

## NEW LEGISLATION AND REGULATIONS

### **SAG persuades California legislature to curb paparazzi; new privacy statute imposes liability on those who trespass or use "enhancing" devices to make photos or recordings of personal or family activities**

In response to urgings by the Screen Actors Guild and others, the California legislature has enacted a bill that curbs the more aggressive activities of paparazzi. The bill does so by imposing liability on those who trespass or use "enhancing" devices to take photos or make recordings of people involved in personal or family activities.

Senate Bill 262 adds a new section 1708.8, consisting of several separate and fairly detailed paragraphs, to the California Civil Code. In brief, here is what the new section does:

It imposes liability for "physical invasion of privacy" on those who trespass "to capture any type of visual image, sound recording, or other physical impression of the plaintiff engaging in a personal or familial activity," where the trespass is committed "in a manner that is offensive to a reasonable person."

It imposes liability for "constructive invasion of privacy" on those who use a "visual or auditory enhancing device" to capture such images or recordings, even if no trespass is committed, if capturing the image or recording "could not have been achieved with a trespass unless the visual or auditory enhancing device was used."

It makes those who do so liable for treble damages. And if the invasion is done for commercial purposes, the injured party also may recover any "proceeds" the defendant received as a result of the violation.

It imposes liability on those who direct or encourage others to violate the section, and those who direct or encourage others may be liable for punitive damages as well.

It authorizes injunctions and restraining orders (as well as damages).

Personal and family activities include "intimate details of the plaintiff's personal life, interactions with the plaintiff's family or significant others, or other aspects of plaintiff's private affairs or concerns," including the activities of crime victims but not criminal activities themselves.

In an apparent concession to news outlets that acquire material from others, but do not themselves direct or encourage their sources to violate privacy, the mere use of an image or recording - by broadcasting or publishing it, for example - does not constitute a violation of the section.

The bill was introduced by state Senator John Burton and had the support of the DGA, some talent agencies, and several well-known actors and actresses, as well as SAG. But according to news reports, the bill did not have the support of AFTRA, the union that represents television and radio newscasters and other on-air personalities.

An act to add Section 1708.8 to the Civil Code, relating to privacy, California Senate Bill No. 262, Chapter 1000 of California Statutes 1998, [www.leginfo.ca.gov/pub/bill/sb-0251-0300/sb-262-bill-980930-chaptered.html](http://www.leginfo.ca.gov/pub/bill/sb-0251-0300/sb-262-bill-980930-chaptered.html) (Sept. 30, 1998) [ELR 20:5:5]

**AFTRA persuades Massachusetts legislature to make non-competition clauses "void and unenforceable" in broadcast industry employment contracts**

The American Federation of Television and Radio Artists has scored a significant victory in the Massachusetts legislature. It persuaded state Senator John O'Brien to introduce, and the rest of the legislature to pass, a bill that makes non-competition clauses in broadcast industry employment agreements "void and unenforceable."

Non-competition clauses are common in the employment agreements of on-air television and radio personalities. They also are the subject of occasional litigation. More than a dozen cases involving such clauses have been reported in Entertainment Law Reporter over the last two decades. Those cases came from all over the country, and the results have been about evenly divided.

Non-competition clauses have been enforced in seven cases, by courts in Alabama, the District of Columbia, Minnesota, Georgia, Montana, Florida and Virginia (ELR 1:16:3, 1:18:2, 2:12:6, 4:3:7, 9:3:18, 12:10:15, 15:6:24). They have been denied enforcement in six cases, by courts in Kentucky, Connecticut (twice), California, Louisiana, and Missouri (ELR 1:18:2, 5:6:11, 16:4:27, 16:3:29, 18:8:16, 19:8:17). The cases involved somewhat different issues. Some dealt with the reasonableness of the geographic area or the length of time covered by the non-compete clause. Others dealt with whether an employer may enforce such a clause if the contract was assigned to it by the on-air personality's former employer, in connection with the sale of a broadcast station. Other cases turned on different issues.

What can be said, however, is that if non-compete clauses are a particular problem for Massachusetts broadcasters or on-air personalities, the problem has not

been litigated to a published decision there in the last 20 years. Nonetheless, the new statute is now on the books; and its flat ban on non-compete clauses in broadcast industry employment contracts appears to be unique.

The law adds a new section 186 to Chapter 149 of the General Laws of Massachusetts. It makes "void and unenforceable" any provision of an employment contract in the broadcasting industry which "restricts the right of such employee . . . to obtain employment in a specified geographic area for a specified period of time after termination of employment" in any of three different circumstances: when the employer terminates the employment; when the employment is terminated by mutual agreement; or when the agreement expires.

