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Philadelphia Orchestra Assn. v. Walt Disney Co.,

821 F.SUPP. 341 (1993).

Introduction

The Philadelphia Orchestra Association sued Walt Disney Company claiming entitlement to a share of the profits that resulted from the sales of a home video release of the movie "Fantasia." The Orchestra performed most of the musical score of Fantasia under a 1939 agreement between the Orchestra and Disney. The District Court for the Eastern District of Pennsylvania denied the Orchestra's motion for summary judgment because there was an issue of fact as to whether the term "feature picture" in the parties' 1939 agreement included home video formats, and because the orchestra was not a joint author of the film.

Facts

In January of 1939, the Philadelphia Orchestra Association (the "Orchestra") contracted with Walt Disney Company ("Disney") to record music for the feature picture, Fantasia.¹ The Orchestra granted Disney the right to use the name 'The Philadelphia Orchestra' on the screen and in publicizing the feature.² Disney paid the Orchestra \$2,500.00 for these rights.

In November of 1991, Disney released Fantasia in new home video formats - videocassettes and laserdiscs. The home video version of Fantasia included the Orchestra's 1939 performance, the likeness of the Orchestra, and the Orchestra's name. Disney did not seek the Orchestra's permission to use its performance, name or likeness in the home video release of Fantasia. Moreover, Disney never paid any royalties to the Orchestra on the sales of the home video.

The Orchestra requested compensation for Disney's use of its performance, name and likeness when the home videos were initially released. After Disney refused, the Orchestra filed an action for damages and subsequently moved for partial summary judgment.

Legal Analysis

The first issue before the district court was whether the term "feature picture" in the 1939 agreement included home video formats. The Orchestra contended

1. Philadelphia Orchestra Assn. v. Walt Disney Co., 821 F. Supp. 341, 343 (1993). The contract stated that the Orchestra was to "furnish and grant" to Disney, "the right to use The Philadelphia Orchestra" to record music "for a feature picture now in preparation for the Disney Studios." *Id.*

2. *Id.* The contract also provided that the Orchestra granted to Disney "the right . . . in connection with this feature, to use the name 'The Philadelphia Orchestra' on the screen and/or in all publicity of said feature." *Id.*

that the 1939 agreement³ unambiguously granted Disney only the limited right to use the Orchestra's name and performance in the theatrical exhibition of *Fantasia*. The Orchestra further argued that the phrase "feature picture" clearly referred to a "feature-length theatrical motion picture intended to be exhibited in theaters outside the home."⁴

The court held that the use of the word "feature" referred to films of a certain length without regard to the medium or location in which they were presented.⁵ Moreover, it pointed out that the burden of clarity was on the party granting rights, in this case, the Orchestra. The court therefore held that the use of the term "feature picture" did not clearly exclude any media in which the complete film could be presented. The motion for summary judgment was therefore denied on this ground.

The second issue the court addressed was whether the 1939 agreement contemplated home video technology. The Orchestra argued that the rights it granted Disney in the 1939 agreement did not include home video formats because such technology did not exist and was not in contemplation when that agreement was formed. The Orchestra asked the court to take judicial notice of the fact that in 1939, no-one could have contemplated that feature length motion pictures would be available for viewing outside theaters in videocassette and laser disc formats.

The court noted that a market for home viewing of movies existed prior to the 1930's and that motion pictures were available for sale or rental in a variety of formats at that time. It also pointed to the fact that a precursor to today's home video technology was under development as early as 1927. Given this evidence, the court held that a jury easily may have concluded that home video technology was contemplated at the time of the 1939 agreement. Therefore, summary judgment could not be granted on this ground.

The third issue the court examined was whether the Orchestra and Disney were joint authors of the film *Fantasia*. The court stated the general rule that "joint authors" automatically acquire an undivided ownership in the entire work. The court also noted that there existed a presumption that one who commissioned another to create a copyrightable work was considered to be the sole author.⁶ If it could be shown that Disney commissioned the Orchestra to create the music for *Fantasia*, then Disney would be presumed to be the sole author. The parties therefore could not be joint authors.

The court articulated three factors commonly used to determine whether a

3. See *supra* notes 1-2 and accompanying text.

4. Philadelphia Orchestra, 821 F. Supp. at 345.

5. *Id.* The Court also noted that in *United States v. Twentieth Century-Fox Film Corp.*, 137 F. Supp. 78, 80 (S.D. Cal. 1995), the court defined feature films to mean "sound motion picture photographs, four or more reels in length." Moreover, the court pointed out that the phrases "feature film" or "feature picture" have been used interchangeably to describe a television station or cable network's programming libraries. See, e.g., *United States v. Loew's Inc.*, 371 U.S. 38 (1962); *National Cable Television Ass'n, Inc. v. Broadcast Music, Inc.*, 772 F. Supp. 614, 638 (D.D.C. 1991).

