

Appellant Urantia Foundation (“Urantia”) submits this reply brief in response to the brief of appellees Michael Foundation, Inc. and Harry McMullan III (together, “McMullan”).

### **STANDARD OF REVIEW**

Without citing a single case addressing copyright validity, McMullan argues that the “any substantial evidence” test applies merely because the judgment below was based on a jury verdict. (McMullan Br. 8-9.) That standard does not apply, however, because here the material facts are undisputed. The issue on appeal, therefore, is whether, in the absence of disputed facts, *The Urantia Book* (“TUB”) is a composite work or a commissioned work as a matter of law. Hence, the *de novo* standard of review applies.

In addressing copyright validity, appellate courts do not apply the deferential standard of review that applies to trial court findings of fact. “In reviewing a determination that a work was or was not done for hire, we are not bound by the ‘clearly erroneous’ standard.” *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1215 n.5 (2d Cir. 1972). *Accord, Donaldson Pub. Co. v. Bregman, Vocco & Conn*, 375 F.2d 639, 641 (2d Cir. 1967). McMullan brushes aside *Picture Music* and *Donaldson*, stating “neither involved appeal from a jury verdict (both arose from bench trials).” (McMullan Br. 9.) McMullan similarly ignores *Easter Seal Soc. v.*

*Playboy Ent.*, 815 F.2d 323, 334 n.18 (5<sup>th</sup> Cir. 1988), because it arises “from a grant of summary judgment.” (McMullan Br. 9.)

McMullan misses the point, however. That the appellate courts did not apply the deferential standard of review demonstrates that where material facts are undisputed, the classification of a work is a legal question reviewed *de novo*. If copyright validity issues in *Picture Music* and *Donaldson* had been reviewable as ordinary findings of fact, then the deferential standard of review would have applied. Indeed, in *Easter Seal* the Fifth Circuit cited *Picture Music* and *Donaldson* for the proposition that validity is “a legal conclusion, reviewable *de novo* in the court of appeals.” 815 F.2d at 334 n.18. The *Easter Seal* court’s ability to resolve copyright validity on summary judgment is not a distinction, as McMullan argues, but instead shows that when the material facts are undisputed, validity is an issue of law for the court. *See also Urantia Foundation v. Maaherra*, 114 F.3d 955 (9<sup>th</sup> Cir. 1997) (determining *The Urantia Book* is a composite work as a matter of law).

Significantly, McMullan cites no cases holding that determining how to categorize a work is a factual issue subject to the deferential standard of review. (McMullan Br. 8-9.) Each of McMullan’s cases considered a challenge to the weight or sufficiency of the evidence on matters unrelated to copyright validity, and those cases are not even arguably relevant here. *See Harold Stores v. Dillard*

*Dep't Stores*, 82 F.3d 1533, 1547 (10<sup>th</sup> Cir. 1996) (appellant argued “the evidence was insufficient to support the copyright damages award”); *Harris Mkt. Research v. Marshall Mktg. & Communications*, 948 F.2d 1518, 1522 (10<sup>th</sup> Cir. 1991) (district court did not abuse its discretion in holding evidence supported jury verdicts and that verdicts were not inconsistent); *Kleier Advertising v. Premier Pontiac*, 921 F.2d 1036, 1039-40 (10<sup>th</sup> Cir. 1990) (appellant argued jury should have awarded greater damages); *Mamiye Bros. v. Barber Steamship Lines*, 360 F.2d 774, 777 (2d Cir. 1966) (applying *de novo* review to conclusion that pier operator was not negligent for failing to anticipate hurricane).

Numerous authorities confirm that the ultimate question of copyrightability is an issue of law for the court, subject to *de novo* review. Foremost among them is the treatise by McMullan’s counsel:

A threshold issue in any infringement case is the copyrightability of the plaintiff’s work. Reasoning from patent law, Judge Easterbrook opines that *that decision is for the judge alone*; “the jury has nothing to do with this subject.” Other authority supports the view that to the extent that the defendant . . . urges other . . . legal challenges to copyright subsistence, *these matters should be resolved solely by the judge*. But threshold factual determinations in this regard, of course, are for the jury.

3 *Nimmer on Copyright* § 12.10[B][1] at 12-147 (2001) (emphasis added).

Numerous cases hold that the ultimate question of how to categorize a work for copyright purposes is reviewed *de novo*. See *Kirk v. Harter*, 188 F.3d 1005 (8<sup>th</sup> Cir. 1999) (question of “work for hire” status is reviewed *de novo*); *Graham v.*

*James*, 144 F.3d 229, 235 (2d Cir. 1998) (same); *Hi-Tech Video Prods. v. Capital Cities/ABC*, 58 F.3d 1093, 1095 (6<sup>th</sup> Cir. 1995) (same); *Marco v. Accent Pub. Co.*, 969 F.2d 1547, 1548 (3d Cir. 1992) (same).

Thus, the *de novo* standard of review applies to whether, based on the undisputed facts, *TUB* is a composite work and/or a commissioned work, and Urantia's copyright is therefore valid.

