

BUSINESS AFFAIRS

**Criminal Copyright and Trademark Law:
The Importance of Criminal Sanctions
to Civil Practitioners**

by David Nimmer

In the copyright and trademark realm, virtually all effort is directed at anticipating, conducting, or deflecting a civil lawsuit; criminal prosecutions are perceived to occupy a role that is, at best, peripheral. Indeed, one could probably wind up a career as an intellectual property practitioner without ever worrying about keeping a client out of jail or reporting an infringement to the authorities. Nonetheless, copyright and trademark crimes are statutory offenses. And although criminal

indictments for those crimes are filed infrequently, their effect is wholly disproportionate to their small numbers. As will be shown, because of widespread financial and other consequences when the government's investigative machinery is activated, appreciation of the criminal sanction is important to a balanced perspective on copyright and trademark cases.

I. Statutory Criminal Offenses

A. Scope of Federal Criminal Copyright

Under the Copyright Act of 1976, all infringements that are civilly actionable amount to violations of the criminal provision of the Act as well, so long as two additional elements are present - the infringement must be undertaken "[1] willfully and [2] for purposes of commercial advantage or private financial gain" (17 U.S.C.

Sec. 506(a).) Thus, an "innocent infringement," such as George Harrison's subconscious copying of a song, although civilly actionable, fails to qualify as a crime given lack of willfulness. Likewise, a non-profit infringement (i.e., one not intended for profit, as opposed to simply an unprofitable infringement) may give rise to civil sanctions, but nonetheless fails to amount to a crime. Upon reflection, it is soon apparent that such cases are the exceptions. (How many cases of unconscious copying or eleemosynary infringement are filed each year?) The general rule follows that almost all cases of civil infringement constitute, *de jure* at least, federal crimes as well.

The early cases bear out this conclusion. Over the years, criminal charges were filed for copyright infringements ranging from reproduction of two figurines, distribution of an aerial survey map, and printing books of sheet music of show tunes. (Respectively, United States

v. Backer, 134 F.2d 533 (2d Cir. 1943); United States v. Wells, 176 F.Supp. 630 (S.D.Tex.1959); United States v. Rose, 149 U.S.P.Q. 820 (S.D.N.Y. 1966).) One early case, this one concerning a radio script, merits particular mention. In 1934, Garrett and Carroll Graham authored "The Hollywood Adventures of Mr. Dibble and Mr. Dabble" Their agent disseminated the script to potential purchasers over the next year, but his marketing efforts failed. Then, in 1936, several individuals mounted a radio broadcast "which included in somewhat altered but plainly recognizable form the copyrighted material which had been submitted by the Grahams" (Marx v. United States, 96 F.2d 204 (9th Cir. 1938).) The upshot was a copyright prosecution resulting in the conviction, affirmed on appeal, of one Groucho Marx.

Although, as Groucho learned to his peril, virtually any copyright infringement can give rise to criminal charges, few in fact actually do. At present, federal prosecutors

largely limit their efforts to the two categories of infringement that are felonies, as defined in the 1982 amendments to the criminal code. The reason for this limitation is the familiar spectre of the overworked public servant—there simply are not enough resources to prosecute every federal crime vigorously. Narcotics, crimes of violence, and large-scale fraud are viewed as more worthy of pursuit than intellectual property cases, which, after all, are normally subject to some sort of civil remedy. Nonetheless, when a copyright case reaches felony status, prosecutors perceive the offense as sufficiently grave to warrant charges, which are frequently brought. Felony copyright consists of the following two categories: [1] the reproduction or distribution of phonorecords infringing the copyright in one or more copyrighted sound recordings, and [2] the reproduction or distribution of copies infringing the copyright in one or more motion pictures or other

audiovisual works. (18 U.S.C. Sec. 2319(b)(1)-2319(b)(2).) To be liable to felony prosecution, the defendant must traffic, during any given halfyear period, in at least seven copies of a copyrighted motion picture or audiovisual work, or at least 100 phonorecords of a copyrighted sound recording. The potential penalty is enhanced for cases involving at least 65 motion pictures or 1000 sound recordings.

To illustrate both types of felonies, let me call upon my experiences as a prosecutor. Once a shaggy LAPD cop, who was working undercover at the time in Hollywood vice, stumbled on a man who was operating a video rental store out of his Hollywood apartment. Investigation showed that the target, Peter Michael Graham, rented videotapes at the Warehouse, duplicated the tapes at home, returned back to the Warehouse the plastic videotape shell, into which he had substituted his own unauthorized copy of the videotape, and then used

the original as a master videotape to make further copies for rental and sale. When his apartment was searched, officers recovered scores of such counterfeit videotapes, as well as a computerized list of dozens of paid subscribers to Graham's bootleg video rental service.

The officer brought the case to me at the U.S. Attorney's office. Given the flagrancy of the violation, its magnitude, and the overwhelming nature of the evidence, we decided to file felony charges. The case then resolved itself exactly as expected, and as is typical of this type of case-Graham promptly pled guilty, was fined \$3000, and was given a three-month suspended sentence, meaning that he will serve time only if he violates his probation by committing another crime. The other type of felony concerns sound recording piracy. Prosecutions for this type of offense have been frequent ever since Congress first extended federal protection to this area by the Sound Recording Amendments of 1971,

and have continued unabated since Congress conferred felony status on this crime in 1982. (E.g., *United States v. Taxe*, 380 F.Supp. 1010 (C.D. Cal. 1974), modified, 540 F.2d 961 (9th Cir. 1976), cert. denied, 429 U.S. 1040 (1977). Cf. *Dowling v. United States*, 473 U.S. 207 (1985).) For instance, in one case the Recording Industry Association of America reported to the R.B.I. their suspicion that certain individuals were engaged in wholesale audio piracy. The F.B.I. in turn brought the case to me for a prosecutive evaluation. Based on the R.I.A.A.'s work, supplemented by some F.B.I. undercover investigation, we obtained a search warrant from a United States Magistrate, and thereupon seized virtually all the equipment, merchandise, inventory, and records of three businesses. This practical impact of effectively shutting down an infringing business, immediately and completely, forms an integral part of the criminal

sanction which-as we will see below-is wholly separate from the filing of criminal charges.

B. Scope of Federal Criminal Trademark

Under the Trademark Counterfeiting Amendments of 1984, criminal penalties for the first time apply to federally registered trademarks. (18 U.S.C. Sec. 2320.) We have already seen that the de jure reach of criminal copyright law is broad; criminal trademark, de jure at least, extends even further. Whereas commercial purpose is an element of a copyright crime, there is no comparable provision in the trademark sphere. Instead, all willful trafficking in goods or services bearing a counterfeit mark is a federal felony.

But just as copyright prosecutions are de facto much narrower than their theoretical reach, so trademark crimes are de facto even more circumscribed. In fact,

while conducting my own informal research in preparing to present an indictment of one such offense to the grand jury in Los Angeles, I was able to discover only three such prosecutions nationwide. First, San Diego prosecuted a case involving counterfeit Louis Vuitton bags, given that the crime was being committed on a large scale and in three districts (San Diego, Brooklyn, and Miami). Second, in far the largest case under the new law, the Southern District of New York indicted two brothers, Julius and Jacob Pinkesz, on an interesting set of facts. The Pinkesz brothers had had a long history of distributing counterfeit watches. In 1979, they were caught selling Sanyo watches, suffered the entry of a permanent injunction, and packed up their bags-only to open a new shop down the block dealing in counterfeit Casio and Porsche watches. Once again, they were caught, entered into a consent decree, and moved on.

The watch manufacturers won every battle against the Pinkesz, but were steadily losing the war.

Given the outrageous behavior by the Pinkesz, the U.S. Attorney, working with the United States Customs Service, conducted a very elaborate undercover operation against the Pinkesz. On June 10, 1986, 200 agents of the Customs Service simultaneously executed six separate search warrants against the Pinkesz and their affiliated organizations. The net haul of these searches was over 500,000 counterfeit watches. A sophisticated, multi-count indictment followed, ultimately resulting in the conviction of all five defendants. Jacob Pinkesz received a two-year prison sentence, and the other four also received jail time tapering down to 60 days. Julius Pinkesz was also subjected to a \$20,000 fine, Jacob to \$10,000.

In all these copyright and trademark prosecutions, incidentally, the statutory penalties are either two years or

five years of imprisonment, plus a fine of \$250,000 per person or \$500,000 per organization. The Pinkesz case is one of the rare cases in which sentences approaching that stiff maximum were actually imposed.

Third and last, I supervised an investigation and the filing of criminal charges against a watch counterfeiter named John Chon. In its investigation of several distributors of knock-off watches, the F.B.I. learned that all sources led to Chon; he was universally acknowledged as the master artiste, who with a flourish of his brush, could alter a plain timepiece to a Rolex Presidential, by painting on the requisite gold crown, or a Gucci by applying the appropriate red and green paint. Because of his focal position, Chon deserved prosecution more than the simple distributors of counterfeit articles. Chon now stands convicted, and received the typical probationary sentence.

C. Other Criminal Offenses Arising Out of Copyright and Trademark Violations

The preceding discussion has been limited to federal crimes; state criminal actions must also be considered. In the copyright arena, such criminal statutes are generally preempted, although certain narrow areas remain, such as protection of pre-1972 sound recordings. (17 U.S.C. Sec. 301(a).) In the trademark arena, there can be concurrent jurisdiction. California, for instance, has recently enacted offenses for the violation of state-registered marks. (Cal. Penal Code Secs. 350 & 351a). Yet in discussions with numerous California deputy D.A.'s and A.G.'s, I have learned that the subject matter of intellectual property is viewed as the exclusive province of the U.S. Attorney. Therefore, notwithstanding a law on the state books, prosecutions in this field take place exclusively on the federal side.

On the federal side, we have already seen that pure copyright and trademark prosecutions do exist, but are infrequent. Overworked prosecutors tend to shy away from an action rooted, essentially, in the protection of a business' intellectual property. But we can see at work here an application of the age-old concern over whose ox is gored. When it is the government's, the same prosecutors who are too busy to bother with a trademark case or a misdemeanor copyright infringement often spring to action. This situation typically unfolds in the importation context. Counterfeit reproductions of copyrighted or trademarked goods are excludible at the border (putting aside the currently contested area of gray market goods). When the Customs Service apprehends individuals who attempt to circumvent those regulations by smuggling in such goods, they are arrested and prosecuted just like smugglers of drugs, currency, arms, and other contraband. Thus, when the government's ox

is gored, we not infrequently see, for instance, prosecutions for copyright violations joined with a substantive smuggling count or a charge of importation of merchandise by means of a false statement. (18 U.S.C. Secs. 545 & 542. See *United States v. Gallo*, 599 F.Supp. 241 (W.D.N.Y. 1984).)

II. Policies and Practicalities of Enforcement

The reason that emerges from our review of the statutory criminal offenses for copyright and trademark crimes is that, given their infrequency, some special circumstance must catch the prosecutor's eye. An ordinary infringement, albeit technically criminal, will be overlooked by the authorities in favor of civil remedies. But the exceptional case will give rise to criminal charges—the prosecutor will be willing to devote the resources of his or her office to cases against an egregious defendant,

such as the Pinkesz, against a willful and repeated violator, such as Peter Michael Graham, or against a sophisticated violator who stands at the apex of a whole criminal enterprise, such as the artiste John Chon. Thus, the character of the defendant, his offense, and his history of similar offenses will determine what action is taken; if a general rule is needed, run-of-the-mill infringements will not be prosecuted, while egregious, willful, repeated, sophisticated violations will give rise to criminal charges.

