

## LEGAL AFFAIRS

### **Setting the Stage: Guidelines for Television Prop Clearances**

**by Jordan Stringfellow and Helene Godin**

Dan and Roseanne Conner's quintessential lower middle class living room on "ROSEANNE"; Cliff Huxtable's designer sweaters on "THE COSBY SHOW"; the photographs featured in the opening credits of "GRACE UNDER FIRE" -- they set the stage, define the character, or add to the laughs on three of television's popular comedy series. However, before they made it onto the television screen, the "ROSEANNE" set dressing, the "COSBY" wardrobe and the "GRACE" photographs were reviewed to determine whether "clearance"

(permission from a third party) was necessary or advisable, and, if so, from whom the clearance should come before a particular item would be incorporated into the program.

### Source of the Law

Clearance for set dressing, wardrobe and prop (sometimes collectively referred to as "props") has its basis in several areas of the law, among them, copyright, trademark and rights of privacy and publicity. Copyright laws protect the owner of a "work of art" (e.g., sculpture, painting, architectural drawing) from unauthorized copying of that work by someone else. Trademark laws protect the owner of a trademark or service mark (product names, logos, slogans, trade dress, etc.; e.g., Ralph Lauren's Polo logo) from acts by someone else that could result in the public being confused about the source or

origin of the goods or services to which the mark is attached. Laws relating to unfair competition and rights of publicity and privacy protect individuals from having their names, likenesses, information about their private lives and/or certain identifying or distinguishing features (e.g., voice, guitar-playing style) used without permission and usually for someone else's gain.

A frequent misconception is that if one owns the physical object, then one also possesses all rights of use in the object or at least need not concern oneself about such rights and that therefore clearances are unnecessary. However, mere transfer of ownership of a physical object does not transfer with it ownership of intellectual property rights (e.g., copyright, trademark) arising from the work of art or logo embodied in the physical object, and permission may have to be obtained from one or more rights holders if the physical object is to be used.

n1 For example, assume Leroy Neiman paints a painting

entitled "The Boxer." There is one original. No prints at all are made. You buy the original painting from Neiman. While you own the physical object (the original painting), you do not have the right to make or to allow others to make copies of the painting (e.g., you cannot authorize another to run prints of the painting for sale, or even a charity auction, at the local art gallery) because under copyright law, Neiman retains, exclusively, among other things, the right of reproduction.

In the entertainment business, historically, there has been some uncertainty with regard to when clearances are necessary, and what types of clearance are required, when dealing with set dressings, wardrobe and other props. The following are general guidelines as to how such matters could be handled. These guidelines are not exhaustive; however, they should provide a sensible starting point for those involved in the creative, business or legal aspects of television production.

## Basic Procedures

As a general rule, in each instance that you are anticipating the use of a piece of set dressing, a wardrobe or a prop, you should ask the following question: "Will the item be prominently featured or will its use be merely incidental to the story being told?" If your answer is that the item will be a prominent part of the story, or will otherwise be prominently featured, then the item should be cleared unless all of its aspects are in the public domain. However, even if the use will be merely an incidental one, you should nonetheless determine whether, given the particular nature of that item, or its rights owner, clearance should be obtained. (Experience shows that if the use on a national television show is not derogatory to the product, permission will be forthcoming without charge.) If, on the other hand, there is

nothing special about that particular item, then clearance is probably unnecessary.

Carsey-Werner's new hit comedy series, "GRACE UNDER FIRE," provides an example of the need for clearance because of the visual prominence of the use. The series star, Brett Butler, plays "Grace," the mother of three small children, who, in the episode at issue, has just packed the children off for a weekend with their grandparents. Grace misses the children as she sits on the couch to play with the baby's Mattel toy, "See & Say," (a toy with voiceover such as "The cow says..." followed by the sound of a cow). Because the use of the prop was integral to the scene presented, it was necessary to obtain clearance for the use.

Interestingly, the fact that the toy has an audio component presented a different problem. The audio portion of the toy could not be recorded clearly on the microphones on the set. In order for the audience and viewers

to hear the audio portion, that portion had to be rerecorded by the Carsey-Werner production staff with sound effects added to replicate the sound the toy actually makes. Carsey-Werner obtained permission from Mattel to rerecord the audio portion. The clearance form stated the exact language and sounds that Carsey-Werner was authorized (and required) to use.

Carsey-Werner's top-rated series, "ROSEANNE," provides another example of the need for clearance of props not just because of visual prominence or uniqueness of the item, but because the subject matter of the episode(s) involves significant dialogue references to the point where the props become central to the scenes in which they are displayed and would then be likely to be noticed by a viewer. In a particularly topical episode, the character Roseanne Conner enrolls in a self-defense course after having been physically threatened by a customer at the diner where she worked. The self defense

class made use of a distinctive full-body padded suit (which Carsey-Werner licensed from the operators of a self defense course--who were also hired as advisors on the episode--worn by one of the "instructors" and used to encourage the "students" in the class to practice very aggressive physical movements (kicking, punching, etc.). Because at least one of the pivotal scenes in this episode involved extensive and prominent interplay between the characters and the instructor wearing the distinctive suit, and because it was referred to in dialogue throughout the episode, Carsey-Werner cleared use of the garment with the owner/manufacturer.

### Original Art and Reproductions of Original Art

Because artwork (e.g. paintings, posters, sculptures, photographs and sketches) may be the subject of copyright n2 it is important to ask, "Is the artwork itself well-



known, or is the artist's name (if he or she is identified by name) or style so well-known as to be recognizable?" If the answer to any of these questions is yes, then you should consider obtaining clearance, because the audience is likely to focus on the work, regardless of its degree of prominence in the production. In addition, it is important to ask whether the artwork is a reproduction of an original work of art. If so, the reproduction itself may be a protected work. <sup>3</sup> In other words, even if the original work of art is in the public domain so that clearance of the original is unnecessary, clearance may still be needed from the owner of the rights in the reproduction. Of course, if the original work of art is not in the public domain, and if the reproduction exhibits sufficient creativity, then two copyright clearances may be necessary.

Clearance for artwork can be relatively straightforward if, for example, the artwork itself contains a notation

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regarding the person to contact for clearance; in that case, call the individual or entity so identified and request permission to use the work. If that kind of information is not available, but you know the name of the artist and/or the title of the artwork, three sources are suggested as of the date of this article (and there are probably others): the Art Dealers Association, located in Los Angeles, California, may be able to provide information for contacting either the artist or the gallery that represents the artist; Decor magazine's annual "Sources Listing" issue (published by Commerce Publishing in St. Louis, Missouri) provides an art/framing guide with cross-references for artists, suppliers and manufacturers; and PrintWorld Directory (published by PrintWorld International, Inc., West Chester, Pennsylvania) lists fine art limited editions.

If the artwork is representational, such that it depicts a "recognizable" person or thing, then a clearance may be

required from both the owner of the rights in the work and the owner of the rights in the subject matter of the work, unless the use is de minimis. ("Recognizable," does not require that a person be a celebrity, such that you know his or her name when you see his or her face; rather, "recognizable" means that the person is visually depicted in a way such as to be recognizable by someone who knows him or her.) For example, in "GRAND," a Carsey-Werner series that aired from 1989 to 1991, a set represented a local bar where one wall was blanketed with photographs. Many of the photographs were from swap meets, garage sales and prop houses. The individuals in the photographs were unknown, and there was no identifying information on the photographs. The director was therefore advised to avoid showing the photographs in such a manner that a viewer could discern their subject matter, other than to ascertain that the photographs were portraits.

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Suppose, however, that you want to prominently feature a work of art depicting an individual. If it is a celebrity, the celebrity's representative should be contacted. (The Academy Players Directory, published by Academy Player's Directory in Beverly Hills, California, and the Pacific Coast Studio Directory, published by Jack C. Reitz, Pine Mountain, California are two excellent sources for this purpose, as is, of course, The Screen Actors Guild.) For non-celebrities, if you cannot identify and locate the person, it is probably inadvisable to use that particular work of art.

For example, in a highly-rated episode of "ROSE-ANNE," Roseanne goes to a professional photographer to have some tasteful yet alluring "boudoir" photos taken of herself to give to her husband Dan (played by John Goodman) as a 20th wedding anniversary gift. The set was "dressed" as an actual photographer's studio would be, with a large number of photos on the wall

depicting past customers' in their glamorous boudoir poses. Before and during the fictional "shoot," Roseanne attempts to calm her nerves by making humorous comments about certain of the wall photos. While her references were largely to unidentified photos off-screen, there were a number of photographs visible on-screen during the scene, of individuals who might be recognizable to people who know them, such that it was determined that clearance was advisable. Accordingly, clearance was obtained from the photographers and from each individual subject depicted. n4

Similarly, in the opening credits of "GRACE UNDER FIRE," two photographs are prominently featured. In one case, Carsey-Werner obtained clearance for a baby photograph taken from a children's book. In that instance, the publisher of the book represented the author and the photographer in negotiating the clearance. n5 Another photograph, which appeared on a greeting card,

was also cleared for use. However, the clearance was obtained from the photographer, not the greeting card company, in that instance. The rationale was that, while the greeting card company could have negotiated clearance for use of the entire card as a prop piece, that such company did not have the right to negotiate clearance of the photograph alone, which was all Carsey-Werner was interested in using.

Even if the person depicted in a photograph is deceased, whether a celebrity or not, do not assume you are free to use the photo. Several states (including California) recognize the right of publicity of deceased persons. n6 Whereas California's statute expressly excludes rights in respect of use in a work of art, film or television program, the statutes of Tennessee, Florida and Kentucky contain no such exception. As a result, a claim for the unauthorized use of a deceased celebrity's photograph in a painting, a motion picture or a television

broadcast would be dismissed if brought in California. However, a similar claim brought in Tennessee, Florida or Kentucky would state a cause of action. If the work is distributed nationally, as is often the case with a television program, the California exclusion could be irrelevant -- the heirs of certain celebrities may not hesitate to assert a claim in one of the jurisdictions where the exclusion is not recognized. n7

## Clothing

In the event a piece of clothing has a "recognizable" logo, fabric design or trademark and the viewer can discern that logo, design or trademark, consideration should be given to obtaining clearance. n8 For example, a Harley Davidson T-shirt worn by a prominently featured character, is likely to have a fairly large, and easily recognizable logo, thus suggesting clearance. On the

other hand, a Ralph Lauren polo shirt with a small "polo logo," worn by an extra, is likely to be too small to be deemed more than an incidental use. In that case, clearance is probably unnecessary. However, if the same extra were to wear, for example, a sweater on which the word "POLO" was boldly embroidered, clearance would be advisable.

When a character appears in a Halloween or costume party type costume, there are additional concerns. First, artistic expression embodied in masks and costumes may be protectible under copyright. n9 In addition, suppose the character appears dressed as a well-known literary or audio-visual character, such as "Superman"? Or as a well-known celebrity? As characters are in some instances protected by copyright and/or trademark, n10 clearance of these rights may be required. n11 If the character and the actor playing the character are visually indistinguishable, the problem is compounded. n12 An



episode of "ROSEANNE" provides the perfect example of just how involved clearance issues can be. In "ROSEANNE," John Goodman (as the character "Dan Conner") wore a costume featuring the characters Moe, Larry and Curly of "The Three Stooges" fame. This raised a copyright question (i.e., are the "The Three Stooges" characters protected by copyright, and if so, who is the owner?) In addition, it raised the question whether to request permission from the heirs of the actors who portrayed Moe, Larry and Curly in respect of their respective interests in each actor's right of publicity. In this case, permission/clearance was obtained from "The Three Stooges" copyright holder, as well as from the actors' heirs.

Bedding, Fabrics and Wallpapers

Generally, these items do not require clearance, as they are incidental to the story being told. However, designs incorporated into bedding, fabrics and wallpaper may be eligible for copyright. n13 Thus, in an instance where an item becomes integral to the story, clearance may be necessary. For example, millions of viewers are familiar with the Huxtable living room. Suppose THE COSBY SHOW had an episode where Claire decides to replace the sofa, and Cliff objects. A truck arrives, ready to unload a sofa covered in a fabric by a well-known designer like Mario Buatta, "The Prince of Chintz," and a five minute debate between husband and wife ensues. The sofa fabric is no longer incidental; instead, it is moving the story forward. Accordingly, clearance would probably be sought.

Toys and Similar Items (Games, Globes, etc.)

Toys may be subject to copyright protection as graphic or sculptural works. n14 For example, in *Rushton v. Vitale* n15 the court granted copyright protection for a doll in the form of a chimpanzee named "Zippy," after a real chimpanzee which had appeared on the "Howdy Doody" children's television program. On the issue of whether the doll qualified as a work of art, the court concluded:

". . . mere judges can hardly risk condemning Zippy for lack of artistry and thus prove themselves false prophets to the far-flung faithful Howdy Doody audience, which seemingly adores his bizarre features and funny face."  
n16

Similarly, the pattern or design of a game board may be protectible under copyright as a pictorial work. n17 In addition, toys and games may be protected under

trademark law. n18 Therefore, use of props under this category requires an incidental/prominent use analysis.

For example, in a recent episode of "GRACE UNDER FIRE," Grace uses the favorite troll dolls of her daughter, Libby, to discuss an important family issue. In the scene, Libby says she wants to discard the "dad" troll because there is "no room for him anymore...when the baby's born he has to leave..." Grace uses the dolls to explain that her father left not because the baby was born, but because her mother and father were not getting along. Because the dolls were not only seen prominently but were referred to and integrated into the story by specific dialogue, clearance was obtained from the manufacturer for the visual and dialogue references.

Sculptural Works/Novelty Items

Special attention should be paid to novelty items, which may be eligible for copyright protection. (The seminal case on the subject is *Mazer v. Stein*, n19 where the Supreme Court upheld the copyright in a statuette used as a lamp base.) One red flag is a work that looks like one thing but is actually another -- e.g., a pencil sharpener that looks like a telephone. Another red flag is a useful object which incorporates artistic elements -- e.g., a backpack shaped like an animal. If such an item is to be prominently featured, a clearance should be obtained.

