

THE KNOTTIEST PROBLEM: UNRAVELING ARISING UNDER JURISDICTION IN COPYRIGHT CASES

Zoe Niesel & Bethany A. Corbin***

INTRODUCTION

The convoluted field of copyright jurisdiction is perceived today as one of the “knottiest” dilemmas in procedural history.¹ Born from a mixture of statutory law and judicial interpretation, copyright jurisdiction has spawned numerous appeals, conflicting tests, and confusion for litigants. The creation of a fair, bright-line framework for copyright jurisdiction has evaded the courts, and litigants are left with hastily developed rules and arbitrary application. Against this backdrop, it is perhaps unsurprising that federal question jurisdiction, and its intersection with copyright, has been labeled “the most difficult problem in determining whether a case arises under federal law for statutory purposes.”²

The reasons for this jurisdictional conundrum come from several sources. First, the parameters of arising under jurisdiction in general have proven difficult to delineate. Initially born from the language of Article III, Section 2 of the Constitution,³ the concept of “arising under” has bifurcated into analyses premised on either (1) the type of law that creates the cause of action or (2) whether the resolution of the lawsuit will implicate an “em-

* Adjunct Professor of Law, Wake Forest University; Attorney, Kilpatrick Townsend & Stockton, LLP; Visiting Assistant Professor of Law, Wake Forest University (2013-2015).

** Adjunct Professor of Law, Wake Forest University; J.D. 2013, Wake Forest University School of Law; B.A. 2011, University of North Carolina at Chapel Hill.

¹ *Scandinavian Satellite Sys., AS v. Prime TV Ltd.*, 291 F.3d 839, 844 (D.C. Cir. 2002) (quoting 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.01[A] (2002)) (internal quotation marks omitted).

² 13D CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 3562, at 175 (3d ed. 2008); see also Amy B. Cohen, “*Arising Under*” *Jurisdiction and the Copyright Laws*, 44 HASTINGS L.J. 337, 337-40 (1993) (“Unfortunately, [the] precedents [describing the scope of copyright jurisdiction] are so unclear that the question of when a case arises under federal law has been described as ‘the most difficult single problem in determining whether federal question jurisdiction exists.’” (quoting 13B CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 3562, at 17 (2d ed. 1984))); Brandon Beam, Comment, *Untangling Jurisdiction and Contract Scope Issues with Intellectual Property Licenses*, 34 U. ARK. LITTLE ROCK L. REV. 391, 406 (2012) (“Modern courts and commentators have yet to resolve the issue of how to determine whether a claim arises under the federal copyright laws. This issue ‘poses among the knottiest procedural problems in copyright jurisprudence.’” (quoting 3 NIMMER & NIMMER, *supra* note 1, § 12.01[A], at 12-4)).

³ U.S. CONST. art. III, § 2, cl. 1.

bedded . . . federal issue.”⁴ The first category of cases is relatively easy to define—these involve causes of actions that are created by federal law. For example, federal law allows a cause of action for employment discrimination based on race; as such, a complaint alleging employment discrimination and seeking remedies for such clearly enjoys federal question jurisdiction.⁵ In contrast, the second category of arising under jurisdiction has been slower to develop and more difficult to articulate. While the case law has always embraced the notion that some federal question jurisdiction should exist outside federal causes of action,⁶ the United States Supreme Court has been less certain in developing the factual context in which jurisdiction premised on embedded federal issues should exist.

Unfortunately, the dilemma of copyright jurisdiction has proven fertile ground for revealing the gaps in this second path of the Court’s bifurcated analysis. A quick example makes this exceptionally clear. Causes of action created by the Copyright Act⁷ easily fall within the ambit of federal jurisdiction. So, for example, an action alleging copyright infringement arises under federal law because federal law creates the cause of action itself.⁸ However, disputes over copyrights take more forms than just garden-variety copyright infringement actions. For example, copyright owners frequently make contracts that assign rights, use, or ownership of certain copyrights. When these contracts are breached, the cause of action can take the form of breach of contract. While such a cause of action is not created by federal law, it is another question entirely whether the plaintiff can avoid federal subject matter jurisdiction by couching his action as a breach of contract and deciding not to allege copyright infringement.

This Article seeks to elucidate the following related question: when should actions involving copyright issues, even if they do not allege copyright infringement, be subject to the jurisdiction of the federal courts? It is a question that has been grappled with before,⁹ but the increasing importance

⁴ *Dillon v. Medtronic, Inc.*, 992 F. Supp. 2d 751, 755-56 (E.D. Ky. 2014).

⁵ 42 U.S.C. § 1981 (2012).

⁶ *See, e.g., Franchise Tax Bd. v. Constr. Laborers Vacation Tr.*, 463 U.S. 1, 9 (1983) (noting how the Supreme Court has consistently recognized federal jurisdiction, even where the cause of action is under a state law); *Smith v. Kan. City Title & Tr. Co.*, 255 U.S. 180, 199-202 (1921) (holding that jurisdiction was proper where the cause of action arose under state law, but the ultimate issue was a constitutional one).

⁷ 17 U.S.C. §§ 101-810 (2012).

⁸ *See Integrated Sols., Inc. v. Serv. Support Specialties, Inc.*, 193 B.R. 722, 727 (D.N.J. 1996) (“Although copyright infringement is fundamentally a tort . . . it arises under federal law . . .”); *see also Datatech Enters. LLC v. FF Magnat Ltd.*, No. C 12-4500 CRB, 2013 WL 1283439, at *2 (N.D. Cal. Mar. 26, 2013) (“Copyright infringement cases arise under federal law . . .”).

⁹ *See, e.g., Cohen, supra* note 2, at 337-39; Craig Y. Allison, Note, *Does A Copyright Coowner’s Duty to Account Arise Under Federal Law?*, 90 MICH. L. REV. 1998, 1998 (1992); Christopher D. Birrer, Note, *A Jurisdictional “Nightmare”*: *Determining When an Interdependent Copyright and Contract Claim “Arises Under” the Copyright Act in Scholastic Entertainment, Inc. v. Fox Entertainment Group, Inc.*, 11 VILL. SPORTS & ENT. L.J. 271, 272-73 (2004); Jay S. Fleischman, Comment, *Swimming*

of copyright issues in modern society suggests that leaving this area in a tangle will only grow increasingly problematic. Further, an examination of this question reveals that plaintiffs have an extraordinary amount of control in avoiding the federal forum when copyright issues become entangled with state law causes of action. At the risk of writing a how-to guide for what might be categorized as jurisdictional gamesmanship, this Article will explore how the current state of copyright jurisdiction allows plaintiffs an extraordinary amount of control in avoiding federal jurisdiction at the expense of the theoretical underpinnings of arising under jurisdiction.

To explore these issues, Part I examines the grant of federal jurisdiction under 28 U.S.C. § 1331¹⁰ and § 1338,¹¹ and thus ascertains the history of arising under jurisdiction in the context of embedded federal questions and the copyright context. Specifically, Part I explores the evolution of three separate copyright tests and details the present status of copyright jurisdiction, as dominated by the well-pleaded complaint rule. Part II then analyzes the practical implications and setbacks associated with applying the well-pleaded complaint rule to federal jurisdiction under § 1338. In particular, it details why a plaintiff may seek to prevent removal to federal court and how a plaintiff can craftily maneuver the allegations in her complaint to defeat federal jurisdiction.

Part III sets forth a proposal to remedy the downfalls of the well-pleaded complaint rule in the context of copyright actions, advocating for two simple changes to the well-pleaded complaint rule. First, courts should refrain from undertaking a jurisdictional analysis until after a defendant files her answer. Second, courts should examine both the complaint and answer to determine whether a case involves construction of the Copyright Act. If the case requires analysis or interpretation of the Copyright Act, jurisdiction should be vested in the federal courts.

the Murky Waters: The Second Circuit and Subject-Matter Jurisdiction in Copyright Infringement Cases From T.B. Harms v. Eliscu to Schoenberg v. Shapolsky Publishers, Inc., 42 BUFF. L. REV. 119, 120-21 (1994); James M. McCarthy, Comment, *Federal Subject Matter Jurisdiction: When Does A Case Involving the Breach of A Copyright Licensing Contract "Arise Under" the Copyright Act?*, 19 U. DAYTON L. REV. 165, 166-68 (1993); David Ratner, Survey, *The Ongoing Struggle to Determine Federal "Arising Under" Jurisdiction in Copyright: The Complete Preemption Exception to the Well Pleased Complaint Rule*, 84 DENV. U. L. REV. 955, 955-56 (2007).

¹⁰ 28 U.S.C. § 1331 (2012).

¹¹ 28 U.S.C. § 1338 (2012).

I. THE STATUTORY PROVISIONS: FEDERAL QUESTION JURISDICTION AND COPYRIGHT

A. *Federal Question Jurisdiction and § 1331*

Any discussion of federal question jurisdiction must begin with its constitutional origins in Article III, Section 2. Pursuant to that section, the Framers granted the federal courts jurisdiction over “Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority.”¹² Although conceptualized as a mechanism to ensure the consistent application of federal law and to prevent unfortunate consequences of state court hostility to federal legislation,¹³ federal question jurisdiction was withheld from the lower courts until Congress provided statutory authorization in the period following the Civil War.¹⁴ To ensure that Southern state courts did not eviscerate federal Reconstruction legislation, Congress passed the predecessor statute to modern § 1331. The language of the statutory grant of federal question jurisdiction has remained relatively consistent since that time, with the key analysis being whether the civil action in question was one “arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority.”¹⁵

Despite its 140-year history, the meaning of the phrase “arising under” has never been entirely clear. Although no bright-line can be articulated, analyses of arising under jurisdiction have been guided by various principles established by the Supreme Court. The basic operating principle that guides an analysis under § 1331 is the well-pleaded complaint rule, which is generally associated with *Louisville & Nashville Railroad v. Mottley*.¹⁶ An in-depth discussion of *Mottley* would be repetitive—the case is a common fixture in all civil procedure textbooks. However, its basic facts are worth reciting.

¹² U.S. CONST. art. III, § 2.

¹³ See generally *Martin v. Hunter’s Lessee*, 14 U.S. (1 Wheat.) 304, 347-48 (1816) (discussing the consequences of the Supreme Court not having the ability to review federal issues).

¹⁴ See *Vest v. Schafer*, 757 P.2d 588, 592 (Alaska 1988) (“Dissatisfied with this reliance on state courts, during the Reconstruction Era following the Civil War, Congress passed the Civil Rights Act of 1871 and bestowed general federal question jurisdiction on lower federal courts several years later.” (footnote omitted)); *Allen v. Okla. City*, 52 P.2d 1054, 1057 (Okla. 1935) (“The federal question grew out of the Civil War . . .”).

¹⁵ U.S. CONST. art. III, § 2.

¹⁶ 211 U.S. 149 (1908); see also Mark J. Henry, *State Courts Hearing Patent Cases: A Cry for Help to the Federal Circuit*, 101 DICK. L. REV. 41, 45-46 (1996) (“The 1908 Supreme Court decision of *Louisville & Nashville Railroad v. Mottley* is closely associated with the interpretation of the jurisdictional statute . . . [The rule in *Mottley*] has been termed ‘the well-pleaded complaint rule’ or the ‘*Mottley* rule.’”).

The plaintiffs brought a claim in federal court after the defendant, Louisville & Nashville Railroad, canceled lifetime rail passes the plaintiffs had acquired after settling a previous negligence claim with the railroad.¹⁷ The plaintiffs sued the railroad for specific performance in an attempt to have their rail passes reinstated.¹⁸ In the complaint, the plaintiffs preemptively addressed a defense likely to be raised by the defendant—namely, that a federal statute, the Hepburn Act, now prohibited the railroad from honoring agreements that provided certain individuals with free travel on the railroad.¹⁹ The complaint thus asserted that the Hepburn Act did not apply to the plaintiffs' passes, and, even if it did, the statute was unconstitutional in the context of free rail passes obtained in exchange for release from a negligence claim.²⁰

The Supreme Court ultimately determined that the *Mottley*'s complaint failed to arise under federal laws pursuant to § 1331. The Court's analysis was based on what is now known as the well-pleaded complaint rule, which stipulates that only the well-pleaded portions of the plaintiff's complaint necessary to state a claim could be considered in assessing whether federal question jurisdiction was appropriate.²¹ Accordingly, any anticipated defenses or responses to anticipated defenses would not serve as the basis for arising under jurisdiction.²²

Applied to the facts of the *Mottley* case, it is easy to see the well-pleaded complaint rule in action. It was apodictic in *Mottley* that a court would eventually have to address an issue of federal law. The railroad was certain to raise the Hepburn Act as a defense, and any court hearing the suit would have to determine the application and constitutionality of this federal statute. But, regardless, the fact that an analysis of federal law would actually occur in the lawsuit alone would not serve as the basis for federal jurisdiction. The *Mottley*'s action was ultimately for breach of contract, and any treatment of the Hepburn Act fell outside the well-pleaded portion of the complaint necessary to state that claim.²³ Thus, even if the only issue in the case is one of federal law, arising under jurisdiction is not guaranteed.

Mottley and its well-pleaded complaint rule establish the first step in any analysis under § 1331: culling the complaint to its well-pleaded allegations. It is only at this point that a search can begin for arising under jurisdiction. Therefore, in the absence of any competing federal legislation, counterclaims, defenses, and anticipated defenses fail to contribute to the existence of federal jurisdiction.