A. Impact on Infringers

We have also seen that jail time in these cases tends to be minimal, with the Pinkesz two-year sentence being a notable exception to the rule. One may thus question the role of federal involvement, given the unlikelihood of substantial prison time. Apart from the obvious savings

to one's client in time and money that accrue from the government's decision to seek an indictment, there are also concomitant disadvantages to the infringer. When the resources of the federal government are brought to bear on an investigation, a great deal of information can emerge in a short timeperiod, with the result that the infringer is put out of business in short order and other infringers apprehended as well. These prospects make the criminal sanction particularly attractive to the individual or company whose product is being counterfeited.

Again the Pinkesz case in New York furnishes an example. When the 200 federal agents simultaneously executed the six search warrants in that case, discovering 500,000 counterfeit watches, that seizure represented the culmination of an intensive investigation. In the course of gathering evidence, the prosecution used court-approved wiretaps, pen registers, and undercover contacts. In other appropriate cases, I.R.S. returns can

be obtained as an adjunct to the copyright investigation, financial bank document analyses performed, and reports pooled from multiple agencies. I have been involved in cases where undercover agents used surreptitious NAGRA recorders (an activity that would be illegal under California law, for instance, if undertaken by a private party), with the result that by the end of the investigation we had, recorded on tape, all the admissions we needed from the target. When the F.B.I. is hot on a violator's trail, associates can be brought in and quickly immunized, then brought before the grand jury to lock in their testimony. An inquiry into one user of pirated video games in Beverly Hills, for instance, can soon mushroom into a case against a dozen such pirates all over Southern California, replete with evidence of unlawful importation and links to other criminal activity.

But by far the biggest impact on the infringer emerges from the seizure provisions of the Act. In the criminal

copyright context, the Act provides, as an adjunct to conviction, for the "forfeiture and destruction or other disposition of all infringing copies or phonorecords and all implements, devices, or equipment used in the manufacture of such infringing copies or phonorecords." (17 U.S.C. Sec. 506(b).) Criminal trademark law contains a parallel forfeiture provision. (15 U.S.C. Sec. 1116.) But in neither case is it necessary to wait for arrest, trial and conviction for these remedies to mature. Rather, as soon as probable cause for arrest exists, a search warrant or a seizure warrant is usually obtainable. Then, the suspect can be arrested at the same time as (or even later than) his entire inventory and manufacturing apparatus is seized, never to be returned.

Again, let me illustrate with an example. In the case brought to my attention by the R.I.A.A., their investigation provided enough evidence to indicate probable cause of criminal copyright infringement via sound

recapture. Thereupon, the F.B.I. executed a search warrant at three locations and took control of various items. First, the agents confiscated all actual counterfeit cassette tapes of Bruce Springsteen, Talking Heads, Santana, etc. Second, the E B. 1. seized all genuine musical tapes on the premises, on the theory that the legitimate Springsteen tapes evidenced access to the music for the purpose of creating the bootleg tapes on the premises. They also simultaneously seized any blank cassettes on the premises, again as mute evidence recounting the various stages of the manufacturing process. Already it should be apparent how significantly this seizure curtailed the functioning of those three businesses. Third, the agents seized all records from the businesses, again as evidence of a crime. These records are often invaluable, providing the only access to the distribution network: when cassette tapes are typically distributed by faceless minions at far-flung swap meets, the only way

to crack this part of the case is to obtain the manufacturer's address book and check stubs and all the other paraphernalia documenting his distribution associates. Fourth and last, the agents seized all the machinery used in manufacturing the phonorecords. Thus, law enforcement seized a dozen pieces of large machinery, including highly sophisticated "duping" machines worth tens of thousands of dollars. Because those machines were used in the commission of a crime, they became statutorily forfeit to the government. I remember my astonishment when viewing almost an entire warehouse crammed with sophisticated machines, boxes upon boxes of blank cassettes, counterfeit "J" cards (the printed insert in a cassette tape box, analogous to a record jacket), the contents of desks, and on and on.

It takes little imagination to realize that those warrants completely shut down three businesses engaging in copyright infringement. In one visit by federal agents,

the businesses lost their inventory, their business records, and their capital investments. True, the government must allow the targets access to their business records, but the other items are gone for good. The inventory and machinery are forfeit, subject to ultimate destruction or other appropriate disposition. Even when the party from whom they were seized ultimately is successful in obtaining return of the machinery, it is only upon payment of a "ransom," and then following a lengthy disruption of business activities. Thus, the ancillary aspects of a criminal investigation often outweigh in significance the ultimate criminal penalty to be imposed.

B. Working with the Prosecutor

As we have already seen, the prosecutor needs more than a technical violation of a law on the books to spur him or her to action, and the goad that usually suffices is

a violation that is egregious, willful, repeated, or sophisticated. Therefore, in attempting to interest a prosecutor in filing charges, attention must be drawn to the target's bad character. Though the mere fact that he is an egregious and sophisticated violator probably will draw an indictment against the infringer, it cannot hurt to emphasize other noteworthy features. Thus, instead of merely recounting a target's act of infringing your client's motion picture copyright, you will meet a quicker response if you can (truthfully) inform the authorities that the target, besides making copies of your movies, also is engaged in selling drugs in high schools and helping his brother to ship high-tech weapons to Iran. Likewise, emphasis should be placed on any imperilment to public health: adulterated perfume, possibly containing carcinogens, that is counterfeited under your client's trademark is of more immediate concern than counterfeit belt buckles. In the case of a counterfeit component for a heart

pacemaker-an actual occurrence, believe it or not-apprehension of the trademark counterfeiter would surely lead to prompt charges. Another factor to emphasize is a sizable victimization of one or more innocent parties; for these purposes, buyers of Rolex Presidential watches for \$20, albeit they are contributing to dilution of the company's trademark, are not truly victims in the same way as are purchasers of a counterfeit Rolex for \$8,000.

Apart from approaching the prosecutor with the charge that your product is being pirated by an egregious, willful, repeated, and sophisticated violator, you must, of course, present in addition some evidence in support of your allegation. The most powerful tool - sometimes too powerful as we shall shortly see - for obtaining that evidence is the civil seizure order. Turning first to trademark cases, the Trademark Counterfeiting Amendment of 1984 allows courts to issue a truly ex parte civil

seizure order. (15 U.S.C. Sec. 1116.) Thus, with absolutely no advance notice to the target, you may file a complaint and supporting affidavits before a federal judge and receive an order allowing your agents to accompany the United States Marshal and seize all offending products. Such ex parte orders are routinely granted. In copyright cases, the procedure is less sanctioned, but there is no reason why you should not try to achieve the same results. The Copyright Act provides for impoundment of infringing articles. (17 U.S.C. Sec. 503(a).) By combining that provision with a request under the 1909 Copyright Act Supreme Court rules and invoking the general provisions of the All Writs Act (28 U.S.C. Sec. 1651(a)), copyright plaintiffs sometimes obtain the same truly ex parte seizure order that is made explicit under the Trademark Counterfeiting Amendment.

As with all cases in which criminal charges are the goal, it is important to coordinate the application for

civil seizure orders with the prosecutor. The trademark statute requires advance notice to the U.S. Attorney, and such notice is prudent also for copyright cases with criminal overtones. The reason for this notice is to avoid jeopardizing any ongoing federal investigation by tipping the target to his having been discovered. Indeed, in the John Chon case already discussed, the private investigators, without properly advising us, obtained a seizure order after numerous undercover contacts between the F.B.I. and Chon: fortune alone saved us from disaster in that case.

Once the civil seizure order has been executed, you can present the prosecutor an infringement case ready-made for indictment. Your investigators have reports of their observations ready, and the physical evidence is now in the Marshal's custody. In the John Chon case, I merely caused a grand jury subpoena to be delivered to the Marshal after the civil seizure order had been

executed. The result was that the goods seized under the civil order - enough to warrant a conviction in that case - were transferred to the F.B.I. as the grand jury's custodian pending investigation and trial. The case was thus complete, although I asked the agents to approach Chon once more; they did, eliciting from Chon the further admission on tape that he had to be very careful about only dealing with established customers because his entire inventory of watches had been seized for violation of federal law!

The problem with civil seizure orders is that they can be too powerful. As we have already seen one of the most frequent bases for declining to file criminal charges in intellectual property cases is that the victimized party has adequate civil remedies available. This is all the more true once a civil seizure order has been executed and the infringer put out of business; much of the ongoing wrong and the reason for governmental intervention

has then abated. Thus, in a classic catch-22 application, an infringed party cannot interest the U.S. Attorney absent evidence, but once the evidence is gathered by a seizure order, the U.S. Attorney may take the position that there is no further need for government involvement. Although the John Chon cases illustrate that the paradox is not absolute, many companies have escaped one horn of this dilemma, only to be impaled on the other.

Finally on the subject of gathering evidence for the prosecutor, beyond the obvious principles of maintaining strict chains of custody and like concerns equally applicable to civil cases, there are certain pitfalls peculiar to criminal charges. First, it is important, insofar as possible, to use individuals whose character is as squeaky-clean as possible. Of course, civil disputes likewise require witnesses whose credibility will stand up in court; but the concern is greatly magnified by the dynamics of

criminal cases. For instance, a former policeman who, while not discharged from the force was released under suspicion, may be an adequate witness in general but may pose dangers in the context of a criminal trial. If that person is used as the investigator in a copyright or trademark case, a criminal defense attorney with no solid way to defend the accused may decide to focus all his or her ammunition against the ex-cop, attempting to divert the jury's attention away from the crime. The prosecutor, not wanting extensive testimony about the witness' character, may decide that the risks posed by that collateral issue do not equal the gains from the testimony. When such a person is the only witness to a key event or admission, vital evidence can be lost, with possibly fatal impact on the case.

Second, civil investigators in general should be schooled in the particular requirements of criminal law. Too often, private investigators are trained to prove the

counterfeit status of goods, and then to move in quickly. Yet the additional element, indeed the crucial element for most criminal prosecutions is knowledge, which is typically not an element of a civil copyright case, for instance. Ferreting out proof of knowledge without treading over the border of entrapment requires fine-tuned undercover work, in which federal agents are carefully versed but civil investigators may not be. Third, therefore, as a general principle, in advance of any important decisions or actions there should be as much consultation as possible, both with the Assistant U.S. Attorney and the F.B.I. agent, in order to maximize its effect. A few hours invested in planning and coordinating may ultimately pay huge dividends in developing a prosecutable case.

C. The Dangers of Prosecution to the Proprietor

No discussion of criminal charges would be complete without reviewing their possible downside. So far, we have catalogued the dangers to the target from a criminal investigation and charges, focusing on how to impel the prosecutor to file a complaint or indictment against the infringer. Yet there also may be a risk to the proprietor whose product is pirated by the infringement, which must be factored into the equation. The danger to the copyright or trademark owner arises out of loss of control. Once the prosecutor decides to run with the ball, the case develops a momentum of its own utterly beyond the power of the proprietor to halt. Normally, of course, the proprietor will have no reason to brake the momentum, so this risk is without content. Yet certain types of cases exist in which continued progress can prove detrimental to the proprietor's interests, and these cases should not be brought to the authorities as an initial matter.

First, all details of the investigation, preparation, and development of the case will be made public should the target exercise his right to go to trial. If trade secrets or confidential information played a part in the company's investigation of the infringement, for example, there can be no assurance that these matters will remain confidential in the courtroom. Or if the company wants to hush up certain embarrassing details that transpired during the investigation, or wants to reveal information in a certain way because of a marketing plan, those decisions may be overridden by the prosecutor's releasing all the information available in the fashion most conducive to obtaining a conviction. The prosecutor's loyalty, after all, belongs to the government, not to the victim.

