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THE DEFENSE OF MISUSE IN COPYRIGHT ACTIONS

By ANCEL W. LEWIS, JR.*

I. INTRODUCTION

From the equitable maxim that one who comes into equity must do so with "clean hands" there has developed in *patent* actions a substantial body of case law concerning the defense of misuse. The purpose of this article is to determine to what extent the misuse defense is applicable to *copyright* actions.

II. UNCLEAN HANDS

The defense of "unclean hands" was successfully asserted in an early copyright infringement action, *Thompson v. American Law Book Company*,¹ in which the publisher of a copyrighted law encyclopedia was denied relief on the grounds that he had actually copied paragraphs from other copyrighted material. Thus, if it were piracy in one party, it was piracy in another; and a literary pirate was not entitled to consideration in a court of equity. Shortly thereafter, in *Bentley v. Tibbals*,² the court was quick to point out that not all wrongdoings or inequitable conduct on the part of the copyright proprietor would preclude relief on the basis of "unclean hands," and allowed relief for copyright infringement despite certain misconduct. Here the plaintiff, Bentley, a subject of Great Britain, copyrighted in the United States a first book and, subsequently, copyrighted in Great Britain a second similar but more complete book. The second book was sold in the United States in violation of the statute requiring imported books to be printed from type set in the United States. Tibbals, when sued for infringement of the first book, asserted, *inter alia*, that this violation of the United States' statute was of such misconduct as to preclude the plaintiff's relief. The court held for the plaintiff on the ground that only that misconduct connected to or affected by the matter in litigation could preclude relief; that the wrongful importation was an offense against the United States and in no way prejudiced the defendant. Therefore, the maxim did not apply.

Courts of equity have, subsequently, denied infringement relief to copyright proprietors on the grounds of "unclean hands" where the copyrighted manual of instruction alleged facts which could not possibly be true;³ where the corporate plaintiff knew when he purchased the copyright on a book that the seller had pirated the material for the book from the defendant;⁴ and where copyrighted motion pictures were indelible and immoral.⁵

Courts of equity have granted injunctive relief to the copyright

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1 122 Fed. 922 (2d Cir. 1903).

2 223 Fed. 247 (2d Cir. 1915).

3 *Stone and McCarrick, Inc. v. Dugan Piano Co.*, 220 Fed. 837 (5th Cir. 1915).

4 *Colonial Book Co. v. Oxford Book Co.*, 45 F. Supp. 551 (S.D.N.Y. 1942), *aff'd* 135 F.2d 463 (2d Cir. 1943).

5 *Bullard v. Esper*, 72 F. Supp. 548 (N.D. Tex. 1947). For additional cases where the copyright proprietor was found to have "unclean hands," see *Gaye v. Gillis*, 167 F. Supp. 416 (D. Mass. 1958); *Farrel v. Tostado*, 67 U.S.P.Q. 170 (S.D. Calif. 1944).

proprietor, despite an "unclean hands" defense, where a trade catalog including a previous catalog of another, used with permission and information from jobbers and manufacturers, was copyrighted,⁶ and where a copyright was placed on a doll's body despite the fact that the body had been previously published without a copyright notice.⁷

However, the right of a copyright proprietor to charge what price he pleased was held to be within the rights bestowed by the copyright law, and not subject to an "unclean hands" defense.⁸ In this case the defendant, Hillsgrove, in answer to the infringement action, asserted that the copyright owner had extracted an exorbitant and unconscionable rate for the privilege of reproducing music, since the defendant was required to pay at a rate more than double that charged the defendant's predecessor, and which was grossly disproportionate to the rate charged the defendant's competitors. The copyright owner moved to strike the answer, and the motion was granted. Some pertinent language was used concerning the rights given to a copyright owner.

The owner of the copyright . . . may refrain from vending . . . [it and may] . . . exclude others from using his property.***

Copyright is a right exercised by the owner during the term at his pleasure and exclusively for his own profit and forms the basis for extensive and profitable business enterprises.⁹

Additionally:

The right of a patentee, owner of a copyright, or owner of a secret process is merely the right of exclusion or debarment. The holder of such a property right . . . is a czar in his own domain. . . . He may fix such prices as he pleases.

