BUSINESS AFFAIRS

Protection of Names and Likenesses As Rights of Publicity or Trademarks: A Comparison

by J. Thomas McCarthy

What is the Right of Publicity?

First, let us agree on a working definition which is broad enough to explain the case law results and narrow enough to describe a legal concept which is distinct from other legal categories. Let us agree that the Right of Publicity is simply this: it is the inherent right of every human being to control the commercial use of his or her identity. Let us further agree that this legal right is infringed by unpermitted commercial use which damages the commercial value of this inherent human right of identity.

Some copyright lawyers call the Right of Publicity merely a type of copyright, protecting pictures and performances. Other copyright and entertainment lawyers call the Right of Publicity merely a variation of the "misappropriation" theme of the famous International News Service v. Associated Press n1 case. Lawyers active in the advertising field view it as merely a variation on false advertising by false endorsement by a celebrity of a product. Civil rights attorneys see the Right of Publicity as merely a kind of "privacy" right, protecting against injury to human dignity caused by the unpermitted use of a person's identity in advertising. And trademark specialists, well, some trademark people dismiss the Right of Publicity with a wave of the hand as merely another type of protection of a commercial symbol in the name or picture of a human being.

All of these observations are partly correct, but mostly wrong. It is not until one has stepped back and seen this right from all angles, that its true nature and dimensions become apparent. The Right of Publicity is not "merely" any of these fields of law. It is different from any of these fields. It bears certain family resemblances, it is true. This is because the Right of Publicity historically grew out of all of these fields of law. But it has now matured and taken on its own distinctive identity as an altogether separate legal category.

While it is human nature to deal with an unfamiliar concept by analogizing it to what we are familiar with, we do a disservice to ourselves and to our clients if we refuse to recognize that a new and distinctive legal concept has arisen in our time.

The terminology "Right of Publicity" was first used by Judge Jerome Frank on the Second Circuit court of appeals 33 years ago. This was in the 1953 Haelan case.

n2 It dealt with the nature of rights created when a professional baseball player gave permission for the use of his name and picture on chewing gum cards which youngsters avidly collected and traded. For better or worse, Judge Frank dubbed this concept the "Right of Publicity." While we might have hoped for a more clearly descriptive label, Judge Frank used the term "Right of Publicity" and it has stuck. Then, in 1954, in a seminal law review article, the late Professor Melville Nimmer was the first to study and define the parameters of this new property right. n3 Thus, the Right of Publicity, as a separate legal concept, is only 33 years old now. But my how it has grown. It has matured into a distinctive legal category occupying an important place in the law of intellectual property.

What are the Policy Rationales for the Right of Publicity?

While several rationales have been put forward to support the Right of Publicity, the one which appeals most to me is the simplest. It is the natural rights of property justification. It is an appeal to first principles of justice. Each and every human being should be given control over the commercial use of his or her identity. Perhaps nothing is so strongly intuited as the notion that my identity is mine - it is my property, to control as I see fit. Those who are critical of this principle must articulate some important social policy which negates this natural impulse of justice So far, the critics have failed to do so. If the law says that I cannot control my own identity and if I cannot prevent unpermitted commercial use by others - if that were the law, then, in the immortal words of Charles Dickens' Mr. Bumble, "the law is a ass."

How Does the Right of Publicity Differ from Privacy Rights?

Over a period of years, the Right of Publicity gradually evolved from its origin in the law of privacy. Many judges and attorneys today are still perplexed as to how the Right of Publicity differs from "privacy" rights.

The problem today with the simple label "right of privacy" is that it has taken on so many different meanings in so many different corners of the law that the word "privacy" has largely ceased to convey any coherent, useful meaning. "Privacy" is many things to many people.

The basic legal concept of a tort law right of privacy got its start in a famous law review article in 1890 written by Louis Brandeis and Samuel Warren n4. But it was not until 1960 that the famous tort expert William Prosser gave the tort its present form. In an immensely influential article in 1960, Prosser divided the tort of invasion of privacy into four separate and distinct categories n5. Every court in the United States has accepted this four part division without serious question. Today, we can talk about "Prosser's four torts of privacy." They are: (1) intrusion; (2) disclosure; (3) false light; and (4) appropriation.

Let me very briefly sketch the content of these four torts of privacy. "Intrusion" privacy is invaded by physical intrusion on a person's seclusion or solitude or into one's private affairs. The activities of "peeping toms" and those who open other people's mail are examples of invasion of intrusion privacy.

"Disclosure" privacy involves the public disclosure of embarrassing private facts about a person. This disclosure category is probably what most people immediately think of when they hear the word "Privacy." Several cases in this category involve people who were once involved in a famous event, such as a criminal case, and years later find themselves the subject of media articles.

Disclosure privacy inevitably rubs up against the First Amendment free press privileges of the news media.

Prosser's third "false light" category is somewhat nebulous and is a kind of sibling of the law of defamation. To what extent it differs from defamation is still not clear. Many lawsuits have been brought under this category where the picture of an innocent person is used to illustrate a story on some controversial issue, such as drug use, prostitution, or organized crime. The theory is that such a juxtaposition of an innocent person's picture with a controversial story places the person in a "false light" before the public.

Prosser's fourth tort of privacy is called invasion of privacy by "appropriation" It involves defendant's unpermitted use, usually for commercial purposes, of plaintiff's identity, with damage to plaintiffs human dignity and peace of mind. It was this fourth type of privacy which was the immediate historical antecedent of the Right of Publicity.

But it is important to see the difference. Appropriation privacy, like all privacy rights, centers around damage to human dignity. Damages are usually measured by "mental distress" some bruising of the human psyche. On the other hand, the Right of Publicity relates to commercial damage to the business value of human identity. To put it tritely, while infringement of the Right of Publicity looks to an injury to the pocketbook, an invasion of appropria tion privacy looks to an injury to the psyche. If I were designing a bumper sticker slogan to embody this difference, I would say: "Privacy is to Psyche as Publicity is to Pocketbook."

As you can now see, a given unpermitted use of a person's identity in advertising can give rise to one, or both of these rights of privacy and publicity. But, while privacy is a personal and mental right, publicity is a commercial and business right.

How Does the Right of Publicity Differ from Trademark and Service Mark Rights?

I want to emphasize that the Right of Publicity is NOT just a kind of trademark right. Although my orientation is in trademark law, in writing my book on "The Rights of Publicity and Privacy," I had to continually resist seeing everything in the law as just another form of trademark right. There are differences and there are similarities between trademarks and the Right of Publicity. What are they?

A First Major Difference: What is Being Identified?

Simply put, while a trademark identifies a single commercial source, the Right of Publicity identifies the identity or "persona" of a single human being. While every person inherently possesses a Right of Publicity, every person does not inherently possess a trademark or service mark in his or her name, picture or other elements of persona. We know that trademark or service mark rights arise only if name or picture are used as a trademark or service mark-used to identify and distinguish a source of goods or services. Trademark or service mark rights must be acquired through proper use of a human identity in connection with the sale of goods or services. But the Right of Publicity need not be used-it is an inherent human right.

A Second Major Difference: The Need for Prior Exploitation

In the United States, and in many other nations, a word, picture or other symbol is not protected against infringement unless and until it is used as a trademark or service mark. Some cases use the maxim: "No trade-no trademark." Let's call this the requirement of "prior exploitation."

Is this prior exploitation needed for the Right of Publicity? The answer is relatively clear: No, it is not. The clear rule is that prior use or exploitation of the Right of Publicity is not a condition precedent to its existence and possession, at least during the lifetime of a person. Everyone, celebrities and non-celebrities alike, possess a Right of Publicity at birth. This means, for example, that celebrities who choose not to commercially exploit their persona through product endorsements and licensing certainly do have the right to prevent unpermitted and unlicensed commercial exploitation.

The Third Major Difference: Is the Test of Infringement the Same or Different?

The test of infringement is different. In the United States, the test of infringement of trademark or service mark rights is likelihood of confusion. And that can be confusion of source, sponsorship, connection or affiliation n6. On the other hand, infringement of the Right of Publicity is governed by the separate test of identifiability of the plaintiff as a person.

An infringement of one's Right of Publicity is triggered if more than a de minimis number of persons identify the person from defendant's unpermitted commercial use. This "identifiability" test of the Right of Publicity owes its historical origins much more to the law of defamation and privacy than to the law of defamation and privacy than to the law of trademark or copyright.

All other things being equal, it will be easier for a plaintiff to prove Right of Publicity "identifiability" than to prove trademark law "likelihood of confusion" For example, the Sixth Circuit Court of Appeals in 1983 held that the use of HERE'S JOHNNY on defendant's portable toilets did NOT cause a likelihood of confusion with JOHNNY CARSON as a servicemark or trade-mark, but the court held that this use did "identify" television personality Johnny Carson as a person sufficient to infringe his Right of Publicity. n7

And we should also keep in mind that infringement of the Right of Publicity requires no element of falsity, requires no element of a misleading representation. This lack of requirement of falsity clearly distinguishes the Right of Publicity from other areas of the law such as Lanham Trademark Act sec 43(a) false advertising or false endorsement, and it clearly distinguishes it from the law of defamation and false light privacy. Merely drawing attention to an advertisement or commercial product by using the persona of a person is an infringement of the Right of Publicity if it is unlicensed.

The Fourth Major Difference: Do the Special Assignment and Licensing Rules of Trademark Law Apply to Transfers of the Right of Publicity?

While the answer to this question is not crystal clear, the cases on point are all uniform: the special assignment and licensing rules of trademark law do not apply to assignments and licenses of the Right of Privacy.

By special rules, I mean the anti-assignment-in-gross rule and the rule requiring quality control in licensing. Neither of these is applicable to transactions involving the Right of Publicity. However, in practice, many assignments or licenses of human identity will in fact involve both the Right of Publicity and trademark or service mark rights. In such cases, the special rules of trademark law will have to be followed in order to preserve the trademark significance of the licensed identity or persona.

Who and What Does the Right of Publicity Protect?

Is There a Difference Between Celebrities and Non-Celebrities?

As I mentioned earlier, the Right of Publicity is an inherent right of identity possessed by everyone at birth. Hints sometimes appear in dictum in a few cases that only a socalled "celebrity" has a Right of Publicity. This is quite wrong and contrary to the rule of law. While the commercial value of a celebrity's identity is understandably greater than that of a non-celebrity, this does not mean that only celebrities have a Right of Publicity.

Equally erroneous is the observation that one sometimes sees which says that only non-celebrities have a right of privacy and only celebrities have a Right of Publicity. I emphasize again that everyone has both privacy and publicity rights. The celebrity probably has a lesser scope of "disclosure privacy" rights than non-celebrities, but the celebrity's publicity rights are of greater value than a noncelebrity's publicity rights.

The title to the smallest and most modest cottage is as much a legal property right as the title to the most palatial mansion. That the mansion has much greater value than the cottage does not signify that there is no property right in the title to the cottage.

Do Corporations, Partnerships and Institutions Like Universities and Churches Have a Right of Publicity in their Names and Symbols?

In an effort to stretch the scope of rights beyond the likely confusion test of trademark law, some plaintiffs' attorneys have engaged in a misguided effort to pull and haul the Right of Publicity to do the job. But it will not work.

To pursue an analogy, a shovel is a very handy tool in the garden. But you cannot repair a watch with a shovel. And a screwdriver used to repair a watch makes a very poor shovel in the garden. The Right of Publicity is a legal tool used to protect against unpermitted commercial exploitation of human identity. It is not a tool to be misused to try to stretch protection for the symbols of non-humans - corporations, partnerships and the like. No matter how many times we repeat the incantation that a corporation is a legal "person," it will not turn a corporation into a living, breathing human being. A recent perceptive decision of the Federal District Court in Pennsylvania made this quite clear(8).

