Shaw v. Berman, [1997] O.J. No. 829

Ontario Judgments

Ontario Court of Justice (General Division)

Pitt J.

Heard: December 9-12, 1996.

Written submissions: January 16, 1997.

Judgment: March 3, 1997.

Court File No. 45222/90

[1997] O.J. No. 829 | 144 D.L.R. (4th) 484 | 28 O.T.C. 244 | 72 C.P.R. (3d) 9 | 69 A.C.W.S. (3d) 767

Between Artie Shaw, plaintiff, and Brigitte Berman, Bridge Film Productions Inc., RCA Records Label a division of BMG Entertainment and Donald Haig, defendants

(21 pp.)

Case Summary

Contracts — Agreements that are not contracts — Copyright — Fees charges or royalties.

Berman was a Toronto film maker who did a documentary on the life of Shaw with his cooperation. Berman spent $70,000 of her own funds and paid, by agreement, for the right to use certain of Shaw's unreleased musical recordings in making the film. The film was an unexpected commercial success and won an Academy Award. Production costs were $255,000; revenues to date were $145,000. Shaw claimed a share in profits and license fees from songs allegedly used without consent.

HELD: Action dismissed.

There was no agreement for profit participation by Shaw. Shaw was not entitled to license fees. This was not a case of appropriation of personality.

Statutes, Regulations and Rules Cited:

Copyright Act, R.S.C. 1985, c. C-42, ss. 14.01, 28.02. World Trade Organization Implementation Act.

Counsel

Mark Joseph, for the plaintiff. Douglas Turner, Q.C., for the defendants, Brigitte Berman and Bridge Film Productions Inc. George Campbell Miller, for the defendant, Donald Haig.

PITT J.

1 The defendant Brigitte Berman ("Berman"), a Toronto film maker, made a documentary (i.e., a factual realistic film based on real events, places and circumstances intended primarily to record and to inform) about the life of the plaintiff Artie Shaw ("Shaw"), an American entertainment icon. The film was called "Artie Shaw - Time Is All You've Got".

2 Shaw made himself available to Berman at his California residence for interviews, filming and recording and also suggested names of resource people to her and generally cooperated with Berman in the making of the film. All costs associated with these meetings were borne by Berman. Obviously Berman thought and still does think that Shaw's life story was an important one. Equally Shaw learnt to appreciate and still admires Berman's film-making talents.

3 Shaw's major talent as chronicled in the film was musical and accordingly his music was used in the film to celebrate his life. Perhaps the most noteworthy consequence of the making of the film was a rekindling of interest in Shaw's music.

4 As is not unusual among artists, not much of their understanding of each other's rights and obligations was committed to writing. In fact, what follows constitutes their entire written "agreement".

May 8, 1982

To Whom it May Concern:

This is to confirm the fact that Brigitte Berman's documentary film on me is being done with my cooperation and under my authorization.

[Signed] Shaw

August 15, 1984

Brigitte Berman

44 Charles St. West, Apt. 2518

Toronto, Ontario

Canada M4Y 1R7

Re: Artie Shaw: "Time Is All You've Got"

Dear Brigitte:

This will confirm that I am allowing you the exclusive right to use the following unreleased recordings owned and controlled by Artie Shaw for the sole and single purpose of synchronizing the music in timed relation to the above entitled film.

1. Nightmare (Artie Shaw Orchestra Theme written by Artie Shaw).
2. Traffic Jam (written by Artie Shaw and Teddy MacRae).

3. A recording from a concert held in Santa Barbara, Cal., entitled "I Surrender, Dear."
4. An announcement of that concert by Jennifer Carey.
5. 1938 recording of Artie Shaw's orchestra of "Stardust"; plus a clarinet cadenza performed by Artie Shaw as part of the ending of a recording by Artie Shaw and his Orchestra of "These Foolish Things."
6. 1938 recording of Artie Shaw and his Orchestra of "Everything's Jumpin'" composed and arranged by Artie Shaw; or

6a. 1938 recording of "Digga Digga Doo", arranged by Artie Shaw.

The fee to you for your use of any of these recordings in part or in their entirety only in the soundtrack of the above entitled film is $675.00, plus the costs of recordings and shipping for which you will be billed. The fee and costs shall be paid after receipt by you of the recorded tapes which shall be returned to Artie Shaw at your cost upon your completion of the soundtrack of the film. Artie Shaw will be accorded appropriate screen credit on the film for these titles.

You will store these recordings and use them in a technically satisfactory manner so as to avoid damage to them so that the tapes will be returned to Artie Shaw in the same condition as you received them.