Second, the prosecutor assigned to the case probably will not possess a great deal of knowledge about the law of intellectual property. In fact, chances are great that you will have to explain just what a copyright or a

trademark is to this novice in the field. Accordingly, cases presenting complex issues should be referred for criminal prosecution only at the proprietor's peril. For instance, consider a case in which the particular copyright infringed is subject to an argument that it has fallen into the public domain by failure to affix notice, which the proprietor claims has been cured by subsequent registration, but a question remains about the impact under United States copyright law from unnoticed publication abroad. (E. g., *Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*, 780 F.2d 189 (2d Cir. 1985).) If the accused raises this defense before the judge, it will be up to the prosecutor to brief the issues and argue any motion. In the worst case scenario, the judge could issue a published opinion that the subject copyright has been forfeited. Although such a ruling may not be binding as to parties not in privity with the criminal defendant, as a practical matter it could be devastating to the copyright holder.

In brief, therefore, a good rule of thumb to follow is that if there are any legal or factual skeletons in the closet, do not trust the case to an outsider. Moreover, evaluate each case at the outset to determine whether or not those skeletons exist. For once initiated criminal charges cannot be undone; and, not being in control, your ability to control development of the prosecution will be minimal,

III. Criminal Contempt

Spanning both sides of the border between criminal and civil law lies the realm of contempt. Contempt arises in copyright and trademark cases when a court order has been issued but is not being followed. Thus, for example, a prevailing plaintiff, following trial, may win a permanent injunction in a copyright action. Or a trademark case may be settled by the defendant's entry into a

consent decree, agreeing not to repeat the infringing conduct. In either case, if the defendant continues to violate the plaintiff's rights in violation of the court order, that conduct is contumacious. Such contempt may be either criminal or civil. Civil contempt has two purposes: to coerce future compliance with court orders and to remedy past noncompliance. By contrast, the purpose of criminal contempt is to vindicate the court's authority. Thus, a civil contemnor is often said to "have the jail keys in his pocket"; by agreeing to comply with court orders, he can overcome the penalty imposed (whether coercive imprisonment, conditional fine or other). A convicted criminal contemnor, by contrast, is punished like any other criminal defendant—the prison time imposed on him is time that he must actually serve. This discussion focuses on criminal contempt. Criminal contempt is an appropriate coda to this discussion of criminal copyright and trademark charges, because it can

often function as an ersatz prosecution when the U.S. Attorney will not initiate substantive charges. Albeit criminal in name, a criminal contempt charge unfolds in a manner closely analogous to civil proceedings. Thus, the considerations canvassed above concerning developing a relationship with the prosecutor may be set aside, and the civil practitioner controls the case, just as in a straight civil copyright or trademark action.

First, it is necessary to understand how criminal contempt charges arise. When the plaintiff learns that the injunction or consent decree is being flouted, the plaintiff brings the matter to the court's attention and the court may issue an Order to Show Cause why the defendant should not be held in contempt. The judge may, within his or her discretion, decide whether to style the contempt civil or criminal. Thus, the defendant in a criminal contempt action, at the time that charges are filed, already has three strikes against him. First, he has lost an

underlying civil case, whether by trial or by stipulated judgment. Second, criminal charges are initiated only when the judge has been angered by the defendant's conduct, to the extent of bringing criminal charges. And third, the same judge who has presided over defendant's loss at trial and who has determined to charge defendant with contempt now sits in judgment as to the contemnor's fate. Moreover, this judge has the power to impose a fine and/or imprisonment of up to six months without even empaneling a jury. If a jury is called upon to decide a criminal contempt case, however, there is no six-month lid on the sentence. We have already seen that the U.S. Attorney has a monopoly on filing substantive copyright and trademark charges. Yet although the sovereign possesses plenary authority to initiate all prosecutions, including those for criminal contempt, given the civil overtones of many criminal contempt proceedings (which, after all, arise out of the violation of an order

entered in a civil case), the prosecutor often may decline to prosecute a criminal contempt referral from a judge, just as we have seen in the case of substantive crimes. The U.S. Attorney may simply conclude that civil contempt will adequately vindicate society's interests in a given copyright or trademark case. The exercise of that prosecutorial discretion, as we have seen already, normally terminates any opportunity for criminal charges to result.

Nonetheless, Congress has expanded the prosecution monopoly beyond the United States Attorney in the limited area of criminal contempt. In particular, Rule 42(b) of the Federal Rules of Criminal Procedure allows federal courts to appoint private attorneys for the purpose of vindicating the court's authority by acting as special prosecutor, under the court's supervision, to bring a criminal contempt prosecution. Given the absence of funds from which to pay private attorneys to act as

special government prosecutors, however, the U.S. Attorney's declination effectively barred prosecution until the courts began to appoint the aggrieved party's counsel as special prosecutor against the offending litigant. In other words, the same attorney for the plaintiff who informs the court that the defendant is not following the injunction becomes the prosecutor, representing the United States against the same defendant. Not only does this solution resolve the fiscal impediment to prosecution, but it also results in greater efficiency, given the special prosecutor's antecedent familiarity with the particular facts underlying the prosecution. Finally, although this procedure places the financial burden of prosecution on the victim, at least one court has mitigated that result by allowing the criminal fine imposed to be paid to that same victim. (*Polo Fashions, Inc. v. Stock Buyers Int'l, Inc.*, 760 F.2d 698 (6th Cir. 1985), cert. granted, 106 S. Ct. 565 (1986).) There can be no

more enviable example of having one's cake and eating it too, given that Polo in that case won a sixmonth prison sentence against its adversary, plus a \$100,000 fine payable directly to Polo.

The most spectacular application of the special prosecutor concept took place in a case in the Southern District of New York. Plaintiff Louis Vuitton had previously won a judgment, which was being violated. The district court appointed Vuitton's counsel as special prosecutor. The attorney, in turn, hired several former F.B.I. agents who had worked on "Abscam" Together, they developed "Bagscam," an undercover operation in which clandestine recordings, videotapes, and other techniques were used to ferret out violation of Vuitton's trademark. (United States ex rel, Vuitton et Fils S.A. v. Klaymic, 780 F.2d 179 (2d Cir. 1985), cert. granted, 106 S. Ct. 3270 (1986).) The defendant in that case, following a jury verdict of guilty, received a fiveyear

prison sentence. The case is also noteworthy in that the Second Circuit allowed Vuitton's attorney the "extraordinary investigative privileges" of the United States Attorney, including surreptitious recordings which otherwise might have violated state law. In theory, moreover, the special prosecutor could obtain the defendant's previous tax returns and otherwise bring to bear the government's general resources against the contemnor. (See 26 U.S.C. Sec.6103(i)(1).)

The advantages to copyright and trademark proprietors of being appointed special prosecutor in criminal contempt proceedings are obvious. On the other side of the coin, the hapless defendant in the Vuitton case has complained that his due process rights were violated by the absence of an independent prosecutor. The Sixth Circuit, in the Polo case that we have already seen, shares that concern and, in the exercise of its supervisory powers, disallows the use of opposing counsel as sole or

lead prosecutor. This conflict between the Second and Sixth Circuits about use of opposing counsel as special prosecutor should soon be resolved. The Supreme Court has heard oral argument in the Vuitton case, and its decision should determine the permissibility of using the aggrieved party's attorney as special prosecutor. If the Supreme Court affirms Vuitton, then criminal contempt will probably continue to be the easiest avenue for a copyright or trademark holder to use the criminal sanction for its benefit.

Conclusion

Most copyright and trademark litigation has always taken place, and always will, in the civil sphere. Yet there is a criminal component to those substantive areas of law that cannot be ignored, even by the wholly civil practitioner. For the criminal sanction can exert an in,

terrorem effect on a whole industry, as was done by the two-year sentence imposed on the Pinkesz brothers; it can bring an infringing enterprise to an immediate standstill, as was accomplished by the search warrant in the R.I.A.A. case; it can put an end to counterfeiting with no effort whatsoever by the victimized parties, as was done in the case of Peter Michael Graham; and it can convey enormous powers to the victim's attorneys under the rubric of criminal contempt, as was done in the Vuitton case, in which a five-year sentence was imposed. For all these reasons, attorneys who represent copyright and trademark proprietors must be sensitive to the far-reaching impacts that can accrue from a judicious use of the criminal law.

David Nimmer is of counsel to the law firm of Irell and Manella in Los Angeles, California. He is currently the editor of Nimmer on Copyright, having assumed

responsibility following the death of his father, Professor Melville B. Nimmer, in 1985. (Mel Nimmer, of course, was one of the founding advisers of the Entertainment Law Reporter.) In, the forthcoming treatise on World Copyright Law and Practice, David Nimmer has authored the chapter on United States copyright law. From 1983 to 1986, David Nimmer served as an Assistant United States Attorney for the Central District of California, in which capacity he supervised that district's copyright and trademark investigations and prosecutions. This article is adapted from a speech that Mr Nimmer delivered to the Los Angeles Copyright Society in February 1987. (Further case and statutory citations may be found in Mr Nimmer's contribution to *The Law of Gray and Counterfeit Goods* (P L. L 1987), at 411 to 436.)

[ELR 9:1:3]

RECENT CASES

Libel action against Costa-Gavras and Universal Studios in connection with the film "Missing" is dismissed

Ray E. Davis' libel case against Constantin Costra-Gavras and Universal Studios, the director and distributor of the 1982 film "Missing" was a case devoid of any evidence of actual malice, a Federal District Court in New York has found. After lengthy proceedings (see ELR 7:3:12), including oral testimony at an evidentiary hearing, Judge Milton Pollack therefore granted the Missing parties' motion for summary judgment.

Judge Pollack noted that there was no evidence to substantiate retired U.S. Navy Captain Davis' assertion that Missing was a nonfiction film that portrayed, with actual malice, that Davis, the Commander of the United States

Military Group and Chief of the United States Mission to Chile at the time of the 1973 coup that overthrew the Allende government in Chile, ordered or approved a Chilean order to kill Charles Horman, an American free-lance journalist residing in Chile. Rather, the film was found to have been a dramatization based on Horman's disappearance, and the search for him by his father and his wife; the film included fictional characters and a composite portrayal of American military and political figures in Chile, and did not refer to any person named Ray Davis.

Furthermore, although the filmmakers relied on Thomas Hauser's book "The Execution of Charles Horman: An American Sacrifice," Hauser's sources were "heavily investigated and confirmed" The filmmakers were left with no serious doubt of the truth of the author's sources (the truth concerning Davis' conduct was not at issue), primarily the statements of Horman's father and wife,

and no knowledge to the contrary of the stories portrayed in the film. Davis did not demonstrate that either Hauser's credentials or his book were "suspect" in any way.

Actual malice also was not established by the filmmakers' failure to consult Davis personally prior to presenting the film again because the filmmakers were not aware of any probable falsity of their source material.

Davis set forth nine scenes in *Missing* in which the filmmakers purportedly distorted the context of events; none of the scenes contributed to the requisite evidence of actual malice, state Judge Pollack, who emphasized that the film was not a documentary, but a "docudrama" According to the court "The line separating a documentary from a docudrama is not always sharply defined, but is nonetheless discernible ... The docudrama is a dramatization of an historical event or lives of real people, using actors or actresses. Docudramas utilize

simulated dialogue, composite characters, and a telescoping of events occurring over a period into a composite scene or scenes. This treatment is singularly appropriate and unexceptional if the context is not distorted when dealing with public and political figures. Self-evidently a docudrama partakes of author's license-it is a creative interpretation of reality-and if alterations of fact in scenes portrayed are not made with serious doubts of truth of the essence of the telescoped composite, such scenes do not ground a charge of actual malice."