#### **I. THE URANTIA BOOK IS A COMPOSITE WORK.**

McMullan argues *TUB* cannot be a composite work because of a claimed “requirement that a ‘composite work’ have multiple authors.” (McMullan Br. 19.) The treatise and cases alike reveal no such “requirement.” Instead, as McMullan concedes in a more candid passage in his brief, multiple authors are merely “typical” of composite works. (*Id.* at 15.) The test of a composite work is whether it is composed of distinguishable works capable of being individually copyrighted, not whether it has multiple authors.

This test, applied by examining the work itself, leads inexorably to the conclusion that the Urantia Papers are distinguishable works. The individual papers constitute distinct works covering a myriad of subjects. Indeed, the only judge ever to have performed this analysis reached precisely this conclusion (*Urantia Foundation v. Maaherra*, 895 F. Supp. 1347, 1354 (D. Ariz. 1995)), and this aspect of his holding was upheld by the Ninth Circuit. 114 F.3d at 961, 964.

Despite this precedent, McMullan makes no effort to analyze or compare the 196 Urantia Papers. Instead, he cites testimony by various witnesses who believe that the papers collectively constitute a revelation from celestial beings and that *TUB* is consequently a unified work. This testimony, however, reflects the witnesses' *religious beliefs*, not an analysis of the components of the book, and is not probative of the work's copyright status. In view of Urantia's evidence (chiefly, *TUB*), McMullan, the plaintiff below, failed to meet his burden of proving that *TUB* is *not* a composite work. Because the book is a composite work, Urantia's 1983 copyright renewal was proper, and Urantia retains a valid copyright in *TUB* today.

**A. Composite Works Do Not Require Multiple Authorship.**

McMullan's principal argument is that *TUB* cannot qualify as a composite work because it lacks multiple authors. (McMullan Br. 15-21.) The treatise by McMullan's counsel, however, flatly contradicts this assertion:

At least within the context of [copyright renewal] it seems clear that a "composite" work is the equivalent of what is referred to elsewhere in the present [1976] Act as a "collective" work.

3 *Nimmer on Copyright* § 9.03[B], at 9-17 (2001).

It is not necessary that the contributions [to a collective work] emanate from different authors. A collective work may consist of "collections of the discrete writings of the same authors. . . ."

1 *Nimmer on Copyright* § 3.02, at 3-7 (quoting H.R. Rep. 94-1476, 94th Cong., 2d Sess. 1976, at 122, 1976 U.S.C.C.A.N. 5659, 5737). Thus, the lower court correctly held that a composite work need not have multiple authors. App. 269.<sup>1</sup>

Case law also contradicts McMullan’s assertion that a composite work requires multiple authors. Several of the cases cited in Urantia’s initial brief involved composite works consisting of components written by a single author. *See, e.g., Markham v. A.E. Borden Co.*, 108 F. Supp. 695 (D. Mass. 1952), *rev’d*, 206 F.2d 199 (1<sup>st</sup> Cir. 1953) (catalogs comprised of illustrations and descriptions authored solely by C.R. Markham comprised composite work); *King Features Syndicate v. Fleischer*, 299 F. 533, 534-35 (2d Cir. 1924) (collection of cartoons authored by a single employee were protected as components of a composite work). In *Markham*, the court specifically rejected the argument, now raised again by McMullan, that the Learned Hand *dicta* require multiple authorship for composite works. (McMullan Br. 15.) The Court stated: “We agree with this statement [by Judge Hand] but *essentially* it means that ‘composite works’ are those which contain *distinguishable parts which are separately copyrightable.*” 206 F.2d at 201 (emphasis added). The court then rejected the precise argument

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<sup>1</sup> If the district court had disagreed and held instead that a composite work requires multiple authorship, Urantia presented evidence that *TUB* contains separately authored “Titles of the Book” and “Contents of the Book” sections capable of sustaining separate copyrights.

advanced by McMullan: “There is nothing in the statute to indicate that the protection of component parts is limited to composite works whose parts are separately authored.” *Id.*

McMullan notes that *Markham* was decided under Section 3 of the 1909 Act, not Section 24. This is a distinction without a difference. A composite work cannot mean one thing under Section 3, and something else under Section 24. *See Enfield ex rel. Enfield v. A.B. Chance Co.*, 228 F.3d 1245, 1251 (10<sup>th</sup> Cir. 2000) (identical terms within statute bear the same meaning throughout).<sup>2</sup>

Although McMullan cites *Cadence v. Ringer*, 450 F. Supp. 59 (S.D.N.Y. 1978), *Cadence* does not hold that multiple authorship is required and, in any event, is not good law on composite works. In *Cadence*, the court deferred to the personal viewpoint of the then-Register of Copyrights on the meaning of “composite work,” the Hand *dicta* rejected in *Markham*, and the Copyright Office’s *Compendium* of office rules in support of a remark in *dicta* that a composite work requires multiple authorship. *Cadence*, 450 F. Supp. at 63. All of these bases, however, are flawed.

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<sup>2</sup> *Rexnord, Inc. v. Modern Handling Systems, Inc.*, 379 F. Supp. 1190, 1195 (D. Del. 1974) simply described *Markham* as holding that a catalog is a composite work.

