LEGAL AFFAIRS

Future Technology Clauses and Future Technologies Legal Roadblocks to New Media Uses Along the Information Super Highway

by Alex Alben

I. The Promise

While spellbinding audiences with a grand vision of future forms of home entertainment, preachers of the coming age of New Media and the Information Super Highway make a dangerous assumption. Their vision embraces the notion that motion pictures, television programs, records, and other audiovisual works will be digitized, stored on video servers connected to fiber optic

networks, and accessed on demand when a viewer pushes a remote control button operating the set top box of a home television monitor or personal computer. We've been led to believe that ordering "Butch Cassidy and The Sundance Kid" at 9:16 p.m. on a Friday evening will be as convenient as ordering a Domino's pizza. (Actually, even more so, as the delivery time will be on the order of one to five minutes in the ultimate Video On Demand universe.)

The same bold promises extend to the creation of New Media products, such as CD-ROM applications of books, plays, great works of art, rock videos and practically anything else that can be captured in a visual or audio format, digitized and pressed onto a polycarbonate disk.

The dangerous flaw in this grand vision is that the content owners of films or other media products may not possess the legal rights to deliver their content by new

means or in new forms such as CD-ROM's. Companies that were deeded "all rights" to a work will be surprised to discover that rights to subsequently invented media were not acquired. Even where the author of the original work intended to grant to the buyer the right to exploit the work in all future forms, American courts have frequently concluded that no valid grant of rights to future media was made.

This article explores the legal hurdles that media companies and other content owners will have to overcome in exploiting new applications of content acquired or produced before the new technologies were invented.

The limitations in foreign markets are three-fold: (1) Major European countries do not recognize the equivalent of the U.S. Copyright Act's Work For Hire doctrine n1 and therefore "authors" of the original work must be identified and compensated for new media uses; (1) The duration of copyright protection in most foreign

countries differs from the term of protection under the Copyright Act, especially with respect to American works created prior to 1978; and (3) Specific European statutes vitiate the effect of Future Technology clauses designed to give the buyer of a copyrighted work the right to exploit that work in new media.

At home, American courts have reached strikingly different results when applying Future Technology clauses. A Future Technology clause is generally an unequivocal contractual provision allowing a copyright buyer or licensee to exploit a work in "all media now known or hereafter conceived or created." Despite this expansive language, many courts have interpreted such Future Technology language very narrowly and have limited distribution rights to those means of distribution that existed at the time of the grant of rights. In other cases, absent Future Technology clauses, judges have decided that the creation of a new technology was foreseeable

and that the copyright buyer had the right to exploit the purchased content in ways that did not exist at the time the rights were purchased.

How do we explain these disparate approaches of American courts to the problem of new uses for old content? This article suggests that contract language and the presence or absence of Future Technology clauses is not as important as the type of new use that is contemplated. Extensions of technologies that only represent an evolution of an existing distribution method -- such as the addition of soundtracks to motion pictures -- have generally been held by the courts to be encompassed in the grant of rights to make the original product. On the other hand, technological developments that require new consumer behavior -- such as porting content from theatrical distribution to video cassettes for home viewing -- are rarely allowed by courts without new compensation to the authors of the underlying works. Based on the

subtext of these court cases, Section III of this article includes a chart indicating which technologies courts treat as "extensions" and which are treated as "new means of exhibition."

What does this portend for the brave new world of Video On Demand? n2 Section IV of this article suggests that Video On Demand is more analogous to home video cassette viewing than to broadcast television. If this analysis is correct, owners of "television viewing" or "television broadcast rights" or even "cable television" rights should not automatically assume that they have the right to exploit their content on the high bandwidth cable and telephone fiber optic systems that will form the backbone of the Video On Demand industry as it is currently envisioned.

II. The Problems

A. The Situation Abroad

1. American Notions of Work For Hire Apply In Few Foreign Countries

The fateful assumption by owners of libraries of copyrights -- Twentieth Century Fox in the case of the motion picture "Butch Cassidy," for example -- is that they own distribution rights to their copyrighted works in New Media and new transmission methods of motion pictures over the fiber optic super highway. Most media works result from the collective efforts of writers and artists, and in the case of complex works such as motion pictures, directors, musicians and producers. Only if all collaborators entered into contracts expressly stating that the fruit of their labor was a "work for hire" and the studio was the "author" of the work for all purposes under the law, would the Work For Hire doctrine enable

the legal author (Fox, in our example) to distribute the work in a medium that did not exist at the time of the creation of the work.

The problem is that very few collaborative efforts such as motion pictures are fully covered by the Work For Hire doctrine. Motion pictures will typically incorporate a musical score, works of art, film clips and perhaps even an underlying literary work that was only licensed for film distribution and not created for the studio as a Work For Hire. Whether the screenplay was written as a Work For Hire or whether it was an original screenplay acquired through a literary purchase agreement is a key variable. In distributing motion pictures by Video On Demand, studios may be able to work around this problem by deleting original score or editing a scene containing a recognizable painting, if such elements were merely licensed for theatrical distribution.

Even if the studio has successfully managed to bring all of the creators of a motion picture under the umbrella of the Work For Hire doctrine, its ownership of the work and ability to exploit it in New Media may not apply to certain foreign jurisdictions -- particularly in certain Western European nations -- where the Work for Hire doctrine is not recognized and courts have applied different theories of authorship than dictated by American law. European courts following notions of authorship married with moral rights, such as the French jurists in the Asphalt Jungle colorization case, n3 may require consent and compensation to a cinematographer of a film, if a segment of that film is to be recreated by the studio and distributed in France in a CD-ROM format. Applying moral rights principles, Continental courts may recognize the writer, director, cinematographer and composer of the musical score each as "authors" of a

motion picture and require the fresh consent of each for distribution of that picture in new media.

As overseas markets now generate approximately 60% of theatrical and 50% of home video revenue for American films n4 (and similar shares of revenue for American music), the issue of authorship and the monetary consequences to American producers is no longer an arcane matter for copyright scholars. Given the magnitude of foreign revenue, these rights issues could well determine a work's profitability and shape the decisions of American producers as to which projects they should greenlight for production.

In deference to our European friends, the film industries of France and Italy spring from a tradition where the individuals often served multiple functions of writer, director, cinematographer and perhaps even editor and actor in the work he or she created. The careers of Truffaut and Fellini illustrate this point. Even where such

auteurs worked with other writers and musicians, prominent European directors to this day exercise far more control over their work -- both creatively and economically -- than directors working for American production companies. The smaller budget films produced in Europe coincide with the legal perspective that an artistic work is an extension of the author's "personality" and that such personal rights cannot be waived n5 (or embodied in a "Work For Hire") any more than an artist could grant the right to his progeny to a third party. Contrast the American studio model, where substantial studio financing is required to assemble a team of producers, special effects artists and filmmakers. In the Studio Model, the end product is truly collaborative and the idea that a corporation could be the "author" of the work is not so strange nor unpalatable.

2. The Rule of the Shorter Term Will Frequently Cut Short Protection for a U.S. Work, Even When That Work Is Still Protected Under U.S. Law

Continental law may limit the right of American companies to exploit their works in Europe in two basic ways. First, differing copyright terms, especially with respect to American works created prior to January 1, 1978, may shorten an American company's ability to exploit a work in Europe (and many other foreign countries) if that work has fallen into the public domain in a particular country, even if that work is still protected under American Copyright law. Under the Copyright Act, works originating in America are protectible for up to 75 years from publication, assuming timely renewal registrations have been made. n6 For example, Hemingway's A Farewell To Arms will be protected for 75 years after 1925 (its date of publication), with protection expiring in

the U.S. in the year 2000. However, most Berne Convention countries protect a work for 50 years after the death of the author (post mortem auctoris or "pma"). As Hemingway died in 1961, protection in Berne Convention countries for the book will extend until the year 2011. Yet, a court in the U.K. will apply Berne's Rule of the Shorter Term and only protect the book in the U.K. for the shorter copyright term -- in this case, the term in the U.S., ending in 2000. n7 Thus, Hemingway's estate and Warner Bros. Pictures (author of the 1932 film version of the book) will find that protection in Europe and other key Berne territories for their works will lapse much sooner than they expect, even though the U.S. is now a Berne signatory.

The lesson for U.S. copyright holders is that exclusive distribution rights may terminate more quickly in key foreign countries than they might otherwise assume. On a case by case basis, depending on the date of U.S.

publication and the date of the author's demise, lucrative revenue streams in certain countries may abruptly halt. Proactive American copyright owners would be wise to inventory their libraries with a view toward maximizing revenue overseas before their exclusive rights are "abruptly" cut off.

3. Some Important European Countries Explicitly Limit New Forms of Exploitation of Traditional Works

Even where U.S. and foreign copyright terms are contiguous -- or in those cases where the European term exceeds the American term of protection and the Rule of the Shorter Term is not applied -- U.S. copyright owners may not be able to port existing works into new formats or means of distribution that did not exist at the time they acquired rights in underlying works.

The classic example will unfold as follows: An American studio acquires "all rights in all media now known or hereinafter invented" in an underlying book, screenplay or musical score. Let's say this acquisition occurred in 1968, prior to the development of video cassettes, CD-ROM's and Video On Demand high band systems. When the American studio such as Fox in our "Butch Cassidy" example seeks to distribute the film in home video in Germany or in the Netherlands, a rude awakening awaits. For these countries have specific statutes instructing courts to construe "future technology" clauses as strictly as possible.

In the Netherlands, if a new mode of exploitation did not exist at the time of the grant of rights and was not reasonably foreseeable when the parties entered into their contract, the grantor of underlying rights (the author of the book and/or the screenwriter in this case) is entitled to new remuneration for exploitation of the

film in the newly invented format. n8 This result will ensue even if the author fully intended to allow Fox to enjoy all future possible streams of revenue from his work. The good news in the Netherlands is that courts won't enjoin exploitation of "Butch Cassidy," but will simply rule that Fox owes the author equitable remuneration based on the value of the work to the final product (the film). Such valuations, of course, can be terribly thorny problems.

The bad news in Germany is that if a new form of exploitation arises for a copyrighted work, authors may hold producers liable and enjoin further distribution. n9 Thus, screenwriters may prevent distribution in Germany if the new means of transmission -- home video -- did not exist when they originally granted their rights to studios to create films based on their underlying stories.

B. The Situation in the U.S.

1. A Copyright Owner's Ability to Exploit a Derivative Work in New Media Will Depend on Courts' Evaluations of the Grant of Rights From the Author of the Underlying Work

The discussion above focused on the "best case" analysis where an American company took the necessary steps to assure that the creators of a screenplay or motion picture created that work as a Work For Hire. Even here, the Rule of the Shorter Term and certain European statutes will operate to abruptly cut off the duration of copyright and the stream of francs, marks and lira, from abroad. The remainder of this article deals with the more frequent case of valuable works -- such as motion pictures -- which derive from prior copyrighted works. These are "derivative works" in copyright parlance. n10 When the owner of a derivative work wishes to exploit it in a new form that did not exist at the time it acquired

rights to the original copyrighted work upon which the derivative work was based, American courts have frequently determined that a new grant of rights from the author of the underlying work must be secured. Most often, such new grants of rights for new media will be accompanied by new monetary consideration. This has occurred, even where the grant of rights from author to producer was accompanied by a clear and expansive Future Technology clause.

Most motion pictures, television programs, record albums and multimedia works evolve from original works in older media. Surveying movies in release today, most derive from books, original screenplays, theatrical plays or, increasingly, from previous motion pictures. Studios acquire the right to produce and distribute motion pictures based on the older works from the copyright owners of those works. Therein lies the rub. Frequently, even the most broadly drafted grants of rights are not

sufficient to enable a studio to distribute a motion picture in a medium that did not exist at the time the grant of rights was made.

Let's assume that when Melissa Mathison granted Universal the rights in her original screenplay "E.T." she probably granted "all rights" to Universal, including every conceivable existing means of distribution of motion pictures -- theatrical, television and non-theatrical. Still, the motion picture "E.T." is a derivative work of the original screenplay. To assure that the studio had acquired all economically meaningful rights from Mathison, a bright studio lawyer may have even added contractual language that Mathison granted to Universal the right to exploit her screenplay "in every media or by every means of distribution now known or hereinafter devised." But would such a Future Technology clause enable Universal to exploit "E.T." as a CD-ROM or by Video On Demand? After all, these technologies were

barely a glimmer in John Malone's eye in 1982 when Universal released the film.

2. Decisions Involving Future Technology Clauses have Split on Allowing the New Application

While not an exhaustive survey of all decisions interpreting Future Technology clauses, the cases discussed below indicate the dramatic chasm between different court's interpretations of very similar contractual language. Not surprisingly, the advent of home video and the huge revenues generated for the owners of motion picture copyrights (even after the unfavorable result of the Sony Betamax n11 case) led to a deluge of litigation over whether grants of rights for theatrical or television exhibition included the new means of distribution represented by the VCR and home video cassettes.