In the instant case, each scene questioned by Davis was a telescoped composite of events, personalities, and of the American representatives in Chile, and each used "permissible literary license to fit historical detail into a suitable dramatic context ... Leeway is properly afforded to an author who thus attempts to recount a true event." The movie's Ray Tower character, stated the court, was

a fictional composite of the American presence operating in Chile, a symbolic figure.

In all, it was found that the First Amendment protects dramatizations and "does not demand literal truth in every episode depicted; publishing a dramatization is not of itself evidence of actual malice" There was no provable, clear and convincing, affirmative evidence nor specific facts showing actual malice on the part of the filmmakers in publishing the alleged defamation and Davis' complaint therefore was dismissed.

Davis v. Costa-Gavras, 650 F.Supp. 153
(S.D.N.Y.1986); 654 F.Supp. 653 (S.D.N.Y. 1987)
[ELR 9:1:10]

Vanessa Redgrave's civil rights claim against Boston Symphony Orchestra will return to Federal Court of Appeals; questions certified to Massachusetts Supreme Court result in finding that a party may be held liable under states civil rights law even if acting without a personal desire to interfere with the rights of another

In Vanessa Redgrave's lawsuit against the Boston Symphony Orchestra in connection with the cancellation, in April 1982, of her contract to appear as the narrator in a series of performances of Stravinsky's "Oedipus Rex," the actress, in addition to alleging breach of contract, claimed that the orchestra violated the Massachusetts Civil Rights Law. Redgrave argued that the orchestra agreed with its subscribers and other community members who had expressed disapproval of her

political support for the Palestine Liberation Organization and of her views on Israel.

A Federal District Court jury issued a verdict favorable to Redgrave on the contract claim and favorable to the orchestra on the civil rights claim. The District Court entered judgment for Redgrave on the breach of contract claim, but held that damages were to be limited to the performance fee; the court denied Redgrave's motion for judgment notwithstanding the verdict with respect to the civil rights claim (ELR 7:8:11).

When the matter reached the Federal Court of Appeals, the court certified the following two questions to the Massachusetts Supreme Court: "May a party be held liable for interfering with the rights of another person by 'threats, intimidation, or coercion,' if the party had no personal desire to interfere with the rights of that person but acquiesced to pressure from third parties who did wish to interfere with such rights?"; and, "If a party can

be held liable under the Massachusetts Civil Rights Act for acquiescence to third party pressure, is it a defense to show that its actions were independently motivated by additional concerns, such as the threat of extensive economic loss, physical safety, or other concerns affecting the course of business?"

The Massachusetts Supreme Court has responded "yes" to the first certified question, stating that the relevant statutory provisions must apply to any threatening, intimidating, or coercive behavior regardless of whether a party specifically intended to interfere with another individual's rights. The court then answered "no" to the second question.

A concurring opinion, while agreeing with the answers propounded by Chief Justice Hennessey to the questions as he construed them, adverted to the constitutional concerns raised by the questions, and stated the view that in the circumstances of the case, it would be difficult to

present any theory under which statutory liability might be imposed on the orchestra "in the face of its state constitutional right to determine what artistic performances it will or will not perform."

In dissent, Justice O'Connor stated that he would have found that the language of the statute and its purpose required a showing that a party acted with the specific intent to interfere with the rights secured to another. Justice O'Connor also pointed out that Redgrave apparently had not identified the secured right with which the orchestra purportedly interfered. "Oedipus Rex" may have been cancelled as punishment for Redgrave's earlier political statements, but "punishment for the exercise of a right in the past is not, by itself, interference with the right. Interference requires that there be a limitation on the present or future exercise of the right," stated Justice O'Connor, and in this case, it was doubtful that interference with secured rights by threats,

intimidation, or coercion could be shown even if no specific intent was required.

Redgrave v. Boston Symphony Orchestra, 502 N.E.2d 1375 (Mass. 1987)[ELR 9:1:10]

Krofft Entertainment was not entitled to summary judgment in action alleging that CBS Songs breached exclusive license agreement in connection with Broadway musicals

Under a license agreement with CBS Inc., Krofft Entertainment obtained the exclusive right to use certain songs, composed and written by Nacio Herb Brown and Arthur Freed, in the production of a Broadway musical entitled "A Broadway Baby" CBS reserved the right to license, on a non-exclusive basis, up to four of such

songs in connection with other stage, theatrical motion picture, or television projects.

In April 1985, CBS granted the producers of "Singin' in the Rain" a license to use more than four songs from the musical score of "A Broadway Baby" CBS stated that its license agreement with Krofft ended on December 31, 1984, and that a proposed modification extending the term of the agreement to December 31, 1985 did not go into effect because Krofft failed to return executed copies of the modification to CBS as allegedly was required by the transmittal letter in order for the modification to become effective.

Krofft sued CBS, alleging breach of the licensing agreement and sought to recover the actual costs and expenses incurred in developing "A Broadway Baby."

A Federal District Court in New York has denied Krofft's motion for summary judgment due to the presence of disputed factual questions concerning liability

and damages. Judge William C. Conner noted that under New York law, whether delivery is a precondition to the validity of a contract is a question of fact to be determined by the intent of the parties. In this case, there was a legitimate factual dispute regarding whether the modification was effective upon execution or whether the delivery of the executed copies to CBS was required, and it was found that the resolution of this dispute would necessitate examining the prior dealings of the parties, parol evidence, the negotiations between the parties and other relevant evidence.

Summary judgment also was not warranted on the issue of damages, stated Judge Conner. CBS demonstrated that factual questions were present as to whether it was CBS' alleged breach of the license agreement with Krofft, or independent factors, that prevented "A Broadway Baby" from reaching its self-proclaimed destination. According to CBS, the concurrent production

of "Singin' in the Rain;" even with only four songs licensed by CBS, made it difficult for Krofft to obtain the financing necessary to open "A Broadway Baby

Krofft Entertainment, Inc. v. CBS Songs, 653 F.Supp.1530 (S.D.N.Y. 1987)[ELR 9:1:11]

Polygram Records obtains summary judgment in trademark infringement action brought by former member of the musical performing group "The Vels"

"The Vels," a musical performing group comprised of Alice Cohen, Charles Hanson and Chris Larkin, began its career in 1981. In October 1983, the three performers, as principals of Insoco Productions, Inc., entered a recording contract with Polygram Records, and in

August 1984, Polygram released the group's first album and single.

In January 1985, Cohen and Hanson refused to continue rehearsing or performing with Larkin. Polygram, undeterred by the dissension, produced a music video which reproduced the musical performances of all three singers on the audio portion, but which featured only Cohen and Hanson as performers.

Larkin sued Polygram, Cohen and Hanson, claiming, in part, that Polygram's use of the group name "The Vels" in association with the music video and a pending second album violated section 43(a) of the Lanham Act which prohibits the false designation of origin or false descriptions of goods; Larkin also alleged various claims arising under state law from the purported breach of the Insoco joint venture agreement, such as breach of fiduciary duty, and a request for an accounting.

A Federal District Court in New York (in a decision rendered in May 1986, but only recently received by the ELR) has granted Polygram's motion for summary judgment on the ground that the contract between Insoco and Polygram explicitly granted Polygram the exclusive right to use the professional name "The Vels" for all records and videos produced and distributed pursuant to the contract.

Furthermore, the contract protected Polygram from any changes in the composition of the group by setting forth several options available to the company if the group disbanded partially or completely during the term of the recording contract. One of the options provided that the professional name of the group would remain the property of Insoco and the non-terminated members of the group and that neither a performer nor Insoco had the right to permit the use of the name The Vels without Polygram's consent.

Judge Robert Sweet rejected the argument that Larkin was not a "leaving member" of the group within the meaning of the contract in that he was "forced" out of his position with the group. The relevant language of the contract referred to "each individual who leaves the group or no longer performs with the group," indicating that Polygram would be protected from any change in the composition of The Vels, regardless of the cause. Judge Sweet found that "Polygram contracted with In-soco to use the professional group name in connection with any constellation of artists whom it chose not to terminate" upon receiving notice of a leaving member - the company's right to realign the group was granted in the "most sweeping" of contractual terms, thereby precluding the cause of action for trademark infringement.

Larkin further argued that the release of a record produced under the group name, but with only the performances of Cohen and Hanson would mislead the public

into believing that they were purchasing recordings by the original three group members. The court distinguished, again on the basis of the record contract, the case of *Kingsmen v. K-Tel International Limited*, 557 F.Supp. 178, (S.D.N.Y. 1983; ELR 5:2:8) which involved the re-recording of a song from the 1960s by a single member of a five-member group. Also distinguished was *Gilliam v. American Broadcasting Companies, Inc.*, 538 F.2d 14 (2d Cir. 1976) a case which involved extensive editing, without the consent of the author, of a television script.

Polygram was entitled to rely on the unambiguous contract terms which granted the company the right to use the name The Vels in connection with recordings produced under the terms of the contract, and summary judgment was granted accordingly. Larkin's state laws claims were dismissed for lack of subject matter jurisdiction.

Larkin v. Polygram Records, Inc., Case No. 86 Civ. 1128 (S.D.N.Y., May 23, 1986) [ELR 9:1:11]

Dismissal of musician's pendent unjust enrichment and unfair competition claims in action against Home Box Office for trademark and copyright infringement arising from showing of music video is reviewed by Federal District Court

The ELR, along with Federal District Court Judge A. Andrew Hauk, has encountered the music video era in a case filed by Stephen Fontaine against Home Box Office.

In 1982, Fontaine and other individuals referring to themselves as the musical group "Joshua"; recorded tracks later used to produce a record album. The album was entitled "The Hand is Quicker Than the Eye"

Fontaine performed most of the vocal tracks used on the album, including those of the song "Broken Dream." Judge Hauk, in setting forth the factual allegations in Fontaine's First Amendment Complaint, noted that certain members of the group arranged for the production of a videotape performance of the song "Broken Dream," Fontaine's voice was used during the video performance, but a performer other than Fontaine lip-synched the vocal performance. HBO aired the video on numerous occasions.

Fontaine claimed that HBO and the Joshua parties violated the Lanham Act by "willfully and intentionally misrepresenting the identity of the group Joshua and creating the false impression that the performer in the video who lip-synched Fontaine's voice was in fact Fontaine."

Judge Hauk refused to grant Fontaine's motion for partial summary judgment with respect to the issue of the liability of HBO and two Joshua parties for allegedly

violating the Lanham Act, and further found: that Fontaine's claims for unjust enrichment and unfair competition failed to state causes of action for which relief could be granted; that even if these claims were properly pleaded, they were pendent state law claims subject to dismissal with prejudice in federal court; and that the copyright infringement claim also should be dismissed, without prejudice, because Fontaine did not allege facts concerning the co-authors' disposition of their undivided copyright interests in the joint work.

A Federal Court of Appeals granted a writ of mandamus for the limited purpose of directing the District Court to set forth its specific reasons for declining to exercise pendent jurisdiction over the two state law claims.

In responding to the Court of Appeals, Judge Hauk declared that the pendent state claims raised by Fontaine did not arise out of the same nucleus of operative facts as the federal claims. It was pointed out that unjust

enrichment may be claimed in many circumstances distinct from the facts supporting a claim for either false representation of goods or services or from the infringement of a registered copyright. Furthermore, retaining jurisdiction over the state laws claims might complicate, confuse, and delay the resolution of, the issues; and the claims were not barred under California's statute of limitations.