What Does the Right of Publicity Protect?

It protects anything by which a certain human being can be identified. This covers the gamut from personal names to nicknames, stage names, pen names, pictures, vocal style, and even to a persona in a certain role or characterization, as with the Little Tramp character created by the great Charlie Chaplin and used now by IBM. It can also include physical objects which identify a person, such as the distinctive racing car of Lothar Motschenbacher(9) or the aviator sun glasses, spangled band jacket and single glove of entertainer Michael Jackson,

The Difference Between Identity Values and Performance Values

You may notice that everything I have talked about so far concerns identification values - things which identify a person and are used to draw attention to advertising or commercial products. In fact, 95% of all Right of Publicity cases and licensing transactions involve this kind of activity. Many people have been misled into thinking that the Right of Publicity involves something else-something now called performance values. That is, the unpermitted imitation of an entertainer's performance or performance style.

The reason for this misunderstanding as to the scope of the Right of Publicity is one case - a famous case, decided by the United States Supreme Court in 1977 n10. This was the case involving unauthorized television news coverage of the act of the great Hugo Zacchini - the human cannonball. The Supreme Court viewed plaintiff s claim as one of infringement of the Right of Publicity, rather than as one for infringement of a common law copyright. To this day, many people remember only one thing about this whole area of law: that strange case about the man shot from a cannon. But in fact, performance value cases like Zacchini involve only a very small slice of the Right to Publicity.

What are the Legal Sources of the Right of Publicity?

In the United States, the Right of Publicity is largely state law. Twelve states have statutes which cover, to some extent, publicity as well as privacy rights. Added to the states recognizing a common law Right of Publicity, today we have 23 states which have recognized the Right of Publicity. In only two states has a court ever expressly rejected the concept of a common law Right of Publicity. In Nebraska, this rejection was reversed by a statute.

New York is a special case. The latest word from the New York Court of Appeals is in the 1984 Stephano case. n11 The New York high court held that the Right of Publicity exists in New York not at common law, but only within the confining framework of the 1903 New York privacy statute. A great deal of work remains to be done in New York to sort out the significance and impact of this decision.

Does Any Federal Law Embody the Right of Publicity?

Clearly, Lanham Trademark Act section 43(a) is not a vehicle to assert the Right of Publicity, for 43(a) is tied down to the concept of a false or misleading representation or designation.

But it appears that there is one part of the Lanham Act which does embody, to some extent, the Right of Publicity. Lanham Trademark Act section 2(a) and section 2(c) both seem to embody the Right of Publicity to the extent of permitting it to be asserted to prevent federal registration of a mark to another.

Lanham Act section 2(a) precludes registration of a mark which falsely suggests a connection with a person, living or dead, or with an institution. In the 1983 University of Notre Dame case, the Court of Appeals for the Federal Circuit hinted in dictum that section 2(a) encompasses in some way privacy or publicity rights n12 And because section 2(a) includes institutions, this right is broader than the only-human beings rule of state law. The language is dictum because the court found that registration for imported French cheese of the words NOTRE DAME, with a picture of the famous cathedral of Notre Dame in Paris, did not uniquely identify the University of Notre Dame in Indiana.

The Notre Dame dictum is a tentative and ambiguous entry into incorporating some of the concepts of the

Right of Publicity into section 2(a) of the Lanham Act. But the opinion raises more questions than it answers. The main difficulty is that section 2(a) itself is limited to the trigger of some use which may "disparage" or "falsely suggest a connection with" another. This is a problem, because, as I mentioned earlier, neither disparagement nor falsity is a part of traditional infringement of the Right of Publicity. The Right of Publicity does not fit well into section 2(a).

I suggest that the court is looking in the wrong direction in looking to 2(a) as the vehicle to import Right of Publicity concepts into statutory bars to registration of marks. Rather, in my opinion, the section of the Lanham Act which most closely approximates the policies of both appropriation privacy and the Right of Publicity is section 2(c) of the Trademark Act.

Section 2(c) forbids registration of a mark which comprises a name or picture identifying a particular living individual without written consent. For several reasons I will not detail here, I feel that S2(c) makes a close fit with the parameters of the Right of Publicity - a much closer fit than does section 2(a).

Law of Nations other than the United States

Does any foreign nation have a legal concept approximating the American Right of Publicity? Yes and no. England clearly does not. n13 Canada clearly does recognize a Right of Publicity. n14 Japanese law apparently does recognize a legal concept which Professor Doi translates as a "Right of Publicity." n15 While European continental nations have concepts sometimes coming close to a Right of Publicity, I have not yet had the chance to research that law in depth.

The Use of Real Persons' Names and Look-Alikes in Fiction, Faction and Docudrama

Space permits only the briefest mention of the impact of the Right of Publicity on the unpermitted use of human identity in fictional works, whether in books, movies or television. The case law in New York and California is in conflict. The obvious difficulties here are the important concepts of free speech and free press in the First Amendment of the U.S. Constitution. While I have dealt with these problems in depth in my new book, I will give only my personal opinion on the matter. In my view, the First Amendment should prevent anyone from winning a Right of Publicity infringement case against use of his or her identity in a story, whether fictional or factual. If there is falsity, then this falsity may give rise to other claims - such as defamation, false light invasion of privacy, or false advertising. But not infringement of the Right of Publicity.

Is There a Post-Mortem Right of Publicity?

Space permits only a thumb-nail sketch of whether or not the Right of Publicity survives the death of the person identified. There are several cases, and I have found no less than 30 law review commentaries, on this subject alone.

Today, the bottom line is surprisingly clear: the overwhelming majority rule under either statute or common law is that the Right of Publicity is descendible property and does have an unconditional post-mortem duration-not conditioned on exercise of the right during life. Despite all the sound and fury, only two appellate decisions, both by the same court, have unequivocally rejected any postmortem Right of Publicity. One was the

1980 Sixth Circuit Court of Appeals decision in the Memphis-Elvis Presley case. n16 The law in Tennessee was subsequently changed by statute, creating a 10 year post-mortem publicity right. So today, there is only one controlling decision rejecting a postmortem Right of Publicity: that is the 1985 Sixth Circuit Court of Appeals decision interpreting the law in the state of Ohio. n17 Today, Ohio law stands as a lonely minority of one, rejecting a post-mortem Right of Publicity.

In California, the uncertainty created by the 1979 Bela Lugosi decision n18 came to an end with the 1985 California statute, which overrules Lugosi and creates post-mortem rights lasting for 50 years after the death of a deceased person. n19

New York law is in a state of flux. While federal courts held that New York common law adopts a post-mortem publicity right, the New York Court of Appeals in 1984 held that the Right of Publicity in New York is not at common law, but fits only under the 1903 New York statute. n2O

Conclusion

I have very briefly sketched out the shape and dimensions of the Right of Publicity. And I have briefly compared it with the very different field of trademark and service mark rights. I hope you now agree with me that as a basic human right protecting the commercial use of the identity of every human being, the Right of Publicity is a unique and distinct body of law. While it has analogies to and bears similarities to other fields of law, the Right of Publicity is different.

The Right of Publicity is a respectable body of law which has matured after 33 years. It has grown up to stand securely on its own feet as a distinct body of law within the genus of intellectual property law. It has arrived. As you get to know more about this legal newcomer. you will be glad you did, whether you represent potential licensors or licensees of the Right of Publicity.

NOTES

1. 248 U.S. 215 (1918).

2. Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc., 202 F.2d 866 (2d Cir. 1953). cert. den. 346 U.S. 816 (1953).

3. Nimmer, The Right of Publicity, 19 Law & Contemporary Problems 203 (1954).

4. Warren & Brandeis, The Right to Privacy, 4 Harv. L. Rev. 193 (1890).

5. Prosser, Privacy, 48 Calif. L. Rev. 383 (1960).

6. See 2 McCarthy, Trademarks & Unfair Competition, sec. 24:3 B (2d ed. 1984).

7. Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831 (6th Cir. 1983).

8. Eagle's Eye, Inc. v. Ambler Fashion Shop, Inc., 227 USPQ 1018 (E.D.Pa. 1985).

9. Motschenbacher v. R.J. Reynolds Tobacco Co., 498 F.2d 821 (9th Cir. 1974).

10. Zacchini v. Scripps-Howard Broadcasting Co., 433 U.S. 562 (1977).

11. Stephano v. News Group Publications, 64 N.Y.2d 174, 485 N.Y.S.2d, 474 N.E.2d 580 (1984).

12. University of Notre Dame du Lac v. J.C. Gourmet Food Co., 703 F.2d 1372 (Fed.Cir. 1983).

13. See Bi-Rite Enterprises, Inc. v. Bruce Miner Co., 757 F.2d 440 (1st Cir. 1985) ("Great Britain does not recognize a right of publicity"); W. Cornish, Intellectual Property 494 (1981); Frazer, Appropriation of Personality: A New Tort?, 99 Law Quarterly Rev. 281 (1983). The 1972 Younger Committee did not consider the form of invasion of privacy involved when a person's identity is used without permission in advertising or selling. Wacks, The Protection of Privacy 167 (1980).

14. See Athans v. Canadian Adventures Camps Ltd. (1977) 17 OR 2d 425, 434, 4 CCLT 20.

15. Doi, Character Merchandising in Japan: Protection of Fictional Characters and Well-Known Personalities as the Basis for Merchandising Activities, Annual of Industrial Property Law 293 (1978).

16. Memphis Development Foundation v. Factors, Etc., 616 F.2d 956 (6th Cir. 1980).

17. Reeves v. United Artists, 765 F.2d 79 (6th Cir. 1985).

18. Lugosi v. Universal Pictures, 25 C.3d 813, 160 Cal.Rptr. 323, 205 USPQ 1090 (1979).

19. California Civil Code sec. 990.

20. Stephano v. News Group Publications, 64 N.Y.2d 174, 485 N.Y.S.2d 474 N.E.2d 580 (1984).

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[ELR 8:6:3]

RECENT CASES

Internal Revenue Service regulation categorically excluding game shows and variety shows from eligibility for investment tax credit is ruled invalid in actions involving "To Tell the Truth," "The Sonny and Cher Show," "The New Bill Cosby Show" and "The Jokers' Wild"

Do not be surprised if you hear television game show and variety show producers around town warbling "I Got You Babe" to their long-sought investment tax credits.

A Federal Court of Appeals has concluded that the character and content of game shows preclude their categorical classification as topical and transitory and, on this ground, has upheld a Tax Court decision (ELR 7:3:7) granting an investment tax credit to Goodson-

Todman Enterprises, the producer of the show "To Tell the Truth." The Tax Court has ruled on behalf of Goodson-Todman on the basis of the content and marketing of the show, but had declined to invalidate an Internal Revenue Service regulation denying investment tax credits to game shows. But Judge Meskill pointed out that "To Tell the Truth" was far from alone among game shows in being neither primarily topical nor essentially transitory in nature. The questions asked on shows such as "Jeopardy," "Family Feud" or "You Bet Your Life" demanded knowledge of science, history, literature and foreign languages and thus possessed a "timeless quality" stated the court. Furthermore, many game shows are distributed through syndication. Syndication requires programs which will not become dated while the programs are rotated among, and rerun by customer stations.

