LEGAL AFFAIRS

Can O.J. Simpson Profit From the Sale of His Book?

by Douglas E. Mirell

A wave of recent news stories report that Little, Brown & Company (the publishing home of such literary giants as Louisa May Alcott, Bruce Catton and Herman Wouk) is preparing to add another celebrity author to its roster -- football legend, sometime actor and accused double murderer Orenthal James Simpson.

Simpson reportedly is collaborating with Lawrence Schiller on a book in which the football Hall of Famer allegedly discusses "spousal abuse, his slain ex-wife and his assertion of innocence in her slaying." To be titled "I

Want To Tell You," the Simpson tome is scheduled for publication in February. The book has been described "as an effort by Mr. Simpson to respond to the more than 300,000 pieces of mail he has received since his arrest in June."

Robert Kardashian, a long-time business associate and lawyer for Simpson, is said to have hatched the idea for such a book in July or August and to have facilitated an October meeting at which Simpson first met Schiller (an author who previously worked on "The Executioner's Song," Norman Mailer's "true life novel" about Utah Death Row inmate Gary Gilmore.)

Many courtroom observers have speculated that Simpson's motive to write such a book stems from the need to keep paying his huge team of high-priced criminal defense attorneys. Although the existence of an advance payment to Simpson and other financial details of the book deal have not yet been released, industry sources suggest that Simpson could potentially net millions of dollars.

The biggest legal question raised by this arrangement is whether Simpson will be able to keep any of the proceeds or profits from this book deal under California's so-called "Son of Sam" law -- enacted and nicknamed in response to the efforts of New York serial killer David Berkowitz to profit from his notoriety by selling the rights to his story.

California's "Son of Sam" law was first enacted in 1983 [see former California Civil Code Section 2224.1; 1983 Cal.Stat. ch. 1016, section 2 (effective Sept. 22, 1983)], the year after New York's own landmark "Son of Sam" statute. New York's statute was later held unconstitutional in Simon & Schuster v. Crime Victims Board, 502 U.S._, 116L.Ed.2d 476, 112 S.Ct. 501 (1991) (ELR 13:8:3).

As part of California's 1986 overhaul of its trust laws, the state's "Son of Sam" act was recodified as Civil Code Section 2225. In the last eight years, there has been only one substantive amendment to this statute -- an urgency measure which went into effect on September 13, 1994. 1994 Cal.Stat. ch. 556, section 1. (ELR 16:6:32) That amendment -- though not directly applicable to an analysis of Simpson's book deal -- made changes which, among other things, extend "Son of Sam"'s reach to all potential profits from all of a convicted felon's business enterprises which result from "the notoriety gained from the commission of a felony for which a convicted felon was convicted." Civ. Code section 2225(a)(10). If Simpson is ultimately convicted, and under this newly expanded definition, there may be a serious question about the extent to which "profits" derived from the sale of O.J.'s sports memorabilia (his recently signed football trading cards, his bronze statue, etc.) or even his exercise video may have been enhanced "by the notoriety gained from the commission of a felony."

The core of California's "Son of Sam" law, however, has remained constant since its first enactment over 11 years ago. All of a convicted felon's "fees, royalties...or other consideration of any and every kind or nature," regardless of whether they were "earned, accrued or paid before or after the conviction," are subject to being placed in an involuntary trust for the benefit of crime victims, their families and the state's Crime Victim Restitution Fund. Civ. Code section 2225(a)-(b). However, the threshold requirement for imposing such an involuntary trust is that these proceeds result "from the preparation for the purpose of sale, the sale of the rights to, or the sale of materials that include or are based on the story of a felony for which a convicted felon was convicted." Civ. Code section 2225(b)(1).

In analyzing the likelihood that Simpson himself will be able to avoid having his literary fees or royalty payments placed in a trust, there are two preliminary issues.

First, none of this statute's trust-establishing provisions take effect unless and until there has been a conviction. Thus, to the extent Simpson has already been paid (or imminently expects to receive) a significant advance from his prospective publisher, those funds may be practically immunized from trust treatment if they are actually spent before Simpson is convicted.

The second and more interesting question is whether "I Want to Tell You" is a work which includes or is based on "the story of a felony." If reports that this book will reassert Simpson's innocence prove accurate, "I Want To Tell You" would appear more closely to resemble the story of a non-felony. Thus, by its own terms, the "Son of Sam" statute might not apply.

Of course, predicting how this statute will actually operate in the Simpson case is problematic for several reasons.

First, there has been not a single reported decision in the last 11 years which interprets any provisions of California's "Son of Sam" law. Thus, there is no way to know how California's courts will grapple with any of these definitional uncertainties or ambiguities.

Second, as the Supreme Court's unanimous Simon & Schuster decision makes clear, legislation of this kind is extremely problematic from a First Amendment perspective since it is not "content neutral." In other words, both the initial and current versions of California's "Son of Sam" law are of questionable constitutionality precisely because they single out speech on a particular subject for a unique financial burden that the state imposes upon no other category of speech or form of income. Governmental discrimination on the basis of the message's content has long been held to be at the core of what the First Amendment prohibits.

Finally, even if Simpson is convicted of murder, even if his book is found to be the "story of a felony," even if there are still "proceeds" or "profits" available to be placed in trust and even if California's "Son of Sam" statute is found constitutional, there is still one more hurdle for the statute's potential beneficiaries to surmount.

Before distributing any money to crime victims or their families, the courts are directed to order that the convicted felon pay all fines and penalties and reimburse the county for defense costs (where the defendant is indigent). Civ. Code section 2225(d), section 2. Where, as in Simpson's case, the defendant is paying his own lawyers, the court is also directed to determine "whether a portion of the proceeds is needed to cover his or her reasonable attorney's fees incurred in the criminal proceeding related to the felony, or any appeal or other related proceeding" or even to defend against the imposition of any "Son of Sam" trust. Id.

As of September 1994, however, the percentage of proceeds or profits which may be allocated for all of these collateral purposes -- rather than being paid directly to beneficiaries -- dropped precipitously from no more than 90% to no more than 40% of all trust funds.

Thus, assuming all of the serious, open issues are resolved in their favor, the families of Nicole Brown Simpson and Ronald Lyle Goldman could collectively recover at least 60% of the proceeds from O.J. Simpson's latest literary efforts.

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[ELR 16:8:3]

RECENT CASES

Producer of film based on book obtained home video rights when it obtained "film and television rights"

John Bloom and Jim Atkinson wrote a book entitled "Evidence of Love," an account of the 1980 axe murder of a Wylie, Texas housewife. Texas Monthly Press published the book, and obtained, among other rights, television and film rights in the work.

Bloom and Atkinson claimed that they possessed the home video rights to a film based on the book. A Federal Court of Appeals has affirmed a District Court decision rejecting the authors' claim.

Judge Goldberg reviewed the contract pursuant to which Texas Monthly granted an option to Hearst Entertainment and the Phoenix Entertainment Group to acquire the exclusive worldwide film and television rights to "Evidence of Love." The contract reserved to the publisher all rights not expressly granted, including the publication, live stage, and radio rights. Phoenix exercised its option to the film rights in January 1990. CBS aired the film adaptation, entitled "Killing in a Small Town," in May 1990.

Judge Goldberg agreed with the District Court in holding that the granting clause was ambiguous as a matter of law with respect to the disposition of video rights. In addition to an "overlap in meaning of some of its key terms," the motion picture rights contract was ambiguous because, "under the circumstances, it is inconsistent to retain video rights when motion picture rights are being sold. There is nothing to be gained by the reservation of video rights when a video cannot be produced without creating a motion picture - a right [Bloom and Atkinson] concededly do not have here," observed the court. The home video rights either should have been explicitly reserved or explicitly granted, depending on the intent of the parties.

The District Court correctly admitted extrinsic evidence to determine the intent of the parties, including the testimony of the parties' negotiators who stated that they believed that the motion picture rights contract served to transfer the video rights in the book. It also was observed that the authors, in the publishing contract, had granted Texas Monthly the broadest possible rights in their work and, during the course of the negotiations between the publisher and Phoenix, did not make any inquiries concerning the video rights. In all, the District Court's ruling was not clearly erroneous.

New York law also supported the finding that Bloom and Atkinson did not reserve video rights, stated Judge Goldberg, who again noted the broad grant of rights in the motion picture rights contract. The court cautioned that it was not holding that every grant of motion picture rights automatically includes the right to produce videos, but rather, that "a general grant of motion picture rights is potentially broad enough to contemplate the later use of video as means of distribution."

The use of video as a medium for distributing motion pictures was foreseeable, and the authors did not specifically reserve the video rights. Thus, stated the court, the rule set forth in Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150 (2d Cir.), cert. denied, 393 U.S. 826 (1968) controlled the case and compelled a judgment on behalf of Phoenix whereby the company's licensing of the motion picture based on the book for home video did not infringe Bloom and Atkinson's rights in the book.

Bloom v. Hearst Entertainment, 33 F.3d 518, 1994 U.S.App.LEXIS 27361 (5th Cir. 1994) [ELR 16:8:5]

Co-creator of "Man of La Mancha" loses contract and copyright claims concerning revival production

Joe Darion and Mitch Leigh, the lyricist and composer, respectively, of "Man of La Mancha," contracted for Leigh to produce a revival of the musical; the revival ran from 1991-1992. Dale Wasserman, the author of the book of the musical, did not consent to the revival.

Federal Court of Appeals Judge Pierre N. Leval, sitting by designation, noted that in 1964, Darion, Leigh, Wasserman and a producer entered a contract to produce "Man of La Mancha." Each party obtained the copyright to his respective contribution to the work; the agreement provided that their rights in the musical were "merged," and that dispositions of the merged rights would be made by majority vote among the three creators.

The District Court rejected Wasserman's argument that the 1964 agreement expired, and further found that even if the agreement had expired, Wasserman did not present a basis for finding that the merger of "all rights" for "all purposes" provided for in the agreement would not survive the term of the agreement. In all, Darion and Leigh demonstrated as a matter of law that the rights merged by the 1964 agreement remain merged, stated Judge Leval.

The court, after considering various majority vote provisions in the agreement, determined that such provisions governed the licensing of a revival. However, stated Judge Leval, it was unnecessary to rely solely on the contract language. The conduct of the parties, including an almost thirty year history of majority rule, was found to be "compelling evidence" that the intent of the agreement was to bind the authors to act by majority rule in all dispositions of their rights in the work, including the right to authorize a revival production.

The majority control provision remained in force in 1989-1990, concluded the court, and the licensing of the revival did not violate Wasserman's rights under the 1964 agreement or under copyright law.

Wasserman v. Leigh, 1994 U.S.Dist.LEXIS 8995 (S.D.N.Y. 1994) [ELR 16:8:5]

Copyright infringement claim involving songs by the "Avengers" is rejected

In a 1977 agreement between the musical group known as the "Avengers" and Dangerhouse Records (a since defunct partnership), Dangerhouse, in return for recording and distributing the group's songs, obtained the exclusive rights to the Avengers' recorded versions of the songs, including "We are the One" and "Car Crash." In 1990, Dangerhouse licensed its ownership rights to the recordings to Lisa Fancher and Frontier Records.