### Items from a Prop House

Never assume that items obtained from a prop house are clear for use, especially reproductions of original art and photographs, notwithstanding any verbal assurances from the prop house. (Prop houses are rarely, if ever,

willing to give a warranty in writing that its props are legally clear.) However, because it would bring production to a grinding halt if you were required to clear every mug, piece of pottery and/or knickknack found on a set, ask the basic question regarding incidental use versus prominent use and proceed accordingly.

### The Public Domain

Notwithstanding the above discussion, certain works of art, toys, fabric and wallpaper designs, etc., are in the public domain in the United States; they are not protected by copyright and may be freely copied so long as other rights are not involved, such as trademark, right of privacy and right of publicity. Works in the U.S. public domain include works first published more than 75 years ago. n20 Also, works first published in 1916 through and including 1963 for which a renewal copyright has

not been obtained would also be in the U.S. public domain. n21 As for copyright abroad, a rule of thumb is that works by an author who died more than 80 years ago are in the public domain, although the usual term of protection is life of the author plus 50 years. The exceptions include, but are not limited to, life of the author plus 60 years in Spain, n22 70 years in Germany n23 and the Ivory Coast, where copyright endures for life of the author plus 99 years. n24 If a production will be distributed internationally, a country-by-country analysis should be undertaken since there are other factors that must also be taken into account, such as reciprocal bilateral treaties and "war time" extensions.

### Overall Caveats

There often is a need to balance the desire not to "red-flag" your use of a prop with the desire to maintain

goodwill with third parties who might feel damaged by your use of a prop, even though, from a legal standpoint, there may be no need for clearance. It is therefore important to analyze whether clearance is required before initiating contact with the potential rights holder. If you ask for clearance and do not get it, your subsequent use of the item increases the risk of your making an "enemy" as well as increasing the risk of being on the wrong end of a claim. This is true even if you decide, after asking, that clearance was not required to begin with.

Notwithstanding the foregoing, many copyright and trademark owners are delighted to give you permission to use their items without charge and will often assist you in locating special items in their "inventory." However, in such instances care must be taken to avoid any violation of contractual provisions pursuant to the production company's agreement with the entity broadcasting the program. Networks often have specific



requirements and/or prohibitions regarding inclusion of any readable or identifiable commercial exposure within its programming (due to sponsor and other concerns), audio commercial mentions and wardrobe deals that may be made.

Most important, as a practical matter, if a modest permission fee will obviate the potential for a claim, it may be more economical in the long run to seek permission and pay the fee, if required, than to run the risk of litigation, or worse, an injunction precluding distribution of a production until the offending item is edited out. In determining how to proceed in a given situation, factors to consider include the merits of the potential claim, your potential exposure to damages, injunctive relief, litigation expense, and the terms of your insurance coverage, including the size of your deductible.

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## NOTES

1. See 17 U.S.C. section 202 (1978) (ownership of copyright, or any of the exclusive rights under copyright, is distinct from ownership of any material object in which the work is embodied.)

2. See, e.g., *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903) (copyright protection for a circus poster) (Holmes, J.).

3. See, e.g., *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99 (2d Cir. 1951) (upholding protection of mezzotint engravings of public domain paintings).

4. This is also an example of a prop use in which the use of a prop goes beyond that of prominent display; the photographs also became prominent by virtue of Roseanne's verbal "commentary."

5. In the absence of an agreement to the contrary, an original illustrated children's book would generally be considered a "joint work," so that the author and photographer would be deemed co-owners of the copyright

in the entire work. See *Donna v. Dodd, Mead & Co.*, 374 F. Supp. 429 (S.D.N.Y. 1974) (photographer and author of text were joint authors of a children's book; parties did not possess separate copyrights for their respective contributions).

6. See Cal. Civ. Code section 990 (1985). Other states include Florida, Georgia, Kentucky, Nebraska, Nevada, New Jersey, Oklahoma, Tennessee, Texas, and Virginia. See generally J.T. McCarthy, *The Rights of Publicity and Privacy* section 9.5[B] (1992).

7. See, e.g., *Tennessee ex rel. Presley v. Crowell*, 733 S.W.2d 89 (Tenn. App. 1987) (right of publicity claim by the heirs of Elvis Presley).

8. Cf. *Poe v. Missing Persons*, 745 F.2d 1238 (9th Cir. 1984) (question of whether a "soft sculpture" bathing suit is a sculptural work entitled to copyright protection or merely an uncopyrightable useful article of clothing sufficiently close to require reversal of lower

court's decision as a matter of law that the work was a useful article); *Dallas Cowboys Cheerleaders Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (combination of white boots, white shorts, blue blouse and white star-studded vest and belt was an arbitrary design which made otherwise functional uniform work by cheerleading group trademarkable).

9. See *National Theme Productions, Inc. v. Jerry B. Beck, Inc.*, 696 F. Supp. 1348 (S.D. Cal. 1988) (protecting masquerade costumes).

10. See, e.g., *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978) (Mickey Mouse); *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 519 F. Supp. 60 (S.D.N.Y. 1981) (Tarzan)).

11. See *DC Comics Inc. v. Unlimited Monkey Business, Inc.*, 598 F. Supp. 110 (N.D. Ga. 1984) (Use of Superman and Wonder Woman costumes by singing telegram company enjoined).

12. Cf. *Lugosi v. Universal Pictures Co.*, 25 Cal. 3d 160, Cal. Rptr. 323, 603 P.2d 425 (1979) (Bela Lugosi as "Dracula").

13. See, e.g., *Peter Pan Fabrics, Inc. v. Brenda Fabrics, Inc.*, 169 F. Supp. 142 (S.D.N.Y. 1959) (fabric design); *Sherry Mfg. Co. v. Towel King of Florida, Inc.*, 753 F.2d 1565 (11th Cir. 1985) (towel design).

14. See M.& D. Nimmer, *Nimmer on Copyright* section 2.18[H], 2-209 - 2-210.

15. 218 F.2d 434 (2d Cir. 1955).

16. 218 F.2d at 436.

17. See, e.g., *Selchow & Righter Co. v. Goldex Corp.*, 612 F. Supp. 19 (S.D. Fla. 1985) (Trivial Pursuit board game).

18. See, e.g., *American Greetings Corp. v. Dan-Dee Imports, Inc.* 807 F.2d 1136 (3d Cir. 1986)(teddy bears protected from trade dress infringement).

19. 347 U.S. 201 (1954).

20. 17 U.S.C. section 304(b) (1978).

21. 17 U.S.C. section 304(a) (1978) (current version 17 U.S.C. section 304(a)(2)(A) (1992)). By reason of a 1992 amendment to the Copyright Act, copyrighted works first published after December 31, 1963, are the beneficiaries of "automatic" renewal. 17 U.S.C. section 304(a)(2)(A) (1992).

22. 2 Melville B. Nimmer & Paul E. Geller, *International Copyright Law and Practice* section 3[1][a], SPAIN at SPA-20 (1992).

23. 1 Melville B. Nimmer & Paul E. Geller, *International Copyright Law and Practice* section 3[1][a], GERMANY at FRG-32 (1992).

24. Copyright Statute of the Ivory Coast, art. 43, reprinted in United Nations Educational, Scientific and Cultural Org., *Copyright Laws and Treaties of the World: Ivory Coast: Item 1* (1978).

[ELR 15:10:3]

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RECENT CASES

**Preliminary injunction denied in case alleging infringement of copyrights to set dressings in "Barney & Friends" episodes**

"Barney & Sons" videotapes were available for purchase during the Christmas season just passed -- and remain available for sale today -- because a Federal District Court in Los Angeles denied a motion for a preliminary injunction that would have barred continued distribution of those tapes.

"Barney" is the six-foot purple and green dinosaur so popular with the pre-school set. Since 1992, he has had his own television series (aired on PBS), episodes of which also are distributed as videocassettes.



Though a dinosaur, "Barney" does not roam the wilds. He and his friends inhabit a classroom, or more precisely, a television studio set made up to look like a school classroom. For realism, the program's producers purchased classroom accoutrements from a school supply store, including copyrighted charts and decorations. These items were used as set dressings -- without prior clearance.

The owner of the copyrights to some of those charts and decorations filed an infringement suit and sought a preliminary injunction barring further sales of "Barney" videos. Judge Manuel Real denied the plaintiff's motion, however, on the grounds that the plaintiff had failed to show it was likely to succeed on the merits for two reasons.

First, Judge Real concluded that the plaintiff had not established a prima facie case of infringement because its charts and decorations "appear [in the `Barney'

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episodes] only fleetingly, often are not in focus or are undiscernible, and frequently are obscured at least in part by the actors." Thus the "ordinary observer would not be aware of any distinctive characteristics of many, if not most, of [the plaintiff's] illustrations, much less recognize their origin. . . ." Moreover, the judge found that to "the extent that fragments of these works are discernable, their use is de minimis and noninfringing" for that reason as well.

Second, Judge Real determined that to the extent some of the plaintiff's works are discernible, "their use is protected by the doctrine of `fair use'. . . ."

The plaintiff filed a notice of appeal from the court's ruling, but thereafter the case was settled. The settlement included dismissal with prejudice of the plaintiff's lawsuit and appeal, and payment by the plaintiff of a portion of the defendant's attorneys' fees.

Judge Real's Findings and Conclusions have not been published anywhere. Because the issues presented by the case arise frequently in the movie and television business, and because there do not appear to be any other published opinions addressing the use of copyrighted set dressings, the court's ruling is reprinted below in its entirety.

Frank Schaffer Publications, Inc. v. The Lyons Partnership, L.P., CV 93 3614 R (C.D.Cal. 1993)

[Full text]

**FRANK SCHAFFER PUBLICATIONS, INC., a California corporation, Plaintiffs, vs. THE LYONS PARTNERSHIP, L.P., a Texas limited partnership, Defendant.**

Civil Action No. CV 93 3614 R

ORDER DENYING PRELIMINARY INJUNCTION;  
FINDINGS OF FACT AND CONCLUSIONS OF  
LAW

The hearing on Plaintiff's Motion For A Preliminary Injunction occurred at 10:00 a.m. on Monday, August 9, 1993 and at 1:30 pm., on Tuesday, August 10, 1993. Plaintiff ("Schaffer") was represented by Robert Yeager and Edward L. Pencoske and defendant ("Lyons") was represented by Henry J. Tashman, Daniel Waggoner and Barry Slotnick.

This Court, after consideration of the papers filed herein, the testimony submitted by the parties by declaration, the live testimony at the hearing of Sheryl Stamps Leach, Debbie Ries, Amy Atherton and Frank Schaffer, the documents introduced into evidence at the hearing,

argument of counsel, and other matters presented, hereby DENIES Schaffer's Motion For A Preliminary Injunction in all respects, and sets forth herein its Findings of Fact and Conclusions of Law pursuant to F.R.Civ.P. 52(a).

## I. FINDINGS OF FACT

### A. The Parties.

1. Plaintiff is a California corporation having its offices at Torrance, California. (Declaration of Frank Schaffer ["Schaffer Decl."] at para. 2.)

2. Plaintiff's business is the production and sale of teaching aids, instructional charts and other educational materials which are intended to be displayed on classroom bulletin boards. (Schaffer Decl. para. 3.)

3. The Lyons Partnership, L.P., is a Texas Limited Partnership, with its principal place of business in Allen, Texas.

4. For the purposes of this case only, Lyons stipulates that it transacts business within this judicial district and is subject to the jurisdiction of this Court.

5. Lyons is the owner and copyright holder of at least 30 episodes of the educational television series "Barney & Friends."

B. Genesis of "Barney & Friends" and the Classroom Set.

6. In 1987 Sheryl Stamps Leach, a former Dallas school teacher, decided that there were few, if any, educational television programs which were appropriate for her two-and-one-half-year-old son. (Declaration of Sheryl Leach ["Leach Decl."], para. 3-6.)

7. Borrowing money from her family and joining with a long-time friend, Kathy O'Rourke Parker (who was also a former school teacher), Leach set out to produce a video centered around a six-foot purple and green dinosaur named "Barney," who was always surrounded by young children. (Leach Decl., para. 2, 3, 7.)

8. After taping the initial programs in a local studio, Leach and Parker distributed their programs "door to door" to local "mom and pop" stores and local nursery schools (often giving the tapes away for free). After months of hard work, they obtained regional and national distribution of their initial video tapes. (Leach Decl., para. 6-7.)

9. In February, 1991, Larry Rifkin, the Vice President of Programming of Connecticut Public Television, rented a "Barney" videotape for his daughter. (Declaration of Larry Rifkin ["Rifkin Decl."], para. 2.)

10. After seeing his daughter's response to the program, Rifkin contacted Leach and Parker and suggested that the Public Broadcasting Service ("PBS") might be interested in funding and broadcasting "Barney." (Id. para. 4.)

11. PBS, however, believed that the setting for the program should be moved from the backyard (that appeared in early episodes) to a classroom. It was thought all school-age children, regardless of ethnic or economic background, could relate to a classroom and that preschoolers, after watching "Barney," would look forward to their future schooling. (Leach Decl., para. 8.)

12. To insure the authenticity of the "Barney" classroom set, "Barney's" Producers and Art Director visited several local schools. Subsequently, they visited local school supply stores to purchase the requisite classroom accoutrements: a desk, an easel, a globe, an American flag, an aquarium with fish, a hamster and cage, wood



blocks, a blackboard, and various posters and charts of the alphabet, colors, shapes and animals (which were hung on the walls of the classroom set). Among charts and decorations purchased were several charts and decorations owned by plaintiff. (Leach Decl., para. 9.)

C. Broadcast of "Barney & Friends" on PBS.

13. Funded in large part by PBS (and the contributions of local viewers) and the Corporation for Public Broadcasting, "Barney & Friends" began its broadcast nationally on PBS in April, 1992. (Leach Decl., para. 10; Rifkin Decl., para. 4.)

14. On average, the thirty, half-hour episodes which were produced for the first broadcast year were aired twice a day (five or six times per week). (Leach Decl., para. 10.)

15. For example, a recent "T.V. Guide" indicates that in Los Angeles, "Barney" is broadcast on KCET Channel 28 daily, Monday through Friday, and twice a day on KLCS Channel 58, Monday through Friday (and daily on Saturday). (Declaration of Henry J. Tashman ["Tashman Decl."], Exh. C.) Thus, projecting the current schedule backward, in its first broadcast year in the Los Angeles area, the 30 episodes of "Barney & Friends" have been broadcast over 572 times and each episode has been broadcast approximately 17 times. (Tashman Decl., para. 8.)