¹⁷ *Mottley*, 211 U.S. at 150.

¹⁸ *Id.*

¹⁹ *Id.* at 150-51.

²⁰ *Id.*

²¹ *Id.* at 153.

²² *Id.* at 152-53.

²³ *Mottley*, 211 U.S. at 152-53.

Once the *Mottley* analysis is employed, it becomes necessary to search the remaining allegations for the seeds of federal question jurisdiction. It is here that arising under jurisdiction bifurcates based on whether (1) federal law creates the cause of action or (2) state law creates the cause of action but the suit implicates a substantial federal question. The first path is by far the more simple and mechanical of the two. First articulated by Justice Holmes in *American Well Works Co. v. Layne & Bowler Co.*,²⁴ the first branch of arising under jurisdiction assesses if the suit “arises under the law that creates the cause of action.”²⁵ Accordingly, if the plaintiff’s claim is created by federal law, it arises under federal law for purposes of § 1331.²⁶ This test can fairly be said to embrace the vast majority of cases that are candidates for arising under jurisdiction.

Although the so-called “Holmes test” proves easy to apply, in application it precludes any case that does not achieve its cause of action from federal law. Accordingly, the Holmes test occasionally departs from what has been coined “litigation reality.”²⁷ In these instances, the Holmes test rejects federal jurisdiction when the cause of action arises under state law but implicates a question of federal law on which the case will turn.²⁸ This result might reflect a misguided policy choice about the availability of federal question jurisdiction. There is no indication that the cause of action should dogmatically set the parameters of arising under jurisdiction. If it did, arising under jurisdiction would be converted to federal creation jurisdiction—and such a choice would embrace a policy of providing a federal forum only for the causes of action shaped by federal law.

But this is not the case, as the Court has previously referenced federal question jurisdiction in broader policy terms by stating that the goal of the doctrine is to “resort to the experience, solicitude, and hope of uniformity” of the federal court for the interpretation of federal law.²⁹ The reality is that federal questions can appear in cases even when the creation test fails. Accordingly, a second branch of federal question jurisdiction has developed to establish arising under jurisdiction when federal law does not create the claim. This competing doctrine has become known as the “substantial federal question” doctrine.³⁰

²⁴ 241 U.S. 257 (1916).

²⁵ *Id.* at 260.

²⁶ *See id.*

²⁷ Richard D. Freer, *Of Rules and Standards: Reconciling Statutory Limitations on “Arising Under” Jurisdiction*, 82 IND. L.J. 309, 321 (2007).

²⁸ *See id.*

²⁹ *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 312 (2005).

³⁰ *See Franchise Tax Bd. v. Constr. Laborers Vacation Tr.*, 463 U.S. 1, 9 (1983); *Mikulski v. Centerior Energy Corp.*, 501 F.3d 555, 560 (6th Cir. 2007); *Pinney v. Nokia, Inc.*, 402 F.3d 430, 442 (4th Cir. 2005).

The first stirrings of the substantial federal question doctrine come from *Smith v. Kansas City Title & Trust Co.*³¹ In *Smith*, a shareholder sought to enjoin the defendant from investing in federal bonds that he asserted were unconstitutional.³² The cause of action arose, without question, under a state law that disallowed investment in illegal securities.³³ Accordingly, the Holmes test would indicate a lack of federal question jurisdiction. The Court, over Justice Holmes's dissent, disagreed. The majority instead determined that the ultimate issue in the case was the constitutionality of the bonds identified by the plaintiff.³⁴ The Court did not identify any overarching policy reason for its deviation from the Holmes test, but one seems clear nonetheless. If the only real issue within the well-pleaded complaint was one of federal law (i.e., the constitutionality of the bonds), then surely the issue was one for the federal forum.

The Court continued its march against mechanical applications of federal question jurisdiction in *Gully v. First National Bank in Meridian*.³⁵ *Gully* involved a national bank that went into receivership and transferred its rights and liabilities to another bank.³⁶ The transferee bank then failed to pay state taxes on the shares of stock of the predecessor bank, resulting in a suit by state officials to collect the taxes.³⁷ The transferee bank removed the action to federal court and apparently argued that federal question jurisdiction existed because the court would need to determine whether the predecessor national bank was subject to state taxes.³⁸ The Supreme Court determined, perhaps unsurprisingly, that the action did not arise under federal law for the purposes of § 1331.³⁹

But the reason why that decision was reached is more interesting than the end result. In assessing the presence of a federal question, the Court did apply the Holmes test, but it tempered that application by noting that a more delicate analysis was necessary. Specifically, Justice Cardozo noted the “futil[ity] [of the] attempt to define a ‘cause of action’ without reference to the context.”⁴⁰ In that vein, a “common-sense accommodation of judgment” was necessary to characterize the types of cases that would fall within the ambit of federal question jurisdiction.⁴¹ The Court further referenced what would come to be known as the substantial federal question doctrine by noting the need to “pick[] the substantial causes out of the web and lay[] the

³¹ 255 U.S. 180 (1921).

³² *Id.* at 195.

³³ *Id.* at 201.

³⁴ *See id.* at 199-202, 210, 213.

³⁵ 299 U.S. 109 (1936).

³⁶ *Id.* at 111.

³⁷ *Id.* at 112.

³⁸ *Id.*

³⁹ *Id.* at 114.

⁴⁰ *Id.* at 117 (quoting *United States v. Memphis Cotton Oil Co.*, 288 U.S. 62, 67, 68 (1933)).

⁴¹ *Gully*, 299 U.S. at 117.

other ones aside” in determining the existence of federal question jurisdiction.⁴² Thus, although the federal issue was only “lurking in the background” in *Gully*,⁴³ the Court continued its move away from mechanical or rigid applications, *à la* the Holmes test.

While *Gully* indicated a subtle recognition of the substantial federal question doctrine, the Court’s next case, *Franchise Tax Board v. Construction Laborers Vacation Trust*,⁴⁴ announced the principle with relative force. *Franchise Tax Board* involved a state agency that collected state taxes in conflict with a trust that gave construction workers paid time off pursuant to a collective bargaining agreement.⁴⁵ When several construction workers were delinquent in their state taxes, the tax board sought to collect the payment owed from the trust. The trust argued that the federal Employment Retirement and Income Security Act preempted state law that would allow collection of taxes from the trust, thus allegedly creating a federal question.⁴⁶

The Supreme Court ultimately rejected jurisdiction in *Franchise Tax Board*.⁴⁷ But in doing so, the Court noted that the Holmes creation test was only one branch of arising under jurisdiction, and an equally valid branch of analysis arose from assessing the presence of federal issues embedded within causes of action that were created by state law.⁴⁸ As such, any suggestion that the Holmes test was exclusionary was henceforth discarded. Instead, a plaintiff could establish federal jurisdiction by showing that he would be “obliged to establish both the correctness and the applicability to his case of a proposition of federal law.”⁴⁹ Of course, this analysis would remain limited by the well-pleaded complaint rule. As such, only if the well-pleaded allegations of the plaintiff’s complaint revealed a need to establish a proposition of federal law could the second branch of federal question jurisdiction be accessed. But if the “plaintiff’s right to relief necessarily depends on resolution of a substantial question of federal law,” arising under jurisdiction should be secure despite failure of the Holmes creation test.⁵⁰

Following another wave of related analysis in *Merrell Dow Pharmaceuticals, Inc. v. Thompson*,⁵¹ the Court returned to the development of the

⁴² *Id.* at 118.

⁴³ *Id.* at 117.

⁴⁴ 463 U.S. 1 (1983).

⁴⁵ *Id.* at 4-5.

⁴⁶ *Id.* at 5-6.

⁴⁷ *Id.* at 28.

⁴⁸ *Id.* at 8-9.

⁴⁹ *Id.* at 9 (quoting PAUL M. BATOR ET AL., HART AND WECHSLER’S THE FEDERAL COURTS AND THE FEDERAL SYSTEM 889 (2d ed. 1973)) (internal quotation marks omitted).

⁵⁰ *Franchise Tax Bd.*, 463 U.S. at 28.

⁵¹ 478 U.S. 804 (1986). In *Merrell Dow*, residents of Canada and Scotland filed complaints against Merrell Dow Pharmaceuticals, Inc. in Hamilton County, Ohio. *Id.* at 805. The plaintiffs claimed that Merrell Dow engaged in negligence, fraud, breach of warranty, and misbranding in violation of the

substantial federal question doctrine in *Grable & Sons v. Darue Engineering & Manufacturing*.⁵² The *Grable* Court revitalized *Smith* and clarified that state law claims involving federal issues could be candidates for arising under jurisdiction.⁵³ Accordingly, the Court in *Grable* was willing to find federal question jurisdiction in a state law action to quiet title in which it was claimed that the defendant's title was invalid because the IRS had failed to give the plaintiff proper notice of a previous tax seizure and sale.⁵⁴ In making this determination, the Court recognized that several factors would inform the question.⁵⁵ Specifically, if (1) the case necessarily raises a federal issue, (2) that issue is in dispute and is substantial to federal law, and (3) an exercise of arising under jurisdiction does not disturb the balance between the state and federal fora, federal question jurisdiction will be appropriate.⁵⁶

Grable and the long history of substantial federal question jurisdiction signify two noteworthy points. First, arising under jurisdiction requires a subtle analysis—it is not amendable to inflexible or dogmatic rules. This is why the Holmes creation test gives way to the substantial federal question doctrine. Second, the reason for this liberalization resonates with the policy behind allowing federal question jurisdiction in the first place. In the myriad of federal question cases that have come before the Court, the policy justification of uniformity is consistently cited as the touchstone for arising under jurisdiction. The Court has noted that looking beyond the mechanical Holmes test becomes necessary because the purpose of federal question jurisdiction is to allow the federal courts to interpret and unify significant areas of federal jurisprudence.⁵⁷ Accordingly, the substantial federal ques-

Federal Food, Drug, and Cosmetic Act (“FDCA”). *Id.* at 805-06. Specifically, the complaints alleged that children were born with deformities as a result of the mother’s use of Bendectin during pregnancy. *Id.* at 805. Merrell Dow removed the case to federal court on the basis that the action was founded on a claim arising under the laws of the United States. *Id.* at 806. The Supreme Court, however, found that there was no federal question jurisdiction in this case because the FDCA did not include a private right of action. *Id.* at 810-12.

⁵² 545 U.S. 308 (2005).

⁵³ *Id.* at 312 (“The doctrine captures the commonsense notion that a federal court ought to be able to hear claims recognized under state law that nonetheless turn on substantial questions of federal law, and thus justify resort to the experience, solicitude, and hope of uniformity that a federal forum offers on federal issues . . .”).

⁵⁴ *See id.* at 311-12.

⁵⁵ *Id.* at 314.

⁵⁶ *Id.* at 312-14.

⁵⁷ *See Merrell Dow Pharms. Inc. v. Thompson*, 478 U.S. 804, 810 (1986) (noting that the court has “consistently emphasized that, in exploring the outer reaches of § 1331, determinations about federal jurisdiction require sensitive judgments about congressional intent, judicial power, and the federal system”); *see also* Martin H. Redish, *Reassessing the Allocation of Judicial Business Between State and Federal Courts: Federal Jurisdiction and “The Martian Chronicles”*, 78 VA. L. REV. 1769, 1786 (1992) (“They exist to unify the federal system, to interpret and enforce federal law, and to prevent interstate prejudices and allegiances from balkanizing the nation.”).

tion analysis signifies an approach to arising under jurisdiction that is sensitive to the ultimate question at issue.

B. *Patent and Copyright Jurisdiction Under § 1338*

Comparable to § 1331, § 1338(a) grants federal district courts subject matter jurisdiction over “any civil action *arising under* any Act of Congress relating to . . . copyrights.”⁵⁸ This federal jurisdiction is both original and exclusive,⁵⁹ seeking to foster uniformity and consistency in the field of copyright litigation.⁶⁰ By designating federal courts as the exclusive forum for well-pleaded copyright cases, Congress purposefully placed “copyright disputes in the hands of judges with expertise in the area.”⁶¹ Such action was intended to discourage forum shopping, ensure equal treatment of similarly situated parties, and promote national policy goals.⁶²

While a facial reading of § 1338(a) implies that copyright jurisdiction is purely federal, such a simplistic understanding of the “arising under” language is illusory and misleading. Despite the statute’s plain terminology, “Congress left a considerable residue of power in the state courts to pass on copyright questions,” including questions that require construction of the Copyright Act.⁶³ In particular, federal courts concede that their jurisdiction is not triggered simply by the mere mention of a copyright.⁶⁴ Rather, the question is substantially more sophisticated, and focuses on the cause of action alleged, the remedies sought by the plaintiff, and the substance of the claim.⁶⁵ As such, courts that have tackled the interpretation of the phrase

⁵⁸ 28 U.S.C. § 1338(a) (2012) (emphasis added).

⁵⁹ *Goodman v. Lee*, 815 F.2d 1030, 1031 (5th Cir. 1987) (“A federal district court has exclusive original jurisdiction over civil actions which arise under congressional acts relating to copyrights.”); *Bear Creek Prods., Inc. v. Saleh*, 643 F. Supp. 489, 491 (S.D.N.Y. 1986) (“Section 1338 of the judicial code provides exclusive federal jurisdiction over claims ‘arising under’ federal patent and copyright laws . . .”).

⁶⁰ Ratner, *Survey*, *supra* note 9, at 969.