Judge Meskill also observed that game shows could not be equated with broadcasts of sporting events. Sports broadcasts generally become dated very soon after they are aired. But game shows are watched for their entertainment value regardless of which contestants win or lose, and again, may be aired many times in many different communities over a period of months or years. The court therefore stated "with confidence" that the regulation excluding game shows as a class from eligibility for the investment tax credit was unreasonable and invalid, and that Goodson-Todman qualified for the credit with respect to the production costs of its tapes of "To Tell the Truth" under the remainder of the regulation and under the controlling statute - section 48(k)(1)(B) of the Internal Revenue Code.

The Commissioner's attempt to reintroduce the three year useful minimum life rule as a requirement for claiming the credit was rejected by the court - the rule not only was eliminated by Congress, stated the court, but was contrary to the express language of the statute, which treats films and tapes as eligible for the credit "without regard to useful life." It was emphasized that the language in the regulation referring to a topical or transitory market did not necessarily mean a market lasting anything less than three years. Goodson-Todman therefore was entitled to the investment tax credit claimed by the company for the years at issue.

The availability of the investment tax credit also was involved in Apis Productions' claim in connection with the production, during the early 197Os, of television variety shows featuring Sonny and Cher. The Internal Revenue Service had denied Apis' claim on the ground that section 48(k)(1)(B) provides that qualified films do not include "any film or tape the market for which is primarily topical or is otherwise essentially transitory in nature," and that the relevant regulations absolutely excluded variety shows as "qualified films." According to the Internal Revenue Service, the differentiation in the regulation between situation comedies and dramatic shows, as opposed to variety programs, was supported by both content and market differences between the categories.

Tax Court Judge Cohen first rejected, as had Judge Meskill, the Commissioner's "thinly-veiled" attempt to reintroduce a useful life test. It then was observed that the Sonny and Cher programs required substantial advance preparation, a large staff, fully scripted dialogue, elaborate costumes and sets, and extensive rehearsal, taping, and editing; the shows did not focus primarily on matters of current interest. About 29 of the 124 programs were rebroadcast at least once, via syndication, on television stations located throughout the United States; the broadcasts occurred as long as ten years after the programs' initial network broadcast. Thus the presentation of the programs on both the network and in syndication indicated that they possessed the permanence and durability required under the statute, and "whether the programs' format was unitary or fragmented was irrelevant."

Judge Cohen concluded that regardless of market performance there was no rational basis for equating variety shows with news and interview shows, and for categorically excluding variety shows as qualified films.

A third ruling, issued by Tax Court Judge Wilbur, upheld Budget Films' claim for an investment tax credit in connection with a thirty minute film entitled "Bullfights from Spain," and several films of Beatles concerts. After determining that the films at issue were "new section 38 property," i.e., tangible personal property with respect to which depreciation is allowed, Judge Wilbur found that the films were not for a market which was primarily topical or essentially transitory in nature.

The Commissioner argued that "Bullfights from Spain" was a film "consisting of sporting events" and therefore specifically disqualified under the applicable regulation. But Judge Wilbur observed that "while bullfighting may indeed be a 'sport,' it may also be a subject of long-term cultural and historical interest." Budget Films' target market was colleges, religious institutions, and commercial concerns, not parties interested in bullfighting as a current sporting event.

The court then found that the Beatles films did not have to present the Beatles as characters in a dramatization in order for the films to qualify for the investment tax credit; to argue otherwise was "to miss the whole point of the regulation and possibly of the Beatles as well." The Beatles concerts no longer were "topical" in 1977 when Budget released its films, if indeed, they ever were, stated the court, and Budget was entitled to the amount of credit available under section 48(k)(2).

A Federal Court of Appeals, citing the above cases, has affirmed a Claims Court decision (ELR 7:9:17) that tapes of "The New Bill Cosby Show" and of the Jack Barry Productions' show "The Jokers' Wild" qualified for the investment tax credit under the Internal Revenue Code, and that the categorical exclusion of variety shows and game shows as "qualified films" was invalid.

Goodson-Todman Enterprises, Ltd. v. Commissioner of Internal Revenue, 784 F.2d 66 (2d Cir. 1986); Apis Productions, Inc., 86 T.C. No. 69 (1986); Budget Films, Inc., 85 T.C. No. 8 (1985); Cosby v. United States, 795 F.2d 999 (Fed.Cir. 1986) [ELR 8:6:8]

Colonel Anthony Herbert's "protracted" libel action against "60 Minutes" and the Atlantic Monthly ends with Federal Court of Appeals ruling upholding dismissal of claims based on nine allegedly defamatory statements and ordering the dismissal of claims based on two remaining statements

A Federal Court of Appeals has upheld a District Court ruling (ELR 7:5:12) granting partial summary judgment to Barry Lando, Mike Wallace and CBS in the libel action brought by retired Colonel Anthony Herbert, thus bringing to a close "protracted litigation ... filled with anger, charges and countercharges in an area of the law where emotions frequently obfuscated the facts and law ..."

After reviewing the factual background and procedural history of the case, Judge Irving R. Kaufman agreed with the District Court's finding that the nine statements challenged by Herbert were not false or were not made with actual malice, i.e. the "60 Minutes" parties were not aware that the statements were false and did not recklessly disregard their truth or falsity.

Also upheld was the District Court's refusal to consider the "overall impact" of the 60 Minutes broadcast and of an Atlantic Monthly article about Herbert which was written by Lando. Herbert had argued that the court should have taken into consideration the defamatory nature of the publications as a whole rather than reviewing specific statements. But in this case, there was no distinction, stated Judge Kaufman, between the defamatory meaning a viewer or reader would derive from the specific statements, and the supposedly larger defamatory "impact" purportedly conveyed by each publication as a whole.

Judge Kaufman next upheld the dismissal of Herbert's complaint against Atlantic Monthly because there was no indication that the magazine exercised actual malice in publishing Lando's article. A finding of actual malice could not be based merely on a charge that a reasonable publisher would have further investigated before publishing the article, recalled the court; the publisher must have had serious doubts about the truth of the publication or have confronted obvious reasons to doubt the truth of an author or the accuracy of his/her reports. The fact that the magazine did not publish material submitted by Herbert supporters after the Lando article appeared was not relevant as to the publisher's state of mind before publication.

In turning to the two remaining statements which the District Court found merited a trial, Judge Kaufman accepted the contention of the 60 Minutes and Atlantic Monthly parties that the statements were not actionable, and remanded the matter to the District Court with instructions to dismiss the causes of action based on the statements.

Essentially, the court (declining to characterize its holding as a variation of the "libel-proof" doctrine) determined that the statements at issue concerned subsidiary matters to the primary, non-actionable issue - whether Herbert lied about reporting war crimes to his superior officers and was relieved from command for reasons other than his allegation of war crimes - and these subsidiary statements therefore were nonactionable as well. The statements at issue implied the same view as the nonactionable statements and were "an outgrowth of and subsidiary to" those claims upon which no recovery had been allowed, stated the court, cautioning that its holding was not intended "to permit defamation defendants to freely embellish their stories with falsehoods while remaining free from liability." In this case, there was an "abundance" of evidence supporting

CBS and the Atlantic Monthly's skepticism of Herbert's claims, and justifying the District Court's finding that no actual malice was shown.

Herbert v. Lando, 781 F.2d 298 (2d Cir. 1986) [ELR 8:6:9]

Bantam Books was not entitled to preliminary injunction to restrain competitor's distribution of books containing public domain stories written by Louis L'Amour

The publication of writings in the public domain without an author's consent did not establish irreparable harm, a Federal District Court in New York has ruled in denying Bantam Books' motion for a preliminary injunction to restrain Carroll & Graf Publishers from issuing two collections of Louis L'Amour stories.

In 1985, Carroll & Graf announced that in the spring of 1986 the company planned to publish two books entitled "Riding for the Brand" and "Dutchman's Flat;" according to the company, the books contained "vintage Western stories" by L'Amour which had "never appeared before in book form."

In February 1986, Bantam published two works entitled "Dutchman's Flat" and "Riding for the Brand;" the books contained the same L'Amour stories that Carroll & Graf planned to publish. Carroll & Graf proceeded to publish its "Riding for the Brand" almost simultaneously with the Bantam publication, and subsequently issued "Dutchman's Flat" (retitled as "Man Riding West").

Federal District Court Judge Carter noted that L'Amour was under contract to Bantam and would be entitled to receive royalties when Bantam published the author's works. Furthermore, Bantam had an interest in protecting its property rights in the stories. However, the court declared that intervention in the companies' "race for control of the marketplace" was not warranted. There was no showing of irreparable harm because Carroll & Graf had a right to publish the public domain stories. And even if irreparable harm could be shown, Bantam did not establish either the probability of success on the merits or sufficiently serious questions going to the merits. Carroll & Graf's statement that it would be publishing stories for the "first time in book form" was true at the time the statement was made - it was not the company's action that made the claim inaccurate. And enjoining the distribution of Carroll & Graf's second book would involve the recall of already-distributed works, and the printing of a new cover - "devastating" costs for a small publisher and costs which served to tip the balance of hardships in Carroll & Graf's favor, concluded the court.

Bantam Books, Inc. v. Carroll & Graf Publishers, Inc. 12 Med.L.Rptr. 2326 (S.D.N.Y. 1986) [ELR 8:6:9]

Arbitrator determines that producers of certain movie music videos were not required to comply with reuse negotiation provision of Screen Actors Guild Codified Basic Agreement

According to arbitrator Joseph Gentile, the central issue between the Screen Actors Guild and the major motion picture studios in a dispute concerning performer compensation for music videos was best stated as "Are the movie music videos ... within the exceptions of

Section 22(A), Paragraph 3 of the Codified Basic Agreement as amended?"

Section 22(A) provides that "No part of the photography or sound track of an actor shall be used other than in the picture for which he was employed, without separately bargaining with the actor and reaching an agreement regarding such use. The foregoing requirement of separate bargaining hereafter applies to reuse of photography or sound track in other pictures, television, theatrical, or other, or the use in any other field or medium."

However, Paragraph 3 of the Section states that the reuse prohibition shall not limit a producer's right "to use photography or sound track in exploiting the picture, or in trailers, promotional films twelve minutes (or less) in length for theatrical motion pictures, or in advertising, as provided in this Agreement."

The Guild argued that MGM/UA Entertainment Co. breached Section 22(A) when the company did not "first separately bargain" with the actors who appeared in the theatrical motion picture "War Games;" clips from the film were reused in a music video.

According to the Guild, MGM/UA's failure to separately bargain meant that the producer would be liable for damages in the amount of three times the original amount paid the actors for the number of days of work covered by the material used.

MGM/UA and the other major motion picture producers against whom claims were filed contended that music videos qualified for various Paragraph 3 exclusions and that they were not required to pay the actors for any reuse of photography or soundtrack.

Arbritrator Gentile first defined music video "as used in this decision" as "a video tape production which was created for the purpose of visually telling a story or depicting an atmosphere through song and dance using film clips, key art and the sound track from a theatrical motion picture ... the average running time [is] about 3 + minutes. . ." While agreeing with the producers that music videos, as used in connection with the release of a theatrical motion picture. are a form of "teaser," the arbitrator nevertheless found that the evidence presented in the proceeding indicated that the industry definition of trailer would not reasonably include music videos.

With respect to the promotional films exclusion, the arbitrator again, after extensive discussion of the background of the exclusion, found that music videos are clearly promotional and may be used by a producer to create an interest in viewing a theatrical motion picture. However, it was observed that a promotional film generally involves "an inside look at [a theatrical motion picture] and how it evolved;" the music videos at issue did not meet this definition.