The new section also provides that if it is violated, the one who does so shall be liable for reasonable attorneys' fees and costs incurred in litigation with the affected employee.

The section applies to contracts entered into since August 7, 1998.

An Act Relative to Freedom of Employment in the Broadcasting Industry, Chapter 237 of the Acts of 1998, adding section 186 to Chapter 149 of the Massachusetts General Laws, [www.state.ma.us/legis/laws/seslaw98/sl980237.htm](http://www.state.ma.us/legis/laws/seslaw98/sl980237.htm) (Aug. 7, 1998) [ELR 20:5:5]



## RECENT CASES

**Miramax Films is granted injunction barring Columbia Pictures and Mandalay Entertainment from using advertising materials claiming that "I Know What You Did Last Summer" came from the "creator" of the movie "Scream"**

Here's a quick and easy take-home test: Did you suppose that the movie "I Know What You Did Last Summer" was directed or otherwise created by Wes Craven, because the ad campaign for "Last Summer" claimed it was "From the Creator of Scream," and you know that Craven directed "Scream"? If so, then you know - first hand - exactly why Miramax Films has sued Columbia Pictures and Mandalay Entertainment, and why federal District Judge Miriam Cedarbaum has granted Miramax a preliminary injunction.

Miramax is the distributor of the enormously successful, Wes Craven-directed movie "Scream." Mandalay is the producer and Columbia the distributor of "I Know What You Did Last Summer." Hoping to capitalize on the success of "Scream" and Wes Craven's fame, Columbia and Mandalay created or authorized an advertising campaign for "Last Summer" that asserted - in various, slightly different ways - that "Last Summer" was from "From the Creator of Scream."

Technically, the Columbia/Mandalay ad campaign was true, though not in the way that the movie industry and many movie fans suppose. What "Scream" and "Last Summer" have in common is screenwriter Kevin Williamson, who wrote both. However, the ads for "Last Summer" do not identify Williamson as the movie's "creator." And Williamson himself acknowledges that "Wes Craven is the person most reasonably perceived to be the 'creator' of 'Scream.'"

Moreover, consumer surveys conducted on Miramax's behalf showed that 17% to 20% of those who had seen, or were just about to see, "Last Summer" thought that "Last Summer" was the sequel to "Scream," that the creator of "Last Summer" produced "Scream," that the creator of "Last Summer" directed "Scream," or that the creator of "Last Summer" was Wes Craven. Only 1% to 2% of those questioned thought that the advertising for "Last Summer" communicated that it was by the writer of "Scream" or by Kevin Williamson.

For these reasons, Judge Cedarbaum concluded that Miramax "is likely to succeed on its claim that the 'Scream' catchphrases are misleading and are likely to mislead potential viewers of horror films to believe that 'Summer' comes from the same source as 'Scream.'" The judge also found that Miramax "has established that the advertising campaign is the source of consumer confusion."

"False advertising is actionable under the Lanham Act," even "for a literally true advertisement which is likely to mislead or confuse customers," Judge Cedarbaum explained. She has therefore ordered Columbia and Mandalay to direct everyone to whom they have sent advertising and promotional materials for "Last Summer" to "remove the `Scream' catchphrases" from those materials, and to stop distributing any additional advertising or promotional materials containing those catchphrases.

Miramax Films Corp. v. Columbia Pictures Entertainment, Inc., 996 F.Supp. 294, 1998 U.S. Dist. LEXIS 2581 (S.D.N.Y. 1998) [ELR 20:5:7]

## **Warner Bros.' use of paintings by artist Earl Jackson as props in movie "Made In America" was non-infringing fair use, federal District Court rules**

African-American artist Earl Jackson has lost his copyright infringement suit against Warner Bros. - a suit that was prompted by the studio's unauthorized use of two of Jackson's paintings as props in its 1993 movie "Made In America."

"Made In America" was a romantic comedy starring Whoopi Goldberg and Ted Danson. Years before the movie's opening scene, Goldberg's character went to a sperm bank in order to conceive a child who is a teenager by the time the story's action begins. Danson's character was the donor, and the movie clicks into gear when the daughter discovers that her "father" is Caucasian. Goldberg's character is African-American, and her home is decorated with African art - including two

paintings by Jackson, "Following the Path" and "A Place of Crossing."

Jackson's paintings can be seen in the background during two scenes. In one, Goldberg and Danson's characters almost knock one of Jackson's paintings off the wall, though in both scenes taken together, the paintings "are not shown for more than 60 seconds."

Warner Bros. did not seek Jackson's permission to use his paintings as props. Moreover, Jackson asserted that he would not have granted permission even if he had been asked, because he "considers the movie `culturally exploitive.'"