When Buried Treasure, Inc. sued Fancher, Frontier Records and BMG Music for copyright infringement, Buried Treasure alleged that its predecessor, C.D. Presents, Inc., had obtained the rights to all musical compositions and sound recordings of the group's songs, including the Dangerhouse recordings.

A Federal District Court in California has granted the Fancher parties' motion for summary judgment on the ground that there was no genuine dispute about Dangerhouse's exclusive ownership rights to its recorded material. Judge Eugene F. Lynch noted that Buried Treasure failed to present evidence which would allow a reasonable trier of fact to infer that it owned rights to all prior recordings of the Avengers' songs.

Even assuming that Buried Treasure could claim that it received the exclusive rights to all existing recordings of the Avengers' songs, Buried Treasure did not meet the requirements of 205(d) of the Copyright Act. The statute requires a subsequent purchaser seeking to prevail over a prior purchaser to be a bona fide purchaser who took without notice of the earlier transfer, for valuable consideration, and who first recorded the transfer of ownership rights.

It was not shown that C.D. Presents was wholly unaware of the existing Dangerhouse songs when it entered into contracts with the Avengers. And Buried Treasure did not present enough evidence to allow for an inference that its interest should prevail over the unrecorded Dangerhouse interest.

Judge Lynch commented that the court's holding was "of no consequence" to Buried Treasure's breach of contract claim asserted against members of the Avengers; the group's members were not among the parties moving for summary judgment on the instant motion.

Buried Treasure, Inc. v. Fancher, 1994 U.S.Dist.LEXIS 10432 (N.D.Ca. 1994) [ELR 16:8:6]

Copyright infringement action over song on Enya album is dismissed

Sanga Music claimed that Doris Plenn, prior to 1955, wrote an adaptation of a traditional musical work entitled, "How Can I Keep From Singing." Plenn added a third eight-line stanza to the hymn, and assigned her right in the stanza to Sanga. In 1965, Sanga obtained a certificate of registration in its name from the Copyright Office.

Sanga sued EMI Blackwood Music and other parties, alleging that "How Can I Keep From Singing," including the stanza written by Plenn, were included, without authorization in Enya's album "Shepherd Moons."

The EMI parties claimed that Plenn's voluntary acts, prior to the assignment to Sanga, placed the adaptation of the song into the public domain. As described by Federal District Court Haight, Plenn, in late 1956, taught

Pete Seeger the song; Seeger wrote down the music and lyrics. Seeger apparently arranged to have the song appear in the magazine "Sing Out!" and it was included in the spring 1957 issue of the magazine.

The hymn appeared in a 1964 book containing songs by Seeger; again, no copyright notice accompanied the hymn.

After carefully considering the circumstances of the 1956 Plenn-Seeger meeting, and the relevant provisions of the 1909 Copyright Act and principles of common law copyright, Judge Haight found that Plenn conveyed the song to Seeger "in a manner which implicitly, if not explicitly, authorized Seeger to publish it; that Seeger published the Song in a manner consistent with that authority...; and that the first of these publications injected the Song into the public domain, so that anyone, including [the EMI parties], may copy it." The court, accordingly, granted summary judgment to the EMI parties and ordered the dismissal of the complaint.

The court observed that Seeger's publications of the song occurred with Plenn's authority, implied in law from undisputed facts. Plenn did not indicate that she expected to control the publication of the song, and when the song was published without a copyright notice, it entered the public domain. Judge Haight rejected the argument that the publishers' copyright notices on the magazine and the book protected Plenn's copyright interest in the song.

Sanga Music, Inc. v. EMI Blackwood Music, Inc., 1994 U.S.Dist.LEXIS 10433 (S.D.N.Y. 1994) [ELR 16:8:6]

Court resolves dispute over ownership of George Clinton works

In a dispute concerning the rights to certain musical compositions of George Clinton, Bridgeport Music claimed that Clinton assigned the company its rights in March 1982 and December 1983. Tercer Mundo, Inc. asserted that it obtained rights from Clinton and Malbiz Music in December 1981.

Priority Records had brought an interpleader action seeking to determine to whom it owed royalty payments relating to certain Clinton works.

A Federal District Court in New York, in reviewing Bridgeport's purported registration of the transfer of rights, noted that the company had filed a March 4, 1982 "agreement" with the Copyright Office. However, stated Judge McKenna, Clinton did not sign the document in the Copyright Office. The agreement signed by

Clinton covered six compositions, not the nine compositions indicated on the document in the Copyright Office. Furthermore, the portion of the document in the Copyright Office setting out the rights granted by Clinton to Bridgeport was not part of the agreement that Clinton actually signed. The document which Clinton signed contained no language transferring rights to Bridgeport.

After further careful consideration, the court determined that Clinton did not sign the document used by Bridgeport to record its asserted rights, and that because Bridgeport's registration was invalid, the competing rights of the parties would be resolved by 204(a) of the Copyright Act.

Section 204(a) provides that "a transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent." Tercer's claim seemed to comply with the statutory requirement, stated Judge McKenna; Bridgeport's documents were impaired by the absence of Clinton's signature.

The court rejected Bridgeport's res judicata and statute of limitations arguments; denied Bridgeport's motion for summary judgment; granted Tercer's motion for summary judgment; and ordered Priority to settle a proposed judgment, particularly identifying the Clinton compositions covered by the judgment.

Priority Records, Inc. v. Bridgeport Music, Inc., 1994 U.S.Dist.LEXIS 10149 (S.D.N.Y. 1994) [ELR 16:8:7]

Jim Henson parties prevail in dispute over puppet characters

Jim Henson Productions, Inc. owns the trademarks and service marks in the terms "Muppet" and "Henson." In about 1957, as described by Federal District Court Judge Loretta A. Preska, Jim and Jane Henson created two puppet characters named Wilkins and Wontkins; the characters were used by the John H. Wilkins Company as "spokespuppets" in an advertising campaign for the company's coffee products. The Hensons produced and performed in a series of television commercials starring Wilkins and Wontkins which were aired in the late 1950s and early 1960s.

In 1958, the Hensons transferred to J.H. Wilkins the right, title, and interest in Wilkins and Wontkins and to any and all copyrights, trademarks or trademark registrations which might be obtained for the characters. The Hensons also executed a separate assignment to J.H. Wilkins of their entire right, title, and interest in and to their design for Wilkins and Wontkins and their application for patents in the puppets.

Pursuant to a series of transactions, the rights transferred in the 1958 agreements allegedly were obtained by Wilkins Coffee, Inc. In about 1988, Wilkins and its predecessor resumed the promotional use of Wilkins and Wontkins; Wilkins obtained trademark registrations for the characters in October 1991.

In early 1991, Wilkins granted John T. Brady & Associates, Inc. the exclusive right to market and license Wilkins and Wontkins. Brady planned to market the characters as Muppets, and, in its promotional material, described Wilkins and Wontkins as "Original Muppets Created by Jim Henson" and featured photographs of Jim Henson performing the characters.

Judge Preska first rejected Wilkins' claim that the Henson parties were equitably estopped from denying their rights in Wilkins and Wontkins on the basis of the

Henson's purported relinquishment of rights in the 1958 agreements. The court stated that it was "hard pressed to discern the misrepresentation or concealment" upon which Wilkins claimed to have relied, questioned Wilkins' actual reliance, and noted that the company failed to prove any detriment resulting from the alleged reliance.

The court then agreed with the Henson parties' arguments that there was a break in the chain of title whereby Wilkins claimed successor-in-interest status, and determined that Wilkins succeeded only to possible trademark rights in the characters. It was noted, however, that J.H. Wilkins did not receive a right to obtain trademarks in Wilkins and Wontkins under the 1958 agreements. The Hensons had not used the characters to symbolize any goodwill and therefore had no right to obtain conveyable trademarks. And even if the Hensons did have such a right, assuming it was conveyed to J.H. Wilkins, the rights expired due to the company's extended nonuse of the characters in the 1960s and 1970s. J.H. Wilkins received rights, in 1958, which enabled it to use the characters in commerce and thereby develop its own trademark rights; these rights were not trademark rights, and because of the break in the chain of title cited by the court, did not belong to Wilkins.

In all, Wilkins "succeeded to no living rights" and the court granted the Henson parties' motion for summary judgment on their claims for declaratory relief.

With respect to the claim of copyright infringement, the court noted the Hensons' argument that J.H. Wilkins' distribution of Wilkins and Wontkins hand puppets was not a divesting publication of the Henson designs because the puppets were derivative works. Under the 1909 Copyright Act and the 1976 Copyright Act, according to the Henson parties, the only copyrights J.H. Wilkins obtained were in its modifications of the Hensons' original puppet designs. Thus, it was argued, the copyrights in the original works were unaffected and did not lapse upon the expiration of J.H. Wilkins' copyrights.

Judge Preska, citing Stewart v. Abend, 495 U.S. 207 (1990; ELR 12:1:12), held that the distribution of the Wilkins and Wontkins hand puppets did not vitiate the common law copyright in the Henson's original designs of the characters, and rejected Wilkins' motion for summary judgment on the copyright claims.

The court proceeded to consider the Henson parties' claims of trademark infringement, unfair competition, dilution and right of publicity. Wilkins argued that its use of the Henson and Muppet marks was "fair use" in that the terms accurately described Wilkins and Wontkins as having been created by Jim Henson and belonging to the family of Muppets.

It was found that summary judgment was inappropriate in that numerous factual issues remained in dispute, "most notably the descriptive accuracy of the marks as applied to [Wilkins and Wontkins] and the 'fairness' of [Wilkins'] use." The Henson parties introduced sufficient evidence to challenge the applicability of the term "Muppets" to Wilkins and Wontkins. And even where a registered trademark accurately describes another party's goods or services, continued the court, use by the other party still may be unfair, and thus unlawful, if the mark is displayed in a misleading or confusing manner. Evidence was presented which indicated that Wilkins engaged in conduct which may have created the erroneous impression that the Henson parties endorsed, authorized or approved of Wilkins' activities, thus raising a factual issue as to the character of Wilkins' use of the Henson and Muppet marks.

The court also declined to grant summary judgment with respect to the Henson parties' alleged acquiescence to the use of the Muppet mark in connection with

Wilkins and Wontkins, particularly given the substantial factual dispute over the exact meaning of the term Muppet.

Judge Preska next considered the Henson parties' claim for infringement of the late Jim Henson's right against the unauthorized use of his name or likeness for commercial purposes. Wilkins argued that there was no such right under Connecticut law. Stating that the issue was one of first impression under Connecticut law, the court found "no reason to believe that Connecticut would buck the apparent trend in the law towards recognizing the right of publicity." Furthermore, it was likely that the Supreme Court of Connecticut would interpret the right of publicity as descendible, stated Judge Preska, who, accordingly, denied summary judgment against the publicity claim.

The court granted Wilkins' motion for summary judgment on its counterclaim of conversion with respect to certain trade show display materials and its claim for damages in the amount of about $1,200, and concluded by granting Wilkins' motion for summary judgment on a breach of contract claim based on the 1958 agreements.

Jim Henson Productions, Inc. v. John T. Brady & Associates, Inc., 1994 U.S.Dist.LEXIS 15207 (S.D.N.Y. 1994) [ELR 16:8:7]

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

As reported at ELR 15:12:27, 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 an NFL rule violated 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.