Arbitrator Gentile then determined that the movie music videos in the matter before him were within the "exploiting the picture" exclusion. The criteria used to reach this conclusion were set forth as follows: the theatrical motion picture must be planned for current release or in current release; there must be a reasonable nexus between the music video and the theatrical motion picture by way of key art, sound track and the reuse of the film clips; the music video must be financed and be made a part of the Producer's marketing/promotional scheme; and the Producer must retain the license to the film clips used in the music video.

The Guild's claims were denied accordingly, and the arbitrator concluded by refusing to consider the issue of music videos in the "secondary market," stating that this issue was best handled at the bargaining table.

In the Matter of the Arbitration between Screen Actors Guild and Columbia Pictures Industries, June 28, 1986 [ELR 8:6:10]

Copyright Office undertakes inquiry concerning the copyright registrability of colorized versions of black and white films

The Copyright Office of the Library of Congress has announced a Notice of Inquiry with respect to the copyright registrability of colorized versions of black and white films. In Supplementary Information accompanying the Notice of Inquiry, the Register of Copyrights pointed out that the existing Copyright Office regulations provide that "mere variations of ... coloring" are not subject to copyright. However, at least one court (Sargent v. American Greeting Corp., ELR 6:12:9) has held that while color per se is uncopyrightable and unregistrable, arrangements of combinations of colors may warrant copyright protection, most likely as a derivative work.

The Register noted that the copyrightable elements of a film include its "audio and visual components, literary or dramatic and musical elements, integrated into a unique whole." Original or derivative authorship never has been based on mechanical or industrial processes. Thus, a claim to copyright based solely on the conversion from 35mm film to one-half inch video tape would not be registered even though considerable technical skill might be necessary to complete the conversion.

In confronting the colorization issue, the Copyright Office must distinguish "industrial artisanship from artistic creativity," observed the Register, and must do so in the midst of a public and industry debate concerning the "aesthetic consequences" of colorizing previously distributed black and white works.

The question of whether colorization practices might effect the term of copyright, by extending the copyright term of preexisting copyrighted works, or by "recapturing" works previously in the public domain also was an issue which parties with knowledge of film marketing practices were invited to address in their response to the inquiry.

And the Register of Copyrights requested respondents to consider the following questions as well: which steps, if any, in the colorization process, involve individual creative human authorship?; who are the authors of the copyrightable clements, if any, in colorized film?; what is the role of computer programs in selecting colors and what factors influence color selection?; are other cinematographic contributions, such as animation or other hand or computer assisted effects, utilized in colorizing?: are all colorization processes intended solely to create videotapes in color or are there methods available or under development that would permit the commercially feasible colorization of 35mm prints of a quality that would permit theatrical distribution?

Reply comments should be received by the Copyright Office by December 15, 1986. For further information, please call Dorothy Schrader, Esq., (202) 287-8380 or write to the Copyright Office, Library of Congress, Washington, D.C. 20559.

Notice of Inquiry (re Colorization of Black-and-White Motion Pictures), Library of Congress, Copyright Office, Docket No. 86-1 (Aug. 20, 1986) [ELR 8:6:10]

National Broadcasting Company obtains injunction and damages in copyright infringement action against unauthorized distributor of videotapes of 1960 broadcast of "Peter Pan," but Federal District Court rejects trademark and unfair competition claims

In 1980, Reel Images, Inc. featured in its catalog of audiovisual works, cassette copies of a kinescope of NBC's 1960 broadcast of "Peter Pan." When NBC brought a copyright infringement action Jonathan Sonneborn, the president of Reel Images, Sonneborn challenged the validity of the broadcaster's copyright in the program. Sonneborn claimed that NBC's certificate of copyright registration (which was filed in March 1980), erroneously stated that Peter Pan was first broadcast on December 8, 1960; that NBC was the author of the entire work; that Peter Pan was a work for hire; and that the work was unpublished.

Federal Court of Appeals Judge Meskill (sitting by designation with the District Court) upheld the presumption of validity of NBC's copyright registration because Sonneborn did not show that NBC had any fraudulent purpose in making any of the statements in the certificate. Prior broadcasts of Peter Pan in 1955 and 1956 did not necessarily preclude copyright registration for the 1960 version because there was a "substantial change" in the works. And the claim that NBC was the author of the entire 1960 production essentially was true because the "cinematographical material" of the production was created by NBC employees. The record also did not establish any "knowing" error in classifying Peter Pan as a work for hire and as an unpublished work, stated the court.

Sonneborn next argued that NBC did not possess a copyrightable interest in Peter Pan. In rejecting this claim, Judge Meskill found that the 1960 production met the requirements for a derivative work. NBC did not have to change the content of the theatrical production of Peter Pan (which the company previously broadcast) in order to qualify as the "author" of an audiovisual work which would be entitled to copyright protection - the television production was a modification of the original work, and the differences between the 1956 and 1960 versions of the work, such as the direction of the cameras, the color mix, stage business and special effects, were of sufficiently independent creation to warrant copyright protection.

In turning to the issue of "publication," Judge Meskill first addressed the question of the applicable law. NBC's broadcast of Peter Pan occurred in 1960 when the 1909 Copyright Act was in effect; the copying that gave rise to the cause of action occurred in 1980, after the 1976 Copyright Act went into effect. The 1976 Act provides that "offering to distribute copies ... to a group of persons for purposes of... public performance ... constitutes publication." Under this definition (urged by Sonneborn), NBC's conduct in distributing audition tapes of the program and its lease of copies of Peter Pan to foreign television stations "probably" would amount to publication, stated the court. However, Judge Meskill cited several cases which concluded that the 1976 Act's standard did not apply to instances of alleged publication occurring before the effective date of the new Act, even though the cause of action accrued after January 1978. The common law definition of publication, as it existed prior to January 1978 therefore was found applicable to determine whether or when NBC published Peter Pan.

Sonneborn set forth six acts which he claimed amounted to NBC's publication of the 1960 broadcast. If NBC published Peter Pan more than five years before March 1980 when the company applied for copyright registration, then its certificate of registration would not be entitled to the presumption of validity. But none of the six acts cited by Sonneborn caused NBC to lose the right to statutory copyright protection, stated Judge Meskill. In reaching this conclusion, the court reviewed the relevant case law, including Paramount Pictures Corp. v. Rubinowitz (217 U.S.P.Q. 48; ELR 3:15:4) and "with that review of the land in mind," determined that the following acts constituted at most a limited publication of the program: the delivery of kinescopes of Peter Pan to NBC affiliates for delayed broadcast in 1960; providing audition copies of Peter Pan to prospective licensees; the transfer of a copy of Peter Pan to its star, Mary Martin; the licensing of Peter Pan to foreign broadcasters; the donation of a print of the broadcast to the Museum of Broadcasting. Thus, NBC did not publish Peter Pan in a manner that caused the broadcaster to lose the right to receive statutory copyright protection for the work.

NBC's cause of action for trademark infringement was denied by the court because the broadcaster did not prove that Sonneborn's videotapes created a likelihood of confusion. A claim for commercial immorality - unfairness and an unjustifiable attempt to profit from another's expenditure of time, labor and skills - was ruled preempted by the Copyright Act. And NBC did not establish a claim of palming off under New York's law of unfair competition, or a claim under the state's antidilution statute.

Judge Meskill granted NBC a permanent injunction against Sonneborn and Reel Images preventing all unauthorized copying of the 1960 broadcast version of Peter

Pan, and awarded the broadcaster damages of about $2,118, representing the gross revenue from the sale of forty tapes. NBC's request for costs and attorney fees was denied-the issues in the case were complex and Sonneborn was found to have litigated in good faith.

National Broadcasting Company, Inc. v. Sonneborn, 630 F.Supp. 524 (D.Conn. 1985) [ELR 8:6:11]

Federal District Court in Connecticut declines to exercise jurisdiction in service mark infringement claim brought against Sha-Na-Na by a former band member

In 1969, Frederick Dennis Greene, also known as Denny Greene, along with several other young musicians, formed the Sha-Na-Na partnership. In 1978, the service mark Sha-Na-Na was registered in the names of Greene and four other members of the group.

Although it never was difficult for the popular group to "get a job," the group members apparently agreed that they would perform "only in concert settings in the top rated music halls, arenas, and auditoriums and only for amounts of money commensurate with their reputation." Nevertheless, in May 1984, the group performed at the Sands Hotel in Las Vegas for a fee representing approximately 10% of the amount the band customarily received; the booking was a "showcase" to promote future bookings at the band's usual fee. However, in October 1984, the members of the band, except for Greene, agreed to perform again at the Sands for the smaller than customary fee.

Greene claimed that the Sands Hotel engagement would be a violation of the partnership agreement. The other musicians responded that they also planned to perform in two other cities for less than the band's usual fee, and that if Greene did not perform at the Sands Hotel, he would be expelled from the two Sha-Na-Na partnerships. Greene did not perform at the Sands Hotel and the other group members subsequently notified him that they had dissolved the two original Sha-Na-Na partnerships and formed two new partnerships, under the same names, in California.

Greene, a Connecticut resident, sued the partnerships and the members of Sha-Na-Na for service mark infringement, breach of contract, wrongful dissolution of the original partnerships, unfair competition and misappropriation of property. But a Federal District Court in Connecticut has ruled that the Sha-Na-Na parties were not subject to the jurisdiction of the court.

According to Greene, jurisdiction was available under the Connecticut long-arm statute because an advertisement in the New York Post (a newspaper sold in

Connecticut) announced the group's appearance at a New York resort, and because in January 1985, the group appeared in a nationally broadcast telethon.

Senior District Court Judge Zampano noted that the conduct of the Sha-Na-Na parties at the time of the service of the complaint was relevant in determining jurisdiction. But the New York Post ad and the telethon appearance had not given rise to Greene's cause of action, and therefore could not support the exercise of jurisdiction. Furthermore, neither the ad nor the broadcast constituted the type of "purposeful business transaction" required to maintain jurisdiction under the long-arm statute - a single newspaper ad was not equivalent to the ongoing solicitation of business.

It was unlikely that the performers' conduct would have supported the assertion of jurisdiction by the court even if the ad and the broadcast had occurred prior to the service of the complaint, noted Judge Zampano, since no wrongful acts were committed in Connecticut. And although jurisdiction would be conferred if a tortious act, although committed outside the state caused injury within Connecticut, in this case, the "critical events" of the dispute took place outside Connecticut and Greene's possible loss of income or the damage to his reputation were too remote and speculative to establish jurisdiction.

The court concluded by pointing out that even if the state long-arm statute authorized the exercise of in personam jurisdiction, it was doubtful that such jurisdiction would be constitutionally permissible. And although it was not necessary for the court to rule on the issue of venue, Judge Zampano noted that venue would have been proper in this case only where the claim arose.

Greene v. Sha-Na-Na, 637 F.Supp. 591 (D.Conn. 1986) [ELR 8:6:12]

Restaurant owners' use of satellite dish antennae to intercept transmission of St. Louis Cardinals football games violated Copyright Act, rules Federal Court of Appeals

A Federal Court of Appeals has upheld a District Court ruling granting a permanent injunction to the National Football League and the St. Louis Football Cardinals in an action alleging that the owners of several St. Louis restaurants violated federal copyright and communications laws. The restaurant owners used satellite dish antennae to pick up the audio and visual signals (clean feed) of Cardinals games in order to exhibit the team's blacked-out games in their establishments.

