RECENT CASES

Federal court rules that playwright/director Pablo Cabrera is sole author of play Pedro Navaja ; theater company members who conceived idea for play and collaborated with Cabrera while he wrote it are not co-authors, nor is writer who wrote draft of play s first act even though portions of that draft were incorporated in final version of play

The line between collaboration and co-authorship is often difficult to discern. So too, the difference between co-authorship and sequential writing by two or more writers. While difficult to make, these distinctions have important legal ramifications in terms of copyright ownership, because “co-authors” of a work jointly own its copyright and either may use it, or license others to use it, without the consent of the other. Collaborators, on the other hand, are not co-owners of a work's copyright. And those who write early drafts of a work may not be co-owners of its copyright either, even if portions of their drafts are incorporated into a work's final version.

The distinction between co-authors on the one hand, and collaborators and sequential writers on the other, was the issue in a case involving the "authorship" — and therefore the copyright ownership — of the musical play "La Verdadera Historia de Pedro Navaja." Playwright/director Pablo Cabrera claimed that he is the play's sole author, while members of the nonprofit theater company Teatro del Sesenta claimed that they were his co-authors. Moreover, Teatro del Sesenta's members argued that even if *they* were not co-authors of the play, screenwriter Eneida Molina-Casanova certainly was, because they had commissioned her to write the play before Cabrera became involved as its director; and Molina had written drafts of the play's first act, portions of which were incorporated into play's final version after Molina left the project.

Authorship of "Pedro Navaja" became an issue, because after Teatro del Sesenta had successfully staged the play for several years, a dispute broke out between the theater company and Cabrera, apparently because Cabrera had authorized the play's performance in Argentina without notifying Teatro del Sesenta. As a consequence of the dispute, Cabrera claimed that continued performances by Teatro del Sesenta infringed his copyright, and that the claim by the theater company's members that they had co-authored the play was a "false designation" of origin that violates the Lanham Act.

The case was tried before Magistrate Judge Delgado-Colon, of the federal District Court in Puerto Rico, and he has ruled that Cabrera is the play's sole author. In a lengthy opinion, the judge reviews the facts surrounding the play's creation in considerable detail. The roots of "La Verdadera Historia de Pedro Navaja" were traced to the play "The Beggar's Opera" written by English playwright John Gay in 1728, which inspired "The Three Penny Opera" written by German dramatist Bertolt Brecht in 1928, which in turn led to the song "Pedro Navaja" written by Latin-American singer-composer Rueben Blades in 1979. Blades performed his song during a concert in Puerto Rico, where it was heard by a member of Teatro del Sesenta, and she conceived the idea of presenting an adaptation of Brecht's play that featured Blade's song. The theater company agreed; Molina was asked to write the script; and Cabrera was asked to direct. After writing and revising a draft of the first act, Molina left the project, and Cabrera picked up where Molina left off.

Though Cabrera later said he abandoned Molina's script entirely, Judge Delgado-Colon found that portions of Molina's writing, including "much of her dialog," found their way into the play's final version "virtually intact." Members of the theater company collaborated with Cabrera during his writing of the play; and the exact nature of that collaboration is carefully described by the judge. The question that the judge had to decide was what legal significance should be attributed to the writing done by Molina and the collaboration done by members of the theater company. Ultimately, he decided that neither Molina's writing nor the collaboration by the theater company's members made any of them co-authors of the play.

As a matter of copyright law, "co-authorship" requires intent and a copyrightable contribution by each co-author. In this case, Molina's writing constituted a copyrightable contribution, but she had not intended to create a jointly-authored work with Cabrera (or anyone else) when she wrote; nor had Cabrera intended to create a jointly-authored work when he wrote. Thus, Molina was not a co-author of the play. The contributions made by the members of Teatro del Sesenta during their collaboration with Cabrera were not contributions of copyrightable subject matter. They had contributed ideas, but ideas are not protected by copyright. Thus, regardless of their intentions, they were not co-authors either. The result: Cabrera is the play's sole author; and the judge said that Cabrera's claim for damages would be "separately addressed."

Editor s note: The question of whether collaborators and sequential writers are "co-authors" has arisen in several cases, usually in connection with copyright ownership disputes involving computer software and stage plays. Earlier cases involving plays include *Erickson v. Trinity Theatre* (*ELR* 16:4:9) and *Childress v. Taylor*

(*ELR* 13:7:11), both of which held — as this case did — that the plays in question were "authored" by one person only and thus were not jointly-authored (or jointly owned) works. There has been a difference of opinion among copyright treatises concerning what sort of contribution must be made by a person claiming to be a co-author. Melville and David Nimmer's *Nimmer on Copyright* has said that only a more than de minimis contribution must be made, so long as the end product itself is copyrightable subject matter. On the other hand, Paul Goldstein's *Copyright: Principles, Law and Practice* says that the contribution of each person claiming to be a co-author must itself be copyrightable subject matter. Most courts have adopted Professor Goldstein's copyrightable subject matter test: *Erickson*, *Childress* and now this decision do. Moreover, Judge Delgado-Colon offers a satisfying explanation for why the copyrightable-subject-matter test is the one to be preferred. "This Court," the judge said, "is convinced that no author would seek further ideas, suggestions, and improvements of his work if he was forced to gamble losing his status as sole author." The motion picture industry seems to have avoided disputes over co-authorship, even though collaboration (among producers and writers, and directors and writers) and sequential writing are the norm for movies. The reason the movie business has avoided such cases is that it also is the norm in that business to use work-for-hire agreements, so that the production company is the "author" for copyright purposes, rather than screenwriters, producers or directors.

Cabrera v. Teatro del Sesenta, Inc., 914 F.Supp. 743, 1995 U.S.Dist.LEXIS 20269 (D.P.R. 1995) [ELR 18:4:3]

Artwork in lobby of building was created as a work made for hire, so building owner may remove or destroy it without violating Visual Artists Rights Act, federal appellate court rules; injunction issued by trial judge is vacated

There's a building in Queens, New York, whose lobby contains a very large "walk-through" sculpture created by artists John Carter, John Swing and John Veronis. The three artists — known professionally as the "Three-J's" and "Jx3" — were commissioned in 1991 by the building's former lessee to create the sculpture especially for the lobby. The artwork consists of several sculptural elements constructed from recycled materials which are affixed to the lobby's walls and ceiling, as well a "vast mosaic" made from pieces of recycled glass embedded in the lobby's floor and walls.

In 1994, the lease between the lessee who had commissioned the sculpture and the building's owner was terminated. Possession of the building was restored to the building's owner; and the owner and its management company told the artists their artwork would be removed from the lobby. The artists sued and won preliminary and permanent injunctions prohibiting the owner and its management company from destroying or removing the sculpture. (*ELR* 16:4:19, 16:8:16)

The heart of the artists' case was the Visual Artists Rights Act of 1990. That Act — commonly referred to by its initials "VARA" — added a "moral rights" provision to United States copyright law. In an entirely new section of the Copyright Act, section 106A, VARA granted certain artists three new rights: the right of attribution, the right of integrity, and the right to prevent destruction. These rights are granted, however, only with respect to a very narrow and specifically defined class of works: works of visual art that exist in a single copy or a limited edition of 200 or fewer copies. Moreover, the right to prevent destruction is granted only with respect to such works of visual art which also are of "recognized stature." And certain types of visual artworks are specifically excluded from protection (even if they would otherwise qualify). Among the excluded works are those of "applied art" and "works made for hire."

In this case, the building's owner and manager contended that the lobby sculpture was both "applied art" and a "work made for hire," but the trial judge disagreed; and that is why he blocked its removal or destruction. While the Court of Appeals also found the sculpture is not a work of applied art, that court concluded that the sculpture is a work made for hire.

"Applied art" is "ornamentation or decoration that is affixed to otherwise utilitarian objects." The sculpture at issue in this case is affixed to the lobby's floor, walls and ceiling, all of which are utilitarian objects. Thus, at first glance, it appears that the sculpture is a work of applied art. However, the appellate court said, "Interpreting applied art to include such works would render meaningless VARA's protection for works of visual art installed in buildings. A court should not read one part of a statute so as to deprive another part of meaning." Thus, in an opinion by Judge Richard Cardamone, the appellate court concluded that "The trial judge correctly ruled the work is not applied art precluded from protection under the Act."