The rule at issue prohibited the sale of shares in an NFL franchise to any company not engaged in the business of professional football. 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 Corporation, which owned the stadium at Foxboro, Massachusetts, where the Patriots 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 the shares 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, but that the NFL parties combined to prevent the sale of the Patriots' stock by enforcing the challenged rule.

William Sullivan sold the team to a private buyer. Stadium Management subsequently filed a Chapter 11 petition in bankruptcy and the stadium was sold for $25 million. During the bankruptcy proceeding, Charles Sullivan received an assignment of the corporation's causes of action, including the antitrust claim.

The District Court held that Sullivan lacked standing; granted summary judgment to the NFL parties on the federal antitrust claims; and declined to exercise supplemental jurisdiction over the state law claims.

A Federal Court of Appeals, assuming, without deciding, that Stadium Management was not estopped from bringing a legal action to enforce its claims against the NFL parties, has affirmed the District Court decision.

Senior Judge Coffin noted that Sullivan alleged, and presented evidence, of a causal connection between the application of the NFL rule and Stadium Management's inability to refinance the stadium; alleged an improper motive on the part of the NFL parties; and indicated that the NFL parties intended to block the refinancing of the stadium by their actions, or, at the very least, that such harm was a foreseeable consequence of the application of the rule to the Patriots. Furthermore, there did not appear to the court to be a significant risk of duplicate recovery or "danger of complex apportionment."

However, Sullivan's failure to show antitrust injury, and the speculative nature of the claimed damages, outweighed the remaining factors, stated Senior Judge Coffin, in finding that Sullivan lacked standing to pursue the claims brought on behalf of Stadium Management.

The court observed that denying stadium refinancing was not a "necessary step" in restraining competition in the market for professional football franchises, and was not the "very means" by which the NFL parties sought to do so. The rule did not restrain Stadium Management's capacity to compete for a pro football team's tenancy.

As did the District Court, Senior Judge Coffin distinguished Los Angeles Memorial Coliseum Commission v. NFL, 791 F.2d 1356 (9th Cir. 1986). The rule at issue in Los Angeles Coliseum affected where a team could be located, and, in precluding a team from relocating in a particular area, the rule necessarily restrained competition in the related market for football stadia.

In the instant case, the rule did not have a similar direct effect on Stadium Management "nor on the market in which it was a participant." Any injury suffered by Stadium Management as a result of the NFL rule was indirect, and a consequence of the direct injury inflicted on the Patriots' owner, declared Senior Judge Coffin, who concluded by referring to the speculative nature of the damages claimed due to the alleged antitrust violations. Since Stadium Management did not suffer "antitrust injury," and because any damages purportedly suffered were too indirect and speculative, it was found that Sullivan also lacked standing to pursue an antitrust action for damages suffered in his individual capacity.

Sullivan v. Tagliabue, 25 F.3d 43, 1994 U.S.App.LEXIS 13286 (1st Cir. 1994) [ELR 16:8:9]

Damage award to former owner of New England Patriots is reversed

In William Sullivan's action against twenty-one organizations owning NFL franchises, a Federal District Court jury (ELR 15:8:28) awarded the former New England Patriots owner $114 million ($38 million which was tripled under federal antitrust law). The court entered a final judgment for Sullivan of $51 million (the $38 million was reduced through remittitur to $17 million, which then was tripled).

A Federal Court of Appeals has reversed the judgment entered on the verdict, and ordered a new trial.

As noted above, the NFL requires three-quarters of the NFL club owners to approve all transfers of ownership interests in an NFL team, other than transfers within a family. According to Federal Court of Appeals Judge Torruella, the NFL, in conjunction with the rule, has an "uncodified policy" against the sale of ownership interests in an NFL club to the public through offerings of publicly traded stock. Sullivan proposed such an offering and asked the NFL owners to amend the public ownership policy or to waive the policy for the Patriots; the request was tabled and Sullivan never asked for a vote on the matter.

Sullivan subsequently sold the Patriots for about $84 million, and, arguing that he was forced to sell the entire team to a private buyer "at a fire sale price," brought the action which resulted in a jury verdict on Sullivan's behalf with respect to his claim under 1 of the Sherman Act.

Judge Torruella stated that the question of whether competition exists among NFL teams for investment capital via the sale of their ownership interests, such that the public ownership policy would injure this competition, is a question of fact; the court declined to find, as a matter of law, that NFL teams do not compete against each other in the sale of their ownership interests. It was noted that the public ownership policy allegedly "did not merely prevent the replacement of one club owner with another - an action having little evident effect on competition - it compromises the entire process by which competition for club ownership occurs."

The court next found that Sullivan presented evidence, which although "thin," was not too thin to support the jury's conclusion that the NFL's public ownership policy injured competition. Judge Torruella, among other factors, adverted to evidence of reduced output of a product, i.e., a share in an NFL team; to the fact that the overall market effect of the policy was "plainly unresponsive to consumer demand for ownership interests in NFL teams;" and to evidence that publicly owned NFL teams would be better managed and produce higher quality entertainment for the fans. The court, accordingly, refused to enter judgment in favor of the NFL as a matter of law.

The NFL's argument that the public ownership policy was ancillary to the legitimate joint activity of "NFL football" was not sufficient to establish as a matter of law that the policy did not unreasonably restrain trade in violation of 1 of the Sherman Act. Judge Torruella referred to evidence of a possibly less restrictive alternative to the NFL's ownership policy that would provide the same benefits as the current policy.

In turning to the NFL's argument that Sullivan did not present sufficient evidence to support a finding by the jury that the policy caused injury in fact to Sullivan, the court noted that Sullivan had claimed that "but for" the NFL's policy, he would have been able to offer forty-nine percent of the Patriots to the public for $70 million, pay off his debts, and retain ownership of a more valuable and profitable team. Although the evidence of causation was "not overwhelming," stated Judge Torruella, it was sufficient to support the verdict. It was shown that the NFL essentially rejected Sullivan's request for a change or waiver of the policy, even though no official vote was taken.

The court concluded by finding that the failure to give certain jury instructions was prejudicial error. The proposed instructions involved, in part, the NFL's "equal involvement defense;" Sullivan's failure to request a vote by the NFL owners on the public ownership policy; and the legal consequences of options under Massachusetts law (Sullivan, in 1986, had sold Fran Murray an option to buy the entire club).

Sullivan v. National Football League, 34 F.3d 1091, 1994 U.S.App.LEXIS 25613 (1st Cir. 1994) [ELR 16:8:9]

Hockey player may proceed with fraudulent misrepresentation claim against former agent

In 1990, Richard Smehlik hired Athletes and Artists, Inc. to negotiate his contract with the Buffalo Sabres. The athlete terminated his agreement in April 1992. In August 1992, Smehlik entered into a contract with the Sabres; the contract was negotiated by another agent.

When Athletes and Artists brought a state court action against Smehlik for breach of contract, the athlete not only raised several defenses but, soon after, sued the agency in federal court. Federal District Court Judge Curtin declined to abstain from deciding the matter and ruled that venue was proper in the Western District of New York.

Smehlik alleged that Athletes and Artists failed to obtain a contract with the Sabres for him for the 1991-1992 season or to "make a deal right away."

According to Smehlik, the oral representations made by the agency were intended to induce him to enter into a contract, and included promises that went beyond the agency's general obligation, under the contract, to use its best efforts to secure offers from the Sabres or other National Hockey League clubs. It was argued that such conduct constituted fraudulent misrepresentation, distinct from Smehlik's breach of contract claim.

The agency sought to have the court determine, from the face of the amended complaint and the written agreement between the parties, that the alleged oral statements were promises encompassed by the parties' contractual arrangement. Judge Curtin rejected this request, and refused to dismiss the action, stating that whether or not the agency's "best efforts" would have encompassed the oral promises at issue was a disputed question of fact. Furthermore, Smehlik adequately pleaded an undisclosed intent by the agency not to perform, stated Judge Curtin, who proceeded to note that there is a split in the New York case law as to whether or not a cause of action for fraud may be sustained under such circumstances.

Smehlik v. Athletes and Artists, Inc., 861 F.Supp. 1162, 1994 U.S.Dist.LEXIS 12766 (W.D.N.Y. 1994) [ELR 16:8:10]

Preliminary injunction barring Canadian Football League team's use of the name "Baltimore CFL Colts" is upheld

The Indianapolis Colts and the National Football League brought a trademark infringement action against the Canadian Football League's new team in Baltimore, which proposed to use the name "Baltimore CFL Colts."

The NFL parties obtained a preliminary injunction against the team's use of the names "Colts," "Baltimore Colts," or "Baltimore CFL Colts" in connection with the playing of professional football, the broadcast of football games, or the sale of merchandise. The court apparently found that consumers of "Baltimore CFL Colts" merchandise would mistakenly believe that the new team was an NFL team related to the Indianapolis Colts (formerly the Baltimore Colts).

Federal Court of Appeals Judge Posner, after describing the history of the Indianapolis Colts franchise, found that jurisdiction and venue was proper in Indiana. With respect to the issue of confusion, the court noted, in part, that some people who might otherwise watch the Indianapolis Colts on television may watch the Baltimore CFL Colts instead, thinking they were the "real" Baltimore Colts; the NFL therefore would lose revenue.

In all, it did not appear to Judge Posner that the District Court committed a clear error in crediting certain survey findings and inferring from that material and the other evidence that the Baltimore CFL team's use of the name in issue, whether for the team or on merchandise, was likely to confuse a substantial number of consumers. The court, accordingly, affirmed the judgment of the District Court.

Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Limited Partnership, 34 F.3d 410, 1994 U.S.App.LEXIS 21817 (7th Cir. 1994) [ELR 16:8:11]

Courts issue rulings on FCC's financial interest and syndication rules

In 1970, the Federal Communications Commission adopted the "finsyn" rules. The Commission prohibited NBC, ABC and CBS from acquiring financial interests or proprietary rights in non-network uses of television programs produced by others or from engaging in the domestic syndication business. This prohibition was incorporated as Section IV in the antitrust consent judgments entered by a Federal District Court in California in 1978 with respect to NBC, and in 1980 with respect to ABC and CBS. Section VI A of the consent judgments prohibited the three networks from conditioning or tying the purchase of network rights to a program upon the supplier's grant of any other rights or interest to NBC, ABC or CBS.

In May 1991, the Commission modified the rules and permitted the networks to acquire financial and syndication interests in network prime-time entertainment programs produced in-house, co-produced with a foreign producer, co-produced with a United States producer, and produced by an independent producer. These interests were limited to no more than forty percent of a network's prime time programming. The Commission continued to prohibit the syndication of any first-run non-network programming or programs obtained from outside producers to television stations within the United States.

In Schurz Communications Inc. v. Federal Communications Commission, 982 F.2d 1043 (7th Cir. 1992; ELR 15:4:4), a Federal Court of Appeals vacated the revised finsyn rules. The court excepted from its vacating of the rules the repeal of the financial interest and syndication rules which were the basis for Sections IV and VI A of the consent decree.

In May 1993, the Commission decided to eliminate most of the restrictions on the networks immediately, with the remaining restrictions set to expire two years after the lifting of the antitrust consent decrees against the networks.

A Federal District Court in California, in November 1993, granted the networks' motion for the deletion of Sections IV and VI A.

