Murray v. Nat’l Broad. Co.*, 671 F. Supp. 236, 237 (S.D.N.Y. 1987).

<sup>60</sup> *Murray*, 844 F.2d at 989.

<sup>61</sup> *Murray*, 671 F. Supp. at 240.

<sup>62</sup> *Id.*

<sup>63</sup> *Id.*

<sup>64</sup> *Id.*

<sup>65</sup> *Id.*

<sup>66</sup> *Id.*

Subsequently, Murray expanded his proposal, suggesting Bill Cosby for the role of the father and Diahann Carroll for the role of the mother. He also suggested that

A recurring element of this program will involve situations in which the father's traditional views of success and the roles of fathers, mothers, and children are challenged by a new set of rules and ideas. For example, the father is continuously upset by the rapid decline of the value of the dollar, particularly in light of his many years of struggle to achieve middle-class status. He is also disgruntled about the decline of educational values and the rise of the drug culture which surrounds his children, in their integrated, middle-class environment. With tongue-in-cheek humor, he re-evaluates middle-class American life, with a Black perspective, and adjusts his perception of the American dream in light of new realities.<sup>67</sup>

This of course also sounds like *The Cosby Show*. To make matters worse, the then President of NBC Entertainment described *The Cosby Show* as “add[ing] a new and unique dimension to the American television family program genre.”<sup>68</sup> In addition, Bill Cosby

testified at his deposition “that he would agree with a description of ‘The Cosby Show’ as unique, novel and a breakthrough in television programming.” Reviews of *The Cosby Show* have referred to it as “a breakthrough,” a show that “breaks through the stereotypes” and “the first upper-middle class all-black family ever on TV.”<sup>69</sup>

The defendants made a multimedia summary judgment motion.<sup>70</sup> The motion included biographical information about Bill Cosby, including his family of five children and his television career in which he played a number of non-stereotypical black roles (*I Spy*, *The Bill Cosby Show*, *The New Bill Cosby Show*, *Coz* and the animated *Fat Albert* children's series.<sup>71</sup>) In addition, the motion contained a reel of Bill Cosby's past work—comedic, family-oriented, non-stereotyped material from comedy, comedy/drama, and animated television series and audio recordings which predated the Murray submission.<sup>72</sup> The defendants' motion also relied on a book authored by Murray's expert witness, which described various non-stereotypical television programs featuring black actors, such as *Julia*, *Room 222*, *The Mod Squad* and others.<sup>73</sup> And perhaps most importantly, the defendants' included a 1965 interview from the *New York Sunday News* (and other similar articles) in which Bill Cosby described a television show he hoped to initiate one day:

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<sup>67</sup> *Id.* at 240–41.

<sup>68</sup> *Id.* at 240.

<sup>69</sup> *Id.* at 240 (citation omitted).

<sup>70</sup> *Id.* at 237.

<sup>71</sup> *Id.* at 244–45.

<sup>72</sup> *Id.*

<sup>73</sup> *Id.* at 241.

It won't be unlike other situation comedies. There'll be the usual humorous exchanges between husband and wife in the style made famous by Dick Van Dyke and Mary Tyler Moore. Warmth and domestic cheerfulness will pervade the entire program. Everything on the screen will be familiar to TV viewers. But this series will be radically different. Everyone in it will be a Negro.<sup>74</sup>

Cosby elaborated: "I'm interested in proving there's no difference between people. My series would take place in a middle income Negro neighborhood. People who really don't know Negroes would find on this show that they're just like everyone else . . . ."<sup>75</sup> Using this evidence the defendants argued: "An idea so obviously in the public forum, suggested by the actor who would ultimately star in the series developed from his established family-style humor, cannot be held novel when suggested years later by someone else."<sup>76</sup>

The district court agreed and granted summary judgment dismissing the plaintiff's claims for misappropriation and conversion, breach of implied agreement and confidential relationship, and unjust enrichment on the ground that, under New York law the "[l]ack of novelty is fatal to all of these claims."<sup>77</sup> The Second Circuit affirmed the decision, notwithstanding Murray's relentless efforts to have it overturned.<sup>78</sup>

In *Apfel v. Prudential-Bache Securities, Inc.*, the New York Court of Appeals revisited the novelty requirement in idea submission cases on a very different set of facts.<sup>79</sup> The plaintiff, an investment banker and lawyer, approached Prudential-Bache with a proposal for issuing municipal bonds through a computerized system that eliminated paper certificates.<sup>80</sup> The parties signed a confidentiality agreement under which Prudential-Bache reviewed a 99-page summary of the plaintiff's proposal.<sup>81</sup> The parties negotiated and entered into a sale agreement under which the plaintiff conveyed his rights to certain techniques and trade names in exchange for royalties based on use from 1982-1988.<sup>82</sup> The contract provided that the defendant would be obliged to pay even if the techniques became public knowledge or industry practice.<sup>83</sup> Prudential-Bache followed the agreement for three years.<sup>84</sup> In 1985, following a change in personnel, Prudential-Bache refused to make further payments, claiming the ideas conveyed by the plaintiff were in the public domain at the time of sale and therefore nullified the agreement.<sup>85</sup>

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<sup>74</sup> *Id.* at 244.