16. These 30 episodes continue to be broadcast by PBS in Los Angeles and nationwide (the PBS license for these 30 episodes extends for several years). (Leach Decl., para. 10; Rifkin Decl., para. 5.)

17. In its first year "Barney & Friends" became one of the most widely viewed children's educational programs on PBS. (Rifkin Decl. para. 5.) "Barney" gained wide

national media coverage and awards and praise from parents and educators alike. (Id. para. 6; Declaration of Debbie Ries ["Ries Decl."], para. 6.)

D. "Barney & Friends" Is an Educational Program.

18. Unlike some children's programming which is written on two separate levels to be watched and enjoyed by both adults and children, "Barney & Friends" is written exclusively for very young children. (Leach Decl., para. 12).

19. "Barney's" educational focus is grounded on the school-room experience of its two producers (who are former school teachers with advanced degrees) and buttressed by two on-staff educational consultants (who also have advanced degrees). (Leach Decl., para. 12.)

20. The 30 episodes of "Barney & Friends" have been studied in detail by two Ph.D.'s, who are currently

professors of psychology or otherwise affiliated with Yale University -- Dr. Jerome I. Singer and Dr. Dorothy G. Singer (the "Singers"). (Declaration of Dr. J. Singer and Dr. D. Singer ["Singer Decl."] para. 1-7.)

21. The 30 "Barney & Friends" episodes contribute significantly to readying young children for an effective entry into school. (Singer Decl. para. 7.)

22. Each of the 30 episodes of "Barney & Friends" meets any reasonable criteria as an educationally-oriented program. (Id.)

E. Other Distribution of the 30 "Barney & Friends" Episodes.

23. In July 1992, Lyons entered into a contract with Time Life Films to have 20 of the 30 PBS episodes distributed by direct mail as part of a continuity program (or "video club"). (Ries Decl., para. 5.) In addition,

Lyons started to distribute certain of 30 PBS "Barney & Friends" titles to video stores for rental and resale (at a suggested retail sales price of \$14.95 each). (Ries Decl., para. 5 & 10.)

F. Schaffer's Objections to Lyons' Use of Schaffer's Posters.

24. Sometime after January, 1993, Schaffer contacted Lyons regarding the use of his posters and ultimately issued a cease and desist letter in March of 1993. (Schaffer Dec. at para. 8.)

25. After learning of Schaffer's objections, Lyons attempted to obtain a release or license from all vendors of materials used on the "Barney & Friends" set, including Schaffer. All but Schaffer granted Lyons permission to use their copyrighted and trademarked materials without charge (or at a nominal charge). (Leach Decl., para.

13; Declaration of Jesse Nelson ["Nelson Decl."], para. 3.) Many provided additional materials gratis. (Nelson Decl., para. 4.)

26. Among those who thought it advantageous to be associated with "Barney" were many of Schaffer's competitors. (Id., para. 3-4.)

27. Schaffer was only willing to forgive all past use of its charts and permit future use for a license fee. (Schaffer Decl., Exh. S-1, p. 5a.)

28. Lyons offered to pay Schaffer a license fee. (Leach Decl., para. 13.) As of March 24, 1993, Schaffer's attorneys stated that Schaffer "continues to be open to a commercial arrangement in which the Lyons Partnership will be licensed to distribute the 'Barney' programs in video format in return for fair consideration for our client." (Schaffer Decl., Exh. S-1, p. 5a.)

29. Negotiation between Schaffer and Lyons for a license continued until late May, 1993. (Schaffer Decl., Exh. S-2, p. 5c.)

30. The majority of copies of "Barney's Birthday" and "Home Sweet Homes" which Lyons concurrently has in inventory were manufactured after March 1993. (Live Testimony of Debbie Ries, April 9, 1993 ["Ries Test."] at p. 23, ll. 1-4.)

31. Schaffer's posters do not appear in any episodes of "Barney & Friends" produced after receipt of Schaffer's cease and desist letter. Schaffer's posters have been replaced on the walls of the "Barney & Friends" classroom set with posters distributed by Schaffer's competitors (without payment of any license fee). (Nelson Decl., para. 4.)

32. The replacement of Schaffer's posters has no effect on the success or educational effectiveness of the newly produced episodes of "Barney & Friends." (Live

testimony of Sheryl Stamps Leach, August 9, 1993 ["Leach Test."] p.17, l. 17 to p.18, l. 6.)

33. Schaffer has not sought to enjoin the continuing broadcast of the 30 episodes on PBS, but only the distribution, in pre-recorded video cassette form, of those very same episodes to the public.

#### G. Nature of Lyons' Use of Schaffer's Posters.

34. Schaffer has presented evidence with respect to only two of the 30 PBS titles: "Barney's Birthday Party" and "Home Sweet Homes."

35. The "example" of alleged infringement discussed in Schaffer's brief in support of its motion for a preliminary injunction (page 3) is not representative of Lyons' use of Schaffer's works. (Declaration of Amy Atherton ["Atherton Decl."], para. 4-6.)



36. Schaffer's works are used by Lyons as "set dressing" to create a realistic classroom set and atmosphere. (Leach Test. p. 15, l. 21 to p. 16, l. 8.)

37. Schaffer's works are used by Lyons in a fleeting and incidental manner. In many instances, the works are not discernable without the artificial enhancement of "frame freezing." (Atherton Decl. para. 4-6.)

#### H. Injury to Schaffer If Injunction Is Denied

38. "Barney & Friends" has repeatedly been broadcast hundreds of times throughout the country for the last year and a half, yet not one of the thousands of teachers with whom Mr. Schaffer has communicated has mentioned -- without prompting by Mr. Schaffer -- that Schaffer's works appeared on "Barney & Friends." (Live Testimony of Frank Schaffer, April 10, 1993 ["Schaffer Test."] at p.14, l.19 to p.16, l.11.)

39. Of the ten to fifteen teachers who identified Mr. Schaffer's posters on "Barney & Friends" in response to Mr. Schaffer's prompting, none expressed any opinion that such an appearance made the posters less desirable (Id. at p.16, l.18 to p.18, l.5).

40. Schaffer does not attempt to limit or restrict the manner in which teachers use its posters once they are sold. (Schaffer Test. p. 39, l. 22 to p. 41, l. 4.)

41. The graphic teaching aids and charts marketed by The Walt Disney Company (the "Disney Materials") which are cited in Mr. Schaffer's declaration all feature Disney characters prominently displayed on each poster or chart. (Schaffer Test. p. 23, l. 18 to p. 24, l. 7.)

42. The Disney Materials competed with Schaffer's posters.

43. The "Barney & Friends" programs do not compete with Schaffer's posters.

## J. Injury to Lyons If Injunction Is Granted.

44. An injunction would irreparably injure Lyons' goodwill with its distributors, retailers and consumers of video tapes.

45. An injunction would irreparably injure the good will of "Barney" with young children.

46. Seventy-five percent of Lyons' video cassette sales are in the fourth calendar quarter. (Ries Decl. para. 8, Ries Test. p. 23, l. 14 to p. 24, l. 7.)

47. An injunction would result in approximately a 50% loss of sales in the fourth quarter of 1993 which would not later be recouped. (Ries Decl. para. 9.)

48. Lyons cannot "substitute" the new episodes of "Barney & Friends" which do not contain Schaffer's posters (the "New Barney Episodes") as part of the PBS box set since none of the New Barney Episodes has

been broadcast on PBS. (Leach Test. p. 13, ll. 4-15; Ries Test. p. 20, l. 20 to p. 21, l. 5.)

49. It is desirable marketing strategy for Lyons to have its episodes aired on PBS before they are distributed in video cassette form. (Leach Test. p. 13, ll. 16-19.)

50. The New Barney Episodes would not be "substitutes" for any enjoined episodes since Lyons would distribute those New Barney Episodes regardless of whether other episodes were enjoined. (Id. at p. 13, ll. 1-5.)

## II. CONCLUSIONS OF LAW

### A. Jurisdiction and Venue.

1. The Court has subject matter jurisdiction over the matters herein pursuant to 28 U.S.C. section 1331 and

133 section (a) in that Schaffer's claim arises under the Copyright Act.

2. Venue is proper in this Judicial District under 28 U.S.C. sections 1391 and 1400(a).

#### B. Standard for Granting a Preliminary Injunction.

3. The Ninth Circuit uses alternative tests to measure the moving party's burden when seeking a preliminary injunction. Compare, e.g., *Sega Enters., Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1993) (employing the alternate standard of requiring either (1) a likelihood of success on the merits and the possibility of irreparable injury, or (2) serious questions going to the merits and the balance of hardships sharply favoring the movant), with, e.g., *United States v. Odessa Union Warehouse Co-op*, 833 F.2d 172, 174 (9th Cir. 1987) (using traditional test of (1) probability of success on the merits, (2)

irreparable injury, (3) that the balance of hardships is in favor of the moving party, and (4) that granting the injunction is in the public interest).

4. These tests are "viewed as a continuum" in which less likelihood of success on the merits is required the more the balance of hardships tips in favor of the movant. *Dumas v. Gommerman*, 865 F.2d 1093, 1095 (9th Cir. 1989).

5. At a minimum, Schaffer must demonstrate a significant likelihood of success on the merits of its copyright infringement claim and that the relative hardships to the parties favor a grant of a preliminary injunction.

6. To raise serious questions or demonstrate a likelihood of success on the merits, Schaffer must first establish the two elements of a prima facie case of copyright infringement: "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publications, Inc. v. Rural Tel. Serv.*

Co., 499 U.S. \_\_\_, 111 S. Ct. 1282, 113 L. Ed. 2d 358, 379 (1991).

7. As to the first element, Schaffer has established a prima facie case as to its ownership of a valid copyright.

8. As to the second element, "[t]he test of infringement is whether the work is recognized by an ordinary observer as having been taken from the copyrighted source." *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1018 (9th Cir. 1985) (quoting *Bradbury v. Columbia Broadcasting Sys.*, 287 F.2d 478, 485 (9th Cir.), cert. dismissed, 368 U.S. 801, 82 S. Ct. 19, 7 L. Ed. 2d 15 (1961)), cert. denied, 474 U.S. 1059, 106 S. Ct. 802, 88 L. Ed. 2d 778 (1986). If a defendant starts by copying a plaintiff's work but in so copying that work alters it to the extent that it is no longer recognizable as "plaintiff's work," that defendant has not infringed that plaintiff's work. See *Warner Bros. v.*

American Broadcasting Co., 720 F.2d 231, 241 (2d Cir. 1983).

### C. Non-Discernibility and De Minimis Infringement as a Defense.

9. Schaffer's works do not contain only copyrightable material. The idea of a growth chart, for example, or of an alphabet chart that matches each letter with an illustration of an animal whose name begins with that letter are not "original" and thus not copyrightable -- only the illustrations themselves are copyrightable. See, e.g., 37 C.F.R. section 202.1(d) (1992) (included in "examples of works not subject to copyright" are "[w]orks consisting entirely of information that is common property containing no original authorship, such as . . . height and weight charts") (emphasis added); see also *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 301 (9th



Cir. 1965) (illustrations in catalog, although not items illustrated, were copyrightable because only original works are protected and "[o]riginal" in reference to a copyrighted work means that the particular work "owes its origin" to the "author"") (quoting *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 102 (2d Cir. 1951)). Similarly, the letters of the alphabet itself, arranged upper case/lower case in alphabetical order, or use of a red square or a yellow triangle (to illustrate shapes and colors) are not subject to copyright protection. See *Amplex Mfg. Co. v. A.B.C. Plastic Fabricators, Inc.*, 184 F. Supp. 285, 286-87 (E.D. Pa. 1960) (alphabet lettering was not protectible because "obviously in the public domain," although illustration and arrangement of letters was sufficiently "original" to be protected); 37 C.F.R. section 202.1(a) (1992) (included in "examples of works not subject to copyright" are

"familiar symbols or designs [and] mere variations of typographical ornamentation, lettering or coloring").

10. Schaffer, therefore, must show that the illustrations on its charts -- not simply the charts as a whole, or their letters, colors, or geometric shapes -- are recognizable to the ordinary viewer to establish the second element of a prima facie case of infringement.

11. "Copies" as defined in the Copyright Act include only those reproductions "from which the work can be perceived, reproduced, or otherwise communicated." 17 U.S.C. section 101. "That definition makes clear that a copy may be made in any medium whatsoever, so long as the work can be perceived from it." *Midway Manufacturing Co. v. Artic Int'l, Inc.*, 547 F. Supp. 999, 1007 (N.D. Ill. 1982), *aff'd*, 704 F.2d 1009 (7th Cir.), *cert. denied*, 464 U.S. 823, 104 S. Ct. 90, 78 L. Ed. 2d 98 (1983).

12. Most of the works Schaffer claims were infringed are used in "Barney & Friends" episodes only as background "set dressing" to create a realistic pre-school classroom setting for the program. These works appear only fleetingly, often are not in focus or are undiscernible, and frequently are obscured at least in part by the actors. (See Atherton Decl., para. 4-6.)

13. The ordinary observer would not be aware of any distinctive characteristics of many, if not most, of Schaffer's illustrations, much less recognize their origin as Schaffer's.

14. To the extent that fragments of these works are discernable, their use is de minimis and noninfringing. See Warner Bros. v. American Broadcasting Cos., 720 F.2d 231, 242 (2d Cir. 1983) ("literal copying of a small and usually insignificant portion of the plaintiff's work" is not copyright infringement); Werlin v. Reader's Digest Ass'n, 528 F. Supp. 451 (S.D.N.Y. 1981).

15. To the extent that some of Schaffer's works are discernible in their entirety in the two "Barney & Friends" episodes cited by Schaffer, their use is protected by the doctrine of "fair use" -- which limits the scope of the exclusive rights granted to all copyright holders.

#### D. Fair Use.

16. The preamble of Section 107 of the Copyright Act lists reproduction of copyrighted works for the purposes of "teaching" as an example of a "fair use." 28 U.S.C. section 107.