First, *Maaherra* rejected *Cadence* and held that the Register’s view that written conveyances were required between contributing author(s) and a composite work proprietor was incorrect. *Maaherra*, 114 F.3d at 961.

Second, *Cadence* relies upon the *Hand dicta* to conclude that a composite work requires multiple authors, while ignoring *Markham*’s rejection of that view.

Third, *Cadence* relies upon the Copyright Office *Compendium*, which carries no weight in the face of the contrary holding in *Markham*. See *Bartok v. Boosey & Hawkes, Inc.*, 523 F.2d 941, 946-47 (2d Cir. 1975) (giving no weight to a definition of “posthumous” appearing on a Copyright Office form, stating “the Copyright Office has no authority to give opinions or define legal terms”).

Finally, *Cadence* is at odds with Nimmer’s treatise on copyright law. As shown above, the treatise rejects the view that a composite work (also referred to as a collective work) requires multiple authorship. In sum, the *Cadence dicta*’s flawed discussion of composite works is entitled to no weight.

McMullan’s reliance on *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 206 F.3d 1322 (9<sup>th</sup> Cir. 2000), *cert. denied*, 531 U.S. 1126 (2001),<sup>3</sup> is unwarranted because no one in *Ananda* argued that any book was a composite work. “The books are not periodical, composite or encyclopedic

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<sup>3</sup> Judge Schroeder authored both *Maaherra* and *Ananda*, suggesting that she viewed the decisions as consistent.

works, *nor does SRF contend that they are.*” *Ananda*, 206 F.3d 1329 (emphasis added). Whereas the Ninth Circuit in *Maaherra* accepted the district court’s conclusion that “[t]he Urantia Papers are obviously ‘distinguishable parts,’” 895 F. Supp. at 1354, no one contended the books in *Ananda* were comprised of distinguishable parts. Thus, *Ananda* is inapplicable.

**B. *Maaherra* Is Persuasive.**

As shown above, the *Maaherra* district court analyzed the Urantia Papers and concluded that they are distinguishable parts which are separately copyrightable. Not only did *Maaherra* involve the same work before this Court, it is the *only* reported case to address whether a work qualifies for copyright renewal as a composite work.

McMullan ignores *Maaherra* almost completely (*see* McMullan Br. 14-29), and devotes no meaningful attention to the legal question at hand: are the papers within *TUB* separately distinguishable parts? McMullan’s sole description of the book’s contents glosses over this issue, merely asserting that *TUB* “endeavors to tell a single, unified story of [1] God, [2] the universe in which we live, and [3] the history of Man on this earth.”<sup>4</sup> (McMullan Br. 3; numbering added.) McMullan fails to cite any record support for this statement, which contrasts with his

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<sup>4</sup> This statement is perplexing; composite works such as *The World Book* encyclopedia also devote attention to God, the universe, and history.

characterization of the book as a “repository” of diverse information (App. 1197) that contains a “great deal of factual information.” (App. 3096; *see also* App. 3475-76 (book used as reference work).)

**C. *The Urantia Book Meets the Definition of a Composite Work.***

Urantia’s initial brief reviewed the content of the Urantia Papers to establish that the various papers tell a number of separate stories and articulate numerous presentations of fact. (Urantia Br. 34-35.) In response, McMullan ignores the papers entirely. Because this subject is centrally important to the outcome of the composite work analysis, Urantia further illustrates the separate and independent nature of individual papers.

One paper, entitled “The Seven Superuniverses” contains a detailed description of the universe. (App. 2410/164-83.) In contrast, another paper, “The Marine-Life Era on Urantia” (App. 2410/672-84), does not touch on the universe, describing instead the 250,000,000-year Paleozoic era on earth. (App. 2410/672.) These papers are clearly distinct from the paper “Primitive Human Institutions” (App. 2410/772-82), which describes human rather than natural history, including the dawn of industry, the specialization of labor, and the beginning of trade. Another paper, “Melchizedek Teachings in the Orient” (App. 2410/1037-41), discusses eastern philosophies, including sections on the Hindu Religion, Confucius, Gautama Siddhartha, Buddhist Philosophy, and others. These papers

are obviously distinguishable for copyright purposes. The same analysis applies to other individual Urantia Papers.

Indeed, McMullan’s publication of only the final 76 papers as a separate work, under a notice of copyright asserted by Michael Foundation, confirms that parts of the book are separable and that the book’s components are separately copyrightable. Thus, *TUB* is a composite work because it consists of distinguishable parts that are separately copyrightable. *See Maaherra*, 895 F. Supp. at 1354.

**D. McMullan Has No Probative Evidence of Writer Intent.**

Failing to rebut Urantia’s showing that the papers are separate and distinct works, McMullan instead argues that “intent of the author,” a factor used for determining joint works, should govern composite work analysis. (McMullan Br. 28.) McMullan contends that, notwithstanding the inherently distinct nature of the individually-titled papers, if the subject intended the papers to be inseparable — like chapters in a novel — then the jury’s verdict must be upheld. (*Id.*)

In addition to the absence of case law supporting McMullan’s legal theory that author intent should prevail, McMullan has no evidence of the subject’s claimed intent that the papers merge inseparably to form a single work. Each of McMullan’s record citations refers to testimony by readers of *TUB* concerning their belief that the contents of the book comprise a celestial revelation.