Fontaine v. Home Box Office, 654 F.Supp. 298 (C.D.Cal. 1986) [ELR 9:1:12]

Los Angeles Dodgers were not liable for injuries incurred by spectator struck by batted ball during a game

A California appellate court has ruled that Shirley Neinstein was not entitled to recover damages from the Los Angeles Dodgers for injuries allegedly incurred during a game when Neinstein was struck by a batted ball as she sat in an unscreened area on the first base side of Dodger Stadium. (Neinstein claimed that as a result of being struck by the foul ball, she developed breast cancer.)

In affirming a trial court decision granting summary judgment to the Dodgers, the appellate court noted that Neinstein was aware that her seat was located in an unprotected area; did not request a seat in a protected area of the ball park; and admitted, in her deposition, that she was "generally familiar" with the game of baseball (an admission subsequently denied by Neinstein). The back of each ticket issued by the Dodgers states that the ticket holder assumes "all risk and danger incidental to the Game of Baseball ... including ... the danger of being

injured by thrown bats and thrown or batted balls, and agrees that the Participating Clubs, their Agents and Players, are not liable for injuries resulting from such causes."

The court also found it worthy to consider the interests of millions of baseball fans, observing that "the quality of a spectator's experience in witnessing a baseball game depends on his or her proximity to the field of play and the clarity of the view, not to mention the price of the ticket." If Neinstein were allowed to recover damages, baseball stadium owners might respond by placing all spectator areas behind a protective screen, stated Judge Compton, thereby reducing the quality of everyone's view and hindering players from catching foul balls in the spectator area. Or stadium owners might increase the price of tickets to cover the cost of compensating injured persons, thereby "pricing out" a part of the baseball audience.

Judge Compton declined to "effect a wholesale remodeling of a revered American institution through application of the tort law;" found that the doctrine of comparative fault was not applicable in the circumstances of the case; and concluded that given Neinstein's knowledge and conduct, the availability of protected seating, and the warning provided by the ticket, the Dodgers were under no further duty to protect Neinstein or other spectators from the natural hazards generated by the way in which the game of baseball is played.

Neinstein v. Los Angeles Dodgers, Inc., 229 Cal.Rptr. 612 (Ca.App. 1986)[ELR 9:1:13]

Football player prevails in action against San Francisco 49ers for nondisclosure of material medical information

Charlie Krueger was a defensive lineman for the San Francisco 49'ers from 1958 until his retirement in 1973. During his career Krueger missed only parts of two seasons despite suffering numerous injuries. In October 1963, Krueger ruptured the medial collateral ligament in his left knee. After an operation on the knee and rehabilitative therapy with the team trainer, Krueger resumed playing football.

In the spring of 1964, Krueger began experiencing pain and swelling in his left knee and was treated by doctors retained by the team. The treatment included injections of novocain and cortisone, a steroid compound. In 1971, Krueger underwent an operation necessitated by the thinning and loss of cartilage on the undersurface of his kneecap.

In a \$1 million complaint filed in 1980 against the 49'ers for fraudulent concealment based upon

nondisclosure of material medical information, Krueger stated that at no time did the team doctors ever advise him that he risked permanent injury by continuing to play on occasions when surgery was indicated, particularly in 1970 when part of Krueger's knee broke away. At the time of the trial, Krueger suffered from traumatic arthritis and a crippling degenerative process in the left knee; and was unable to stand up for prolonged periods, and unable to run or to walk on stairs without severe pain.

A San Francisco trial court dismissed Krueger's complaint, finding that Krueger would have continued to play football even if he had been advised of the nature and extent of his injuries.

A California appellate court (in a decision certified for partial publication) has reversed the trial court's ruling. It was noted that Krueger testified that the team's physician never disclosed to him the adverse effects of

prolonged steroid injections, the true nature and extent of the damage to his left knee, or that x-rays of his legs revealed the severely degenerated condition of his left knee. Judge William Newsom emphasized that there was no evidence that Krueger was ever informed of the continuing risks associated with his injuries; thus, the team's doctors, who were in a fiduciary relationship with Krueger, did not make the requisite full disclosure of all information necessary for Krueger to reach a knowledgeable decision about proposed treatment.

Furthermore, the record demonstrated that in order to keep Krueger playing, the team consciously failed to make full, meaningful disclosure to a player who was in acute pain from 1963 on, was regularly anesthetized between and during games, and endured repeated, "questionable" steroid treatments administered by the team physician. Krueger was entitled to professional warnings which he did not receive, and this "palpable failure to

disclose," along with the team's obvious interest in prolonging Krueger's career, amounted to the intent required for a finding of fraudulent concealment.

The trial court's finding that Kreuger would have continued to play even had he been informed of the magnitude of the risk involved was "mere conjecture," stated Judge Newsom - there was no evidence that Krueger assessed and accepted the prospect of permanent disability. The matter was remanded to the trial court and the court was directed to enter judgment in favor of Krueger with damages to be determined upon a retrial limited to that one issue.

A petition for rehearing of the case has been denied.

Krueger v. Bert Bell NFL Player Retirement Plan, 234 Cal.Rptr. 579 (Cal.App. 1987) [ELR 9:1:13]

New York Court of Appeals denies jockey Ron Turcotte's claims against fellow jockey, race horse owner, and owner-operator of Belmont Park race track for injuries incurred in fall during race

The New York Court of Appeals has declined to impose liability on jockey Jeffery Fell, race horse owner David P. Reynolds, or the New York Racing Association, the owner and operator of Belmont Park race track, for the unfortunate injuries suffered by former jockey Ronald J. Turcotte during the eighth race at Belmont Park on July 13, 1978.

Seconds after the eighth race began, Turcotte's horse clipped the heels of another horse in the race. Turcotte claimed that Fell, the jockey riding a third horse named "Small Raja," engaged in "foul riding" in violation of the rules of the New York Racing and Wagering Board, and was responsible for Turcotte's injuries, as was the

Association for negligently maintaining the area of the race track near the starting gate.

Summary judgment was granted to Fell and Reynolds (see ELR 7:1:18) and the Court of Appeals has upheld this ruling on the ground that by participating in the race, Turcotte "consented that the duty of care owed him ... was no more than a duty to avoid reckless or intentionally harmful conduct" Fell's alleged violation of the Board's rule in this case did not constitute such reckless or intentional conduct.

Judge Simons stated that the following factors would be significant in determining whether a professional athlete has consented to the act or omission of a coparticipant which caused his/her injury: the ultimate purpose of the game and the method or methods of winning it; the relationship of the coparticipant's conduct to the game's ultimate purpose, especially his/her conduct with respect to rules and customs whose purpose is to enhance the

safety of the participants; and the equipment or animals involved in the playing of the game.

Turcotte had conceded, stated the court, that "there is a fine line between what is lawful and unlawful in the movement of a horse on the track during a race." Because he recognized such dangers as inherent in the sport, it was properly found that Turcotte consented to relieve Fell of the legal duty to use reasonable care to avoid crossing into his lane to travel - Turcotte did not claim that Fell intentionally or recklessly bumped him. The foul riding rule was not an absolute safety measure, but rather established a spectrum of conduct and penalties, and recognized that bumping and jostling were normal incidents of the sport. And this was not a case involving flagrant disregard of the rules without any competitive purpose.

The dismissal of the complaint against Fell mandated the dismissal of the complaint against Reynolds who was sued under the doctrine of respondeat superior.

The scope of the Association's duty also was determined by Turcotte's consent to accept the risk of injuries that were "known, apparent or reasonably foreseeable consequences of his participation in the race."

Turcotte alleged that the Association negligently watered the track so that horses had to run from the dry surface of the chute which leads to the main track, on to the overly watered, unsafe surface of the main track. But Turcotte testified that the conditions he encountered at Belmont were common on race tracks and that he had experienced them before. Turcotte had participated in three prior races at the track on July 13, and had the ability to observe the condition of the track before the eighth race. In view of these factors, and Turcotte's general knowledge and experience with the "cupping"

condition, he was aware of the condition and its possible dangers, and accepted the risk. The court therefore granted the Association's motion for summary judgment.

The case of *Maddox v. City of New York*, 496 N.Y.S.2d 726 (ELR 8:3:14) was distinguished by Judge Simons since it was decided under the law as it existed before the enactment of the comparative negligence statute; the former New York Yankees player's claim for injuries incurred in 1975 was denied because the city was allowed to assert assumption of risk as a complete defense.

Turcotte v. Fell, 510 N.Y.S.2d 49 (N.Y. 1986) [ELR 9:1:14]

Claims involving the film "Runaway Train" and a documentary film about homeless children are dismissed by Federal District Courts in California and New York because disputes involved contract issues which did not arise under federal law

Bernard and Judith Franklin claimed that in return for investing \$25,000 in the screenplay for the film "Runaway Train," they obtained exclusive home video rights in the film from Weinstein/Skyfield Productions and also were to recoup their investment at 12% interest per year and receive 1% of the film's net profits. Weinstein/Skyfield sold all their rights, title, and interest in the film to Cannon Films, which later transferred its interest to MGM/UA. The Franklins alleged that the assignment from Weinstein/Skyfield to Cannon violated federal copyright laws.

Federal District Court Judge Rymer has dismissed the action, finding that the court lacked jurisdiction since the Franklins' complaint did not arise under the Copyright Act. The claim was "essentially for a naked declaration of ownership or contractual rights," and did not involve the comparison or construction of the copyrighted work, or any need to interpret the Copyright Act. The court also declined to exercise pendent jurisdiction over the Franklins' fraud and breach of contract claims.

In dismissing the Franklins' action, Judge Rymer cited the case of *Bear Creek Productions, Inc. v. Saleh*. In *Bear Creek*, the producers of a documentary film on homeless children entered into a letter agreement pursuant to which Angelika Saleh agreed to provide \$150,000 toward the production of the film in exchange for a percentage of the film's profits and credit for Angelika Films, Inc. as Executive Producer of the film. The agreement also granted Saleh an option to purchase all rights

in the film, including its copyright, for an additional \$200,000, and set forth the terms of payment; Saleh subsequently exercised the option and the parties amended their agreement accordingly.

Bear Creek eventually sued Saleh, claiming that the required payments were not made, and also alleging causes of action for fraud, copyright and trademark infringement, and civil RICO violations.

Federal District Court Judge Edward Weinfeld first noted that the real issue in the case was the ownership of the copyright in the film. Under the amended agreement, all rights in the film were transferred to Saleh; there was no express provision for reversion of the copyright in the event of a breach of contract. In the absence of such a provision and a substantial question as to infringement, Bear Creek's claim did not arise under federal copyright law.

The trademark infringement claim was based on Saleh's alleged failure to credit Bear Creek as the producer of the film in trailers, advertisements and other promotional material-this purportedly constituted false designation of origin and false representation in violation of section 43(a) of the Lanham Act. Judge Weinfeld observed that when a contract covers the subject of whose trademark will appear on a product, the contract and not the Lanham Act determines the rights of the parties. In this case, the parties' agreement governed the dispute over credit, and federal jurisdiction was not available.

With respect to Bear Creek's allegation that Saleh violated the Racketeer Influenced Corrupt Organizations Act, the court stated that Bear Creek did not allege indictable acts that were sufficiently unrelated to pose a threat of continuing criminal activity. The parties entered one contract-carrying out a single allegedly

fraudulent transaction did not bring Saleh's acts within the scope of a civil RICO action.