The District Court found that the telecasts of the games were copyrightable, that the NFL parties owned the copyrights and that the display of the clean feed transmissions of the telecasts without authorization violated the NFL's exclusive rights of display and performance under the Copyright Act and also violated section 705 of the Communications Act. A permanent injunction was issued prohibiting the restaurant owners from intercepting and showing the subject NFL programming.

On appeal, the restaurant owners claimed that neither the League nor the Cardinals suffered the sort of irreparable injury which would justify the issuance of a permanent injunction. But Judge Arnold pointed out that under copyright law, irreparable injury is presumed when the exclusive rights of the copyright holder are infringed. The case cited by the restaurant owners, Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417 (ELR 5:9:10) may have changed this standard if at all, only to the extent of requiring a demonstration by the copyright holder of future harm if an unauthorized use of copyrighted material was for a non-commercial purpose. In this case, however, the restaurants increased their commercial gain on the days when blackedout Cardinals games were exhibited. Furthermore, the District Court had observed that more people attend games if a televised showing is not available than if it is - this finding was not clearly erroneous, stated the court.

Also rejected was the restaurant owners' contention that the display of blacked-out games was a non-infringing act under Section 110(5) of the Copyright Act. Under the section, there is no copyright liability for the "communication of a transmission embodying a performance... by the public reception of the transmission on a single receiving apparatus of a kind commonly used in private homes. . ." It was claimed that the manner in which the signals were captured by antennae outside the restaurants' premises was irrelevant and that the key to

Section 110(5) was whether the alleged infringers used commercial equipment to enhance the quality of the televised performance.

Judge Arnold stated, however, that the legislative history and the plain language of the statute did not indicate that the receiving portion of a system should be considered separately from the display of a performance. And the District Court had found that satellite dish systems, at least at present, are not commonly found in private homes.

The restaurant owners next argued that no infringement took place because they intercepted the clean feed of the game broadcast and it was the "dirty" feed, i.e., the game plus commercials and station breaks, which was protected under the Copyright Act. Judge Arnold agreed with the District Court's determination that the clean feed argument might eliminate any protection for live broadcasting by satellite transmission. The game constituted the protected work of authorship - a game which was transmitted in a "near-instantaneous" manner to home television viewers.

Judge Arnold also found that permanent injunctive relief was an appropriate remedy. Section 411(b) of the Copyright Act allows the copyright owners of a live broadcast to institute an action either before or after the fixation of the work only if the alleged infringer has received notice between ten and 30 days before the broadcast. But the notice requirement of Section 411(b) was met "as a practical matter" by the fact that the NFL's home games are scheduled far in advance and blackout decisions are made on the basis of a commonly-known standard.

The court did not consider the NFL's claims under the Communications Act with respect to three of the restaurant owner parties. However, Jerrauld Guttmann and Frank & Frank, Inc., for various reasons, had not been found liable for violating the Copyright Act. Frank & Frank also did not violate the Communications Act, declared the court, because customers at the company's restaurant watched the Cardinal games as broadcast by the CBS affiliate in Cape Girardeau, Missouri which is more than 75 miles from Busch Stadium. Guttmann did receive the game signals but only he and three friends watched the game; thus, there was no public performance in violation of the Copyright Act.

Judge Arnold declined to consider, given the special facts of the case, whether Guttmann's interception of the clean feed violated the Communications Act; the order entering permanent injunctive relief against Guttmann therefore was inappropriate and was vacated accordingly.

The court concluded by cautioning Guttmann and Frank & Frank that vacating the injunction against them did not mean that either party had a legal right to use its satellite dish to intercept the NFL's clean feed for commercial purposes in violation of the black-out rule.

National Football League v. McBee & Bruno's, 792 F.2d 726 (8th Cir. 1986) [ELR 8:6:12]

Judgment in favor of Los Angeles Memorial Coliseum in antitrust action against National Football League is upheld; but Federal Court of Appeals remands award of antitrust damages to Raiders football team and reverses judgment on Raider's contract claim

In May 1982, a Federal District Court jury found the National Football League and its member clubs liable to the Los Angeles Memorial Coliseum Commission and the Raiders football team for violating section 1 of the

Sherman Act, and to the Raiders for breach of the covenant of good faith and fair dealing implied (under California law) in the League's constitution and bylaws.

At the conclusion of the damages portion of the trial in May 1983, the jury awarded the Coliseum damages of about $4.9 million, trebled by the court to about $14.6 million, and awarded the Raiders damages of about $11.5 million, trebled to about $34.5 million plus contract damages of $11.5 million.

Federal Court of Appeals Judge Dorothy Nelson has found that the District Court should have granted the NFL judgment notwithstanding the verdict on the Raiders' cause of action for breach of the implied covenant of good faith and fair dealing. The jury's implicit conclusion - that the League did not act in good faith when it refused to authorize the Raiders' relocation, but that the Raiders did act in good faith - was not supported by substantial evidence, stated Judge Nelson. It was found that prior to the NFL owners' vote to withholding League authorization for the Raiders proposed relocation, the Raiders had announced their unwillingness to change relocation plans and had attempted to avoid the NFL's procedural requirements for obtaining approval of the team's plan.

In ruling on the contract issue, the appeals court addressed a question of first impression: the availability of damages where both parties to a contract breach the implied promise of good faith and fair dealing with respect to the same incident in the parties' relationship. Lacking guidance from the California courts, Judge Nelson, on the basis of policy considerations, adopted the rule that "mutual breaches of the implied good faith obligation extinguish one another." The District Court therefore was instructed to vacate the portion of the damages judgment awarded to the Raiders on the contract claim.

In turning to the antitrust issues raised, the appeals court rejected the League's contention that the injuries incurred by the Raiders and the Coliseum were not the type the antitrust laws were intended to prevent. The League restrained competition between NFL teams and among football stadia by seeking to prevent the Raiders from operating in Los Angeles, stated Judge Nelson. And the injury suffered by the Coliseum was not too remotely connected to the alleged antitrust violation, because the League's territorial restrictions restrained competition among stadia that seek to secure NFL tenants. The court cautioned that its ruling should not be interpreted as an endorsement of antitrust standing for all parties, such as hotels or limousine services, who might have contracted with the Raiders had the team not been restrained in its relocation plans; football stadia have an "indispensable and intimate" connection with professional football teams, noted the court.

The award of damages to the Coliseum was upheld as based upon substantial evidence and as neither grossly excessive nor merely speculative.

Judge Williams, in a section of the opinion from which Judge Nelson dissented, then determined that the District Court erred in rejecting the League's attempt to offset damages when the court excluded from the jury's consideration the possible benefits the Raiders realized by taking from the League the opportunity to establish an expansion franchise in Los Angeles. After a lengthy discussion of the validity of the League's Rule 4.3, Judge Williams stated that because the Raiders were not entitled, under the liability verdict, to the accumulated value of the business opportunity to play in Los Angeles, the injunction permitting the Raiders to play "provided them with a windfall benefit beyond the scope of the antitrust verdict." Therefore, the damages awarded for lost profits from the two years the League prohibited the team's relocation were subject to offset; the offset would be the amount by which the value of the injunctive relief exceeded the antitrust verdict.

Judge Williams observed that since the Raiders' gross damages from their two year delay in moving to Los Angeles had been properly determined, on remand, the court needed only to calculate the excess portion of the injunctive reliefthe value of the Los Angeles expansion opportunity in 1980, less the value of the Oakland opportunity returned to the League. The offset had to be taken prior to trebling, emphasized the court, in order to arrive at a single correct measure of compensatory relief. Judge Williams stated that the District Court correctly refused to admit evidence of other benefits which the League sought to offset against the Raiders' damages.

Judge Nelson agreed with the affirmance of the trebled damage verdict in favor of the Coliseum, but dissented from that part of the decision vacating the Raiders antitrust damage recovery. In Judge Nelson's view, the Raiders' damages resulting from the League's unlawful restraint included all lost financial advantages, including profits and the accrued value of the business. And the majority underestimated the Raiders' damages by failing to account for the 1982 value of the difference in worth between the Los Angeles and Oakland opportunities, and the financial advantages the Raiders lost because they were not able to move in 1980.

Furthermore, by requiring the offset before trebling in order to compensate the NFL for the lost value of the injunction, the majority required the Raiders to pay the League three times the value of an opportunity that was received only once, stated Judge Nelson, who cited extensive case law to support the view that any offset in the value of the injunction was appropriate after the jury verdict had been trebled.

Los Angeles Memorial Coliseum Commission v. National Football League, 791 F.2d 1356 (9th Cir. 1986) [ELR 8:6:13]

Copyright Royalty Tribunal's amended 1979 cable television royalty fee distribution is upheld by Federal Court of Appeals, which also finds that 1980 and 1982 allocations were within Tribunal's broad discretion; United States Supreme Court declines to hear appeal sought by devotional programmers

After conducting a third lengthy review (see ELR 5:8:14; 3:24:1) of a variety of claims arising from the Copyright Royalty Tribunal's allocation of cable television royalty fees, Federal Court of Appeals Judge Starr has affirmed the Tribunal's broad discretion, taking the opportunity, in concluding his opinion, to declare that the court would "not hesitate henceforth, should this tack of litigation-to-the-hilt continue to characterize the aftermath of CRT distribution decisions, to refrain from elaborately responding to the myriad of claims and contentions advanced by a highly litigious copyright-owner subculture."

The court began its review of the myriad claims and contentions in the case by upholding the Tribunal's decision to award 0. 35 % of the 1979 royalty fund to devotional broadcasters, such as the Christian Broadcasting Network, the PTL Television Network and the Old Time Gospel Hour. The Tribunal originally had awarded no portion of the fund to these broadcasters. On remand, it was determined that the record did not support a finding that devotional programming significantly benefitted cable systems, or a finding that cable retransmission harmed the satellite networks maintained by several of the devotional parties by decreasing contributions from viewers. Notwithstanding these findings, the Tribunal's decision to set a 0.35% award was "within the zone of reasonableness," stated the court, since there was some evidence that devotional programming benefitted cable operators. Furthermore, the Tribunal had not acted in an arbitrary and capricious manner in determining the award.

Also upheld was the Tribunal's decision not to award royalties to commercial radio stations whose signals are retransmitted by cable systems. In 1979, the Tribunal had held that it could find no significant marketplace value for, or benefit from, cable retransmission of distant commercial radio stations. On remand, the Tribunal explained that any value in the retransmission of commercial radio station programming would be attributable, not to the broadcasters programming formats, but to the copyrighted music played on the stations (warranting an award to the music claimant parties). The Tribunal's conclusion was "reasonable," stated Judge Starr.

In turning to various challenges raised with respect to the Tribunal's 1980 proceedings, Judge Starr noted and agreed with the claimants' argument that it would be improper, as a matter of law, for the Tribunal to rely solely on a standard of changed circumstances in determining that a claimant's award would be different from a previous year's award. However, stated Judge Starr, the Tribunal disclaimed its use of such a standard, and apparently had not exclusively considered changed circumstances in making the challenged 1980 and 1982 allocations.

The National Association of Broadcasters, as in the 1978 and 1979 proceedings, presented a royalty claim based upon the efforts of broadcasters in compiling "broadcast days." The Tribunal had determined that broadcast day compilations had no commercial value for cable operators in terms of making it more likely that viewers would watch certain programs, and granted no award to the Association. Despite new evidence, the Tribunal reached the same result in 1980. The Tribunal's decision rejecting a claim based on broadcast day compilations and allocating a 4.5% royalty payment to the Association for local programs was upheld.

In 1980, the Tribunal again awarded 0. 35% to the devotional parties; this award was upheld, as was a non-award to the commercial radio parties who again were seeking compensation for their broadcast day compilations.