Where a court scrutinized a grant of motion picture distribution rights to films "by any present or future methods or means" and "by any means now known or unknown," the court in Rooney v. Columbia Pictures Industries n12 determined that the studio had the right to distribute pre-1960 films in home video without additional compensation to the licenser of those film rights. Focusing on the Future Technology language, the court wrote: "The contracts in question gave defendants extremely broad rights in the distribution and exhibition of the pre-1960 films, plainly intending that such rights would be without limitation unless otherwise specified and further indicating that future technological advances in methods of reproduction, transmission and exhibition would inure to the benefit of defendants." n13

Future Technology language was also held to allow a motion picture producer to include a musical recording in the videocassette form of its film where the

synchronization license at issue gave them the right to "exhibit, distribute, exploit, market, and perform" the musical work "perpetually throughout the world by any means or methods now or hereafter known." n14 Thus, in that case, Platinum Record Co. v. Lucasfilm, Ltd., the court found the broad grant of general rights allowed for the distribution by means of home video.

With respect to the grant of rights in a film clip, a recent case held that a license allowing the producers to use a clip of the artist James Brown in the theatrical version of "The Commitments" also allowed them to use the clip in the videocassette version of the film due to a grant of perpetual rights to exhibit "all or any portion" of the film "in and by all media and means whatsoever." n15

Yet even stronger Future Technology clauses have yielded opposite results. When the producers of the Beatle's motion picture "Yellow Submarine" granted

distribution rights to United Artists, the contract provided: "The rights herein granted . . . shall include all so-called `theatrical' rights in the Picture . . . and shall also include the right to [do] . . . and [to] authorize and license others to project, exhibit, reproduce, transmit and perform the Picture and prints and trailers thereof by television and by any other technological, mechanical or electronic means, method or device now known or hereafter conceived or created." n16

One can hardly imagine a broader Future Technology clause, yet the court in Subafilms, Ltd. v. MGM/UA Home Video, Inc., determined that the successor company of United Artists and its licensee did not have the right to distribute the picture in the home video market. The judges found other contractual language regarding the scope of the granted distribution rights to be confusing and admitted parole evidence to discern the general intent of the parties at the time the contract was reached.

n17 As the contract was made in 1966, it shouldn't have surprised the court that the producers submitted testimony that their intent when they made the distribution deal was to limit the grant of rights to television and theatrical distribution and they did not dream of including a new application such as home video. The court left the door open that home video might have been encompassed in "non-theatrical rights," but these rights were deleted from the contract. n18 Subafilms signifies that once a court looks beyond the four corners of the contract, Future Technology clauses are doomed to fail.

Another broad Future Technology clause, allowing the licensee to distribute films "for broadcasting by television or any other similar device now known or hereafter to be made known" was held not to allow home video distribution. n19 Why? The court in Tele-Pac, Inc. v. Grainger reasoned that broadcast television must originate outside the home and that a VCR was not a "similar

device" to a television set. n20 An analysis of consumer behavior comes into play here, even though the contractual language suggests that the court should simply determine whether television devices existing prior to 1980 fall within the same basic technology as the home video distribution allowed by the advent of the VCR.

3. The Presence of a Reserved Rights Clause Will Prevent a New Use

In contrast to the unpredictable behavior of American courts called upon to apply Future Technology clauses to situations where a licensee has gone ahead and made a new application of a copyrighted work, courts will almost certainly construe Reserved Rights clauses to work against licensees in new technology cases.

Cohen v. Paramount n21 represents the most prominent example of a court using a Reserved Rights clause

to prevent a new use. The case involved Paramount's desire to distribute video cassettes under a television rights grant made in 1969, well before the commercial debut of the VCR. While the contract allowed Paramount as licensee to distribute the film "by means of television," the contract also contained the following explicit reservation to the licenser: "all rights and uses in and to said musical composition, except those herein granted." n22 Thus, the judges ruled against Paramount.

Significantly, the Ninth Circuit took the time to explain that they viewed "television exhibition" to be a different medium than exhibition by means of videocassettes. The court pointed out the following differences between the two modes of distribution of films: (1) Broadcast TV requires a network or stations for transmission of a signal into the home; (2) the network controls the choice of content, not the user as is the case with a VCR; (3) VCR's allow replay of content, whereas TV signals are

ephemeral; (4) a videocassette does not require a standard TV set capable of receiving an outside signal, only a monitor connected to a VCR. n23

Where a Reserved Rights clause specified that "all" television rights to a work licensed for film distribution were reserved, a New York court had no difficulty finding that the producer had to deal with the author again if it wished to broadcast the film on television. n24

4. In the Absence of Future Technology or Reserved Rights Clauses, Courts Look to the General Intent of the Parties. These Cases Go Both for and Against Allowing New Applications of Old Content

Where a court has neither a Future Technology clause nor a Reserved Rights clause to interpret, copyright scholars have suggested that a preferred approach would be to identify which uses that post-date the grant of

rights would "reasonably be said to fall within the medium as described in the license." n25 However, many others have applied the approach that a court only extend a license to those uses that "fall within the unambiguous core meaning" of the definition of the rights granted. n26 Yet does a VCR reasonably fall within the medium of theatrical or television exhibition? Is this truer in 1994 than in 1964? Is cable television distribution included in the "core meaning" of television exhibition? As technology advances, either incrementally or by leaps, the slippery standards offered in both these approaches tend to ultimately depend on the judge's perspective on the specific technology at issue and perhaps even upon that judge's attitude toward technological change.

Certainly, much of the outcome of the Sony Betamax case rested on the nine Supreme Court justices' understanding of how Americans used their VCR's. The five

justices voting in the majority after rehearing the case revealed that they thought most people primary used VCR's for "time shifting." n27 A viewer's mere delay of a few hours in watching a taped program, which was then presumably erased, did not strike the Court as extremely serious. This conception of VCR use has far less profound copyright implications than a consumer's use of the VCR to tape programs off the air and build a multi-title library of tapes that he uses again and again, for family and friends, with no additional compensation flowing to the owner of the content or to the artists whose performances are embodied in the programs. Attorneys for the content holders in the case took pains to revise the 1978 data originally submitted to the court -- when "time shifting" was more prevalent relative to the creation of video libraries by consumers -- in their Petition for Rehearing of the case filed in 1984. n28 They pointed out that the number of VCR's sold had jumped

from 800,000 in 1978 to over 10 million within six years and that new machines allowed for commercial-skipping, but the Court apparently was not moved by this new data. n29 However, when a court is asked to determine the general intent of a grant of rights after a profound technological shift has occurred, it is only natural for judges to apply their personal perspective on how a new technology is used. Few courts take the pains of the Ninth Circuit in Cohen v. Paramount to describe the differences between technologies. In Sony Betamax and in many of the cases discussed below, the silent factor of the judge's personal perspective on technology may have tipped the scales.

The following groups of cases have dealt with the issue of whether grants of rights can be extended to new technological applications by assessing the "general intent" of the parties.

a. Silent Pictures to Talking Pictures

Generally, even absent a Future Technology clause, courts have decided that the copyright owner of a silent film can add a soundtrack to that film without securing new rights from the author of the underlying dramatic work. In Murphy v. Warner Bros. Pictures, Inc., n30 a grant of "complete and entire" film rights was ruled to include the later-developed sound technology and similar results were reached in other cases from the era of 1930-51, when this question arose. In one 1933 New York case, however, the court held that sound rights had been acquired by virtue of a grant of "dramatic (speaking stage) rights" and not from separate language granting "motion picture" rights. n31

This logical result flows from the fact that the motion picture exhibition business did not appreciably change with the advent of talking pictures. Audiences

appreciated the novelty of Al Jolsen singing in "The Jazz Singer," but the patterns of theatrical distribution and consumer behavior were not radically altered. In fact, one can argue that the newly added soundtrack to the film image component of the celluloid simply replaced the live piano or orchestral music provided by theater owners in the "silent" era.

b. Film Distribution to Television Distribution

The creation of broadcast television represented a more dramatic technological advance than the advent of talking pictures and, not surprisingly, courts have divided over whether "television exhibition" rights were included in contracts granting motion picture rights.

In one group of cases, courts have determined that language granting "the right to . . . exhibit" was sufficient to confer television broadcast rights. n32 In a later

decision, after the establishment of television as a dominant means of communication in the United States, a producer with the contractual right to produce "motion pictures" was allowed to create a movie for television as opposed to a film to be initially exhibited in theaters. n33

Yet numerous decisions have held that the parties did not intend "motion picture rights" to apply to the new medium of television. In Ettore v. Philco Television Broadcasting Corp., for instance, the court determined that a prize fighter who granted film rights to a boxing match did not intend to allow for broadcast of that contest on commercial television. n34 Construing specific language of a grant "to project, transmit and otherwise reproduce" a musical play "by the art of cinematography or any process analogous thereto" the court in Bartsch v. Metro-Goldwyn-Mayer, Inc. held that this provision did not to include a grant to exhibit the play on "live"

television. n35 Similarly, courts have uniformly ruled that television exhibition is not included in grants of "non-theatrical" rights. n36

c. Film and Television Distribution to Home Video Distribution

The whimsical monkey "Curious George" provides us with a poignant example of how home video rights can be denied to licensees who thought they had secured such rights under contract. In 1977, Margret Rey, the surviving author of the Curious George books, granted a Canadian company a license to produce and televise 104 animated episodes of her mischievous monkey "for television viewing." n37 Due to various business setbacks and a convoluted group of licenses, only 34 animated episodes were eventually produced. The licensees granted video distribution rights to Sony Corporation in

1983. Did the contemplated use of "television viewing" extend to home video?

The district court determined that home video technology probably did not exist at the time of the original license and the appellate court agreed that "it must be inferred that the parties did not specifically contemplate television `viewing' of the `Curious George' films in videocassette form at the time [the original license] was signed." n38 After a valuable discussion of Future Technology clauses (not at issue here) and the problem of divining the parties' general intent with respect to new technologies, the court concluded that "television viewing" and "videocassette viewing" were not coextensive terms and that Mrs. Rey did not agree to license video rights under the original grant. n39 Thus, Curious George prevailed against those who would capture and exploit his image in a manner frowned upon by his owner (Mrs. Rey, not the Man in the Yellow Hat).

The problem in these cases, as Nimmer points out, is not that the grant of rights hides an intent with respect applications not yet invented, but that the parties simply have no intent regarding later developed technologies. n40 While some courts have proclaimed that if a "disputed use was not invented when the parties signed their agreement, that use is not permitted under contract," n41 others have sought to determine whether a particular new use could reasonably fall within the medium that is the subject of the grant of rights. n42

In contrast to the finding in the "Curious George" case, when ABKCO Music conveyed "all rights" to certain songs under a 1966 contract, a New York court recently determined that videocassette rights were thereby conveyed. n43 The court distinguished a 1933 case where it was held that a 1921 agreement regarding a stage play did not convey rights to sound motion pictures, which did not exist at the time. n44 The court reasoned that in

1966 the parties to the agreement selling the rights in the songs were fully aware of the pace of technological change in the music business, whereas in 1921, the party selling the stage play rights could not have anticipated the invention of sound motion pictures. n45 In other words, a song publisher in the mid-1960's is viewed to be more in tune with the changing technology of the television era (although VCR's did not debut for another decade), than a party in the early 1920's, who is not expected to anticipate the transition from silent to talking films. "The allocation of the risks and rewards of unforeseen `new uses' to one party or another," the court reasoned, is an "issue of policy which it is the responsibility of the courts to decide." n46

But should courts really be taking it upon themselves to go beyond applying the law and settling questions of "policy" in this area? While the judge here may have fairly concluded that when ABKCO conveyed "all

rights" that home video reasonably fell within the medium described in the license, does it follow that modern Americans who read Time Magazine's coverage of the Information Super Highway should be held to be fully conversant with the pace of technological change when they grant rights to their copyrighted works?

For copyright owners who wish to exploit their works in ways not invented at the time they acquired their rights, the legal landscape could not be more confusing. Where contracts contain explicit Future Technology clauses, home video rights are denied. Where contracts are silent and the new application is invented two decades after the fact, new uses are allowed. As most copyright owners are risk averse, the climate for use of legally questionable content in new media such as CD-ROM and VOD is stormy at best.

III. A Better Framework for Understanding these Confusing New Technology Cases -- Does the New Application Represent an Extension of Technology or the Creation of a New Medium?

After analyzing the confused legal landscape, perhaps we can find more comfort in a chart that attempts to distinguish between technologies that are "extensions" of distribution systems and breakthrough technologies that create new means of distribution and new economic markets. This chart is intended to delineate logical patterns, not to predict the behavior of judges ruling on these issues.