17. By statute, Courts are required to assess four non-exclusive factors to determine whether a particular use of copyrighted material is a "fair use" and therefore non-infringing:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
  - (2) the nature of the copyrighted work;
  - (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
  - (4) the effect of the use upon the potential market for or value of the copyrighted work.
- 17 U.S.C. section 107.

#### E. The First Statutory Factor.

18. The first statutory factor includes whether the use is of a "commercial nature or is for nonprofit educational purposes." 17 U.S.C. section 107(1).

19. The first factor can weigh in favor of fair use even if the "educational" use is for-profit/commercial. Section 107 "is not to be interpreted as any sort of not-for-profit

limitation on educational uses of copyrighted works. *Triangle Publications, Inc. v. Knight Ridder Newspapers, Inc.*, 626 F.2d 1171, 1175 (5th Cir. 1980), quoting House Report, at 66; *Twin Peaks Productions, Inc. v. Publications International, Ltd.*, \_\_\_ F.2d \_\_\_ (2d Cir. June 7, 1993) (194301 West Law at 5).

20. "Barney & Friends" is educational programming intended for pre-school and young school-age children. (Leach Decl., para. 11.) This programming was initially broadcast on the nonprofit PBS network, and it continues to be repeatedly rebroadcast by PBS stations throughout the United States, including Los Angeles. (Id., para. 10; Rifkin Decl., para. 5.) The purpose of Lyons' use of Schaffer's works was to decorate the set of "Barney & Friends" to create a realistic classroom setting. (Leach Decl., para. 9.) The character of the use is background for the teaching and story-telling that is the focus of the programming. In the two episodes plaintiff

has singled out, Lyons used only one of the plaintiff's works (the Growth Chart) to briefly illustrate or complement the stories, but this use, too, was for educational purposes.

21. The use of Schaffer's posters on "Barney & Friends" is a "non-commercial"/"non-profit" use and not a "commercial"/"for profit" use. "The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price." Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 562, 105 S. Ct. 2218, 85 L. Ed. 2d 588, 608 (1985).

22. Lyons is not profiting from exploiting Schaffer's works because most of those works are not featured in the programming and are barely noticeable. Moreover, the inclusion and/or deletion of Schaffer's posters from the "Barney" school room set will not have any effect on

the popularity or success of "Barney & Friends." (Leach Test. p.17, ll.17-25 to p.18, ll.1-6.)

23. Lyons is paying the "customary price" for the inclusion of Schaffer's posters on the Barney classroom set because the customary price for this type of use is gratis. (Nelson Decl., para. 3-4 (noting that several of Schaffer's competitors have agreed to Lyons' to use their works in "Barney & Friends" free-of-charge).)

24. The first factor weighs in favor of fair use.

#### F. The Second Factor.

25. "[C]ourts have tended to be most receptive to unauthorized [fair] use of educational, scientific, and historical works." *Triangle Publications v. Knight-Ridder Newspapers*, 626 F.2d 1171, 1176 (5th Cir. 1980) (quoting Note, *Copyright Infringement and the First Amendment*, 79 Colum. L. Rev. 320, 326 n.42 (1979))



(emphasis added); see Harper & Row, 471 U.S. at 563, 85 L. Ed. 2d at 609 ("The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.").

26. The educational and essentially factual and utilitarian nature of Schaffer's works favors a finding of fair use.

#### G. The Third Factor.

27. Lyons used approximately 25% of Schaffer's work "Colors & Shapes." The arrangement of the four elements used by Lyons bears no resemblance to the arrangement of those elements on "Colors & Stripes."

28. Lyons used approximately 8/30ths of Schaffer's work "Birds & Animals." The arrangement of the eight elements used by Lyons bears no resemblance to the arrangement of those elements of "Birds & Animals."

29. Lyons used approximately 5/32nds of Schaffer's work "Ocean Life." The arrangement of the elements used by Lyons bears no resemblance to the arrangement of those elements of "Ocean Life."

30. Approximately 20% of Schaffer's work "Alphabet" is discernible.

31. For a few seconds, all of Schaffer's work "Growth Chart" is discernible. However, during much of the time the work appears, it is partially or totally obscured by Barney or the children.

32. For a few seconds, Schaffer's work "Colors" is discernible. However, during much of the time the work appears, it is partially or totally obscured by Barney or the children.

33. For a few seconds, most of Schaffer's work "Birthday Train" is discernible, although much of this time the work is fuzzy and blurred.

34. All of Schaffer's works are used as "set dressing." With the exception of the brief use of the "Growth Chart," none of Schaffer's works are used in a "featured" manner, i.e., where the actors interact with Schaffer's works.

35. All of Schaffer's works which appear in "Barney & Friends" are a tiny fraction of their original size in Schaffer's works.

36. The nature of the use of "Growth Chart" is not typical of Lyons' use of Schaffer's works.

37. Because many of Schaffer's works are indistinct or partially obscured in the programming (and the appearances of all the works is fleeting), Lyons has used only a relatively insignificant amount of Schaffer's works. Even as to the works that are briefly discernable in their entirety, this factor does not necessarily weigh against a finding of fair use because the amount and substantiality of the use is minimal.

38. Because the videotape copies Schaffer seeks to enjoin merely enable a viewer to see a work which he had been invited to witness in its entirety free of charge on PBS, the fact that the entire work is reproduced does not have its ordinary effect of militating against a finding of fair use. See *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 449-50, 104 S. Ct. 774, 78 L. Ed. 2d 574, 597 (1984).

39. The third factor weighs in favor of a finding of fair use.

#### H. The Fourth Factor.

40. The fourth statutory factor "is undoubtedly the single most important element of fair use." *Harper & Row*, 471 U.S. at 566, 85 L. Ed. 2d at 611.

41. Where defendant's use is "non-commercial," plaintiff has the burden of proof to establish the fourth factor

by a "preponderance of the evidence." Sony, 464 U.S. at 598, 78 L. Ed. 2d at 598; Accord, Harper & Row, 471 U.S. at 567, L. Ed. at 611.

42. Under Harper & Row, Lyons' use of Schaffer's works is "non-commercial/not-for-profit" use. (See para. 21-23, supra.)

43. "[I]nfringement occurs when a [use] supplants the original in markets the original is aimed at, or in which the original is, or has reasonable potential to become, commercially valuable." Fisher v. Dees, 794 F.2d 432, 438 (9th Cir. 1986).

44. "Barney & Friends" targets a different market (educational programming for grade school and pre-school children) than Schaffer's works (teaching aids for use in elementary school classrooms). The depiction of Schaffer's works in Lyons' programming does not supplant, satisfy or compete with the demand for those works in any market at which those works are aimed.

45. Nor does Lyons' use usurp any markets for derivative uses -- the only such use would be a market for licensing or creating background set dressing for educational programming, and no such market exists (as demonstrated by Schaffer's competitors, which have willingly consented to have their works used without charge).

46. Schaffer claims that association of its works with "Barney & Friends" might injure its "fragile" market for teaching aids. Schaffer's claim is mere conjecture.

47. Schaffer has not shown "by a preponderance of evidence that some meaningful likelihood of future harm exists." *Sony*, 464 U.S. at 598, 78 L. Ed. 2d at 598 (emphasis in original). The only evidence of the "fragility" of Schaffer's market is Mr. Schaffer's anecdotal recounting of Walt Disney Production's experience in the creation and distribution of teaching aids. This anecdote

does not comprise the use by defendant of the Schaffer products.

48. Mr. Schaffer's statements regarding Walt Disney constitute multiple hearsay and are inadmissible.

49. Even if Mr. Schaffer's multiple hearsay averments regarding Disney were admissible, they fail to demonstrate the likelihood of any injury.

50. "Barney & Friends" has repeatedly been broadcast hundreds of times throughout the country for the last year and a half, yet not a single one of the thousands of teachers with whom Mr. Schaffer has communicated has mentioned -- without prompting by Mr. Schaffer -- that Schaffer's works appeared on "Barney & Friends." (Live Testimony of Frank Schaffer, April 10, 1993 ["Schaffer Test."] at p.14, l.19 to p.16, l.11.)

51. Of the ten to fifteen teachers who identified Mr. Schaffer's posters on "Barney & Friends" in response to Mr. Schaffer's prompting, none expressed any opinion

that that appearance made the posters less desirable (Id. at p.16, l.18 to p.18, l.5).

52. Schaffer's competitors do not perceive any fragility in the market for elementary school teaching aids and are eager to have their products associated with "Barney & Friends." Four months ago, Schaffer was open to a commercial licensing arrangement, indicating that no adverse effect on Schaffer's markets existed then. Schaffer has not shown that one exists now.

53. Schaffer's claim that Lyons' use of Schaffer's works results in Schaffer losing control over how his works are used is without merit because Schaffer loses that control when it sells its works to teachers.

54. Thus, the fourth factor strongly favors a finding of fair use.

## I. Totality of Facts and Fair Use.



55. Even if some of Schaffer's works can be considered to have been "copied" or "used" in "Home Sweet Homes" or "Barney's Birthday," given the totality of the circumstances presented herein, Lyons' use of these works is a fair use. See *Mura v. Columbia Broadcasting Sys.*, 245 F. Supp. 587 (S.D.N.Y. 1965); *Italian Book Corp. v. American Broadcasting Cos.*, 458 F. Supp. 65 (S.D.N.Y. 1978).

56. The district court's analysis of fair use in *Mura*, supra, is not affected by the subsequent amendment of the Copyright Act because all amendments concerning fair use were intended to reflect and codify, not alter, prior case law. *Harper & Row*, 471 U.S. at 549; L. Ed. at 600.

## J. Propriety of Granting Injunctive Relief.

57. Schaffer has not raised serious questions or demonstrated a likelihood of success on the merits of its copyright claims.

58. For that reason alone, Schaffer's motion for preliminary injunction should be denied. See, e.g., *Sega Enters., Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1993); *Warner Bros. Inc. v. Film Ventures Int'l*, 403 F. Supp. 522, 525 (C.D. Cal. 1975).

59. Lyons has demonstrated a substantial likelihood of success on the merits of its position that its use of Schaffer's works was a fair use and therefore does not infringe on Schaffer's copyrights.

60. Because Schaffer has not established a prima facie case of copyright infringement, no presumption of irreparable injury applies.

61. Even if the normal presumption of irreparable harm in prima facie copyright cases is applied, it has been clearly rebutted here. Schaffer has not alleged that

injury is likely to result from the repeated and widespread airing of "Barney & Friends" on nearly every PBS station in the country since early 1992; nor has Schaffer offered any admissible evidence (only Mr. Schaffer's personal speculation) that association with "Barney" will have any adverse effect on the market for Schaffer's products.

62. Schaffer's competitors believe that association with "Barney" will enhance their market share and are willing to have Lyons use their copyrighted works free of charge. Moreover, just months ago, Schaffer, itself, was willing to license his posters to Lyons for "fair consideration." Schaffer thus may actually be benefiting from Lyons' use of its works.

63. Schaffer has not presented any evidence that it has suffered nor will suffer any injury or hardship (irreparable or otherwise) if its requested preliminary injunction is denied.

64. Lyons, on the other hand, faces the loss of goodwill of viewers of the programming if "Barney & Friends" episodes are removed from stores because "Barney" is alleged to have "stolen" Schaffer's posters. (Leach Decl., para. 14.)

65. As a new company, an injunction would hamper Lyons credibility and harm its goodwill in the videotape distribution marketplace. Distributors, wholesalers, and retailers are not likely to risk dealing with Lyons in the future given the interruption of their operations which would flow from the injunction which Schaffer seeks. (Id.; Ries Decl., para. 7.) Such injury to Lyons and to the "Barney" character would be irreparable. (Id.)

66. Enjoining videotape sales of "Barney & Friends" would also result in tremendous financial hardship for Lyons. The fourth calendar quarter is the Christmas season and represents 75% of Lyons' videocassette sales for the year. (Ries Decl., para. 8.) Potential customers

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will buy tapes of other programming and may never buy a "Barney & Friends" tape after the injunction is dissolved, resulting in an estimated loss of 50% of sales that will not be recouped. (Id., para. 9.)

67. Projected year-end retail sales for tapes of the two episodes Schaffer has identified are estimated to total approximately \$55 million, and the current inventory of 2.5 million copies of the two tapes represents a retail value of a total of approximately \$40 million. (Id., para. 10-11.) These numbers include approximately \$15 million in inventory for the "PBS Collection" -- a single boxed set which contains the two cited episodes and two other episodes -- and approximately \$17 million in retail sales of the boxed set. (Id., para. 11.) These amounts would increase significantly if the injunction remained in place in 1994.

68. The New Barney Episodes are not "substitutes" for "Happy Birthday" or "Home Sweet Homes."

69. While Schaffer has presented no evidence regarding the other 28 episodes, he nonetheless seeks to have them enjoined. Given the dollar amounts for the two episodes at issue, the irreparable injury if all 30 episodes were to be enjoined would be enormous. In addition to the good will of "Barney" viewers and Lyons' reputation in the industry, Lyons thus stands to lose millions of dollars if distribution of the videotapes is enjoined.

70. The balance of hardships tips sharply in favor of Lyons.

71. Even in copyright cases, "an injunction is a 'harsh and drastic' discretionary remedy, never an absolute right." *Abend v. MCA, Inc.*, 863 F.2d 1465, 1479 (9th Cir. 1988) (quoting *Universal City Studios v. Sony Corp.*, 480 F. Supp. 429, 463 & 464 (C.D. Cal. 1979), rev'd on other grounds, 659 F.2d 963 (9th Cir. 1981), rev'd, 464 U.S. 417, 104 S. Ct. 774, 78 L. Ed. 2d 574

(1984)), aff'd sub nom. *Stewart v. Abend*, 495 U.S. 207, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990)

72. Enjoining videotape distribution of "Barney & Friends" episodes would be a great injustice to Lyons. This programming is the result of the collaboration of many talented individuals with only the most incidental contribution (if any) of Schaffer. (Leach Decl., para. 12.) The success of "Barney & Friends" is the result of factors completely unrelated to the use of Schaffer's works as set dressing.

73. Enjoining distribution of "Barney & Friends" videotapes also would deprive Lyons of revenues derived solely from material it has created. (see Ries Decl., para. 8-11.)