However, the appellate court disagreed with the trial judge on the work made for hire issue. Judge Cardamone applied the multi-factor test adopted by the Supreme Court in *Community for Creative Non-Violence v. Reid* (*ELR* 11:3:12), as that test was refined in *Aymes v. Bonelli*, 980 F.2d 857 (2d Cir. 1992); and he concluded the sculpture was created as a work made for hire. The judge agreed with the artists that they had complete artistic freedom with respect to the sculpture's creation, that their work required great skill in execution, and that these two factors weighed against work-for-hire status. On the other hand, Judge Cardamone found that the company that had commissioned the artists had the right to assign them additional projects and did so; and this factor weighed in favor of work-for-hire status. Moreover, other factors also favored work-for-hire status, as even the trial court found: the artists were provided employee benefits such as life, health and liability insurance and paid vacations; payroll taxes were withheld and paid on their behalf; unemployment insurance was paid for them, and two of the three artists filed for unemployment benefits after their work on the sculpture was halted; the artists were paid a weekly salary; they were provided with many of their supplies; and they were employed for more than two years and had no set date for the termination of their work.

Thus on balance, most of the relevant factors pointed in favor of the sculpture being a work made for hire; and since it was, it is excluded from the types of works to which VARA applies. Thus the injunction against its removal or destruction was vacated.

Editor s note: The artists and the company that commissioned them had entered into a written employment agreement, one provision of which recited that the artists were to retain the copyright to their work while the commissioning company was to receive half the proceeds from its exploitation. The artists argued that this provision showed that the sculpture was not a work made for hire, because if it were a work made for hire, the commissioning company would have automatically owned the sculpture's copyright rather than they. Judge Cardamone said that he was "not certain" whether this provision would have weighed against finding the sculpture to be a work-for-hire. Rather than analyze the issue, however, he "put off for another day deciding whether copyright ownership is probative of independent contractor status," because even if it were, "it would not change the outcome of this case." In my opinion, a copyright ownership provision in a commissioning agreement does not indicate whether a work is made-for-hire, because section 201(b) of the Copyright Act specifically states that the owner of the copyright to a work made for hire is the employer (or commissioning party) "unless the parties have expressly agreed otherwise in a written instrument signed by them." Thus, a written agreement that specifies that the artist shall own or retain the copyright — rather than the employer or commissioning party — may nevertheless be an agreement concerning the creation of a work made for hire.

Carter v. Helmsley-Spear, Inc., 71 F.3d 77, 1995 U.S.App.LEXIS 33708 (2d Cir. 1995) [ELR 18:4:4]

Andrew Lloyd Webber defeats second motion to dismiss his claim that song Till You infringes copyright to Close Every Door ; court rejects contention that any recent infringements were de minimis and thus barred by statute of limitations

When songwriter Ray Repp sued composer Andrew Lloyd Webber for copyright infringement, Repp got more of a fight than he probably anticipated. Developments in the case conjure images of a brave but reckless hunter trying to catch a tiger by the tail. The risk of course is that sometimes caught tigers turn around and bite their pursuers. And that is what has happened to Repp.

Regular readers of these pages will recall that several years ago, Repp sued Webber, claiming that Webber's song "The Phantom of the Opera" infringed the copyright to a song written by Repp entitled "Till You." In 1994, however, District Judge Shirley Wohl Kram granted Webber's motion for summary judgment, and dismissed Repp's complaint, for three reasons. First, Judge Kram found that Repp had failed to show that Webber had access to Repp's song. Second, she found that "Till You" and "Phantom" are not strikingly similar. And third, she noted that Repp had failed to submit evidence to contradict Webber's proof of independent creation. (*ELR* 16:9:3)

Before Webber's summary judgment motion was granted, he filed a counterclaim against Repp alleging that Repp's song "Till You" infringed the copyright to "Close Every Door," a song written by Webber for his musical "Joseph and the Amazing Technicolor

Dreamcoat." Following the dismissal of Repp's complaint, Repp sought summary judgment on Webber's counterclaim, relying on some of the same arguments that had succeeded for Webber. Repp's motion was denied, however. (*ELR* 17:10:5)

Following additional discovery, Repp renewed his summary judgment motion, this time arguing that Webber's counterclaim was barred by the statute of limitations.

In a copyright case, the limitation period is three years from the date the infringement occurred. In cases where the copyright owner claims the infringement was a "continuing" one, the three-year period runs from the date of the last act of infringement. In this case, Webber's counterclaim was filed in October 1991. Recordings of Repp's song "Till You" were first released in 1978 — 13 years before Webber's counterclaim — but Webber claims that Repp's infringements were "continuing." If so, Webber would be entitled to pursue his case for all infringements committed since October 1988 — three years before his counterclaim was filed.

Repp, however, argued that any infringements he may have committed since October 1988 were "insignificant," and thus Webber's counterclaim should be dismissed under the doctrine of *de minimis non curat lex* which roughly translated means "the law does not provide remedies for minimal violations." In support of his motion, Repp claimed that his gross receipts from the sale of recordings of "Till You" since October 1988 totaled only $75.87.

Judge Kram was not persuaded that this was grounds for dismissing Webber's counterclaim. The judge noted that "The law recognizes no exemption for commercially unsuccessful or unprofitable infringements." Moreover, she found that "the volume of sales in the present case [is] far too substantial to trigger the protections of the *de minimis non curat lex* doctrine." Webber's evidence had shown that since October 1988, Repp has distributed "over 400 units" embodying "Till

duce the song. Thus, Judge Kram rejected Repp's statute of limitations defense and denied his motion to dismiss Webber's counterclaim.

Repp v. Webber, 914 F.Supp. 80, 1996 U.S.Dist.LEXIS 1496 (S.D.N.Y. 1996) [ELR 18:4:5]

Advertising jingle writer Steve Karmen is not entitled to retroactive award of public performance royalties from ASCAP, even though formula used to compute jingle royalties was changed in response to his complaint, nor is he yet entitled to a court-

ordered accounting of royalties paid since the formula was changed, federal District Court rules

Advertising jingle writer Steve Karmen has been locked in a long-running dispute with ASCAP concerning the amount of royalties that he and other jingle writers ought to receive on account of public performances of their compositions. (*ELR* 11:16:21, 16:1:26) Karmen has gotten ASCAP to change the formula by which it computes the royalties paid for jingle performances, in a way that benefits jingle writers. But thusfar at least Karmen himself hasn't received any more money, at least not for the period from 1981, when jingle writers first complained about the formula, through 1991 when ASCAP increased the "credit" awarded for jingle performances by about 16%. (A "credit" is ASCAP's basic unit for calculating royalty distributions.) Moreover, Karmen is not certain he's been paid any more since

1991 either, even though the formula was changed in that year.

Now, a federal District Court in New York City has ruled that Karmen is not in fact entitled to increased royalties for 1981 to 1991. Nor is he entitled to a court ordered accounting for the period since 1991, at least not yet; instead, Karmen must file a complaint with an ASCAP Board of Review, if he contends that ASCAP has underpaid him since 1991.

Judge William Conner concluded that the 1991 royalty rate increase for jingle writers may have been the result of a proceeding initiated by Karmen which resulted in the old royalty rate being declared "void." But the order declaring the old rate "void" did *not* include an "award" of increased royalties for the period during which the old rate had been used. That is why Judge Conner ruled that Karmen is not entitled to a retroactive award of royalties for 1981 to 1991.

Though the higher rate has been in effect since 1991, Karmen is not entitled to a court-ordered accounting for the period since the change, because ASCAP's Articles of Association require songwriters to submit complaints about their royalties to an internal ASCAP Board of Review. Karmen has not submitted a complaint to the ASCAP Board of Review about the amount of this post-1991 royalties, and thus he has not yet exhausted his ASCAP remedies. For this reason, Judge Conner ruled that Karmen could not seek relief from the court "at this time."

United States v. American Society of Composers, Authors and Publishers (Matter of Steve Karmen), 914 F.Supp. 52, 1996 U.S.Dist.LEXIS 1296 (S.D.N.Y. 1996) [ELR 18:4:6]

Federal court permits prisoner to proceed with case alleging that prisoner s First Amendment rights were violated by prison officials who refused to permit him to have a rap recording because its lyrics advocate violence

James Darnell Golden is a rap music fan and an inmate at Waupun prison in Wisconsin. Sometimes it's difficult to be both at the same time. It has been for Golden, and he's filed a lawsuit as a result — a suit that ultimately may determine whether prison officials may deny prisoners access to certain tapes on account of the content of their lyrics.

When Waupun inmates order cassette tapes by mail, prison officials preview those that are marked "parental advisory - explicit lyrics," and tapes whose lyrics "advocate violence" are banned. Prisoners can send banned tapes home; if they don't within 30 days, the tapes are destroyed.

Golden ordered a (thusfar unidentified) rap tape by mail, and it was banned. Acting as his own lawyer, Golden has filed suit in federal District Court in Milwaukee alleging that the ban violates his First Amendment rights. (According to statistics compiled by the Administrative Office of the U.S. Courts, published in the August 26, 1996 issue of *The National Law Journal*, prisoner petitions are the type of civil action most frequently filed in federal courts. In 1995, prisoners filed 63,550 petitions — compared to only 6,866 copyright, trademark and patent cases combined.)