Judge Starr then discussed the argument of the Canadian broadcasting claimants that new evidence which they presented in the 1980 proceeding required an award greater than the 1979 award of 0.75%. The Tribunal had concluded that the record did not indicate any increase, in 1980, in the distant signal carriage of Canadian stations, and this finding was upheld.

Next reviewed were several issues arising from the 1982 royalty distribution by the Tribunal. One of the issues involved the requirement that a claimant need list only one program transmitted by cable to which the claimant owns the copyright - a claimant need not prove copyright ownership as to all of its programs which may have been retransmitted by cable systems. Multimedia Entertainment argued that this policy resulted in an unjustifiably large royalty award to the Motion Picture Association of America, since some of the works for which the Association claimed royalty payments were not protected by copyright.

Despite stating that he was "troubled" by the Tribunal's policy, Judge Starr nonetheless rejected Multimedia's claim, particularly since the company had not directly challenged the regulation on copyright ownership. And proof that eight "obscure" movies shown on one superstation might not have copyright protection did not require the Tribunal "to wade through the copyright status of thousands of programs' " The court did suggest that the Tribunal might attempt to provide opposing claimants with some "sensible way" of obtaining information concerning the copyright status of programs for which other claimants seek royalty fees.

The next issue confronted by the court concerned the Tribunal's reduction of Multimedia's award, from 1.6% in previous years to 1% in 1982. The Tribunal stated that the reduction was due to the fact that the company's most important program, "Donahue," no longer was broadcast by WGN-TV, a Chicago superstation, but by another station which was not carried on as many cable systems as WGN. The apparent reduction in cable system viewers for the show served to reduce the marketplace value of Donahue and its benefit to cable operators, stated the Tribunal. The Tribunal's conclusion was reasonable, according to Judge Starr, since Donahue was Multimedia's most important program, and its carriage and viewership on cable dropped dramatically between 1981 and 1982.

In the 1982 determination, the devotional claimants' award was increased to 1%. The Tribunal acted on the basis of new evidence presented by the claimants as to the value of devotional programming. There was substantial evidence to support the Tribunal's decision, declared the court, which then rejected other challenges raised by the devotional parties as to the impact of a 1982 settlement agreement reached by the major fund recipients and as to the possibility that PBS programming was viewed as more worthy of support than devotional programming. However, the court cautioned that the Tribunal "should rely, as it has in the past, on marketplace criteria, not on subjective assessments as to the value and importance of one sort of programming as opposed to another."

In an appeal to the United States Supreme Court, the Christian Broadcasting Network raised the argument that the 1980 award by the Tribunal improperly distinguished between awards to public television and those to religious broadcasters on the basis of the content of their programs; the Court declined to hear the appeal.

National Association of Broadcasters v. Copyright Royally Tribunal, 772 F.2d 922 (D.C.Cir. 1985) [ELR 8:6:14]

Sale of Transformer toys in Japan, without copyright notice, did not bar United States toy company from obtaining injunction barring competitor's distribution of Trans Robot

In November 1983, Takara Co. Ltd., a Japanese company, completed the molds for manufacturing two changeable robotic action figures known as "Topspin" and "Twin Twist." The molds did not contain a copyright notice because, according to Takara, Japanese law does not recognize copyrights in toy products. Takara was unaware that American law does protect such works and requires notice, even on copies of the work distributed outside the United States. Approximately 213,000 of the Takara toys were sold.

In mid-1984, Hasbro Bradley, Inc. decided (to the chagrin of the less dexterous members of the parent company) to include Takara's toys in "The Transformers" series. Takara designed new molds for the toys - the molds included a copyright notice, and a copyright notice was added to the old molds.

At some point in 1983-1984, a company known as Sparkle Toys apparently copied Topspin and Twin Twist from Takara's original models. When Hasbro sued Sparkle, a Federal District Court granted Hasbro an injunction prohibiting Sparkle from distributing its Trans Robot toys; a Federal Court of Appeals has affirmed this decision.

Judge Friendly first noted that Hasbro's certificates of registration were prima facie evidence that the copyrights were valid and rejected Sparkle's arguments to the contrary. The toys were not in the public domain, noted the court, since they were designed and first "published" in Japan and therefore received copyright protection from the time they were created. And section 405(a) of the Copyright Act provides that the omission of notice from copies of a protected work may be cured if the work is registered within five years of its publication without notice. When Hasbro received an assignment of

Takara's rights in the toys, Hasbro actually obtained an incipient copyright subject to cure. Hasbro then effected cure on behalf of itself and Takara - a "cure" which was available even if the omission of notice was deliberate on Takara's part.

The court did not decide the question of whether Hasbro was required to make a reasonable effort to affix notice to unmarked toys distributed within the United States other than by Hasbro or Takara, particularly since Sparkle did not produce credible evidence that any of the unmarked toys were publicly distributed in the United States at all.

Hasbro Bradley, Inc. v. Sparkle Toys, Inc., 780 F.2d 189 (2d Cir. 1985) [ELR 8:6:16]

Creator of novelty Statue of Liberty crown hat was not entitled to injunctive relief against competitor because lack of sufficient originality in crown's design precluded finding of copyright infringement

ELR readers who still are carrying a torch for their no-longer stylish foam Statue of Liberty crown hats should be aware that a Federal District Court in New York has found that Past Pluto Productions, the distributor of copyrighted novelty Statue of Liberty crowns was not entitled to a preliminary injunction to prevent another entrepreneur from marketing its own "Liberty Lid." Past Pluto was the employer for hire of Elizabeth Tyre, the designer of the "Crown of Liberty." In late 1984, Past Pluto registered its Crown of Liberty design with the Copyright Office as a soft sculpture. In July 1985, David A. Dana registered his company's Liberty Lid, categorizing the work as a "silkscreen soft sculpture."

Federal District Court Judge Leisure described the following similarities in the hats: both hats were about the same width and height; both were constructed from a flat sheet of foam of approximately the same thickness; both hats had seven foam spikes-a hole was cut in the foam to allow the purchaser to wear the item as a hat; the front of both hats flipped up; both hats were green and contained a silk screen design which included the centennial dates and blackened rectangular windows.

After describing the differences in the hats, Judge Leisure noted that Past Pluto's Crown of Liberty was a "classic" example of a derivative work; although a derivative work may be copyrighted, the copyright protection extends only to the original contributions of the derivative work's author and does not protect the underlying, preexisting work. Thus, Statue of Liberty foam hats could not be copyrighted, apart from the originality of any design work, because copyright protection is not available to an idea itself and because the production of a work of art in a different medium "cannot by itself constitute the originality required for copyright protection." The court citing Hasbro Bradley, Inc. v. Sparkle Toys, Inc. (ELR 8:6:16) recalled that a certificate of registration does not create an irrebuttable presumption of copyright validity, but rather, shifts the burden to the purported infringer to disprove validity.

It was found that several aspects of the Crown of Liberty's design were so clearly in the public domain that they could not reasonably be considered original. For example, the seven spikes on the crown were not copyrightable; the phrase "Statue of Liberty 1886-1986" was a historical reference within the public domain; and there was nothing protectible about the use of green foam. The court declined to find that Past Pluto's silhouette window design or any of the hat's other features amounted to substantial non-trivial originality deserving of federal copyright protection. Judge Leisure, referring to Durham Industries Inc. v. Tomy Corp., 630 F.2d 905 (ELR 2:14:6) stated that "the mere transposition of the Statue of Liberty into the infinitely more mundane medium of flat foam does not constitute the originality necessary to sustain a claim of copyright; at best, it is evidence of manufacturing skill..." The window design on the Past Pluto crown was only a "minuscule variation" reflecting a mechanical skill which, again, did not establish the originality required under the copyright laws. In view of the lack of sufficient originality in its Crown of Liberty, Past Pluto did not establish a prima facie case of infringement, ruled the court, in denying the company's application for injunctive relief.

Judge Leisure then chose to point out, with respect to the issue of copying, that due to the limited modes of expression available in this case, any similarities between the Crown of Liberty and the Liberty Lid were "most accurately viewed as inevitable congruences rather than indicia of copying." The Liberty Lid was not an identical copy of Past Pluto's hat, and, given the limited variations in design available to Dana, the differences in the crowns were significant, particularly since they were derived from a design in the public domain. Judge Leisure concluded that there was no substantial similarity in the crowns and no copying, notwithstanding Dana's access to Past Pluto's hat, and dismissed Past Pluto's action due to the company's failure to prove infringement of a valid copyright.

Past Pluto Productions Corp. v. Dana, 627 F.Supp. 1435 (S.D.N.Y. 1986) [ELR 8:6:16]

Manufacturer obtains injunction barring distribution of competitor's bear paw slipper

The ELR's coverage extends from head to toe, i.e., from liberty crowns (ELR 8:6:16) to bear paw slippers.

A Federal District Court in Minnesota has issued a preliminary injunction barring Amfesco Industries from manufacturing and distributing a novelty slipper resembling a bear's paw; the court found that Amfesco's product infringed Animal Fair Inc.'s copyrighted "Bear Foot" slipper. The court declared that Animal Fair possessed a valid copyright in the product even though a certain percentage of the slippers produced by the company inadvertently omitted the copyright notice from a sewn-in seam label. And characterizing the slipper as a useful article, as argued by Amfesco, did not limit the scope of Animal Fair's copyright because the Bear Foot exterior design features were "conceptually separate from the utilitarian aspects" of the slipper.

Federal District Court Judge MacLaughlin then observed that the evidence clearly demonstrated that Amfesco used the Bear Foot slipper as a model for its own slipper, and that the slippers were substantially similar. Animal Fair also prevailed on its unfair competition claim because the court found that the design features of the Bear Foot slipper were non-functional; that proof of secondary meaning was not required because the slipper displayed "inherently distinctive exterior dress;" that Animal Fair indeed has shown secondary meaning as well as the likelihood of confusion among prospective purchasers as to the source or origin of the product; and that there was a likelihood of irreparable harm.

Animal Fair, Inc. v. Amfesco Industries, Inc., 620 F.Supp. 175 (D.Minn. 1985) [ELR 8:6:17]

Claim involving sale of Mack Sennett memorabilia was properly dismissed for lack of jurisdiction, rules Federal Court of Appeals

In an action involving title to various films, scripts, photographs and other properties that were created by Hollywood filmmaker Mack Sennett (and currently in the possession of the Academy of Motion Picture Arts and Sciences), Anne Treadaway claimed that in 1936, Walter Durst, the trustee in bankruptcy of Mack Sennett, Inc., had improperly sold Sennett certain items. Treadaway argued that she derived title to the Sennett works from a 1934 sale by the trustee in bankruptcy to Treadaway's remote predecessor-in-interest. According to Treadaway, the 1936 sale was null and void because it was secured by fraud; she therefore sought to set aside the 1936 order of a Federal District Court in California confirming the sale to Sennett, and to obtain a declaration that she was the rightful owner of the Mack Sennett collection possessed by the Academy.

A Federal District Court in Arizona dismissed the lawsuit for lack of subject matter jurisdiction, lack of personal jurisdiction over the Academy and improper venue, adding that even if subject matter jurisdiction were present, comity would require the court's deference to the jurisdiction of the federal court in California which had entered the original order in the matter.

A Federal Court of Appeals has affirmed the District Court's ruling on the ground that considerations of comity justified the court's refusal to exercise jurisdiction.