In July 1994, a Federal Court of Appeals in Chicago upheld the Commission's decision to eliminate the finsyn rules by November 1995 and to retain interim restrictions until that time, and denied various petitions for review of the Commission's order.

United States v. National Broadcasting Company, Inc., 842 F.Supp. 402, 1993 U.S.Dist.LEXIS 18925 (C.D.Ca. 1993); Capital Cities/ABC, Inc. v. Federal Communications Commission, 29 F.3d 309, 1994 U.S.App.LEXIS 17082 (7th Cir. 1994) [ELR 16:8:11]

Recordkeeping provisions of Child Protection and Obscenity Act are upheld

The American Library Association and other organizations challenged the recordkeeping and disclosure requirements of the 1988 Child Protection and Obscenity Enforcement Act, as amended by the Child Protection Restoration and Penalties Enhancement Act of 1990.

The statute provides, in part, that producers of material containing visual depictions of explicit sexual activity are required to determine the names and ages of all performers, to maintain records of this information, and to indicate on each copy of the material where those records are kept. The provision applies to the creators of the works, and to parties who duplicate, reproduce, or reissue the sexually explicit material.

The organizations argued that the requirements, notwithstanding certain 1990 amendments, placed an unconstitutional burden on lawful speech.

A Federal District Court agreed that the requirements were not narrowly tailored to achieve a significant legislative goal, and enjoined the enforcement of the statute as it applied to recordkeeping with respect to images of adult models; the court
found the statute constitutional as applied to images of models under eighteen years of age.

A Federal Court of Appeals first rejected the government's claim that the lawsuit was a pre-enforcement facial challenge to the statute. Judge Buckley, although noting that the statute never has been enforced, stated that it "imposes present-day burdens on several of the [organizations] as the producers of sexually explicit materials."

However, the recordkeeping provisions did not ban any kind of sexually explicit materials, or impinge on the content of the materials, continued the court. Rather, the requirements were designed to prevent the use of underage performers in the production of sexually explicit materials, a legitimate governmental concern unrelated to speech. The effects on speech of the recordkeeping requirements may be substantial, stated Judge Buckley, but they are incidental and "largely unavoidable."

The organizations conceded that the government has a compelling interest in the prevention of child pornography and that the statute does not ban any form of expression, but claimed that the recordkeeping requirements were not narrowly tailored to further the government interest. The court rejected this argument, finding that the requirements would insure that "honest but careless producers secure documentary evidence of a performer's age" and would deny "unscrupulous producers the defense that they reasonably believed the performer to be of age."

Judge Buckley proceeded to find that the particular recordkeeping and labeling requirements were not onerous, but set aside the requirement that the records "be maintained as long as the producer remains in business;" pending a replacement provision "more rationally tailored to actual law enforcement needs," the court stated that a period of five years would be reasonable.

The court concluded that the statute was content-neutral, served a compelling government interest, and was constitutional as applied to the "vast majority" of the materials affected by the statute and its attendant regulations, and therefore reversed the District Court's holding that the statute was unconstitutional as applied to materials depicting adults engaged in actual sexual conduct.

Federal District Court Judge John W. Reynolds, sitting by designation, declared that the statute was "overbroad, chilling, and a questionable deterrent to child pornography..." Judge Reynolds further stated that the statute regulated not only obscene material, but depictions with a significant educational, artistic, or political value; questioned whether the statute was "content neutral;" and observed that the statute seemed to have more than an incidental effect on First Amendment expression. The dissent also pointed out that the statute could not be used for its intended purpose of helping to prosecute child pornographers, because it precluded the use of the records, directly or indirectly, in a child pornography prosecution.

American Library Association v. Reno, 33 F.3d 78, 1994 U.S.App.LEXIS 25915 (D.C.Cir. 1994) [ELR 16:8:12]

Court reaffirms holding that pre-trial seizure of obscene materials under RICO is unconstitutional, but post-trial criminal forfeiture provision is not unconstitutional prior restraint

The Adult Video Association and other parties challenged the criminal penalty provisions of federal Racketeer Influenced and Corrupt Organizations Act. A Federal District Court granted the government's motion to dismiss for failure to state a claim.

A Federal Court of Appeals (ELR 13:12:9) affirmed in part and reversed in part, holding that the association satisfied standing and ripeness requirements, that RICO's criminal penalty provisions were neither unconstitutionally chilling or overbroad, that the provision authorizing pre-trial seizures of obscene materials was unconstitutional, and that the provisions authorizing post-trial forfeiture were facially invalid to the extent they authorized the forfeiture of "those assets or interests of [a party] invested in legitimate expressive activity being conducted by parts of the enterprise uninvolved or only marginally involved in the racketeering activity."

The United States Supreme Court vacated the court's judgment and remanded the matter in light of Alexander v. United States, 113 S.Ct. 2766 (1993; ELR 15:6:12).

On remand, the court readopted most of its prior opinion, but reconsidered the RICO post-trial criminal forfeiture provisions. The court had expressed concern that the provisions, although not a prior restraint, raised constitutional concerns about restricting legitimate speech, and concluded that at the very least, the assets or interests of a party invested in legitimate expressive activity should not be forfeited and that Federal District Courts should not, absent exceptional circumstance, order forfeiture of a party's entire interest in an enterprise "that is essentially legitimate where [a party] has committed relatively minor RICO [obscenity] violations not central to the conduct of the business and resulting in relatively little illegal gain in proportion to its size and legitimate income..."

In Alexander, the United States Supreme Court announced that the scope of RICO's post-trial criminal forfeiture provisions does not offend the First Amendment and held that those provisions are a punishment for past criminal conduct and "no more of a threat to the freedom of expression than a prison term or a large fine..." The court noted that criminal sanctions "having some incidental effect on First Amendment activities are subject to First Amendment scrutiny only where it was conduct with a significant expressive element that drew the legal remedy in the first place...or where a statute based on a nonexpressive activity has the inevitable effect of singling out those engaged in expressive activity."

The Supreme Court found neither exception applicable to criminal forfeitures for racketeering committed through obscenity violations.

In light of Alexander, the Federal Court of Appeals' First Amendment concerns as to the scope of RICO's post-trial criminal forfeiture provision were "misplaced," and the court affirmed the District Court's judgment, with respect to the post-trial criminal forfeiture claim, granting the government's motion to dismiss for failure to state a claim.

The court emphasized that Alexander did not alter the holding that the association had standing to challenge RICO's pre-trial seizure provision, and that the seizure provision violates the First Amendment. The District Court was directed to enter judgment for the association on its claim the RICO's 1963(d) pre-trial seizure provision is unconstitutional on its face.

Adult Video Association v. Reno, 1994 U.S.App. LEXIS 33530 (9th Cir. 1994) [ELR 16:8:13]

Court vacates refusal to register trademark "Black Tail" for adult entertainment magazine

The Trademark Trial and Appeal Board of the United States Patent and Trademark Office affirmed an examiner's refusal to register Mavety Media Group's mark "Black Tail;" the examiner found that the mark comprised immoral or scandalous matter under 15 U.S.C. 1052(a). A Federal Court of Appeals has vacated and remanded the Board's decision.

"Black Tail" is an adult entertainment magazine featuring photographs of both naked and scantily-clad African-American women. Judge Clevenger found that the Board erred in concluding that the mark comprised scandalous matter based solely on the evidence of record. The record indicated that the examiner and the Board did not engage in a factual inquiry as to the perspective of a "substantial composite of the general public, the context of the relevant marketplace, or contemporary attitudes," but relied solely on dictionary definitions of "tail."

Judge Clevenger commented that even if a standard dictionary definition and its editorial label of "vulgar" showed that a substantial composite of the general public would consider the word to be scandalous, the court still would hold that the Board erred in this case, given that the dictionaries cited by the examiner and the Board also set forth non-vulgar definitions of "tail."

The court concluded by stating that precedent precluded Mavety's challenges to the statute as unconstitutional on its face or as applied, and by remanding the matter to the Board for further proceedings.

In re Mavety Media Group Ltd., 33 F.3d 1367, 1994 U.S.App.LEXIS 22772 (Fed.Cir. 1994) [ELR 16:8:13]

Decision on behalf of Merriam-Webster in dispute over dictionary cover is reversed

In 1983, Merriam-Webster published the ninth edition of its hardcover, abridged, desk-top dictionary under the title "Webster's Ninth New Collegiate Dictionary." The jacket of the dictionary had a bright red background; the front cover featured a large circle with a thin white outer rim, a thin blue inner rim, a central area with a white background and the title of the work in blue. The words "A Merriam-Webster" appeared in white script above the "bull's eye" logo; the word "Webster's" appeared in white vertically on the spine and occupied about half the space. The title of the work appeared horizontally in smaller type at the top of the spine and "Merriam Webster" was written at the bottom.

In 1990, Random House Inc. published a dictionary titled "Webster's College Dictionary." The jacket was a slightly different shade of red than the Merriam-Webster dictionary jacket. In this edition of its dictionary, the words "Random House" and the company's "house" logo were slightly smaller in size and the word "the" was deleted from the cover. The logo and the words "Random House" were in black, and occupied about one third of the front jacket. "Random House" was in block lettering and appeared four more times on the outside jacket. The spine displayed the word "Webster's" vertically in large white letters. "Random House" appeared at the top in smaller black letters along with the logo; "College Dictionary" was written at the bottom of the spine.

A Federal District Court jury found that the phrase "Webster's Collegiate" was a valid, although unregistered trademark of Merriam-Webster, and that the mark was not generic and had acquired secondary meaning. The jury did not find that Random House infringed Merriam-Webster's trademarks in either the word "Webster's Collegiate" or in the "bull's eye" logo, but did determine that Random House diluted the distinctiveness of Merriam-Webster's trademark "Webster's Collegiate" in violation of New York law.

The jury further found that Random House had diluted the distinctiveness of Merriam-Webster's trade dress, and awarded the company about $1.7 million for its lost profits and $500,000 in punitive damages on the common law trade dress infringement claim.

With respect to counterclaims raised by Random House, the jury found that the word "collegiate," as applied to dictionaries is not generic, but descriptive and had acquired secondary meaning; and also found that the word "Webster's" as applied to dictionaries was generic.

The District Court (ELR 15:8:14) entered a permanent injunction barring Random House from using the current jacket design or using the words "Webster's" or "College" on dictionaries unless Random House complied with restrictions serving to differentiate the two companies' products. The court vacated the jury's award of Random House's profits and granted Random House a new trial on the issue of whether its conduct constituted "willful deception."

Federal Court of Appeals Chief Judge Winter agreed with the jury that Merriam-Webster's trade dress was distinctive and had acquired secondary meaning, but pointed out that the colors used by Random House were not likely to contribute significantly to consumer confusion. The "conspicuous" use of very different logos and of the names of the publishers also distinguished the trade dress of the works. And Random House's logo did not resemble Merriam-Webster's "bull's eye."

as background and the appearance of the name "Webster" on the spines of each dictionary. The color red is standard for dictionaries, observed the court, and the word "Webster's" was generic. Both spines featured the different names of the publishers.

Chief Judge Winter concluded that the book covers were not confusingly similar - "the impressions conveyed by the combinations of angular and curving logos, and by quite different names and some different colors...preclude a finding of similarity." Furthermore, Merriam-Webster did not offer survey evidence indicating consumer confusion and failed to show actual confusion affecting purchasers.