He may sell at one price to one person, and another to another person. He is not required to give reasons or deal fairly with purchasers.¹⁰

In *Harms v. Cohen*,¹¹ the court carved a large area of the copyright proprietor's improper activity out of the "clean hands" defense, holding that it is not a defense to a copyright infringement action that the plaintiffs have violated the anti-trust statutes. In this case, the plaintiff member of ASCAP (American Society of Composers and Authors), which granted blanket licenses on performing rights of musical compositions assigned to it by its members, sued the defendant owner and operator of a theater where the motion pictures were exhibited, and where the compositions were used without permission. The defendant, Cohen, argued that this activity of ASCAP was a violation of the Sherman Act. The court held it was no defense that the plaintiff had formed an unlawful combination in violation of the Sherman Act, the remedies under that Act being exclusive. The court compared a situation where a defendant

⁶ *R.R. Donnelly & Sons Co. v. Haber*, 43 F. Supp. 456 (E.D.N.Y. 1942).

⁷ *Ideal Toy Corp. v. J-Cey Doll Co.*, 290 F.2d 710 (2d Cir. 1961). For additional cases where the copyright proprietor was not denied relief on the ground of "unclean hands," see *Wihital v. Crow*, 199 F. Supp. 682 (S.D. Iowa 1961); *Mills Music, Inc. v. Cromwell Music, Inc.*, 126 F. Supp. 54 (S.D.N.Y. 1954).

⁸ *Buck v. Hillsgrove Country Club*, 17 F. Supp. 643 (D.R.I. 1937).

⁹ *Id.* at 645, citing *Fox Film Corp. v. Doyal*, 286 U.S. 123 (1932).

¹⁰ *Id.* at 645, citing *Dr. Miles Medical Co. v. Platt*, 142 Fed. 606, 610 (C.C.N.D. Ill. 1906).

¹¹ 279 Fed. 276 (E.D. Pa. 1922).

was accused of stealing cattle from growers engaged in the price fixing of cattle prices, resulting in restraint of trade in the beef market. A person stealing would not be relieved of liability because the property was stolen from a party violating the anti-trust laws. Those laws did not grant the privilege to steal with impunity the property of others engaged in a monopolistic combination.

Another landmark case cited for this proposition is *Vitagraph, Inc., v. Grobaski*,¹² where a motion to dismiss an action for copyright infringement on the ground that certain exhibition contracts for motion pictures were illegal under the Sherman Act, was denied. Here the defendants were licensed to exhibit copyrighted motion pictures on specified dates. Subsequently, a decision was handed down which held such exhibition contracts to be violative of the Sherman Act, because they excluded certain theatres from the opportunity of dealing in a free market. The court held that a Sherman Act violation could not be a defense in a copyright infringement action:

It seems to be quite generally held that illegality of a combination cannot be interposed as a defense to suits for infringement of copyrights, patents, or trade marks, and that courts of equity will entertain such suits; the general principle being that these suits are regarded as being based not upon contract but upon tort. It is said that the fact one has entered into some illegal contract does not authorize others to injure him with impunity.¹³

A few decisions subsequent to the *Harms* and *Vitagraph* cases have adopted the general proposition that an anti-trust violation is no defense in a copyright infringement action.¹⁴

In *Folmer Graflex Corp. v. Graphic Photo Serv.*,¹⁵ the court suggested a situation where an illegal combination should be denied relief under the maxim. In this case the plaintiff, Folmer, was alleged to be a member of an illegal combination that was manufacturing and selling cameras in violation of the anti-trust statutes. The court acknowledged the general rule of the *Vitagraph* case, but stated:

But, if the illegal combination is a part of the actual transaction about which the plaintiff seeks equitable relief, and to grant such relief would amount to invoking the aid of the court in furthering such illegal combination, then under the doctrine of "unclean hands" the plaintiff might be deprived of its rights to equitable relief.¹⁶

The court then ordered that part of the defense which alleged that the plaintiff was a member of an illegal combination be stricken, and such portion which charged the plaintiff with "unclean hands"

¹² 46 F.2d 813 (W.D. Mich. 1931).

¹³ *Id.* at 814, citing *Columbia Pictures Corp. v. Bi-Metallic Inv. Co.*, 42 F.2d 873 (D. Colo. 1930); *Coca Cola Co. v. Gay-Olo Co.*, 200 Fed. 720 (6th Cir. 1912); *Witmark & Sons v. Pastime Amusement Co.*, 298 Fed. 470, 480 (E.D. S.C. 1924); *Harms v. Cohen*, 279 Fed. 276 (E.D. Pa. 1922); *Motion Picture Patents Co. v. Ullman*, 186 Fed. 174 (C.C.S.D.N.Y. 1910).