(McMullan Br. 25-26, citing App. 2404; 2776; 2778-79; 2781-82, 2784; 2789-91; 3172-73; 3410.) The opinions of these readers of *TUB* are matters of religious belief and do not evidence the nature of the work for copyright purposes.<sup>5</sup> Nor do their beliefs evidence author intent.

Apparently recognizing his lack of evidence of author intent, McMullan asserts that there was an announcement in 1924 of plans to create the Urantia Papers and *TUB*. (App. 711.) But any such announcement does not alter the composite nature of *TUB* and its constituent papers. The purpose of copyright protection for composite works under Section 3 of the 1909 Act was to protect component works published together in a single volume. *Markham*, 201 F.2d at 206. Yet, McMullan intimates that publishing the papers together somehow jeopardizes copyright protection.

Free-lance writers who write for periodicals know or hope, at the time of writing, that their work will be published as part of a composite work, as do writers of short stories for anthologies, authors of essays for collections, and writers of articles for encyclopedias. In each instance, although the writers know the component parts will be published as part of a larger collection, each part

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<sup>5</sup> With numerous distinguishable contributions (“books”), *The Bible* exemplifies a composite work. Notwithstanding its composite nature, religious beliefs influence perceptions about whether it is a “unified” work. To many, *The Bible* represents the singular word of God. Testimony to that effect, however, would not be relevant to composite work analysis under copyright law.

nonetheless retains its separate character. *See Markham*, 206 F.2d at 201 (author's advance knowledge that his separate works would be published in single catalog did not prevent catalog from being held a composite work). Thus, because *TUB* is comprised of distinguishable works, it is irrelevant whether Urantia planned to publish the Urantia Papers together in a single book.

**E. Although Not Required, There Is Copyrightable Selection and Arrangement.**

McMullan argues that *TUB* is not a composite work because there was no evidence of arrangement or selection (compilation) by the Contact Commission. (McMullan Br. 24.) In *Markham*, however, the First Circuit held a composite work does not *require* original compilation because, unlike a compilation of public domain materials, it contains original (*i.e.*, separately copyrightable) component parts. 206 F.2d at 202 (“originality consists in the description of each item, not in the arrangement of the various descriptions”).

In any event, McMullan fails to reveal that “[t]he amount of creativity required for copyright protection of a compilation is decidedly small.” *Lipton v. Nature Co.*, 71 F.3d 464, 470 (2d Cir. 1995). Originality of compilation may be shown in the inclusion of certain materials and exclusion of others. *Kregos v. Associated Press*, 937 F.2d 700, 704 (2d Cir. 1991).

In this case, the Contact Commission performed just such selection, specifying that certain communications from the subject would be printed in *TUB*,

while others would not. *Compare* App. 1900-1901, 2124, 2711, 2889-2890 (stenographic notes of early contact sessions) *and* App. 2703, 2915 (process of writing down communications received through subject continued into the 1950's) *with* App. 2915 (notes of communications not made part of the book destroyed sometime after book's publication) *and* McMullan Br. 36 ("no parts of [*TUB*] . . . come from what Emma Christensen [the purported stenographer] wrote down."). Moreover, while no one changed the content of any paper once the final manuscripts of the papers were created (except minor changes, *e.g.*, spelling), the papers in *TUB* are not in the same order in which the papers were originally received and studied. App. 3315-16, 3327, 3330, 3332.

In short, to the extent original compilation is even a consideration, there was undisputed evidence showing at least a minimal level of originality in compilation. 3 *Nimmer on Copyright* § 9.03[B], at 9-20 n.62.1 ("Writings purportedly undertaken by celestial beings, but organized and compiled into a religious tract by humans, qualified for renewal as a 'composite work[,]'" citing *Maaherra*, 114 F.3d at 961).

**F. The Literary References Cited By McMullan Should Be Disregarded Because They Were Not in Evidence, and, in Any Event, They Do Not Support McMullan’s Arguments.**

McMullan attempts to bolster his case by referring for the first time to *The Rachel Papers*,<sup>6</sup> *The Case of The Speluncean Explorers*,<sup>7</sup> *Postcards from the Edge*, *Ulysses*, *An Odyssey Through Copyright’s Vicarious Defenses*, *Hamlet*, and *The Pleasure of Reading in an Ideological Age*. (McMullan Br. 21.) McMullan did not attempt to introduce this evidence at trial, however, and it should not be considered for the first time on appeal. *See American Stores v. Commissioner*, 170 F.3d 1267, 1278 (10<sup>th</sup> Cir.), *cert. denied*, 528 U.S. 875 (1999).