The studio responded to Jackson's copyright infringement suit with a motion for summary judgment, arguing that its use of the paintings was a non-infringing fair use. Federal District Judge Denise Hood agreed and has granted Warner Bros.' motion.

Applying the four-factor fair use test set forth in section 107 of the Copyright Act, Judge Hood ruled that the "purpose and character of the use" factor favored Warner Bros., even though the movie was commercial in nature. This was so, the judge explained, because, among other things, the studio never used Jackson's paintings as a catalyst to increase sales for the movie, and the movie would not serve as a substitute for the paintings themselves.

On the other hand, the "nature of the copyrighted work" factor weighed in favor of Jackson, because art is "creative, imaginative and original."

Since the paintings appeared in the movie for less than 60 seconds, Judge Hood ruled that the "amount and substantiality" factor weighed in favor of Warner Bros.

The "effect of the use on the potential market" factor favored the studio as well, for four reasons. The movie did not interfere with sales of lithographs of the

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paintings. The movie did not adversely affect the potential market for Jackson's paintings. The movie was not a substitute for Jackson's paintings. And Jackson "suffered no demonstrable harm."

While Judge Hood understood and appreciated Jackson's "strong desire to promote his work in a manner which he feels is in keeping with his views," she ruled that section 107 of the Copyright Act requires courts to analyze its factors "objectively and not subjectively." In this case, since three of the four factors favored Warner Bros., the judge concluded that summary judgment had to be granted to the studio.

Editor's note: This is the third movie prop/fair use case to be decided in the last year or so. The result in this case is entirely consistent with New Line Cinema's fair use victory in the case involving props in its movie "Seven" (ELR 20:1:10). But cautious movie and television production companies will not construe these cases



to mean that copyrighted props no longer need to be cleared and licensed. In the third case - Ringgold v. Black Entertainment Television - a federal appeals court reversed a similar fair use ruling, and remanded the case for trial, after giving somewhat different weight to some of the factors than Judge Hood did in this case (ELR 20:1:8). Though Judge Hood's decision was published after the appellate court decision in Ringgold, the Ringgold case was actually decided earlier, so Judge Hood had not yet read it when ruling in this case.

Jackson v. Warner Bros., 993 F.Supp. 585, 1997 U.S. Dist. LEXIS 22455 (E.D. Mich. 1997) [ELR 20:5:7]

**Dreamwerks Production Group, a sponsor of science fiction conventions, is entitled to trial on its trademark infringement claim against DreamWorks SKG, because likelihood of confusion is an issue of material fact, federal appellate court rules**

One of the most difficult things entertainment lawyers are asked to do is to predict whether a client's use of a name or title is "likely to cause confusion" with another company's use of something similar. The law provides an elaborate multi-factor test for likelihood of confusion; but the ultimate outcome is often in doubt.

Example: When Steven Spielberg, Jeffrey Katzenberg and David Geffen went into business together in 1994, they wanted to use the name "DreamWorks" for their studio. So their lawyer did a trademark search and discovered the existence of a little, and little-known, Florida company that since 1984 has been in the

business of sponsoring science fiction conventions in the northeast and midwest, most of them with a Star Trek theme. The company is named Dreamwerks Production Group, Inc., and it had registered its "Dreamwerks" name as a trademark, with the U.S. Patent and Trademark Office, in 1992.

The lawyer apparently blessed the "DreamWorks" name anyway (or perhaps Spielberg, Katzenberg and Geffen decided to use it, even without the lawyer's blessing). Though "DreamWorks" and "Dreamwerks" look alike and sound identical, "DreamWorks" would infringe the "Dreamwerks" trademark only if the public were likely to be confused about the origin or sponsorship of Dreamwerks' conventions. And what were the chances of that?

If DreamWorks' lawyer did bless the "DreamWorks" name, his or her moment of terror came not long thereafter. Dreamwerks Production Group sued,

complaining that DreamWorks is causing confusion in the marketplace by using a mark too similar to its own for goods and services too similar to those it is offering.

But DreamWorks was soon vindicated. Federal District Judge William Byrne granted the studio's motion for summary judgment, ruling that "the core functions of the two businesses are so distinct that there is no likelihood of confusion as a matter of law." Alas, DreamWorks' moment of terror has returned. Dreamwerks Production Group appealed; and the Court of Appeals has reversed and has remanded the case "for trial."

Writing for the appellate court, Judge Alex Kozinski said "the question . . . is whether a reasonable consumer attending a Dreamwerks-sponsored convention might do so believing that it is a convention sponsored by DreamWorks." To answer this question, Judge Kozinski performed what he himself described (with his characteristic wit and style) as "a Vulcan mind meld on

the "reasonably prudent consumer." His conclusion: such a consumer might be confused.