¹⁴ *Leo Feist, Inc. v. Lew Tendler Tavern, Inc.*, 267 F.2d 494 (3rd Cir. 1959); *Peter Pan Fabrics, Inc. v. Candy Frocks, Inc.*, 187 F. Supp. 334 (S.D.N.Y. 1960); *Harms, Inc. v. Sansom House Enterprises, Inc.*, 162 F. Supp. 129 (E.D. Pa. 1958); *Buck v. Cerere*, 45 F. Supp. 441 (W.D.N.Y. 1942); *Society of European Stage Authors and Composers, Inc. v. WCAU Broadcasting Co.*, 35 F. Supp. 460 (E.D. Pa. 1940); *Buck v. Spanish Gables Inc.*, 26 F. Supp. 36 (D. Mass. 1938); *Buck v. Newsreel, Inc.*, 25 F. Supp. 787 (D. Mass. 1938).

¹⁵ 41 F. Supp. 319 (D. Mass. 1941).

¹⁶ *Id.* at 320, citing *Delaware, L. & W.R.R. v. Frank*, 110 Fed. 689, 696 (C.C.W.D.N.Y. 1901).

be retained, thus suggesting that the proper approach is to use "unclean hands" rather than anti-trust violation where the plaintiff has entered into some type of monopoly activity in connection with his copyright.

III. THE DOCTRINE OF MISUSE

The actual "misuse" defense, based on the theory of a monopoly extension, as misconduct to allow application of the "unclean hands" defense was initially set forth in patent case law in *Motion Picture Patents Co. v. Universal Film Mfg. Co.*¹⁷ The plaintiff patentee of a movie projector feeder licensed it on the condition that the feeder be used solely for projecting the patentee's motion pictures. The court denied the patentee all relief against the infringer on the ground that such a tying condition was beyond the scope and purpose of the patent and, thereby, constituted misuse of the patent.

The actual misuse doctrine did not take full shape in patent case law until *Morton Salt Co. v. G. S. Suppiger Co.*,¹⁸ where the patentee of a machine for depositing salt tablets was requiring licensees to use with the patented machines only tablets sold by the patentee. The court held that the patentee had misused the patent by extending his monopoly beyond that granted in the patent. Also, the court decided that where the patent is used to control unpatented products, the successful prosecution of an infringement suit, even against one who is not a competitor in such sale, is a powerful aid in the maintenance of the attempted monopoly of an unpatented article and, thus, a contributing factor in thwarting the public policy underlying the grant of the patent. It is the adverse effect on the public interest of a successful infringement suit, in conjunction with the patentee's course of conduct, which disqualifies him to maintain the suit, regardless of whether the particular defendant has suffered from the misuse of the patent. The court concluded that the patentee, like the other holders of an exclusive privilege granted in furtherance of a public policy, may not claim protection of his grant by the courts where it is being used to subvert that policy.

The first copyright infringement case where the copyright proprietor was charged with misconduct in an infringement action,

¹⁷ 243 U.S. 502 (1917).
¹⁸ 314 U.S. 488 (1942).



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after the *Morton Salt* case, was noted in the Seventh Circuit.¹⁹ Plaintiff was the copyright proprietor of a musical composition, and vested the public performing rights therein in ASCAP. The defendant operated a place of public entertainment and admitted infringement, but contended that because the plaintiff had failed to comply with the provisions of a certain Wisconsin statute requiring a composer to obtain a license for public rendition, that he had "unclean hands." The court held that this misconduct did not allow application of the "unclean hands" maxim. The court applied the effect test, saying that the plaintiff's dereliction in this regard in no wise prejudiced the defendant or justified him in confiscating the plaintiff's property, and to induce denial of relief under this maxim, the plaintiff's conduct must be such that the prosecution of his rights would of itself involve protection of the wrongdoing.