As the producer of the film you will arrange use fees for the above materials with publishers and/or copyright holders; and also log with ASCAP a cue sheet including these titles, crediting writer(s) and composer(s).

Cordially yours,

Artie Shaw Orchestra, Inc.

By: Signed

Artie Shaw, President

5 It would be a gross understatement to say that Berman worked extremely hard to make the film. She made it between the spring of 1982 and the fall of 1984. During most of this period - up to the spring of 1984 - she carried a full-time job as a Producer-Director at the Canadian Broadcasting Corporation in Toronto. In the spring of 1984 she felt that she could no longer handle both assignments and decided to spend all her time and not a little of her own money in completing the film. Her testimony was that the expenses incurred in the making of the film were approximately $255,000 of which:

$ 70,000 came from her own savings

50,000 came from a private investor

40,000 came from the Canada Council

15,000	came from the Ontario Arts Council
80,000	came from Deferred salaries other than that of Berman's and material costs
$255,000	

6 No funding was provided by Shaw. Indeed, by agreement, he charged Berman for some of his costs. He also made a loan of $1,300 to her for expenses she incurred unexpectedly while in California. This loan was later repaid.

7 While Berman did not allocate a cost to her own labour, it would have been substantial. In addition to long hours of filming, research and editing, the making of the film involved frequent travel to the U.S. and one visit to Spain where Shaw had resided for some short period of his life.

8 The description of the film as a "labour of love" is justified by Berman's dedication to its creation and by her obvious delight in the pursuit of her objective. Out of approximately 200,000 feet of film footage the final product was approximately 4,000 feet. Shaw did what he was asked reasonably to do, but was not, of course, required to contribute more than several days of his time to the making of the film and participate in sporadic follow-up telephone conversations. In making the film, Berman did not attempt to create what she described as a "music video". Perhaps for this reason and (since no other was offered) perhaps because of their "reading" of the entertainment market, neither party expected the film to be a commercial success. So too, although they both recognized its artistic merit, neither party appears to have expected the film to be accepted as a major contribution to the world of art.

9 Between 1985 and the winning of an Award in February 1987, the film produced the following revenues:

From the British Broadcasting Corp. 6,500 (approx. Cdn $13,000)	
From Swedish Film Institute	US $ 2,000
From a Spanish film award	US $ 8,000
From the C.B.C.	Cdn $50,000

From H.B.O.	US $40,500

10 In March 1987, the film won an American Academy Award as the Best Feature Documentary for 1986. This naturally made the film more marketable. Berman promoted it with all the skills and resources at her disposal, including the retention of the services of an international sales representative for overseas marketing. In consequence of these marketing initiatives, the film was shown throughout most of Europe where it produced revenues of US $40,000 less 25% distribution cost, again by the B.B.C. in Britain where it earned an additional 5,000 (approx. Cdn $10,000), and by C.T.V. in Toronto which paid Cdn $20,000 in 1992 for a licence to televise it. With the additional revenues earned from the sale of video, the film, according to the testimony of Berman, has earned to date approximately $145,000.

11 The parties agree that Shaw's interest in capitalizing on the film's actual and potential earnings was triggered only by its Academy Award. After some telephone conversations, Shaw communicated with Berman through his counsel on November 15, 1987 advising Berman's counsel, inter alia, that:

> ... So as not to cause confusion with Lloyds and HBO/Cinemax this letter confirms that Artie Shaw has a 35% profit participation in the motion picture and that profits shall be deemed to have been made after recoupment of negative costs and Ms. Berman's salary which I understand is deferred compensation.

12 It is not disputed that Berman at no time acknowledged any obligation to share profits with Shaw, who admits that the figure of 35% was what he unilaterally considered reasonable. Up to the time that letter was written, Shaw's claim to share in the profit from the film was based on the contention that he would have included such a provision in the agreement if he had anticipated that the film would be exploited commercially, or if he had believed that Berman had even considered such a possibility. Since he did not allege a promise by Berman to not exploit the film commercially, the inevitable conclusion from his testimony is that the reason the film would not be commercially exploited was that it had no commercial value. That the film has earned approximately $145,000 during a nine-year period while its production costs, excluding Berman's salary, are approximately $255,000 may speak mountains about the prescience of both parties. The transmission of this financial information by Berman to Shaw might have nipped this lawsuit in the bud. It is clear that the predominant purpose of this film was a celebration of Shaw's life, which was, by any standard, remarkable.