⁶¹ *Id.* at 970.

⁶² *Id.* at 969-70; *see* Cohen, *supra* note 2, at 380.

⁶³ *Muse v. Mellin*, 212 F. Supp. 315, 316 (S.D.N.Y. 1962) (internal quotation marks omitted).

⁶⁴ *See, e.g., Arthur Young & Co. v. City of Richmond*, 895 F.2d 967, 969 (4th Cir. 1990) (“The mere fact that the complaint discloses that the case involves a copyright dispute, however, does not in itself lead to a conclusion that the case ‘arises under’ the Federal Copyright Act for the purpose of jurisdiction under 28 U.S.C. 1338(a.)”; *Royal v. Leading Edge Prods., Inc.*, 833 F.2d 1, 2 (1st Cir. 1987) (“It is settled beyond peradventure that an action does not ‘arise under’ the federal copyright laws merely because it relates to a product that is the subject of a copyright.”); *Topolos v. Caldewey*, 698 F.2d 991, 993 (9th Cir. 1983) (“However, a case does not arise under the federal copyright laws . . . merely because the subject matter of the action involves or affects a copyright.”).

⁶⁵ *T.B. Harms Co. v. Eliscu*, 339 F.2d 823 (2d Cir. 1964); *see Muse*, 212 F. Supp. at 317 (“The determinative factor appears to be the cause of action alleged in the complaint.”); *see also Lombardi v. Suarés*, 923 F. Supp. 51, 53 (S.D.N.Y. 1996) (noting that “the formal allegations of the complaint must

“arising under” in the context of § 1338 are faced with the same type of delicate and contextual analysis that has come to illustrate arising under jurisdiction under § 1331. There are no mechanical rules or quick fixes in this area, and courts that have wrestled with the meaning of arising under have journeyed down “one of the darkest corridors of the law of federal courts and federal jurisdiction.”⁶⁶

In exploring the murky waters associated with copyright jurisdiction, courts have consistently failed to achieve a uniform interpretation of § 1338(a). To date, the Supreme Court has refused to settle this jurisdictional debate, leaving lower courts to flounder in a sea of confusion.⁶⁷ Such uncertainty in application inevitably undermines federal uniformity and produces conflicting rulings, standards, and expectations. Thus, the status of arising under jurisdiction is far from clear, and federal courts must “walk a fine line between ‘usurping’ the power of the state courts and providing redress for copyright infringement.”⁶⁸

Given the amorphous and unorganized status of copyright’s arising under jurisprudence, this Section seeks to clarify this disjointed field of law. In particular, it details the current copyright framework that the Second Circuit formed in the seminal case of *T.B. Harms Co. v. Eliscu*.⁶⁹ Decided in 1964, *T.B. Harms* has served as the leading authority on copyright jurisdiction; however, it has also fostered dissent among the lower courts regarding the interpretation of its standard.⁷⁰ This Section analyzes the three different tests courts have implemented in the wake of *T.B. Harms*, specifically: (1) the essence test; (2) the *Schoenberg* test; and, (3) the well-pleaded complaint test.

1. The Mothership of Copyright Jurisdiction: *T.B. Harms Co. v. Eliscu*

Lacking guidance from the country’s highest court, the Second Circuit offered a beacon of hope in 1964 with its innovative interpretation of § 1338(a). Long perceived as the mothership of copyright jurisdiction,⁷¹

yield to the substance of the claim” (quoting *Stepdesign, Inc. v. Research Media, Inc.*, 442 F. Supp. 32, 33 (S.D.N.Y. 1977)) (internal quotation marks omitted).

⁶⁶ *Marshall v. New Kids on the Block P’ship*, 780 F. Supp. 1005, 1008 (S.D.N.Y. 1991) (quoting *Arthur Young & Co. v. Richmond*, 895 F.2d 967, 969 n.2 (4th Cir. 1990)) (internal quotation marks omitted).

⁶⁷ Ratner, *Survey*, *supra* note 9, at 958.

⁶⁸ Birrer, Note, *supra* note 9, at 273.

⁶⁹ 339 F.2d 823 (2d Cir. 1964).

⁷⁰ See *Joseph J. Legat Architects, P.C. v. U.S. Dev. Corp.*, 601 F. Supp. 673, 676 (N.D. Ill. 1985) (“*T.B. Harms* is the seminal case for the meaning of ‘arising under’ in § 1338.”).

⁷¹ See *Scandinavian Satellite Sys., AS v. Prime TV Ltd.*, 291 F.3d 839, 844 (D.C. Cir. 2002) (stating that the decision in *T.B. Harms* “has guided the federal courts for many years in determinations

T.B. Harms sought to apply the Supreme Court's then-conservative interpretation of "arising under" to the copyright field.⁷² While only persuasive authority for courts outside the Second Circuit, *T.B. Harms* has influenced and governed almost all copyright jurisdictional debates to date.

The facts of *T.B. Harms* are simple and represent one of the standard copyright claims presented in courts. Vincent Youmans, a songwriter, composed music pursuant to a contract with RKO Studios, Inc., for use in the motion picture, "Flying Down to Rio."⁷³ Under the 1933 contract, Youmans "agreed to assign to RKO the recodation and certain other rights relating to the picture during the existence of the copyrights and any renewals."⁷⁴ In return, RKO promised to employ a lyricist and obtain publishing rights for Youmans, who was to pay the lyricist customary royalties on the music.⁷⁵ Under this agreement, Youmans could assign the publication and performing rights to the music.⁷⁶

Subsequently, RKO employed two lyricists, including Edward Eliscu, and both lyricists agreed to assign their rights to RKO. Youmans then assigned his reserve rights to Max Dreyfus, the principal stockholder of T.B. Harms Company.⁷⁷ In what has been deemed the central controversy of this case, Eliscu allegedly assigned his existing and renewal copyrights to Dreyfus under an agreement entered into on June 30, 1933.⁷⁸ When the copyrights were set to expire, however, Eliscu assigned his rights in the renewal copyrights to Ross Jungnickel, Inc., pursuant to an agreement dated February 19, 1962.⁷⁹

Following this assignment of rights, Eliscu learned that he possessed a one-half interest in the renewal rights and demanded an accounting from T.B. Harms Company.⁸⁰ To enforce this request, he initiated an action in the New York Supreme Court, seeking a declaration that he owned a one-third interest in the copyrights and forcing T.B. Harms Company to provide an accounting.⁸¹ In response, T.B. Harms Company filed suit against Eliscu

of subject matter jurisdiction under § 1338(a)"); *Bassett v. Mashantucket Pequot Tribe*, 204 F.3d 343, 347 (2d Cir. 2000) (describing *T.B. Harms* as a "landmark decision").

⁷² See Birrer, Note, *supra* note 9, at 283 (noting that *T.B. Harms* supports the view that "courts should narrowly read provisions conferring federal subject matter jurisdiction so as not to deprive state courts of jurisdiction over matters of minor federal significance"). See generally *T.B. Harms Co. v. Eliscu*, 339 F.2d 823 (2d Cir. 1964).

⁷³ *T.B. Harms*, 339 F.2d at 824.

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ *Id.* In return for assigning his existing and renewal copyrights to Dreyfus, Eliscu was to receive certain royalty payments. *Id.*

⁷⁹ *T.B. Harms*, 339 F.2d at 824-25.

⁸⁰ *Id.* at 825.

⁸¹ *Id.*

and Jungnickel approximately seven weeks later in the Southern District of New York, seeking equitable and declaratory relief.⁸² Jurisdiction for this suit was premised on § 1338(a).⁸³

At the district court level, Judge Weinfeld determined that the fundamental controversy was whether or not Eliscu executed the June 30, 1933 agreement with Dreyfus.⁸⁴ As such, the mere fact “that the suit incidentally centers about a copyright does not, in and of itself, support Federal jurisdiction.”⁸⁵ The resolution of the dispute depended upon the interpretation of state contract law since there were no facts presented to support a claim for infringement.⁸⁶ Thus, Judge Weinfeld held that there was no claim arising under the Copyright Act.⁸⁷

In affirming the district court’s decision, the Second Circuit surveyed existing standards for arising under jurisdiction and found both the “ingredient theory” and “creation test” inapplicable to the Copyright Act.⁸⁸ The ingredient theory, proposed by Chief Justice Marshall in *Osborn v. Bank of the United States*,⁸⁹ held that federal jurisdiction extended to all cases in which federal law furnished a necessary ingredient of the claim.⁹⁰ In refuting the application of the ingredient theory to copyright jurisdiction, Judge Friendly remarked that federal courts do not have jurisdiction over all disputes regarding western land titles (which often originate in patent suits), even though such conflicts primarily arise in the area of state law.⁹¹ Therefore, the court determined that the “extensive jurisdiction” conferred by the ingredient theory was at odds with § 1338(a).⁹²

Similarly, Judge Friendly rejected Justice Holmes’s creation test. Despite praising Justice Holmes’s analysis, Judge Friendly found the creation test wholly inapplicable to the facts of *T.B. Harms*.⁹³ Particularly, Justice Holmes’s formula was more useful for inclusion than exclusion and “[t]he relevant statutes create no explicit right of action to enforce or rescind assignments of copyrights, nor does any copyright statute specify a cause of

⁸² *Id.*; *T.B. Harms Co. v. Eliscu*, 226 F. Supp. 337, 338 (S.D.N.Y.), *aff’d*, 339 F.2d 823 (2d Cir. 1964).

⁸³ *T.B. Harms*, 339 F.2d at 825.

⁸⁴ *T.B. Harms*, 226 F. Supp. at 338.

⁸⁵ *Id.*

⁸⁶ *Id.* at 339; *see* Fleischman, Comment, *supra* note 9, at 123.

⁸⁷ *T.B. Harms*, 226 F. Supp. at 339.

⁸⁸ *T.B. Harms*, 339 F.2d at 825-27 (internal quotation marks omitted).

⁸⁹ 22 U.S. (9 Wheat.) 738 (1824).

⁹⁰ *Id.* at 823 (“We think, then, that when a question to which the judicial power of the Union is extended by the constitution, forms an ingredient of the original cause, it is in the power of Congress to give the Circuit Courts jurisdiction of that cause, although other questions of fact or of law may be involved in it.”).

⁹¹ *T.B. Harms*, 339 F.2d at 826.

⁹² *Id.*

⁹³ *Id.* at 827 (“Harms’ claim is not within Holmes’ definition.”).

action to fix the locus of ownership.”⁹⁴ Thus, the Second Circuit held that the Holmes test could not be applied to § 1338(a).⁹⁵

Given the downfalls of the ingredient theory and creation test, Judge Friendly proposed a new, three-prong analysis to determine copyright jurisdiction.⁹⁶ According to the court:

Mindful of the hazards of formulation in this treacherous area, we think that an action “arises under” the Copyright Act if and only if the complaint is for a remedy expressly granted by the Act, e.g., a suit for infringement or for the statutory royalties for record reproduction, or asserts a claim requiring construction of the Act . . . , or, at the very least and perhaps more doubtfully, presents a case where a distinctive policy of the Act requires that federal principles control the disposition of the claim.⁹⁷

Thus, under *T.B. Harms*, a copyright case invokes federal jurisdiction if: (1) the remedy sought is provided by the Copyright Act; (2) the case requires construction of the Copyright Act; or, (3) the case involves distinctive federal policies.⁹⁸

2. Confusion in the Wake of *T.B. Harms*: The Copyright Jurisdiction Landscape Today

Although the Second Circuit attempted to offer a simplified framework for arising under jurisdiction, the interpretation of *T.B. Harms* by lower courts has been all but uniform. Justice Friendly’s three-prong approach to copyright jurisdiction was unintentionally vague and created ample room for judicial interpretation.⁹⁹ In construing the *T.B. Harms* standard, lower courts have developed three conflicting approaches to § 1338(a): (1) the essence test; (2) the *Schoenberg* test; and (3) the well-pleaded complaint test.¹⁰⁰ This Subsection details these three standards and clarifies where copyright jurisdiction stands today.

⁹⁴ *Id.*

⁹⁵ *Id.* at 826-27.

⁹⁶ *See id.* at 828; McCarthy, Comment, *supra* note 9, at 171.

⁹⁷ *T.B. Harms*, 339 F.2d at 828 (citations omitted).

⁹⁸ *See* McCarthy, Comment, *supra* note 9, at 185-86.

⁹⁹ *See* Fleischman, Comment, *supra* note 9, at 125 (“Judge Friendly has, with a single paragraph, left a legacy of confusion that has led to a series of apparently irreconcilable judicial opinions and rules in the Second Circuit.”).