The court took cognizance of the *Morton Salt* doctrine, and language to the effect that a court of equity can appropriately withhold its aid where the plaintiff is using the right contrary to the public interest. However, they distinguished the present case on the basis that the plaintiff in *Morton Salt* was seeking to extend his lawful monopoly beyond the scope of the patent, and thus the illegal action which warranted application of the "unclean hands" doctrine to preclude relief was extricably intermingled and connected with the cause of action, or directly related to it. In this case, the court felt that the violation of the Wisconsin statute was collateral to the cause of action and not directly related to it.

"Misuse," or the claim by the defendant that the copyright proprietor has used his exclusive grant for purposes beyond those which the Copyright Act has given and, therefore, is guilty of such misconduct as to be denied relief in a court of equity, was first successfully asserted in a copyright case in 1948, *M. Witmark & Sons v. Jensen*.²⁰ Plaintiff members of ASCAP, having recording rights and performing rights in their musical compositions, licensed the recording rights to motion picture producers and allowed ASCAP to handle exclusively the performing rights, which ASCAP licensed as a group under a blanket license to theatres. Thus, the copyright owners pooled all license fees on performing rights, which amounted to some 80% of all music in motion picture films. The defendant theatre asserted as a defense to an infringement action that the plaintiffs had extended their copyrights by their method of doing business, and that such practices gave them, through ASCAP, an economic advantage and control beyond that granted by the copyright laws. The court agreed that the plaintiffs tied their copyrights with other copyrighted music and thus had shared in rewards which were obtained from other copyrighted material. Instead of having a single monopoly of a particular piece of copyrighted music and the benefits which that might afford, every copyright owner of music in ASCAP had obtained the added economic power and benefit which the combined ASCAP control gave them and their associates. Thus, the court held that the plaintiffs had extended their copyrights beyond the copyright law and denied equitable relief to the copyright owner.

¹⁹ *Leo Feist, Inc. v. Young*, 138 F.2d 972 (7th Cir. 1943).

²⁰ 80 F. Supp. 843 (D. Minn. 1948), appeal dismissed 177 F.2d 515 (8th Cir. 1949).

IV. ANTI-TRUST ACTIVITIES

In the area of monopoly extension of the copyright by certain licensing practices of the copyright proprietor, most of the litigation has come up in private treble damage anti-trust actions, in which the courts consider whether the copyright proprietor has gone beyond his grant. Early Supreme Court cases condemned, as extending the copyright monopoly, imposition of price control over future sales of an article after passing title.²¹ The Supreme Court also condemned an agreement with the copyright owner, binding the distributor of copyrighted films, when licensing subsequent runs of films at other theatres to require the licensee to observe minimum admission price and to abstain from exhibiting the picture in a double bill.²²

Blockbooking was found to be beyond the grant of a single copyright monopoly in the landmark case of *U.S. v. Paramount Pictures, Inc.*²³ Blockbooking is the practice, by a motion picture distributor, of licensing copyrighted films in individual groups to exhibitors. The court in this case conceded that the copyright proprietor was not uniting one copyrighted film to an uncopyrighted film, but felt that conditioning the licensing of one film upon the licensing of another produced the same result and gave the copyright proprietor not only the reward due from licensing a single film, but also an extension of the monopoly by requiring the licensee to accept one or more other films.²⁴

Blanket licensing of the public performing rights of musical compositions, by the organization known as ASCAP, was held to be an addition to the monopoly of the copyright, in a 1948 anti-trust private treble damage action.²⁵ The court felt the case had all the same features as the *Paramount* case.

However, a license agreement whereby the copyright proprietor granted the exclusive right to distribute 16mm prints of thirty specific copyrighted motion pictures, with a provision requiring the licensee to order exclusively from the licensor, was held to be within the copyright grant.²⁶ The court reasoned that the copyright proprietor, by virtue of 17 USC, Sec. 1(d), had the exclusive right to reproduce the works and license or retain the right to reproduce its films, and it could not be said that the grant of a single license only enlarged the monopoly. The *Paramount* case was distinguished as a case where films were forced on the licensee, but the court in this case felt the licensee wanted "tied-in" service and only objected to purchasing it from the copyright owner.

Acquiring of performance rights to copyrighted "Gospel Music," by affiliation agreements with the copyright owners, by a major

²¹ *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1907); *Straus v. American Publishers Ass'n*, 231 U.S. 222 (1913).

²² *Interstate Circuit v. United States*, 306 U.S. 208 (1938).