Bear Creek's state law claims were dismissed along with the copyright, trademark and RICO claims for lack of subject matter jurisdiction.

Franklin v. Cannon Films, Inc., 654 F.Supp.133 (C.D.Ca. 1987); Bear Creek Productions, Inc. v. Saleh, 643 F.Supp. 489 (S.D.N.Y. 1986) [ELR 9:1:14]

Larry Flynt fails to obtain rehearing of decision upholding jury award of \$200,000 to Reverend Jerry Falwell for emotional harm allegedly caused by publication of advertising parody in Hustler Magazine; in separate case, Moral Majority's use of copies of parody in fundraising solicitation is upheld as fair use by Federal Court of Appeals in California

The "Dueling Lawsuits" theme, based on the bicoastal proceedings brought by the Reverend Jerry Falwell and Larry Flynt, soon will be heard by the United States Supreme Court.

The disputes between Falwell and Flynt, the publisher of Hustler magazine, arose from a parody advertisement published in the November 1983 and March 1984 issues of Hustler. The advertisement, entitled "Jerry Falwell talks about his first time," included a photograph of the leader of the Moral Majority and a purported interview concerning his first sexual experience. A disclaimer in small print at the bottom of the page warned: "Ad Parody-Not to be Taken Seriously."

Notwithstanding the warning, Falwell sued Flynt in a Federal District Court in Virginia and a jury, while rejecting Falwell's defamation claim, awarded Falwell

\$200,000 in general and punitive damages on his emotional distress claim (ELR 6:9:20).

A Federal Court of Appeals has denied Flynt's petition for rehearing and suggestion for rehearing en banc.

Federal Court of Appeals Judge Wilkinson, joined by three colleagues, dissented from the denial of rehearing en banc. Judge Wilkinson expressed his "profound repugnance" for the unwarranted and offensive material published by Hustler and noted that the magazine was a "singularly unappealing beneficiary of First Amendment values." Nevertheless, several questions raised by the jury verdict should have been addressed by the court en banc, stated Judge Wilkinson, including whether an individual involved in political life should ever be able to recover damages for emotional distress, and thereby possibly circumvent the protections of *New York Times v. Sullivan*, 376 U.S. 254 (1964). In any event, the verdict, in the dissent's view, would "operate as a powerful

inhibitor of humorous and satiric commentary and ultimately affect the health and vigor of all political debate."

Judge Wilkinson went on to point out the difference between reputational harm and emotional harm; the integral role played by the Reverend Falwell in the political arena; the fact that the jury found that no one could reasonably have believed that Hustler material was presenting actual facts about anyone's personal life; and the lack of reputational damage incurred by Falwell. "An additional action for emotional distress does not belong in the hands of political figures," emphasized Judge Wilkinson, given both the limited scope of the tort and the characteristic "rough-and-tumble" of political life.

Critics of public officials may not flaunt obscenity laws or even a libel judgment if a communication were found to be a false infliction of reputational harm. But political parody and satire aim to distress, declared Judge

Wilkinson. The best political humor may be in bad taste, and "the cartoonist's nightmare may be that the intended victim of all his insult and ridicule indeed fails to suffer emotional distress, but instead finds the whole thing merely funny and calls up the cartoonist, not to complain, but to ask for the original."

The genre of satiric commentary, from Moliere to Trudeau, has enhanced political debate and has encouraged the First Amendment value of relying on the marketplace of ideas to regulate political speech, except in instances when libelous statements are made with actual malice, noted Judge Wilkinson. The tort of emotional distress was not only unnecessary to regulate political speech, but would be a "profound and ominous inhibitor of speech;" since the tort would allow a political figure to recover for a perfectly true statement; would hold, disregarding a "wealth of First Amendment precedent," a party liable on the basis of an intention to cause

emotional harm to a political figure; and would premise liability essentially on whether the communication offended generally accepted standards of decency and morality, giving a jury almost unlimited discretion.

Judge Wilkinson concluded by stating that "Either the First Amendment protects speech that makes someone uncomfortable or it protects nothing. If the Amendment is to retain its full vitality, it cannot permit a public figure in the political arena to recover for emotionally upsetting speech"

Chief Judge Harrison L. Winter also dissented from the denial of rehearing en banc.

The United States Supreme Court has agreed to review the emotional distress award.

A Federal Court of Appeals in California, in a case noted by Judge Wilkinson, has upheld a District Court's decision (ELR 7:12:13) denying Hustler summary

judgment in a copyright infringement action against Moral Majority, Inc.

Moral Majority and Old Time Gospel Hour mailed hundreds of thousands of copies of the Hustler parody advertisement as part of a fund solicitation drive; the copies blackened out eight of the most offensive words. Falwell also solicited contributions while displaying the parody on the Old Time Gospel Hour television show.

In response to Hustler's copyright infringement action, the District Court found that while Hustler established a prima facie case of infringement, the mailings and television displays were permissible under the fair use doctrine.

Federal Court of Appeals Judge Pregerson noted that while Moral Majority's use of the parody was, in part, for a profit-making purpose, Falwell was entitled to copy such parts of the work as were necessary to permit him to comment upon and defend himself against the

derogatory personal attack contained in the parody. And while the fact that Moral Majority copied an entire work might preclude a finding of fair use, the effect on the marketability of back issues of the entire magazine was de minimis; the mailings did not affect any potential market; and Moral Majority did not actually sell the copies to willing buyers. Even after resolving all factual issues in favor of Hustler, the District Court did not err in determining that Moral Majority's use constituted fair use and granting summary judgment.

Judge Poole, in dissent, focused on the presumptive unfairness of distributing copies of the entire parody as an integral part of a financial appeal, and disagreed with the majority's conclusion that the public interest in allowing an individual to defend himself "against ... derogatory personal attacks serves to rebut the presumption of unfairness" Judge Poole also questioned the court's analysis of the effect of the Moral Majority's

use of the parody on Hustler's potential market, pointing out that it might not be proper for a court to take judicial notice of the reading propensities of Moral Majority or Old Time Gospel Hour members, as the District Court did in concluding that such individuals probably would not be counted among Hustler's readers. For Judge Poole, all four statutory fair use factors weighed against a finding of fair use, and he would have reversed the District Court's decision.

Falwell v. Flynt, 805 F.2d 484 (4th Cir. 1986); Hustler Magazine, Inc. v. Moral Majority, Inc., 796 F.2d 1148 (9th Cir. 1986) [ELR 9:1:15]

Federal Communications Commission is ordered to consider constitutionality of fairness doctrine in enforcement proceeding against Syracuse, New York television station arising from airing of advertisements concerning nuclear power plant; Federal Court of Appeals agrees to review Commission's decision not to institute rule-making proceeding to eliminate or modify fairness doctrine

The fairness doctrine may have replaced ALF as the most provocative issue in broadcasting. Under the doctrine, broadcast station licensees are required "to provide coverage of vitally important controversial issues of interest in the community served by licensees," and "to provide a reasonable opportunity for the presentation of contrasting viewpoints on such issues."

In 1982, television station WTVH of Syracuse, New York, licensed to Meredith Corporation, broadcast three

advertisements sponsored by the Energy Association of New York. The Syracuse Peace Council complained to the Federal Communications Commission that Meredith had violated the fairness doctrine because the advertisements seemed to promote the Nine Mile II nuclear power plant as a sound economic investment for the State of New York, without presenting opposing viewpoints. The Council alleged that the economic status of the nuclear plant was a controversial issue of public importance and that the New York State Public Service Commission, at the time the advertisements were aired, was reconsidering its approval of the plant.

Meredith responded that even if the issue raised could be characterized as whether the nuclear plant was a sound investment, that issue was not controversial during the summer of 1982.

In December 1984, the FCC found that Meredith had violated the fairness doctrine and ordered the company

to comply with its obligation to present viewpoints opposed to the plant. Meredith filed a motion for reconsideration; while this motion was pending, the Commission, on August 23, 1985, released its 1985 Fairness Report (Report Concerning General Fairness Obligations of Broadcast Licensees, 102 F.C.C.2d 143).

The Report stated that the existence of fairness doctrine obligations inhibited broadcasters from presenting controversial issues of public importance; that the growth of information sources meant that the doctrine was not required to insure public access to a variety of viewpoints; and that the doctrine no longer met the public interest standard of section 309 of the Communications Act. But the Commission decided not to institute proceedings or modify the fairness doctrine in view of the possibility of legislative and/or judicial action, and also stated that it would continue to enforce the doctrine against broadcasters.

Subsequently, the FCC denied Meredith's motion for reconsideration. However, no remedy was ordered since it was noted that broadcaster acted in good faith by allowing the Peace Council air-time during the summer of 1984.

In considering Meredith's petition for review of the Commission's action, Federal Court of Appeals Judge Silberman first sustained the Commission's determination that the issue involved was "controversial." The court then declined to consider the constitutionality of the fairness doctrine, holding that the Commission was required, in an enforcement proceeding, to respond to Meredith's claim that the application of the doctrine deprived the company of its constitutional rights. Judge Silberman declared that a federal agency may not "ignore a constitutional challenge to the application of its own policy merely because the resolution would be politically awkward;" the FCC's failure to review the

challenge was "the very paradigm of arbitrary and capricious administrative action"

The case was remanded to the FCC with instructions to consider Meredith's constitutional arguments, or to avoid such consideration if the Commission concluded that in light of its Fairness Report, it should not enforce the doctrine because it is contrary to the public interest.

In a companion case filed by the Radio-Television News Directors Association, the court was asked to review the Fairness Report, and to find that the Commission's failure to eliminate the fairness doctrine was arbitrary and capricious. But the court found that the Report's conclusions as to the constitutionality of the fairness doctrine did not constitute agency action subject to review by the court. The report did not alter the legal obligations imposed by the doctrine.

However, while granting a motion to dismiss with respect to the constitutional challenge raised, the court

agreed to consider whether the Commission's failure to institute rulemaking to eliminate or modify the doctrine was arbitrary and capricious.

In April 1987, the United States Senate approved a bill to codify the fairness doctrine; action by the House of Representatives is expected soon.

Radio-Television News Directors Association v. Federal Communications Commission, 809 F.2d 860; Meredith Corporation v. Federal Communications Commission, 809 F.2d 863 (D.C.Cir. 1987) [ELR 9:1:16]

Award of \$50,000 in damages to film distributor in breach of contract action is upheld, but California appellate court reverses finding that general partner was liable for inducing limited partnership to breach distribution contract

An unnamed film starring Carl Betz and Dina Merrill was the subject of a distribution contract between Ambassador Releasing and R. John Hugh, the film's producer. Transamerica Productions (whose parent company is Southwestern Financial Corporation) became the successor in interest to Ambassador's distribution rights. And JBK Project I, a limited partnership, eventually purchased the film from Hugh subject to the contract with Ambassador. However, John B. Kelly, the general partner in JBK, took control of the film's original negative and refused to make it available to Ambassador. Ambassador was unable to make prints of the film for distribution, and sued the JBK parties for breach of contract and related causes of action.

The trial court awarded the Ambassador parties \$50,000 in damages and attorneys fees of about \$23,000.

On appeal, JBK argued that at the time of the alleged breach of contract, Ambassador had assigned all its assets to Transamerica and thus was unable to perform its distribution obligations. California Court of Appeal Judge Johnson declared that the evidence supported the trial court's findings that Ambassador and Transamerica had the ability to perform, and that the distribution contract did not prohibit the assignment of Ambassador's obligations.