Even prisoners must pay federal court filing fees, unless they are indigent, and Golden says he is. His only income for a year was $20 from his parents and a brother; he owns no real estate or other property; and his prison trust account has a negative balance. Judge

Myron Gordon agreed that these facts mean Golden is indigent and would be unable to pay filing fees.

To proceed "in forma pauperis" — that is, without paying filing fees — the court also must be satisfied that the action is not frivolous or malicious. The judge observed that "Rap music constitutes speech protected by the First Amendment." The judge also noted that "An arbitrary denial of access to published materials may violate an inmate's First Amendment rights." As a result, Judge Gordon concluded that in his opinion "Mr. Golden's complaint states an arguable claim for relief." And thus Golden's petition for leave to proceed in forma pauperis was granted.

Golden v. McCaughtry, 915 F.Supp. 77, 1995 U.S.Dist.LEXIS 20164 (E.D.Wisc. 1995) [ELR 18:4:7]

Punitive damages are likely to exceed $50,000, if plaintiff wins class action lawsuit against Disney alleging that videocassettes of *The Lion King* and *The Little Mermaid* contain drawings and scenes depicting sexual messages unsuitable for young children, federal District Court holds in ruling that it has jurisdiction to hear the case

If the allegations of Janet Gilmer's complaint turn out to be true, the late Walt Disney would have been mightily displeased. The complaint even quotes Mr. Disney, to show that the company he founded had voluntarily assumed a responsibility to produce movies suitable for an audience of children. Yet according to Ms. Gilmer, videos of two of the company's most successful animated features — "The Lion King" and "The Little Mermaid" — contain drawings and scenes that depict sexual messages or other sexually related material that are unsuitable for young children.

Ms. Gilmer has not yet proved her improbable allegations, because before she was put to the test, she and the Walt Disney Company (and its co-defendant, Buena Vista Home Video) got into a scrap over which court would hear the case. Gilmer filed her class action lawsuit in *state* court in Arkansas, and for some reason, really wanted to try her case in that particular court. Disney, on the other hand, preferred to defend in *federal* court in Arkansas; so it removed the case to that court. Disney was able to do so, because there is diversity of citizenship between Gilmer on the one hand and Disney and Buena Vista on the other — and because the dispute involves more than $50,000 in damages. Given diversity and more than $50,000 in claimed damages, federal courts have jurisdiction to hear the case, even though Gilmer's complaint asserts claims for fraud, negligence and breach of warranty which arise under Arkansas state law only, not under federal law.

Gilmer's complaint, however, had not sought any particular amount in damages, let alone more than $50,000. It merely sought an award of "all damages that are recoverable at law, including punitive damages. . . ." Because Gilmer really wanted to be back in state court, she made a motion (in federal court) to remand her case to state court, and supported her motion by making the (counter-expected) argument that her case may *not* result in damages of more than $50,000 if she wins. Because Disney really wanted to stay in federal court, it made the (equally counter-expected) argument that *if* Gilmer wins her case, it *is* likely to result in punitive damages of more than $50,000.

Judge Franklin Waters has agreed with Disney. Most of the judge's opinion deals with purely procedural questions, like who has the burden of proving the likely amount of damages in connection with a motion to remand (Disney, by a preponderance of the evidence), and whether federal courts have jurisdiction over unnamed class members who do not independently have $50,000 in damages (yes), and whether potential attorneys fees must be allocated pro rata among class members in deciding whether the $50,000 threshold has been met (yes).

One issue went to the heart of the matter, however, and that is whether punitive damages are likely to exceed $50,000, if Gilmer wins; and Judge Waters found that they are. This was so, because even though Gilmer contended her "actual damages are slight," she alleged "that she relied upon the Disney name when purchasing the videos and that, despite Disney's knowledge that the videos contained drawings and animated scenes depicting sexual messages, Disney continued to market the videos for family viewing." Moreover, Gilmer contended that Disney and Buena Vista "continued to deny any wrong-doing after the matter was brought to their attention and took no steps to recall the material."

Since Disney satisfied its burden of showing that more than $50,000 is in controversy in the case, Judge Waters denied Gilmer's motion to remand the case to state court. Instead, it will proceed in the District Court for the Western District of Arkansas.

Gilmer v. Walt Disney Co., 915 F.Supp. 1001, 1996 U.S.Dist.LEXIS 1946 (W.D.Ark. 1996) [ELR 18:4:7]

Adult Video Association lacks standing to seek declaratory judgment that After Midnight is not legally obscene in Tennessee, federal appellate court rules

Though released by MGM-UA, "After Midnight" was not a major motion picture. Leonard Maltin said it was a "weak and predictable horror anthology." Its theatrical release was limited, and then it went to video. Though an artistic and commercial disappointment, the "After Midnight" video has earned itself at least a footnote in entertainment law history, because it's the subject of an interesting though unsuccessful case that was designed to test the meaning of criminal "obscenity" in western Tennessee — an area that includes Memphis and Jackson.

To be criminally "obscene," a movie must depict or describe sexual conduct in a patently offensive way, must appeal to the prurient interest of the average person, and must lack serious value. When deciding whether a movie is patently offensive and appeals to the prurient interest, judges and juries are supposed to apply the standards of the community in which the movie was exhibited, sold or rented. A national standard is used in deciding whether a movie lacks serious value. Nevertheless, a movie that is not obscene or illegal in most of the country could be obscene and illegal in one community, simply because the movie is patently offensive and appeals to the prurient interest by the standards of that one community. Apparently, western Tennessee contains communities that are offended and have their prurient interest aroused more easily than other communities, because western Tennessee is one of the federal government's favorite venues for bringing obscenity prosecutions. (See, e.g., *United States v. Thomas*, reported immediately below at *ELR* 18:4:9.)

Naturally, movie producers and distributors who may be convicted in federal court in Memphis would take little comfort from the knowledge that their movies are perfectly legal in Los Angeles, New York, Chicago or even Atlanta. And video store operators in Memphis, Jackson and surrounding towns would take no comfort whatsoever in the knowledge that their counterparts in other cities in America were able to do with impunity the very same things that got them convicted in western Tennessee.

"After Midnight" is a violent movie, and that violence earned it an R-rating. The movie was not considered "obscene" by those outside western Tennessee, but video store operators in that region are afraid to sell or rent it, according to the Adult Video Association, a non-profit trade association whose members produce, distribute, sell and rent adult videos. The Adult Video Association made this assertion in a lawsuit filed in federal court in the Western District of Tennessee — a lawsuit that sought a judicial declaration that "After Midnight" is *not* obscene. The lawsuit, however, was dismissed by that court, on the grounds that the Association lacked standing to bring it. (*ELR* 16:7:30) That ruling has now been affirmed by the Court of Appeals.

In an opinion by Judge Boyce Martin, the appellate court has held that "the mere fact that antiobscenity laws may work a chill on the distribution of constitutionally protected materials does not in itself confer standing upon a potentially aggrieved party. . . . It is true that criminal antiobscenity statutes may induce self-censorship and some hesitation on those parties wishing to disseminate possibly obscene materials. Nonetheless, this subjective chill, without more, simply does not confer standing."

Judge Martin also ruled that even if the Association had standing, the case was "not ripe for review," because federal prosecutors have not initiated any prosecutions, or threatened to, against stores that sell or rent videos of "After Midnight."

Thus, the question of whether "After Midnight" is obscene in western Tennessee is a question that will go unanswered, unless and until a video store sells or rents a copy and unless and until a prosecutor responds by bringing a criminal action against the hapless operator of that store. Judge Martin did not think that this result imposes an undue hardship on video store operators. "Individuals who choose to conduct their affairs along the boundaries of the criminal law will necessarily incur some risks concerning the legality of their conduct," the judge observed. "The hardship . . . that arises from our withholding relief . . . arises not from this Court's inaction but rather from Adult Video's wish to distribute a film bordering on the line between protected First Amendment and obscene material."

Apparently the Supreme Court did not see any hardship in this result either. It has denied the Association's petition for certiorari.

Adult Video Association v. United States Department of Justice, 71 F.3d 563, 1995 U.S.App.LEXIS 34331 (6th Cir. 1995), cert. denied, 115 S.Ct. 1966, 1995 U.S.LEXIS 3293 (1995) [ELR 18:4:8]

Federal appellate court upholds convictions of computer BBS operators for distributing obscene images; court rejects arguments that federal statute does not apply to intangible computer files, that Tennessee was improper venue for prosecuting activities that occurred in California, and that cyberspace is proper community for determining community standards

Criminal law has come to cyberspace, with a vengeance some would say. The federal government prosecuted and convicted the operators of a computer bulletin board system — Robert Alan Thomas and his wife Carleen Thomas — on charges they violated a federal statute prohibiting the distribution of obscene material, because they had used their BBS to disseminate computer generated GIF files of images they had scanned from sexually-explicit magazines. Robert Thomas was sentenced to 37 months in prison; Carleen Thomas to 30 months. Now, their convictions and their sentences have been upheld by the Sixth Court of Appeals, in an opinion by Judge Nancy Edmunds.