²³ 66 F. Supp. 323 (S.D.N.Y. 1946). In *U.S. v. Loews, Inc.*, 83 S.Ct. 97 (1962), the Supreme Court held that blockbooking of copyrighted motion picture feature films to television companies was a compounding of the statutorily conferred monopoly, relying on the *Paramount* case. An attempt to distinguish the *Paramount* case, concerning movie exhibitors, on the ground that the films were being sold to television exhibitors and constituted less than 8% of the programming, was flatly rejected.

²⁴ See *Pape Television Co. v. Associated Artists Prod. Corp. & AAP, Inc.*, 277 F.2d 750 (5th Cir. 1960), where blockbooking was held to be monopoly extension.

²⁵ *Alden-Rochelle, Inc. v. American Soc. of Composers, Authors and Publishers*, 80 F. Supp. 888 (S.D.N.Y. 1948).

²⁶ *Cardinal Films, Inc. v. Republic Pictures Corp.*, 148 F. Supp. 156 (S.D.N.Y. 1957).

licensing organization and, in turn, blanket licensing of these rights was held to be an addition to the copyright monopoly.²⁷ The organization, in its affiliation agreements, agreed to reimburse the individual author-licensor by charging the expenses incurred from the collective licenses, deducting fifty per cent of the profits and allocating the remainder to the author-licensor according to his contribution. The rights were then licensed primarily to radio and television stations, which had the choice of taking one or a group. The court condemned this pooling of rights, because it made it possible for the copyright owner to set the price and share in the other's copyright, thus adding to the monopoly of the single copyright. The court also considered the procedure similar to blockbooking, which was condemned in the *Paramount* case, and admitted that while the organization did not refuse to issue a per piece license, it gave the user who must choose the blanket license as the lesser of two evils, no genuine choice between the two types of licenses. An anti-trust action was brought by a group of authors and composers against a similar major licensing organization, Broadcast Music Inc., but was dismissed in part because the plaintiffs were found to have no standing to sue.²⁸

Where the copyright owner of certain motion pictures granted an exclusive license to produce and distribute standard advertising accessories for the films, for a term of years, the Third Circuit found no copyright monopoly extension.²⁹ The court reasoned that because the standard accessories could be created and manufactured for only one motion picture, they were noncompetitive in nature and, therefore, no mere increase in the number of licenses obtained by one individual accomplishes a restraint upon trade or limitation in the course of supply. It is not entirely clear why this activity is not a monopoly extension beyond that granted in the copyright, since the copyright owner was controlling uncopyrighted advertising posters created by another, obviously a commercially competitive item. Such practices were clearly condemned by the *Morton Salt* case.

V. DEVELOPMENT OF THE MISUSE DEFENSE

Because a copyright is a limited monopoly which vests in the proprietor economic advantages that can easily be used to gain additional economic advantage, the problem of anti-trust violation is apparent. The early general rule of the *Harms* and *Vitagraph* cases, that an anti-trust violation is not a defense, has been considerably weakened. The more recent cases give recognition to the misuse doctrine and examine the question as to whether or not the copyright proprietor has extended his monopoly by entering into some contract, combination, or conspiracy to gain benefits beyond those granted in a single copyright.

The defense of misuse of copyright was asserted successfully in *Alfred Bell & Co. v. Catalda Fine Arts*.³⁰ The defendant, who reproduced color lithographs of the plaintiff's mezzotint engravings, defended, *inter alia*, on the ground that by reason of the plaintiff's

²⁷ *Affiliated Music Enterprises, Inc. v. Sesac, Inc.*, 160 F. Supp. 865 (S.D.N.Y. 1958).

²⁸ *Schwartz v. Broadcast Music, Inc.*, 180 F. Supp. 322 (S.D.N.Y. 1959).

²⁹ *L'wlor v. National Screen Service Corp.*, 270 F.2d 146 (3rd Cir. 1959).