[Chart]

Silent Film to Talking Pictures
= Extension of existing technology.

Rationale: The advent of sound did not change the distribution pattern of films or the expectation of the parties granting the rights to create silent films.

Authority: See cases in II.B.4.a. of this article.

Television Broadcast to Cable TV Distribution
= Extension of existing technology.

Rationale: As there's very little change in consumer behavior and cable owners must carry broadcast signals (until recently), courts should allow for content

to be distributed via cable if secured under a broad "all forms of television" license.

Phono Records to Audio Cassettes to CD Audio
= Extension of existing technology.

Rationale: Even though the digital technology of the CD Audio disk significantly differs from analog records and tapes, the similarity of consumer behavior and the identical means of distribution here argues for an "extension of existing technology."

Theatrical Distribution to Traditional Television
= New means of distribution.

Rationale: Free broadcast TV created a new economic market and therefore should be considered new technology, unless a TV-era grant gives the producer

the right to produce a motion picture without requiring initial distribution in theaters. With increasing "made for cable" pictures, contracts are becoming more specific as to initial means of distribution.

Authority: See cases in part II.B.4.b. of this article.

Theatrical Distribution to Home Video
= New means of distribution.

Rationale: Home video created a new economic market for films and has generated huge revenues for studios. The creation of release "windows" and "made for video" titles also indicate that home video should be treated as a new technology.

Authority: See cases in part II.B.4.c. of this article.

Television Rights to Home Video

= New Means of distribution.

Rationale: Home video changed consumer behavior with respect to television viewing. The ability to create libraries, time-shift and to delete commercials argues for a view of home video as a new technology.

Authority: See cases in part II.B.4.c. of this article.

Television Rights (broadcast and cable) to Video On Demand = ?

Rationale: See part IV of this article, below.

Home Video to Video On Demand = ?

Rationale: See part IV of this article, below.

IV. How Will Courts Treat Video on Demand?

Technology is allowing previously distinct media to merge. The CD-ROM combines text, video, audio and graphics. Video On Demand will combine aspects of home use, pay-per-view television and traditional broadcast television. A grant of rights in one media will not necessarily allow the copyright owner to port the content to the new application without securing a new grant of rights from the creator of the underlying copyrighted work.

How will courts treat Video On Demand? At first blush, programming distributed by a cable company to a home monitor may seem like an extension of broadcast and cable television. Yet several factors argue against this view. First, the presence of a TV set surely isn't dispositive of the question, as a video monitor or personal computer screen may replace the TV as the site for home viewing. Secondly, VOD allows the viewer, not

CBS or HBO, to schedule programming on an appointment basis or "on demand." Finally, VOD will most likely create a new economic market that competes with broadcast and cable television in systems where they will reside together. These factors suggest that VOD is more like home video than television and as a consequence courts may be more likely to conclude that grants of home video rights confer VOD rights, whereas grants of television rights do not confer VOD distribution rights.

In any event, the presence of a Future Technology clause will probably not be dispositive of the issue. My only practice tip would be to negotiate a Future Technology clause that not only makes reference to new media or devices "now known or hereinafter invented," but adds a clause that the grantor "intends to convey the full economic benefit of all possible rights now known or hereinafter created" to the grantee. Of course, attorneys

who are persuasive enough to negotiate such clauses probably don't need to closely study copyright law.

V. Conclusion

The unwillingness of American courts to extend grants of rights to applications in new media will undoubtedly affect the development of new media distribution systems such as CD-ROM and Video On Demand. In my personal experience, when copyright answers are nebulous or an author holds out for too high a price, I will advise my company not to acquire such material and to choose a replacement. Owners of libraries of existing works, however, don't have this option. In some cases, porting films to VOD distribution will require the deletion of the musical score or perhaps a scene or two. In more serious cases, studios will find that they simply can't distribute a film via VOD unless they go back to

the author of the screenplay (if it wasn't a Work For Hire) or underlying novel and negotiate new compensation for a grant of rights applicable to this new media. Under another scenario, a studio that sold its film or television library to another company intending to convey all rights may find that it still enjoys distribution rights in new media. Does this represent an economic windfall to the studio or a fair result?

For media companies who expended millions of dollars to acquire literary rights and create audiovisual works only to find they can't exploit their creations in new media, this result will seem unfair. Nevertheless, this state of affairs reflects the underlying principle of American copyright law that an author should be compensated for the full economic value of his work as an incentive for the creation of new works. This principle manifests itself in other areas of copyright, such as the renewal term rights dispute adjudicated in the Rear Window n47 case.

In part, this economic incentive to authors is responsible for the rich proliferation of American music, film and television and the dominance of these works in the global market.

Historically, American courts have not been willing to expand grants of rights to newly created media, even in the presence of broad Future Technology clauses. While we face a brave new world of new media and means of delivering information to the consumer, we should bear in mind that enduring and old-fashioned notions of copyright law will continue to shape the future.

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NOTES

1. U.S. Copyright Act of 1976, 17 USCA sections 101-810. Pub.L. 94-553, Title I, section 101, Oct. 19, 1976, 90 Stat. 2541.

2. Video On Demand or "VOD." While "Video On Demand" is not a defined technical term, it is used in the article to mean any distribution system -- either fiber optic, coaxial hybrid or wireless -- whereby a digital electronic signal conveys information from a server located on a network to multiple end users, such as a home consumers. Generally, systems capable of transmitting high quality film images for display on a home monitor -- either television or personal computer -- are expected to have a bandwidth of at least one gigabyte of data. To store 500 films on one video server, it is estimated that a terabyte of memory will be required.

3. The case involves the heirs of John Huston, the director of "The Asphalt Jungle," as well as Ben Maddow, the screenwriter, bringing an action in France sounding in moral right to prevent the colorization of the film. The decision by the Court of Cassation allowed the writer and director to assert moral rights on the question of authorship in the face of contracts that ostensibly waived them. See Arret 861 P, Cass.civ., le ch., hearing May 28, 1991. For an excellent summary of this case, see "French High Court Remands Huston Colorization Case," by Paul Edward Geller, ELR 13:3:3, republished in New Matter (publication of the State Bar of California Intellectual Property Section), Vol. 16., No. 4.

4. Source: Paul Kagan Media Trends, 1993

5. Berne Convention (Paris text), art. 6bis(1); see also Gavin, Le Droit Moral de l'Auteur section 255 (1960). However, Nimmer points out that the Berne Convention

does not itself state that such rights cannot be waived. 2 Nimmer on Copyright section 8.21[A] fn.9.

6. U.S. Copyright Act, supra note 1, section 304.

7. Berne Convention (Paris text), art. 7(8).

8. Netherlands Act of May 30, 1985, amending the Copyright Act of 1912. For a fuller discussion, See Nimmer and Geller, International Copyright Law, Netherlands section 4 at 30-31.

9. German Copyright Act of September 9, 1965, as amended through March 7, 1990, Article 31(4). Interestingly, while one German court has held that a grant of motion pictures rights in 1968 did not include video cassette rights and was therefore not effective, another German court held that cable television distribution was not an unknown new method of use where broadcast rights had been granted. For a fuller discussion, See Nimmer and Geller, International Copyright Law, FRG section 4 at 53-54.

10. U.S. Copyright Act, supra note 1, section 101.

11. Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984). Herein referred to as the "Sony Betamax" case.

12. 538 F.Supp. 211 (S.D.N.Y. 1982), aff'd, 714 F.2d 117 (2d Cir. 1982), cert. denied, 460 U.S. 1084 (1983).

13. Id.

14. Platinum Record Co. v. Lucasfilm, Ltd., 566 F.Supp. 226 (D.N.J. 1983).

15. Brown v. Twentieth Century Fox Film Corp., 799 F.Supp. 166 (D.D.C. 1992).

16. Subafilms, Ltd. v. MGM/UA Home Video, Inc., 988 F.2d 122 (9th Cir. 1993)(Table), 1993 U.S.App.LEXIS 4068 (unpublished decision that may be cited to or by courts of the Ninth Circuit only as provided by Ninth Circuit rule).

17. Id. at 5 (LEXIS page cite).

18. Id. at 12 (LEXIS page cite).

19. Tele-Pac, Inc. v. Grainger, 168 A.D.2d 11, 570 N.Y.S.2d 521, appeal dismissed, 79 N.Y.2d 822, 580 N.Y.S. 2d 201, 588 N.E.2d 99 (1991).

20. Id., 570 N.Y.S.2d at 523.

21. Cohen v. Paramount Pictures Corp., 845 F.2d 851 (9th Cir. 1988).

22. Id. at 853.

23. Id. at 853-854.

24. Filmvideo Releasing Corp. v. Hastings, 446 F.Supp. 725 (S.D.N.Y. 1978).

25. 3 Nimmer on Copyright section 10.10(B) at 10-92.

26. Id. at 10-92.

27. Sony Corp. v. Universal City Studios, Inc., supra note 11, 464 U.S. at 421.

28. Sony Corp. v. Universal City Studios, Inc., supra note 11, Petition For Rehearing.

29. Sony Corp. v. Universal City Studios, Inc., supra note 11, Petition For Rehearing at 8.

30. Murphy v. Warner Bros. Pictures, Inc., 112 F.2d 746 (9th Cir. 1940). See also L.C. Page & Co. v. Fox Film Corp., 83 F.2d 196 (2d Cir. 1936); Rosenberg & Lesser v. Harold Bell Wright, 20 C.O. Bull. 599 (Cal.Sup.Ct. 1934); Macloon v. Vitagraph, Inc., 30 F.2d 634 (2d Cir. 1929); and G. Ricordi & Co. v. Paramount Pictures, Inc., 92 F. Supp 537 (S.D.N.Y. 1950).

31. Cinema Corp. of Am. v. DeMille, 149 Misc. 358, 267 N.Y.S. 327 (1933), aff'd, 240 App.Div. 879, 267 N.Y.S. 959 (1933).

32. Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150 (2d Cir. 1968), cert. denied, 393 U.S. 826 (1968).

33. Landon v. Twentieth Century-Fox Film Corp., 384 F.Supp. 450 (S.D.N.Y. 1974).

34. Ettore v. Philco Television Broadcasting Corp., 229 F.2d 481 (3d Cir. 1956).

35. Bartsch v. Metro-Goldwyn-Mayer, Inc., supra note 32.

36. 3 Nimmer on Copyright, section 10.10[B], fn. 13.

37. Rey v. Lafferty, 990 F.2d 1379, 1382 (1st Cir. 1993).

38. Id. at 1387.

39. Id. at 1390-91.

40. 3 Nimmer on Copyright, section 10-92.

41. Rey v. Lafferty, supra note 37, at 1388.

42. 3 Nimmer on Copyright, section 10-86, cited with approval in Rey v. Lafferty, supra note 37, at 1388, and in SAPC, Inc. v. Lotus Development Corp., 921 F.2d 360, 363 (1st Cir. 1990).

43. ABKCO Music Inc. v. Westminister Music Ltd., 838 F.Supp. 153 (S.D.N.Y. 1993). The court emphasized that ABKCO was a sophisticated music publishing company and that the proper analysis for such agreements should be: which party should reap the windfall associated with the new medium? Id. at 156

44. Id. at 156-157, citing Kirk La Shelle Co. v. Paul Armstrong Co., 263 N.Y. 79 (1933).

45. Id. at 156-157.

46. Id. at 156.

47. Stewart v. Abend, 110 S. Ct. 1750 (1990). The case determined that the producers of the motion picture "Rear Window" must compensate the assignee of the author of the underlying short story, who died in the first term of copyright. This result was particularly ironic, as Mr. Abend, who had acquired the rights, had no relationship to the author and his enrichment in this particular case did not serve the underlying principle of giving authors an incentive to create original works.
[ELR 15:12:3]

Parody and Fair Use:
2 Live Crew Meets the Supremes

by Julie J. Bisceglia

The Supreme Court's recent decision in Campbell v. Acuff-Rose Music, Inc., 62 U.S.L.W. 4169, 1994 U.S.LEXIS (March 7, 1994), puts its stamp of approval on a method of evaluating parody for copyright purposes that has been evolving over several decades. This is the only Supreme Court opinion on the subject of parody. (A prior parody case, Benny v. Loew's, Inc., 239 F.2d 532 (9th Cir. 1956), was affirmed without opinion in 1958 by an equally divided court.) It will, therefore, be the starting point for all discussions of parody in future litigation. For that reason alone, attorneys who practice in the entertainment area and their clients who are

creating or publishing parodies should understand precisely what the opinion does and does not do.

The case came before the Supreme Court on an appeal from an order granting defendants' summary judgment motion. Thus, although the defendants have won an important battle, they have not won the war. The case has been remanded to the district court for further proceedings.