74. "The question of fair use has been appropriately described as `the most troublesome in the whole law of copyright.'" *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1174 (5th Cir. 1980)

(quoting *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661 (2d Cir. 1939). Accord, *Leval, Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1106-07 (1990). Given this fact and the bona fides of Lyons' position regarding "fair use" (and the totality of the facts presented here), it would be a gross injustice to penalize Lyons by enjoining "Barney & Friends." See, *Abend*, supra.

75. Whatever injury Schaffer claims it will suffer will not be alleviated by enjoining videotape distribution of "Barney & Friends" when the very same episodes allegedly infringing and "tainting" Schaffer's works remain widely available on public television. The number of viewers who will watch the programs on PBS is likely to be far greater than those who purchase and watch the pre-recorded video cassettes of the same programs. It would be wholly inappropriate to impose a "harsh and drastic" remedy that does not provide any relief to the plaintiff. See e.g., *Universal City Studios*, 480 F. Supp.



at 468 (refusing to issue "inefficient and unwise" injunction).

76. The equities, as well as the law, weigh heavily against granting the requested preliminary injunction.

### III. ORDER

Now, therefore, in view of the foregoing, IT IS HEREBY ORDERED that plaintiff's motion for a preliminary injunction be DENIED in all respects.

August 25, 1993

The Honorable Manuel L. Real  
Chief United States District Judge

Presented by:

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[ELR 15:10:9]

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## **Concert promoter must return film of Lyle Lovett and Julia Roberts to People Magazine photographer**

In June 1993, People Magazine sent photographer Steve Kagan to a Lyle Lovett concert at the Deer Creek Music Center, operated by Sand Creek Partners. Kagan took photographs of Lovett and Julia Roberts, who appeared on stage on two occasions. Towards the end of the concert, Deer Creek personnel apparently detained Kagan and questioned him for an hour; Kagan refused requests to surrender his film. A county police official

subsequently confiscated the film, and later delivered the film to Sand Creek.

A Federal District Court in Indiana has granted Time Inc.'s motion for a preliminary injunction to prevent Sand Creek from further interfering with Time's possession of the film. Judge Baker stated that the "newsworthiness" of the images depicted on the film at issue "has primacy over any privacy rights which Lovett may have in those images." Lovett and Roberts were widely known celebrities, and their appearance on stage on the day of their wedding ceremony, with Roberts still wearing her wedding dress, was a newsworthy event of widespread public interest, observed the court, further commenting that this was not a situation where the appropriation involved an attempt to broadcast or publish an entire performance.

Time owned the films, was entitled to possession of its property, would suffer irreparable harm given that the

news value of the film was directly tied to a publication deadline, and, in all, had a reasonable likelihood of succeeding on the merits of its claim, concluded the court.

Time Inc. v. Sand Creek Partners, 825 F.Supp. 210, 1993 U.S.Dist.LEXIS 9096 (S.D.Ind. 1993) [ELR 15:10:16]

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### **British court considers dispute over compact disc release of Beatles material**

Between 1962 and 1969, the Beatles, as a group, recorded for EMI Records Ltd. or its predecessors, and continued to record for the companies, as individuals, until January 1976. As described by Court of Appeals Judge Nourse, EMI, under agreements made in 1962 and 1967, acquired the property in certain master

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recordings, the copyrights in the artistic works embodied in the recordings and the sole right of production, reproduction, sale, use and performance of records manufactured pursuant to the agreements. The Beatles or their company, Apple Corps Ltd., received royalties and, under the 1967 agreement, acquired "some measure of control" over EMI's exercise of its rights.

In November 1989, in an attempt to resolve a series of disputes among the parties, EMI, Apple, the three surviving Beatles, and Yoko Ono Lennon (as executrix of the will of John Lennon), executed a number of agreements, including the Rest of the World Royalty Agreement. Notwithstanding the agreement, Apple, in July 1991, sought an injunction barring EMI from distributing, in compact disc format, the Red Album (the double album "The Beatles/1962-1966") and the Blue Album (the double album "The Beatles 1967-1970").

The trial court granted an injunction pending trial, holding that EMI, under the 1989 agreement, was not entitled to sell the Red or Blue album in compact disc format without the consent of Apple; the court subsequently also barred EMI from selling the albums in compact disc format packaged together as a boxed set.

The court subsequently, among other rulings, rejected EMI's counterclaim for rectification of the 1989 agreement.

Judge Nourse noted that during the hearing before the Court of Appeal, the parties reached an agreement, the terms of which were not disclosed, to allow EMI to issue the Red and Blue albums on compact disc. The court stated that it would consider the construction questions as if the release of the Red and Blue albums on compact disc still was in contention.

Clause 15.1 (xiii) of the agreement provided, as quoted by Judge Nourse, that EMI would require Apple's prior

written consent to "sell, distribute or otherwise exploit Records embodying Group and/or Solo Masters as Multiple records." Under clause 15.5, Apple retained the unfettered discretion to withhold or grant such consent. And clause 15.1 provided that EMI would not, without Apple's consent "(i) sell distribute or otherwise exploit (ii) a gramophone, compact disc, tape or new format (or a number of them packaged in one jacket) (iii) embodying group and/or solo masters (iv) containing in total more than twelve tracks (v) which was not first made available for sale to the public before 7 November 1989."

The agreement defined "record" as "a gramophone disc, Compact Disc, Tape or New Format..." "Multiple Record" was defined as "any Record (or number of Records packaged together in one jacket) Released after the date hereof containing in total more than twelve (12)



Tracks." And "Release" was defined as "making a Record...first available for sale to the public."

The music contained in the Red and Blue albums had, in the same compilations, been made available for sale to the public before the date of the agreement as gramophone discs and tapes - the material had not been made available before that date as compact discs.

Judge Nourse, in order to resolve the nature of the exception set forth in part (v) of clause 15.1, turned to other provisions of the 1989 agreement. It appeared to the court that various clauses suggested that a release in a new format would be different from any earlier release on gramophone disc, cassette tape or compact disc. And, citing an appendix to the agreement listing the release dates of various items, the court stated that it "would not be at all surprising" if, in the record industry, it might be the practice to refer to a particular format as being "released," as distinct from the recording itself.

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In all, the court agreed with the trial court that a record was not released before the date of the 1989 agreement "unless the object now proposed to be sold has both the same music and the same format as one made available to the public before that date."

EMI alternatively proposed to sell a set of four compact discs containing the same music as the Red Album and the Blue Album packed in a box, i.e. a "boxed set" to which the prohibition in clause 15.1 (xiii) would not apply. After careful review, Judge Nourse found that the proposed sale would not be of multiple records merely because they were packed together in a box, and agreed with the trial court that the boxed set proposal was within the prohibition in clause 15.1 (xiii) of the 1989 agreement.

With respect to rectification, the court noted that although the agreement between the parties made the issue "academic" in relation to the sale of the Red and

Blue albums in compact disc format, EMI might seek to release the original and solo albums on new formats which become available for commercial exploitation. EMI contended that the definition of Multiple Record should be rectified so as to read: "...any Record (or number of Records packaged together in one jacket) containing in total more than twelve (12) tracks and reproducing a compilation of Group [or solo] Masters which has not been made available to the public in any format prior to the date hereof." Thus, EMI sought to insure that the restriction on the company's future release, without Apple's consent, of albums comprising more than 12 tracks would not extend to the future release of existing compilations.

EMI claimed that the parties, in December 1988, had reached an agreement that Apple would have the right to withhold consent to the future release of new compilations, but that this accord did not extend to the release

of all existing compilations in any new format. According to EMI, the accord, due to the common mistake of the parties, was incorrectly expressed in the 1989 agreement.

Judge Nourse, after extensive review of the trial court's description of the course of the December 1988 negotiations and subsequent events, agreed with the court's conclusion that the parties had not reached the accord suggested by EMI and that there was no basis on which the 1989 agreement could be rectified.

Apple Corps Limited v. EMI Records Limited, U.K. Court of Appeal (Civil Division), July 30, 1993 (available in LEXIS in the INTLAW library, UKCASE file (search: name(apple pre/1 corps) and date = 1993)) [ELR 15:10:16]

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## **Sculptor may seek damages from Cheryl Tiegs arising from destruction of plaster casting of model's face**

In 1979, Cheryl Tiegs posed for sculptor Mihail Simeonov to demonstrate the safety of alginate, a quick drying substance. The sculptor used the material on Tiegs' face, throat and a small part of her chest. Simeonov then modified the alginate impression, according to Manhattan Civil Court Judge Richard Braun, to make a plaster casting of the model's head "in deep repose upon a pillow." Although Tiegs claimed that Simeonov did not have permission to reproduce her likeness, the plaster cast was located in her apartment in early 1982 when maintenance workers accidentally broke the work beyond repair.

Simeonov, who planned to make a limited edition of ten bronze copies of the work, sought \$200,000 in damages from Tiegs.

Judge Braun noted that Simeonov created a work of art from the impression of Tiegs. The fact that he "incidentally" intended to sell a limited number of copies of his creation did not mean, in the court's view, that the sculptor was acting "for the purposes of trade" in violation of section 51 of the New York Civil Rights Law, as argued by Tiegs. Part of the protection of free speech under the United States and New York State Constitutions, observed Judge Braun, is the right to disseminate "speech" - that right includes selling it, at least under certain circumstances. And although a person's right of privacy, as protected by sections 50/51 also is a very significant right, "it must fall to the constitutionally protected right of freedom of speech," stated the court.

For purposes of Tiegs' motion to limit Simeonov's evidence as to damages, the court ruled that sections 50/51 did not apply to the sculptor's actual and intended acts. Judge Braun stated that "an artist may make a work of art that includes a recognizable likeness of a person without her or his written consent and sell at least a limited number of copies thereof without violating Civil Rights Law sections 50 and 51."

It will remain for a jury to determine whether the sculpture constituted a recognizable likeness of Tiegs. And to the extent that Simeonov would have sold any castings outside of New York State, section 51 would not apply; the laws of the places of intended sale would have to be reviewed in order to determine whether there was a relevant right of privacy in those jurisdictions.

The court rejected Simeonov's argument that Tiegs waived her right to defend under the Civil Rights Law. The fact that Tiegs posed for the initial impression did

not indicate consent to the sale of copies of a sculpture derived from the impression.

Judge Braun concluded by observing that there was a serious question about whether any of the Tieg's parties were liable to Simeonov for their actions, and that the jury would have to determine whether the sculpture constituted a recognizable likeness of Tieg's. It was pointed out that if there was a finding of liability and if the evidence at trial differed from the facts before the court and did show that sections 50/51 would apply to the instant circumstances, then the court "may have to revisit the issue of the constitutionality of section 51, as applied."

Simeonov v. Tieg's, New York Law Journal, p. 22, col. 3 (Manhattan Civil Ct., Nov. 5, 1993) [ELR 15:10:17]

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## **Texas court rejects invasion of privacy claim against guest on "The Phil Donahue Show" and show's host, producer and broadcaster**

In January 1989, Miriam Booher appeared as a guest on the Phil Donahue Show; the subject of the show was pregnancies resulting from incest or rape. Booher related the story of her husband's rape of her daughter from a previous marriage when the child was 11 years old. Booher, according to Texas appellate court Judge Alice Oliver-Parrott, also revealed that she did not learn the truth about her daughter's pregnancy until five years after the incident; that she never reported the rape to authorities; that she had remained married to her husband for about 16 years after the rape occurred; and that her 16 year old adopted son, who had been raised as her daughter's adopted half-brother, actually was her daughter's biological child. Booher used her own full name,

but did not disclose the names of her husband, daughter and grandson.

Nancy and Michael Anonsen, individually and on behalf of William Booher, Jr., sued Booher and other parties involved with the program, alleging invasion of privacy and intentional and negligent infliction of emotional distress.

The trial court granted summary judgment in favor of Booher and the Donahue parties. The appellate court found that Booher's right to publish her account of her family's tragedy was protected speech under the First Amendment and affirmed the trial court's ruling.

The Anonsens argued that a jury should decide whether their identities were newsworthy so as to warrant revelation.

Judge Oliver-Parrott stated that the issue of the newsworthiness of the parties' identities, whether a question of law or a question of fact, was not relevant to the

"ultimate inquiry," i.e., whether Booher had the right to reveal her own identity. Booher was herself one of the victims of the family tragedy, and the court therefore rejected the argument that a jury should be allowed to determine whether Booher's voluntary appearance on the Donahue show was no more than "morbid and sensational prying."

Although acknowledging that the protection of Booher's right to reveal her story and her identity imposed "additional emotional suffering" upon the Anonsens, the court concluded that to allow a cause of action based upon Booher's truthful and undisguised account of her experience would be inconsistent with the First Amendment discussion of a matter of public interest.

It has been reported that the Texas Supreme Court, without comment, upheld the appellate court ruling.

Anonsen v. Donahue, 857 S.W.2d 700, 1993 Tex.App. LEXIS 1581 (Tex.App. 1993) [ELR 15:10:18]

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### **Dancers may add RICO claim in action involving union pension fund**

The American Guild of Musical Artists is the recognized collective bargaining representative of dancers employed by the American Ballet Theatre, the New York City Ballet, the Joffrey Ballet and the Dance Theatre of Harlem. As part of a 1968 collective bargaining agreement, the dancers and their employers established an employee pension benefit plan known as the American Guild of Musical Artists Pension Fund. Fund participants included opera singers, chorus members and dancers.

In 1991, Cynthia Gregory and other present and former dancers brought a lawsuit alleging that various Guild parties and the trustees of the fund breached their duty of fair representation in violation of the Labor Management Relations Act and the Employee Retirement Income Security Act. It was claimed that the Guild parties caused the dancers to participate in a pension plan with a retirement age of 65, an age with no rational relationship to the age of 40, at which most dancers are compelled to retire; arbitrarily maintained the retirement age; and failed to amend the plan, despite a \$12 million surplus in funding, to provide dancers with career-transition benefits.

After beginning discovery, the dancers purportedly discovered that the Guild parties apparently knew, for the past five years, that the design of the fund resulted in prejudicial treatment of the dancers. According to the dancers, the Guild's internal reports revealed that

dancers, who accounted for 73 percent of the fund's contributions, have received only 21 percent of the retirement benefits paid to date, and that non-dancers can expect to receive 99.3 percent higher benefits per dollar contributed to the fund than dancers. It was alleged that the Guild parties withheld this information from the dancers during the negotiations of more than a dozen collective bargaining agreements with every major ballet company in the country over the last five years.