³⁰ 74 F. Supp. 973 (S.D.N.Y. 1947), *aff'd* 191 F.2d 99 (2d Cir. 1951).

contracts with other members of the Fine Arts Guild to limit production and to maintain a minimum price, it had violated the anti-trust laws, had thereby misused the copyright, and should be denied relief. The district court considered the misuse of patent cases, but concluded that similar destruction of copyright monopoly for its misuse in violation of the Sherman Act had been consistently refused by the courts, the remedy under the anti-trust acts being exclusive. The court of appeals did not explicitly hold that the defense of misuse of copyright in violation of the Sherman Act either was or was not sufficient in law, but applied a novel balancing test. The court stated: "All the foregoing is important since recently the Supreme Court, in similar context, has given the 'unclean hands' doctrine a somewhat narrowed scope."³¹ It then stated:

We have here a conflict of policies: (a) that of preventing piracy of copyrighted matter and (b) that of enforcing the anti-trust laws. We must balance the two, taking into account the comparative innocence or guilt of the parties, the moral character of their respective acts, the extent of the harm to the public interest, the penalty inflicted on the

³¹ *Id.*, 191 F.2d at 106, citing *Kiefer-Stewart Co. v. Joseph E. Seagram & Sons, Inc.*, 340 U.S. 211, 214 (1950).

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plaintiff if we deny it relief. As defendants' piracy is unmistakably clear, while the plaintiffs' infraction of the anti-trust laws is doubtful and at most marginal, we think the enforcement of the first policy should outweigh enforcement of the second.³²

It is not clearly apparent from the facts why the court adopted the balancing test. Perhaps a more accurate test would have been to look to the earlier "unclean hands" cases and apply the exception suggested in the *Bentley* case by looking at the connection between the unlawful activities of the copyright proprietor and the role in those activities played by the copyright; and further, to apply the rule of the *Folmer* case by determining if a grant of relief would amount to invoking the aid of the court in furtherance of an illegal combination.

Where the copyright proprietor was seeking to recover damages for breach of a license agreement on copyrighted motion pictures, rather than equitable relief for infringement, an anti-trust violation was raised and the court indicated that this may be a good defense.³³ The license agreement included a schedule of admission prices and a provision that during the exhibition period the admission prices should be no less than the prices listed in the schedule. The defendant, Coomer, moved for summary judgment on the ground that the provision was illegal in violation of the Sherman Act. The court held that an issue of fact existed and denied the defendant's motion. It was suggested that an anti-trust violation might be a good defense, but concluded that this provision was reasonably and normally adapted to secure the copyright owner the pecuniary reward to which he was entitled under a copyright monopoly.

In an action for copyright infringement, the defendant admitted infringement, but asserted as an affirmative defense and counterclaim that by reason of the copyright proprietor's anti-trust violation, he had misused his copyright. The jury's instruction as to the plaintiff's conduct indicated that an anti-trust violation was a good defense.³⁴ Plaintiff, engaged in the manufacture, sale, and distribution of woolen goods, was suing on a copyrighted label. The defendant asserted, as an anti-trust violation, that by reason of an unlawful conspiracy to eliminate the defendant from competing against the plaintiff, the plaintiff had been guilty of "misuse" of such rights granted under the Copyright Act and should be denied any protection. The court stated:

The defenses are based on the doctrine of "unclean hands."³⁵ If the jury finds for the defendant on the counterclaim, then, since the special defenses would be a complete defense, the trial judge could entertain a motion to dismiss the complaint on the grounds that the jury's verdict disposed of the issues presented by the special defenses.³⁶

³² *Id.*, 191 F.2d at 106, citing *West 52nd Theatre Co. v. Tyler*, 178 F.2d 128 (2d Cir. 1949); *Turner Glass Corp. v. Hartford Empire Co.*, 173 F.2d 49, 53 (7th Cir. 1949); *Standard Oil Co. v. Clark*, 163 F.2d 917, 926 (2d Cir. 1947); *Interstate Hotel Co. v. Remick Music Corp.*, 157 F.2d 744 (8th Cir. 1946).

³³ *Columbia Pictures Corp. v. Coomer*, 99 F. Supp. 481 (E.D. Ky. 1951).

³⁴ *Forstmann Woolen Co. v. Alexander's Dept. Stores, Inc.*, 11 F.R.D. 405 (S.D.N.Y. 1951).

³⁵ *Id.* at 407, citing *Alden-Rochelle, Inc. v. American Soc. of Composers, Authors and Publishers*, 80 F. Supp. 888, 899 (S.D.N.Y. 1948); *General Elec. Co. v. Hygrade Sylvania Corp.*, 45 F. Supp. 714, 718 (S.D.N.Y. 1942).

³⁶ *Id.*, 11 F.R.D. at 407.