Even if the Court were to consider McMullan’s various references, they do not support his position. Because a collection of separate works by a single author constitutes a composite work, Urantia need not demonstrate that *TUB* was written by multiple authors. Accordingly, McMullan’s extensive effort to use these other

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<sup>6</sup> Martin Amis’s *The Rachel Papers* is a novel comprised of *chapters*. The reference to “papers” is to certain documents in the possession of the novel’s protagonist, *not* to the book’s chapters. Closer to the heart of this case is Amis’s *Einstein’s Monsters*, a composite work consisting of five separate stories. Each of the stories in *Einstein’s Monsters* deals thematically with life in the nuclear age, using separate characters and events. While *The Rachel Papers* illustrates a novel whose pieces are clearly inseparable, *Einstein’s Monsters* is a composite work of singular authorship. *See* 17 U.S.C. § 101 (definition of “collective work”).

<sup>7</sup> If Fuller authored 196 *separate* law review articles, each discussing the law as it applied separately to astronomy, energy, family and other topics addressed by the Urantia Papers, for publication in a special issue of the *Harvard Law Review*, the resulting collection of articles would be a composite work.

works to argue that “multiple voice” does not equal multiple authorship (McMullan Br. 19) is beside the point and leads the Court nowhere.

In summary, the Court should hold that (1) *TUB* is a composite work comprised of many separately copyrightable papers; and (2) if intent of the author is a factor, no evidence shows the subject intended the Urantia Papers would merge inseparably to form a single work without distinguishable components.

## **II. THE URANTIA BOOK IS A COMMISSIONED WORK.**

### **A. McMullan Points to No Evidence to Overcome the Presumption That Urantia, the Commissioning Party, Owns the Copyright.**

Under the 1909 Copyright Act, the commissioning party presumptively owns the copyright in a commissioned work, absent a contrary agreement:

“Whether the copyright [in a commissioned work] resides in the person thus commissioning the work or in the independent contractor creating the work will always turn on the intention of the parties where that intent can be ascertained.” *Nimmer, supra*, at 244. Where that intent cannot be determined, the presumption of copyright ownership runs in favor of the employer.

*Brattleboro Pub. Co. v. Winmill Pub. Corp.*, 369 F.2d 565, 568 (2d Cir. 1966).

While this passage uses the term “employer,” it is clear that the work-for-hire principles apply in the same manner “when the parties bear the relationship of employer and independent contractor.” *Id.* In the absence of a written agreement

or other evidence that the parties intended the author to retain the copyright, it is presumed that the parties intended the commissioning party to own it.

As shown below, no evidence shows that the parties involved in creating the Urantia Papers intended the subject to own the copyright. (*See* App. 710, 2879, 2912, 2917) (subject reviewed the papers and was aware of the plan to publish them, but never claimed rights in them). There is, however, abundant evidence that from the start of the question-and-answer process, the Contact Commission (Urantia's predecessor) managed and directed the process by which the papers were created and published. The undisputed evidence is that the Contact Commission possessed a plan to guide the subject in creating the Urantia Papers, to publish the papers, and to create an entity to own the copyright in the resulting book. The subject knew of this plan, cooperated with the Contact Commission to bring it to fruition, and never asserted any claim to copyright himself. Under these circumstances, the Urantia Papers were created at the instance and expense of the Contact Commission, and their publication in the form of a book consequently is a commissioned work.<sup>8</sup>

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<sup>8</sup> The Courts have never taken a rigid view of what suffices to meet the "instance and expense" test. *See In re Marvel Ent. Group, Inc.*, 254 B.R. 817, 830 (D. Del. 2000) (holding general request for creation of a storyline satisfied the "instance" prong).

McMullan argues that *TUB* cannot be a commissioned work because it was the subject who originally sought out Dr. Sadler. (McMullan Br. 33.) It is undisputed, however, that the Urantia Papers did not begin to appear until the Contact Commission (with assistance from the Forum) formulated, selected, and submitted the first set of questions. (App. 712, quoting App. 765 (“the first Urantia Paper appeared in answer to these questions . . . No questions — No papers.”) Hence, the questions were the motivating factors in the creation of the papers.

The evidence further shows that the subject and the Contact Commission intended throughout the course of the Urantia Papers project to raise money to produce and publish what eventually would become *TUB*, and to establish a legal entity to own the copyright. App. 830-834 (1932 correspondence with Copyright Office confirming that an organization could register a copyright and identify itself as “author”); App. 2452 (1942 fundraising letter); App. 2591 (over \$100,000 raised to finance the creation and publication of *TUB*, much of which was raised prior to 1939 by Lena Sadler); App. 2562 (1942 contract for the manufacture of printing plates); App. 3302, 2917, 3468 (Forum members knew that Urantia Foundation was created to publish the Urantia Papers and hold the copyright and no one, including the subject, ever objected). By the time *TUB* was published in 1955, countless hours had been contributed by both the subject and members of the

Contact Commission, and more than \$100,000 had been spent by the Contact Commission and Urantia Foundation on the Urantia Papers project without the expectation of payment.<sup>9</sup> (App. at 715, 2591.) Further, as McMullan acknowledges (McMullan Br. 33), an excerpt from one of the two history documents describes the initial meeting at which the Contact Commission assumed responsibility for the Urantia Papers project. (App. 711.)