Of the several factors that are used in cases like this, the "clincher" for Judge Kozinski "is the relatedness of the goods." He acknowledged that "Twenty years ago DreamWorks may have had an argument that making movies and promoting sci-fi merchandise are different businesses promoting different products." But that would have been then. Even though the judge said "Dreamwerks clearly caters to the pocket-protector niche, and its convention business has never really taken off," he nevertheless concluded that consumer confusion is possible because "movies and sci-fi merchandise are now as complementary as baseball and hot dogs."

DreamWorks argued that "a ruling in favor of Dreamwerks will leave little room for new marks to develop, since almost every combination of words has been taken by someone doing business somewhere in

what may be a loosely related field." But the judge responded that "this is not true of fanciful marks - marks that have no connection to the product or service offered." Thus, Judge Kozinski rejected DreamWorks' argument, saying "This dispute could have been avoided had DreamWorks been more careful, or a tad more creative, in choosing its name." Ouch.

Dreamwerks Production Group, Inc. v. SKG Studio,  
142 F.3d 1127, 1998 U.S.App.LEXIS 7685 (9th Cir.  
1998) [ELR 20:5:8]

**PGA is ordered to permit Casey Martin to use golf cart in tournaments, because Martin's disability makes cart a reasonable accommodation under Americans with Disabilities Act**

Casey Martin is a disabled professional golfer. A federal judge has found that Martin "can do everything well in the game of golf except walk to and from his shots," because "his right leg is severely atrophied and weakened" so that walking causes him "severe pain" and risks "fracturing his tibia."

The PGA doesn't dispute Martin's disability, but it did deny his request to use a golf cart while participating in PGA or Nike Tour tournaments, because the rules of those tournaments require players to "walk at all times."

According to Martin, the PGA's refusal to allow him to use a cart violated the Americans with Disabilities Act. That federal statute that requires those who

operate "places of public accommodation" to "make reasonable modifications in policies, practices, or procedures" to accommodate the disabled, unless doing so "would fundamentally alter the nature of the . . . accommodation being offered. . . ."

Martin made this assertion in a suit filed in a federal District Court in Oregon. The PGA responded by arguing that the ADA does not apply to professional golf tournaments and that even if it did, waiving its walking rule would fundamentally alter the nature of its tournaments. Magistrate Judge Thomas Coffin has agreed with Martin and has rejected both of the PGA's defenses.

Private clubs are exempt from the ADA, but in response to pre-trial motions for summary judgment made by both sides, Judge Coffin found that the PGA is not a "private club" within the meaning of the statute. At the same time, the judge also found that the golf courses on



which the PGA conducts its tournaments are places of public accommodation, even if he were to focus solely on those areas of the golf courses that are used by players during tournaments.

After trial, Judge Coffin found that the "modification" Martin had requested - permission to use a cart - was reasonable on several grounds. The general "Rules of Golf do not require walking." The PGA itself permits players to use carts in two of the four tournaments it sponsors - in the Senior Tour tournament (for players who are at least 50 years old) and in the first two rounds of the Qualifying School Tournament - and the PGA does not impose stroke penalties on golfers who choose to use carts during those tournaments. Also, the NCAA and PAC 10 conferences permit disabled collegiate golfers to use carts during their tournaments.

The PGA asserted that requiring it to permit Martin to use a cart in its PGA and Nike tournaments would

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"fundamentally alter the nature" of those tournaments, because the "walking rule" was adopted for those tournaments "to inject the element of fatigue into the skill of shot making." Judge Coffin agreed that this would be a "cognizable purpose" under the ADA. But he ruled that the evidence had not shown that walking would cause that kind of fatigue. Rather, the evidence introduced at trial showed that "When given the option of cart-riding or walking - such as at the Senior PGA Tour or PGA Tour Qualifying Tournament - the vast majority have opted to walk. Why would this be if walking truly fatigued them so that they hit worse shots than if they ride?"

The judge also found that Martin "easily endures greater fatigue even with a cart than his able-bodied competitors do by walking." Thus Judge Coffin concluded that "it does not fundamentally alter the nature of the PGA Tour's game to accommodate him with a cart."

For these reasons, the judge concluded that the "requested accommodation of a cart is eminently reasonable in light of Casey Martin's disability," and he has ordered the PGA to make that accommodation.

Martin v. PGA Tour, Inc., 984 F.Supp. 1320, 1998 U.S.Dist.LEXIS 1503 (D.Or. 1998); Martin v. PGA Tour, Inc., 994 F.Supp. 1242, 1998 U.S.Dist.LEXIS 1980 (D.Or. 1998) [ELR 20:5:9]

**Agreement between Michael Jordan and restaurant company, giving him the right to approve additional restaurants on a case-by-case basis, permits Jordan to withhold approval of additional restaurants using his name, without having to justify his decision**

Michael Jordan's company, Jump, Inc., has licensed a restaurant company to operate a restaurant in Chicago using Jordan's name and likeness. The restaurant on the corner of LaSalle and Illinois Streets is the product of that license.