¹⁰⁰ Birrer, Note, *supra* note 9, at 282.

a. *The Essence Test*

Courts adhering to the “essence of the claim” standard base their jurisdictional decisions on the nature or substance of the claim.¹⁰¹ These courts maintain that the substance of the dispute, rather than the formal allegations of the complaint, should be referenced to properly determine subject matter jurisdiction.¹⁰² In this sense, courts try to determine the plaintiff’s true motive in initiating the lawsuit and discern whether the copyright dispute is the heart of the matter.¹⁰³ Thus, “[t]his test encourages courts to attempt to read the plaintiff’s mind” in order to weigh the merits of the case.¹⁰⁴

The essence test—also referred to as the principal and controlling issue test—originated with the Southern District of New York only eight years after *T.B. Harms*. In *Elan Associates, Ltd. v. Quackenbush Music, Ltd.*,¹⁰⁵ the district court found that it lacked subject matter jurisdiction to determine a claim involving, at its core, a contractual dispute over ownership and title to several copyrights.¹⁰⁶ On May 15, 1968, Carly Simon allegedly executed a written contract giving Elan Associates the exclusive right to obtain copyrights on her musical compositions.¹⁰⁷ At that same time, however, Ms. Simon was also a part owner of Quackenbush Music, which she formed to hold copyrights in all of her songs.¹⁰⁸ Believing her agreement with Elan Associates pertained only to one particular song, Ms. Simon filed suit in the New York State Supreme Court in 1971 to void the agreement with Elan Associates on the basis of fraud.¹⁰⁹ Approximately one month later, Elan Associates filed suit in federal district court against Ms. Simon for copyright infringement.¹¹⁰

Acknowledging the Second Circuit’s ruling in *T.B. Harms*, Judge Cannella agreed that “federal courts lack jurisdiction to determine questions of title dependent on general common law or equitable principles which must be resolved in the appropriate state court.”¹¹¹ Nonetheless, the district court interpreted Judge Friendly’s three-prong test as requiring the court to look at the “principal and controlling issue” involved in the action.¹¹² Upon

¹⁰¹ See *Topolos v. Caldewey*, 698 F.2d 991, 993 (9th Cir. 1983) (describing the essence test as an inquiry into the “primary and controlling purpose,” “principal issue,” or “fundamental controversy . . . of the plaintiff’s suit”) (internal quotation marks omitted).

¹⁰² Birrer, Note, *supra* note 9, at 282-83.

¹⁰³ Cohen, *supra* note 2, at 362.

¹⁰⁴ *Id.* at 374.

¹⁰⁵ *Elan Assocs., Ltd. v. Quackenbush Music, Ltd.*, 339 F. Supp. 461 (S.D.N.Y. 1972).

¹⁰⁶ *Id.* at 462.

¹⁰⁷ *Id.* at 461.

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ *Id.* at 462.

¹¹¹ *Elan*, 339 F. Supp. at 462.

¹¹² *Id.*

a careful reading of the facts alleged in Quackenbush Music's complaint, Judge Cannella held that Elan Associates' claim for copyright infringement was really a wolf in sheep's clothing: the heart of the action was a state law contract dispute currently being litigated in New York state court.¹¹³ Thus, the court declined to exercise jurisdiction by "[l]ooking beyond the wording of the complaint."¹¹⁴

Although the *Elan* case adequately showcases the application of the essence test, the current authority governing this principle is *Berger v. Simon & Schuster*.¹¹⁵ In *Berger*, the plaintiff signed a publishing agreement with the defendant in which he promised to deliver a book, *The Southampton Diet*.¹¹⁶ The defendant possessed an exclusive license to publish the book, and secured a copyright in the plaintiff's name.¹¹⁷ Following the publication of *The Southampton Diet*, the plaintiff published a second book with a different publisher.¹¹⁸ In light of the second book's success, Simon & Schuster decided to reprint and sell *The Southampton Diet*, and notified the plaintiff of this intent.¹¹⁹ The publishing agreement, however, provided the plaintiff with two methods for revoking Simon & Schuster's right to publish, and the plaintiff sought to terminate the defendant's rights by filing suit.¹²⁰

In declining jurisdiction, the court noted that the plaintiff framed his complaint entirely in terms of infringement, but the core of the dispute was purely contractual.¹²¹ There was nothing in the claim that required construction of the Copyright Act.¹²² Rather, the complaint "turn[ed] on purely factual and common law contract issues."¹²³ Thus, the court determined that Berger's suit was, "at heart," a contract action only and dismissed the case for lack of subject matter jurisdiction.¹²⁴

While adherence to the essence test may initially appear contrary to *T.B. Harms*, courts following this standard have found two main sources of support for their jurisdictional decisions. First, they cite the *T.B. Harms* district court opinion, which held that the formal allegations in the complaint must give way to the claim's substance.¹²⁵ Second, these courts ex-

¹¹³ *Id.*

¹¹⁴ Fleischman, Comment, *supra* note 9, at 126.

¹¹⁵ 631 F. Supp. 915 (S.D.N.Y. 1986); *see* McCarthy, Comment, *supra* note 9, at 189.

¹¹⁶ *Berger*, 631 F. Supp. at 916.

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ *Id.* at 917 (claiming that the plaintiff "in substance, albeit not in form, is seeking a declaration that certain conditions precedent to a revocation of a license have taken place").

¹²² *Berger*, 631 F. Supp. at 917.

¹²³ *Id.*

¹²⁴ *Id.* at 919.

¹²⁵ Birrer, Note, *supra* note 9, at 283.

pand upon the notion in *T.B. Harms* that the grant of federal jurisdiction should be narrowly interpreted “so as not to deprive state courts of jurisdiction over matters of minor federal significance.”¹²⁶ In this manner, the essence test exhibits one of its strongest advantages: it ensures that the copyright claim is central to the outcome of the litigation so that federal courts are justified in exercising their exclusive jurisdiction.¹²⁷

Nonetheless, the essence test has substantial faults that hinder its effective application in practice. The test blurs the distinction between dismissal on the merits of the case and dismissal for lack of subject matter jurisdiction.¹²⁸ Where a plaintiff sufficiently pleads a claim under the Copyright Act, but the federal courts determine that the “heart” of the matter is a state law claim, the parties may interpret this action as a ruling on the substance of the complaint.¹²⁹ Additionally, where a party pleads a copyright claim, she may find herself stuck in state court if the federal court deems the copyright issue incidental to the state law dispute.¹³⁰ This determination deprives plaintiffs of a federal forum in violation of the Copyright Act’s specific conferral of exclusive jurisdiction.

b. *The Schoenberg Test*

In contrast to the essence approach, the *Schoenberg* test arose out of a desire to ensure uniformity, fairness, and predictability among the courts in jurisdictional interpretation.¹³¹ Proposing a three-prong test that mirrored the analysis in *T.B. Harms*, the Second Circuit shifted focus from the “heart” of the plaintiff’s complaint to a determination of whether the copyright claim was merely “incidental” to the plaintiff’s overall dispute.¹³² This interpretation gained traction in the early 1990s¹³³ and made clear that courts could resolve the jurisdictional debate by examining evidence outside the pleadings.¹³⁴

In *Schoenberg*, the plaintiff entered into a written publishing agreement with Steimatzky Publishing of North America, Inc., whereby the

¹²⁶ *Id.*; see McCarthy, Comment, *supra* note 9, at 190 (“All of the ‘essence’ test cases build from *T.B. Harms*’ policy that state courts should not be deprived of jurisdiction over claims that are of minimal federal significance.”).

¹²⁷ Daniel E. Wanat, *Copyright and Contracts: The Subject Matter Jurisdiction of Federal Courts Under 28 U.S.C. 1338(a)*, 11 DEPAUL J. ART & ENT. L. 361, 394 (2001).

¹²⁸ Birrer, Note, *supra* note 9, at 285; see Wanat, *supra* note 127, at 394.

¹²⁹ See Birrer, Note, *supra* note 9, at 285.

¹³⁰ *Bassett v. Mashantucket Pequot Tribe*, 204 F.3d 343, 348 (2d Cir. 2000).

¹³¹ Birrer, Note, *supra* note 9, at 290-91.

¹³² See Beam, Comment, *supra* note 2, at 408-09.

¹³³ See *id.* at 408.

¹³⁴ *Schoenberg v. Shapolsky Publishers, Inc.*, 971 F.2d 926, 933 (2d Cir. 1992); Wanat, *supra* note 127, at 386.

plaintiff would retain ownership of the copyright and Steimatzky would receive a license to publish the manuscript.¹³⁵ The contract required Steimatzky and its successor, Shapolsky Publishers, to print the manuscript within six months of receiving the final draft.¹³⁶ However, Steimatzky and Shapolsky allegedly did not publish the manuscript until four years after receiving the final draft and failed to make any royalty payments to Schoenberg.¹³⁷ In light of these events, Schoenberg brought suit under the Copyright Act, alleging copyright infringement.¹³⁸

Addressing the issue of whether the court had subject matter jurisdiction, Judge Altimari conceded that the issue of copyright jurisdiction “is a problem that continues to perplex and divide the trial courts of this Circuit.”¹³⁹ Although the court acknowledged its prior decision in *T.B. Harms*, it determined that this case posed a more difficult jurisdictional question than what had previously been anticipated in that case.¹⁴⁰ Specifically, *T.B. Harms* did not address the scenario where a plaintiff pleads infringement as the result of a contractual breach.¹⁴¹ Thus, the court found the framework of *T.B. Harms* inapplicable to the present case, and instead adopted the paradigm for arising under jurisdiction set forth in *Costello Publishing Co. v. Rotelle*.¹⁴²

In *Costello*, the D.C. Circuit answered the jurisdictional question by determining whether the complaint “alleges a breach of a condition to, or a covenant of, the contract licensing or assigning the copyright.”¹⁴³ Where there is a breach of a condition, then the federal courts possess subject matter jurisdiction.¹⁴⁴ However, if the complaint pleads only the breach of a covenant or assignment of the copyright, then the court must decide if the breach is material enough to create a right of rescission.¹⁴⁵ If so, then the claim arises under the Copyright Act and invokes federal jurisdiction.¹⁴⁶

To implement the *Costello* analysis within the current *T.B. Harms* framework, Judge Altimari thus suggested a three-prong approach to copyright jurisdiction:

¹³⁵ *Schoenberg*, 971 F.2d at 928.

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *Id.* at 931.

¹⁴⁰ *Id.*

¹⁴¹ *Schoenberg*, 971 F.2d at 931-32.

¹⁴² *Id.* (“We believe the appropriate test under the *T.B. Harms* paradigm, for determining whether a suit ‘arises under’ the Copyright Act when it alleges infringement stemming from a breach of contract, was enunciated in *Costello Publishing Co. v. Rotelle*”); *Costello Publ’g Co. v. Rotelle*, 670 F.2d 1035 (D.C. Cir. 1981).

¹⁴³ *Schoenberg*, 971 F.2d at 932 (citing *Costello*, 670 F.2d at 1045).

¹⁴⁴ *Id.* (citing *Costello*, 670 F.2d at 1045).

¹⁴⁵ *Id.* (citing *Costello*, 670 F.2d at 1045).

¹⁴⁶ *Id.* (citing *Costello*, 670 F.2d at 1045).

A district court must first ascertain whether the plaintiff's infringement claim is only "incidental" to the plaintiff's claim seeking a determination of ownership or contractual rights under the copyright. If it is determined that the claim is not merely incidental, then a district court must next determine whether the complaint alleges a breach of a condition to, or a covenant of, the contract licensing or assigning the copyright. . . . [I]f a breach of a condition is alleged, then the district court has subject matter jurisdiction. But if the complaint merely alleges a breach of a contractual covenant in the agreement that licenses or assigns the copyright, then the court must undertake a third step and analyze whether the breach is so material as to create a right of rescission in the grantor. If the breach would create a right of rescission, then the asserted claim arises under the Copyright Act.¹⁴⁷

When implementing this three-part test, the court acknowledged the similarity of the last two prongs to the essence test and suggested that the three prongs would, in practice, merge into one inquiry.¹⁴⁸ Regardless of the number of prongs, however, the court made clear that this test permitted the judiciary to examine evidence outside the pleadings, including affidavits.¹⁴⁹

Despite the Second Circuit's attempt to clarify the *T.B. Harms* standard, the *Schoenberg* test provides the judiciary with too much discretion in determining whether a copyright claim is *incidental* to a state law claim.¹⁵⁰ Comparable to the essence test, when a court finds that the copyright claim is incidental to the state law cause of action, litigants can interpret this ruling as a judgment on the merits.¹⁵¹ Courts are forced "to make substantive determinations in the absence of a true understanding of the case, which is revealed only after a trial."¹⁵² These findings may require the court to conduct extensive hearings at an early stage in the case.¹⁵³ Furthermore, this framework prevents the plaintiff from knowing with certainty where to file suit.¹⁵⁴ Because the courts are permitted to examine evidence outside the pleadings, jurisdiction may turn on the defendant's answer or a third party's affidavit. In this manner, jurisdiction is controlled by the defendant, not the plaintiff.¹⁵⁵ Thus, not only does the *Schoenberg* test suffer from the same

¹⁴⁷ *Id.* at 932-33 (citations omitted).

¹⁴⁸ *Id.* at 933.

¹⁴⁹ *Schoenberg*, 971 F.2d at 933. The Northern District of Illinois followed the *Schoenberg* test in 1997 when it determined whether a copyright claim was incidental to a contract claim. *Athanasius-Design v. Cumberland Homes, Ltd.*, No. 96-C-6764, 1997 WL 176448, at *3, *5 (N.D. Ill. Apr. 4, 1997).

¹⁵⁰ Birrer, Note, *supra* note 9, at 293.

¹⁵¹ Beam, Comment, *supra* note 2, at 408-09.

¹⁵² *Id.* at 409; see *Bassett v. Mashantucket Pequot Tribe*, 204 F.3d 343, 354 (2d Cir. 2000) ("[T]he *Schoenberg* test requires the court to make complex factual determinations relating to the merits at the outset of the litigation—before the court has any familiarity with the case.").

¹⁵³ Wanat, *supra* note 127, at 389.