When Gregory and the other dancers sought to amend the complaint to add various causes of action, Federal District Court Judge Shirley Wohl Kram first denied the motion for an order granting them leave to add a cause of action for common law fraud. Judge Kram agreed with the Guild parties that the amendment would be futile since the claim would be preempted by sections 8(b) and 9(a) of the National Labor Relations Act. Congress intended that federal law completely regulates the duties

which an NLRA collective bargaining representative owes to the workers it represents; thus, state common law claims, based upon a breach of the duty of fair representation, are preempted by federal law. It appeared to the court that the fraud claim was "essentially identical" to the alleged breach of the union's duty of fair representation.

Judge Kram granted the dancers leave to add a RICO claim. The dancers alleged that the Guild parties, to further their plan to defraud, used the mail, wire service, and telephones to transmit summary plan descriptions of the fund, and other financial material. The court pointed out that the courts in the Second Circuit have not dismissed RICO claims on the basis of preemption, and also found that preemption, which originates from the Supremacy Clause of the United States Constitution, only is available when a case involves a conflict between federal and state laws, not a conflict between two

federal statutes. In all, the court declined to find that a duty of fair representation claim under the NLRA would preclude stating a claim under RICO, as that statute also might govern the conduct at issue.

Judge Kram next found that the dancers stated their claim under RICO with sufficient particularity, set forth a RICO enterprise, and apparently alleged a deprivation of property rights allegedly caused, at least in part, by the RICO acts.

The court, after rejecting the argument that the amendment of the complaint would result in undue prejudice, granted the dancers leave to amend the complaint with respect to the RICO cause of action and with respect to the addition of a jury demand.

Gregory v. American Guild of Musical Artists, 1993 U.S. Dist. LEXIS 6971 (S.D.N.Y. 1993) [ELR 15:10:19]



## **Broadcaster's report on former EEOC employee is privileged**

On October 11, 1991, during the Supreme Court confirmation hearings of Clarence Thomas, WJLA-TV aired broadcasts by investigative reporter Del Walters. The substance of the broadcasts, as described by Federal District Court Judge Louis F. Oberdorfer, was that in 1983, when Thomas was serving as Chairman of the Equal Employment Opportunity Commission, he had failed to act on numerous charges of sexual harassment against Earl Harper, Jr., who, at that time, worked as an attorney with the commission. An EEOC investigation of Harper's conduct resulted in proposals that Harper be transferred, and ultimately that he be fired, for his misconduct. Thomas allowed Harper to retire before any disciplinary action was taken.

Walters stated that the broadcast was based on the EEOC proposals and quoted from a report of the commission's General Counsel.

Harper challenged various statements alleging that he was charged with sexually harassing thirteen different women.

In 1983, Harper had sued WJLA regarding a broadcast that directly accused Harper of sexual harassment. In 1986, a Washington, D.C. trial court jury found for the WJLA parties.

In the instant matter, Judge Oberdorfer found that the broadcasts were privileged under District of Columbia law as fair and accurate publications of matters in official reports, and that Harper introduced no evidence that a jury reasonably could find to be clear and convincing proof of malice.

In considering what executive or legislative actions constitute official records for the purposes of the

privilege and what reliability, if any, is required of the underlying official document or proceeding, Judge Oberdorfer stated that the fair reporting privilege does not require the same degree of reliability as that required to establish that a document is "inherently reliable" under the hearsay rule, and found that the EEOC notices were "reports of any official proceeding or action taken by any officer or agency of government" for the purpose of the fair and accurate reporting privilege.

The record contained no evidence that WJLA knew the EEOC reports were false or entertained serious doubts as to their truth; WJLA did not waive its conditional privilege, and the broadcasts were protected against the defamation claim as fair and accurate reports, concluded the court in dismissing the complaint.

Harper v. Walters, 822 F.Supp. 817, 1993 U.S. Dist. LEXIS 7159 (D.D.C. 1993) [ELR 15:10:19]

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## **Sanctions imposed by university due to fraternity's offensive skit violate First Amendment**

The Iota XI Chapter of Sigma Chi Fraternity of George Mason University, during a charity fundraising event, held an "ugly woman contest." As described by Federal Court of Appeals Senior Judge Sprouse, several fraternity members appeared in the contest dressed as caricatures of different types of women; one member dressed as an offensive caricature of a black woman. In response to student protests and after meetings of various student groups, the school suspended the fraternity from all activities for the rest of the 1991 spring semester and imposed a two year prohibition on all social activities except pre-approved pledging events and pre-approved philanthropic events with an educational purpose

"directly related to gender discrimination and cultural diversity." The sanctions also required the fraternity to plan and implement an educational program addressing cultural differences, diversity, and the concerns of women. The university later modified the sanctions, allowing Sigma Chi to engage in selected social activities with advance approval.

Sigma Chi sued the university and its Dean for Student Services under 42 U.S.C. section 1983 requesting declaratory judgment and injunctive relief to nullify the sanctions as violating the First and Fourteenth Amendments (it should be noted that Sigma Chi's national fraternity was not involved in the litigation).

A Federal District Court granted summary judgment to Sigma Chi on its First Amendment claim.

In affirming the District Court decision, Judge Sprouse, after careful consideration, stated that the fraternity's skit, "even as low-grade entertainment, was inherently

expressive and thus entitled to First Amendment protection." The court rejected the university's argument that discovery would demonstrate that the contest was "mindless fraternity fun, devoid of any artistic expression."

Judge Sprouse then noted that the affidavits submitted by the university indicated that school officials thought the fraternity intended to convey a message and that sanctions were imposed because the fraternity's "boorish message" interfered with the university's goals. The court stated that there was no evidence suggesting that the fraternity advocated segregation or inferior social status for women, but apparently sought to convey the view that the school's concerns should be treated humorously.

The court also found that there was a great likelihood that at least some of the audience viewing the skit would understand the fraternity's message of satire and humor.

The university argued that the court should weigh the fraternity's conduct against the substantial interests inherent in maintaining a nondiscriminatory and nonracist educational environment. However, noted the court, a "public university has many constitutionally permissible means to protect female and minority students. The university should have accomplished its goals in some fashion other than silencing speech on the basis of its viewpoint."

Judge Murnaghan, although concurring in the decision, stated that the majority's reasoning went "unnecessarily too far" in holding that the First Amendment prohibits any action by a public university to prevent or punish offensive conduct such as the conduct at issue.

It appeared to Judge Murnaghan that the court could have held that the university's action violated the fraternity members' rights by punishing them post hoc and in conflict with the school's tacit approval of their

performance. For Judge Murnaghan, the university's treatment of the fraternity was constitutionally flawed due to the permission the university granted the fraternity to present the performance. The university, following the performance, imposed sanctions without any prior indication that such behavior was not allowed at school-sanctioned events, and despite indicating that the fraternity's skit had university approval.

Judge Murnaghan questioned whether, regardless of the school's unrevoked permission to present the skit, there was any First Amendment provision guaranteeing the right to give the skit "in circumstances under which it was inextricably linked with George Mason University."

IOTA IX Chapter of Sigma Chi Fraternity v. George Mason University, 993 F.2d 386, 1993 U.S.App. LEXIS 10579 (4th Cir. 1993) [ELR 15:10:20]

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**Decision granting directed verdict to law firm in action involving music record leasing program is upheld**

Harlan Nolte and other parties, investors in a master music recording leasing program, sued the law firm of Rosenbaum, Wise, Lerman, Katz & Weiss (and its members) who represented Music Leasing Company. Music Leasing engaged in the business of acquiring and leasing master music recordings. The law firm prepared various documents for Music Leasing so that the company could provide information about the leasing program to prospective investors.

The investors, who formed general partnerships that separately leased rights from Music Leasing, expected to receive investment tax credits. When the Internal

Revenue Service disallowed the tax credits, the investors sued the law firm parties.

A Federal Court of Appeals has affirmed a District Court decision granting the law firm a directed verdict.

Senior District Court Judge William C. Stuart, sitting by designation, first carefully considered the applicable standard of proof. The court then noted that the investors did not claim that the law firm made any representations to the investors except in the four documents prepared by the firm. It was argued that the law firm fraudulently misrepresented that Music Leasing would purchase the master music recordings through the use of a full recourse promissory note; that the price of the master recordings would be established by two independent appraisals; and that the purchase price would be negotiated in an arm's length transaction.

The court found no direct evidence of a false representation in the law firm's opinion letter. The facts that the

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investors claimed were fraudulently misrepresented in the opinion letter were provided by Music Leasing to the attorneys; the law firm stated that the analysis of an investor's income tax consequences was based on the facts provided by Music Leasing and that the attorneys' conclusions were conditioned on the accuracy of those facts. The letter also stated that the law firm was not requested by Music Leasing to verify any facts or representations made to the firm about the leasing program and that the attorneys did not conduct an independent investigation of the facts.

Judge Stuart then found that certain statements by Jerry Denby, an executive of Music Leasing, also did not support the investors' fraud claim. Denby testified that he believed that the investment program was illegal, that the price of the master recordings was arbitrarily inflated, and that the notes would not be paid because Music Leasing had insufficient capital.

According to the court, Denby did not express his opinions to Weiss and the investors produced no evidence showing Weiss knew of this information. Furthermore, there was no evidence indicating that the law firm knew that the price of the master recordings was arrived at in any manner other than an arm's length transaction.

With respect to the investors' RICO claim, based on alleged acts of mail and wire fraud, the District Court had found that there was no evidence that the documents prepared by the law firm were ever mailed or that the documents contained fraudulent statements. Judge Stuart did not reach a conclusion about whether the District Court correctly ruled on the evidence relating to the mailing because the record did not contain sufficient evidence that the law firm participated, either directly or indirectly, in managing the company so as to be subject to liability under RICO.

The court concluded by finding that the District Court correctly granted a directed verdict in favor of the law firm on the claim for negligent misrepresentation; the investors did not establish the element of justifiable reliance given that the opinion letter warned the investors that the Internal Revenue Service would likely challenge the claimed tax credits and encouraged investors to seek independent legal advice about the program. An accompanying information memorandum also cautioned the investors of the high degree of risk attendant to the transaction.

The court denied a petition for rehearing and suggestion for rehearing en banc.

Nolte v. Pearson, 994 F.2d 1311, 1993 U.S.App. LEXIS 12995, 1993 U.S.App. LEXIS 18020 (8th Cir. 1993) [ELR 15:10:21]

## **Former basketball player's antitrust claims against American Basketball Association are dismissed**

Joe L. Caldwell, a former professional basketball player, was suspended in December 1974 by The Spirits of St. Louis Basketball Club of the American Basketball Association. Caldwell sued the association and other parties, claiming that the circumstances surrounding his suspension constituted a "concerted refusal to deal" or a "group boycott" in violation of sections 1 and 2 of the Sherman Act. A Federal District Court in New York granted summary judgment on behalf of the association parties.

As described by Judge Sand, Caldwell, in 1984, was drafted to play professional basketball for the Detroit Pistons of the National Basketball Association. Caldwell was traded to the St. Louis Hawks; the Hawks moved to Atlanta and were known as the Atlanta Hawks.

When Caldwell's contract with the Hawks expired in 1970, the player signed a five year contract with Southern Sports Corporation, the owner of the Carolina Cougars, an American Basketball Association team. The contract provided for annual compensation of \$220,000, and contained generous pension and life insurance provisions. Tedd Munchak, one of the owners of Southern Sports personally guaranteed the contract.

In 1974, a group of investors headed by Ozzie Silna and Daniel Silna bought the Cougars. The new owners assumed all unexpired obligations to Caldwell under his employment contract, except with respect to limiting certain pension benefits. The Cougars moved to St. Louis and were renamed The Spirits of St. Louis.

The December 1974 suspension apparently resulted from Caldwell's suspected role in fellow player Marvin Barnes' failure to appear for an important game.

Caldwell denied any knowledge of Barnes' location. Caldwell was suspended indefinitely and without pay.

Caldwell claimed that he never was told that the suspension was lifted, or that the Spirits had terminated his contract, or that other teams were free to negotiate with him, and that he thus was placed on the Spirits' reserve list "forever."

After deciding not to pursue an arbitration proceeding, Caldwell brought an action in a Federal District Court in Georgia against Munchak, as guarantor of his contract, for unpaid 1974-1975 salary that Caldwell claimed was due under the contract. The court granted judgment in Caldwell's favor for unpaid salary in the amount of \$220,000, plus interest, costs and expenses. The judgment was paid in full.

Caldwell filed the instant antitrust action in 1975. After discussing the procedural history of the action and other disputes among the parties, Judge Sand noted that



Caldwell, after his suspension, never again played professional basketball. Caldwell argued that the failure of any other team to hire him resulted from the alleged boycott of his professional services.

The court noted that the American Basketball Association ceased operations after the 1975-1976 season.

In considering Caldwell's section 1 claim, the court noted the argument that the player was automatically placed on the Spirits' "reserve list" by operation of the association's bylaws. Thus, according to Caldwell, all other American Basketball Association teams were prohibited from negotiating or contracting with him unless and until the Spirits effected "waivers," i.e., gave notice to the Commissioner that Caldwell was removed from the reserve list, and the Commissioner gave notice to the other teams. There was no "waiver" and the bylaws apparently prohibited other teams from negotiating with Caldwell even if the Spirits terminated his contract in

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1974 and even after his contract with the Spirits expired in October 1975.

Judge Sand stated that Caldwell did not present sufficient evidence to convince a reasonable jury that the association bylaws were enforced so as to constitute concerted action for the purposes of section 1. The court expressed its doubts as to whether a jury could infer that Caldwell was ever placed on the Spirits' reserve list; stated that there was no evidence that the player was placed on the reserve list "forever;" and that there was no evidence that the association member teams failed to offer Caldwell a position with their teams because he was on the Spirits' reserve list.

After evaluating Caldwell's remaining claims, the court concluded that there was no evidence supporting elements of Caldwell's section 1 claim. Even assuming that the Spirits' suspension of Caldwell was improper; that the Spirits had an economic motive to remove Caldwell

from the team; that the association would have benefited from Caldwell's departure from professional basketball, no inference of concerted action was proper based on the evidence submitted by the parties, declared the court.