The agreement also provides that if the restaurant company wants to open additional restaurants using Jordan's name and likeness in Chicago, "Jump shall have the right to review and approve each additional restaurant opportunity on a case-by-case basis."

Other provisions give Jump the right to approve restaurant locations and advertising materials, and those

provisions say that such "approval shall not be unreasonably withheld." But the provision concerning Jump's approval of additional restaurants says nothing of the kind.

Jump argued that insofar as its approval of additional restaurants is concerned, it has "the absolute right not to approve any additional restaurant, and that this right is unfettered by any restriction that the refusal to approve be `reasonable.'" The restaurant company, on the other hand, argued that Jump's decisions concerning additional restaurants must be reasonable, by virtue of the "covenant of good faith and fair dealing" that "is implied in every contract unless expressly disavowed."

Federal District Judge James Moran has agreed with Jump and has granted its motion for summary judgment, declaring that Jump has the right not to approve the opening of additional restaurants using Jordan's name and likeness, without having to justify its decision.

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Judge Moran reasoned that "the parties clearly contemplated the specific contexts in which Jump was to exercise limited discretion to pre-approve [the restaurant company's] actions. Where the parties wanted to insert a reasonableness restriction limiting Jump's right to approve, they included language in the contract to provide for it. In contrast, they included nothing limiting Jump's discretion to disapprove additional restaurants. As a result, Jump is free to reject [the restaurant company's] proposals to expand as it sees fit."

The restaurant company argued that a "good faith" standard should be imposed on Jump's discretion to disapprove additional restaurants, because Jordan has "received significant monetary benefits in the form of royalty payments" from the first restaurant, and would earn substantially more from additional restaurants. But the judge was not persuaded. "The `monetary benefits' Jordan has received or could possibly receive from [the

restaurant company] pale in comparison to the international value of Jordan's name," Judge Moran said. "It is not `unreasonable,' then, for Jordan to want to strictly control the use of his name so that he could make decisions about its licensing that would allow him to achieve the highest possible financial return."

MJ & Partners Restaurant v. Zadikoff, 995 F.Supp. 929, 1998 U.S. Dist. LEXIS 3256 (N.D. Ill. 1998) [ELR 20:5:10]

**Aspiring screenwriter wins \$1.23 million judgment against Hollywood Pictures and Interscope in case asserting that "The Air Up There" infringed copyright to writer's six-page movie synopsis**

Aspiring screenwriter Samuel Zervitz has won a judgment of \$1,232,616 against Hollywood Pictures and Interscope in a case in which he proved, to the satisfaction of judge and jury, that the movie "The Air Up There" infringed the copyright to his six-page treatment for a movie he would have called "Recruiting."

"The Air Up There" and "Recruiting" both portrayed the story of an African tribal member who is recruited to play basketball in the United States. Zervitz got the idea for his treatment from the career of Manute Bol, an African-born player for the Washington Bullets. Max Apple, the screenwriter of "The Air Up There,"



was inspired by the career of Hakeem Olajuwon, an African-born player for the Houston Rockets.

Federal District Judge William Nickerson denied Hollywood Pictures' and Interscopes' pre-trial motion for summary judgment. The judge did so, he said, because there were factual issues requiring a trial concerning whether the defendants had access to Zervitz's treatment and whether many similarities between the treatment and the movie were simply unprotectible scenes a faire.

Following an eight-day trial, the jury returned a verdict in Zervitz's favor for \$222,000 in actual damages against all defendants; for \$557,616 in profits against Hollywood Pictures, the movie's distributor; and for \$600,000 in profits against Interscope, the movie's producer.

The defendants made a motion for judgment notwithstanding the verdict, or for a new trial, but Judge Nickerson denied the motion. Among other things,

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although there was evidence "The Air Up There" had been independently created by Apple, the judge held that the defendants failed to show that no reasonable jury could find otherwise. Likewise, the judge held that there was sufficient evidence of similarity between the treatment and movie that a reasonable jury could find for Zervitz and that "no miscarriage of justice resulted in the jury's doing so."

The defendants did enjoy a partial victory on one issue. They persuaded the judge to reduce the \$222,000 actual damage verdict to \$75,000. Judge Nickerson reasoned that the jury must have awarded \$222,000 in actual damages, because that was roughly what the defendants paid Apple to write "The Air Up There." But the judge agreed that Apple had more screenwriting experience than Zervitz did, and Apple did more work writing the movie's screenplay than Zervitz did writing his treatment. Thus, the judge concluded that \$75,000

should be awarded in actual damages, because that is what Apple was paid for the script of his first movie, and Zervitz "could not reasonably have expected to make more" than Apple had.