¹⁵⁴ *Bassett*, 204 F.3d at 353; Beam, Comment, *supra* note 2, at 409.

¹⁵⁵ Wanat, *supra* note 127, at 388.

pitfalls as the essence test, but it also offers no guidance on the definition of the term “incidental.”¹⁵⁶

c. *The Well-Pleaded Complaint Test*

Following the failures of the essence approach and *Schoenberg* test, federal courts reinstated Judge Friendly’s three-part analysis of copyright jurisdiction and implemented the well-pleaded complaint rule, which forms the foundation of § 1331 jurisdiction.¹⁵⁷ By adopting this rule, the court ensured that the plaintiff is the “master” of his claim and can avoid federal jurisdiction by exclusively relying on state law.¹⁵⁸ Thus, the plaintiff’s complaint is dispositive on the question of federal jurisdiction and cannot be overcome even by an anticipated defense.¹⁵⁹

The only significant exception to the well-pleaded complaint rule is where the plaintiff actively conceals the federal nature of a claim in order to avoid federal jurisdiction.¹⁶⁰ Where a claim is actually based on federal law, the plaintiff will not be permitted to artfully plead a state cause of action.¹⁶¹ In that scenario, the defendant may remove the case to federal court over the plaintiff’s objection.¹⁶² As a corollary to this rule, the plaintiff cannot invoke federal jurisdiction by simply naming a federal statute in the complaint. The relief sought by the plaintiff must be actually based on federal law, not state law, in order to enter the federal courtroom.¹⁶³

¹⁵⁶ See *Bassett*, 204 F.3d at 353; Beam, Comment, *supra* note 2, at 409 (noting that the *Schoenberg* test is vague); see also Wanat, *supra* note 127, at 387-88 (discussing vague nature of the *Schoenberg* test). The Northern District of Illinois stated that

[a copyright] infringement claim is incidental if: (1) disposing of the contract claim automatically disposes of the copyright claim; (2) the plaintiff made no pre-filing attempt to enforce its copyright either through contract termination or “cease and desist” notices; or (3) resolving the claim does not require construction of the Copyright Act or application of federal principles.

Athanasius-Design v. Cumberland Homes, Ltd., No. 96-C-6764, 1997 WL 176448, at *3 (N.D. Ill. Apr. 4, 1997).

¹⁵⁷ See *supra* Section I.A; see also Birrer, Note, *supra* note 9, at 286. Birrer notes that courts focus on two sections of the *T.B. Harms* decision for support when using the well-pleaded complaint standard: “First, under *T.B. Harms*, federal subject matter jurisdiction exists wherever ‘the complaint is for a remedy expressly granted by the Act.’ Second, according to the Second Circuit, federal subject matter jurisdiction exists when the plaintiff directs his complaint against an infringing use and refers to the license only incidentally.” *Id.* (footnote omitted) (quoting McCarthy, Comment, *supra* note 9, at 175).

¹⁵⁸ *Caterpillar Inc. v. Williams*, 482 U.S. 386, 392 (1987).

¹⁵⁹ *Dead Kennedys v. Biafra*, 37 F. Supp. 2d 1151, 1153 (N.D. Cal. 1999).

¹⁶⁰ *Saturday Evening Post Co. v. Rumbleseat Press, Inc.*, 816 F.2d 1191, 1195 (7th Cir. 1987).

¹⁶¹ *Id.*

¹⁶² *Id.*

¹⁶³ *Id.*

Today, this well-pleaded complaint rule is perceived as the dominant jurisdictional analysis in copyright disputes.¹⁶⁴ While the Supreme Court has never addressed this rule in the context of copyright actions, the rule garners support and justification from its application to patent cases.¹⁶⁵ As early as 1850, the Supreme Court denied federal jurisdiction where “[n]either the plaintiff’s action nor the remedy sought . . . depended upon the parties’ patent rights.”¹⁶⁶ Because the rights of the parties based on the face of the complaint depended solely on common law and equity principles of contract, federal construction of any law relating to patents was unnecessary.¹⁶⁷ Therefore, federal jurisdiction could not be invoked.¹⁶⁸

Similarly, in *Christianson v. Colt Industries Operating Corp.*,¹⁶⁹ the Supreme Court reaffirmed the applicability of the well-pleaded complaint rule in the context of patents.¹⁷⁰ Colt Industries, a seller and marketer of M16 rifles, acquired sixteen patents to develop the precursor to the M16.¹⁷¹ The patents obtained by Colt concealed the manufacturing specifications of the rifle to prevent competitors from engaging in mass production.¹⁷² Those companies and employees licensed to manufacture M16 parts were required to sign a nondisclosure agreement.¹⁷³ Christianson, a former Colt employee, established International Trade Services, Inc. (“ITS”) and began selling M16 parts domestically and internationally in violation of the nondisclosure agreement.¹⁷⁴ Although Colt expressly waived some of its proprietary rights as to Christianson’s early transactions, the corporation notified Christianson’s current and potential customers that ITS was misappropriating trade secrets.¹⁷⁵ In response, Christianson filed suit challenging the validity of Colt’s patents and alleging a state law claim for tortious interference with business relationships.¹⁷⁶

¹⁶⁴ See Ratner, Survey, *supra* note 9, at 965.

¹⁶⁵ *Id.* at 965-66.

¹⁶⁶ Wanat, *supra* note 127, at 367; see *Wilson v. Sandford*, 51 U.S. (10 How.) 99, 101-02 (1850).

¹⁶⁷ *Wilson*, 51 U.S. at 102.

¹⁶⁸ See Cohen, *supra* note 2, at 352 (“*Wilson* stands for the principle that not every case that concerns a patent—or by analogy, a copyright—is within the jurisdiction of the federal courts.”).

¹⁶⁹ 486 U.S. 800 (1988).

¹⁷⁰ *Id.* at 810.

¹⁷¹ *Id.* at 804.

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ *Id.*

¹⁷⁵ *Christianson*, 486 U.S. at 804.

¹⁷⁶ *Id.* at 806 (“Petitioners’ motion for summary judgment raised only a patent-law issue obliquely hinted at . . . that Colt’s patents were invalid from their inception for failure to disclose sufficient information to ‘enable any person skilled in the art . . . to make and use the same’ as well as a description of ‘the best mode contemplated by the inventor of carrying out his invention.’ Since Colt benefited from the protection of the invalid patents, the argument continues, the ‘trade secrets’ that the patents should have disclosed lost any state-law protection.” (citation omitted) (quoting 35 U.S.C. § 112(a) (1982))).

The district court awarded Christianson summary judgment and invalidated nine of Colt's patents.¹⁷⁷ Colt appealed to the Federal Circuit, which concluded that it lacked subject matter jurisdiction to hear the appeal.¹⁷⁸ After the Federal Circuit denied jurisdiction, it transferred the appeal to the Seventh Circuit. In turn, the Seventh Circuit raised the jurisdictional question sua sponte and transferred the case back to the Federal Circuit.¹⁷⁹ In the interest of justice, the Federal Circuit decided the case on its merits and reversed the district court.¹⁸⁰

In vacating the judgment of the Federal Circuit, the Supreme Court determined that the case did not arise under patent laws and, therefore, the Federal Circuit lacked jurisdiction to hear the appeal.¹⁸¹ Basing its decision on linguistic consistency with § 1331, the Court held that "whether a claim arises under patent law must be determined from what necessarily appears in the plaintiff's statement of his own claim in the bill or declaration, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose."¹⁸² In this manner, Justice Brennan observed that federal jurisdiction could not be invoked by merely anticipating a patent law defense in the complaint.¹⁸³ Instead, patent law must be a necessary element of the claim or create the cause of action in order to justify opening the federal doors.¹⁸⁴ Thus, the viability of the well-pleaded complaint rule for patent actions was solidified in *Christianson*.

Given the jurisdictional treatment of patents, scholars have vigorously argued—and courts have agreed—that copyright jurisdiction should similarly depend on the well-pleaded complaint doctrine.¹⁸⁵ This majority approach today has the advantages of clarity and predictability: as master of the complaint, a plaintiff will always know where to file suit at the outset of the case.¹⁸⁶ The simple nature of this approach promotes judicial efficiency

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.* at 807.

¹⁸¹ *Christianson*, 486 U.S. at 818-19.

¹⁸² *Id.* at 809 (quoting *Franchise Tax Bd. v. Constr. Laborers Vacation Tr.*, 463 U.S. 1, 10 (1983)) (internal quotation marks omitted).

¹⁸³ *Id.* at 809; see also *The Fair v. Kohler Die & Specialty Co.*, 228 U.S. 22, 25 (1913) (explaining that the question of federal jurisdiction "cannot depend upon the answer, and accordingly jurisdiction cannot be conferred by the defense even when anticipated and replied to in the bill").

¹⁸⁴ *Christianson*, 486 U.S. at 815.

¹⁸⁵ See Ratner, Survey, *supra* note 9, at 965 ("[The well-pleaded complaint] rule should also apply to copyright because patent and copyright are treated similarly under § 1338(a)."); see also *Foxrun Workshop, Ltd. v. Klone Mfg., Inc.*, 686 F. Supp. 86, 87 (S.D.N.Y. 1988) ("Analogous principles apply to copyrights, patents, and trademarks.").

¹⁸⁶ Cohen, *supra* note 2, at 372-73; see *Foxrun Workshop, Ltd.*, 686 F. Supp. at 90 ("It is important to the parties to know from the outset whether the court has subject matter jurisdiction over the case.").

and ensures pleading propriety.¹⁸⁷ Additionally, by resolving the jurisdictional dispute at the outset, the court can focus on the merits of the claim instead of the procedural posture. Therefore, this test ensures that the plaintiff will always have a forum available in which to litigate the dispute¹⁸⁸—a forum that is typically more sympathetic to the plaintiff's viewpoint.

The advantages of the well-pleaded complaint rule, however, “pale in comparison to the potential costs of this approach.”¹⁸⁹ This doctrine promotes form over substance, and traps the defendant in a forum based on crafty pleading, not the nature of the claim.¹⁹⁰ There exists a substantial risk that the plaintiff will characterize a valid copyright claim as a state law cause of action in order to actively deny the defendant access to a federal forum.¹⁹¹ In this manner, state courts will be tasked with interpreting the Copyright Act, and the goal of uniformity in copyright interpretation will be circumvented.¹⁹² In sum, the well-pleaded complaint rule prevents important federal issues from being heard and adjudicated in federal courts.¹⁹³

Moreover, this doctrine “does not measure the interest of the parties in federal adjudication” and further fails to “consider any possible interest of the federal government in having its laws interpreted and applied by its own tribunals.”¹⁹⁴ The well-pleaded complaint rule ignores strong policy rationales that favor federal forums and can even clog federal courts with basic state causes of action.¹⁹⁵ For instance, when facts determined at an early stage of the litigation reveal that there is no federal claim or issue to be decided, dismissal on jurisdictional grounds at that time is inappropriate.¹⁹⁶ Thus, the federal court must hear the entire dispute even if the claim is solely premised on state law. The well-pleaded complaint rule is therefore equally as flawed as the essence and *Schoenberg* tests despite the fact that it is “deeply entrenched in federal jurisdictional jurisprudence.”¹⁹⁷

¹⁸⁷ Donald L. Doernberg, *There's No Reason For It; It's Just Our Policy: Why The Well-Pleaded Complaint Rule Sabotages the Purposes of Federal Question Jurisdiction*, 38 HASTINGS L.J. 597, 651 (1987).

¹⁸⁸ Wanat, *supra* note 127, at 394.

¹⁸⁹ Cohen, *supra* note 2, at 373.

¹⁹⁰ See Ratner, Survey, *supra* note 9, at 972.

¹⁹¹ *Id.* at 972 (acknowledging that “[t]his is a genuinely unfortunate possibility”).

¹⁹² See generally *id.* at 969-75 (discussing the purpose of exclusive federal jurisdiction over copyright right actions and highlighting the shortcomings of the well-pleaded complaint rule in achieving these goals).

¹⁹³ Doernberg, *supra* note 187, at 651.

¹⁹⁴ *Id.* at 650.

¹⁹⁵ Cohen, *supra* note 2, at 373 (“By requiring courts to defer to the plaintiff's pleading choices, the well-pleaded complaint approach . . . might open the floodgates to allow more and more federal litigation of cases that are at heart contract disputes.”).

¹⁹⁶ Wanat, *supra* note 127, at 394.

¹⁹⁷ McCarthy, Comment, *supra* note 9, at 190 n.229, 192.

II. PRACTICAL PROBLEMS

The well-pleaded complaint rule's application in the context of § 1338 remains questionable in theory. But the unfortunate reality is that the use of the well-pleaded complaint rule is even more flawed in practice. Copyright jurisdiction remains an area of uniquely federal significance—the passage of § 1338 alone conveys legislative interest in seeking interpretation and uniformity in this relatively complex area through exclusive relegation to the federal forum. That is not to say, however, that a clever plaintiff is out of luck if he wishes to remain in state court.

It has long been the prerogative of plaintiffs to choose among the claims they wish to pursue. Accordingly, if the plaintiff is master of his complaint, he has the option to eschew federal claims and plead state law claims only in order to prevent removal of his action to the federal courts. But this raises two questions. First, if there are copyright issues afoot in a lawsuit, why would a plaintiff attempt to state claims that would prevent removal of an action to the federal court? Further, if there are good reasons for avoiding the federal forum, how can a plaintiff utilize the well-pleaded complaint rule to defeat federal jurisdiction? The following sections explore such questions.