In rejecting Caldwell's section 2 claim, Judge Sand determined that there was no basis in fact or law for finding that the association parties obtained "total market control" as Caldwell alleged, based on the association's position in the market. There was no attempted monopolization or conspiracy to monopolize, ruled the court, which concluded by rejecting Caldwell's pendent state claims for either intentional tort or prima facie tort.

Caldwell v. American Basketball Association, 825 F.Supp. 558, 1993 U.S. Dist. LEXIS 8024 (S.D.N.Y. 1993) [ELR 15:10:22]

## **Dispute over air force base cable television franchise is remanded**

Between 1973 and 1983, Cox Cable provided cable television service at Robins Air Force Base under an exclusive ten year franchise with the Air Force. When the franchise expired, the Air Force awarded a ten year exclusive franchise to Centerville Telecable. Cox Cable claimed the infringement of its First and Fifth Amendment rights and asserted a right to renewal of its franchise under the Cable Communications Policy Act of 1984.

A Federal District Court granted a preliminary injunction barring the Air Force from forcing Cox Cable off the base and permitting the company to continue providing cable television service alongside Centerville.

The federal parties subsequently settled with Cox Cable and when the company filed a motion for summary

judgment on its First Amendment claim, the federal parties did not oppose it. The court granted Cox Cable's motion for summary judgment, granted a motion by Centerville for summary judgment with regard to the Fifth Amendment claim, and entered a permanent injunction against the Air Force.

Senior Judge Hill noted that prior to oral argument, the Cable Television Consumer Protection and Competition Act of 1992 went into effect. The statute amended the Cable Act of 1984 to provide, inter alia, that "franchising authorities" of the United States government may not grant exclusive communications franchises.

Under the terms of the statute, Centerville's franchise would become invalid to the extent that it was an exclusive franchise. Judge Hill ruled that the Air Force was a franchising authority within the meaning of the Cable Competition Act, and that the Act applied to Centerville's franchise to the extent that the grant of the

franchise could not support a refusal by the Air Force to allow Cox Cable access to the cable television market at the base.

The 1992 statute deprived Centerville of its basis for asserting an injury in fact for purposes of standing under Article III of the Constitution, stated Senior Judge Hill, in remanding the matter with the instruction that should the District Court find that the application of the Cable Competition Act to the instant case was constitutional, the case should be dismissed for lack of standing and lack of subject matter jurisdiction.

Cox Cable Communications, Inc. v. United States, 992 F.2d 1178, 1993 U.S.App.LEXIS 13290 (11th Cir. 1993) [ELR 15:10:23]

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## **Developer must comply with city's Art in Public Places program**

In 1990, Culver City approved a development project permitting the construction of thirty townhomes; the developer, Richard K. Ehrlich, agreed to pay a \$280,000 mitigation fee for the loss of recreational facilities to the city arising from the changes in the land use restrictions, and also agreed to pay a \$30,000 in lieu parkland fee, and a \$33,220 in lieu art fee.

In response to Ehrlich's lawsuit challenging the validity of the fees, a trial court, among other rulings, invalidated the mitigation fee, but refused to invalidate the in lieu art fee.

A California appellate court has reversed the trial court's ruling on the mitigation fee, noting that the fee was imposed to compensate the city for the benefit conferred on the developer by the city's approval of the

townhome project and for the burden on the community resulting from the loss of recreational facilities.

that in 1988, the city adopted an ordinance to establish an Art in Public Places Program. The ordinance provided that specified development projects were required to participate in the program as a condition for obtaining the requisite approval. The developer was entitled to select among four forms of participation; the cost of the art work or the in lieu art fee was set at one percent of the building valuation. In the instant case, the art cost was determined to be \$33,220. Ehrlich apparently elected to pay the fee rather than to place art work on his project.

Judge Grignon agreed with the trial court that it was within the city's police powers to require art to be placed on developments as a condition of approval. The fact that the developer may have the option of paying a fee in lieu of placing art on the project did not convert the



lawful permit condition to "a fee, an exaction, a tax, or a taking," stated the court. The fee paid by Ehrlich was not a development fee under Government Code section 66000 and was not a taking of private property or a special tax.

The court, citing the options available to Ehrlich, rejected the argument that the ordinance violated the First Amendment by requiring the developer to pay a fee to the city for art which might express an opinion to which the developer might object. Judge Grignon also found that the art fee did not violate Ehrlich's right to equal protection - the city's program was reasonably related to the promotion of the public interest in the expansion of available art and artistic creations.

Ehrlich v. City of Culver City, 15 Cal.App.4th 1737, 19 Cal.Rptr.2d 468, 1993 Cal.App. LEXIS 552 (Ca.Ct.App. 1993) [ELR 15:10:23]

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## **Owner of "The Black Dog" trademark loses infringement action**

The Black Dog Tavern Co., Inc., in addition to operating a restaurant in Martha's Vineyard, sold T-shirts with a Black Dog design printed on the front and the phrase "The Black Dog, Martha's Vineyard" printed on the back. The Black Dog registered the term "The Black Dog" and the Black Dog design as federal service marks and also registered the term as a federal trademark for use on certain products, including clothing.

Peter Hall, a Martha's Vineyard resident, began selling T-shirts with an upside-down version of the Black Dog design printed on the front and the phrase "The Dead Dog, Martha's Vineyard 1990" printed on the back in a typeface similar to that used on the Black Dog T-shirts.

Hall later sold a T-shirt bearing the design of a black hog on the front and the phrase "The Black Hog, Martha's Vineyard 1990" on the back. Hall registered "The Black Hog" silkscreen print with the United States Copyright Office.

The following year, according to Federal District Court Judge Chief Judge Tauro, Hall began selling a T-shirt depicting a dog's skeleton. Hall registered "The Dead Dog" silkscreen print with the Copyright Office.

When Black Dog eventually sued Hall for trademark infringement, Judge Tauro first found that the company's marks were distinctive and entitled to protection.

The court, in reviewing the factors relevant to determining a likelihood of confusion, noted that Hall's marks for "The Black Hog" and "The Dead Dog" were not sufficiently similar to Black Dog's in appearance, sound or meaning to create a substantial likelihood of confusion; that there was no significant evidence of actual

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confusion; and that Hall intended to parody Black Dog's T-shirts. According to Judge Tauro, Hall's marks conveyed "just enough of [Black Dog's] marks to allow an ordinarily prudent consumer to appreciate the point of the parody, thereby diminishing the risk of confusion."

After weighing all of the factors in light of "the totality of circumstances," the court found that consumers would not likely confuse Hall's merchandise with the Black Dog items and were not likely to believe that Black Dog produced or otherwise endorsed Hall's goods. The court granted Hall summary judgment on Black Dog's claims of trademark infringement, as well as on the company's claims of unfair competition and dilution. Hall did not engage in unfair methods of competition and deceptive trade practices in violation of Massachusetts law, concluded the court, which rejected Hall's counterclaim for wrongful interference with an advantageous business relationship with a clothing retailer.

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The Black Dog Tavern Company, Inc. v. Hall, 823 F.Supp. 48, 1993 U.S.Dist. LEXIS 7827 (D.Mass. 1993) [ELR 15:10:24]

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**Briefly Noted:**

**Iglesias Royalty Claim.**

Grecia Korman claimed that in May 1978, Julio Iglesias asked her to write a Spanish adaptation of the French song, "J'ai Oblie de Vivre," promising to pay Korman a percentage of the royalties for the Spanish version of the song. The song was released in various forms and in most of the releases, Korman was credited as one of the authors of the song. Korman, after making inquiries throughout the 1980s about the lack of

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royalty payments, sued Iglesias for fraud, civil theft and constructive trust.

In 1990, a Federal District Court in Florida (ELR 12:7:16) refused to dismiss Korman's lawsuit, finding, in part, that the fraud claim was not preempted by the Copyright Act and that the fraud and constructive trust claims were not time barred since a question of fact was raised as to whether Korman's longstanding knowledge that she was not receiving royalties constituted "facts which revealed fraud."

In 1993, the District Court accepted a Magistrate's report and recommendation granting summary judgment to the Iglesias parties on the ground that Korman's claims were barred by the statute of limitations. It was found that Korman had sufficient knowledge of her legal rights to trigger the statute of limitations more than four years prior to filing suit in 1986. Korman apparently knew as early as 1980 that she was not being paid royalties and

that there existed "a possible invasion of her legal rights."

Korman's civil theft cause of action also was barred by the statute of limitations, concluded the Magistrate.

Korman v. Iglesias, 825 F.Supp. 1010 (S.D.Fla. 1993)  
[ELR 15:10:24]

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### **Atari v. Nintendo infringement action.**

Atari has been held liable for infringing the copyright to the signal stream generated by Nintendo's unauthorized-cartridge-lockout program (a program that prevents the use of unauthorized game cartridges in Nintendo consoles). Earlier in the case, the District Court granted a preliminary injunction against Atari, and that injunction was affirmed by the Federal Circuit. (ELR

14:8:16) Thereafter, the District Court held that the Nintendo signal stream is a copyright-protected program, because it contains more than an idea and more than expression that is necessarily incident to an idea; it contains creative organization and sequencing unnecessary to its look and key function. After dissecting and filtering out unprotected elements of the program, the District Court found that Atari had copied six protected elements; and it held that "While there is no exact formula for determining how much misappropriation of material is necessary to constitute infringement, the six examples are more than sufficient." The District Court therefore denied Atari's summary judgment motion. Instead, the court granted Nintendo's summary judgment motion, and held Atari liable for infringement. The court also ruled that Atari infringed certain Nintendo patents; and according to news accounts, a jury



later ruled that Atari infringed other Nintendo patents as well.

Atari Games Corp. v. Nintendo of America, Inc., 1993 U.S. Dist. LEXIS 6786, 8183, 8864 (N.D. Cal. 1993) [ELR 15:10:24]

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### **Cable Television.**

A Federal District Court in New York dismissed International Cablevision's complaint alleging that John Sykes sold a device designed to unscramble the company's signals in violation of 47 U.S.C. sections 553(a) and 605 and state law. The court found that Sykes purchased the device for an innocent purpose and had sold it only to recover its cost.

A Federal Court of Appeals has found that International Cablevision established a violation of at least section 553, vacated the District Court judgment and remanded the matter for further consideration of section 605 and for the granting of appropriate relief.

Judge Kearse noted, in part, that section 553(a)(1) did not apply only to persons who might be engaged in the continuing business or repeated conduct of selling unscrambling devices. Judge Kearse also disagreed with the District Court's view that there would be no liability unless the seller of the unauthorized device has made a profit. And section 553 "does not and was not intended to provide a good-faith defense against liability." The damages portion of the provision allows the court to reduce an award of damages if it finds that the violator had no reason to believe that his/her conduct constituted a violation; the statute did not suggest that an unaware person would be exempt from liability, "much less any

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suggestion of such an exemption for one who 'foolishly' sold the unauthorized device with the knowledge and intent that it would be used for a prohibited purpose."

International Cablevision, Inc. v. Sykes, 997 F.2d 998, 1993 U.S.App. LEXIS 14312 (2d Cir. 1993) [ELR 15:10:25]

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### **Cable Act.**

In June 1993, a Federal District Court in California granted Viacom International Inc.'s motion for a temporary restraining order barring the enforcement of sections 4 and 5 of the Cable Television Consumer Protection and Competition Act of 1992 as against Viacom and preserving the status quo pending a full

hearing on the company's request for a preliminary injunction.

Section 4 of the Act would require Viacom to carry the signals of local commercial television stations, up to a limit of one-third of the aggregate number of usable activated channels. Section 5 of the Act would require Viacom systems with usable activated channel capacity of 13 to 36 channels to carry up to three qualified local non-commercial stations. The statute also requires that cable systems with more than 36 usable activated channels carry, in addition to commercial must-carry requirements, all qualified local non-commercial stations without placing a limit on the number of such stations.

Viacom argued that the provisions violated the First Amendment by interfering with the company's exercise of editorial discretion in selecting programming and favoring one class of speakers - broadcasters - over other speakers. Viacom also alleged that the provisions

constituted an impermissible government "taking" under the Fifth Amendment.

Judge Lynch stated that Viacom's action raised serious First Amendment questions, that the company's showing established the threat of irreparable injury, or at the very least that the balance of hardships tipped "sharply" in Viacom's favor, and that Viacom was entitled to a temporary restraining order.

Viacom International Inc. v. Federal Communications Commission, 828 F.Supp. 741, 1993 U.S. Dist. LEXIS 14572 (N.D.Ca. 1993) [ELR 15:10:25]

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### **Cable Installation.**

In 1987, Star Cable Associates entered into an exclusive agreement to provide cable service to the residential community known as Timberlake Plantation.

In 1988, Columbia Cable T.V. obtained encroachment permits from the county to lay cable along the public rights-of-way within Timberlake Plantation.

When Timberlake filed a declaratory judgment action, the trial court permanently enjoined Columbia from entering the community for the purpose of providing cable service. The court based its ruling on the finding that the limited dedication of roads and drainage systems "for maintenance only" did not create public easements that the county was entitled to authorize a third party to use.

An appellate court reversed, holding that the Star-Timberlake agreement inhibited competition in violation of section 601 of the Federal Communications Policy Act of 1984.

The Supreme Court of South Carolina, in affirming the appellate court decision, rejected Star's argument that the appellate court erred in relying on section 601 because there were no public easements in Timberlake Plantation. The court found that the dedicated roads within the community were public easements; while a landowner "may dedicate land for a specific, limited, and defined purpose," stated the court, he/she cannot retain discretion to alter or control future use of the property once it has been accepted by the public. The court also rejected the argument that the roads within the community were dedicated for the limited purpose of receiving public maintenance, and that the public acquired a mere right of passage. In all, the community's dedication of roads created public easements for use consistent with their character.

The court concluded by finding that any cable television company was entitled to construct, maintain, and

operate its cable along publicly dedicated roads in Timberlake Plantation.