<sup>75</sup> *Id.*

<sup>76</sup> *See id.* at 244.

<sup>77</sup> *Id.* at 245.

<sup>78</sup> *Murray v. Nat. Broad. Co.*, 844 F.2d 988 (2d Cir. 1988).

<sup>79</sup> *Apfel v. Prudential-Bache Sec., Inc.*, 81 N.Y.2d 470, 473 (N.Y. 1993).

<sup>80</sup> *Id.* at 473-74.

<sup>81</sup> *Id.* at 474.

<sup>82</sup> *Id.*

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> *Id.*

Not surprisingly, in this case involving a post-disclosure express contract, the Court of Appeals did not find Prudential-Bache's novelty argument persuasive.<sup>86</sup> It reviewed the line of earlier New York idea cases on which the court relied in *Murray* and distinguished this case by finding that the prior "line of decisions involve a distinct factual pattern: the buyer and seller contract for *disclosure* of an idea with payment based on use, but no separate post-disclosure contract for *use* of the idea has been made."<sup>87</sup> The court noted that pre-disclosure contract cases raise two problems for the courts: (1) "how can sellers prove that the buyer obtained the idea from them, and nowhere else, and that the buyer's use of it thus constitutes misappropriation of property?"<sup>88</sup> and (2) "[where] it turns out upon disclosure that the buyer already possessed the idea . . . the disclosure, though freely bargained for, is manifestly without value."<sup>89</sup> The court therefore concluded:

A showing of novelty, at least novelty to the buyer, addresses these two concerns. Novelty can then serve to establish both the attributes of ownership necessary for a property-based claim and the value of the consideration—the disclosure necessary for contract-based claims.<sup>90</sup>

In subsequent decisions, courts have held that under New York law novelty remains necessary to a property-based claim, such as misappropriation or conversion<sup>91</sup> As to contract-based idea submission claims, there is considerable room for debate as to just what *Apfel* held. One commentator construes *Apfel* to dispense with any novelty requirement in express post-disclosure contract cases, and this is certainly a plausible reading.<sup>92</sup> But *Apfel* has also been read to impose a "novelty to the defendant" standard even where there is an express post-disclosure contract between the parties.<sup>93</sup> Additionally, whether the "novelty to the buyer" standard (as opposed to a stricter novelty requirement) will be applied to other types of contracts is an open question which the New York Court of Appeals has yet to address. In a 1993 revisit of the *Murray v. National Broadcasting Co.* decision, the district court reviewed its prior decision in light of *Apfel* and found *Apfel* had no application because in *Murray* the plaintiff did not rely upon any post-disclosure contract for use.<sup>94</sup>

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<sup>86</sup> *Id.* at 475.

<sup>87</sup> *Id.* at 477–78.

<sup>88</sup> *Id.* at 478.

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> *Nadel v. Play-By-Play Toys & Novelties, Inc.*, 208 F.3d 368, 380 (2d Cir. 2000); *Marraccini v. Bertelsmann Music Group, Inc.*, 644 N.Y.S.2d 875, 877 (N.Y. App. Div. 1996); *Oasis Music, Inc. v. 900 U.S.A., Inc.*, 614 N.Y.S.2d 878, 881 (N.Y. Sup. Ct. 1994).

<sup>92</sup> Mary LaFrance, *Something Borrowed, Something New: The Changing Role of Novelty in Idea Protection Law*, 34 SETON HALL L. REV. 485, 491 (2004).

<sup>93</sup> *Nadel*, 208 F.3d at 380.

<sup>94</sup> *Murray v. Nat'l Broad. Co.*, No. 85 Civ. 7675 (MGC), 1993 U.S. Dist. LEXIS 16745, at \*4 (S.D.N.Y. Nov. 22, 1993).

In the case of *Nadel v. Play-by-Play*, the Second Circuit noted “some post-*Apfel* confusion among the [New York] courts” but offered its view of the current state of New York law:

In sum, we find that New York law in submission-of-idea cases is governed by the following principles: Contract-based claims require only a showing that the disclosed idea was novel to the buyer in order to find consideration. Such claims involve a fact-specific inquiry that focuses on the perspective of the particular buyer. By contrast, misappropriation claims require that the idea at issue be original and novel in absolute terms. This is so because unoriginal, known ideas have no value as property and the law does not protect against the use of that which is free and available to all. Finally, an idea may be so unoriginal or lacking in novelty generally that, as a matter of law, the buyer is deemed to have knowledge of the idea. In such cases, neither a property-based nor a contract-based claim for uncompensated use of the idea may lie.<sup>95</sup>

There are many other defenses that can be invoked effectively in idea cases, as well as a number of variations on a theme. As to those, you will need “[t]he lawyer . . . who applies specialized knowledge to a state of facts and gives advice for a fee.”<sup>96</sup> In short, there is still plenty of room for play here.