The Thomases operated their BBS from their home in Milpitas, California. Along with email, chat lines and public messages, the BBS offered GIF files that paying members could download to their own computers. ("GIF" stands for Graphic Interchange Format — a widely used format for storing and transferring computer files consisting of visual images including photographs.)

The Thomases argued that the federal statute they were convicted of violating applies only to the distribution of tangible copies of obscene works, and thus did not apply to the transmission of GIF files because such files are intangible electronic impulses. In support of that argument, they relied on *United States v. Carlin Communications* (*ELR* 9:5:13), a case in which the Tenth Circuit Court of Appeals had held that the statute did not apply to the transmission of pre-recorded telephone messages because they are intangible. Judge Edmunds distinguished the *Carlin* case however. While recorded telephone messages remain intangible even after they are received by listeners, GIF files begin and end as tangible images that can be viewed and printed by recipients, she reasoned.

The Thomases also challenged the venue in which they were prosecuted. They lived and operated their BBS in northern California, but they were prosecuted in western Tennessee. The government justified its choice of Memphis on the grounds that its investigator lived there, and he had used his computer in Memphis to download GIF files from the Thomases' BBS. The Thomases contended that *they* had done nothing in Tennessee; it had been the government's investigator who had downloaded the images, and only *he* was in Tennessee at the time. Judge Edmunds rejected this argument, however. She emphasized that Robert Thomas knew his BBS had a member in Memphis, because in order to become a member, the government's investigator submitted a written application that included his address and telephone number; and Thomas had actually spoken with the investigator by phone to give him the password that was necessary to access GIF files. As a result, she concluded that "the effects of the [Thomases'] criminal conduct reached the Western District of Tennessee" and that "venue was proper in that judicial district."

The choice between northern California and western Tennessee mattered, because "community standards" are used to decide whether images appeal to the prurient interest and are patently offensive. (See, e.g., *Adult Video Ass n v. United States* reported immediately above at *ELR* 18:4:8.) In all likelihood, the Thomases believed that community standards in northern California are more tolerant than in western Tennessee, and thus a conviction was more likely in Memphis than San Jose. (The government no doubt agreed.)

The entire issue of "community standards" in cyberspace raises the issue of how the "community" ought to be defined in cases involving computer communications. Thus, in addition to arguing that the proper venue was California, the Thomases also contended that even if the case were properly prosecuted in Memphis, the relevant "community" is "one that is based on the broad-ranging connections among people in cyberspace rather than the geographic locale of the federal judicial district of the criminal trial." This argument also was made in Amicus Curiae briefs filed by the ACLU, the Interactive Services Association, the Society for Electronic Access, and The Electronic Frontier Foundation. They contended that unless "community" is so defined, "there will be an impermissible chill on protected speech because BBS operators cannot select who gets the materials they make available on their bulletin boards . . . [and they] will be forced to censor their materials so as not to run afoul of the standards of the community with the most restrictive standards." Judge Edmunds rejected this argument too. She noted that those who wished to become members of the Thomases' BBS had to submit written applications that contained their addresses, so the Thomases "had in place methods to limit user access in jurisdictions where the risk of a finding of obscenity was greater than in California . . . [and if they] did not wish to subject themselves to liability in jurisdictions with less tolerant standards for determining obscenity, they could have refused to give passwords to members in those districts, thus precluding the risk of liability."

Editor s note: This decision rejects the argument that in obscenity cases involving computer communications, the relevant "community standards" are the standards of cyberspace. But Judge Edmunds' decision does not kill that notion entirely. Her decision turns on the fact that the Thomases actually knew they had a member in Memphis, and on the fact they could have rejected his application for membership or prevented him from downloading certain files if they wished, without preventing others in more tolerant communities from downloading those same files. Thus, it remains possible that cyberspace will be the proper community for determining "community standards" in future obscenity prosecutions against BBS operators — or World Wide Web site content providers — who cannot control access to their materials on the basis of the geographic location of those who seek access.

United States v. Thomas, 74 F.3d 701, 1996 U.S.App.LEXIS 1069 (6th Cir. 1996) [ELR 18:4:9]

Character Spa am from movie Muppet Treasure Island does not infringe or dilute trademark for luncheon meat SPAM, federal appellate court rules

Earlier this year, Jim Henson Productions released a movie entitled “Muppet Treasure Island.” It featured the usual Muppet ensemble — Kermit the Frog, Miss Piggy and Fozzie Bear — and some new characters too. Among the newcomers was a funny pig called “Spa’am” who is the high priest of a tribe of wild boars that worships Miss Piggy as its queen.

For almost 60 years, the Hormel Foods Corporation has sold canned luncheon meat called “SPAM.” The product is made from pork shoulder and ham meat, and Hormel says (apparently without contradiction) that it has sold more than five billion cans to customers in 30% of all American homes.

The similarity between Henson’s “Spa’am” and Hormel’s “SPAM” was not accidental. Henson intended to poke a little fun at Hormel’s famous luncheon meat, but Hormel was not amused. In fact, Hormel was sufficiently upset by the “Spa’am” character to file a trademark infringement and dilution action against Henson, hoping for an injunction that would bar the movie maker from using the “Spa’am” name.

District Judge Kimba Wood denied Hormel’s request for an injunction, and Hormel appealed. But the Court of Appeals has agreed with Judge Wood and has affirmed her decision. In an opinion by Judge Ellsworth Van Graafeiland, the appellate court has held that as used by Henson, the character name “Spa’am” neither infringes nor dilutes Hormel’s “SPAM” trademark.

In connection with Hormel’s infringement claim, Judge Van Graafeiland did the traditional eight-factor analysis prescribed by *Polaroid Corp. v. Polarad Electronics*, 287 F.2d 492 (2d Cir.), cert. denied, 368 U.S. 820 (1961). While the judge acknowledged that “SPAM” is a distinctive and widely recognized trademark, his evaluation of the other factors lead him to conclude that there was no likelihood of consumer confusion between Hormel's mark and Henson's "Spa'am."

At trial, Hormel had unsuccessfully objected to Henson's use of "Spa'am" as a name for the movie character and in connection with movie-related merchandise Henson was intending to license. On appeal, Hormel limited its objections to Henson's merchandising use of "Spa'am," because Hormel itself has been licensing the "SPAM" mark for use on such items as clothing, watches, golf balls, and toy cars. These are some of the very same items Henson's licensees would like to sell using the "Spa'am" name. Nevertheless, the appellate court concluded that there was no likelihood of confusion between "SPAM" and "Spa'am" even with respect to these products. Judge Van Graafeiland was influenced by the fact that Henson intended to license the use of "Spa'am" only in connection with merchandise that would bear the pig character's visual image and also the words "Muppet Treasure Island."

The judge also rejected Hormel's dilution claim, because he found that Henson's use of "Spa'am" would neither blur the distinctiveness nor tarnish the image of Hormel's "SPAM." Hormel was particularly concerned about the tarnishment of its trademark, because it felt that the movie's "Spa'am" character was "evil" and a "grotesque" and "untidy" boar. Not so, Henson responded. It introduced testimony by an expert in children's literature who said that "Spa'am" was a positive figure in the context of the movie, even if he wasn't "classically handsome." At trial, Judge Wood found that this was so, and the appellate court relied on that finding to conclude that there was little likelihood Hormel's mark would be tarnished.

Hormel Foods Corp. v. Jim Henson Productions, Inc., 73 F.3d 497, 1996 U.S.App.LEXIS 338 (2d Cir. 1996) [ELR 18:4:10]

District Court dismisses copyright and trademark case filed against toy manufacturer by creator of characters for Battletech universe; though Battletech characters are protected by copyright and trade dress, court ruled that defendant had not copied those characters in creating its own Exo-Squad toys and that there was no likelihood of consumer confusion

"Toys and games are usually welcome diversions to the serious problems that too often confront our daily lives. This case, however, involves a serious business dispute about games and toys." This is how Judge

Ruben Castillo began his decision in a case in which FASA Corporation (and Virtual World Entertainment) claimed that Playmates Toys, Inc., violated FASA's copyright and trademark rights to a series of robot-like battlefield characters for a fictional universe known as "Battletech" when Playmates introduced a series of robot-like toys known as the "Exo-Squad."