McMullan points to *no evidence* that either (1) the subject created each of the Urantia Papers without any input or assistance from the Contact Commission or (2) the subject intended to retain an interest in either the original or renewal copyright. Thus, McMullan fails to overcome the presumption that Urantia, the commissioning party, owns the copyright.

On facts similar to these, other courts have held that a work is a commissioned work as a matter of law. *See Picture Music*, 457 F.2d at 1216 n.7 (2d Cir. 1972) (27-year period of silence and the absence of a written agreement showed that the composer did not believe she owned the renewal copyright); *Magnuson v. Video Yesteryear*, 85 F.3d 1424, 1427-28 (9<sup>th</sup> Cir. 1996) (video production company that paid production and post-production expenses of creating

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<sup>9</sup> As explained in Urantia's opening brief, a work may be a work for hire even if it is created by volunteers who do not expect to receive payment from the commissioning party. (Urantia Br. 42.)

a film in which Lenny Bruce was the sole performer owned copyright as commissioning party).

McMullan attempts to distinguish *Magnuson* by misrepresenting its holding as based on a finding that the parties were “joint authors.” (McMullan Br. 38.) In fact, *Magnuson* never mentions joint authorship. To the contrary, the decision specifically states that “Bruce was the *sole* author of the material used in the film.” 85 F.3d at 1426 (emphasis added). The court held that Bruce and Magnuson’s production company were *both commissioning parties* because of their joint involvement from the outset of the making of the movie, and their intent to establish a new company to own the copyright. *Id.* at 1428.

The same rationale applies to the joint involvement of the subject and the Contact Commission in this case. Urantia has shown that the Contact Commission was the commissioning party by formulating the questions, managing and bearing the related costs of contact sessions, Forum meetings, reviewing, collecting, and assembling the papers, arranging for publication, funding publication, and registering the copyright. At a minimum, therefore, the subject and the Contact Commission were *both* commissioning parties, as in *Magnuson*, who participated together in the project to create and publish the papers. Given the outcome in *Magnuson*, and McMullan’s inability to distinguish it, the contributions of the

subject do not deprive Urantia of its claim to copyright as the successor to a commissioning party.<sup>10</sup>

**B. Under the 1909 Act, a Proprietor Is Entitled to Renew Copyright in a Commissioned Work.**

*Picture Music* holds that, under the 1909 Act, a proprietor of copyright in a work that was created as a “work for hire” holds the right of renewal. 457 F.2d at 1215-16, citing *Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 700 (2d Cir. 1941). Likewise, the Ninth Circuit stated in *Maaherra*, “An employment (or *commissioning*) relationship at the time the work is created is a condition for claiming renewal as the *proprietor* of a ‘work made for hire’.” 114 F.3d at 961 (emphasis added).<sup>11</sup>

McMullan strains to avoid this rule, which the district court adopted, by arguing that *Picture Music* applies only where the commissioned work is a

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<sup>10</sup> McMullan cites *Ananda*, where there was no indication that the alleged commissioning party (“SRF”) played any role in the creation of the works. Hence, the court held that the works in question were not works for hire because SRF had not introduced evidence demonstrating that they were created at SRF’s “instance,” in other words, that SRF was “the motivating factor in producing the work.” 206 F.3d at 1326. Here, undisputed evidence showed that the Contact Commission was intimately involved throughout the process, including posing the questions that motivated the creation of the papers.

<sup>11</sup> Although not raised before the district court, McMullan now asserts that Urantia was not the “employer.” Of course, as stated in *Maaherra*, 114 F.3d at 961, and as the court instructed the jury at trial (App. 330), a proprietor of a work made for hire is entitled to renew copyright. *See also Rohauer v. Friedman*, 306 F.2d 933, 936 (9th Cir. 1962) (original employer of work for hire may assign all rights, including renewal rights, to a proprietor).

derivative work based on a work supplied by the commissioning party. (McMullan Br. 41.) Not so. The copyright concept of derivative work has nothing whatsoever to do with the analysis of commissioned works. Thus, not surprisingly, the court in *Picture Music* never indicated its holding was premised on the happenstance that the song at issue was derivative of an earlier work copyrighted by Disney, the commissioning party. Tellingly, McMullan cites no portion of *Picture Music* to support his claimed distinction of the case.<sup>12</sup> McMullan similarly makes no attempt to distinguish the Ninth Circuit’s adoption of this principle in *Maaherra*, where the work at issue was *TUB*.