The sophistication of the relevant consumer group also weighed against Merriam-Webster.

There was "no question" that Random House believed that jacket design affected sales and was fully aware of the Merriam-Webster jacket. However, the court did not further consider whether the record supported the jury's finding as to malice because whatever little evidence of bad faith there was, in the court's view, was insufficient by itself to show a likelihood of confusion.

The court proceeded to reject Merriam-Webster's dilution claim, stating that the jury's findings were not supported by the record. Chief Judge Winter reiterated that the jury finding of malice on the part of Random House was insufficient to support a finding of likelihood of dilution given the prominent use of different source identifiers, including the publishers' names and logos.

It also was observed that the phrase "Webster's Collegiate" did not appear anywhere on the jacket of Merriam-Webster's dictionary. The phrase combined the generic word "Webster's" and the descriptive word "Collegiate," and several other publishers had used the word "college" to describe their dictionaries. Whatever Merriam-Webster's rights were in the phrase "Webster's Collegiate," the general and prolonged use of the word by other publishers negated as a matter of law any dilution claim against Random House.

The court reversed the District Court decision, vacated the injunction and directed the dismissal of the complaint.

Merriam-Webster, Inc. v. Random House, Inc., 35 F.3d 65, 1994 U.S.App. LEXIS 24401 (2d Cir. 1994) [ELR 16:8:14]

Publisher of men's exercise magazine is denied injunctive relief in trade dress and trademark infringement action against competitor

A Federal District Court in New York has refused to grant a preliminary injunction to Chelo Publishing in the company's trade dress and trademark infringement action against Focus Publishing. Chelo, the publisher of the magazine "Exercise For Men Only," also sponsors and organizes the "Mr. Fitness" body building and physical fitness competition. The Patent and Trademark Office registered "Mr. Fitness" as a service mark in April 1994.

Focus Publishing publishes several magazines, including "Fitness Plus;" the company registered the name "Fitness Plus" with the Patent and Trademark Office in February 1992. Each issue of the magazine contains a two-page pull-out centerfold feature entitled "Mr. Fitness Plus."

Federal District Court Judge Charles S. Haight, Jr. found that Chelo did not provide sufficient evidence to warrant granting the requested relief.

Chelo argued that the cover of its magazine consisted of a distinctive combination of design elements. But the court concluded that Chelo failed to demonstrate a likelihood that a significant number of consumers would associate the cover design of Fitness Plus with Exercise For Men Only.

Judge Haight stated that with the exception of the magazine's title and the specific typeface in which the title appeared, there was nothing distinctive about the combination of design elements used on Chelo's cover. Most of the design elements were "unprotectable functional features necessary to attract the fleeting attention of consumers..." Featuring a full-page photograph of a muscular young man on each cover was not a protectable design element, declared the court, for any men's fitness magazine might include such a photograph on its cover.

Similarities in the typefaces used in the titles of competing magazine covers may support a claim for trade dress infringement, but the two magazines in the instant case used "markedly different typefaces" in their title and there was little risk, according to Judge Haight, that a consumer would associate Fitness Plus with Exercise For Men Only. Even a "cursory glimpse" at the differing typefaces would help inform a purchaser that the magazines were not affiliated. It was noted that Fitness Plus used the subheading "Exercise For Men," printed in a small typeface below the main title. But the subtitle was not the most visible element of the cover and was not identical to the title "Exercise For Men Only."

Chelo presented no evidence of Focus's intent to confuse consumers, and the very general similarities in the two cover formats did not justify an inference of bad faith on the part of Fitness Plus, stated the court.

Judge Haight then observed that the products were "in very close commercial proximity to each other;" that the publications apparently received a relatively small amount of consumer care with respect to the selection of the product; and that there was no significant evidence of actual confusion.

In all, Chelo, based on the record before the court, failed to demonstrate a likelihood of showing that the cover of Fitness Plus infringed on the trade dress of Chelo's magazine.

In turning to Chelo's claim that Focus's use of the term "Mr. Fitness Plus" as the title for its centerfold feature constituted trademark infringement, the court stated that the evidence did not indicate that the Mr. Fitness mark was particularly strong. The marks were quite similar, continued Judge Haight, but there was no evidence of bad faith on the part of Focus in using the phrase Mr. Fitness Plus.

Although Chelo presented a "colorable claim" for trademark confusion, it did not appear to the court that the publisher was likely to prevail on its claim. After balancing the hardships to each party , Judge Haight concluded that preliminary injunctive relief would be inappropriate.

Chelo Publishing Inc. v. Focus Publishing Ltd., 1994 U.S.Dist.LEXIS 10257 (S.D.N.Y. 1994) [ELR 16:8:15]

NBC prevails in comedian Red Buttons' defamation action

In October 1993, the show "Late Night with Conan O'Brien" broadcast a skit in which O'Brien "conversed" with a larger-than-life picture of actor Ted Danson. As described by Federal District Court Judge Tashima, Danson appeared in blackface in the picture; there was a cutout where the actor's mouth would be. With respect to the controversial Friars Club "roast" of Whoopi Goldberg, the "Danson" character commented, in part, that "...Red Buttons said it was brilliant..."

Buttons sued NBC and other parties for defamation. NBC removed the action to Federal District Court. When Buttons then sought to amend the complaint to join certain parties, Judge Tashima rejected Buttons' motion. It did not appear to the court that the NBC executives named by Buttons had any responsibility for the production or content of the show at issue, nor was it likely that Buttons could obtain any greater or different relief against the local subsidiary of NBC than could be obtained from the parent. In the court's view, Buttons' primary motive in seeking to amend his complaint to add these parties was to destroy diversity.

The court, treating NBC's motion to dismiss as a motion for summary judgment, granted the motion. Judge Tashima stated that it was clear from the context that the statement was not intended as, and would not reasonably be understood as, an assertion of fact.

Buttons v. National Broadcasting Company, Inc., 858 F.Supp. 1025, 1994 U.S.Dist.LEXIS 9516 (C.D.Ca. 1994) [ELR 16:8:16]

Investigative author is entitled to qualified testimonial privilege

Joseph Bosco wrote "Blood Will Tell," about the events surrounding the murder of Janet Myers in 1984 and the subsequent trial of Kerry Myers, Janet's husband, and William Fontanille, who were charged with Janet Myers' killing. William Morrow & Company published the book in 1993.

Fontanille, who was convicted of manslaughter, sought post conviction relief. According to a Louisiana appellate court, Bosco was called as a witness in the hearing on the motion, at least in part, to impeach testimony given by Kerry Myers. In order to establish governmental criminal conduct justifying a new trial, Fontanille asked Bosco questions about his conversations with Myers while Myers was incarcerated.

When Bosco refused to answer questions, the trial court found that the author was not entitled to reporter immunity and held Bosco in contempt of court.

On appeal, Judge Gaudin found that Bosco was constitutionally entitled to a restricted or qualified journalist's testimonial privilege and remanded the matter for a hearing to determine if the qualified privilege should be upheld.

It was noted that the state statute granted a qualified testimonial privilege specifically to news media reporters working for newspapers, press associations, wire services, radio or television stations or news reel organizations. The court stated that whether or not Bosco qualified under the statute, the author was entitled to a qualified testimonial privilege under the First Amendment and the Louisiana Constitution.

In a concurring opinion, Judge Grisbaum stated that Bosco's book was within the statutory definition of news and that the author was a reporter under the statute. Judge Grisbaum suggested that the trial court, on remand, conduct a hearing to determine whether Bosco's privilege would extend to the information sought.

Judge Bowes, in dissent, observed that even assuming that Bosco was entitled to a privilege against compulsory disclosure, "statutory or otherwise," it was not necessary to remand the matter to determine whether Bosco was entitled to shield the requested information. The reporter's privilege is not absolute, and must give way to protect the constitutional rights of a defendant, stated Judge Bowes, particularly the right to a fair trial. Bosco would not suffer a "personal loss" in answering questions about whether a statement made by Fontanille was shown to Myers prior to the taking of Myers' statement, and the questioning of Bosco was, for Fontanille, "the last avenue of inquiry" in attempting to discover whether his right to a fair trial was compromised.

Judge Bowes agreed with the trial court finding that Fontanille established a compelling need for the requested information which outweighed any constitutional privilege against disclosure by Bosco, and with the decision holding Bosco in contempt.

State of Louisiana v. Fontanille, 1994 La.App.LEXIS 191 (La.App. 1994) [ELR 16:8:16]

Court bars destruction of sculptural installation

As reported at ELR 16:4:19, John Swing, John Veronis and John Carter have worked together, under the name "Three-Js" or "Jx3," to create sculptures and other works of visual art.

In 1991, the artists agreed to design, create and install a sculptural work in the lobby of a building in Queens, New York. Sig Management Company granted the artists full authority with respect to the design, color and style of the works to be installed, but retained the right to determine the locations of the pieces. The contract provided that the artists would receive credit for the sculptures and art works and would own the copyrights in the works. Sig Management was to receive fifty percent of any proceeds earned from the exploitation of the copyrights. The parties extended the term of the contract until January 1994.

From December 1991 until July or August 1993, Sig Management, as described by Federal District Court Judge David Edelstein, paid each artist $1,000 weekly. From the summer of 1993 until April 1994, a successor partnership to Sig continued the payments to the artists, as work on the installation proceeded.

In April 1994, the artists sued Helmsley-Spear, Inc., the managing agent of the property, alleging the violation of section 106A(a)(3) of the Copyright Act, known as the Visual Artists Rights Act of 1990. The statute provides that the author of a work of visual art, subject to specified limitations, has the right "to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right." The author also may prevent any destruction of "a work of recognized stature," and any intentional or grossly negligent destruction of that work will violate the author's rights.

The artists claimed that Helmsley-Spear had announced its intention to remove or materially alter the works at the Queens property. Judge Edelstein granted, in part, and denied, in part, the artists' motion for a preliminary injunction and barred the Helmsley-Spear parties, during the pendency of the case, from taking any action "to alter, deface, modify, or mutilate" the sculptures and installations at issue. The court limited the artists' access to the property for specified purposes.

In an August 1994 opinion, Judge Edelstein, after reviewing the provisions of the Visual Artists Rights Act, and then noted that the art work at issue consisted of "a number of sculptural elements including art work attached to the ceiling and the floor, interactive art, a vast mosaic covering the majority of the floor of the Lobby and portions of walls and several sculptural elements, and the interior of three elevators that open into the Lobby." The court found that with the exception of certain items, such as a building directory and the entrance steps, the lobby installation was a single work of art whose elements were interrelated.

The court rejected the argument that the work incorporated elements of "applied art," which were not entitled to protection under the statute. The work was "a single work of art," reiterated Judge Edelstein, but even examined individually, the majority of the sculptural elements could not be described as applied art.

The statute excepts "works for hire" from the definition of works of art. Judge Edelstein, after careful consideration, determined that the artists were independent contractors, rather than employees and that the work was not a "work made for hire." In all, the installation was a work of visual art under the statute.

Judge Edelstein then stated that in evaluating whether "intentional distortion, mutilation, or modification" of a work would be "prejudicial to [plaintiff's] honor or reputation," the court would consider whether such alteration would cause injury or damage to the artists' good name, public esteem, or reputation in artistic community. It was found that the artists possessed honor and reputations worthy of protection. And testimony was presented indicating that the artists' reputation and honor would be damaged if the work were to be distorted, modified or mutilated.