Ultimately, Judge Castillo ruled against FASA and dismissed its case, but not before giving it attention every bit as serious as he recognized the dispute to be. His decision is the third published opinion he has issued in the case. In one earlier opinion, the judge granted Playmates' motion dismissing some, but not all, of the counts of FASA's complaint (*ELR* 16:12:10). In another earlier ruling, he denied Playmates' motion to dismiss the rest of the counts on the grounds that FASA had waived them in a signed idea submission agreement. In that decision, the judge held that the waiver was not enforceable (*ELR* 17:11:3), so the case went to trial on FASA's remaining counts for copyright and trade dress infringement and unfair competition.

At the conclusion of the trial, Judge Castillo ruled against FASA in a lengthy and detailed decision that carefully analyzes whether FASA has protectible copyright and trade dress rights in its characters, and whether Playmates' toys violates those rights. The judge concluded that with respect to several, though not all, of the "Battletech" characters, FASA does have protectible copyright and trademark rights, but that Playmates' toys do not infringe.

Playmates challenged the copyrightability of FASA's characters on the grounds that they are too similar to other pre-existing characters and on the grounds that they reflect nothing more than general ideas or scenes a faire in the robotic toy design industry. While the judge agreed that this was true with respect to one of FASA's characters, he concluded that the others "have the requisite incremental originality" that is necessary for copyright protection and that they are not mere ideas or scenes a faire. Nonetheless, Judge Castillo found that Playmates' toys do not infringe the copyrights to FASA's protected characters, because the evidence showed that Playmates had developed its toys independently without copying FASA's characters; and while there are similarities between them, those similarities did not give rise to an inference of copying because nearly all the similarities could be attributed to pre-existing designs by others or to the fact that FASA's and Playmates' designs are based on the same unprotectible ideas.

Playmates also challenged FASA's claim of trade dress protection, on the grounds that FASA's characters had not acquired secondary meaning. Judge Castillo disagreed as to most of the characters. While one character did borrow heavily from prior works and had not acquired secondary meaning, he found that the others had acquired such meaning "among a very sophisticated group of game fans who enjoy the mental stimulation of the Battletech fantasy game world." Nonetheless, the judge also found that Playmates' survey evidence showed there was no likelihood of consumer confusion, because "98.6% of those interviewed after seeing display packages of both products did not confuse the trade dress of Exo-Squad with that of Battletech."

Finally, Judge Castillo dismissed FASA's unfair competition claim, because it had not proved that Playmates had engaged in any false or misleading advertising, had not shown that FASA lost any customers to Playmates, and had not shown that consumers were deceived.

FASA Corp. v. Playmates Toys, Inc., 912 F.Supp. 1124, 1996 U.S.Dist.LEXIS 1630 (N.D.Ill. 1996) [ELR 18:4:11]

Opportunity to renew season tickets to Phoenix Suns games is not property and thus could not be sold by trustee of bankrupt season ticket holder, federal appellate court rules; similar case involving season tickets to Pittsburgh Steelers games is distinguished

Season tickets to Phoenix Suns games are apparently "hot properties" — but only as the word "property" is used in the vernacular, not as it is used in Arizona law. This is the lesson to be learned from a recent decision in a case where a Suns season ticket holder went bankrupt, and the trustee sought a court order authorizing him to sell the bankrupt's seasons tickets, including playoff tickets and the right to renew those season tickets in future years.

The Suns objected to the sale, but the Bankruptcy Court in Arizona granted the order requested by the trustee. The Suns, however, were serious about their objection to the sale, so they appealed to the District Court and won; that court held that the opportunity to renew season tickets is not "property" and thus could not be sold by the trustee. The trustee was equally serious about wanting to sell the tickets, so he then appealed to the Ninth Circuit Court of Appeals. But the appellate court has affirmed the District Court's order.

In a Per Curiam opinion, the Court of Appeals observed that the Suns notify season ticket holders in writing each year that the "opportunity [to renew season tickets] is a privilege granted by the Suns and may be withdrawn in the Suns' discretion." The notice also states that "While the Suns will exercise reasonable efforts to maintain renewal privileges, season ticket holders are not guaranteed this opportunity."

As a matter of federal bankruptcy law, a trustee has the right to sell the "property" of the bankrupt; but federal bankruptcy law does not define the word "property." That word is defined — even in bankruptcy cases — by state law. Thus, the question of whether the trustee could sell the bankrupt's Suns season tickets, along with the opportunity to renew them, depended on whether that opportunity was "property" as a matter of Arizona law. And it isn't. "Under Arizona law, a mere expectation of renewal of an interest in property is not a property right," the appellate court ruled.

One reason the trustee thought he could sell the bankrupt's season tickets, including the opportunity to renew them, was that a Bankruptcy Court in Pennsylvania once ruled that a trustee could sell a bankrupt's season tickets to Pittsburgh Steelers games, even over the

Steelers' objections. *In re I.D. Craig Service Corp.*, 138 B.R. 490, 1992 Bankr. LEXIS 477 (Bankr.W.D.Pa. 1992). The Court of Appeals in the Suns case was not persuaded by the holding in the Steelers case, however. The appellate court simply noted that the result in the Steelers case had been based on an interpretation of the word "property" under Pennsylvania law while this case required an interpretation of that word under Arizona law.

So while season tickets and the opportunity to renew them may be property in Pennsylvania, they're not in Arizona. And thus, for bankruptcy purposes, the difference between Steelers season tickets and Suns season tickets is more than the difference between football and basketball.

In re Harrell, 73 F.3d 218, 1996 U.S.App.LEXIS 35315 (9th Cir. 1996) [ELR 18:4:12]

Major League Baseball is entirely exempt from antitrust laws, federal District Court rules in case brought by Seattle fans and businesses as a result of cancellation of 1994 season; court also rules that fans and businesses would not have had standing to assert antitrust claims, even if Baseball were not exempt

As Major League Baseball fans remember (only too well), the players went on strike in 1994, which caused the owners to cancel the rest of that season. Those events triggered at least two court proceedings, one initiated by the National Labor Relations Board, and the other by a group of Seattle-area fans and businesses.

The NLRB's case was brought under federal *labor* law. The court ruled that the NLRB had probable cause to believe that Major League Baseball owners had committed unfair labor practices during the strike, and a temporary injunction was issued against the owners. *Silverman v. Major League Baseball Player Relations Committee*, 880 F.Supp. 246 (S.D.N.Y. 1995), aff'd, 67 F.3d 1054 (2d Cir. 1995) (*ELR* 17:3:14). That led the players to end their strike and return to the field for the 1995 season.

The case brought by Seattle-area fans and businesses was brought under federal *antitrust* law, and it had no effect on the strike at all. It has in fact been dismissed, in response to Major League Baseball's motion for summary judgment. But District Judge Carolyn Dimmick's decision is of interest none-the-less, because it confirms an almost 75-year-old principle of law that had been called into doubt in other unrelated cases. That principle is this: the entire business of Major League Baseball is exempt from antitrust law.

The "baseball exemption" was created by the United States Supreme Court in 1922 and has been reaffirmed by that Court twice, most recently in the Curt Flood case in 1972. Other decisions by lower courts have recognized the exemption too. As Judge Dimmick observed, "baseball sage Yogi Berra might describe [the antitrust suit brought by Seattle fans and businesses] as 'deja vu all over again.'" The reason the Seattle fans and businesses thought they could get around the baseball exemption with their case is that two recent decisions have held that the exemption applies only to baseball's player reserve clause system, not to other aspects of the baseball business. Those cases are *Piazza v. Major League Baseball* (*ELR* 15:12:26) and *Butterworth v. National League* (*ELR* 16:9:8), both of which arose out of Florida's efforts to get the San Franciso Giants to move to that state, and both of which held that baseball's historic antitrust exemption does not apply to Major League Baseball's franchise relocation decisions.

Judge Dimmick, however, was not persuaded by *Piazza* or *Butterworth*, and she rejected "the reasoning and results" of both. The judge noted that the Supreme Court had twice specifically stated its conclusion "that Congress had no intention of including the business of baseball within the scope of the federal antitrust laws." The Supreme Court did not limit its conclusion to any one part of that business. Rather, the high court said that it was up to Congress rather than the courts to limit or eliminate the baseball exemption; and Congress has never done so.

Moreover, Judge Dimmick ruled that even if the baseball exemption did not apply to Major League Baseball's decision to cancel the rest of the 1994 season, neither fans nor businesses would have standing to bring an antitrust suit based on that decision. This is so, the judge explained, because any injury suffered by fans and businesses was only an "indirect 'ripple effect'" of Baseball's decision, and "antitrust laws were not intended to apply to 'ripple effect' injury sustained by third parties."

Editor s note: A third and even more recent case also held that baseball's exemption does not apply to franchise relocation decisions. *Morsani v. Major League Baseball* (*ELR* 18:1:4). That case too arose out of Florida's efforts to get a Major League Baseball team to move there. While baseball's exemption may seem an anomaly (because no other professional sport is exempt), it is a well-entrenched anomaly; and there is no historical or legal support for limiting the exemption to baseball's reserve clause. Indeed, the 1922 decision that created the exemption in the first place was not a reserve clause case, but was instead brought by a team that had been denied admission to the major leagues. As a result, Judge Dimmick's decision is correct, and *Piazza*, *Butterworth* and *Morsani* are not.