The trial court also correctly determined that JBK's breach of contract resulted in lost profits, and reasonably calculated the damages to Ambassador, stated Judge Johnson. Although marketing a new film involves a degree of risk and profit may be speculative, the evidence showed that Ambassador employed an experienced film distribution executive who believed that the film was likely to make a profit in theatrical release if certain changes were made. Ambassador did not have the

opportunity to make the changes and distribute the film due to Kelly's intervention. Even without the changes, Ambassador arranged a television distribution agreement for the film.

In calculating damages, the trial court adverted to the \$100,000 fee Kelly charged the partnership for his services as a general partner, and awarded Ambassador fifty percent of the fee. The appellate court stated that the trial court's method of calculating damages did not bear a rational relationship to Ambassador's lost profits, but upheld the damage award because there was sufficient evidence that the \$50,000 figure was a "reasonable approximation" of Ambassador's lost profits.

Judge Johnson next stated that the instant case presented a question of first impression in California—whether Kelly could be liable for the tort of inducing his own partnership, JBK, to breach the contract. In reversing the trial court's decision by holding that a general

partner, as a general rule, cannot be held liable for inducing the partnership to breach its contract, the appellate court pointed out that Kelly was the mutual agent of an association of individuals, and was not a separate party to the litigation. As a party to the contract, Kelly could not induce his own breach.

The court concluded by reversing the award of attorneys fees to Transamerica because the award included compensation for fees not compensable under the contract, and ordering the redetermination of the attorney fee award.

Southwestern Financial Corp. v. Kelly, 233 Cal.Rptr. 639 (Ca.App. 1987) [ELR 9:1:17]

Companion of Claus von Bulow was not entitled to claim journalist's privilege or attorney-client privilege to protect subpoenaed documents, including unpublished manuscript; United States Supreme Court has let stand federal court rulings finding Andrea Reynolds in civil contempt of court

During discovery proceedings in a lawsuit against Claus von Bulow, brought on behalf of Martha von Bulow by her two children, Alexander Auersperg and Annie Laurie Auersperg Kneissl, a Federal District Court in New York ordered Andrea Reynolds, a witness in the case, to produce certain documents. The documents included investigative reports commissioned by Reynolds on the lifestyle of the Auerspergs, notes taken by Reynolds while observing the criminal trials in Rhode Island of her companion Claus von Bulow on charges that he had tried to kill Martha von Bulow, and Reynolds'

unpublished manuscript about the events surrounding the prosecution and eventual acquittal of von Bulow.

When Reynolds refused to produce the material, despite an order which would have limited the disclosure of the documents, the court held Reynolds in contempt of court. Reynolds' claim of a journalist's privilege was rejected because she was not actively involved in the gathering and dissemination of news. Reynolds' claim of attorney-client privilege also was denied.

A Federal Court of Appeals has upheld the District Court's orders. Judge Timbers noted that federal law governed the asserted privileges because the Auerpergs' complaint alleged a federal claim based on RICO as well as pendent state law claims. Judge Timbers then stated the question before the court, a question of first impression in the circuit, as "whether one who gathers information initially for a purpose other than traditional journalistic endeavors and who later decides to author a

book using such information may then invoke the First Amendment to shield the production of the information and the manuscript."

The following principles were set forth as relevant in determining whether an individual would be entitled to claim the qualified privilege accorded journalists not to reveal confidential sources and information in judicial proceedings: the public policy supporting the unfettered communication of information by the journalist to the public; the individual's intent at the inception of the information-gathering process; and the presence of activities "traditionally associated with the gathering and dissemination of news" The privilege may be available if the relationship between the journalist and a source is confidential or nonconfidential, and unpublished resource material may be protected.

Judge Timbers then reviewed relevant case law, pausing to cite *Silkwood v. Kerr-McGee Corp.*, 563 F.2d

433, in which a Federal Court of Appeals found that a documentary film maker, a third party witness, was entitled to shield information obtained under agreements of confidentiality; the decision in the case adverted to the film maker's plans to carry out investigative reporting for use in the preparation of the documentary. Also cited was New York's "Shield Law," which provides a privilege for professional journalists who refuse to disclose information obtained in the course of gathering news for publication.

Based on its analysis of cases and policies, the court held that an individual claiming the journalist's privilege must demonstrate the intent to use material to disseminate information to the public and that such intent existed at the inception of the newsgathering process.

Judge Timbers concluded that Reynolds did not demonstrate the "essential attributes" of a journalist. There was no dispute that in commissioning the reports on the

lifestyles of the Auerspergs, Reynolds did not intend to use the reports to disseminate information to the public; the reports therefore were discoverable. The notes taken by Reynolds while watching the von Bulow trial on television also were discoverable; the notes were not part of an effort to gather and disseminate news, and neither was the unpublished manuscript - any assurances of confidentiality provided by Reynolds to her sources were not shown to have been given out of "journalistic necessity" The court stated that since Reynolds gathered information initially for purposes other than to disseminate information to the public, it would "decline to serve as a judicial seamstress to alter the protective cloak of the First Amendment in order that it fit her now."

The required factual support also was lacking for Reynolds claim of an attorney-client privilege, declared Judge Timbers, and the subpoenaed documents thus

were not shielded from production by the asserted privilege.

The United States Supreme Court has let stand the civil contempt order entered against Reynolds.

von Bulow by Auersperg v. von Bulow, 652 F.Supp. 823 (S.D.N.Y.1986); 811 F.2d 136 (2d Cir.1987) [ELR 9:1:18]

Publisher's use of "Marketing Week" in its magazine title has been permanently enjoined as an infringement of competing publisher's use of the mark

Centaur Communications, the London-based publisher of "Marketing Week" magazine has obtained a permanent injunction in a Federal District Court in New York preventing A/S/M Communications from changing the

title of its competing magazine from "Adweek" to "Adweek's Marketing Week."

Senior Judge Milton Pollack found that the title Marketing Week had obtained a secondary meaning via Centaur's continuous use of the mark for its publication since 1978, and via the company's substantial advertising and promotion efforts, and significant advertising revenues from United States advertisers. Centaur also established that A/S/M deliberately selected the Marketing Week name in bad faith, with full knowledge of Centaur's exclusive use of the mark on its magazine in the United States and in the United Kingdom and Europe. Furthermore, notwithstanding a limited circulation, Marketing Week apparently has achieved recognition and acceptance among a highly important segment of purchasers—the "upper echelons" of the American international marketing and advertising community.

In addition to proving secondary meaning, Centaur established a likelihood of consumer confusion as to the source of the magazine, found Judge Pollack. The following factors resulted in the finding of consumer confusion: the relative strength of the Marketing Week mark; the high degree of similarity between the names at issue, particularly since A/S/M's reference to "Adweek" on the cover of its magazine was obscured in diminished lettering, leaving the name Marketing Week prominently displayed; the close proximity of the products at issue, with respect to production values and overall content; Centaur's plans to publish a "full-scale" American edition of the British-based magazine; actual confusion; and bad faith on the part of A/S/M in choosing the name.

Centaur also prevailed on its common law unfair competition claim, ruled the court, for A/S/M "deliberately and knowingly misappropriated [Centaur's] mark with the intention of erecting a barrier to [Centaur's] further

penetration of the U.S. market, and in a manner likely to create consumer confusion."

In ruling on Centaur's behalf with respect to the company's claims under section 43(a) of the Lanham Act and New York law, Judge Pollack's permanent injunction did not bar all uses of the words Marketing Week by A/S/M, but did restrain the company's use of the name in any manner likely to cause confusion with Centaur's publication, and specifically restrained the display on the cover of any of A/S/M's publications of the name Marketing Week with the word "Adweek's" in the diminished lettering which had been used by A/S/M. Centaur was entitled to recover attorneys fees, concluded the court.

It should be noted that in a ruling issued one month prior to the instant ruling, the court had refused to grant Centaur's motion for a preliminary injunction on the ground that the company had not established that its

mark had acquired a secondary meaning in the United States. The case then was tried to the court at a bench trial.

Centaur Communications, Limited v. A/S/M Communications, Inc., 652 F.Supp. 1105 (S.D.N.Y. 1987); 649 F.Supp. 74 (S.D.N.Y.1986) [ELR 9:1:19]

Briefly Noted:

Art.

An art consultant's claim for a \$45,000 finder's fee in connection with the sale of two Noguchi statues has been rejected by a New York trial court. The art dealer introduced the purchasers of the sculptures to the Arnold Herstand & Co. gallery in February 1984; the purchase

took place in October or November 1985. It was noted that the sculptures were not "owned or possessed or displayed or offered for sale" by the gallery until October 1985, about twenty months after the alleged oral finder's fee arrangement; that the introduction of the gallery to the purchasers was not the "procuring cause" of the final deal; and that there should have been some negotiation of at least one term before the gallery could be found to have agreed to pay \$45,000 on the basis on a one and one-half hour visit by the purchasers, the gallery's statement that it would "work together" with the consultant in selling art works to the purchasers was, standing alone, not enough to support the consultant's claim, and a renewal motion by the gallery for summary judgment was granted accordingly.

Gordon v. Arnold Herstand & Co., Inc., New York Law Journal, p.7, col.2 (N.Y.Cnty., April 29, 1987) [ELR 9:1:19]

Photography.

A New York trial court has ordered GEO Magazine to pay \$39,000 to a professional photographer for the loss of thirty-nine original color transparencies of Jerusalem valued at \$2,000. The court, in setting damages of \$1,000 per transparency, rather than \$2,000 as argued by the photographer, stated that the following factors apply in determining the value of a photo transparency: technical excellence; the selective eye of the photographer; the established prestige and earning level of the photographer; uniqueness of the subject matter; established sales or use prices; the "osmotic interaction"

whereby each photograph derives reflected value from the group; and the frequency of acceptance by users. It also was noted that the prevailing practice of users is to offer \$200 to \$800 for lost transparencies; that the photographer had licensed transparencies at fees ranging from \$50 to \$400, and that his gross annual income from photography at the time of the loss had ranged up to \$15,800; and that under the Copyright Act, a photographer has the exclusive license to use his/her transparency for life plus fifty years. The sum of \$2,000 stated in a standard receipt form as liquidated damages was found to be a penalty; thus, the court assessed a quantum meruit award of \$39,000 plus interest.

Rattner v. GEO Magazine, New York Law Journal, p.39, col.2 (N.Y.Cnty., March 16, 1987) [ELR 9:1:19]

IN THE NEWS

Los Angeles court orders dismissal of libel action brought by Tom Selleck's father against Globe magazine

A libel action filed by the father of actor Tom Selleck against Globe International once again has been dismissed by a Los Angeles trial court. Judge Kurt Lewin found that Robert Selleck had admitted in court documents the substantial truth of the statements attributed to him in a December 1982 Globe article entitled "Why Tom Selleck Can Never Be a Happy Lover" The article included a photograph of Robert Selleck, accompanied by the caption "His Father Reveals All,' and the front page of the issue displayed the headline "Tom Selleck's Love Secrets-by his Father."