The court next referred to the statutory provision granting the author of a work of visual art the right to prevent "any destruction of a work of recognized stature." For Judge Edelstein, given the "preservative goal" of the statute, the "recognized stature" requirement appeared to be a "gate-keeping mechanism - protection is afforded only to those works of art that art experts, the art community, or society in general views as possessing stature." In the instant case, the installation qualified, on the basis of the testimony of expert witnesses, as a work of recognized stature.

Judge Edelstein proceeded to review, and reject, Helmsley-Spear's constitutional arguments. The statute is not an impermissible taking because it applies only to those protected works that are installed after the effective date of the statute; because any impact the statute might have on property is temporary - the protection is available only for the life of the last surviving author of a covered work; and because the statute creates "a comprehensive scheme, duly enacted by Congress, to protect and ensure the preservation of certain types of art work so as to advance the public interest and protect artists' moral rights." Furthermore, noted the court, the statute did not disproportionately or unfairly target or burden Helmsley-Spear. Again, the statute applies only to works installed after the effective date of the statute and permits those seeking to install works within the scope of the statute to contractually waive the statutory protection.

The statute does not diminish property value, continued the court, but merely provides that once a covered work is installed, the work must remain for the life of the last surviving artist unless the artist or artists waive the statutory rights. Furthermore, the statute not only did not deprive Helmsley-Spear of the primary commercial use of its property, but may benefit a property owner by the "societal interest" in the art located in its building.

Judge Edelstein found that the artists were entitled to an injunction prohibiting Helmsley-Spear from distorting, mutilating, or modifying the art work. The artists demonstrated that removing the work would necessarily result in its distortion, mutilation, or modification because certain elements of the work could not be removed without being destroyed. The court also enjoined Helmsley-Spear from destroying the work.

The statute did not give the artists the right to complete, or engage in further work, on the installation - Helmsley-Spear's refusal to permit the artists to "finish" the work did not constitute "distortion, mutilation, or other modification."

It was not shown that Helmsley-Spear already had violated the artists' statutory rights and the court therefore declined to award actual or statutory damages. The court also found that an award of costs and attorneys' fees to the artists would be inappropriate, citing, in particular, the court's status as the first District Court in the country to interpret and apply the statute at issue.

With respect to the artists' copyright infringement claim, the court noted that registration, although not a prerequisite to copyright protection under the Copyright Act, is a prerequisite to an infringement lawsuit. The artists never obtained, or sought to obtain, registration of their copyright in the work, and the court, accordingly, lacked jurisdiction to decide the infringement claim.

The court dismissed the artists' state law claims for tortious interference with contractual relations, and for unlawful ejection from real property, and also dismissed Helmsley-Spear's counterclaim alleging waste.

Carter v. Helmsley-Spear, Inc., 861 F.Supp. 303, 1994 U.S.Dist.LEXIS 12207 (S.D.N.Y. 1994) [ELR 16:8:16]

Sponsor of Boston's St. Patrick's Day parade may not bar participation of Irish-American Gay, Lesbian & Bisexual Group

A Massachusetts trial court granted permanent injunctive relief to the Irish-American Gay, Lesbian & Bisexual Group of Boston (GLIB) barring the South Boston Allied War Veterans Council from discriminating against the group on the basis of sexual orientation with respect to participation in the Council's annual St.Patrick's Day-Evacuation Day parade.

The Supreme Judicial Court of Massachusetts has upheld the trial court decision. Chief Judge Liacos noted that the trial court had found that the parade was not an exercise of the Council's constitutionally protected right of expression, but was "an open recreational event...subject to the public accommodation law..." The trial court did not err in finding that the Council discriminated against GLIB on the basis of sexual orientation in refusing to admit its members into the parade, in violation of the state's public accommodation law.

The court distinguished the decision in New York County Board of Ancient Order of Hibernians v. Dinkins, 814 F.Supp. 358 (S.D.N.Y. 1993; ELR 15:7:12), observing that the court in Hibernians found that the organizing group had used the St.Patrick's Day parade as a means of expression, that the admission process was selective, and that rules were adopted to prevent parade participants from using the parade as a forum to express views inconsistent with the views of the Ancient Order of Hibernians or the Roman Catholic Church. And contrary to the assumption of the Council, stated Chief

Judge Liacos, "every parade is not per se an exercise of those rights protected by the First Amendment."

Chief Judge Liacos concluded by finding that the state's public accommodation laws were not overbroad and facially did not reach speech or expression protected by the First Amendment, and that the laws did not allow a judge, or any public official, to examine the content of speech. The court affirmed the finding that the Council did not prove that it truly was exercising First Amendment rights.

Judge Nolan, in dissent, would have found that the Council's rights were violated by the trial court ruling. The order permitting GLIB to march as an identifiable group amounted to mandating speech that the Council would not otherwise present, stated Judge Nolan. To compel the Council to express GLIB's message was not narrowly tailored to the state's purported interest in eliminating discrimination on the basis of sexual preference, continued the dissent, and requiring the Council to promote GLIB's message was an unconstitutional restriction on free speech.

Judge Nolan also questioned the finding that the parade lacked an expressive purpose, citing the entertainment provided for spectators, and declared that the trial court order violated the Council's freedom of speech, as well as its freedom of association.

Irish-American Gay, Lesbian & Bisexual Group of Boston v. City of Boston, 418 Mass. 238, 1994 Mass.LEXIS 388 (Mass. 1994) [ELR 16:8:18]

Original owner of Monet painting, allegedly stolen during World War II, may not reopen case to recover work from good faith purchaser

As reported at ELR 15:5:9, Gerda Dorothea DeWeerth sought to recover a painting by Claude Monet entitled "Champs de Ble a Vetheuil." DeWeerth, who, according to news reports, was 100 years old in 1994, claimed that her father purchased the Monet in 1908 and that she inherited the painting in 1922. In 1943, DeWeerth sent the Monet to her sister in southern Germany for safekeeping, but the painting disappeared sometime after the departure of American soldiers who had been stationed in her sister's castle.

In 1956, Wildenstein & Co. acquired the Monet from a Swiss art dealer. Edith Marks Baldinger purchased the work in 1957 in "undisputed good faith," according to Federal Court of Appeals Judge John M. Walker, Jr.

In 1981, DeWeerth discovered that the Monet had been included in a 1970 Wildenstein exhibition. A New York trial court ordered the gallery to reveal the identity of the possessor of the Monet. But upon demand by DeWeerth, Baldinger refused to return the painting.

In 1987, Federal District Court Broderick found that DeWeerth had established a superior right to possession of the Monet and issued a ruling in her favor. The court concluded that the three year statute of limitations applicable to the action did not begin to run until Baldinger refused DeWeerth's demand for the painting; that DeWeerth had been reasonably diligent in seeking the return of the Monet after 1945; and that Baldinger had not been prejudiced by any delay in the demand for the painting's return.

A panel of the Federal Court of Appeals reversed the District Court's ruling on the ground that New York's statute of limitations required a showing of reasonable diligence in locating stolen property and that DeWeerth had failed to make such a showing. The court filed its mandate directing that the judgment in favor of DeWeerth be reversed.

In 1988, the United States Supreme Court denied DeWeerth's petition for a writ of certiorari.

In 1991, DeWeerth sought to have the court recall its prior mandate and vacate the judgment in light of Solomon R. Guggenheim Foundation v. Lubell, 77 N.Y.2d 311 (N.Y. 1991; ELR 13:1:11, 13:5:16), a decision holding that the applicable statute of limitations did not require a showing of reasonable diligence in locating stolen property. The Court of Appeals denied the motion without opinion.

Federal District Court Judge Broderick subsequently granted DeWeerth's motion for relief on the basis of the Guggenheim decision, and again ordered Baldinger to surrender the Monet to DeWeerth (ELR 15:5:9).

Judge Walker, after finding that the District Court had jurisdiction to consider DeWeerth's attempt to seek further relief, noted that the New York Court of Appeals, in Guggenheim, expressly stated that the Federal Court of Appeals' view of New York law in its prior decision in this case was wrong. The New York Court of Appeals held that the state had a clearly established rule that the statute of limitations does not start to run until a bona fide purchaser refuses an owner's demand for the return of a stolen art object and that the federal court should not have modified this rule by imposing a duty of reasonable diligence.

The District Court, accordingly, determined that DeWeerth would have prevailed in the case had she brought her lawsuit in the New York state courts, and reasoned that DeWeerth was entitled to a modification of the final judgment in the case.

Judge Walker, however, ruled that the circumstances presented did not warrant relief under Fed.R.Civ.P. 60(b), stating that the District Court's decision had the "inappropriate effect of relieving DeWeerth of the consequences of her choice of forum." Case law, stated Judge Walker, did not entitle DeWeerth "to reopen a federal court case that has been closed for several years in order to gain the benefit of a newly-announced decision of a state court, a forum in which she specifically declined to litigate her claim." The fact that federal courts must follow state law when deciding a diversity case does not mean, according to Judge Walker, that a subsequent change in the law of the state will provide grounds for relief under Rule 60(b)(6).

DeWeerth argued that the state court did not announce a change in the law, but clarified "what New York law is - and always was - contrary to what the federal court held it to be." But Judge Walker did not agree that Guggenheim stated that the question decided by the federal court panel was well-settled in New York. The Guggenheim court, according to Judge Walker, stated only that

New York's demand and refusal rule was well established, but did not state that the question of whether a due diligence requirement should be added to the rule was clearly settled. Apparently, no earlier New York case had addressed the issue. And the DeWeerth panel had not chosen to certify the question to the New York Court of Appeals.

Judge Walker reviewed the panel's "comprehensive opinion" which established the basis for its prediction, albeit incorrect, that New York courts would adopt a due diligence requirement for owners attempting to locate stolen property, and stated that DeWeerth, by filing a state law claim in a federal forum, assumed the risk that a federal court would decide an open question of state law. For Judge Walker, the Guggenheim decision did not "impugn the integrity of the DeWeerth decision or the fairness of the process that was accorded DeWeerth," and did not amount to an "extraordinary circumstance" that would justify reopening the case, particularly in view of the important interest in the finality of the judgment.

The District Court also ruled that DeWeerth was entitled to relief under Rule 60(b)(5). The rule provides that a court may relieve a party from a final judgment where "the judgment has been satisfied, released, or discharged, or a prior judgment upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment should have prospective application."

Judge Walker stated that the District Court's conclusion that the final judgment in this case had "prospective application" was erroneous as a matter of law. The fact that a physical transfer of the painting would have been required to accomplish the judgment if DeWeerth prevailed did not render the judgment "executory."

Judge Richard Owen, in dissent, questioned the court's decision to allow the dismissal of DeWeerth's action to stand although the court recognized that the panel's prediction as to New York law was wrong. Judge Owen observed, in part, that there was no prior state ruling suggesting a pre-demand due diligence requirement, that DeWeerth presented a "compelling" case for relief under Rule 60(b)(6), and that Rule 60 was designed to serve as a remedy in an "extraordinary" case, such as the one before the court.