A. *Reasons to Avoid the Federal Forum*

Copyright law is a notoriously complex and difficult corner of the law. To apply doctrines in this area requires careful study and willingness to delve into complicated issues. So, if copyright issues are so intricate, why would a plaintiff seek to have his case heard in state court?

Preference for the state forum has long been explained in a variety of myths, at least some of which might be persuasive in the copyright context. The first myth is, of course, that plaintiffs may wish to litigate in state court where they perceive decisionmakers or juries to be more sympathetic to their cause, or more biased in their favor. The reasons for this feeling are manifold. First, the status of the parties plays into this issue. If the plaintiff is an individual and the defendant is a corporation, the plaintiff may desire to stay in state court to avoid more business-friendly or defendant-friendly federal courts. The question of whether federal courts are truly more defendant friendly is an oft-debated one,¹⁹⁸ but at least some empirical data indicates that a plaintiff's case does not have the same chance of success in

¹⁹⁸ E.g., Heather R. Barber, Comment, *Developments in the Law: Federal Jurisdiction and Forum Selection: V. Removal and Remand*, 37 LOY. L.A. L. REV. 1555, 1555 (2004) (“The presumption is that federal courts are more defendant-friendly.” (emphasis added)).

the federal forum.¹⁹⁹ This seems to be especially true when the defendant is a large, out-of-state corporation.²⁰⁰

This bias is recognized by the bar. In one study, 70 percent of attorneys in a sample of state court proceedings and 63 percent of attorneys in a sample of federal court proceedings noted that an individual's resident status was important in the preference to file in state court.²⁰¹ This may be because, as at least some research suggests, local juries are more prone to engage in wealth redistribution by taking money from out-of-state corporations and awarding it to local plaintiffs.²⁰² A local plaintiff may thus wish to take advantage of a local judge and jury, who may be more familiar with the plaintiff's status or situation or more sympathetic to community interests. Of course, federal judges and juries are members of their local communities, but the juries are drawn from the entire federal district and may come from a different economic, social, or regional background. A plaintiff might wish to have a jury of his actual peers drawn from the local community and therefore try to defeat removal of his copyright action to ensure a sympathetic venire.

Furthermore, a copyright plaintiff may be especially keen on avoiding federal court in order to prey on the perceived biases and inequities present in the federal-state balance. This is especially the case if the plaintiff wishes to portray himself, the artist, as wronged by a major corporation who has hijacked his work in some way. Additionally, and perhaps most controversially, plaintiffs may wish to actually avoid the expertise of federal courts in copyright actions. The purpose of § 1338 is to seek uniformity in the complicated area of copyright law by utilizing the federal courts. Pursuant to this congressional mandate, federal courts now ostensibly have expertise in the area of copyright far above what might be expected in a state court. While this expertise usually benefits litigants,²⁰³ a plaintiff with a close question might actually desire a more lax understanding of the copyright rules. Indeed, a plaintiff may hope that a state court would incorrectly apply copyright doctrines, or be tempted to see such actions as solely breach of contract cases while ignoring difficult copyright questions.

Of course, there may be other strategic reasons for avoiding the federal forum, including simple matters of convenience or expediency. A plaintiff

¹⁹⁹ *Id.* at 1555 (noting statistics demonstrating that “defendants who successfully remove to federal court enjoy higher win rates”).

²⁰⁰ Victor E. Flango, *Attorneys' Perspectives on Choice of Forum in Diversity Cases*, 25 AKRON L. REV. 41, 64 (1991).

²⁰¹ *Id.* at 63.

²⁰² See *TXO Prod. Corp. v. Alliance Res. Corp.*, 509 U.S. 443, 491 (1993) (O'Connor, J., dissenting) (“Finally, juries may feel privileged to correct perceived social ills stemming from unequal wealth distribution by transferring money from ‘wealthy’ corporations to comparatively needier plaintiffs.”); Lester Brickman, *The Asbestos Litigation Crisis: Is There a Need for an Administrative Alternative?*, 13 CARDOZO L. REV. 1819, 1849 n.128 (1992).

²⁰³ Ratner, Survey, *supra* note 9, at 970.

may seek a faster resolution of his case and believe that is likely to occur in state court. Similarly, a plaintiff may not want to travel to the nearest federal division in order to appear, or may wish to take advantage of some state procedural mechanism that would not be available in federal court. But regardless, it seems at least somewhat clear that some plaintiffs may seek to avoid federal forums even when copyright is implicated in the lawsuit.

B. *Avoiding the Federal Forum*

Assuming that the reasons illuminated above might convince a plaintiff to avoid federal court, the next question is as follows: how might one do that? This Article does not seek to be a manual for plaintiffs attempting to remain in state court, but the reality is that a clever plaintiff can easily avoid federal question jurisdiction, even when copyright issues are implicated.

The issues discussed here are likely to arise in two contexts. First, the plaintiff has filed her action in state court and is now facing a motion to dismiss for lack of subject matter jurisdiction. Such a motion would be premised on the exclusive jurisdiction of the federal courts over copyright actions under § 1338. A state court judge would thus have to decide if the state court was divested of jurisdiction based on the presence of jurisdiction arising under issues of copyright. The alternative is that the defendant does not seek to dismiss the state court proceeding, but instead removes the case to federal court. The plaintiff would then be seeking a motion to remand the case back to her preferred forum. This Article focuses on the latter scenario—first, because it is the most likely, and second, because it is easier to discern how federal courts would approach this question of arising under jurisdiction in the context of copyright.

If removal is premised on federal question jurisdiction, a federal court is likely to employ the well-pleaded complaint rule and assess whether an essential element of the claim, on the face of the plaintiff's complaint, raises a federal question. Of course, the mere presence of the word "copyright" in the complaint or the fact that copyrighted material is at issue is not talismanic.²⁰⁴ However, federal jurisdiction will exist, without much doubt, in some contexts. First, the open-and-shut case for federal jurisdiction comes in the form of copyright infringement actions. A copyright infringement action arises under federal law because federal law actually creates the cause of action. Indeed, *T.B. Harms* noted that "an action 'arises under' the Copyright Act if and only if the complaint is for a remedy expressly granted by the Act, e.g., a suit for infringement."²⁰⁵ This squarely comports with general principles of federal question jurisdiction. It has been historically

²⁰⁴ See *Arthur Young & Co. v. City of Richmond*, 895 F.2d 967, 969 (4th Cir. 1990); *Topolos v. Caldewey*, 698 F.2d 991, 993 (9th Cir. 1983); *Muse v. Mellin*, 212 F. Supp. 315, 316 (S.D.N.Y. 1962).

²⁰⁵ *T.B. Harms Co. v. Eliscu*, 339 F.2d 823, 828 (2d Cir. 1964).

certain that causes of action created by federal law are appropriately heard in the federal forum.²⁰⁶

Copyright issues, however, can give rise to federal question jurisdiction even outside the parameters of the creation test. For example, where coownership of a copyright by nature of coauthorship is implicitly at issue, arising under jurisdiction will be satisfied. The idea governing this result is that if the plaintiff is seeking a remedy, the plaintiff must establish the right that gives rise to that remedy under the Copyright Act. If establishing that right involves a determination of coownership, then arising under jurisdiction is likely to exist. Indeed, each federal court of appeals that has addressed the issue has concluded that a determination of copyright ownership based on a disputed allegation of coauthorship presents a federal question that arises under, and must be determined according to, the Copyright Act.²⁰⁷

For example, in *Merchant v. Levy*,²⁰⁸ the Second Circuit assessed the presence of arising under jurisdiction in an action initiated by alleged coauthors of a copyright.²⁰⁹ The plaintiffs were two of the original members of the singing group “The Teenagers” and alleged that in 1955 they jointly wrote the initial version of the song “Fools,” but that another individual, Frank Lymon, made a number of changes to the song when he subsequently joined the group.²¹⁰ Later, George Goldner, the owner of Gee Records, filed a copyright for “Fools,” listing himself and Lymon as sole coauthors.²¹¹ Over a decade later, the defendant, Morris Levy, purchased Goldner’s interest in several music companies, including the music publishing company that held the copyright for “Fools.”²¹² Goldner subsequently wrote a letter to the Copyright Office stating that Levy, not Goldner, had coauthored “Fools” with Lymon, and the copyright registration was amended to reflect this statement.²¹³ The plaintiffs never received any royalties from “Fools” and were allegedly threatened with physical force and death by Levy when they inquired about royalty payments.²¹⁴

While believing they were entitled to royalties from “Fools,” the plaintiffs did not pursue litigation until much later.²¹⁵ At the time of litigation, they asserted that they were coowners of the copyright because of their sta-

²⁰⁶ *Id.*

²⁰⁷ See, e.g., *Cambridge Literary Props., Ltd. v. W. Goebel Porzellanfabrik G.m.b.H. & Co.*, 510 F.3d 77, 84-85 (1st Cir. 2007); *Gaiman v. McFarlane*, 360 F.3d 644, 652-53 (7th Cir. 2004); *Merchant v. Levy*, 92 F.3d 51, 55 (2d Cir. 1996).

²⁰⁸ 92 F.3d 51 (2d Cir. 1996).

²⁰⁹ *Id.* at 55.

²¹⁰ *Id.* at 52.

²¹¹ *Id.*

²¹² *Id.* at 53.

²¹³ *Id.*

²¹⁴ *Merchant*, 92 F.3d at 53.

²¹⁵ *Id.*

tus as coauthors of a joint work, and they sought declaratory relief and damages to this effect.²¹⁶ The plaintiffs persevered in the district court, but, on appeal, the defendants challenged the subject matter jurisdiction of the federal courts on the grounds that the plaintiffs' claim for a declaration of coownership was not a federal cause of action.²¹⁷ Quoting *T.B. Harms*, the court noted that federal question jurisdiction would exist

“if the complaint is for a remedy expressly granted by the [Copyright] Act, . . . or asserts a claim requiring construction of the Act . . . or, at the very least and perhaps more doubtfully, presents a case where a distinctive policy of the Act requires that federal principles control the disposition of the claim.”²¹⁸

The court further asserted that a case in which the plaintiffs were seeking to establish coownership by coauthorship fell “well within these jurisdictional bounds.”²¹⁹

In particular, the Second Circuit noted that where a dispute of copyright ownership arises under an agreement between the parties (i.e., a contract), resolution of the ultimate question depends entirely on state law.²²⁰ However, a determination of coownership by coauthorship arises directly from the terms of the Copyright Act itself.²²¹ Even though the Copyright Act does not define the terms “joint author” or “joint work,” the factual analysis of whether the plaintiffs participated in composing the song was necessary to determine if 17 U.S.C. § 201(a)²²² was satisfied; namely, whether they were “authors of a joint work” and, thus, “co[-]owners of copyright in the work.”²²³

The reasoning of *Merchant* has been adopted, mirrored, or mimicked in a number of other courts.²²⁴ For example, in *Royal v. Leading Edge Products, Inc.*,²²⁵ the First Circuit similarly tackled whether federal subject matter jurisdiction was appropriate in a suit by a plaintiff seeking declaratory relief stating that he was the coowner of a copyright.²²⁶ In *Royal*, the de-

²¹⁶ *Id.*

²¹⁷ *Id.* at 55.

²¹⁸ *Id.* (alterations in original) (quoting *T.B. Harms Co. v. Eliscu*, 339 F.2d 823, 828 (2d Cir. 1964)).

²¹⁹ *Id.*

²²⁰ *Merchant*, 92 F.3d at 55.

²²¹ *Id.*; see *Goodman v. Lee*, 815 F.2d 1030, 1031-32 (5th Cir. 1987); see also *Lieberman v. Estate of Chayefsky*, 535 F. Supp. 90, 91 (S.D.N.Y. 1982); 3 NIMMER & NIMMER, *supra* note 1, § 12.01[A], at 12-13.

²²² 17 U.S.C. § 201(a) (2012).

²²³ See *Merchant*, 92 F.3d at 55-56 (alteration in original) (quoting 17 U.S.C. § 201(a)).

²²⁴ See *e.g.*, *Santa-Rosa v. Combo Records*, 471 F.3d 224, 227, 228 (1st Cir. 2006); *Gaiman v. McFarlane*, 360 F.3d 644, 652 (7th Cir. 2004); see also *Goodman v. Lee (Goodman II)*, 78 F.3d 1007, 1010 (5th Cir. 1996).

²²⁵ 833 F.2d 1 (1st Cir. 1987).