McCoy v. Major League Baseball, 911 F.Supp. 454, 1995 U.S.Dist.LEXIS 19858 (W.D.Wash. 1995) [ELR 18:4:12]

Federal District Court does not have jurisdiction to hear suit by swimmer against U.S. Olympic Committee, alleging breach of contractual due process as a result of swimmer s two-year suspension for use of steroids; court holds that swimmer s suit did not arise under federal Amateur Sports Act, and claimed damages were less than $50,000

For years, the United States Olympic Committee has argued, successfully, that the Amateur Sports Act does *not* give athletes a basis for filing lawsuits. (See, e.g., *ELR* 6:9:18, 7:10:19) Recently, however, the Olympic Committee and United States Swimming, the national governing body for competitive swimming in this country, performed a flip turn in order to argue that a *federal* court should hear a lawsuit filed in New York *state* court by swimmer Jessica Foschi.

Consistency may be the hobgoblin of little minds, but usually it is a virtue in the law. And consistent with the Olympic Committee's position in earlier cases, federal District Judge Arthur Spatt has ruled that Jessica Foschi's lawsuit does not assert claims under the Amateur Sports Act. As a result, federal courts do not have "federal question" jurisdiction to hear her case; nor do federal courts have "diversity jurisdiction," because Foschi does not claim more than $50,000 in damages. Thus the judge has granted Foschi's motion to remand her case to state court, where she filed it originally.

The events which triggered Foschi's lawsuit began in August 1995 when she placed third in the 1500 meter freestyle race at the U.S. National Swimming Championships and was routinely required to take a urine test along with other winners. The lab reported that Foschi had tested positive for steroid use, and she was suspended from competitive swimming for two years. Foschi vigorously denied that she had used steroids, and argued that the test results were wrong or someone else's urine had mistakenly been labeled as hers. These contentions were rejected by U.S. Swimming's National Board; but the National Board concluded that Foschi must have been given steroids without her knowledge or was the victim of sabotage. Thus the National Board recommended that she be placed on probation — a penalty that would have permitted her to continue to compete, subject to continued drug testing. The National Board's recommendation was not accepted, however. Instead, U.S. Swimming's Board of Directors suspended Foschi for two years.

Foschi then filed suit in state court, alleging that the Olympic Committee's bylaws and U.S. Swimming's rules concerning the procedures to be followed in the event drug use were suspected constituted a contract that gave her a "contractual right to due process." And she alleged that the procedures actually used in her case violated that contractual right.

For some reason, the Olympic Committee and U.S. Swimming preferred federal to state court, and so they removed the case to federal court. They asserted the federal court had jurisdiction for two reasons: because the case arose under the federal Amateur Sports Act; and because there was diversity of citizenship among the parties and more than $50,000 in controversy. Not so, Foschi responded, and made a motion to remand the case to state court.

Judges Spatt acknowledged that the Olympic Committee and U.S. Swimming may have adopted by-laws and rules concerning procedures to be followed to resolve drug testing disputes, because the Amateur Sports Act requires Olympic sports organizations to have dispute resolution procedures. Nevertheless, the court ruled, “there is no basis for invoking the Court’s jurisdiction over a breach of contract claim based on the USOC bylaws simply because the contract provisions at issue may be the result of a statutory requirement.”

The judge also rejected the argument that he had diversity jurisdiction to hear the case. Such jurisdiction requires the amount in controversy to exceed $50,000, and this case does not, he ruled. Foschi’s complaint limited the amount of damages she seeks to less than $50,000. The Olympic Committee and U.S. Swimming argued that Foschi might have been entitled to as much as $65,000 in prize money if she received an Olympic gold medal, and she might have received a college athletic scholarship, had she been able to compete. But Judge Spatt found those possibilities were "nothing more than speculation" and were "insufficient to give this Court diversity jurisdiction where none otherwise exists."

Foschi v. United States Swimming, Inc., 916 F.Supp. 232, 1996 U.S.Dist.LEXIS 2468 (E.D.N.Y. 1996) [ELR 18:4:13]

LSU violated Title IX by failing to provide fast pitch softball team for its women students, federal District Court rules

In many parts of the country, Louisiana State University is well known because of its athletic program.

That program dates back to 1893, when LSU first fielded football and baseball teams, and basketball was added as long ago as 1908. All of those teams were for men of course; intercollegiate athletics were an all-male affair everywhere in the country in those days. LSU's athletic program for women began in 1977, in the wake of regulations adopted by the government in 1975 to implement Title IX, a federal statute that prohibits sex discrimination by educational institutions that receive federal financial support. Almost two decades later, however, LSU women complained that their school was not meeting its obligations under Title IX. One particularly sore point was that while LSU had added a women's fast pitch softball team to its program in 1979, the team was dropped in 1983 for "no credible reason."

The long-term consequence of LSU's approach to women's athletics was a lawsuit. The case was tried before District Judge Rebecca Doherty, and she has found that although LSU has long provided its men with the opportunity to play intercollegiate baseball, it provides its women with "absolutely no opportunities . . . to compete in fast pitch softball at any level whatsoever." Because of this failure, "LSU has not been accommodating the interests and abilities" of its women athletes. And since 49% of LSU students are women, but only 29% of those who participate in athletics are women, Judge Doherty concluded that "sex discrimination accounts for the discrepancies." As a result, the judge has ruled that "LSU is in violation of Title IX with respect to women's athletics."

LSU did prevail on one issue in the case. The plaintiffs had asked the court to award them money damages — something they'd be entitled to recover if LSU had discriminated against women intentionally. However, Judge Doherty found that LSU had not intended to discriminate against women. Rather, she found that LSU and its Athletic Director Joe Dean had been "negligent in not adapting to the changing social and athletic landscape." The judge found that LSU's actions were "the byproduct of arrogant ignorance, the adherence to outdated attitudes and assumptions, and confusion surrounding Title IX and its true intent, rather than the result of intentional discrimination."

While the plaintiffs were not awarded damages, Judge Doherty has ordered LSU to "immediately effectively accommodate LSU's female student population pursuant to Title IX or submit an adequate plan for such compliance as expeditiously as possible" within 20 days of its receipt of the judge's order.

Pederson v. Louisiana State University, 912 F.Supp. 892, 1996 U.S.Dist.LEXIS 2147, 2201 (M.D.La. 1996) [ELR 18:4:14]

High school s use of Blue Devil as athletic mascot does not violate Establishment Clause, federal appellate court rules

Back in 1948, a high school in Ohio adopted the "Blue Devil" as its athletic mascot. At the time, other schools also had "Blue Devil" mascots, including Duke University which then had winning athletic teams. An elite corps of World War II French alpine soldiers also were known as "Blue Devils." Since the high school's colors were blue and white, the "Blue Devil" mascot was logical and had positive connotations.

If there were negative connotations to be associated with the "Blue Devil," apparently they didn't occur to anyone for more than 40 years. But in 1991, three students (all from the same family) suggested that the "Blue Devil" is a symbol of Satanism. Moreover, they and their parents contended that the Church of Satan is a "religion," and thus they objected to the school's use of the "Blue Devil" as its mascot, on the grounds that doing so violated the Establishment Clause of the First Amendment. The school put the matter to a vote of the students and the community; and the overwhelming majority of both groups voted to keep the "Blue Devil" mascot. A lawsuit followed, filed by the three students and their parents.

A federal District Court granted summary judgment to the school district, dismissing the case; and now the federal Court of Appeals has affirmed. In a short and to-the-point opinion by Judge Gilbert Merritt, that court has held that "No reasonable person would think that the school authorities here are advocating Satanism anymore than the French alpine soldiers, Duke University or numerous other schools are encouraging worship of the devil when they use the ['Blue Devil'] name and symbol. . . . In this case, the perception of the usage of the 'Blue Devil' mascot as an establishment of religion is not reasonable, and therefore this use does not violate the Establishment Clause."

Kunselman v. Western Reserve Local School Dist., 70 F.3d 931, 1995 U.S.App.LEXIS 34746 (6th Cir. 1995) [ELR 18:4:15]

Dispute between author and publisher of book Mandate for Terror is primarily a contract dispute, rather than copyright infringement dispute, so federal District Court dismisses case for lack of subject matter jurisdiction

The dispute between author Harris Schoenberg and the publisher of his book *Mandate for Terror: The*

United Nations and the PLO, “has a long history.” But that dispute is as far from being resolved today as it was when Schoenberg first sued Shapolsky Publishers, Inc., more than five years ago. In fact, it appears that Schoenberg will have to start over again with a new lawsuit in a different court, because a federal District Court in New York has ruled that it does not have subject matter jurisdiction to hear the case after all — even though, on its face, Schoenberg’s complaint alleges a claim for copyright infringement.