DeWeerth v. Baldinger, 24 F.3d 416, 1994 U.S.App. LEXIS 10850 (2d Cir. 1994) [ELR 16:8:19]

Court dismisses antitrust claim involving authentication of Jackson Pollock painting

As described by Federal District Court Judge Peter K. Leisure, Joan Vitale, an art and antiques dealer, bought a painting, purportedly signed by Jackson Pollock at a 1969 auction. Vitale claimed that she was informed that the painting could sell for up to $165,000, but that she would have to obtain the approval of Lee Krasner, Pollock's widow, prior to auctioning the painting. In the course of seeking such approval, Vitale was advised to bring the painting to the Marlborough Gallery; the painting remained at the gallery from 1969 to 1974 when Vitale regained possession of the work.

When Vitale tried to sell the painting, various galleries stated that they would require a letter of authentication from Marlborough or a representative of Krasner.

In 1978, a picture of the painting appeared in the Jackson Pollock Catalogue Raisonne; the painting was among those categorized as false attributions or forgeries.

In 1993, Vitale brought a $15 million antitrust action against the gallery and other parties alleging that their control of the process of authentication and sale of Pollock paintings constituted an unlawful restraint of trade.

Judge Leisure, for purposes of the gallery parties' motion to dismiss, stated that Jackson Pollock paintings may constitute a submarket of the market in contemporary and modern paintings.

The court then found that the four year statute of limitations for federal antitrust actions would bar Vitale's claim. Vitale did not allege a continuing conspiracy so as to preclude imposing the statute of limitations - the allegation of a refusal to recognize the painting as an authentic Pollock amounted "at best to no more than a refusal to deal..." The gallery parties' initial refusal to deal was final, stated the court; the continued failure to advise Vitale that she might sell the painting at auction and the continued requirement of authentication did not give rise to a new cause of action.

Vitale also did not qualify for the speculative damages exception to the statute of limitations. Under the exception, if future damages are unascertainable, a cause of action for such damages does not accrue until they occur. The extent of Vitale's alleged damages - the value obtained from selling the painting at auction -while uncertain, was "not so speculative that it could not be estimated," observed Judge Leisure.

The court proceeded to discuss Vitale's claim that the listing of her painting in the catalogue raisonne as a forgery violated section 43(a) of the Lanham Act. Even granting Vitale the benefit of a six year statute of limitations under an analogous state cause of action for fraud, Vitale's claim would be time barred. The assertion that the gallery parties were preparing to distribute a revised edition of the catalogue did not suffice to bar the imposition of the statute of limitations.

Judge Leisure granted the gallery parties' motion to dismiss for failure to state a claim, and dismissed Vitale's pendent state law claims alleging, in part, product disparagement and unauthorized publication; the court declined to impose Rule 11 sanctions.

Vitale v. Marlborough Gallery, 1994 U.S.Dist.LEXIS 9006 (S.D.N.Y. 1994) [ELR 16:8:20]

Cable company is not entitled to continued access to apartment complex easements

Century Southwest Cable Television holds a franchise from the city of Los Angeles to operate a cable television system in a designated area. In 1989, Century installed a cable system at the Viewpointe Apartments, owned by CIIF Associates; the system, as described by Federal Court of Appeals Judge John T. Noonan, Jr., included conduit and wiring in the utility trenches connecting the twelve buildings and the internal wiring in the buildings. As of October 1993, Century had about 350 subscribers at the apartments.

In 1993, Vanguard Communications entered into an agreement with CIIF to serve as the exclusive provider of cable television service to the apartments beginning in November 1993. Vanguard was not franchised by the city, but operated a Satellite Master Antenna Television system. CIIF advised Century that its services to its subscribers would be terminated in November 1993.

A Federal District Court granted Century a temporary restraining order preventing CIIF from terminating its service. Century and Vanguard, with CIIF's consent, then entered into an agreement permitting both Century and Vanguard to service the apartments.

The District Court subsequently granted the preliminary injunction sought by Century, finding that CIIF's threatened termination of Century's access to the apartments violated Century's rights, under 541(a)(2) of the Cable Communications Policy Act of 1984, to co-use the utility easements.

The court also ruled that CIIF was precluded from terminating Century's right of access by California Public Utilities Code 767.5 and by a Los Angeles municipal ordinance.

Judge Noonan, noting that the case was one of first impression in the circuit, stated that Century was required under 541(a)(2) to show that it was using an easement "dedicated for compatible uses." There was no need for the court to decide the disputed question of the meaning of "dedicated," declared Judge Noonan, because

Century offered no evidence that there existed easements within the apartment buildings which would come under the statute. Thus, Century did not show that it was likely to succeed on the merits and was not entitled to an injunction under the federal statute.

With respect to Century's state law claims, Judge Noonan pointed out that the company did not allege the amount in controversy and therefore failed to meet the diversity jurisdiction requirements. However, the District Court, without indicating the basis for jurisdiction, apparently exercised its discretionary supplemental jurisdiction to consider the pendent state law claims. Judge Noonan rejected the claims raised by Century under state and local law.

Century Southwest Cable Television, Inc.v. CIIF Associates, 33 F.3d 1068, 1994 U.S.App.LEXIS 21989 (9th Cir. 1994) [ELR 16:8:21]

Briefly Noted:

Copyright Infringement.

The Design and Artists Copyright Society in England acts as an agent for its artist members in granting licenses for the reproduction of copyrighted works of art. The society claimed that over forty works published by Thames & Hudson Limited contained allegedly infringing illustrations, and issued summonses against the publisher and each of its directors.

Thames & Hudson sought to restrain the criminal action pending a decision by the civil court. Chancery Division Judge Evans-Lombe noted that the evidence did not establish that the criminal proceedings were vexatious or an abuse of process, and that there were no other procedures available to the society, which is not the copyright assignee of its members.

However, the court commented that it most likely would minimize the duplication of effort and costs if the Chancery proceedings resolved such issues as the publisher's fair dealing defense.

Judge Evans-Lombe suggested that the Magistrate consider the possibility of permitting the decision as to the summonses to be adjourned pending the decision in the Chancery proceedings.

Thames & Hudson Limited v Design and Artists Copyright Society Limited, Chancery Division, LEXIS Enggen Library, Cases File (July 1994) [ELR 16:8:21]

Copyright Infringement/Musical Compositions.

A Federal District Court in New York has granted partial summary judgment to PPX Enterprises in a copyright infringement action against Transatlantic Corporation in connection with the allegedly unauthorized use of sixteen musical compositions based on well-known children's stories, such as "Alice in Wonderland" and "Cinderella."

Transatlantic argued that between 1983 and 1985 a licensee of PPX publicly distributed recordings of the compositions without copyright notice, and that this distribution invalidated PPX's copyrights. Judge Peter K. Leisure rejected the argument, noting that PPX was suing for infringement, not of sound recordings, but of its musical compositions. The 1976 Copyright Act does not require that a copyright notice in a musical work be affixed to a record in order to protect the underlying musical work, recalled the court.

Transatlantic also claimed that PPX did not hold the copyrights to at least fourteen of the musical compositions in issue at the time of the alleged infringement because PPX had assigned its copyrights in the compositions to a third party. Judge Leisure emphasized that the assignments transferred copyrights in sound recordings, not in the underlying musical works, and that PPX remained the owner of the copyrights in the musical compositions. The court, accordingly, granted PPX's motion for summary judgment on the issue of copyright infringement.

PPX Enterprises v. Transatlantic Corp., 194 U.S.Dist.LEXIS 9436 (S.D.N.Y. 1994) [ELR 16:8:21]

Copyright Infringement/Remedies.

The Controller of Her Majesty's Stationery Office claimed that Labyrinth Media infringed its copyright in a film entitled "The True Glory" and sought to enjoin Labyrinth from distributing videocassettes of the film. "The True Glory," which was completed in 1945, includes footage shot in the field during World War II. Labyrinth argued that the Controller did not own the copyright in the film.

Chancery Division Judge Aldous stated that damages might be an adequate remedy for the Controller, but that it was possible that damages would not be an adequate remedy for "After the Battle" Magazine, the Controller's licensee for certain rights in the film.

Judge Aldous also noted that Labyrinth released the video knowing that it was possible that the Controller might obtain an injunction.

After further careful consideration, the court stated that the various relevant factors were "fairly finely balanced." However, it appeared to Judge Aldous that there was no evidence that the Labyrinth parties could pay any damages. Given the likelihood that a victory at trial for the Controller "would prove to be worthless," whereas the Labyrinth parties could be compensated pursuant to a cross-undertaking, the court granted the injunction requested by the Controller.

Controller of Her Majesty's Stationery Office and Another v. Labyrinth Media Limited and Another, Chancery Division, LEXIS Enggen Library, Cases File (July 1994) [ELR 16:8:22]

Videocassette Seizure.

Century Home Entertainment obtained an order of seizure in connection with its claim of exclusive authority to distribute videocassettes of certain Chinese language films in the United States.

A Federal District Court has upheld the validity of the seizure order and the seizure itself. Judge Johnson stated that Century adequately stated which tapes were owned by the company; that Century had presented a prima facie case of copyright infringement and the likelihood that evidence might be destroyed or hidden; that the harm to Century outweighed any harm caused by the impounding of the allegedly unauthorized tapes and the taping equipment; and that the seizure was properly carried out. The fact that the copying equipment also was used in the legitimate copying of tapes did not "legitimate" the illegitimate uses of such equipment, observed the court, in declining to lift the seizure order.

Century Home Entertainment, Inc. v. Laser Beat, Inc., 859 F.Supp. 636, 1994 U.S.Dist.LEXIS 6179 (E.D.N.Y. 1994) [ELR 16:8:22]

Attorney Disqualification.

In the late 1980s, a dispute arose concerning the right to exploit a 1985 television series entitled "Joseph Campbell and the Power of Myth with Bill Moyers." A group of individuals and entities involved in producing and airing the series claimed this right, as did Stuart L. Brown and Mythology, Ltd. and litigation ensued. The contracts on which the various parties relied were negotiated by Russell & Volkening and Timothy Seldes, who served as the literary agent for Joseph Campbell and then for the First Hawaiian Bank as trustee of the Joseph Campbell Trust.

The bank apparently asked Russell & Volkening and Seldes, the agency's majority shareholder and president, to cooperate with attorneys for both groups of litigants. However, when the "Mythology" group filed counter-claims against the bank, the bank sued the agency parties alleging various state common law violations.

The agency sought to disqualify the bank's attorneys. Federal District Court Judge McKenna, in rejecting the motion, noted that the agency parties had not been employees of Campbell or the bank, and that neither Seldes nor Russell & Volkening ever was a client of the bank's law firm. Judge McKenna commented that the law firm's attorneys excluded Seldes from some aspects of the settlement discussions held in conjunction with the Moyers litigation in order to protect the confidences of the bank. The court further found that the agency parties' "subjective belief" that Seldes was represented by the bank's law firm was not a reasonable belief - no fee arrangement or retainer agreement was made or discussed, no fee ever was requested from or paid by Seldes, and the law firm did not take direction from Seldes.

Seldes cooperated with the attorneys for all the parties in the Moyers litigation, stated the court. And the agency parties had conceded that there was a divergence of interest between the bank and Seldes, a divergence undermining the claim that Seldes had a reasonable belief that there was an attorney-client relationship between Seldes and the law firm. Judge McKenna, accordingly, declined to disqualify the law firm and dismiss the action.