²²⁶ *Id.* at 1-2.

defendant hired the plaintiff as a word processing development manager.²²⁷ Later, the plaintiff and a coworker agreed to develop a software package in exchange for stipulated royalty payments based on future sales of the package.²²⁸ The software package was completed, and it was an original work that contained copyrightable subject matter.²²⁹ Later, the plaintiff's employment was terminated, and the defendant stopped paying royalties.²³⁰ The relevant language from the parties' agreement stated that further royalties would not be paid if the plaintiff was fired for cause, but that plaintiff would be entitled to five years of royalty payments if he was discharged "for no cause."²³¹

The plaintiff brought suit, alleging that he was terminated without cause.²³² He sought a declaratory judgment that he was a coowner of the copyright and an accounting for profits derived since the date of his termination.²³³ He also sought damages for breach of the royalty agreement.²³⁴ The parties asserted that federal jurisdiction was appropriate because the complaint stated claims requiring the construction of the Copyright Act, as it implicated the work-for-hire doctrine.²³⁵ Specifically, the plaintiff argued that, although the copyright initially inured to his employer because the work was produced as part of plaintiff's employment, the defendant's subsequent breach of the royalty agreement allowed the plaintiff to rescind the agreement and therefore retake his ownership interest in the copyright.²³⁶ This, according to plaintiff, was enough to satisfy federal question jurisdiction.²³⁷

Adopting the *T.B. Harms* test, the First Circuit disagreed with the plaintiff's jurisdictional theory.²³⁸ The court noted that there were ultimately only two theories of liability:

[I]f the royalty agreement stands, then the plaintiff's sole remedy for the breach of it would be money damages—and the Copyright Act need not be construed. If, however, as plaintiff suggests, the royalty agreement is subject to rescission because of defendant's material breach thereof, then that agreement would vanish. We would be left with no "written instru-

227 *Id.* at 1.

228 *Id.*

229 *Id.* at 2.

230 *Id.* at 1-2.

231 *Royal*, 833 F.2d at 2 (internal quotation marks omitted).

232 *Id.*

233 *Id.*

234 *Id.*

235 *Id.*

236 *Id.* at 3.

237 *Royal*, 833 F.2d at 2.

238 *Id.*

ment” signed by the parties, and the employer would be “considered the author” in the absence of such an instrument.²³⁹

Based on the above reasoning, there would be no way for the plaintiff to claim ownership rights based on the Copyright Act—the jurisdictional question was a “classic no-win situation.”²⁴⁰ Further, the court noted that it would “decide whether a case arises under the copyright laws by focusing on the nature of the principal claim asserted by the plaintiff.”²⁴¹ The first step in resolving the controversy would have to be determining whether the defendant complied with the terms of the royalty agreement and what the effect of any noncompliance would be on the contract.²⁴² In spirit, this was a breach of contract claim and did not implicate the Copyright Act in any jurisdictionally meaningful way.²⁴³

Apparently, one could take some simple lessons from the above cases in order to avoid the federal forum: (1) do not allege copyright infringement; (2) do not seek a declaration of coownership by nature of coauthorship; but (3) do allege a breach of contract claim. Equally as important is a plaintiff’s ability to categorize the actual copyright issues in his case as incidental to his garden-variety breach of contract claim. Remnants of the *Schoenberg* test control this result. Specifically, *Schoenberg* had long encouraged courts to consider whether a plaintiff’s “infringement claim is only ‘incidental’ to the plaintiff’s claim seeking a determination of ownership or contractual rights under the copyright.”²⁴⁴ This suggests that, in jurisdictions following or inspired by the *Schoenberg* formulation, courts should look beyond the complaint and determine if the plaintiff was concerned with copyright infringement or was more interested in pursuing contractual remedies. This proposition is based on the notion that “[t]he jurisdiction of the federal district courts cannot be manipulated by the simple expedient of creative labelling.”²⁴⁵

For example, in *Malinowski v. Playboy Enterprises, Inc.*,²⁴⁶ a freelance photographer brought suit against Playboy magazine, alleging that he was the copyright holder of two different sets of photographs that were published by Playboy in violation of his copyright.²⁴⁷ Because the plaintiff had taken the photographs for Playboy as a freelance photographer, Playboy argued that the plaintiff could not be the copyright holder because the pho-

²³⁹ *Id.* at 3 (citation omitted) (quoting 17 U.S.C. § 201(b) (1982)).

²⁴⁰ *Id.*

²⁴¹ *Id.* at 4 (quoting *Topolos v. Caldewey*, 698 F.2d 991, 993 (9th Cir. 1983)).

²⁴² *Id.*

²⁴³ *Royal*, 833 F.2d at 4.

²⁴⁴ *Schoenberg v. Shapolsky Publishers, Inc.*, 971 F.2d 926, 932 (2d Cir. 1992).

²⁴⁵ *Ferris v. General Dynamics Corp.*, 645 F. Supp. 1354, 1358 (D.R.I. 1986).

²⁴⁶ 706 F. Supp. 611 (N.D. Ill. 1989).

²⁴⁷ *Id.*

tographs were “work[s] made for hire.”²⁴⁸ When the court searched the complaint, it found that plaintiff’s only real allegation was that he had not been paid for the work he performed for Playboy.²⁴⁹ Accordingly, although he asserted a claim for copyright infringement, the majority of his complaint and arguments boiled down to the fact that he had not been paid.²⁵⁰ Thus, the court found that the action was “essentially a garden-variety contract dispute, notwithstanding [sic] [plaintiff’s] heroic efforts to costume it in the guise of a copyright action.”²⁵¹ Although the plaintiff had desired to remain in federal court, his failure is a good lesson for those trying to stay in state court—even if copyright issues abound in the lawsuit, it is helpful to characterize the ultimate remedy as one based in contract.

Malinowski suggests that courts will search the complaint to determine what is truly at issue in the litigation—is it copyright, or is it contract? But for plaintiffs with a closer call, avoiding the federal forum is still possible. This is primarily due to the Supreme Court’s decision in *Christianson v. Colt Industries*. *Christianson*’s reaffirmation of the well-pleaded complaint rule in the § 1338 context might seem detrimental to those wishing to stay in the safety of state court—but *Christianson*’s lesson is broader than that. Specifically, *Christianson* articulates that jurisdiction does not necessarily exist simply because a plaintiff “alleges a single theory [of a claim] under which resolution” of a federal question is essential.²⁵² The *Christianson* Court thus suggested that the well-pleaded complaint might reveal reasons unrelated to federal law why a plaintiff may be entitled to the relief he is seeking. Accordingly, this “alternative theor[y]” provision allows plaintiffs to avoid arising under jurisdiction by referencing at least one legal theory in this complaint that does not require the resolution of a federal issue.²⁵³

Of course, *Christianson* itself was decided in the patent context,²⁵⁴ but its lesson is no less potent in the arena of copyright. In *Christianson*, the plaintiff pled a violation of section 2 of the Sherman Act by alleging that the defendant had made false assertions that the plaintiff was violating its trade secrets, when in reality those trade secrets were not protected because the underlying patents were invalid.²⁵⁵ According to plaintiffs, these false statements were made in an attempt to willfully acquire monopoly power in the industry, and a determination of whether the patents were invalid was the only basis for the monopolization theory presented.²⁵⁶

²⁴⁸ *Id.* at 614.

²⁴⁹ *Id.* at 615.

²⁵⁰ *Id.* at 616.

²⁵¹ *Id.* (quoting *Royal v. Leading Edge Products, Inc.*, 833 F.2d 1, 2 (1st Cir. 1987)).

²⁵² *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 810 (1988).

²⁵³ *Id.*

²⁵⁴ *Id.*

²⁵⁵ *Id.* at 805.

²⁵⁶ *Id.* at 809.

When the Court addressed the presence of federal question jurisdiction on these facts, it determined that the theory presented by the plaintiff was only one of several which could have been used to support its allegations of monopolization.²⁵⁷ Specifically, the Court identified several other theories to support monopolization.²⁵⁸ First, the plaintiff could have established that the defendant's allegation of trade secret infringement was false because the defendant had authorized the plaintiff to use the trade secrets, not because the patents were invalid; indeed, there was language in the complaint suggesting that the defendant had previously granted the plaintiff permission to sell certain parts covered by the patents.²⁵⁹ This would establish behavior consistent with monopolization without needing to decide the validity of the patents.²⁶⁰ Similarly, additional allegations of the defendant's bad behavior, including circulating inapplicable court orders and suggestions that such orders prevented the recipient from doing business with the plaintiff, would have promoted the theory of monopolization without having to resolve the patent questions.²⁶¹

Thus, the lesson from *Christianson* seems clear—“[i]f[,] on the face of a well-pleaded complaint there are . . . reasons completely unrelated to the provisions and purposes” of federal law why a plaintiff may be entitled to relief, arising under jurisdiction simply does not exist.²⁶² Instead, a plaintiff's claim arises under federal law only when every theory supporting the claim requires the resolution of a federal issue.²⁶³

An example will help illustrate the problem with this approach in the copyright setting. Under *Christianson*, a court will analyze the complaint to determine whether there is an alternative legal theory for a claim that implicates copyright issues that rests solely on state law.²⁶⁴ Therefore, a plaintiff can easily avoid federal jurisdiction by asserting an alternate legal theory that does not require interpretation or analysis of the Copyright Act. For example, assume that a three-member band or musical group enters into a partnership agreement that specifies they will split all proceeds from songs, regardless of contribution. If one member later brings an action for an accounting of profits from a particular song, the defendant may assert that coownership by coauthorship is the only thing truly at issue—and federal question jurisdiction is appropriate. But reaching that conclusion ignores

²⁵⁷ *Id.* at 811.

²⁵⁸ *Christianson*, 486 U.S. at 811-12.

²⁵⁹ *Id.*

²⁶⁰ *Id.*

²⁶¹ *Id.*

²⁶² *Id.* at 810 (quoting *Franchise Tax Bd. v. Constr. Laborers Tr.*, 463 U.S. 1, 26 (1983)).

²⁶³ This focus seems particularly appropriate in light of the post-*Twombly* approach to pleading in general. Since the adoption of the plausible pleading standard in *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), the Supreme Court has noted that, when reviewing a complaint, a court should assess the claims presented, not the theories at issue. See *Johnson v. City of Shelby*, 134 S. Ct. 346 (2014).

²⁶⁴ *Christianson*, 486 U.S. at 810.

the holding of *Christianson*. Plaintiffs are entitled to an accounting regardless of any application of the Copyright Act; indeed, they are entitled to an accounting based on their underlying agreement.²⁶⁵ Thus, federal copyright jurisdiction is still thwarted by the well-pleaded complaint rule.

III. A TWO-STEP APPROACH TO SOLVING COPYRIGHT JURISDICTION

Remedying the pitfalls of the well-pleaded complaint rule is essential, given that the current standard fails to ensure uniformity due to its susceptibility to artful pleading and its reliance solely on the plaintiff's allegations. By being able to thwart or invoke federal jurisdiction on a whim, plaintiffs nationwide undermine and circumvent Congress's decree that federal courts are the proper forum for copyright disputes. Thus, the well-pleaded complaint rule enables plaintiffs to manipulate jurisdiction in spite of the congressional policy objectives supporting § 1338(a).

Also concerning is the well-pleaded complaint rule's failure to adapt to the Supreme Court's liberalization of federal question jurisdiction, as seen in the context of § 1331. The Court's movement away from rigid applications of federal question jurisdiction pursuant to the Holmes test in the context of § 1331 showcases this disconnect. As noted above, federal jurisdiction under § 1331 is not federal creation jurisdiction²⁶⁶—it is meant to encircle more situations than just where federal law creates the cause of action. Thus, federal question jurisdiction in this context was bifurcated to include situations where substantial federal questions are embedded in the lawsuit. The Court in *Grable* specifically noted it was a “commonsense” conclusion that issues of federal law, even if draped in a state law cloak, should be heard in federal court.²⁶⁷

If it is commonsense that federal issues embedded in state law causes of action should be heard in federal court, it should be obvious that lawsuits where copyright issues are involved should be heard in the federal forum, even if they are couched in state law causes of action. Congress has consistently expressed its intent to have copyright issues heard in the federal forum—as early as 1870, Congress passed a statute that provided federal courts with exclusive jurisdiction over copyright matters.²⁶⁸ Against this background, it seems clear that artful pleading should not be used to prevent federal courts from hearing lawsuits involving issues of copyright.

To redress the downfalls of the well-pleaded complaint rule and afford due consideration to congressional concerns, courts need only modify their present jurisdictional analysis in two ways. First, upon recognizing that the

²⁶⁵ *Id.* at 818-19.

²⁶⁶ *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 308, 314 (2005).

²⁶⁷ *Id.*

²⁶⁸ Act of July 8, 1870, ch. 230, §§ 55, 106, 16 Stat. 198, 206, 215.

subject matter of the complaint concerns a copyright, courts should refrain from making a jurisdictional declaration until after the defendant has submitted his answer or counterclaims. Second, the court should then examine both the complaint and answer to decide whether any portion of the plaintiff's relief or defendant's counterclaim requires construction of the Copyright Act or an interpretation of the underlying copyright. If so, jurisdiction is vested in the federal courts. If not, state courts can properly exercise jurisdiction over the case.

The recommendation that courts switch from the well-pleaded complaint test to a substantive analysis of *both* the complaint and answer is necessary to promote judicial efficiency, ensure access to a federal forum, and encourage uniform interpretations of the Copyright Act. By implementing these two procedural changes in the copyright context, courts are forced to analyze the policies behind copyright jurisdiction instead of employing a formal, rigid analysis that ignores congressional goals.²⁶⁹ Congress has made clear that copyright law implicates national interests—particularly through amendment of section 301(a) of the Copyright Act to preempt “all state laws conferring rights equivalent to those protected by federal copyright law.”²⁷⁰ Thus, any approach relying solely on the plaintiff's crafty allegations conflicts with congressional intent.²⁷¹ The national interests underlying copyright jurisdiction are not so minimal that they should be brushed aside. Rather, it is time for courts to acknowledge the insufficiency of the well-pleaded complaint test and modify the rule to correctly determine jurisdiction.