Zervitz v. Hollywood Pictures, 989 F.Supp. 727, 1995 U.S. Dist. LEXIS 21858 (D.Md. 1995), 995 F.Supp. 596, 1996 U.S. Dist. LEXIS 21910 (D.Md. 1996) [ELR 20:5:10]

**Television station did not infringe copyright by broadcasting videotape of Selena concert on anniversary of her death; Selena's father failed to show that he was owner of copyright to videotape, and songwriters failed to prove ownership or registration of copyrights to songs**

A Texas television station has defeated copyright infringement claims brought against it by the father of Tejano band vocalist Selena and several songwriters as a result of the station's broadcast of a "Selena Special" on the anniversary of her untimely death.

In an opinion by Judge Thomas Reavley, a federal Court of Appeals has held that Selena's father, Abraham Quintanilla - who was the owner and manager of her band and the administrator of her estate - is not the owner of the copyright to the videotape the station had broadcast. And the court held that the songwriters had

not shown that they owned or had registered the copyrights to songs that were performed during the broadcast.

The case revolves around the informality of an agreement that Quintanilla made with station KIII-TV that permitted the station to tape and air a Selena concert in Corpus Christ in 1993, two years before her death. The agreement authorized KIII-TV to use the tape on one identified program and on news shows, but it said nothing about subsequent rebroadcasts or about who would own the copyright to the tape itself.

On the anniversary of Selena's death, the station broadcast the concert tape as a "Selena Special." These rebroadcasts triggered an infringement suit by Quintanilla, who claimed ownership of the tape's copyright, and by band members who had written several of the songs that had been performed on the tape.

Judge Reavley has rejected Quintanilla's claim that the tape was a work-made-for-hire, whose copyright he owned, for two reasons. First, there was no "written instrument" signed by KIII-TV making the tape a work-for-hire. And second, station personnel who actually produced the tape were not Quintanilla's "employees," in any sense of the word.

Likewise, the judge has rejected Quintanilla's claim that the station had transferred the tape's copyright to him. Such a transfer would have been valid only if it had been done in writing. But Quintanilla produced nothing in writing that mentioned the tape's copyright or purported to transfer it.

The songwriters' claims failed because they had not shown they were the owners of the songs performed on the tape, nor had they registered the songs' copyrights which would have been required in order for them to file suit for their infringement.

For these reasons, Judge Reavley affirmed a summary judgment that had been granted to the station by District Judge Janis Jack (whose own opinion was published, after Judge Reavley's, at 3 F.Supp.2d 747 (S.D.Tex. 1997)).

Quintanilla v. Texas Television Inc., 139 F.3d 494, 1998 U.S.App.LEXIS 7561 (5th Cir. 1998) [ELR 20:5:11]

### **The Kingsmen's victory in rescission action to recover masters to "Louie, Louie" is affirmed on appeal**

The Kingsmen have prevailed, again, in their suit against Gusto Records and others to recover the master to their 1963 hit record "Louie, Louie." The Kingsmen sold the "Louie, Louie" master back in the '60s, and it

eventually was acquired by Gusto which has been licensing its use, and earning income from it, ever since. The Kingsmen, however, "have never received a single penny of the considerable royalties that `Louie, Louie has produced over the past thirty years," despite their contractual right to do so.

Earlier in the case, District Judge William Keller ruled that The Kingsmen were entitled to rescind the sale of the master and to recover possession of it (ELR 17:5:3). In subsequent proceedings, Judge Keller also ruled that the group is entitled to receive all income earned by the master after they rescinded the sale, including income received by Gusto from licenses it had issued before rescission. And Judge Keller held Gusto and others in contempt for failing to return the master promptly and for continuing to issue licenses after he had ordered rescission.



In an opinion by Judge Betty Fletcher, a federal Court of Appeals has affirmed all three of Judge Keller's rulings.

The appellate court rejected Gusto's argument that The Kingsmen's right to rescind was barred by California's four-year statute of limitations. While it was true that the The Kingsmen's contract selling the master was first breached some three decades before they filed suit, it also was breached anew each time additional royalties should have been paid but weren't. Thus, rescission was justified by breaches that had occurred within four years before The Kingsmen filed their suit, so it wasn't barred by the statute of limitations, Judge Fletcher held.

Judge Fletcher also held that The Kingsmen are entitled to income earned from licenses originally granted before rescission. This was so, the judge explained, because once The Kingsmen rescinded the

contract, they became the owners of the master and thus were entitled to all income earned by it thereafter.