#### IV. STRATEGIC CONSIDERATIONS

It would be foolhardy to try to summarize all of the strategic decisions that go into litigating a case, but the following three are worth flagging for those defending idea cases.

##### *A. Federal vs. State Court*

Federal courts are often better forums than state courts for defendants in idea submission cases. Sometimes, the plaintiffs will file in federal court, pleading copyright or Lanham Act claims, as well as idea submission claims. Even if the federal claims are defective, defendants may wish to defer dispositive motions so the federal court will retain jurisdiction. Where a plausible argument can be made that the plaintiff's claims in a state court action are nothing more than dressed-up copyright claims, a removal motion may be warranted. Diversity may, of course, provide an alternative basis for federal jurisdiction where there is no federal question.<sup>97</sup>

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<sup>95</sup> *Nadel*, 208 F.3d at 380.

<sup>96</sup> *Desny v. Wilder*, 299 P.2d 257, 266 (Cal. 1956).

<sup>97</sup> 28 U.S.C. § 1332 (2000).



### *B. Choice of Law Analysis*

Choice of law issues can be outcome determinative in this area, and one state's law which is good on some issues may be bad on others. New York, for example, has a longer statute of limitations than California for contract-based claims,<sup>98</sup> but is more favorable to defendants in imposing a novelty requirement in certain cases.<sup>99</sup> Careful analysis of possible conflict of law issues should be undertaken at the very outset of any idea submission case. At the very least, the answer or motion to dismiss should leave the defendant's options as open as possible.

### *C. Timing of Dispositive Motions*

Idea submission cases have many hallmarks of disaster if and when they reach a jury. There is the "David versus Goliath" element, deep-pocketed defendants who have generally made a fortune on the work in dispute and enough sufficiently complicated claims and defenses to befuddle the most reasonable juror. Defendants may understandably be tempted to make dispositive motions sooner than later. This can be a big mistake because often these motions serve to educate the plaintiff on how to clean up its case. Pleading defects can be cured; expert witnesses can be summoned to fill in missing contract terms with industry custom and practice; kamikaze plaintiffs can tailor their stories. Thus, when the defense makes dispositive motions early in the case, such motions may serve only to provide plaintiffs with a chance to refine their legal theories and tighten their cases. Premature motions may also lead to multiple appeals. The timing of motions is therefore a major strategic consideration in defending idea submission cases. Baby steps may ultimately get you farther than giant leaps when it comes to streamlining or obtaining dismissal of the case before trial.

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<sup>98</sup> *Smith v. Bach*, 53 Cal. App. 63 (Cal. Dist. Ct. App. 1921) (finding that the statute of limitations for contract disputes in California is two years); *Chria v. Columbia Univ.* 289 F. Supp. 2d 477 (S.D.N.Y. 2003) (holding that the statute of limitations in New York for contract cases is six years).

<sup>99</sup> *Nadel*, 208 F.3d 368, 380 (2d Cir. 2000); *Marraccini v. Bertelsmann Music Group, Inc.*, 644 N.Y.S.2d 875, 877 (N.Y. App. Div. 1996); *Oasis Music, Inc. v. 900 U.S.A., Inc.*, 614 N.Y.S.2d 878, 881 (N.Y. Sup. Ct. 1994).

## V. CONCLUSION

Notwithstanding the vast body of idea submission law, there are many open issues. More law is needed to clarify the parameters of federal preemption, instill some reality into the legal fictions of the implied contract theory and define just how commonplace an idea need be to support recovery on various theories.

In 1929–30, Professor Karl Llewellyn gave a series of lectures to introduce students at Columbia Law School to the study of law. He later published them under the title *The Bramble Bush*, and it is, of course, his title that inspired the metaphor for this paper on the law of idea submissions. His rousing rhetoric also supplies an apt conclusion:

To me, there is more joy than pain, by a good deal, in the thorns of such a thicket as that through which I have just dragged you. And as the tonic iodine burns in the wounds and beneath the skin the whole body tingles with that curious bubbling sense of muscle pleasure, there comes again the thought: for too much law, more law will be the cure.<sup>100</sup>

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<sup>100</sup> K.N. LLEWELLYN, *THE BRAMBLE BUSH* 141 (Oceana Publ'ns 1981) (1930).

## APPENDIX A.

## CHECKLIST OF DEFENSES IN IDEA SUBMISSION CASES

- I. Federal Preemption
- II. Choice of Law
- III. Statute of Limitations
- IV. Statute of Frauds
- V. Release
- VI. Basic Contract Formation Issues:
  - A. Contract too vague to be enforced
  - B. Lack of consideration
  - C. Lack of authority of recipient
- VII. “Blurt Out”
- VIII. Lack of Novelty
- IX. Lack of Concreteness
- X. Lack of Access
- XI. Independent Creation
- XII. No Confidential Relationship
- XIII. Lack of Sufficient Similarity Between Submission and Defendant’s Work
- XIV. Unavailability of Remedy Sought
- XV. Waiver
- XVI. Estoppel
- XVII. Laches
- XVIII. Acquiescence