A prior trial court ruling had sustained the Globe's demurrer to the complaint on the ground that the article was not libelous on its face, and that special damages were not adequately pleaded; an appellate court ruled that the demurrer was improperly pleaded; an appellate court ruled that the demurrer was improperly sustained, in part because Selleck was not required to plead special damages (ELR 7:2:15). [June 1987] [ELR 9:1:20]

Los Angeles trial court jury acquits John Landis and four associates of involuntary manslaughter charges in connection with deaths of actors in the film 'Twilight Zone'

A Los Angeles trial court jury has found John Landis and four associates not guilty of involuntary manslaughter charges arising from the 1982 deaths of actor Vic

Morrow and two children during the filming of "Twilight Zone" After a ten month trial, the jurors apparently concluded that the lethal helicopter crash was "an unforeseeable accident." [June 1987] [ELR 9:1:20]

DEPARTMENTS

Book Review:

"The Rights of Publicity and Privacy" by J. Thomas McCarthy

Shortly after the turn of the twentieth century, a flour company known as Franklin Mills distributed advertising posters bearing the picture of an attractive young lady named Abigail Roberson. Apparently, though, Miss Roberson was not a professional model, and no one had

bothered to get her consent. Then, as now, a lawsuit was the predictable consequence. Miss Roberson alleged that the display of some 25,000 of these posters in "stores, warehouses, saloons and other public places" had invaded her privacy, and she sought an injunction, plus \$15,000 to soothe her nervous shock and physical illness.

Unlike today, Miss Roberson had little in the way of recognized legal authority to support her quite understandable demands. She was, however, able to rely on an article by a couple of Boston lawyers named Samuel Warren and Louis Brandeis, published in the Harvard Law Review a dozen years earlier. Entitled "The Right of Privacy,"⁴ Harv.L.Rev. 193 (1890), the article argued that there ought to be a remedy for this sort of thing. In a 4 to 3 decision, a majority of the New York Court of Appeals described Warren and Brandeis's work as a "clever article," but rejected its thesis, saying that "the

so-called 'right of privacy' has not as yet found an abiding place in our jurisprudence." *Roberson v. Rochester Folding Box Co.*, 171 N.Y. 538 (1902).

The New York legislature immediately responded to Miss Roberson's loss by enacting a statute, now codified at sections 50 and 51 of New York's Civil Rights Law, providing a right and remedies for the unauthorized use of person's name or likeness for advertising or trade purposes. A couple of years after that, the Georgia Supreme Court agreed with the Roberson dissenters and with Warren and Brandeis; and in a case that also involved the unauthorized use of photos in advertisements, the Georgia court recognized a right of privacy as a matter of that state's common law. *Pavesich v. New England Life Insurance Co.*, 122 Ga. 190 (1905).

From that time on, the right of privacy has consistently enjoyed an "abiding place" in American law, and its importance to those in the entertainment business is

obvious to readers of the Entertainment Law Reporter which regularly reports the never-ending and often heavy flow of privacy decisions in entertainment industry cases. Unfortunately, despite-or perhaps because of their sheer numbers, these decisions lack coherence or consistency. Confusion reigns, in part, because the interests which the right of privacy protects are several - some of them purely personal and others entirely commercial. Indeed, in the judgment of many - Professor McCarthy among them - the protection of purely commercial interests should not be lumped together with the protection of personal interests under the all-encompassing rubric of "privacy." Instead, a separate right of "publicity" - with characteristics and elements all of its own - usually is used today to protect commercial interests. This adds however to the confusion, when the elements of privacy and publicity are unconsciously combined. Finally, in the last two decades, the Supreme

Court has made it apparent that the First Amendment imposes constitutional limitations of still uncertain dimensions on the acceptable reach of the right of privacy.

Into this seeming morass has stepped Professor J. Thomas McCarthy whose earlier treatise, *Trademarks and Unfair Competition* (2d ed. 1984), is regularly cited by courts and administrative agencies. Now Professor McCarthy has turned his attention to privacy and publicity, and in doing so, he has produced a new treatise of enormous value.

The *Rights of Publicity and Privacy* does a remarkable job of bringing order and logic to the enormous mass of judicial decisions, statutes, and law review commentary that has accumulated since poor Miss Roberson went without recompense for the unsanctioned use of her picture on a flour poster.

After canvassing the history of the rights of privacy and publicity, and reviewing the policy reasons for their

protection, Professor McCarthy clearly outlines the elements of a publicity infringement case, explaining in some detail who in particular owns the right and what precisely it protects. He then separately analyzes the issues that arise as a result of the use of publicity rights in advertising, on products, by the media (in news and entertainment programs), and by reproduction or simulation of performances.

In one especially enlightening chapter, he compares and contrasts the right of publicity with the law of trademarks, false advertising, copyrights, misappropriation, privacy, defamation, and assorted other torts. In doing so, he has shown how elements of each of these other branches of the law have been engrafted onto the right of publicity - sometimes wisely but often not. Professor McCarthy surveys the statutory privacy and publicity laws of a dozen states (and provides two charts which compare the key features of these statutes in a handy,

visual format). Federal statutes and even the laws of four foreign countries (England, Australia, Canada and Japan) are surveyed as well.

One full chapter is devoted to a discussion of the post mortem right of publicity, including a survey of the laws of the twelve states that now recognize that publicity rights survive death. Yet another chapter discusses transfers and licenses of the right of publicity. Although the treatise does not contain an appendix of forms, Professor McCarthy has written a lengthy checklist describing and explaining the sorts of provisions that ought to be considered in publicity licensing agreements. The treatise also canvasses issues that arise in the litigation of privacy and publicity cases, including procedures, remedies, and affirmative defenses.

Professor McCarthy's research appears exhaustive: he cites countless cases and virtually every law review article ever published on his subject. He also has firm

opinions, and he has not hesitated to express them. One of the attractive features of this treatise is that he has set off his opinions in separate sub-sections clearly labeled "Author's Comment" This enables him to use first person pronouns and to be assertive - to engage, as it were, in an intelligent conversation with his readers. Most readers will concur, I believe, with most of his opinions. But even those that do not will be able to rely on Professor McCarthy's new book, confident that when he says certain principles are recognized as "the law," they really are, because when he meant to say that principles "should" or "should not" be the law, that is exactly what he said.

The Rights of Publicity and Privacy is published by Clark Boardman Company, Ltd., 435 Hudson Street, New York, N.Y. 10014; phones 800/221-9428 and 212/645-0215. It is priced at \$85 (though a 10% discount is available for payment with an order).

Lionel S.Sobel
[ELR 9:1:21]

In the Law Reviews:

Picking Up Blacked-out Sports Events Via Satellite Dish Antenna: First Down and Goal to Go: A Symposium presented at the Annual Convention of the Association of American Law Schools has been published in Volume 11 of Columbia-Volunteer Lawyers for the Arts Journal of Law & the Arts with the following articles:

Introduction by Leonard D. DuBoff, 11 Columbia-VLA Journal of Law and the Arts 359 (1987)

Pirating Satellite Signals of Blacked-Out Spoils Events: A Historical and Policy Perspective by Gary R. Roberts, 11 Columbia-VLA Journal of Law and the Arts 363 (1987)

Satellite Dish Antenna Reception: Copyright Protection of Live Broadcasts and the Doctrine of Anticipatory Infringement by Charles R. McManis, 11 Columbia-VLA Journal of Law and the Arts 387 (1987)

Antenna Dilemma: The Exemption from Copyright Liability . for Public Performance Using Technology Common in the Home by Francis M. Nevins, 11 Columbia-VLA Journal of Law and the Arts 403 (1987)

Calling Offensive Signals Against Unauthorized Showing of Blacked-Out Football Games: Can 7-he

Communications Act Carry the Ball? by David M. Rice, 11 Columbia-VLA Journal of Law and the Arts 413 (1987)

Battles over the Agreements Concerning Simultaneous Cable Distribution of Broadcasting Programs in the Netherlands by Herman Cohen Jehoram, 11 Columbia-VLA Journal of Law and the Arts 441 (1987)

Copyright Issues Concerning the Publication of Samizdat Literature in the United States by Alice F. Yurke, 11 Columbia-VLA Journal of Law and the Arts 449 (1987)

Comm/Ent, Hastings Journal of Communications and Entertainment Law has published Volume 9 with the following articles:

The Changing Nature of Communications Law Practice
by Stuart N. Brotman, 9 Comm/Ent 179 (1987)

Editorial Freedom: Editors, Retailers, and Access to the
Mass Media by Mark S. Nadel, 9 Comm/Ent 213
(1987)

Copyright Protection of Object Code Computer Pro-
grams: Can Courts Determine Copying? by Deborah
Ledsinger, 9 Comm/Ent 255 (1987)

Nonbroadcast Video-Programming and Distribution: A
Comprehensive Bibliography of Law-related Periodical
Articles by Frank G. Houdek, 9 Comm/Ent 307 (1987)

Major League Baseball and Drugs: Fight the Problem or
the Player by Glenn M. Wong and Richard J. Ensor, 11

Nova Law Review 779 (1987) (Nova Law Review, 3100 S.W. 9th Ave., Ft. Lauderdale, Florida 33315)

Music Publishing and Recording Contracts in Perspective in Great Britain by Jane Tatt, 9 European Intellectual Property Review 132 (1987) (published by ESC Publishing Limited, Mill Street, Oxford OX2 OJU)

Keeping the Home Team at Home by Charles Gray, 74 California Law Review 1329 (1997)

The Threat from Within: Cable Television and the Invasion of Privacy by Glen R. Segal, 7 Computer/Law Journal 89 (1986) (published by the Center for Computer/Law, 1112 Ocean Drive #101, PO. Box 3549, Manhattan Beach, CA 90266)

Emory Law Journal has published a Symposium on Cable Television with the following articles:

Introduction by Harold R. Farrow, 35 Emory Law Journal 555 (1987)

Cable Leased Access and the Conflict Among First Amendment Rights and First Amendment Values by William E. Lee, 35 Emory Law Journal 563 (1987)

Cable Copyright: The Role of the Copyright Office by Paul Glist, 35 Emory Law Journal 621 (1987)

Cable Theft: the Problem, the Need for Useful State Legislation, and a Proposed Solution for Georgia by Paul J. Mass and Cart S. von Mehren, 35 Emory Law Journal 643 (1987)

Harper & Row Publishers, Inc. v. Nation Enterprises: A Distortion of the Fair Use Doctrine, 24 Houston Law Review 363 (1987)

Judicial Approach to Copyright Infringement by Arlene C. Halliday, 27 IDEA 183 (1987) (published by IDEA: The Journal of Law & Technology, the PTC Research Foundation, 2 White Street, Concord, NH 03303)

Negligence and Secondary School Sports Injuries in North Dakota: Who Bears the Legal Liability by Jack E. Karns, 62 North Dakota Law Review 455 (1986)

The "Political Propaganda" Label under FARA: Abridgement of Free Speech or Legitimate Regulation? by Farrokh Jhabvala, 41 University of Miami Law Review 591 (1987)

Reconciling Federal Labor and Antitrust Policy: The Special Case of Sports League Labor Market Restraints by Gary R. Roberts, 75 Georgetown Law Journal 19 (1986)

Media Counteractions: Restoring the Balance to Modern Libel Law by Seth Goodchild, 75 Georgetown Law Journal 315 (1986)

A Press Privilege for the Worst of Times by David Joseph Onorato, 75 Georgetown Law Journal 361 (1986)

Taxation of Equine Sales and Exchanges by Martin J. McMahon, Jr., 75 Kentucky Law Journal 205 (1987)

Kefalas v. Bonnie Brae Farms: A Practical Approach to Thoroughbred Breeding Syndications and Securities

Laws by Timothy Nicholas Sweeney, 75 Kentucky Law Journal 419 (1987)

The Sun Sets on Must Carry: Quincy Cable IV Inc. v. FCC by David C. Longinotti, 20 University of San Francisco Law Review 757 (1986)

Free Speech, Copyright, and Fair Use by L. Ray Patterson, 40 Vanderbilt Law Review 1 (1987)
[ELR 9:1:23]