Treadaway v. Academy of Motion Picture Arts and Sciences, 783 F.2d 1418 (9th Cir. 1986) [ELR 8:6:17]

Director is awarded $25,000 in damages in breach of contract action against screenplay writer and producers of television film

In August 1984, Leszek Burzynski signed an agreement with Thomas Travers to direct Travers' screenplay for the television film entitled "Miracle in a Manger." The agreement provided that Burzynski's services would be exclusively available from August 15th through September 15th for a fee of $25,000 plus reimbursement of certain expenses and 5% of the net profits of the film. If the producers could not obtain financing prior to September 15th, the parties agreed that Burzynski would be offered "first refusal to direct."

The producers did not obtain financing until November 15th; at that point, they offered Burzynski $15,000 to direct the film. Burzynski indicated that the offer was acceptable, but he suggested some changes in the payment terms and a reduced points participation arrangement and thus did not sign a new agreement. The producers then hired Travers to direct the film.

In considering Burzynski's breach of contract action, Federal District Court Judge Platt noted that the August 1984 agreement did not specify the mechanics of the right of first refusal. The producers' interpretation of the agreement "like the wind on the Long Island Sound" was variable. Generally, noted the court, a right of first refusal is defined as the "right to meet any other offer." On the basis of common usage and the evidence presented, the court held that Burzynski's right of first refusal entitled him to meet any bona fide third party offer to direct that was acceptable to the producers.

If there was a bona fide third party offer, stated Judge Platt, Burzynski's request for 3 1/2 % of the net profits from the film was a substantial difference from the terms of the producers' offer; therefore, there would have been no acceptance by Burzynski, but merely a counteroffer which, in turn, was unacceptable to the producers. The rejection of the offer would have satisfied and terminated Burzynski's right of first refusal. If there was not a bona fide third party offer, the producers may have committed fraud in dealing with Burzynski, and in any event, would be liable for breach of contract.

Judge Platt next determined that the producers had the burden of proving that they received a bona fide offer. A letter from an individual offering to direct the film for $15,000 was rejected as hearsay, and no other cognizable evidence was presented of a third party's offer to direct. The producers accordingly were found liable for breaching the August 1984 agreement, and were ordered to pay Burzynski damages of $25,000 (Burzynski's attorney had waived the director's claim for the reimbursement of expenses and for 5% of the net profits of the film) plus interest.

Burzynski v. Travers, 636 F.Supp. 109 (E.D.N.Y. 1986) [ELR 8:6:17]

Briefly Noted:

Copyright Infringement.

A Federal District Court in California has ruled that CBS, Inc., Lorimar Productions and writer Earl Hamner did not infringe Anita Clay Kornfeld's copyrighted novel "Vintage" in developing the "Falcon Crest" television series. In his Findings of Fact and Conclusions of Law, Judge Gadbois stated that neither Hamner nor anyone else involved in the creation or writing of the pilot for Falcon Crest or the production of the pilot copied or otherwise used any material from Vintage. The alleged similarities between the pilot and the novel primarily resulted from the fact that each work used the same setting and the same general subject matter. Furthermore, the television series pilot and Vintage were not substantially similar as to plot, theme, mood, setting, pace, sequence, dialogue, or as to the interplay of characters. Judge Gadbois concluded by pointing out that no implied-in-fact contract existed between Kornfeld and any of the Falcon Crest parties, that the Falcon Crest parties did not make any false statements or representations to Kornfeld, and that the pilot was independently created.

Kornfeld v. CBS, Inc., CCH Copyright Law Reports, Para. 25,809 (C.D.Ca. 1985) [ELR 8:6:18]

Copyright Infringement.

A Federal District Court in Illinois has ruled that no reasonable jury could find that the motion pictures "Starman" and "Wavelength" were substantially similar and has granted Columbia Pictures' motion for summary judgment in a copyright infringement action brought by Wavelength Film Company. The court pointed out that the alien characters in the films differed with respect to age and mode of communication; that the aliens' relationships with the lead protagonists in each film were dissimilar; and that the settings of the films and the special effects accompanying the various rescuing spaceships also were not substantially similar. Wavelength's remaining claims of actionable similarity were within the category of unprotectible "scenes a faire" - the expression of Wavelength's science fiction theme was not appropriated by the Columbia Pictures parties. concluded the court.

Wavelength Film Company v. Columbia Pictures Industries, Inc., 631 F.Supp. 305 (N.D.Ill. 1986) [ELR 8:6:18]

Copyright Infringement.

A Federal District Court in Arkansas has granted summary judgment to Controversy Music, Virgin Music, Inc., Jobete Music Co., Inc. and Brookman Enterprises, Inc. in a copyright infringement action against Gazebo Association, Inc., owner of the Gazebo, a private nonprofit dance club. The court determined that the Gazebo did not obtain an ASCAP license or secure any other permission to perform the copyrighted works "When

Doves Cry" and "1999" by Prince, "Miss Me Blind" by the Culture Club and "Easy" by Lionel Ritchie. The court further found that Edwin T. Palmer, president of the Gazebo Association and manager of the club was jointly liable with the Gazebo for the infringing activities, since he repeatedly refused to secure a license to perform the copyrighted musical works and had the requisite control and financial stake in the Gazebo. The court awarded the copyright owners statutory damages of $6000 plus costs and reasonable attorneys' fees.

Van Halen Music v. Palmer, 626 F.Supp. 1163 (W.D.Ark. 1986) [ELR 8:6:18]

Contracts.

A South Carolina appellate court has reversed a trial court's determination that a covenant not to compete between a music company and its former employee was overbroad and unenforceable. In 1982, Collins Music Company sued its former employee, James A. Parent, contending that Parent was operating a competing business in violation of an agreement made when Parent was employed by Collins. The appellate court noted that to be enforceable, a covenant not to compete must be necessary to protect the employer, reasonably limited with respect to time and place, and supported by valuable consideration. After reviewing the covenant at issue, the court determined that the covenant was not a territorial restriction, but rather a provision which prohibited the pirating of Collins' customers, Parent still was free to solicit customers to whom he had not been assigned while employed as a collector by Collins.

Collins Music Co., Inc. v. Parent, 340 S.E.2d 794 (S.C.App. 1986) [ELR 8:6:18]

Employment Termination.

An Arizona appellate court has affirmed a trial court ruling that KTUC's dismissal of Thelma Sees did not violate an Arizona statute patterned after the federal Civil Rights Act of 1964. Sees was 59 years old at the time of her termination; she had worked at KTUC for over ten years in sales and management. According to Sees, the termination was based on her gender and age and therefore violated state law. But the trial court concluded that the termination was based on "acts of insubordination and inability to get along with the owning manager."

The appellate court found that there was sufficient evidence that the decision to discharge Sees was independent of any consideration of her age or gender. However, an award of attorneys fees of $5,000 was reversed because the action was not groundless, frivolous or brought for purposes of harassment.

Sees v. KTUC, Inc., 714 P.2d 859 (Ariz.App. 1985) [ELR 8:6:19]

Tax.

The Arkansas Writers Project, the publisher of the monthly Arkansas Times Magazine, was not entitled to a refund of about $15,800 iii tax paid on sales of the magazine during a three year period, the Arkansas Supreme Court has ruled. The sales tax statute contained an exemption for proceeds from the sale of newspapers and from the sale of advertising space in newspapers. Also exempt from tax were "religious, professional, trade and sports journals and/or publications printed and published within this state ... when sold through regular subscriptions." The trial court concluded that because the Arkansas Times was printed and published in Arkansas and sold primarily by subscription, the proceeds from sales of the magazine were tax exempt. The Arkansas Supreme Court, however, determined that only one exemption was created under the cited language and that the magazine did not qualify for exemption as a religious, professional, trade or sports periodical.

In a supplementary opinion denying the publisher's petition for a rehearing, Judge George Rose Smith rejected the contentions that the exemption was a denial of equal protection or was an infringement upon the magazine's freedom of speech and of the press.

Ragland v. Arkansas Writers' Project, Inc., 697 S.W.2d 94; 698 S.W.2d 802 (Ark. 1985) [ELR 8:6:19]

Workers' Compensation.

A New York appellate court has affirmed a lower court determination that actor Jack Hammer, who contracted with a production company to perform in the European production of the musical play "Bubbling Brown Sugar" was an employee of Bubbling Brown Sugar Continental Company. Hammer sued the producer for $1 million in damages alleging that it negligently allowed two of its workers to drink alcoholic beverages backstage during a performance of the play and, as a result, the intoxicated employees assaulted him and caused physical injuries. The producer contended that Hammer's exclusive remedy for his injuries was a workers' compensation claim and submitted a copy of its workers' compensation policy covering the production's European location. The court concluded that because he entered into a written contract with the producer which determined the time, place and manner of his performance, Hammer was an employee and not an independent contractor. And because Hammer did not raise an issue as to the availability of workers' compensation benefits or insurance, his negligence claim against Bubbling Brown Sugar Continental Company was properly dismissed.

Jack Hammer Associates, Inc. v. Delmy Productions, Inc., 499 N.Y.S.2d 418 (N.Y.App. 1986) [ELR 8:6:19]

First Amendment.

In 1985, concert promoter John Calash sued the City of Bridgeport and members of the City's Parks and Recreation Board, claiming among other charges, that the Board violated his First Amendment rights by denying his application to hold concerts at Kennedy Stadium, a municipally owned facility. Relying on the City's policy of restricting the stadium's use to civic, charitable and non-profit entities, the Board denied Calash's application because a proposed Beach Boys concert was designed as a profit making venture. Calash sought damages and an injunction requiring the Board to make the stadium available on fair and equal terms. A Federal District Court concluded that Calash had failed to establish irreparable injury, and denied his request for a preliminary injunction. On appeal, Calash contended that by allowing any non-profit group to hold concerts at the stadium, the City had turned the facility into a limited public forum. Chief Judge Feinberg found otherwise, stating that selected access by civic, charitable and non-profit organizations could not be equated with indiscriminate use by the general public. After declaring that Kennedy Stadium remained a nonpublic forum, the court determined that the City's policy of denying applications for profit making events was viewpoint neutral and reasonable in relation to the stadium's purpose, and affirmed the District Court's denial of Calash's motion for an injunction.

Calash v. City of Bridgeport, 788 F.2d 80 (2d Cir. 1986) [ELR 8:6:19]

Obscenity.

A Federal Court of Appeals has held that although South Carolina's obscenity statute was not void for vagueness, certain provisions of the statute were unconstitutionally overbroad. In 1985, a local judicial officer in Greenville County determined that a number of sexually oriented videocassettes violated the state's obscenity statute. Police officials then warned several store owners that the continued distribution of the material might subject the owners to prosecution. Vernon Beigay, the owner of a store known as the Video Zone, brought a lawsuit under section 1983 of the Civil Rights Act challenging the constitutionality of the obscenity statute. A Federal District Court rejected Beigay's claim. A Federal Court of Appeals, while questioning Beigay's standing to challenge the statute on the basis of his alleged injury, nevertheless found that two sections of the statute were unconstitutionally overbroad. The sections allowed the trier of fact "to consider the material in the context in which it was used and the potential effects on the behavior of a groups of people." In reversing and remanding the case to the District Court, the Court of Appeals noted that the overbreadth of the sections did not invalidate the remainder of the statute. The court concluded by affirming the District Court's holding that Beigay's civil rights had not been violated.

Vernon Beigay, Inc. v. Traxler, 790 F.2d 1088 (4th Cir. 1986) [ELR 8:6:19]

Antitrust.