McMullan erroneously claims that “numerous” cases hold that a commissioning party holds only the original copyright, and does not acquire the right to renew. An examination of the *three* cases cited, however — each of which predates *Picture Music* — shows that they do not even address the issue, let alone hold that a commissioning party lacks the right to renew. See *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570-71 (2d Cir. 1955) (author retained renewal copyright because parties so intended, not because of any legal

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<sup>12</sup> McMullan’s counsel advanced these same arguments (unsuccessfully) against recognizing renewal rights in commissioned works as counsel for one of the parties in *Picture Music* petitioning for writ of certiorari before the Supreme Court. 3 *Nimmer on Copyright* § 9.03[D], at 9-24 n.89. Of course, *Nimmer* treats “commissioned works” as a species of “works made for hire.” *Id.* § 9.03[D].

impediment to renewal by commissioning parties); *Yardley v. Houghton-Mifflin Co.*, 108 F.2d 28, 30-31 (2d Cir. 1939) (commissioning party did not claim to own copyright); *Eliscu v. T.B. Harms Co.*, 151 U.S.P.Q. 603 (N.Y. Sup. Ct. 1966) (composer retained renewal copyright because the parties so intended, acknowledging “in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the copyright shall be in the person at whose instance and expense the work is done”).

McMullan’s reliance on *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989), is equally misplaced. There, in elaborating on the 1976 Copyright Act’s work for hire provisions, the Supreme Court traced the history of the “work for hire” doctrine and specifically noted that after 1965, courts definitively held that “commissioned works” fall within the “work for hire” doctrine under the 1909 Act. *Id.* at 748-49. Both *Yardley* and *Shapiro, Bernstein* were decided decades before clarification that the 1909 Act’s “work for hire” provisions include commissioned works along with works of employees. In sum, *Picture Music* clarified that under the 1909 Act, a “commissioned work” is a type of “work for hire,” capable of being renewed by its proprietor.

### **III. URANTIA IS NOT ESTOPPED BY PRIOR CASES OR CONDUCT.**

McMullan cannot rely on either collateral estoppel or judicial estoppel to prevent a finding that *TUB* is a commissioned work. Collateral estoppel fails

because no final judgment in which the commissioned work issue was a necessary part rejects the analysis on which Urantia relies here. Judicial estoppel is plainly inapplicable under established Tenth Circuit decisions refusing to recognize the doctrine. Thus, the court below properly rejected McMullan's estoppel arguments.

**A. Collateral Estoppel Does Not Apply.**

Collateral estoppel applies only under narrowly defined circumstances. The doctrine applies only when, among other things, the issue decided in the previous case and the issue in the present case are "identical," and the prior action was "finally adjudicated on the merits." *Dodge v. Cotter Corp.*, 203 F.3d 1190, 1197 (10th Cir.), *cert. denied*, 531 U.S. 825 (2000). Collateral estoppel also requires the issue to have been *essential* to determination of the prior case. *SIL-FLO, Inc. v. SFHC, Inc.*, 917 F.2d 1507, 1520 (10<sup>th</sup> Cir. 1990). These principles doom McMullan's argument.

The district court's decision in *Maaherra* plainly has no collateral estoppel effect because it is not a final adjudication. It was reversed and vacated by the Ninth Circuit. *See United States v. Lacey*, 982 F.2d 410, 412 (10th Cir. 1992) ("A judgment that has been vacated, reversed, or set aside on appeal is thereby *deprived of all conclusive effect*, both as *res judicata* and *as collateral estoppel*."). (emphasis added).

The Ninth Circuit’s decision in *Maaherra* has no collateral estoppel effect on the commissioned work issue, for two reasons. First, that court’s discussion of work made for hire, which refers to commissioned works only in passing, is mere *dicta*. The Ninth Circuit’s holding was that Urantia is the proprietor of copyright in *TUB* as a composite work. That holding required reversal of the district court’s decision, and the court of appeals consequently was not required to determine whether the work was commissioned. Thus, as the court below correctly held (App. 277), the Ninth Circuit’s brief discussion of that issue was not “necessary” to its decision and thus cannot serve as the basis for collateral estoppel. *See Affiliated Ute Citizens of Utah v. Ute Indian Tribe of Uintah & Ouray Reservation*, 22 F.3d 254, 256 (10th Cir. 1994).

Second, the Ninth Circuit did not consider or rule on the commissioned work issue as presented in this case. The *Maaherra* court wrote that “*The Foundation* was never *the employer* of any of the spiritual beings, of Dr. Sadler, of the Contact Commission, or of any other entity that played a role in the creation of the Papers that were eventually transferred to the Foundation.” 114 F.3d at 955 (emphasis added). In this case, however, Urantia has shown that the Contact Commission was the commissioning party, not the subject’s employer. Thus, the Ninth Circuit in *Maaherra* did not address the issue as it is framed in this case, the issues in the two cases consequently are not identical, and collateral estoppel does not apply.

**B. This Court Does Not Recognize Judicial Estoppel.**

McMullan also attempts to argue that Urantia's commissioned work analysis should be barred by judicial estoppel. This Circuit, however, has repeatedly declined to recognize the doctrine of judicial estoppel. *See United States v. 162 MegaMania Gambling Devices*, 231 F.3d 713, 726 (10th Cir. 2000); *Webb v. ABF Freight Sys.*, 155 F.3d 1230, 1242 (10th Cir. 1998), *cert. denied*, 526 U.S. 1018 (1999); *Rascon v. US West Communications*, 143 F.3d 1324, 1330 (10th Cir.1998).<sup>13</sup> McMullan suggests nothing that should induce the Court to alter its prior holdings.