Schoenberg’s federal court complaint against Shapolsky Publishers alleged three causes of action: breach of contract, inducing breach of contract, and copyright infringement. Earlier in the case, Shapolsky contested the federal court’s jurisdiction on the grounds that the case was really one for breach of contract under state law and not for copyright infringement. That issue was litigated to the Second Circuit Court of Appeals which issued a precedential opinion adopting a new three-part test for determining whether federal courts have jurisdiction to hear copyright claims that are "incidental" to breach of contract claims. (*ELR* 14:11:5) The case was then remanded to the District Court, for the application of the new test; and that court has now determined that it does not have jurisdiction.

The test requires courts to determine whether a copyright infringement claim is "merely incidental" to a breach of contract claim; if it is merely incidental, the federal court does not have jurisdiction. If the claim is "more than incidental," the court must determine whether it alleges the breach of a contract "condition" or a contract "covenant." A "condition" is anything one party has duty to perform; and if the complaint alleges that duty has not been performed, the federal court does have jurisdiction. If the complaint alleges the breach of a "covenant," the court must decide whether the breach "is so material as to create a right of rescission." If so, the federal court has jurisdiction; otherwise it does not.

Judge Lewis Kaplan concluded that Schoenberg's copyright infringement claim was only incidental to his contract claims, for three reasons. First, once the contract claims are resolved, there will be no need to resolve the copyright claim. Second, Schoenberg had not rescinded his publishing contract before filing suit against Shapolsky. And third, resolving the case will not require the court to construe any provision of the Copyright Act.

Since Schoenberg's copyright claim was "only incidental" to his contract claims, Judge Kaplan concluded that he did not have jurisdiction, under the test established by the Court of Appeals earlier in this very case.

Editor s note: The question of whether a dispute really involves only the alleged breach of a contract, or copyright infringement as well, is a frequently-asked question. The test established by the Court of Appeals earlier in this case already has been applied in two others: *Living Music Records v. Moss Music Group* (*ELR* 15:12:21), and *Hanna-Barbera Productions v. Screen Gems-EMI Music* (*ELR* 16:1:34). There are two reasons this question arises as often as it does. First, the Copyright Act provides that the prevailing party may be awarded attorneys fees, while such fees are not recoverable in contract cases unless the contract itself so provides. Second, many lawyers feel that federal courts are better suited than state courts to handling cases involving publishing, music, movie and television disputes. In cases where the breach truly is material, one way for plaintiffs to improve their chances of staying in federal court is to send out notices of rescission before filing suit, and then to sue for copyright infringement for actions taken after the notice and breach of contract for actions taken before the notice.

Schoenberg v. Shapolsky Publishers, Inc., 916 F.Supp. 333, 1996 U.S.Dist.LEXIS 2184 (S.D.N.Y. 1996) [ELR 18:4:15]

Director of television station s weekday evening newscasts is a supervisor under federal labor law and thus should not have been included in collective bargaining unit, federal appellate court rules; court denies NLRB petition to enforce order that station bargain with union

The National Labor Relations Board and the International Brotherhood of Electrical Workers have suffered a setback in their efforts to get NBC-affiliate WTVO to bargain collectively concerning the employment terms for a dozen or so people who work in the television station's program production department. The station is owned by Winnebago Television Corporation and is located in Rockford, Illinois.

When the union began organizing production department employees, a dispute arose between the union and the station concerning which employees were to be included in the proposed bargaining unit. The director of WTVO's weekday evening newscasts was among those whose eligibility to be included in the unit was in dispute. Eventually, the NLRB determined that the director should be included in the proposed bargaining unit. The station contended he should not, on the grounds that he is a "supervisor" within the meaning of the National Labor Relations Act, and thus is not eligible for union membership.

When the dozen employees voted 7-to-5 to be represented by the union, WTVO refused to bargain, even after the NLRB ordered it to do so. The NLRB then petitioned a federal Court of Appeals for a court order that would have compelled the station to bargain.

The appellate court, however, has denied the NLRB's petition.

"Supervisors" are excluded from the class of "employees" who are eligible for union membership. The Court of Appeals explained that Congress excluded supervisors from union membership back in 1947, because doing so was necessary in order to maintain "an equilibrium of power in the employer-union relationship." If supervisors were permitted to join unions, "the integrity of a business's decision-making hierarchy" would be threatened, and "potential conflicts of interest" would be created "as supervisors balanced their loyalties to the union with those to their employer."

In an opinion by Judge Michael Kanne, the appellate court concluded that the station's newscast director "easily qualifies as a supervisor" for two reasons. First, he effectively recommended the hiring, promotion and transfer of other WTVO employees. Second, in directing the station's evening weekday newscasts, he exercised independent judgment by devising employee work schedules to accommodate the station's needs and the employees' wishes for holiday and other leaves.

Since the director should not have been included among those station employees who voted on whether to be represented by the union, the NLRB had improperly ordered the station to collectively bargain with the union. The appellate court therefore denied the NLRB's petition for enforcement of that order and instead remanded the case to the Board "for further proceedings."

National Labor Relations Board v. Winnebago Television Corp., 75 F.3d 1208, 1996 U.S.App.LEXIS 1923 (7th Cir. 1996) [ELR 18:4:16]

Appellate court affirms dismissal of libel suit against Esquire Magazine filed by Robert McFarlane, National Security Advisor during Reagan-Bush Administration, on account of article that falsely suggested that McFarlane was Israeli spy and traitor; evidence did not show Esquire had published article with actual malice

During the closing months of his administration, former President Jimmy Carter was frustrated by his inability to negotiate the release of Americans then being held hostage in Iran. In the opinion of many, this was one of the important reasons President Carter was not re-elected in 1980, and why Ronald Reagan was elected instead.

Years later, articles appeared which asserted that members of the Reagan-Bush Campaign had persuaded Iran not to agree to release the hostages until after the

1980 election. Eventually, in 1993, a "bipartisan task force of the House of Representatives emphatically rejected these claims." But in the meantime, in 1991, Esquire Magazine had published an article by free lance journalist Craig Unger which suggested that the Republicans had conspired with Iran and Israel to the delay the release of the hostages in order to "steal" the 1980 election. According to the article, McFarlane had taken part in the "conspiracy." This led McFarlane to sue both Esquire and Unger for libel in federal District Court in Washington, D.C., alleging that the article "falsely conveyed to Esquire's readers that McFarlane was an Israeli spy and a traitor to his country."

Following discovery, the District Court granted the defendants' motion for summary judgment and dismissed the case. It did so on the grounds that there was no evidence Esquire had published the article with "actual malice," and on the grounds that the court did not have personal jurisdiction over Unger. McFarlane appealed; but he has lost again.

The Court of Appeals seemed little impressed with the article itself. In an opinion by Judge Stephen Williams, the court characterized the article as a "lurid . . . breathless and kaleidoscopic account rivaling an Oliver Stone movie." Nevertheless, the appellate court affirmed the dismissal of McFarlane's lawsuit. It held that since Unger was not an employee of Esquire, any "malice" Unger may have had could not be attributed to the magazine. Instead, McFarlane would have had to show that Esquire itself had "actual malice." McFarlane argued that several facts showed Esquire was guilty of actual malice. But the appellate court evaluated each of these facts and ruled that they did not show that the magazine knew the article was false or had recklessly disregarded the truth.

The appellate court also affirmed the District Court's ruling that it did not have personal jurisdiction over Unger. The District of Columbia long-arm statute grants personal jurisdiction over out-of-state defendants, like Unger, in cases where an act is committed there and causes injury there. While publication of the article may have caused injury to McFarlane in the District of Columbia, Unger himself had not committed any act there, because he had written and submitted his article in New York, the appellate court ruled.

Judge Williams seemed uncomfortable with the result in the case. He commented that "The standard of actual malice is a daunting one." And he observed that because the case was dismissed, McFarlane "has as yet had no opportunity to secure vindication." "Nonetheless," the judge concluded, "as the dismissal was correct, we must affirm."