6. *Id.* at 347-48 (citing 17 U.S.C. § 26 (repealed 1976)). The court pointed out that this statute applied to the instant case because *Fantasia* was recorded prior to the effective date of the Copyright Act of 1976. *Id.* at 348 n.7.

work was commissioned. These were: (1) whether the work was produced at the “instance and expense” of the commissioning party;⁷ (2) which party was the primary motivator in the creation of the work;⁸ and (3) whether the “commissioning party” had the right to supervise and control the work, regardless of whether such right was exercised.⁹

Applying this rule to the case at bar, the court first pointed to the fact that Disney paid the Orchestra \$2,500.00 for the use of the Orchestra to record Fantasia. Additionally, Disney paid all consequential expenses of the recording including the wages of the musicians, stage hands, and a music librarian. Therefore, the court held that the recordings were done at the “instance and expense” of Disney.

Next, the court noted that a 1939 agreement between Disney and the conductor of the Orchestra, Leopold Stokowski, specified that Stokowski would “use his best efforts” to “obligate the [Orchestra] to do said recording.” The contract further required that all the music and recordings reasonably conform with Disney’s animation requirements, and meet with Disney’s approval. The court held that these facts indicated that Disney was the “motivating factor” and that Disney “maintained control” of the Orchestra through Stokowski. The court held that Disney commissioned the Orchestra and therefore was not a “joint author” of Fantasia. Summary judgment could therefore not be granted on that basis.

The fourth issue before the court was whether Disney violated the Orchestra’s right of publicity by the use of its name and likeness in the home video release of Fantasia. This contention differed from the ones preceding, as it addressed only the name and likeness of the Orchestra, and not the performance of the musicians who signed the 1939 agreement. The court stated that a defendant violates a plaintiff’s right of publicity by appropriating its valuable name or likeness, without permission, to the defendant’s commercial benefit.¹⁰ Moreover, the name appropriated must have secondary meaning. The court stated that ordinary words take on secondary meaning when a particular business uses them to such an extent that they no longer register their literal meaning to the public, but are instantly associated with that enterprise.¹¹

The court applied this rule to the present case and held that the name “The Philadelphia Orchestra” had indeed attained such a secondary meaning because of the Orchestra’s publicity and longstanding reputation. Despite this, however, the court held that there was still a material issue of fact as to whether the 1939 agreement between the Orchestra and Disney included the home video release of Fantasia. Therefore, the court held that it could not grant summary judgment on that ground.

7. *Id.* at 348 (citing *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567 (2d Cir. 1966)).

8. *Id.* (citing *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213 (2d Cir. 1972)).

9. *Id.* (citing *Rand McNally & Co. v. Fleet Management Sys. Inc.*, 591 F. Supp. 726, 738 (N.D. Ill. 1983)).

10. *Id.* at 349 (citing *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977)).

11. *Id.* at 350 (citing *Dranoff, Perlestein, Assocs. & Sklar*, 967 F.2d 852, 858 (3d Cir. 1992)).

The final issue before the court was whether Disney wilfully violated the Lanham Act¹² by misleading the public into believing that the Orchestra sponsored, licensed or consented to the manufacture, marketing and selling of the home video formats of Fantasia. The Orchestra asserted that to establish liability under the Lanham Act, it only had to show that it possessed a valuable property interest in its trade name, and that Disney used that trade name in a manner likely to confuse the public into believing that the home formats of Fantasia were associated with the Orchestra.

The court held that although the Orchestra clearly had a protected property interest in its trade name, it was not clear that Disney used that name in a confusing manner violative of the Lanham Act. The court reasoned that this was because the Orchestra did not establish that Disney represented that the Orchestra endorsed the home video. Moreover, the court stated, Disney represented only that the Orchestra's performance was contained in the home video. As the Orchestra cited no authority for the proposition that Disney violated the Lanham Act by truthfully billing the Orchestra on the home video, and because there was still an issue as to whether Disney's use of the Orchestra's name was authorized by the 1939 agreement, the court declined to grant summary judgment on that ground.

Conclusion

The District Court for the Eastern District of Pennsylvania denied the Orchestra's motion for summary judgment. The court reached this conclusion because there were still material issues of fact as to whether the term "feature picture" in the parties' 1939 agreement included home video formats, and as to whether home video formats were contemplated in 1939. Additionally, there were also remaining issues of facts as to whether the Orchestra was a "joint author" of the film, and whether Disney represented the Orchestra's trade name in such a way as to violate the Lanham Act. Because of the outstanding factual issues, the court denied the Orchestra's motion for summary judgment.

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12. The Lanham Act provides, in pertinent part, that:

Any person who . . . uses in commerce any word, term, name, symbol, or device, . . . or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such an act. 15 U.S.C. § 1125(a).