A. *Prong One: Waiting for an Answer*

Postponing the jurisdictional analysis until after the defendant has submitted his answer or counterclaim(s) ensures that state courts are not incidentally interpreting the Copyright Act. While the plaintiff can creatively plead his causes of action to avoid outright federal jurisdiction, the defendant may expose the lurking copyright claim that must be incidentally addressed to afford the plaintiff relief. The current well-pleaded complaint rule ignores the possibility of an anticipated copyright defense,²⁷² and leaves state courts in charge of interpreting the Copyright Act in such situations.

²⁶⁹ See Cohen, *supra* note 2 at 379 (encouraging “courts to consider the policies underlying federal question jurisdiction in determining whether a particular case should be heard in a federal court”).

²⁷⁰ *Id.* at 379-80.

²⁷¹ See Ferris v. General Dynamics Corp., 645 F. Supp. 1354, 1358 (D.R.I. 1986) (“The jurisdiction of the federal district courts cannot be manipulated by the simple expedient of creative labelling.”).

²⁷² The Fair v. Kohler Die & Specialty Co., 228 U.S. 22, 25 (1913); Ratner, Survey, *supra* note 9, at 972 (“A defendant with a valid federal counterclaim could be denied a federal forum and federal copyright remedies.”); see Birrer, Note, *supra* note 9, at 290 (“Facts introduced subsequent to the pleadings phase of the proceeding, however, may reveal that the plaintiff failed to raise a copyright claim.”).

Relying solely on the plaintiff's allegations thus hinders the courts from sufficiently considering whether copyright issues are essential to the cause of action and ignores whether federal statutory construction is warranted.²⁷³

Given that careful pleading of a suit can guarantee state court jurisdiction, state courts are inevitably ruling on federal law without having developed expertise in applying that law.²⁷⁴ The well-pleaded complaint rule ignores the possibility of overbroad state interpretations of federal law and is "indifferent to the possibilities of local prejudice against federal law."²⁷⁵ By permitting state judiciaries to decipher copyright law, qualified federal judges are removed from essential debates over federal law and inexperienced state judges are awarded the task of federal statutory interpretation. The result is an utter lack of uniformity and predictability on the subject matter, in contravention of congressional intent.

Requiring courts to defer a final jurisdictional decision until after the defendant answers illustrates a strong commitment towards consistency in copyright law. By analyzing both the complaint and answer, courts can easily determine whether the Copyright Act is implicated in the underlying action or whether the claim is purely based on state law. If the defendant's answer or counterclaim demonstrates a need for interpretation of the Copyright Act, then federal courts can easily acquire jurisdiction at the outset of the case and avoid the need for state courts to determine incidental copyright claims. However, if the defendant's answer reveals that the plaintiff's action is completely subsumed under state law, federal courts can decline jurisdiction and prevent purely state law claims from entering the federal courthouse. This approach ensures that federal disputes are adjudicated in federal courts, irrespective of which pleading contains the federal claim.²⁷⁶

However, supporters of the well-pleaded complaint rule maintain that the jurisdictional determination must be made at the absolute beginning of the case to avoid ambiguity and confusion.²⁷⁷ According to these scholars, the efficiency of the judicial system depends on an immediate understanding of jurisdiction that should not be influenced, in any manner, by the defendant's answer.²⁷⁸ By deciding jurisdiction at the outset, litigants allegedly spend less money and time on procedural questions.²⁷⁹ While practical efficiency and clarity are commendable in a jurisdictional analysis, these

²⁷³ See Cohen, *supra* note 2, at 373-74.

²⁷⁴ See Doernberg, *supra* note 187, at 650 (discussing the need for federal courts to apply federal law).

²⁷⁵ *Id.*

²⁷⁶ See *id.* at 661 ("This furthers the policies underlying the creation of federal question jurisdiction, policies that are ill served by a rule that arbitrarily consigns important federal issues to the state courts because they happen to appear in the 'wrong' pleading.").

²⁷⁷ *Foxrun Workshop, Ltd. v. Klone Mfg., Inc.*, 686 F. Supp. 86, 90 (S.D.N.Y. 1988); Wanat, *supra* note 127, at 394.

²⁷⁸ See *Foxrun Workshop*, 686 F. Supp. at 90.

²⁷⁹ Cohen, *supra* note 2, at 340-41.

are not the primary goals Congress sought to achieve through copyright jurisdiction. Congress was not attempting to simplify arising under jurisdiction by providing federal courts with exclusive power over copyright claims; rather, Congress was trying to achieve national uniformity in interpretation and protect against antifederal bias.²⁸⁰

Title 28 U.S.C. § 1454 is also instructive here. That section provides that:

A civil action in which *any party* asserts a claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights may be removed to the district court of the United States for the district and division embracing the place where the action is pending.²⁸¹

This language removes the normal counterclaim bar to federal jurisdiction and allows removal of cases in which defendants have asserted a claim arising under the copyright laws. This section creates an interesting dilemma. If the defendant removes a lawsuit to the federal court based on arising under jurisdiction pursuant to § 1338 before answering and fails, the case will be remanded. However, the case can be removed again if the defendant asserts a counterclaim that arises under the copyright laws.

The inefficiency here is best explained by an example from the patent context. In *TransCardiac Therapeutics, Inc. v. Yoganathan*,²⁸² the defendant removed the case, only for the court to determine that the breach of contract claim alleged in the complaint did not arise under § 1338.²⁸³ The court remanded, and the defendant removed the case again after asserting a counterclaim that sought a declaratory judgment of patent inventorship in the patent that formed the basis of the breach of contract claim.²⁸⁴ The lawsuit ultimately raised patent issues,²⁸⁵ but the procedural circus that was required to reach that conclusion could have been easily avoided.

Through § 1338 and § 1454, Congress recognized the national interests at stake in copyright claims and enforced a policy determination that federal judges were better equipped to address these actions than state courts.²⁸⁶ Although the well-pleaded complaint rule offers a straightforward application for jurisdiction, it does so at the expense of the underlying policy goals that raise the jurisdictional question in the first place. When compared with the risk of undervaluing and ignoring the reasons why federal

²⁸⁰ *Id.* at 342, 380.

²⁸¹ 28 U.S.C. § 1454 (2012) (emphasis added).

²⁸² *TransCardiac Therapeutics, Inc. v. Yoganathan*, 15 F. Supp. 3d 1364 (N.D. Ga. 2014).

²⁸³ *Id.* at 1375.

²⁸⁴ *TransCardiac Therapeutics, Inc. v. Yoganathan*, 85 F. Supp. 3d 1351 (N.D. Ga. 2014).

²⁸⁵ *Id.* at 1357.

²⁸⁶ In fact, “Congress recognized a need for federal courts to decide matters of patent and copyright law long before it supported federal court interpretation of federal laws in general.” Cohen, *supra* note 2, at 351.

copyright jurisdiction was developed, waiting an additional twenty-one to sixty days²⁸⁷ to determine jurisdiction is a minimal imposition on the parties—especially given that a motion for removal can occur within thirty days of the plaintiff’s complaint.²⁸⁸ Therefore, the form and substance of the plaintiff’s complaint alone are insufficient bases upon which to determine jurisdiction. The countervailing congressional policy decisions require reassurance that “plaintiffs do not get away with concealing the federal nature of their claims,” particularly where federal jurisdiction is exclusive.²⁸⁹ Thus, analysis of the defendant’s answer and counterclaim(s) is warranted.

B. *Prong Two: Examining the Pleadings*

After waiting for the defendant to submit his answer or counterclaim(s), the court should next examine the pleadings to determine whether any count for relief or defense requires (1) construction of the Copyright Act, (2) analysis of the underlying copyright itself, or (3) relief explicitly provided under the Copyright Act. This approach does *not* require courts to make in-depth factual findings or conduct hearings on the facts. Rather, courts must decide, strictly on the face of the pleadings, whether a construction of the federal Copyright Act is required to adjudicate the claims. By looking at the nature of the claims and defenses asserted, the judiciary regulates the types of copyright actions state courts can hear. Because Congress did not preempt all state claims involving copyright matters,²⁹⁰ it is necessary to decipher whether the cases presented to the courts require federal statutory construction or federal relief. If so, jurisdiction is exclusively federal. However, if the claim does not require interpretation of the Copyright Act or underlying copyright, then state courts may assert jurisdiction depending on the nature of the claim.²⁹¹

This analysis of whether statutory construction of the Copyright Act is required to award relief bypasses the primary problem associated with the essence and *Schoenberg* tests—namely, that a jurisdictional determination is a *de facto* adjudication on the merits of the copyright claim.²⁹² By simply examining the pleadings to decide whether the Copyright Act is implicated, courts are not engaging in the difficult banter of whether a copyright claim

²⁸⁷ FED. R. CIV. P. 12(a)(1)(A) (requiring a defendant to serve an answer within twenty-one days after receiving the summons and complaint or, if service has been timely waived, within sixty days after the request for waiver was sent).

²⁸⁸ 28 U.S.C. § 1446 (2012) (stating that the defendant must file a notice of removal in a civil action within thirty days after receiving a copy of the summons or complaint).

²⁸⁹ *Saturday Evening Post Co. v. Rumbleseat Press, Inc.*, 816 F.2d 1191, 1195 (7th Cir. 1987).

²⁹⁰ Cohen, *supra* note 2, at 381.

²⁹¹ *See Berger v. Simon & Schuster*, 631 F. Supp. 915, 917 (S.D.N.Y. 1986) (declining jurisdiction where nothing in the case required construction of the Copyright Act).

²⁹² *See Birrer, Note, supra* note 9, at 285, 293; *see also* Beam, Comment, *supra* note 2, at 409.

is “incidental to” a state law claim,²⁹³ instead, courts must solely determine if any count of the complaint or defense requires construction of the Copyright Act or seeks relief expressly provided under the Act. Ruling that no construction of the Copyright Act is necessary would not foreclose the possibility of a viable copyright claim; it would merely grant state courts jurisdiction over that claim (assuming the claim for relief is not provided by the Copyright Act) because no federal interest is implicated.

Furthermore, requiring a cursory examination of the pleadings ensures that the dispute is before the proper court. Currently, the well-pleaded complaint rule suffers from its inability to remove a federal defense to federal court, thus leaving state courts to decipher federal law. Dismissal by the state court on jurisdictional grounds based on facts deduced subsequent to the complaint is improper under the well-pleaded complaint test, even if those facts show a substantial federal copyright question.²⁹⁴ However, by briefly reading the complaint and answer, courts can quickly determine whether the plaintiff seeks federal relief under the Copyright Act or whether any cause of action will foreseeably require interpretation of the Act. This approach is less complex and confusing than the essence test, which mandated that courts determine the essence or heart of the dispute. Here, the courts do not weigh the causes of action, but rather discern whether the Copyright Act is implicated in *any* claim.²⁹⁵ Thus, this framework offers a sharper distinction between the jurisdictional analysis and a decision on the merits of the complaint.

Through an examination of the pleadings, courts are better able to isolate the cases that require federal jurisdiction and promote uniformity in interpretation of the Copyright Act. The likelihood of a plaintiff artfully pleading a copyright claim as a state law cause of action to avoid federal jurisdiction diminishes when courts are able to examine both the complaint and answer. The national interests underlying copyright jurisdiction are too great to be manipulated by plaintiffs, and state courts should not be forced to interpret federal statutes where they lack expertise. By merely waiting until the answer is filed and glancing at the nature of the relief and defenses, courts can quickly determine whether the case will likely require federal relief or interpretation. It is only by eliminating the well-pleaded complaint rule that the congressional goals underlying copyright jurisdiction can be accomplished.

²⁹³ Beam, Comment, *supra* note 2, at 409.

²⁹⁴ Wanat, *supra* note 127, at 394.

²⁹⁵ *Id.* at 395 (arguing that a federal court should decline jurisdiction “only when the court is persuaded that the circumstances will show that no copyright claim or issue exists in the case”).

CONCLUSION

The intersection between copyright issues and federal question jurisdiction may be knotty, but it is a question that must be unraveled. Indeed, cases implicating concerns of intellectual property are one of the fastest growing and most pressing issues in the federal courts.²⁹⁶ As the importance of intellectual property continues to grow, it becomes imperative that jurisdictional uncertainty is removed.

Although the well-pleaded complaint rule has long been the benchmark by which copyright jurisdiction under § 1338 is assessed, that rule should no longer control. The well-pleaded complaint rule leaves too many opportunities for a plaintiff to choose to stay in state court despite having initiated a lawsuit that likely implicates the congressional policy considerations behind exclusive federal jurisdiction. Plaintiffs that seek contractual remedies or provide an alternate theory of recovery are particularly likely to be able to avoid removal thanks to artful pleading. To avoid jurisdictional gamesmanship it is thus critical that courts wait for an answer before assessing the presence of arising under jurisdiction under § 1338.

Although waiting for an answer is the antithesis of the normal paradigm for determining arising under jurisdiction, an exception should be made in the copyright arena. If Congress truly values the exclusive jurisdiction of the federal courts in this sphere, then courts should be allowed sufficient opportunity to scan lawsuits for copyright issues. Further, if federal jurisdiction already exists by statute for a defendant's counterclaim, it is inefficient to remand a lawsuit only to remove it less than thirty days later. As such, the proposed test removes uncertainty for the parties, promotes efficiency for the courts, and gives appropriate weight to the congressional determination that copyright issues are within the exclusive purview of the federal courts.

²⁹⁶ Birrer, Note, *supra* note 9, at 271.