Timberlake Plantation Company v. County of Lexington, 431 S.E.2d 573, 1993 S.C.LEXIS 107 (S.C. 1993) [ELR 15:10:25]

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### **Trademark Infringement/Magazine Title.**

As reported at ELR 14:12:9, a Federal District Court in New York denied a motion for a preliminary injunction sought by Gruner + Jahr Publishing, the publisher of "Parents" magazine, against Meredith Corporation, the publisher of the magazine "Ladies' Home Journal Parent's Digest."

In affirming the District Court decision, Federal Court of Appeals Judge Cardamone first found that Gruner +

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Jahr's mark, for purposes of establishing its protectability in an infringement action, was a strong mark entitled to be protected.

The court then reviewed the factors relevant to the existence of a likelihood of confusion and found that the District Court correctly concluded that Parent's Digest "was not likely to cause an appreciable number of ordinarily prudent purchasers to be confused, as is required for a successful trademark infringement claim" The lack of confusion also determined Gruner + Jahr's other claims for unfair competition and trade dress infringement.

Gruner + Jahr USA Publishing v. Meredith Corporation,  
991 F.2d 1072, 1993 U.S.App. LEXIS 9954 (2d Cir.  
1993) [ELR 15:10:26]

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**Tax.**

Skye Bassett was a child actress in the years 1985, 1986 and 1987 when she was 11, 12, 13, and 14. Bassett earned a substantial amount of income from acting but did not file income tax returns for the years in issue and none was filed by her parents on her behalf. The Internal Revenue Service determined that Bassett was liable for additions to tax for the failure to file returns and for the addition to tax for negligence for the years in issue.

The Tax Court ruled that Bassett was required to file returns but was unable to do so and agreed with the Internal Revenue Service that Bassett's parents were obligated to file her returns for her. The court then found that Bassett was liable for the addition to tax for the failure to timely file because it was not shown that her

parents' failure to file was due to reasonable cause rather than willful neglect.

The court further found that Bassett's parents were negligent in not investigating whether Bassett was liable for tax on her substantial earnings and upheld the actress's liability for the addition to tax for negligence, as well as her liability for the addition to tax for failure to make estimated tax payments for 1985 and 1986.

Bassett v. Commissioner of Internal Revenue, 1993 U.S. Tax Ct. LEXIS 41, 100 T.C. No. 41 (U.S.Tax.Ct. 1993) [ELR 15:10:26]

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### **Television Station License.**

The Federal Communications Commission dismissed Garden State Broadcasting's application for a television

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station license, determining that the company had abused the licensing process by filing solely in order to obtain a cash settlement from the existing station operator and that Garden State lacked candor because it withheld information about its motivation for filing.

A Federal Court of Appeals, after careful review, has upheld the Commission's decisions with respect to the dismissal of Garden State's application and also with respect to the Commission's approvals of subsequent transfers of the television station to new license holders. And the court, *sua sponte*, imposed sanctions on Garden State, in an amount equal to the Commission's costs, including attorneys' fees, made in connection with the company's filing and prosecuting of the "patently frivolous appeals."

Garden State Broadcasting Limited Partnership v. Federal Communications Commission, 996 F.2d 386, 1993

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U.S.App. LEXIS 15628 (D.C.Cir. 1993) [ELR 15:10:26]

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### **Art Purchase.**

Larry Stinson, a bank loan manager, advised Totee Brown to purchase an African mask as an investment. Brown paid \$10,000 for the mask; Stinson executed the transaction with the dealer and held the work pending resale. When the dealer indicated that he had a buyer for the mask, Stinson returned the work. There was no contract or consignment agreement with the dealer, and, as described by Federal District Court Judge William C. Conner, "it [was] unclear what transpired once the mask was given to [the dealer]."

The court ruled in favor of Brown on her claims of fraud, negligent misrepresentation and negligence.

Judge Conner noted that Brown "credibly testified" that Stinson assured her she would not lose her initial investment. However, Stinson admitted that he knew or should have known the investment involved substantial risk, and represented that African art was a safe investment either knowingly or recklessly disregarding that it was not. Stinson also recklessly represented that African art would yield "an exorbitant rate of return," stated the court. Stinson had no expertise in the African art market, and knew of no one who had achieved such a return.

Stinson testified that he intended Brown to act on his advice. Furthermore, the facts showed that Brown relied on Stinson's statements by purchasing the mask and that the advice caused Brown to lose \$10,000.

In finding that Stinson also was liable for negligent misrepresentation, the court observed that Stinson made statements as to the safety and expected return on the investment with "no reasonable basis for believing that

his statements were true and, as he intended, [Brown] relied on his advice." The relationship between the parties, although "a bit mysterious," demonstrated a high degree of trust between Brown and Stinson. The court stated that the reasonable expectations of the parties was sufficient to create a duty to speak with care, and that Stinson breached this duty.

Brown also was entitled to recover for Stinson's negligent behavior with respect to the implementation of the transaction. Stinson's participation in the transaction was a sufficient undertaking to create a duty to execute the transaction with care, stated Judge Conner, but Stinson paid \$10,000 for a mask whose retail value was not more than \$6,000; took no invoice or receipt to memorialize the transaction at the time of the sale; returned the mask to the art dealer, taking only a backdated invoice of the original purchase as a receipt; and made no contract or consignment agreement with the dealer to secure

Brown's interest in the mask, although Stinson knew that the dealer was planning to take the mask out of the country.

The court, finding that Stinson's execution of the transaction was grossly negligent and also breached his duty to Brown as her gratuitous bailee, awarded Brown \$10,000, plus pre-judgment interest in the amount of about \$12,000.

Brown v. Stinson, 821 F.Supp. 910, 1993 U.S.Dist. LEXIS 6921 (S.D.N.Y. 1993) [ELR 15:10:26]

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### **Antitrust/Daily Racing Form.**

In April 1991, The Racing Times began publication and apparently became the sole competitor to The Daily Racing Form. Robert Diskin claimed that The Racing

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Form "agreed, combined or conspired" with others to insure that the Times would not continue publication. In February 1992, The Racing Times ceased publication, and The Racing Form allegedly acquired its key assets, including its database of racing past performances. The Racing Form then increased its price from \$2.50 to \$2.85.

Diskin, on behalf of himself and others similarly situated, sued The Racing Form, claiming antitrust violations arising from the purchase of assets and a resulting increase in the subscription price of the newspaper.

A Federal District Court in New York denied The Racing Form's motion to dismiss on the basis that Diskin was an "indirect purchaser" who was barred from recovering under Section 4 of the Clayton Act. The general rule, stated Judge Michael B. Mukasey, is that "courts will not allow damage actions under the federal antitrust laws by 'indirect purchasers' - those who buy an illegally

monopolized or cartelized product or service through the agency of a dealer, distributor, or some other independent reseller who was not a participant in the antitrust violation." The court found that the question of whether Diskin bought The Racing Form directly from Daily Racing Form, Inc., rather than from wholesalers of the publication, would have to be determined by discovery.

Diskin v. Daily Racing Form, Inc., 1993 U.S. Dist. LEXIS 5841 (S.D.N.Y. 1993) [ELR 15:10:27]

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### **Satellite Dish/Preemption.**

Joseph A. Carino installed a satellite dish antenna in his backyard in the Town of Deerfield, New York in violation of a town zoning ordinance. The challenged ordinance, in part, prohibited the installation of satellite

dish antennas on residential lots of less than one-half acre.

After various proceedings, the Federal Communications Commission, in response to Carino's petition for a declaratory ruling, found that the Deerfield ordinance was preempted by a Commission regulation.

Judge Amalya L. Kearse reviewed Carino's lawsuits in state and federal courts, and then considered Deerfield's argument that the FCC was required to give res judicata and collateral estoppel effects to the judgments entered in the town's favor against Carino. The court stated that a judgment entered by an Article III court having jurisdiction to enter that judgment is not subject to review by a different branch of the government. The FCC had "no power to review, alter or prevent enforcement of the judgment of an Article III court" and the court, accordingly, reversed the Commission's order.

Town of Deerfield v. Federal Communications Commission, 992 F.2d 420, 1993 U.S.App. LEXIS 9868 (2d Cir. 1993) [ELR 15:10:27]

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### **"Magic" Johnson Action.**

As reported at ELR 15:7:14, Waymer Moore alleged that Earvin "Magic" Johnson, Jr. wrongfully transmitted the HIV virus to her through consensual sexual contact. A Federal District Court in Michigan issued various rulings.

In July 1993, the court granted Johnson's motion to dismiss alleging, on behalf of Moore's infant daughter, a claim for intentional infliction of emotional distress.

Judge Richard A. Enslin rejected the claim because the child was not present at the time when Johnson's alleged negligent or reckless act occurred. Moore argued

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that the child did not need to be present because Johnson intended to harm the child by injuring Moore. The court rejected Moore's attempt "to masquerade a bystander liability claim as a general emotional distress claim."

In December 1993, it was reported that the court, at the request of Johnson and Moore, dismissed Moore's lawsuit. Judge Enslin did not disclose a reason for the dismissal.

Moore v. Johnson, 826 F.Supp. 1106, 1993 U.S. Dist. LEXIS 10468 (W.D.Mich. 1993) [ELR 15:10:28]

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## **Unemployment Insurance.**

The New York Unemployment Insurance Appeal Board ruled that Terry J.Rohnke was disqualified from

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receiving unemployment insurance benefits because his employment was terminated due to misconduct.

Rohnke had worked for the unidentified employer for 24 years in various positions, but was discharged for his alleged involvement in the planning and/or implementation of the electronic surveillance of models who were appearing on a morning TV talk show that he directed.

A New York appellate court found that substantial evidence supported the Board's determination that Rohnke lost his employment due to misconduct.

In the Matter of the Claim of Terry J. Rohnke, 596 N.Y.S.2d 494, 1993 N.Y.App.Div.LEXIS 3787 (N.Y.App. 1993) [ELR 15:10:28]

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**Skier Injury.**

A Federal District Court in Vermont has granted Snowridge, Inc.'s motion for summary judgment in an action brought by Joanne Nelson for severe injuries sustained in an accident she had while skiing at Sugarbush Resort in 1991.

Sugarbush argued that it was not liable for Nelson's injuries because, as a matter of law, the skier accepted a risk inherent in the sport of skiing - that of falling on an icy expert trail and colliding with a natural object. Under Vermont law, "a person who takes part in any sport accepts as a matter of law the dangers that inhere therein insofar as they are obvious and necessary." Chief Judge Parker stated that the law was specifically enacted with injuries at ski areas in mind.

The court then found that no reasonable person could fail to immediately conclude that ice is "a necessary and obvious danger" of skiing in Vermont. Nelson was an experienced skier who had encountered ice before and

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realized the difficulties involved, particularly on a double black diamond trail.

Sugarbush had no duty to warn Nelson and its other patrons of the icy conditions of the trail or take any steps to eliminate the ice, concluded the court in granting summary judgment to the resort operator.

Nelson v. Snowridge, Inc., 818 F.Supp. 80, 1993 U.S. Dist. LEXIS 4990 (D.Vermont 1993) [ELR 15:10:28]

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### **Americans with Disabilities Act.**

Richard B. Treanor wrote a book on the history of civil rights for disabled people. The disabled author claimed that the Washington Post's refusal to review his book



constituted discrimination banned by the Americans with Disabilities Act.

A Federal District court has dismissed Treanor's complaint, finding that newspaper columns are not "public accommodations" within the meaning of the statute.

Treanor v. The Washington Post Company, 826 F.Supp. 568, 1993 U.S. Dist. LEXIS 10389 (D.D.C. 1993) [ELR 15:10:28]

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### **Previously Reported:**

The Federal Court of Appeals decision in Edge Broadcasting Co. v. United States (ELR 15:2:28) has been published at 5 F.3d 59, 1993 U.S.App. LEXIS 21983 (4th Cir. 1992). In June 1993, the United States Supreme Court reversed the decision (ELR 15:6:7), finding

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that federal restrictions on lottery advertising did not violate the First Amendment. In August 1993, the Court of Appeals, at 5 F.3d 63 (4th Cir. 1993) issued an order remanding the matter to the District Court for action consistent with the decision of the Supreme Court.

The correct cite for the decision in *Block v. First Blood Associates* is 988 F.2d 344, 1993 U.S.App. LEXIS 4852 (2d Cir. 1993).

The United States Supreme Court has denied the petition for writ of certiorari in *Marino v. Writers Guild of America, East, Inc.* (ELR 15:6:5).

The case of *Cinemateca Uruguay v. The Academy of Motion Picture Arts and Sciences* (ELR 15:8:7) has been published at 826 F.Supp. 323.

[ELR 15:10:28]

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## DEPARTMENTS

### **In the Law Reviews:**

Comm/Ent, Hastings Communications and Entertainment Law Journal, has published Volume 15, Number 4 with the following articles and California Art Legislation Goes Federal: American Association of Law Schools Art Law Section Symposium:

Why Can't I Watch This Video Here?: Copyright Confusion and Performances of Videocassettes and Videodiscs in Libraries by J. Wesley Cochran, 15 Comm/Ent 837 (1993)

California Art Legislation Goes Federal: Progress in the Protection of Artists' Rights by Thomas M. Goetzl, 15 Comm/Ent 893 (1993)

What's Wrong With VARA: A Critique of Federal Moral Rights by Peter H. Karlen, 15 Comm/Ent 905 (1993)

Moral Rights and Real Life Artists by Peter H. Karlen, 15 Comm/Ent 929 (1993)

A Comparison of State and Federal Moral Rights Protection: Are Artists Better Off After VARA? by Edward J. Damich, 15 Comm/Ent 953 (1993)

Droit de Suite: The Artist's Right to a Resale Royalty by Marilyn J. Kretsinger, 15 Comm/Ent 967 (1993)

California Arts Legislation Goes Federal by Richard Mayer, 15 Comm/Ent 981 (1993)

Creators Caught in the Middle: Visual Artists Rights Act Preemption of State Moral Rights Laws by Joshua H. Brown, 15 Comm/Ent 1003 (1993)

Networking Software Copyrights and the Semiconductor Chip Protection Act: A Study of Legal Protection for Application Specific Circuit Technology by Leland S. Paynter, 27 Indiana Law Review 415 (1993)

Assessing the Role of Local Television News in Elections: Stimulating Involvement or Indifference by Phyllis Kaniss, 11 Yale Law & Policy Review 433 (1993)  
[ELR 15:10:30]