Finally, Judge Fletcher affirmed the contempt rulings. The defendants did not deny that they had failed to return the master for more than a year following the judgment ordering them to do so, nor did they deny they had entered into licenses after Judge Keller had ordered rescission. They did "offer various excuses as to why their repeated refusals to comply with the judgment were not their fault and should be excused." But Judge Fletcher refused to do so, saying "there is no good faith exception to the requirement of obedience to a court order."

Peterson v. Highland Music, Inc., 140 F.3d 1313, 1998 U.S.App.LEXIS 7149 (9th Cir. 1998) [ELR 20:5:11]

## **Elvis Presley Enterprises obtains injunction from Court of Appeals barring nightclub from calling itself "The Velvet Elvis"**

"If at first you don't [fully] succeed, try and try again." That was the philosophy employed by Elvis Presley Enterprises in its pursuit of the owner of "The Velvet Elvis" nightclub; and it worked. A federal Court of Appeals has given Elvis Presley Enterprises the relief it sought, but only partially received, from a lower court.

Earlier in the case, a federal District Court had enjoined the nightclub from using aspects of Elvis Presley's persona in its advertising, but it permitted the nightclub to continue calling itself "The Velvet Elvis" (ELR 19:5:14).

On appeal, Judge Carolyn King ruled that in permitting the nightclub to continue using "The Velvet Elvis" name, the District Court had erred in two ways: by

considering the nightclub's advertising separately from its other uses of "Elvis"; and by misapplying the parody doctrine in deciding that the nightclub's name did not violate the trademark rights of Elvis Presley Enterprises.

Judge King explained that by considering the nightclub's advertising separately from its other uses of "Elvis," the District Court misjudged the likelihood that customers would be confused by the nightclub's "Velvet Elvis" name.

Also, the judge said, since the nightclub was a parody of the "faddish, eclectic bars of the sixties" and restaurants like those operated by the Hardrock Cafe and Planet Hollywood, and was not a parody of Elvis Presley himself, it was not necessary for the nightclub to be named "The Velvet Elvis" in order to make its point. "Without the necessity to use Elvis's name," Judge King held, "parody does not weigh against a likelihood of confusion. . . . It is simply irrelevant."

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In doing its likelihood-of-confusion analysis, the District Court had ignored the nightclub's advertising and had relied on its parody of bars and restaurants, and these errors made the analysis wrong. Thus, the appellate court did the analysis for itself, and concluded that five out of six of the factors it considered weighed in favor of a likelihood of confusion.

For this reason, Judge King found that nightclub's use of "The Velvet Elvis" infringed Elvis Presley Enterprises' trademarks. And she ordered the District Court to enter an injunction that bars the nightclub from using that name.

Elvis Presley Enterprises, Inc. v. Capece, 141 F.3d 188, 1998 U.S.App.LEXIS 9012 (5th Cir. 1998) [ELR 20:5:12]

**Television program "On Scene: Emergency Response" did not invade privacy of auto accident victims by broadcasting details of their rescue, but may have violated their privacy by taping inside rescue helicopter and one victim's conversations with rescuers**

Camcorders and wireless microphones are powerful newsgathering tools that have played a central role in the birth of the whole category of television programming known as "reality" or "documentary" shows. "On Scene: Emergency Response" is one such show; it is produced by Group W Productions.

Camcorders and wireless microphones also can be used to invade privacy. Indeed, they allegedly were used to do so in a segment of "On Scene: Emergency Response" that depicted the rescue of auto accident victims Ruth Schulman and her son Wayne. The segment

was aired while Ruth was still in the hospital recovering from severe injuries that left her a paraplegic. Offended by what they saw, and thinking that their tragedy should not have been turned into entertainment for television audiences, the Schulmans sued Group W for the invasion of their privacy.

In their complaint, the Schulmans asserted two types of privacy claims: one for the public disclosure of private facts, and the other for intrusion into private places and conversations. In response to a motion by Group W for summary judgment, a California trial court dismissed both claims, reasoning that Group W's activities were protected by the First Amendment. A California Court of Appeal reversed, however, ruling that both Schulmans were entitled to a trial on their intrusion claims, and that Ruth was entitled to a trial on her disclosure of private facts claim.

The California Supreme Court agreed to hear Group W's appeal, and it has awarded a partial victory to each side. In a lengthy and scholarly opinion by Justice Kathryn Werdegar, it has ruled that Group W is entitled to summary judgment and dismissal of the Schulmans' claims for disclosure of private facts, but the Schulmans are entitled to a trial on their intrusion claims.