In any event, McMullan's claim of judicial estoppel based on *Urantia Foundation v. Burton*, 210 U.S.P.Q. 217 (W.D. Mich. 1980), is absurd. Urantia moved for summary judgment in *Burton* and thus was required to assume, for the sake of argument, that the material facts were as Burton contended. Urantia certainly did not admit the truth of those facts and cannot be saddled with the position of its adversary in a case that it ultimately won. For this reason, the court below held that Urantia was not judicially estopped by *Burton* (App. 275-76) and gave the jury a cautionary instruction to the same effect. (App. 2811-12.)

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<sup>13</sup> One other federal circuit also does not recognize judicial estoppel. *See Konstantinidis v. Chen*, 626 F.2d 933, 938 (D.C. Cir. 1980).

## **V. EXCLUDING THE NEWSOM TESTIMONY WAS REVERSIBLE ERROR.**

Urantia sought to introduce Barbara Newsom's testimony that certain of Urantia's historical records, now lost or destroyed, revealed: (1) that the subject was aware of the Contact Commission's desire to publish the papers; and (2) that the subject disclaimed copyright in the papers. (App. 3489, 3561-3562.) At trial, McMullan's counsel successfully sought to exclude the proffered testimony. They argued that the testimony went to "the heart, the gravamen of this case" (App. 3490), but that they had not had sufficient warning of the particulars of Newsom's testimony to prepare an effective cross-examination. (App. 3488, 3492.)

Having successfully persuaded the trial court to exclude the evidence on the ground that it was highly material but was an unfair surprise, McMullan now does an about-face and argues that "it is unclear why those issues are relevant." (McMullan Br. 53.) McMullan cannot have it both ways.

In fact, the spontaneous comment by McMullan's trial counsel is on the mark. The proffered testimony was centrally important for two reasons. First, the intention of the parties controls whether, in the case of a commissioned work, the author or the commissioning party owns the copyright. Newsom's testimony would have demonstrated that both the Contact Commission (Urantia's predecessor in interest) and the subject intended that the commissioning party own

the copyright. Second, McMullan had given speculative but damaging testimony that Dr. Sadler had essentially stolen the copyright from the subject. (App. 3093-3096.) Newsom's testimony would have rebutted McMullan's baseless accusation.

McMullan's efforts to defend the exclusion of this critically important evidence are unsuccessful. McMullan first argues that Urantia's pretrial disclosure could not have covered the disputed testimony because Urantia's counsel did not discover these details of Newsom's proposed testimony until the weekend before the witness took the stand. (McMullan Br. 54.) The issue is not whether Urantia was surprised, however, but whether McMullan was put on fair notice and given the opportunity to depose or otherwise question her. The testimony in question was covered by Urantia's pretrial disclosure that Ms. Newsom would testify about, among other things, "matters relating to the origin of *The Urantia Book*." (App. 242-43.) Once on notice that the witness would testify about this subject, it was McMullan's decision whether to depose the witness. Having decided not to, McMullan is in no position to complain that he was unaware of some of the details of her trial testimony.

Moreover, there was ample opportunity for the trial court to cure any claimed surprise without excluding the evidence entirely. Urantia's counsel suggested a recess so that McMullan's counsel could examine Newsom outside the presence of the jury (App. 3494) to prepare for her testimony. The trial court

abused its discretion by rejecting this proposal, which would have fully cured any prejudice. *See, e.g., Greenwood v. McDonough Power Equip.*, 731 F.2d 690, 697 (10<sup>th</sup> Cir. 1984).

McMullan's suggestion that the trial court was entitled to conclude that Urantia's purported non-disclosure was willful (McMullan Br. 55) is entirely unsupported by the record. McMullan made no such argument at trial, and the trial court drew no such conclusion. McMullan's only record citations are to Urantia's offer of proof concerning Newsom's testimony. The accusation of willfulness is based on sheer speculation and should be disregarded entirely.

McMullan's final argument is that, even if not excluded on grounds of surprise, the evidence should have been excluded as hearsay.<sup>14</sup> Not so. Newsom's testimony concerning her *search* for the missing documents, which is part of the foundation for admission of lost documents under F.R.E. 1004, was based on her personal knowledge. (App. 3490-91.) Newsom's testimony concerning the *contents* of the journals was admissible under at least two exceptions to the hearsay rule. First, the documents were records of the Contact Commission's regularly conducted activity and thus were admissible under F.R.E. 803(6). Second, the

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<sup>14</sup> McMullan argues that Urantia waived its right to address the hearsay issue by failing to raise it in its opening brief. (McMullan Br. 56 n.42.) On the contrary, the district court based its ruling on alleged surprise (App. 3494), and McMullan has raised hearsay as an alternate basis for upholding the district court's ruling. Urantia plainly has the right to reply to McMullan's argument.

contents of the documents were “statements in ancient documents” and thus are admissible under F.R.E. 803(16). Both grounds for admission of the testimony were specifically presented to the court below. (App. 3563-64.)

In sum, the testimony was important, admissible, and not properly excluded on grounds of surprise. Thus, its exclusion was reversible error.

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Respectfully submitted,

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