13 Shaw called as a witness Paul Jeffrey Brownstein, who advised the court in the early afternoon on the first day of the trial that it was vital that he return to California on that day. He was not under subpoena and was accommodated by testifying first in the proceedings. Although without Curriculum Vitae, counsel for the plaintiff attempted to qualify Mr. Brownstein as an expert "distributor for films and videos in television". In view of the limited time available I received the evidence and reserved the decision to qualify him. On the basis of his testimony, I find that Mr. Brownstein did not qualify as an expert in the distribution of documentary films. However, he had substantial experience in marketing "music programming" to use his own words. The sum total of his evidence was that the film could have earned more than it did earn, approximately US $300,000 if he had been marketing it.

14 Shaw has advanced another basis for his claim for compensation. This new head of damages was finally incorporated in his "fresh as amended statement of claim" received by the defendants on October 20, 1996. In the new claim, RCA Victor is joined as a defendant and Shaw seeks license fees from Berman for certain songs used in the film. The songs were allegedly used without the consent of Shaw or RCA. Shaw's counsel advised the court at the opening of the trial that RCA is a nominal party only. It was joined as a defendant because it refused to be a plaintiff. The explanation for its requirement as a party is that RCA owns the rights to the disputed songs and it would have been entitled on behalf of itself and Shaw to collect license fees from Berman for the use of those songs, which it did not do. No explanation was given for RCA's lack of interest in pursuing those rights but it would

not be unfair to assume that it either did not consider them enforceable or their monetary value significant, or perhaps both. In any event, Shaw has advised the court that he seeks no relief against RCA.

15 The parties have agreed that the issues which I must determine are as follows:

1. Were there any additional agreements beyond the agreement set out in the May 8, 1982 letter?
2. If the answer to question #1 is in the affirmative, what are the terms of the additional agreements?
3. Were there any breaches of the terms of the additional agreements?
4. If the answer to question #3 is in the affirmative, what were the damages, if any, suffered? (Fortunately I was spared the responsibility of assessing the quantum of damages, which would be referred to the master.)
5. Is the plaintiff entitled to any license fees from the songs allegedly used in the film without consent?

Analysis of Issues

Issue 1.

16 The document of May 8, 1992 is written confirmation that Shaw had given Berman his verbal authorization to make the film and that he was cooperating and presumably intended to continue to cooperate with Berman in the project.

17 The letter of August 15, 1984 can be described, if not as an "additional agreement", certainly as an amplification or "fleshing out" of the authorization of May 8, 1982. By this letter Shaw confirmed that he was granting to Berman the "exclusive right to use" a number of "unreleased recordings owned and controlled by Artie Shaw for the sole and single purpose of synchronizing the music in timed relation to the ... film". The most important provision in this letter was the requirement that Berman would "arrange use fees" for the recordings with publishers and/or copyright holders and also "log with the American Society of Composers and Publishers (ASCAP) a cue sheet including these titles crediting writers and composers".

18 The oral communications between the parties after August 15, 1984, and the letter from Shaw's counsel on November 15, 1987, purporting to "confirm" that Shaw had a 35% profit participation in the film cannot, by any canon of construction, be deemed to constitute an agreement of any sort. In fact, Shaw has not even attempted to persuade the court that such an agreement exists.

19 The answer to the first question posed therefore has to be that there was no substantive additional agreement. The communications between Shaw and Berman from May 1982, to August 15, 1984, merely clarified and expanded upon the conditions on which Shaw gave Berman his authorization to make the film and upon which Shaw was willing to cooperate with Berman. The later communications simply confirm Berman's unwillingness to enter into a profit or income sharing arrangement.

Issues 2, 3 and 4:

20 Since I have found that there was no additional agreement, the second, third and fourth questions need not be answered.

Issue 5:

21 Issue five presents greater difficulties, for it involves not only the interpretation of the August 15, 1984, letter referred to earlier, but both the broad issue of the right of an artist to license fees in circumstances of this nature

and the less significant factual issue of whether Berman used the disputed songs in circumstances in which Shaw's right to license fees, if it did exist, would be triggered.

22 Berman's short answer is that she complied with the conditions of the August 15, 1984, letter by obtaining the necessary consents to use all the recordings for which consent was required, and that in all other cases she used primarily live performances taken from Aircheck[1] recordings, and a small number from Vitaphone[2] film clips. The ownership of the rights to those recordings was not ascertainable and in any event neither Shaw nor RCA has any right to license fees from the use of those recordings.