Before discussing the disposition and the holding in detail, a brief history of the case will provide the necessary background. Acuff-Rose Music, Inc., is a well-known publisher of popular music, particularly country-western songs. It owns the copyright to the Roy Orbison 60s hit, "Pretty Woman." In 1989, the rap group 2 Live Crew informed Acuff-Rose that the group had written a "rap parody" of the song that they wanted to release on an album. They offered to credit the owners of the original

song and to pay the statutory fee for its use. Acuff-Rose declined.

Although Acuff-Rose refused permission, 2 Live Crew released their "Pretty Woman" song on their album "As Clean As They Wanna Be" anyway, giving credit to the original's authors and publisher. Acuff-Rose sued for copyright infringement. The district court in Tennessee granted summary judgment to 2 Live Crew on fair use grounds as set forth in 17 U.S.C. section 107, specifically because the court believed that the rap song was a permissible parody of the original. Acuff-Rose Music, Inc. v. Campbell, 754 F. Supp. 1150 (M.D. Tenn. 1991).

The Sixth Circuit reversed and remanded. The appellate panel also used the four fair use factors found in Section 107, but came to the opposite conclusion. Relying heavily on Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417 (1984), it determined that

the 2 Live Crew song's "blatantly commercial purpose . . . prevents this parody from being a fair use." Acuff-Rose Music, Inc., v. Campbell, 972 F.2d 1429, 1438-39 (6th Cir. 1992). The Supreme Court granted certiorari to determine "whether 2 Live Crew's commercial parody could be a fair use."

Issues to be decided on remand

The Supreme Court reversed the Sixth Circuit and sent the case back to the district court for two determinations: (1) whether 2 Live Crew's repetition of the musical bass riff was excessive copying in light of the song's parodic purpose, and (2) whether 2 Live Crew's "Pretty Woman" parody harmed Acuff-Rose's derivative market for a non-parodic rap version of the original song. As to this last issue, the Court opined that, while there is no protectible derivative market for criticism, parodic or

otherwise, Acuff-Rose does have a protectible derivative market for non-parodic rap versions of its song. Neither side had presented any evidence to the trial court on this issue.

Because this case went up on summary judgment, on remand the trial court will examine these issues to determine whether they can be decided as a matter of law, or whether they involve genuine issues of material fact. Defendants carry the initial burden on both issues, since fair use is an affirmative defense.

Supreme Court's holding

At this point, it should be emphasized what the Supreme Court did not hold. The Court did not hold that 2 Live Crew's parody, or any parody, is automatically fair use. On the contrary, Justice Souter, writing for a unanimous Court, expressly stated that no such simplistic

assessment was possible. As in other situations where fair use is a defense, the parodist's work must be examined according to the four elements of Section 107. Where the Sixth Circuit erred, according to the Court, was to cut short this inquiry after determining that the parody was commercial in nature.

The Court did, however, extend parodists a helping hand in getting over the fair-use hurdles. The Court officially recognized that parodists need to imitate their sources closely, sometimes taking the "heart" of a work, in order to accomplish their purpose. Under other circumstances, this would almost certainly be infringing, unless the copyright owner gave permission; with a parodic purpose, however, it might be fair use. This holding greatly assists parodists, who might otherwise not pass muster on the third factor of the fair use test: the amount and substantiality of the taking. The Sixth Circuit, in fact, had determined that 2 Live Crew had

taken "the heart of the original and [made] it the heart of a new work." (972 F.2d at 1438.) This taking, in the Sixth Circuit's opinion, caused 2 Live Crew to fail the "amount and substantiality" portion of the fair use test.

The Court's opinion also disposes of the notion that a commercial parody can never be fair use, a notion that grows out of the first fair use element, the "purpose and character of the work." The Court has unequivocally ruled that the mere presence of a commercial motive for a parody does not preclude a fair use defense. This element has frequently caused problems, not just for parodists but also for other authors who have invoked the fair use defense, because of an unspoken assumption that work done for profit, instead of art for art's sake, is tainted or unworthy. Justice Souter dismissed this idea with a quotation from Samuel Johnson: "No man but a blockhead ever wrote, except for money."

But the Supreme Court's definition of the kind of parody that should evoke a more relaxed application of fair use does not include just any funny song. It requires "the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works." (Emphasis added.)

The Court underscored the importance of this factor in the evaluation of fair use for a parody:

"If . . . the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish) and other factors, like the extent of its commerciality, loom larger. Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on

its own two feet and so requires justification for the very act of borrowing."

Thus the crucial feature of a parody that may be entitled to fair use protection regardless of its commercial nature is its use of humor or ridicule to comment upon or criticize the original. The Court regards such a parody as a "transformative work" that, "like other comment or criticism, may claim fair use."

Shortcomings of fair use test

Although the Court analyzed the parody under the standard four-part fair use test, the exercise reveals the shortcomings of the test in these circumstances. Whether a parodist criticising a copyrighted work has taken enough to "conjure it up" is at bottom an aesthetic judgment, not a legal one. Imagining the kind of testimony that would be required to show that a parodist had

taken just enough to conjure up the original or had taken more than necessary to conjure it up points up the non-legal nature of this inquiry. And for practical purposes the Court seems to have simply thrown out this third element. If the parodist can take the "heart," it hardly seems possible to take too much of a copyrighted work or that the owner would care about anything else.

Likewise, if the parody truly criticizes its source, the market factor goes by the wayside, since the Court has ruled that there is no protectible derivative market for cricitism. Even though the Court sent this case back for a determination about markets, it is hard to see what effect such a determination could have. Suppose Acuff-Rose presented the trial court with irrefutable evidence that 2 Live Crew's parody destroyed the market for non-parodic rap versions of "Pretty Woman." Destruction of markets is a common, even expected, byproduct of criticism -- witness book and play reviews. As one of the

authorities quoted in the Court's opinion states, "[P]arody may quite legitimately aim at garrotting the original, destroying it commercially as well as artistically." (B. Kaplan, An Unhurried View of Copyright 69 (1967)). To say that 2 Live Crew's parody cannot be fair use because it destroyed Acuff-Rose's markets is to say that only unsuccessful parodists can claim fair use. This is an unlikely result.

Regardless of its deficiencies, the fair use test is nonetheless the officially approved test for parody. As future courts struggle with the problems inherent in the test as applied to this kind of work, perhaps solutions will be forthcoming.

Implications of the Supreme Court's opinion

What implications does the Court's opinion have for parodists and those who contemplate broadcasting or

publishing a parody? The opinion contains two important holdings. First, the Court recognized and sanctioned the need of parodists to quote extensively from prior works, even if the quoting would be infringing without the parodic purpose. Second, the accusation against parodists that they are only doing it for money should no longer carry the day in the fair use analysis to which parody is subjected.

But it must be clear that the Court is protecting only one kind of work, one that contains some criticism of the original text. The presence of this criticism, according to the Court, justifies the resort to fair use. Criticism is one of the congressionally approved purposes for fair use; it is unlikely, however, that a copyright owner will grant a license to someone who plans to lampoon his work. In order to prevent this particular kind of criticism from being stifled, the parodist is, in effect, granted the license by fair use that the copyright owner may refuse

to give. If the criticism is not directed at his work, however, the necessary license should be easier to obtain.

It should be some comfort to parodists that the Supreme Court's minimum requirements for parody as criticism of the original appear to be quite low. 2 Live Crew's song, for example, "reasonably could be perceived as commenting on the original or criticizing it, to some degree." In fact, in his concurring opinion, Justice Kennedy worried that the threshold might be too low, and that "profiteers" might "do no more than add a few silly words to someone else's song" and get away with calling the work a parody. Moreover, the parody may criticize or comment on other subjects, in addition to the original work. The comment need not be directed exclusively at the original work in order to qualify the parody for fair use.

Assuming that 2 Live Crew's "Pretty Woman" song fits the Court's definition of parody, there are many other

kinds of comic or satiric works that might not or definitely do not. For example, Weird Al Yankovic has released a number of songs that "take off" in some way from existing popular songs. "Fat" takes off from the Michael Jackson hit "Bad." "Eat It" takes off from another Jackson hit, "Beat It." "Addicted to Spuds" comes from "Addicted to Love." "This Song Is Just Six Words Long," comes from the George Harrison song "I've Got My Mind Set On You." In each case, Weird Al has written different, comic, lyrics for the songs while adhering closely to the original tunes and, in most cases, to the original musical arrangements.

But do these lyrics criticize the originals, the important question if Weird Al does not want to get licenses from the original copyright owners? Perhaps an argument can be made that bragging about being "bad" is as absurd as bragging about being fat and that therefore "Fat" implicitly criticizes "Bad." This argument becomes far more

attenuated, however, for such songs as "Lasagna" ("La Bamba") or "I Think I'm A Clone, Now" ("I Think We're Alone, Now"), which seem simply to be vehicles for Weird Al's gift for silly lyrics. "This Song Is Just Six Words Long," however, in which Weird Al congratulates himself on getting maximum financial return for a minimum of songwriting effort, unquestionably criticizes the same feat in the Harrison original.

Although the Yankovic oeuvre should not be studied too intensely, it demonstrates that comic songs loosely considered to be parodies will not all fit into the Supreme Court's definition of fair use parodies. Still other comic songs would definitely fall outside the protected category. Works by the Capitol Steps, for example, are political or social satire and do not pretend to be anything else. When a hopeful Democrat warbles, "Mareeo. I bet we could win with Mareeo." to the tune of "Maria" from "West Side Story," or when the chorus of a song

deriding David Duke begins "Stand by your Klan," the criticism can confidently be said to be aimed at something other than the original songs.

Could this use still be fair use? After all, the words of the satiric songs are completely different from the words of the originals. It is the music that is copied. The Supreme Court opinion leaves this specific question unanswered, having returned "Pretty Woman" to the trial court for a determination of whether copying the bass riff of the original song met the fair use test. In his concurring opinion, Justice Kennedy worried that too lenient a standard on this aspect could encourage mere exploitation in the name of criticism. Justice Kennedy remarked that "[a]lmost any revamped modern version of a familiar composition can be construed as a `comment on the naivete of the original,'. . . because of the difference in style and because it will be amusing to hear how the old tune sounds in a new genre. Just the thought

of a rap version of Beethoven's Fifth Symphony or `Achy, Breaky Heart' is bound to make people smile."

Humor alone is not sufficient

Under the Supreme Court's test, however, it is not enough simply to amuse or make people smile. The criticism would have to be more pointed. If one might return to Weird Al Yankovic for a moment, several of his albums contain medleys of popular rock songs in which both the words and the melodies are unchanged. Weird Al, however, performs these songs as polkas. The effect of the relentlessly cheerful polka accordion on such heavy-duty compositions as "Sledgehammer," "Smoke on the Water," and "Jumpin' Jack Flash" must be heard to be fully comprehended. A rap version of Beethoven's Fifth pales by comparison. Nevertheless, the radical shift in style does not criticize the original,

and thus the effect, while undeniably startling, would not qualify as parodic.

A musical parody, like any other parody, must implicitly criticize the original musical work. For example, Professor Peter Schickele, in the person of P.D.Q. Bach, has composed a fugue in which the opening theme extends for what seems like 100 bars. If he had used an actual fugue and spun out the first theme for humorous effect, this could be a musical parody, implying that the original was facile or repetitive. By contrast, Professor Schickele's own "Unbegun Symphony" (containing only a third and a fourth movement) combines airs by Mozart, Tchaikovsky, Strauss, and Beethoven with "Camptown Races," "My Darling Clementine," and "The Band Played On." But the purpose is quite different. The focus here is the audience's readiness to regard symphonic music as high art and to discount popular songs. To Professor Schickele, a good tune is a good tune. If we were

used to hearing "Anchors Aweigh" in a symphonic version, we would probably find it as sublime and uplifting as anything by Mozart. The target thus is not the music; it is the audience.

The same analysis applies to non-musical works. For example, the last several years have seen full-length feature motion pictures that unabashedly borrow from other movies or movie genres. The "Naked Gun" series spoofs the police action films. "Spaceballs" parodied the "Star War" movies. "Airplane" was a send up of "Airport" and other disaster movies. "Hot Shots" took on "Top Gun." "Hot Shots, Part Deux" could be subtitled "`Rambo' Meets `Casablanca.'" Are these parodies fair use, despite their heavy borrowing and obvious commercial purpose?

Again the crucial question is whether the parody criticizes the original by holding it up to ridicule. If so, the

taking of an amount sufficient to "conjure up" the original is not a bar to a fair use defense.

A brief comparison of the beginnings of "Top Gun" and "Hot Shots" illustrates this point. "Top Gun" opens with a scene on an aircraft carrier. The crew of the ship and the pilots are shown preparing sleek-looking fighter planes for takeoff from the carrier deck. The scene is lit so that it is difficult to see much more than silhouettes of the working men, and the cuts from one group of figures and planes to another are very rapid. The background music enhances the mood of serious purpose, danger, and anticipation.