More recently, an anti-trust defense to a preliminary injunction was considered where a license agreement provision required the licensee not to release motion picture rights until all first class plays had closed, in conjunction with a dramatist guild agreement requiring its members to place such restrictions therein.³⁷ The defendant asserted that the restrictions were illegal, immoral and unenforceable, but the court granted the injunction on the ground that the restrictions were within the licensing power of the copyright owner, and found nothing contrary to public policy or in violation of law. It is significant, however, that the court considered the question as to whether the condition in the license agreement, along with the plaintiff's membership in the guild, was a violation of the Sherman Act, although it concluded that it was not.

Finally, in *United Artists Associated Inc. v. N.W.L. Corp.*³⁸ the plaintiff was a Delaware corporation licensing motion pictures to television stations. The defendant received, reproduced, and distributed television broadcasting signals carrying telecasts of motion pictures owned by the plaintiff and answered the infringement action asserting, *inter alia*, misuse as a defense. It is apparent, although not specifically set forth in the opinion, that the misuse alleged was some type of anti-trust violation, as the court referred to the long line of earlier cases which held that an anti-trust violation is not a defense in copyright actions. Plaintiff moved to strike from the defendant's answer, for insufficiency, the defense of misuse of copyright. However, the court held that the insufficiency of the defense was not clearly apparent, and stated the issue as follows:

Does misuse of copyright bar an infringement action whether or not the misuse also violates the anti-trust laws; and is the privilege to raise that defense grounded, not upon injury to defendant, but on the misused monopoly's unenforceability against anyone?³⁹

The court then stated:

While a court of equity will withhold relief against even a stranger to the misuse, where the patentee is using the patent privilege contrary to the public interest,⁴⁰ it is a substantial question whether a like rule, invocable in the same manner, is applicable to an action for infringement of copyright.⁴¹

The court then referred to *M. Witmark & Sons v. Jensen*⁴² and to *Alfred Bell & Co.*,⁴³ concluded that the insufficiency of the defense of misuse of copyright was not clearly apparent, and denied the defendant's cross-motion. This decision is significant in that it allows the defendant to have the question of misuse considered when the defense appears to be an anti-trust violation, thus indicating that some type of anti-trust conduct can be asserted in a misuse defense. Further, it takes cognizance of the misuse defense in a copyright infringement action.

³⁷ *Inge v. Twentieth Century-Fox Film Corp.*, 143 F. Supp. 294 (S.D.N.Y. 1956).

³⁸ 198 F. Supp. 953 (S.D.N.Y. 1961).

³⁹ *Id.* at 957.

⁴⁰ *Id.* at 958, citing *Mercoid Corp. v. Midcontinent Investment Co.*, 320 U.S. 661 (1944); *Mercoid Corp. v. Minneapolis-Honeywell Reg. Co.*, 320 U.S. 680 (1944); *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488 (1942).

⁴¹ *Id.*, 198 F. Supp. at 958.

⁴² *Supra* note 20.

⁴³ *Supra* note 30.

Other recent copyright cases indicate a willingness to consider the question as to whether or not the copyright proprietor has extended his monopoly. Copyrighted graphic charts used in combination with a recording thermometer, on which the patent had expired, was quickly condemned as an attempt to extend the copyright indefinitely.⁴⁴ The court reasoned that each new machine produced by the plaintiff would require a different chart with a different measurement, which afforded the excuse for obtaining another copyright, and thereby allowed the plaintiff to extend indefinitely the fifty-six years of protection.⁴⁵

The Supreme Court considered a misuse defense recently, in *Mazer v. Stein*.⁴⁶ The plaintiff, Stein, had copyrighted statuettes as works of art and subsequently used them for commercial exploitation as lamp bases. The defendant, Mazer who had substantially reproduced Chinese copies of the statuettes and embodied them in lamps, defended, *inter alia*, on the ground that, by reason of the plaintiff's commercial exploitation, he had misused his copyrighted work of art. The court held that this was not a misuse of the copyright, and in support thereof stated:

The copyright law, like the patent statutes, makes reward to the owner a secondary consideration."⁴⁷ However, it is "intended definitely to grant valuable, enforceable rights to authors, publishers, etc., without burdensome requirements; 'to afford greater encouragement to the production of literary (or artistic) works of lasting benefit to the world'.⁴⁸