Shaw's position on Issue #5:

23 It is common ground that under the Copyright Act, R.S.C. 1985 c. C-42, as amended by the World Trade Organization Implementation Act publishing rights and performing rights inhere in recorded music performances. By the letter of August 15, 1984, Shaw had made compliance with both those rights a condition of his authorization to use the recorded music performances. Berman accepted the condition, but cleared only performing rights and even with respect to those rights she cleared them for only some of the performances. The use of the Aircheck recordings is an infringement of Shaw's rights under ss. 14.01 and 28.02 of the amended Copyright Act, which came into force on January 1, 1996 and provides retrospective protection for a period of 50 years. It is not necessary to prove specific damages in an infringement action as damages are at large. See Standard Industries Ltd. v. Rosen [1955] O.W.N. 262 at 269 (H.C.). Damages may be awarded even where the infringement made no profit. See Fletcher v. Polker Dot Fabrics Ltd. (1993), 51 C.P.R. (3d) 241 at 254-255 (Ont. Gen. Div.).

Berman's position on Issue #5:

24 Shaw did not produce any agreement with RCA. There was no evidence before the court of any rights of RCA. There was no evidence of a chain of title to any of the performances in which Shaw claimed ownership.

25 Shaw claimed rights to performances which were made 50 or more years ago and there is contradictory evidence as to whether the source of the recordings is RCA (Shaw) or Aircheck and Vitaphone. Since Berman actually mixed the music into the film, her evidence that the source of the contested performances was Aircheck and Vitaphone is more persuasive.

26 There was no evidence of Shaw's ownership of the performances for which he is claiming license fees. Sections 14.01 and 28.02 of the Copyright Act are prospective and not retroactive. The clear wording of s. 14.01 says that the new rights are only prospective - from January 1, 1996. The case law, e.g., Re Mercier and Mercier v. McCannon, [1953] O.R. 698 and Danver v. United Drag (1924), Ex. C.P. 141 support the proposition that new legislation in general is presumptively prospective only. Indeed, the learned author of Hughes on Copyright and Industrial Design [loose leaf] (Markham, Ont.: Butterworths, 1984) at 638 states categorically that:

> Performers' rights arise only where the performance took place in a World Treaty Organization country on or after January 1, 1996 or the date when such country joined that Organization, whichever is later.

Analysis and General Comments

27 I accept Berman's evidence on the source of the contested performances, but do not regard it as critical. I find Shaw's attempt to enhance his claim by adding RCA as a defendant to be ineffectual, whether on the basis of the Copyright Act or on the principles of tort or contract. Shaw cannot enforce RCA's unclaimed, dubious rights by making the latter a defendant.

28 The most reasonable construction of the last paragraph of Shaw's letter of August 15, 1984, in light of the earlier authorization, is that Shaw would not be responsible for any liability which Berman might incur for failing to obtain licenses or consents that might be required from third parties. It could not be interpreted as imposing an obligation on Berman to pay license fees to Shaw.

29 The interpretation which Shaw urges upon this court would, in addition, be inconsistent with the sentiments expressed in Krouse v. Chrysler Canada Ltd. (1947), 1 O.R. (2d) 225; 40 D.L.R. (3d) 15 where the Court of Appeal expressed disapproval of an invasion of the plaintiff's exclusive right to market his personality without his consent; the clear inference being that the activity would have been acceptable if his consent had been obtained.

30 It is not surprising that the parties have been unable to provide the court with any precedent that would be of real assistance. The circumstances surrounding the dispute appear to be unique.

31 I also find support for my views in a timely and erudite judgment Posen, Executor and Trustee of the Last Will and Testament of Glenn Gould, deceased et al. v. Stoddart Publishing Co. Limited et al., indexed as Gould Estate v. Stoddart Publishing Co. 30 O.R. (3d) 520, in which Lederman J. in discussing the tort of appropriation of personality had this to say at p. 527:

> In the end then, and perhaps at the risk of oversimplifying, it seems that the courts have drawn a "sales vs. subject" distinction. Sales constitute commercial exploitation and invoke the tort of appropriation of personality. The identity of the celebrity is merely being used in some fashion. The activity cannot be said to be about the celebrity. This is in contrast to situations in which the celebrity is the actual subject of the work or enterprise, with biographies perhaps being the clearest example. These activities would not be within the ambit of the tort. To take a more concrete example, in endorsement situations, posters and board games, the essence of the activity is not the celebrity. It is the use of some attributes of the celebrity for another purpose. Biographies, other books, plays, and satirical skits are by nature different. The subject of the activity is the celebrity and the work is an attempt to provide some insights about that celebrity. [Emphasis added.]

32 While the situation before me is not identical, I find that the issue presented to Lederman J. was sufficiently similar to the one before me to warrant a similar disposition.

33 The answer to the question posed in Issue #5 is in the negative.

34 The action is dismissed with costs to be assessed unless there is some offer to settle or some other agreement that the parties need to bring to my attention.

PITT J.

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1 Aircheck refers to recordings made of live performances either at the place where the live performances are carried out or through a radio broadcast of the live performances.

2 Vitaphone refers to short movie clips of four or five songs.

End of Document