First Hawaiian Bank v. Russell & Volkening, Inc., 861 F.Supp. 233, 1994 U.S.Dist.LEXIS 16515 (S.D.N.Y. 1994) [ELR 16:8:22]

Attorney Disqualification.

International Sports Advisors Co. agreed to represent Andrei Nazarov, who at the time, was a seventeen year-old Russian citizen playing hockey for a Moscow club, in obtaining a National Hockey League contract and other commercial endorsements.

Nazarov subsequently notified the agency that he was terminating the agreement; the athlete claimed that the terms of the agreement were not adequately explained to him, that he was not provided a Russian translation of the agreement and that the terms of the agreement were inherently unfair.

Mark Gandler, a principal of International Sports, had negotiated the agreement. Gandler was a native Russian speaker.

Alexander Berkovich, counsel for International Sports, also had met with Nazarov and his father; Berkovich claimed that he translated and explained the provisions of the agreement, and that the Nazarovs did not request a written Russian translation.

In July 1994, a Federal District Court in New York raised, sua sponte, the question of whether Berkovich should be disqualified, and, after considering the parties' submissions, answered the question affirmatively. Judge Charles S. Haight, Jr. noted that Berkovich "was intimately involved in the negotiation and execution of the Representation Agreement. Absent his testimony, it will be impossible for [Gandler] to explain or rebut [Nazarov's] testimony." The court directed Berkovich to withdraw as counsel for Gandler.

Gandler v. Nazarov, 1994 U.S.Dist.LEXIS 10236 (S.D.N.Y. 1994) [ELR 16:8:23]

"Red Red Robin"/Attorneys' Fees.

A Federal District Court in New York, in 1993, ruled that the heirs of composer/lyricist Harry Woods were 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 the heirs' termination of Woods' 1926 assignment of his copyright in the song to his music publisher (ELR 15:12:20).

In July 1994, Judge Owen stated that "the essential fact and law positions taken by publisher Bourne in this litigation were objectively unreasonable," and granted the heirs' motion for reasonable attorneys' fee.

In the prior opinion, Judge Owen had noted that the nineteen year extension of copyright protection was designed to benefit composers. Bourne had argued that every publication of sheet music after the original "lead sheet" was a derivative work, and that the publisher was entitled to the extended rights of the creator of a derivative work. But the court observed that this was not a generally accepted trade position and that no printed or performed version of the song before the court (with one "immaterial" exception) had sufficient creativity to be classified as a derivative work.

Judge Owen rejected Bourne's argument that the heirs' motion should be denied because the Songwriter's Guild paid counsel fees. The Guild, commented the court, is "a modestly financed organization that conducted a special campaign among its entire membership to finance this litigation."

Woods v. Bourne Co., 858 F.Supp. 399, 1994 U.S.Dist.LEXIS 9959 (S.D.N.Y. 1994) [ELR 16:8:23]

Attorneys' Fees; Jerry Tarkanian/UNLV Matter.

The Nevada Supreme Court has affirmed a trial court order granting Jerry Tarkanian his costs and attorneys' fees in the amount of about $150,000 plus interest in the coach's lengthy litigation against the University of Nevada at Las Vegas and its Board of Regents.

In a per curiam opinion, the court, after describing the course of the dispute, agreed that Tarkanian was entitled to attorneys' fees as costs under 42 U.S.C.1988 as the prevailing plaintiff in a section 1983 civil rights action. It also was found that the trial court acted within its discretion in holding the university responsible for the entire fee award because "UNLV helped cause Tarkanian to suffer a single, indivisible injury." And the doctrine of res judicata did not preclude the trial court from awarding Tarkanian his costs and ordering that the university pay said costs on remand, stated the court.

University of Nevada v. Tarkanian, 1994 Nev.LEXIS 95 (Nev. 1994) [ELR 16:8:23]

Litigant Identification.

The Miami Review, in a section listing all new civil actions filed, published the real name of "Jane Doe," the name of the alleged father in Doe's paternity action, the case number and the case category. Doe had filed the underlying paternity action in her true name rather than a fictitious name and did not move to seal the paternity file until one month after filing the action against the newspaper.

The Miami Review had stated that it obtained its information from court documents provided by a county clerk. A Florida trial court denied the newspaper's motion to dismiss, but granted its motion for summary judgment. A Florida appellate court affirmed the decision on behalf of the newspaper. The court cited Cox Broadcasting Corp. v. Cohn, 420 U.S. 469 (1975) in which the Supreme Court ruled that "once true information is disclosed in public court documents open to public inspection, the press cannot be sanctioned for publishing it."

"Jane Doe" v. American Lawyer, 1994 Fla.App.LEXIS 6618 (Fla.App. 1994) [ELR 16:8:23]

Title IX.

Pam Bowers, the longtime women's basketball coach for Baylor University, complained to the school, beginning in 1989, about the unequal allocation of resources in the men's and women's basketball programs. Baylor terminated Bowers' employment in 1993. After Bowers filed a complaint with the Office of Civil Rights and the Equal Employment Opportunity Commission, the school reinstated the coach. However, in May 1994, Bowers' employment was terminated because of her unsuccessful win-loss record throughout her employment at Baylor.

Bowers filed a lawsuit under Title IX of the Education Amendments of 1972, claiming that the school discriminated against her on the basis of sex and retaliated against her for challenging Baylor's allegedly discriminatory conduct.

The court denied Baylor's motion to dismiss, stating that Bowers possessed a private cause of action against the school for damages under Title IX. The court granted the individual parties' motion to dismiss; the administrators and employees of the school, "in and of themselves," were not educational institutions subject to the statute.

Bowers v. Baylor University, 862 F.Supp. 142, 1994 U.S.Dist.LEXIS 12484 (W.D.Tex. 1994) [ELR 16:8:24]

Previously Reported:

In June 1993, a Federal District Court in New York (ELR 15:4:6) declined to enjoin Sed Non Olet Denarius from using the phrase "The Brooklyn Dodger" in the names and service marks of certain local restaurants operated by the company.

In January 1994, the restaurant parties and Major League Baseball Properties and the Los Angeles Dodgers entered a settlement agreement. In response to the parties' joint motion, the court entered an order vacating its prior Order and Judgment and its opinion in the matter, and dismissed the action. The parties also agreed to the withdrawal of the baseball parties' appeal from the Order and Judgment. Major League Baseball Properties, Inc. v. Sed Non Olet Denarius, Ltd., 859 F.Supp. 80 (S.D.N.Y. 1994)

The following cases, which previously were reported in the Entertainment Law Reporter, have been published: Glendora v. Kofalt, 616 N.Y.S.2d 138, 1994 N.Y.Misc.LEXIS 365 (16:5:22); Metro Publishing, Ltd. v. San Jose Mercury News, Inc., 861 F.Supp. 870 (15:8:15).

The United States Supreme Court has let stand the Federal Court of Appeals decision in Subafilms, Ltd. v. MGM-Pathe Communications Co. (16:5:10).
[ELR 16:8:24]

WASHINGTON MONITOR

Paramount Pictures must establish standing in opposing trademark registration of "The Romulans" for a game

James E. White, doing business as R.I. Productions, sought to register the mark "The Romulans" for a connect-the-dots game set. Paramount Pictures opposed the registration on the ground that the company devised the term "Romulans" to refer to "an alien enemy race of space creatures" featured in the "Star Trek" television programs and film productions.

As described by Trademark Trial and Appeal Board Administrative Trademark Judge Rice, White's game, which was created in 1982, consists of three photocopied pages, on letter-size paper, stapled together. The first page contains game instructions, promotional matter concerning merchandise for White's band, the name and address of the band, and the phrase "The Romulans" together with a design mark. The second page contains the connect-the-dots game, and the third page contains a triangle design (i.e., the "solution" to the game) and the phrase "The Romulans." White distributed the game primarily at performances by his band.

Paramount argued that White failed to use the purported trademark on "goods in trade." Judge Rice noted that the flier/game was not clearly labeled as a game; that the three-page flier did not have any packaging; that there was "no real substance or entertainment value to the purported game;" and that the flier was distributed primarily as a give-away. The mere fact that a product serves the purpose of promoting a party's goods or services does not necessarily mean that the collateral product is not a good in trade, where it is readily recognizable as product of its type (such as a T-shirt), and is sold or transported in commerce, stated that Board. However, in this case, Judge Rice rejected the claim that the flier was readily recognizable, or had any real utilitarian function, as a game.

Even if the flier was a game, White did not make a bona fide use of the mark in the ordinary course of trade, stated Judge Rice.

Notwithstanding the above, the Board found that Paramount did not establish its standing to be heard and allowed the company a period of time in which to show that there was no issue of fact as to its standing. If Paramount's showing sufficiently established its entitlement to summary judgment on the issue of its standing, the Board proposed to grant the motion for summary judgment both on the standing issue and on the grounds asserted by the company in its opposition to registration.

Paramount Pictures Corporation v. White, 1994 TTAB LEXIS 14 (Trademark Trial and Appeal Board 1994) [ELR 16:8:25]

IN THE NEWS

CNN admits error in broadcasting Noriega "jail-house" tapes

In 1990, Federal District Court Judge William Hoeveler issued several rulings concerning CNN's broadcast of tapes of government-recorded telephone conversations between Manuel Noriega and Noriega's lawyers (ELR 13:2:8).

In late 1994, Judge Hoeveler convicted CNN of contempt of court for violating his order barring the broadcast of the tapes, and subsequently ruled that CNN would be required to pay a substantial fine to be determined by the court, plus $85,000 in prosecution costs, or to broadcast an admission of error and pay only the prosecution costs.

CNN, in a statement approved by Judge Hoeveler, announced, according to news reports, that "it was in error in defying the order of the court and publishing the Noriega tape while appealing the court's order." [Jan. 1995] [ELR 16:8:26]

Mike Love settles lawsuit against Brian Wilson for $5 million and future royalties on 35 Beach Boys songs

In late 1994, a Federal District Court jury in Los Angeles found that Beach Boys lead singer Mike Love was entitled to co-author credit on 35 of the group's songs and was entitled to past and future royalty payments. Love had claimed that his name was omitted from copyright applications and songwriting agreements for the songs in violation of the Lanham Act. The jury also determined that Brian Wilson, the group's co-founder, and his lawyers failed to pay Love a 30 percent share of a $10 million settlement Wilson received in a lawsuit over the 1969 sale of the Beach Boys' catalog.

According to news reports, Love, in settlement of the lawsuit, has agreed to accept $5 million and future royalties; the terms of the agreement were not further disclosed. [Jan. 1995] [ELR 16:8:26]

DEPARTMENTS

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International Trade Conflict in High Technology Sectors: The Japanese Satellite Example by Glenn H. Reynolds, 12 UCLA Pacific Basin Law Journal 295 (1994)

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Cincinnati v. Discovery Network, Inc.: What Scrutiny Should Be Applied to Government Regulations on Truthful Commercial Speech? by Andrew L. Howell, 45 Mercer Law Review 1089 (1994)

Lestina v. West Bend Mutual Insurance Co.: Widening the Court as a Playing Field for Negligent Participants in Recreational Team Contact Sports by Hana C. Miura, 1994/4 Wisconsin Law Review 1005 (1994)

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