"Hot Shots" likewise opens on the deck of an aircraft carrier, and it is clearly intended to conjure up "Top Gun." The scene contains the same military figures working with planes and the same rapid cutting; the mood remains serious for about 15 seconds. Then the silliness begins. Two men carrying enormous bombs

collide with each other with a resounding "clunk." A loaded luggage carrier, like ones used in commercial airports to take luggage out to airliners, passes in the background. A crewman signalling planes uses exaggerated ballet movements, which finally cause him to fall off the ship. What seems at first to be jet engine noise turns out to be a fellow with a leaf blower cleaning leaves off the deck. Instead of military insignia, the planes all bear the legend "The Navy," like the name labels on clothes for camp. A pilot skillfully parallel parks his jet between two other jets. And so on. Meanwhile the crew members are carrying on their supposedly serious tasks completely oblivious of these antics.

The effect is obviously to undercut the seriousness of "Top Gun," by introducing elements more appropriate to "No Time For Sergeants." The fact that others in the scene do not react to the oddities taking place around them suggests that the military functions with more

ineptness than shown in "Top Gun," where, although there are accidents, no one falls off the flight deck. Thus, this scene from "Hot Shots" seems to be exactly the kind of "transformative work" that the Court held should receive special consideration in a fair use analysis.

Parodies in advertisements entitled to less indulgence

The opinion also deals, briefly but ominously, with parodies in advertisements. This discussion arises in the context of the commercial/nonprofit element of the first fair use factor. As already discussed, the Court disagreed with the Sixth Circuit, which, in effect, elevated this part of the analysis into a threshold test. But it issued the following warning: "The use, for example, of a copyrighted work to advertise a product, even in a parody, will be entitled to less indulgence under the first

factor of the fair use enquiry, than the sale of a parody for its own sake, let alone one performed a single time by students in school."

Thus the Court did not do away entirely with the commercial/nonprofit aspect of fair use, even when the subject is parody. Certain commercial uses are clearly more favored than others. Anyone contemplating the use of a parody of the Energizer bunny to sell some other product should probably reconsider.

Other kinds of parodies

Two other common kinds of parodic works have also figured in court cases; the Supreme Court cites the decision in one of them, Elsmere Music, Inc. v. National Broadcasting Co., 482 F.Supp. 741 (S.D.N.Y.), affirmed, 623 F.2d 252 (2d Cir. 1980), with approval in the Campbell opinion. In Elsmere, the offending work

was a Saturday Night Live television skit, which presented the Sodom Chamber of Commerce discussing ways to improve the town's image with tourists. The officials decide on a snappy ad campaign in which three cast members sing "I Love Sodom" to the tune of the well-known publicity jingle "I Love New York." The district court applied the fair use test, after deciding that the parody took the "heart" of the original work. The court found that the skit parodied both the decision to improve New York's tourist trade not by cleaning up the city but by polishing up its image and the "catchy upbeat tune" used to accomplish this task; therefore the use was fair and no copyright violation occurred.

The decision in Elsmere is consistent with the general theme of the Supreme Court's opinion. If the parody criticizes the original in some way, then it may borrow extensively from the original work -- even taking its "heart" -- and its commercial purpose is not a bar to fair

use. The advantage of Elsmere for parodists is that it is a positive holding: the Saturday Night Live skit is a fair use of "I Love New York" because of its parodic purpose.

The other in this line dealing with parody is a much earlier case, Berlin v. E.C. Publications, Inc., 329 F.2d 541 (2d Cir. 1964). Decided well before the advent of the 1976 Copyright Act, Berlin involved Mad magazine lyrics that were supposed to be "sung to the tune of" well-known Irving Berlin songs. The lyrics were composed by Mad's writers, and the musical notation was not printed. So the plaintiff was complaining about the use of the titles, the meter, and the stray line from his original songs. The court decided that even if a substantial similarity test applied, the parodies did not violate it. The defendants took only brief phrases, and "even so eminent a composer as Irving Berlin should [not] be permitted to claim a property interest in iambic

pentameter." (329 F.2d at 545.) The court strongly implied in this opinion that it would cast a benign eye on even more extensive borrowing if the purpose were truly parodic.

At the time Berlin was decided, the fair use factors had not yet been codified, and the leading parody case was Benny v. Loew's, Inc., 239 F.2d 532 (9th Cir. 1956), a case that rejected a fair use analysis for parody and decided against the parodist on straight substantial similarity grounds. As early as 1964 courts had expressed considerable misgiving at the Benny holding, and after Campbell it can no longer be good law.

The Mad lyrics at issue in Berlin would probably not meet the Supreme Court's definition of fair use parody in Campbell, because they do not criticize the original. "Louella Schwartz Describes Her Malady," for example, is similar to "A Pretty Girl Is Like A Melody" only in the gender of its subject. But because the words are

different and the music is not printed, this situation differs from the example of the Capitol Steps referred to above, where the copyrighted music is actually performed, along with the new lyrics. Thus no copying of either words or music has taken place, and Mad has infringed none of the exclusive rights later codified under 17 U.S.C. section 106.

Other perils with parody

The compleat practitioner should recall that a copyright infringement suit is not the only legal peril that may befall a parodist. Although they have not met with much success, people who find themselves on the wrong end of a parody have brought suit on other theories, most commonly defamation and emotional distress. The most celebrated example is Jerry Falwell's suit against Hustler, Hustler Magazine v. Falwell, 485 U.S. 46 (1988).

But these claims were raised even more recently in San Francisco Bay Guardian, Inc. v. Superior Court, 17 Cal.App.4th 655 (1993). Usually these suits founder on the First Amendment; nonetheless, they are expensive to defend, even to summary judgment. Two precautions that may lessen the risk are, first, targeting only public figures and, second, securing a good insurance policy.

Opinion does little for parodists

In the end, what did the Supreme Court do in this opinion? The answer for parodists is, not very much. The most important holdings are negative ones: the commercial purpose of a parody, that is, a work that in some measure criticizes another work through ridicule, is not a bar to a fair use defense. Likewise taking the "heart" of a work in the parody will not necessarily disqualify it for fair use. But these holdings leave a lot of territory

uncovered. The fair use defense as formulated by Congress in the Copyright Act presents a four-part analysis, and a parodist accused of infringement must still pass all four parts of the test. What the Supreme Court has said is that the parodist who criticized his source will not automatically flunk the test if he wrote for money and took the "heart" of the source.

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[ELR 15:12:13]

RECENT CASES

Supreme Court rules that 2 Live Crew's rap parody of "Pretty Woman" may be a fair use

When the late Roy Orbison wrote and recorded the rock ballad "Oh Pretty Woman" three decades ago, he undoubtedly had high hopes for it, and most of those hopes must have been fulfilled by the enormous popularity the song enjoyed. What Orbison probably did not anticipate is that the pretty woman he imagined while writing and singing would become, years later, the object of a parody that itself became the subject of an important Supreme Court ruling on the copyright fair use defense as applied to parodies. But it has.

The case began when Orbison's publisher, Acuff-Rose Music, sued the rap music group 2 Live Crew and their record company, alleging that 2 Live Crew's recording

"Pretty Woman" infringed the copyright to Orbison's ballad. The District Court granted summary judgment for 2 Live Crew, holding that its song was a parody that made fair use of the original song. (ELR 12:12:10) But the Court of Appeals reversed. In a 2-1 decision, it held: that the commercial nature of the 2 Live Crew parody made it "presumptively unfair" under the first of four fair use factors set forth in section 107 of the Copyright Act; that by taking the "heart" of the original and making it the "heart" of a new work, 2 Live Crew had taken qualitatively too much under the third section 107 factor; and that market harm for purposes of the fourth section 107 factor had been established by a presumption attaching to commercial uses. (ELR 14:9:4)

Now the Supreme Court has reversed the Court of Appeals, and has held that 2 Live Crew's commercial parody may be a fair use within the meaning of section 107. The Supreme Court ruled that section 107 requires case-

by-case analysis rather than bright-line rules, and that the four statutory factors are to be explored and weighed together in light of copyright's purpose of promoting science and the arts. Parody may claim fair use like other comment and criticism.

According to the Supreme Court, under the first of the four section 107 factors -- "the purpose and character of the use, including whether such use is of a commercial nature" -- the enquiry should focus on whether the new work merely supersedes the objects of the original creation, or whether and to what extent it is "transformative," altering the original with new expression, meaning, or message. The more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use. The heart of any parodist's claim to quote from existing material is the use of some elements of a prior author's composition to create a new one that, at least in

part, comments on that author's work. But that tells courts little about where to draw the line. Thus, like other uses, parody has to work its way through the relevant factors. The Supreme Court ruled that the Court of Appeals had properly assumed that 2 Live Crew's song contains parody commenting on and criticizing the original work, but erred in giving virtually dispositive weight to the commercial nature of that parody by way of a presumption, quoted from Sony v. Universal City Studios (ELR 5:9:10), that "every commercial use of copyrighted material is presumptively . . . unfair . . . ." The Supreme Court held that a work's commercial nature is only one element of the first factor enquiry into its purpose and character.

The second section 107 factor -- "the nature of the copyrighted work" -- is not much help in resolving parody cases, since parodies almost invariably copy publicly known, expressive works, like the Orbison song.

The Supreme Court ruled that the Court of Appeals had erred in holding, as a matter of law, that 2 Live Crew copied excessively from the Orbison original under the third section 107 factor, which asks whether "the amount and substantiality of the portion used in relation to the copyrighted work as a whole" are reasonable in relation to the copying's purpose. Even if 2 Live Crew's copying of the original's first line of lyrics and characteristic opening bass riff may be said to go to the original's "heart," that heart is what most readily conjures up the song for parody, and it is the heart at which parody takes aim. Moreover, 2 Live Crew thereafter departed markedly from the Orbison lyrics and produced otherwise distinctive music. As to the lyrics, the copying was not excessive in relation to the song's parodic purpose, the Court held. The Court expressed no opinion whether repetition of the bass riff was excessive copying of the music; instead it remanded the case to the lower courts

to permit them to evaluate the amount taken, in light of the song's parodic purpose and character, its transformative elements, and considerations of the potential for market substitution.

The Supreme Court ruled that the Court of Appeals also had erred in resolving the fourth section 107 factor -- "the effect of the use upon the potential market for or value of the copyrighted work" -- by presuming, again in reliance on Sony, there was a likelihood of significant market harm based on 2 Live Crew's use for commercial gain. The Court said that no "presumption" or inference of market harm that might find support in Sony is applicable to a case involving something beyond mere duplication for commercial purposes. The cognizable harm is market substitution, not any harm from criticism. As to parody pure and simple, the Supreme Court said it is unlikely that the work will act as a substitute for the

original, since the two works usually serve different market functions.

However, the fourth factor requires courts also to consider the potential market for derivative works. If the later work has the effect of substituting for derivative works, the law will look beyond the criticism to the parody's other elements. 2 Live Crew's song comprises not only parody but also rap music. The absence of evidence or affidavits addressing the effect of 2 Live Crew's song on the derivative market for a nonparody rap version of "Oh, Pretty Woman" meant that 2 Live Crew was not entitled to summary judgment on the basis of its fair use defense, and this effect is to be evaluated on remand as well.

Acuff-Rose Music v. Campbell, 1994 U.S.LEXIS 2052 (1994) [ELR 15:12:18]

Court refuses to dismiss copyright infringement claim in case involving digital sampling of recording of "The Music's Got Me" in recordings of "Get Dumb!," though other claims are dismissed

The controversial practice of music sampling has produced its second published opinion -- one which again suggests that courts will not look kindly on unauthorized sampling, despite the reported frequency with which it occurs. In this case, the sampled song was "The Music's Got Me," written and recorded by Boyd Jarvis. It was sampled on three recorded versions of "Get Dumb!" written by Robert Clivilles and David Cole.

The only other published sampling decision to date is Grand Upright Music Ltd. v. Warner Brothers Records, Inc., 780 F.Supp. 182 (S.D.N.Y. 1991) (ELR 13:11:8) in which the sampled song was "Alone Again (Naturally)." The sampling involved in this case may not have

been as extensive as in Grand Upright Music. But the defendants in this case did admit that they took a sample of Jarvis' recording and incorporated it into their own recordings; the court noted that "throughout the defendants' songs, one occasionally hears an actual piece of `The Music's Got Me'"; and the court found that the sampling at issue did involve "a fair portion of plaintiff's work."