The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors "Science and Useful Arts." Sacrificial days devoted to such creative activities deserve rewards commensurate with services rendered.⁴⁹

In *Greenbie v. Noble*,⁵⁰ plaintiff was the author of the book *My Fair Lady*, based on the life of Anna Ella Carrol. He brought an action for damages for infringement against the defendant, who had written and caused to be published a similar book. The defendant alleged misuse of copyrights based upon (1) depositing certain documents in the Maryland Historical Society and, thereby, keeping the materials out of the public domain and (2) controlling the copyright for *My Fair Lady* to preempt motion picture and fictional rights. The court held that the alleged misuse was no defense, since such deposit or control did not give the plaintiff a monopoly on the story of the life of Anna Ella Carrol. Therefore, it could not be used by her to extend it beyond its proper scope and, in fact, plaintiff did not enlarge the scope of the copyright monopoly so as to embrace features not covered by the copyright.

⁴⁴ *Taylor Instrument Co. v. Fowley-Brost Co.*, 139 F.2d 98 (7th Cir. 1943), cert. denied, 321 U.S. 785 (1943).

⁴⁵ See *Brown Instrument Co. v. Warner*, 161 F.2d 910 (D.C. Cir. 1947), where a similar attempt to sue on graphic charts was considered a monopoly extension.

⁴⁶ 347 U.S. 201 (1954).

⁴⁷ *Id.* at 219, citing *United States v. Paramount Pictures*, 334 U.S. 131, 158 (1948).

⁴⁸ *Id.*, 347 U.S. at 219, citing *Washingtonian Pub. Co. v. Pearson*, 306 U.S. 30, 36 (1939).

⁴⁹ *Id.*, 347 U.S. at 219.

⁵⁰ 151 F. Supp. 45 (S.D.N.Y. 1957).

Later, in *Ideal Toy Corp. v. J-Cey Doll Co.*,⁵¹ an interesting application of the misuse defense was based on an attempt to extend copyright protection. The plaintiff copyrighted a "Saucy Walker" doll, a doll having a distinctive head, and placed a copyright notice on the shoulder blades and at the nape of the neck, adjacent to the hairline. The defendant infringer asserted that because the doll's body had been published previously without a copyright notice, this subsequent notation was an attempt to extend the copyright protection to the doll's torso, as distinguished from the entire doll. The court dismissed this argument without discussion and allowed plaintiff recovery for infringement.

VI. CONCLUSION

Misconduct in acquiring material, and in the type of material copyrighted, was clearly established early in copyright actions as a valid defense for an infringer under the doctrine of "unclean hands." Initial refusal to consider anti-trust violation within this doctrine appears to have excluded all conduct which would have been considered misuse.

Several factors supporting the misuse defense were noted in the more recent decisions. These include: (1) successful assertion of misuse as a defense, (2) characterization of copyright licensing practices in anti-trust actions as monopoly extensions, (3) allowance of anti-trust violations as valid defenses and (4) consideration of various monopoly extension arguments.

The practice of grouping copyrighted performing rights in ASCAP, and sharing in the rewards, was held to be a copyright misuse in *M. Witmark and Sons*, one of two cases found where the misuse defense was successfully asserted. In private actions for anti-trust violations, the courts devoted considerable time to the question of copyright monopoly extension. It is significant that activities such as blockbooking of films and blanket licensing of performing rights were clearly condemned as copyright monopoly extensions.

The indication, by more recent decisions, that the *Harms* case rule, which excludes anti-trust violations from the "unclean hands" defense, is no longer followed gives substantial weight to the proposition that there is a misuse defense. The *Alfred Bell* case, one instance where the misuse defense was adopted, accepted price fixing as a misuse. Although it is questionable whether the balancing test adopted in that case indicates use of "unclean hands," it is believed that application of some of the earlier "unclean hands" tests would have allowed application of the doctrine of misuse.

It is significant that in recent decisions the courts have given careful consideration to an assertion by an infringer that the copyright proprietor has extended his monopoly. The most important of these cases is the full consideration of misuse given by the Supreme Court in 1954, in *Mazer v. Stein*.

In view of these factors, it is suggested that the doctrine of "unclean hands" does extend to misuse in copyright actions. However, in view of the limited number of decisions on this precise issue, the character of misconduct which might amount to misuse is by no means yet defined.