A Federal District Court in New York has held that Adams Russell Cable Services did not violate the

Sherman Antitrust Act by tying together two levels of its cable television service. In two New York towns, Adams Russell offered subscribers three tiers of cable service: Basic, Super-Cable and Premium. Basic included traditional broadcast stations plus a few cable channels; Super-Cable included several satellite delivered cable services such as Cable News Network and MTV; and Premium offered the pay movie and sports channels. Although it was technologically possible to do so, Adams Russell did not make the various tiers available in all combinations. Thus, those cable subscribers who wished to receive one or more of the Premium channels also had to subscribe to the SuperCable tier. When the cable company refused to let Arthur Friedman obtain certain Premium channels without subscribing to Super-Cable, Friedman filed suit claiming that Adams Russell's policy constituted an illegal tying arrangement. The court noted that a tying arrangement must have anti-competitive effects to violate the antitrust laws. It then found that because Adams Russell enjoyed an absolute monopoly on cable service in the Harrison, New York area, no competitors were harmed by the cable company's plan. In granting summary judgment in the company's favor, the court also determined that Adams Russell's policy was not an abuse of its monopoly power.

Friedman v. Adams Russell Cable Services-New York, 624 F.Supp. 1195 (S.D.N.Y. 1986) [ELR 8:6:20]

Cable Television.

A Georgia appellate court has affirmed a trial court's determination that two cities and a county in Georgia wrongly honored the exclusivity provision of a cable television service franchise agreement. Lookout Cable

Television Services sued for a declaratory judgment that the governmental entities did not have the power to grant to the predecessor of Cable Holding Company the exclusive right to operate cable television services within their boundaries.

Under Georgia law, a municipality or county has no power to grant exclusive franchises unless the power is expressly granted by the legislature. Cable Holdings argued, however. that the policy considerations which prohibit governmental entities from issuing exclusive franchises did not apply in the case of cable services because cable service franchises are natural monopolies. The court disagreed, and held that even though cable services may be natural monopolies, the policy considerations are still applicable to cable service franchises because the determination of which cable service should occupy the monopoly position can be made in the marketplace. The court then decided that the enactment of a statute which acknowledges a preexisting power of governmental entities to grant franchises to cable services did not revive the exclusivity provisions of Cable Holding's franchises, nor did it grant municipalities the authority to issue exclusive franchises, and Lookout Cable was not estopped from challenging the exclusive nature of the franchise.

Cable Holdings of Battlefield, Inc. v. Lookout Cable Services, Inc., 343 S.E.2d 737 (Ga.App. 1986) [ELR 8:6:20]

Film Investments.

A Federal Court of Appeals has affirmed a Tax Court's decision to deny limited partners certain income tax deductions and investment tax credits attributable to their partnership's investments in two foreign films, "Ms. Don Juan" and "Don't Open the Window." The appellate court determined that the general partner did not intend to realize a profit from the investments and upheld the Tax Court's finding that the partnership's substantial investments in the two films were not activities "engaged in for profit" as defined by the Internal Revenue Code. The limited partnership had paid $3,100,000 toward the films' purchase prices with non-recourse notes and an additional $550,000 in cash. The court noted that because the fair market value of the two films was far below their stated purchase prices, the partnership had no economic incentive to repay the notes. The notes did not constitute genuine debts and therefore should not yield any interest deductions for the limited partners. The court also affirmed the Tax Court's disallowance of depreciation deductions based upon the limited partners' total cash investments in the partnership.

Deegan v. Commissioner of Internal Revenue, 787 F.2d 825 (2d Cir. 1986) [ELR 8:6:20]

Libel.

The Szechuan Star restaurant sued The Massapequa Post, a weekly newspaper, and an individual restaurant reviewer after the restaurant received an unfavorable review. The review was based not only upon the reviewer's experience in the restaurant but also upon the experiences of several unidentified customers. Szechuan Star contended that the review was false and also malicious, because in the same review the reviewer recommended two other restaurants which advertised in the paper. A New York trial court noted that only when a derogatory opinion is a "mixed opinion," an opinion issued upon a concealed set of facts which the speaker implies confirms the opinion, can it be actionable. The court then found that although the review could be considered a mixed opinion, the reviewer relied on no concealed facts. Rather, she stated exactly the facts upon which her opinion was based. The opinions of the unidentified customers were constitutionally protected as fair comments. The court also held that the restaurant's bare assertion that the review was malicious was insufficient to defeat the publisher's motion to dismiss the complaint.

Szechuan Star. Inc. v Chanry Ltd., New York Law Journal, p. 16, col.6 (Nassau Cnty., April 14, 1986) [ELR 8:6:20]

Previously Reported:

The following cases, which were reported in previous issues of the Entertainment Law Reporter have been published: Ostano Commerzanstalt v. Telewide Systems, Inc., 794 F.2d 763 (8:4:18); Fisher v. Dees, 794 F.2d 432 (8:4:13); Gilchrist v. City of Troy, 494 N.E.2d 1382 (8:3:21) [ELR 8:6:20]

IN THE NEWS

Canada reduces its Canadian-content programming requirement for pay-cable film channels

The Canadian Radio-Television & Telecommunications Commission has eased a rule requiring the country's three pay-cable film channels to exhibit programming containing 50% Canadian content in prime time, and 50% Canadian content overall. The three channels will be required to show programs containing 30% Canadian content in prime time, and 20% Canadian content during the rest of the day. Also eased was the rule requiring the channels to spend 45 % of their gross revenues and 60% of their program budget on Canadian material; henceforth, only 20% of gross subscriber revenue must be spent by the channels on investment in, or acquisition of, Canadian programs. [Nov. 1986] [ELR 8:6:21]

Broadway producers and Actors Equity agree on terms for new contract

Actors Equity Association and the League of American Theaters and Producers have agreed on the terms of a new three-year contract for actors in Broadway and national touring shows. The contract provides for a one-year wage freeze, followed by increases of 5.5% and 5% in the second and third years of the contract. Equity minimum for Broadway and touring actors currently is $700 a week. The producers also agreed to increase their weekly contributions to the union's health insurance fund. [Nov. 1986] [ELR 8:6:21]

WASHINGTON MONITOR

Federal Communications Commission rules that Loews Corps purchase of CBS stock and management changes at CBS did not constitute a transfer of control of the broadcaster

The Federal Communications Commission has ruled that Loews Corp. did not obtain control of CBS Inc. upon acquiring almost a quarter of the broadcaster's stock. Fairness in Media had filed a petition with the Commission seeking an investigation of whether the stock purchase, along with the recent installation of Loews executive Laurence Tisch as the chief executive of CBS, amounted to an unauthorized transfer of control. If the Commission found that a transfer of control had occurred at CBS, the broadcaster might be required to sell some of its broadcast properties or face challenges to its broadcast licenses. But Loews was not a majority shareholder in CBS, and there were no indications that Loews possessed the dominance over other CBS shareholders that would be considered de facto control. The Commission also apparently relied upon CBS' argument that Tisch will be subject to review by a management committee of the company's board, and to ultimate control by CBS' shareholders. [Nov. 1986] [ELR 8:6:21]

Federal Communications Commission fines San Bernardino television station for failing to identify sponsor of Korean-language programming

The Federal Communications Commission has imposed a $10,000 fine on KSCI-TV, San Bernardino for failing to identify the South Korean government as the sponsor of a significant amount of the Korean-language programming carried by the station. In a complaint filed by several groups, including the Media Access Project, KSCI was accused of not informing viewers that Korean TV Enterprises was a subsidiary of the Korean Broadcasting System. [Nov. 1986] [ELR 8:6:21]

DEPARTMENTS

In the Law Reviews:

Satiric Appropriation and the Law of Libel, Trademark, and Copyright: Remedies Without Wrongs by Harriette K. Dorsen, 65 Boston University Law Review 923 (1985)

Natural Law Basis for the Copyright Doctrine of Droit Moral by Robert C. Hauhart, 30 The Catholic Lawyer 53 (1985)

Municipal Ripoff: The Unconstitutionality of Cable Television Franchise Fees and Access Support Payments by David J. Saylor, 35 Catholic University Law Review 671 (1986)

The Changing Regulatory Terrain of Cable Television by R. Clark Wadlow and Linda M. Wellstein, 35 Catholic University Law Review 705 (1986)

To Be or Not To Be: FCC Regulation of Video Subscription Technologies by Allen S. Hammond, IV, 35 Catholic University Law Review 737 (1986)

Broadcast Licensees: Fair Game for Corporate Raiders by M. Michele Faber, 35 Catholic University Law Review 761 (1986)

Constitutionality of Affirmative Action Regulations Imposed Under the Cable Communications Policy Act of 1984, 35 Catholic University Law Review 807 (1986)

Preferred Communications, Inc. v City of Los Angeles: Impact of the First Amendment on Access Rights of

Cable Television Companies, 35 Catholic University Law Review 851 (1986)

Dun & Bradstreet, Inc. v. Greenmoss Builders: "Matters of Private Concern" Give Libel Defendants Lowered First Amendment Protection, 35 Catholic University Law Review 883 (1986)

Problems in Search of Principles: The First Amendment in the Supreme Court from 1791-1930 by Howard Owen Hunter, 35 Emory Law Journal 59 (1986)

Professional Standards and Managerial Realities by William Stewart, Zelda Fichandler, David R. White, Laura Dean, and Theodore Bikel, 16 Journal of Arts Management and Law 8 (1986) (published by Heldref Publications, 4000 Albemarle St. N.W, Washington, D.C. 20016)

Artists, Workers, and the Law of Work by Stephen E. Weil and Howard Lesnick, 16 Journal of Arts Management and Law 37 (1986) (for address, see above)

Creativity and Control by Gustave Harrow, 16 Journal of Arts Management and Law 47 (1986) (for address, see above)

The Rights of Composers and Lyricists: Before and After Bernstein by Franklin J. Havlicek and J. Clark Kelso, 16 Journal of Arts Management and Law 77 (1986) (for address, see above)

Sex Discrimination and the First Amendment: Pornography and Free Speech by Jeffrey M. Gamso, 17 Texas Tech Law Review 1577 (1986)

Cardozo Arts & Entertainment Law Journal has published Volume 5 which contains the following articles:

Tribute: In Memory of Melville B. Nimmer by Donald S. Chisum, Herman Finkelstein , Gary L. Francione, Paul Goldstein, Robert A. Gorman, E. Gabriel Perle, Harriet E Pilpel, Monroe E. Price, J.H. Reichman and Barbara Ringer, 5 Cardozo Arts and Entertainment Law Journal 1 (1986)

The Compulsory License Redux: Will It Survive in a Changing Marketplace? by Ralph Oman, 4 Cardozo Arts and Entertainment Law Journal 37 (1986)

Public Officials and Libel: In Defense of New York Times Co. v. Sullivan by Marc A. Franklin, 5 Cardozo Arts and Entertainment Law Journal 51 (1986)

Responses to Professor Franklin by Dan M. Burt, Phyllis W. Beck and Norman Pearlstine, 5 Cardozo Arts & Entertainment Law Journal 79 (1986)

Legal Semiotics by Susan W. Tiefenbrun, 5 Cardozo Arts and Entertainment Law Journal 89 (1986)

The End of Government Regulation of the Rates Cable Television Services Charge Their Subscribers, 5 Cardozo Arts and Entertainment Law Journal 157 (1986)
Amusement Park Safety: Who Should Regulate?, 5 Cardozo Arts and Entertainment Law Journal 195 (1986)

Song Lyric Advisories: The Sound of Censorship, 5 Cardozo Arts and Entertainment Law Journal 225 (1986)

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