A defense motion for summary judgment as to Jarvis' copyright claim was denied, because the court held that factfinding was necessary on the issue of whether the portions of Jarvis' song that were sampled were sufficiently significant so that copying of them resulted in "substantially similar" and thus infringing recordings. At issue were three phrases -- "ooh ooh ooh", "moves" and "free your body" -- and a distinctive keyboard riff, sampled by Clivilles and Cole from "The Music's Got Me." The court rejected the argument that an infringement

could be found only if the defendants' song and Jarvis' song were substantially similar "in their entirety." Instead, the court held that infringement could be found if the defendants had sampled qualitatively important portions of the Jarvis song; and thus the issue of fact was whether the sampled portions were qualitatively important to "The Music's Got Me."

While the song infringement portion of the case will proceed, the court did dismiss Jarvis' sound recording infringement claim. The court held that Jarvis did not have standing to assert the infringement of the copyright to the recording of his song, because the copyright to the sampled recording was registered by the record company, not by Jarvis.

The court also dismissed Jarvis' claims for violation of his rights of privacy and publicity and for unfair competition, based on the defendants' alleged exploitation of his reputation, unique sound and identity and goodwill.

The court did not rule on the legal sufficiency of any of these claims. Instead, it found that the facts submitted in opposition to the defendants' motion for summary judgment simply failed to support anything more than a claim for copyright infringement. The court so ruled because it found that Jarvis' submissions showed that he himself viewed his claim as one for copyright infringement, and his submissions failed to support his allegations that his goodwill had been infringed or that the defendants had sought to capitalize on his unique sound and identity. Nor was any evidence introduced to support his allegation that they gained by identifying themselves with him.

In addition, the court dismissed Jarvis' claim for misappropriation under New Jersey common law. The court acknowledged that the Copyright Act does not protect unfixed performances, and thus it impliedly suggested that a misappropriation claim based on copying a live

performance would not be preempted. In this case, however, the defendants had sampled a recording, not a live performance. And therefore, the court held that this particular misappropriation claim was preempted.

Jarvis v. A & M Records, 827 F.Supp. 282, 1993 U.S.Dist.LEXIS 10062 (D.N.J. 1993) [ELR 15:12:19]

Songwriter's heirs entitled to all public performance and sheet music royalties from "Red Red Robin" following termination of copyright assignment

The heirs of songwriter Harry Woods are entitled to 100% of the royalties from the public performance and sheet music sales of "When the Red, Red Robin Comes Bob-Bob-Bobbing Along," following their termination of Woods' 1926 assignment of his copyright in the song

to his music publisher (Bourne's predecessor in interest), a Federal District Court has held. The heirs terminated that assignment in order to recapture the 19-year extension of the song's renewal-term copyright, as permitted by section 304(c).

Section 304(c) also provides that even after such a termination, derivative works previously prepared may continue to be utilized under the terms of the original grant. In Mills Music v. Snyder, 469 U.S. 153 (1985) (ELR 6:9:8), the Supreme Court held that this so-called "derivative works exception" means that music publishers are entitled to continue receiving their contractual share of mechanical royalties paid by record companies as a result of post-termination record sales. Recordings are derivative works.

At issue in the Woods case was: (1) whether sheet music versions of "Red Red Robin" are derivative works also, thus entitling Bourne to retain its contractual share

of post-termination sheet music royalties; and (2) whether Bourne was entitled to retain its contractual share of public performance royalties earned from post-termination performances. Bourne argued that the particular version of "Red Red Robin" which was earning these royalties was a derivative work, because in 1926 Woods had provided only a "lead sheet" (i.e., melodic line and lyrics), and everything published thereafter was a "musical arrangement" -- i.e., a "derivative work" -- prepared by Woods' publisher.

The court rejected this argument, and held that the publisher's additions to Woods' lead sheet were not sufficient to constitute derivative works. Thus the sheet music was not a derivative work, and Bourne could not continue to utilize the sheet music versions of the song under the terms of the original agreement. Therefore, Woods' heirs are entitled to 100% of all sheet music royalties after the effective date of their termination. The

same is true with respect to post-termination public performance royalties (which have amounted to "well in excess of $100,000"), even though some (perhaps most) of the song's public performances resulted from radio play of recordings (i.e., derivative works) of the song.

Comment: Though the opinion does not explain why mechanical royalties are treated one way (per Mills Music) and public performance royalties another, the result in this case seems correct. The explanation for distinguishing mechanical and performance royalties is this: mechanical royalties are due on account of the sale of derivative works, i.e., the records themselves; on the other hand, public performance royalties are due on account of the performance of the song itself, not on account of the performance of recordings -- even when the performance is accomplished by broadcasting recordings, because recordings are separate works from the song (and there is no public performance

right for recordings).

Woods v. Bourne Co., 841 F.Supp. 118, 1993 U.S.Dist.LEXIS 18442 (S.D.N.Y. 1993) [ELR 15:12:20]

Twentieth Century Fox's properly credited use of "Cool Jerk" sound recording in "Home Alone 2" and "Night and The City" does not violate Lanham Act

Donald Storball, who was a member of "The Capitols," and Florence Jackson (according to news reports, the widow of deceased group member Sam George), sued Twentieth Century Fox Film Corporation, alleging the unauthorized use of Storball's 1966 musical composition,"Cool Jerk," in the films "Home Alone 2" and

"Night and the City." Storball and Jackson claimed that Fox violated the Lanham Act by synchronizing the sound recording of "Cool Jerk" into the films and by editing and synchronizing the work into television commercials for the films. The films credited "The Capitols'" performance of "Cool Jerk" and Storball's authorship of the work.

Storball and Jackson argued that the use of the sound recording misrepresented an affiliation of "The Capitols" with Fox's films, resulting in a false endorsement. Federal District Court Judge Robert M. Takasugi noted that a false endorsement claim is cognizable as a Lanham Act violation and that such a claim requires a showing of the likelihood of consumer confusion as to the origin, approval, or endorsement of the product. However, "mere use of a sound recording in a motion picture or audio/visual presentation, with truthful attribution of the performance to the performers in the credits, does not

constitute a representation that the performers in the sound recording approve, sponsor or endorse the motion picture," recalled the court, which proceeded to find that Fox's use of "Cool Jerk," with the requisite truthful attribution, did not constitute a representation that "The Capitols" or Storball approved, sponsored or endorsed the Fox films.

Judge Takasugi stated that Fox's use of the sound recording of "Cool Jerk" was not a "false designation of origin," "false description," or "false representation," as those terms are used in section 43(a) of the Lanham Act; that no reasonable jury could find that the use of "Cool Jerk" would support a finding of confusion or likelihood of confusion; and that Fox was entitled to summary judgment on the Lanham Act claims.

Storball v. Twentieth Century Fox Film Corporation, Case No. CV 93-2745 (C.D.Ca., Nov. 8, 1993) [ELR 15:12:20]

Artist Patrick Nagel did not create artworks for Playboy as works-for-hire, nor did he assign copyrights to magazine; Playboy did not violate Lanham Act by using Nagel's name in marketing artworks or by altering them slightly

In a dispute between Playboy magazine and the widow of artist Patrick Nagel concerning ownership of the copyrights to artworks created by Nagel and published in Playboy between 1974 and 1984, a Federal District Court has held that the artworks were not works-for-hire nor were their copyrights assigned to Playboy, and

therefore Nagel's widow rather than Playboy owns their copyrights.

This was so even though Playboy had paid Nagel for many of his artworks using checks that had endorsements reciting that they were in payment for services rendered on a work-made-for-hire basis. Nagel was never an "employee" of Playboy; and the court found that the artworks in question were not "specially ordered or commissioned" by Playboy, because they were not created at Playboy's expense or risk.

Moreover, the court held that even if the artworks had been "specially ordered or commissioned" by Playboy, they would not be works-for-hire, because the checks -- which were the only agreements (written or oral) between Playboy and Nagel -- were signed by Nagel only after the works had been created. Citing Schiller & Schmidt, Inc. v. Nordisco Corp., 969 F.2d 410 (7th Cir. 1992) (ELR 15:3:9), the court held that in order for a

"specially ordered or commissioned" work to be a work-for-hire, the written instrument required by section 101 must be signed before the work is created; otherwise, the copyright to the work would belong to the author as soon as it was fixed in a tangible medium, and any transfer of ownership thereafter would have to be by assignment.

The court also held that the copyrights to the artworks had not been assigned to Playboy by Nagel. This result was based in part on expert testimony that industry custom in the magazine industry was that publishers acquired one-time rights only. The court reached this result even though Playboy had paid Nagel for many of his artworks using checks that had endorsements reciting that they constituted "payment in full for all right, title and interest in and to the following items." The court noted that ownership of a work of art is separate from ownership of its copyright, and it ruled that the word "items"

could have referred to the artworks themselves rather than their copyrights. Moreover, the court relied on California Civil Code section 982(c) which provides that when a work of art is sold, the right to reproduce it is reserved to the artist "unless that right is expressly transferred by a document in writing in which reference is made to the specific right of reproduction." The check endorsements did not specifically refer to reproduction rights.

The court did rule in Playboy's favor on two important issues. It held that Playboy had not violated Lanham Act section 43(a) by titling the posters "Images from the Playboy Collection by Patrick Nagel" or by promoting them as the "Nagel Collection." The court distinguished King v. Allied Vision, Ltd., 976 F.2d 824 (2d Cir. 1992) (ELR 14:8:9), saying that the phrases Playboy used were literally true, and thus there was no confusion that required the protection of consumers.

The court also held that Playboy did not violate Lanham Act section 43(a) by its alteration of four posters. On three posters, a woman's breast was covered; on the fourth, only the top half of the artwork was used. The court ruled that Nagel's widow had failed to prove that these "very minor" alterations had "garbled" Nagel's works, or that the alterations were substantial enough to mislead the public as to the posters' origins.

Playboy Enterprises, Inc. v. Dumas, 831 F.Supp. 295, 1993 U.S.Dist.LEXIS 12468 (S.D.N.Y. 1993) [ELR 15:12:21]

Record distributor's failure to pay all royalties did not justify rescission of licensing agreement, and therefore defendants' continued sale of "new age" recordings by Paul Winter and others was not copyright infringement

A Federal District Court has held that it did not have subject matter jurisdiction over a dispute between a company that owns the copyrights to master recordings by "new age" composers and performers, including Paul Winter and the Paul Winter Consort, and companies that manufactured and sold records made from those masters. The defendants made and sold records pursuant to a licensing agreement with the plaintiff which required the defendants to pay royalties. The dispute arose because the defendants paid only half the royalties due.

Because of the defendants' failure to pay all royalties due, the plaintiff sent the defendants a notice of

rescission of the licensing agreement and later sued for copyright infringement. The District Court applied the three-part test for deciding whether a case involves copyright infringement or breach of contract announced in Schoenberg v. Shapolsky Publishers, Inc., 971 F.2d 926 (2d Cir. 1992) (ELR 14:11:5).

Here, the court concluded that the case really was one for breach of contract rather than copyright infringement. Among other things, the court found that the defendants' failure to pay all of the royalties due was merely a breach of a covenant of the licensing agreement, not a breach of a condition. Moreover, the breach was insufficient to justify rescission of the agreement, because rescission is an extraordinary remedy; and although the complete failure to pay royalties will support rescission, the partial payment of royalties defeats rescission.

While federal courts have exclusive jurisdiction over copyright infringement cases, they do not have jurisdiction to hear breach of contract claims involving unpaid royalties, even when the royalties are due pursuant to a copyright license. Thus, the court concluded it did not have jurisdiction to hear this case. The court also rejected a RICO claim asserted by the plaintiff, because no particular acts of mail or wire fraud were alleged.

Living Music Records, Inc. v. Moss Music Group, Inc., 827 F.Supp. 974, 1993 U.S.Dist.LEXIS 9867 (S.D.N.Y. 1993) [ELR 15:12:21]

Former members "Frankie Lymon and the Teenagers" are found to be co-authors of song "Why Do Fools Fall in Love?," but District Court rules that statute of limitations bars recovery for damages that accrued prior to three years before suit was filed

A Federal District Court has denied a defense motion for a new trial after a jury determined that Jimmy Merchant and Herman Santiago, two former members of the group "Frankie Lymon and the Teenagers," had co-authored the group's hit song "Why Do Fools Fall in Love?" and thus were co-owners of its copyright (ELR 14:8:20).

However, the court has granted a defense motion for judgment as a matter of law with respect to a statute of limitations issue, and thus limited the plaintiffs' recovery of damages to those that had accrued since three years prior to the filing of their lawsuit. The plaintiffs

unsuccessfully argued that the statute of limitations should have been tolled on the grounds of duress. Since they waited 26 years (after turning age 21) to bring their suit, the tolling issue was key to the amount the plaintiffs stand to recover.

The defense also had moved for judgment on laches and estoppel grounds, but the court denied that motion.

The court also granted defense motions for judgment on the plaintiffs' copyright infringement and unfair competition claims.