McFarlane v. Esquire Magazine, 74 F.3d 1296, 1996 U.S.App.LEXIS 1151 (D.C.Cir. 1996) [ELR 18:4:17]

Briefly Noted:

College football player s claim for damages from injury sustained in practice. A federal District Court in Missouri has dismissed a lawsuit filed against Central Missouri State University by one of its former football players who was injured during practice. Apparently the player was academically ineligible to play football on the day he was injured, though his coach required him to practice anyway. The player alleged that by requiring him to practice, despite his ineligibility, the University violated his Fourteenth Amendment Due Process rights. He also alleged that the University breached an implied contract with him and was negligent. Judge Scott Wright granted the University's motion for summary judgment, on the grounds that the University had not violated the player's constitutional rights. The judge held that the Due Process Clause does not impose an obligation on universities to allow football players to refuse to practice when they are academically ineligible to play. The player's contract and negligence claims were based on state rather than federal law; though the court had supplemental jurisdiction to hear those claims, Judge Wright chose not to exercise his discretion to do so, and thus he dismissed them as well. *Canada v. Thomas*, 915 F.Supp. 145, 1996 U.S.Dist.LEXIS 5109 (W.D.Mo. 1996) [ELR 18:4:17]

Athletic eligibility rule under ADA and Rehabilitation Act. A federal District Court in Connecticut has granted a motion for a preliminary injunction which prohibits a high school athletic conference from making a 19-year-old student with Downs syndrome ineligible to participate in interscholastic swimming. The conference has a rule that limits athletic eligibility to those younger than 19 years of age, and it had refused to grant the student a waiver. Judge Peter Dorsey ruled that the student would suffer irreparable injury if an injunction were not granted. And he ruled that under the circumstances of this case, the conference's refusal to grant a waiver violated the federal Rehabilitation Act, the Americans with Disabilities Act, and Constitutional due process rights. The judge was persuaded by the fact that the purpose of the conference eligibility rule was to prevent older athletes from having competitive advantages, to discourage students from delaying their educations for athletic purposes, and to prevent coaches from red-shirting their athletes. In this case, however, Judge Dorsey found that enforcement of the rule was not necessary for any of these purposes, because the student was always the slowest swimmer in the pool and he was still in high school at age 19 because he has Downs syndrome, not because he delayed his education for athletic purposes. The judge acknowledged that his decision to grant an injunction is at odds with two earlier cases involving identical eligibility rules: *Sandison v. Michigan High School Athletic Ass n* (*ELR* 17:11:11) and *Pottgen v. Missouri State High School Activities Ass n* (*ELR* 16:12:12). (It's also at odds with a third and more recent case, *Reaves v. Mills* (*ELR* 18:3:12).) But Judge Dorsey found support for his conclusion in *Johnson v. Florida High School Activities Ass n*, 899 F.Supp. 579 (M.D.Fla. 1995) and in a dissent in the *Pottgen* case. *Dennin v. Connecticut Interscholastic Athletic Conference*, 913 F.Supp. 663, 1996 U.S.Dist.LEXIS 4759 (D.Conn. 1996) [ELR 18:4:17]

Trademark infringement. A federal District Court in Ohio has granted a motion for summary judgment made by the defendant in a trademark infringement action, ruling that there is no likelihood of consumer confusion between the plaintiff's marks and the defendant's. The plaintiff sells new and used musical instruments using the marks "Daddy's" and "Daddy's Junky Music Stores." The defendant sells new musical instruments using the mark "Big Daddy's Family Music Center." Judge George Smith evaluated the likelihood of consumer confusion using an eight-factor test. He found that one of the plaintiff's marks was strong but the other weak; that the parties use different marketing styles; that the marks "bear no similarity to each other aside from the mere use of the word 'Daddy's'" which the judge found "insignificant"; that the musical instruments sold by the parties are expensive and are purchased by sophisticated customers with care; that the defendant had a legitimate reason for selecting its “Big Daddy” name; and that the plaintiff’s plans to expand its business into the defendant’s area were too speculative. On the basis of these findings, Judge Smith found no likelihood of confusion, as a matter of law. *Daddy s Junky Music Stores v. Big Daddy s Family Music Center*, 913 F.Supp. 1065, 1996 U.S.Dist.LEXIS 1007 (S.D.Ohio 1996) [ELR 18:4:18]

Trade dress protection for golf club design. Callaway Golf Company, which manufactures “Big Bertha” golf irons, has been granted a preliminary injunction that bars Golf Clean, Inc., from continuing to make or sell “Canterbury Big Bursar Irons,” “Professional Big Brother Tour” irons, or other clubs of similar design. A federal District Court in Florida has adopted a Report and Recommendation by Magistrate Judge Mark Pizzo that found that the design of Callaway's "Big Bertha" golf irons is entitled to trade dress protection because the design is inherently distinctive, has acquired secondary meaning and is nonfunctional. Judge Rizzo also found that Golf Clean's "Big Bursar" and "Big Brother" irons are likely to be confused with Callaway's "Big Bertha" irons, because of the similarity of their designs, the strength of Callaway's design, the similarity of retail outlets, purchasers and advertising media, because of evidence of Golf Clean's intent to benefit from Callaway's reputation, and because of evidence of actual confusion. *Callaway Golf Co. v. Golf Clean, Inc.*, 915 F.Supp. 1206, 1995 U.S.Dist.LEXIS 20721, 20894 (M.D.Fla. 1995) [ELR 18:4:18]

Vicarious copyright liability and statutory damages for unlicensed public performances of

music. A federal District Court in New York has held the manager of an entertainment facility vicariously liable for a band's public performances of copyrighted songs without an ASCAP license. Although the manager did not own the facility or perform music himself, the manager did have the right to supervise the band — something he failed to do. Moreover, the manager had a direct financial interest in activities conducted in the facility, because those activities generated rental income, admission fees, and food and beverage sale income. ASCAP had notified the manager in writing of the need to have a license, and thus Judge Thomas McAvoy found that the manager had willfully infringed the plaintiffs' copyrights. The judge issued a permanent injunction and awarded the plaintiffs $5,000 in statutory damages ($1,000 for each of five songs). *Cass County Music Co. v. Khalifa*, 914 F.Supp. 30, 1996 U.S.Dist.LEXIS 1420 (N.D.N.Y. 1996) [ELR 18:4:18]

INTERNATIONAL CASES

Austrian Supreme Court upholds constitutionality of blank tape levy provision of Austrian copyright law

Copyright owners, performers and producers won an important victory in Austria when that nation's Supreme Court upheld the constitutionality of the "blank tape and cassette levy" provision of Austrian copyright law. The Austrian blank tape levy requires a royalty to be paid in connection with the first sale of blank audio and video cassettes in that country. The royalty is paid to the Austrian copyright collection society. And while the amount of the royalty may legally be passed on to retail purchasers of cassettes, it is collected initially

Austria.

A tape cassette importer failed to make the required payments, and was sued for 149,000 Schillings (about $12,000) by the copyright collection society. In its defense, the importer claimed that the blank tape levy was unconstitutional, apparently on several grounds. The Austrian Supreme Court disagreed, however, saying that it "does not share the doubts expressed by the [importer] . . . concerning the constitutionality of this provision."

The Court ruled first that there was "no doubt" the government had the "legislative power" to enact the blank tape levy, because the levy did not make any "fundamental alteration to the existing copyright system." The "right of reproduction" is a central principle of Austrian copyright law. But during the 1980s, that country's copyright law was amended to permit "any person" to make "single copies of [audio and video cassettes] of a work for his own use." The Supreme Court explained that the purpose of the blank tape levy was to satisfy "the claims of copyright owners and owners of performers' and producers' rights, thus limiting the previous free use of the work in the form of copying for personal use," and that the levy "proceeds from the presumption that copyright owners and owners of performers' and producers' rights should receive a reasonable share of the financial gain from works, including indirectly from the end user."

The Court also rejected the argument that the levy violates the "principle of equality" found in the Austrian Federal Constitution. This contention was based on the fact that the levy is imposed only on blank tapes and cassettes, not on audio or video recorders that may be used to make copies or on suppliers of electric power used to run cassette recorders. The Austrian "principle of equality" prohibits the legislature from "treating unequally that which is equal"; but it does not prohibit distinctions that are "justified in substance" according to "objective criteria." In this case, the Court concluded that imposing the levy "on traders who, by marketing tapes and cassettes, make a decisive contribution to the private recording of copyrighted works is in perfect conformity with objective considerations." Thus, it was not necessary to "include other enterprises which, by what they supply, make only a marginal contribution to copying for private use," such as suppliers of electric power or even recording equipment.

Finally, the Court rejected the importer's argument that the levy violated the constitutional "right to earn a living." The Court said that the legislature has wider discretion to regulate the pursuit of an occupation than to regulate access to an occupation. The blank tape levy does not regulate access to the occupation of cassette selling, only the pursuit that occupation. And because the levy was "created in the interest of copyright owners," the Court held that it was a justified regulation.

Re Levy on Blank Tapes and Cassettes, [1996] ECC 223 (Austrian Supreme Court 1994) (available in the LEXIS Intlaw Library, ECCase File) [ELR 18:4:19]

DEPARTMENTS

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Trademark Parody Unplugged by Jonathan Roy Celniker, 14 Entertainment and Sports Lawyer 1 (1996) (for address, see above)

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