Merchant v. Lymon, 828 F.Supp. 1048, 1993 U.S.Dist.LEXIS 10148 (S.D.N.Y. 1993) [ELR 15:12:22]

Dispute over alleged infringement of the song "Heaven" requires further proceedings

A Federal District Court in New York has ruled that Michael Sylvestre and Douglas Richwine, of the rock group "Attica," may proceed with a copyright infringement action against John Patrick Oswald (professionally known as Jani Lane), members of the rock band "Warrant," and various music publishing companies. Attica claimed that the Warrant parties infringed the copyrighted song "Heaven" by writing, recording, performing and publishing a song written by Lane also entitled "Heaven."

In response to Warrant's claim that Attica failed to prove that it possessed a valid copyright registration, Attica stated that "Heaven" was one of fifteen songs on a cassette tape deposited with the application for copyright registration, and that the title "Cherry Bomb,"

which was the title of a song on the cassette, referred to the collection of songs as a whole. Warrant claimed that the registration certificate did not cover "Heaven" because the song was not identified in the certificate; Attica argued that the certificate covered songs on the tape deposited with the registration application.

Judge John S. Martin, Jr. commented that the late Professor Nimmer stated that the function of deposit was to provide the Library of Congress with copies and phonorecords of all works published within the United States, while "the function of registration is to create a written record of a copyright ownership in a work." There is no requirement that the Copyright Office preserve deposits for longer than the Office deems necessary, which, according to Professor Nimmer, attenuated the argument that "deposit has a copyright as well as an archival function."

However, the Copyright Office allows registration of a "collection" of unpublished works if "(1) the elements are assembled in an orderly form; (2) the combined elements bear a single title identifying the collection as a whole; (3) the copyright claimant in all of the elements, and in the collection as a whole, is the same; and (4) all of the elements are by the same author, or, if they are by different authors, at least one of the authors has contributed copyrightable authorship to each element." Given the "lenient" nature of registration requirements, stated the court, Attica established a valid registration for Heaven.

With respect to the issue of copying, the court noted that Warrant, for the purposes of a motion for summary judgment, conceded that the two songs were substantially similar, but argued that Attica failed to prove access. Attica claimed that Heaven was written in February 1984; Warrant presented evidence that Lane

wrote his song at least by July 1985. Attica alleged that Lane might have had access to its song by hearing a cassette tape of the work which was distributed to individuals in the music industry in the Los Angeles and San Francisco areas from early 1985 to mid-1986; by being at one of numerous parties in Los Angeles from 1984 to 1987 at which Richwine claimed he played the songs; or by hearing Richwine play the song at a Los Angeles recording studio.

Judge Martin stated that although Attica produced no direct evidence demonstrating "a particular link" from the group to Lane, the evidence submitted placed Lane within Los Angeles "in the small universe of local live band performers" at a time when Attica's "Heaven" was being performed before, and distributed to, these performers. Furthermore, the high degree of similarity between the two works supported an inference of access.

It appeared to Judge Martin that a reasonable jury could find that the two works were strikingly similar on the basis of Attica's experts' testimony and on the basis of the works themselves. The songs shared a common chorus, with the melody, the words, and the phrasing being completely identical. It was noted, in part, that "each chorus begins with the words 'Heaven isn't too far away' sung to the identical eight notes. The same eight notes are then repeated in each song." A mere textual description, stated the court, "does not fully capture the sense of identity the listener experiences upon hearing the choruses of these two works; the perception is such that, 'piracy appears almost inevitable'" (citing Judge Learned Hand). Judge Martin, accordingly, denied Warrant's motion for summary judgment on the ground of access.

The court concluded by rejecting Attica's motion for partial summary judgment on the ground of similarity, leaving the issue to the trier of fact.

In a subsequent ruling, Judge Martin denied a motion by Virgin Songs, Inc. and Sony Music Entertainment, Inc. for a transfer of venue to a Federal District Court in California.

Sylvestre v. Oswald, 1993 U.S.Dist. LEXIS 7002, 1993 U.S.Dist. LEXIS 14607 (S.D.N.Y. 1993) [ELR 15:12:22]

Settlement agreement over use of The Beatles "Hamburg recordings" is upheld

Several members of the Halpern family and Double H Licensing Corporation licensed, manufactured, marketed

and distributed recordings containing performances of The Beatles, given at the Star Club, Hamburg, Germany in 1962, entitled "The Beatles Live at the Star Club in Hamburg, Germany; Vol. 1 and Vol. 2." In July 1991, the Halpern parties granted a five year license to Sony Music Entertainment to commercially exploit the Hamburg recordings.

Apple Corps, claiming (in the words of Federal District Court Judge Charles S. Haight, Jr.) to be the owner and holder of certain rights of The Beatles, including the exclusive right to exploit the names and likenesses and rights of publicity of the group, as well as its tradenames and trademarks, sued the Halpern parties, alleging various claims.

In October 1992, Sony and the Halpern parties negotiated an agreement which permitted Sony Music to enter into a settlement with Apple Corps pursuant to which neither Sony nor the Halpern parties would be able to

commercially exploit the tapes. The agreement provided that if Sony and Apple settled the dispute by December 1, 1992, Sony would pay $53,000 to the Halpern parties in exchange for all rights which the Halpern parties might have to the Hamburg recordings, and as consideration for agreeing to settle with Apple Corps. The $53,000 was comprised of the release to the Halpern parties of $28,000 of royalties from Sony's sale of records containing the Hamburg recordings, and an additional payment of $25,000 by Sony. It also was provided that in the event of a Sony-Apple agreement, the Halpern parties would execute "more formal settlement documentation incorporating the terms hereof and any settlement agreed upon between [Apple Corps] and Sony."

By the end of November 1992, Apple Corps and Sony had negotiated a settlement providing that Sony and the Halpern parties would be permanently enjoined from

exploiting the Hamburg recordings and that all recordings in inventory would be destroyed; that all right, title, and interest in the masters would be transferred to Apple; that Apple would discontinue its claims; and that Sony would pay Apple $10,000.

The parties apparently informed a Magistrate Judge that an agreement had been reached and proceeded to work on a consent order embodying the terms of the settlement.

A dispute subsequently arose between the Halpern parties and Sony as to how much money was owed to the Halpern parties under the October agreement, and the Halpern parties refused to sign the consent order settling Apple's lawsuit.

When Apple sought an order granting specific performance of the consent order, Judge Haight granted the motion, although denying Apple's request for expenses and attorneys' fees.

The court pointed out that the consent order did not refer to any preconditions; stated that, since any mistake with respect to the October agreement was unilateral, the agreement was not avoidable; upheld the Halpern parties' agreement to execute any settlement negotiated by counsel for Sony and Apple; and, after careful analysis, concluded that the parties had entered a settlement.

Apple Corps Limited v. Sony Music Entertainment, Inc., 1993 U.S.Dist. LEXIS 9512 (S.D.N.Y. 1993) [ELR 15:12:23]

Court upholds FCC's refusal to review claim that cigarette industry uses "hidden commercials" to avoid advertising ban

A Federal Court of Appeals has denied Action for Children's Television's petition for review of a decision of the Federal Communications Commission rejecting the organization's request that the Commission take action with respect to "hidden commercials" on television that promote smoking.

In 1966, the Commission required broadcasters to air anti-smoking messages in response to advertisements by cigarette companies. The 1969 Cigarette Labeling and Advertising Act, in part, made it unlawful to advertise cigarettes on television.

An anti-smoking organization subsequently petitioned the Commission, without success, to require broadcasters to continue to present anti-smoking messages on the ground that the cigarette industry was using "hidden commercials" to circumvent the Act. "Hidden commercials," as used by the anti-smoking proponents, refers to cigarette company sponsorship of sporting events during

which a cigarette brand name or logo is displayed on signs or banners which appear during televised coverage of these events.

In 1990, Action for Children's Television filed the petition at issue. The organization claimed that there was "indisputable evidence" that the cigarette industry was using hidden commercials. Furthermore, the Department of Justice has never initiated any enforcement proceedings under the Cigarette Act and apparently has concluded that hidden commercials do not violate the statute. Action for Children's Television, relying on the "public interest standard" of the Communications Act of 1934, therefore requested the Commission to issue a "declaratory ruling" requiring licensees to air anti-smoking messages.

The Commission denied the petition, stating that the Department of Justice, under the Cigarette Act, was

exclusively charged with enforcing the provisions of the Act.

Judge Boudin found that the Commission adequately explained its
decision not to undertake a rule making proceeding.

Action for Children's Television v. Federal Communications Commission, 999 F.2d 19, 1993 U.S.App. LEXIS 18523 (1st Cir. 1993) [ELR 15:12:24]

FCC's ban on gaming advertisements violates Nevada broadcasters' rights to commercial free speech under First Amendment

Valley Broadcasting Company, a Nevada corporation licensed by the Federal Communications Commission to operate television station KVBC in Las Vegas, primarily

serves the Las Vegas and Southern Nevada market. The station's transmitter has the capacity to produce a signal which reaches the Utah/Nevada border. Thus, potentially four percent of the households receiving KVBC signals might be in Utah. Similarly, about nineteen percent of the households which receive the signals of Reno-based Sierra Broadcasting station KRNV reside in California.

Valley and Sierra sought to broadcast commercials related to legal gaming activities located in Nevada, but were deterred from doing so based on the Commission's enforcement of 18 U.S.C. section 1304 and 47 C.F.R. section 73.1211, which prohibit the broadcast of all promotional advertising involving casino gambling.

A Federal District Court in Nevada first found that Valley and Sierra demonstrated a reasonable threat of injury as a result of the Commission's enforcement of

the statute and regulation and had standing to bring their claims.

Judge Pro next determined that the casino gaming activities which Valley and Sierra wished to advertise in Nevada were within the reach of section 1304.

In considering whether a ban on the proposed advertisements violated Valley and Sierra's rights to commercial free speech under the First Amendment, Judge Pro noted that the advertisements related to lawful activity within the state of Nevada; were not misleading; and constituted commercial speech protected by the First Amendment.

The court rejected the Commission's argument that the desire to limit the spread of organized crime and "the social costs of legalized gambling" warranted the ban on advertising of casino gaming at issue. The commission presented no specific evidence to support the assertion that casinos, which are subject to heavy regulation, are

"the serious vehicles of organized crime." And the social costs associated with legalized gambling, observed Judge Pro, are not limited to casino gambling. It appeared to the court that the primary federal interest concerning gambling would be limited to protecting individual state choice on the issue.

The court further found that the Commission did not show that section 1304 directly advanced its interest in protecting state choice on the issue of casino gambling. Although the Commission confronted a "difficult task" in reconciling the divergent public policies of California, Nevada and Utah, the court observed that the promotional advertising of casino gambling broadcast only from Nevada stations would serve an audience consisting "overwhelmingly" of Nevada residents within the borders of the state and involving conduct occurring lawfully within Nevada. The court found it difficult to accept that commercials about legalized casino

gambling located in Nevada would represent any real danger to the public policies of California and Utah regarding casino gambling.

Judge Pro found that the Commission's application of section 1304 and section 73.1211 only remotely advanced the Commission's federalism interest, and violated Valley and Sierra's First Amendment rights to commercial free speech.

The court concluded by finding that the Commission's enforcement policy regarding the statute and regulation was not narrowly drawn to serve its federalism interests.

In all, although section 1304 applied to Valley and Sierra and did not violate the Equal Protection Clause, the Commission's ban on all broadcasts of promotional advertising of legalized casino gambling violated the First Amendment and the broadcaster were entitled to the requested declaratory relief.

According to news reports, the Commission has stated that it will not enforce the ban on gambling advertising pending an appeal of the court's decision.

Valley Broadcasting Company v. United States, 820 F.Supp. 519, 1993 U.S.Dist. LEXIS 4963 (D.Nev. 1993) [ELR 15:12:24]

Sports agent Norby Walters wins reversal of mail fraud conviction that arose from his secret signings of college athletes before their NCAA eligibility expired

Sports agent Norby Walters is the leading character in an episodic tale of deceit and threatened violence now being told in federal case reports. Lengthy proceedings against Walters arose from his secret signings of 58

college athletes to representation contracts before their NCAA eligibility expired.

The tale began in 1987 when a Federal District Court in New York refused to enforce a contract between former University of Auburn football player Brent Fullwood and Walters, on the grounds of "overriding policy concerns." (ELR 10:5:12). Fifty-five other players also refused to honor their contracts with Walters, despite his alleged threats of violence against them.

In 1988, a federal grand jury in Chicago indicted Walters on charges of racketeering, mail fraud, wire fraud and extortion. After Walters' pre-trial motions were denied (ELR 14:6:12), a jury convicted him of mail fraud and racketeering. The court then sentenced Walters to five years in prison followed by five years of probation, and the court ordered Walters to forfeit $250,000 to the government. (ELR 11:2:17)

However, the Court of Appeals reversed the conviction and remanded the matter with instructions for a new trial, because Walters had consulted a law firm concerning the possible legal ramifications of signing exclusive representation agreements before the expiration of an athlete's collegiate eligibility; and the firm advised him that while such signings would violate NCAA rules, they would not violate any laws. The appellate court held that the District Court's refusal to instruct the jury that Walters' actions may have been based on the advice of counsel required the reversal of his conviction and a new trial. (ELR 14:6:12)

On remand, the District Court denied Walters' motion to dismiss the indictment -- a motion made on the ground that the evidence was insufficient to support a guilty verdict on the mail fraud counts. Walters then entered a conditional plea of guilty, reserving the right to appeal his mail fraud conviction. The government

agreed to dismiss the remaining charges and to return the money Walters had been ordered to forfeit, while reserving the right to charge Walters with perjury and obstruction of justice if his mail fraud conviction were reversed.

It has been. The Court of Appeals concluded that "Walters is by all accounts a nasty and untrustworthy fellow, but the prosecutor did not prove that his efforts to circumvent the NCAA's rules amounted to mail fraud." The court held that two elements of the crime of mail fraud were missing. First, there was no evidence to establish that Walters had conceived a scheme in which mailings played a role. Second, there was no evidence that Walters had obtained money (or other property) from the colleges which were the victims of his scheme.

United States v. Walters, 997 F.2d 1219, 1993 U.S.App.LEXIS 16075 (7th Cir. 1993) [ELR 15:12:25]

Antitrust action involving proposed relocation to Florida of San Francisco Giants requires further proceedings

A Federal District Court has held that the exemption from antitrust liability under Federal Baseball Club of Baltimore, Inc. v. National League of Professional Baseball Clubs, 259 U.S. 200, 42 S.Ct. 465, 66 L.Ed. 898 (1922) was limited to baseball's "reserve system" and may not apply in an action involving the proposed relocation of the San Francisco Giants baseball club to Florida.

On August 18, 1992, as described by Judge John Padova, Vincent M. Piazza, Vincent N. Tirendi and PT Baseball, Inc., a Pennsylvania corporation wholly owned by Piazza and Tirendi, agreed with four other

individuals, all Florida residents, to organize a limited partnership to acquire the Giants. Eventually, a partnership entity, known as Tampa Bay Baseball Club, Ltd., was created.

On August 6, 1992, the investors had executed a letter of intent with Robert Lurie, the owner of the Giants, to purchase the team for $115 million. Lurie agreed not to negotiate with other potential buyers of the team and to use his best efforts to secure from Major League Baseball approval of the sale of the Giants to the partnership and the transfer of the team.

On September 4, 1992, the partnership applied to Major League Baseball to purchase the Giants and move the team to St. Petersburg, Florida. The "ownership committee" was responsible for reviewing the background of the investors. On September 10th, Ed Kuhlmann, the chair of the committee, stated that there was a "background" question about two of the investors;

another member of the committee expressed concern about "out-of-state" money and stated that the "Pennsylvania People" had "dropped out."

Piazza and Tirendi, the only principals of the partnership who resided in Pennsylvania, claimed that the implication of the committee members' statements was that the background check had associated the two investors with the Mafia and/or other criminal or organized criminal activity. Kuhlmann, on September 12th, admitted to the media that "there was no problem with the security check." However, Kuhlmann, on September 4th, had directed Lurie to consider other offers to purchase the Giants, apparently in knowing violation of Lurie's exclusive agreement with the partnership.

An alternative offer was made by other parties to keep the Giants in San Francisco. And although the offer was $15 million less than the $115 million offer made by the

investors, Major League Baseball, in November 1992, rejected the proposal to relocate the Giants to Florida.

The investors asserted claims under the First and Fifth Amendments to the United States Constitution, under 42 U.S.C.A. section 1983, under sections 1 and 2 of the Sherman Antitrust Act, and under Pennsylvania law.

According to the investors, the baseball parties, although private entities, were subject to the restraints of the federal Constitution because their alleged activities were "countenanced by the federal government" via the exemption of baseball from liability under the federal antitrust law and via the "positive inaction" of Congress with respect to Federal Baseball and subsequent case law.

Judge Padova agreed with the baseball parties that there must be more than a mere allegation that a private entity acted pursuant to federal law or a federal judicial decision before the entity's action can be attributed to

the federal government. The court therefore dismissed the investors' direct constitutional claims for failure to state a cause of action.

The court denied the baseball parties' motion to dismiss the investors' section 1983 claim, concluding that the investors sufficiently alleged that the baseball parties acted in concert with the city of San Francisco to deprive them of their constitutionally protected rights. Judge Padova recalled that "a private [party's] joint participation with a state official in a conspiracy to deprive another of constitutionally protected rights constitutes both state action essential to show a direct violation of a [party's] rights and action 'under color of state law' for purposes of section 1983."

With respect to the investors' antitrust claims, the court first rejected the baseball parties' argument that the investors failed to allege a restraint on competition in a relevant product market. The investors had alleged that

they were competing in the team franchise market with other potential investors located primarily outside (emphasis by the court) of Major League Baseball for ownership of the Giants, and that the baseball parties interfered directly and substantially with competition in that market.

Judge Padova also rejected the argument that Piazza and Tirendi lacked standing to bring a Sherman Act claim, finding that the two investors did not seek to redress a diminution in the value of their interest in the partnership or any other wrong to the partnership per se, but to redress the baseball parties' allegedly unlawful exclusion of Piazza and Tirendi from competing in a relevant market. The purported injuries were of the type that Congress sought to redress through the antitrust laws, and there appeared to the court to be no risk of duplicative recoveries or complex apportionment of damages.

The court proceeded to carefully review the evolution of baseball's exemption from liability under the federal antitrust laws, emphasizing that in each of the three cases in which the Supreme Court directly addressed the exemption, the factual context involved the reserve clause. In particular, according to Judge Padova, the Supreme Court, in Flood v. Kuhn, 407 U.S. 258 (1972) "made clear that the Federal Baseball exemption is limited to the reserve clause." Since the parties had agreed that the reserve system was not at issue, the court rejected the baseball parties' argument that they were exempt from antitrust liability in the instant case.

After further considering the possible reach of the exemption,

Judge Padova determined that it was necessary to establish whether the market for ownership interests in existing baseball teams is "central to the unique characteristics and needs of baseball exhibitions," and

that such an analysis would require a factual record. Viewing the investors' complaint in their favor, the court stated that the investors might be able to demonstrate that team ownership is not central to baseball's unique characteristics - acquiring an ownership interest in a team may be no more unique to the exhibition of baseball games than is moving players and their equipment from game to game, a practice found not so uniquely necessary in Federal Baseball.

Teams, as business entities engaged in exhibiting baseball games, "are undoubtedly a unique necessity to the game, [but] the transfer of ownership interests in such entities may not be so unique," stated the court. And anticompetitive conduct toward those who seek to purchase existing teams never has been considered by any court to be an essential part of the exhibition of baseball games.

Judge Padova cautioned that the acquisition of a business that is engaged in baseball exhibitions may be central "in some way not apparent on the face of the complaint to the unique characteristics of baseball exhibitions." The court also adverted to having accepted the investors' definition of the relevant market as the market for team ownership. But the essence of the investors' case may be the baseball parties' interference with the investors' efforts to acquire and relocate the Giants to Florida (emphasis by the court. Courts have viewed matters of league structure as being unique to baseball - the physical relocation of a team and decisions regarding such a relocation could involve matters of league structure, and thus be covered by the exemption. If it were shown that the case concerns only restraints on the market for ownership and relocation of the Giants as inseparable activities, "rule stare decisis" could require the application of the exemption, declared the court.

Judge Padova subsequently denied a motion by Major League Baseball which sought certification for an immediate appeal.

Piazza v. Major League Baseball, 831 F.Supp. 420, 1993 U.S.Dist. LEXIS 10552, 1993 U.S. Dist.LEXIS 14622 (E.D.Pa. 1993) [ELR 15:12:26]

Owner of stadium lacks standing to bring antitrust claim against NFL in dispute over attempted sale of New England Patriots

Charles W. Sullivan, in conjunction with an action brought by his father, William J. Sullivan, Jr. (ELR 15:2:23; 15:8:28), sued various parties associated with the National Football League alleging that their enforcement of a League rule violated sections 1 and 2 of the

Sherman Act. Sullivan, who asserted the claim individually and as the assignee of the antitrust claim belonging to Stadium Management Corporation, also alleged several state law claims.

As described by Federal District Court Judge Harrington, William Sullivan was the founder and sole or managing owner of the New England Patriots franchise from 1960 to 1988. In 1987, Charles Sullivan was the sole stockholder of Stadium Management, which owned the stadium at Foxboro, Massachusetts, where the Patriots have played their home games. William Sullivan, in 1987, attempted to sell a 49 percent interest in the Patriots to an investment banking firm, which, in turn, planned to sell stock to the public. Charles Sullivan concurrently sought, through this transaction, to obtain refinancing for the stadium. Charles Sullivan claimed that Stadium Management would have received a $40

million loan from the investment banking firm pursuant to the public offering of the Patriots' stock.

Charles Sullivan argued that the football parties combined to prevent the sale of the Patriots stock by enforcing a league rule that prohibited the sale of the shares of a National Football League franchise to any company not engaged in the business of professional football. According to Charles Sullivan, the football parties, by preventing the sale of stock, also effectively blocked the refinancing of the stadium. The refinancing purportedly would have allowed Sullivan to pay off his debts, as well as those of the stadium, and to make renovations.

When William Sullivan failed in his attempt to sell the shares to the public, Stadium Management was forced into bankruptcy. During the bankruptcy proceedings, Charles Sullivan received an assignment of all the corporation's causes of action, including the instant antitrust claim.

The court found that Sullivan presented evidence of a causal connection between the application of the challenged rule and Stadium Management's inability to refinance the stadium when the sale of Patriots stock to the public was prohibited. Sullivan also presented sufficient evidence to raise an issue as to improper motive on the part of the football parties in seeking "to restrain and monopolize interstate commerce in professional football."

Notwithstanding the above-noted factors, the court found that Stadium Management was not a consumer or a competitor in the market of professional football; there was no indication that the football parties' actions had any "palpable" effect on overall competition in the stadia market, in which Stadium Management participated. The alleged violation had, at most, stated Judge Harrington, "an indirect and incidental effect upon competition in the stadia market by virtue of its impact on [Stadium

Management].." and was not actionable under the antitrust laws.

The court further observed that any injury suffered by Stadium Management was only an indirect result of the alleged injury inflicted upon William Sullivan whose own antitrust action insured that the alleged violation would be properly remedied.

The indirectness of Stadium Management's injuries indicated the speculative nature of Charles Sullivan's damage claim, observed the court, which concluded that Sullivan lacked standing to bring an action on behalf of the company.

The court declined to interpret Los Angeles Memorial Coliseum Commission v. NFL, 791 F.2d 1356 (9th Cir. 1986) so broadly as to hold that stadiums always have standing to bring antitrust suits against the League by virtue of the stadiums' relationship to professional football clubs. The challenged rule did not have a direct

effect upon competition between rival stadia seeking to secure League tenants.

Charles Sullivan lacked standing to bring an antitrust action for damages on behalf of Stadium Management, concluded the court, and the above-cited reasons applied "with even greater force" to Sullivan's individual antitrust claims. Sullivan's personal antitrust injuries, which were derivative of Stadium Management's injuries, were "too indirect and tangential to support his individual action," reiterated the court, in granting the football parties' motion for summary judgment and in dismissing Sullivan's remaining state law claims.

Sullivan v. Tagliabue, 828 F.Supp. 114, 1993 U.S.Dist. LEXIS 10508 (D.Mass. 1993) [ELR 15:12:27]

United States Supreme Court lets stand ruling reinstating women's varsity softball team

As reported at ELR 15:7:22, Jennifer Roberts and other former members of the Colorado State University women's varsity fast pitch softball team, which was discontinued in June 1992, sought reinstatement of the team and damages.

A Federal District Court, after careful consideration, concluded that the decision to discontinue the team violated Title IX of the Education Amendments of 1972 and issued a permanent injunction requiring school officials to reinstate the women's intercollegiate softball program and to provide the women's team with all of the incidental benefits accorded other varsity teams at the school.

A Federal Court of Appeals upheld the ruling that the university violated Title IX when it discontinued the

softball program; found that the court correctly ordered an equitable remedy; and found that the court exceeded its authority only in requiring that the softball team play a fall 1993 exhibition season.

The United States Supreme Court, without comment, has let stand the Federal Court of Appeals decision.

Roberts v. Colorado State Board of Agriculture, 998 F.2d 824, 1993 U.S.App. LEXIS 16957 (10th Cir. 1993) [ELR 15:12:28]

DEPARTMENTS

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[ELR 15:12:29]