To establish a claim for public disclosure of private facts, it is necessary to prove four elements: (1) public disclosure; (2) of a private fact; (3) which would be offensive or objectionable to a reasonable person; (4) which is not of legitimate public concern. In this case, Justice Werdegar concluded, Ruth's claim failed because the broadcast was of legitimate concern, both as to its subject matter as a whole, and with respect to Ruth's appearance in it. Wayne's claim failed, because he was



shown only fleetingly, and thus his depiction would not be offensive to a reasonable person.

To establish a claim for intrusion, it is necessary to prove two elements: (1) intrusion into a private place, conversation or matter; (2) in a manner that is highly offensive to a reasonable person. In this case, Judge Werdegar concluded that the accident scene was not a private place, but the inside of the rescue helicopter may have been. Moreover, Ruth was entitled to a degree of privacy in her conversations with her rescuers, and that privacy may have been intruded upon when those conversations were recorded using a wireless microphone. Whether the intrusion was offensive requires considerations of all the circumstances, and Judge Werdegar concluded that when a jury does so, it may conclude that the intrusion was offensive.

The judge also decided that the First Amendment does not provide Group W with immunity from the

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intrusion claim, because "[i]n contrast to the broad privilege the press enjoys for publishing truthful, newsworthy information in its possession, the press has no recognized constitutional privilege to violate generally applicable laws in pursuit of material."

The case has therefore been remanded to the trial court for further proceedings on the Schulmans' intrusion claim, though not on their disclosure of private facts claim.

The difficulty of the issues presented by this case was evident not only from the length of Judge Werdegar's opinion, but also from the fact that two of the court's seven justices dissented in part. Justice Ming Chin agreed that Group W was entitled to summary judgment on the Schulmans' disclosure of private facts claim; but he would have dismissed their intrusion claim too, on the grounds that a reasonable person would not have found the intrusion to be "highly offensive." Justice

Janice Brown, on the other hand, agreed that the Schulmans are entitled to a trial on their intrusion claim; but she would have allowed them to go to trial on their disclosure of private claims as well.

Schulman v. Group W Productions, Inc., 74 Cal.Rptr.2d 843, 955 P.2d 469, 1998 Cal.LEXIS 3190 (Cal. 1998) [ELR 20:5:13]

**Money paid by Pittsburgh Steelers to running back Raymond Wallace pursuant to "injury protection" clause of NFL collective bargaining agreement was taxable income to Wallace, rather than tax-free workers' compensation, federal appellate court rules**

Pittsburgh Steeler running back Raymond Wallace injured his knee in 1989 during games against the

Cincinnati Bengals and the Cleveland Browns. As a result, he didn't pass the pre-season physical in 1990, and the Steelers released him. Pursuant to the "injury protection" clause of the NFL collective bargaining agreement, the Steelers paid Wallace \$65,000.

Wallace duly reported the \$65,000 as part of his gross income for 1990 and paid federal taxes on it. Wallace then sought workers' compensation benefits under Pennsylvania law and was awarded \$200,000. However, the Pennsylvania Bureau of Workers' Compensation gave the Steelers a credit for the \$65,000 it already had paid Wallace, thus reducing his net workers' compensation recovery to \$135,000.

Under section 104(a) of the Internal Revenue Code, workers' compensation payments may be "excluded" by the injured worker from his or her taxable income. In other words, workers' compensation payments are tax free. As a result, Wallace sought a refund of the

taxes he had paid on the \$65,000 he had received from the Steelers as an injury payment.

The IRS, however, added insult to Wallace's injury; it denied his claim. And when Wallace sued for a refund, a federal District Court ruled against him as well, by granting the government's motion for summary judgment.

The insult is now complete. A federal Court of Appeals has affirmed the judgment against Wallace. In an opinion by Judge Joel Flaum, the appellate court has ruled that section 104(a) of the Internal Revenue Code applies only to "amounts received under workmen's compensation acts," and "the \$65,000 payment was pursuant to a labor contract, not a workers' compensation act."

Wallace argued that since the Bureau of Workers' Compensation gave the Steelers a credit of \$65,000 against the \$200,000 the Bureau had awarded him, the

Bureau apparently "considered the \$65,000 to constitute benefits paid pursuant to the Pennsylvania Workers' Compensation Act." But Judge Flaum was not persuaded. There was nothing, he said, "to indicate that the injury protection payment Wallace received was anything other than what it purported to be - a settlement of the Steelers' contractual obligations under the [collective bargaining agreement] and Wallace's player contract."

As a result, the \$65,000 was not excludable. It was taxable. And Wallace was not entitled to a refund.

Wallace v. United States, 139 F.3d 1165, 1998 U.S.App.LEXIS 6802 (7th Cir. 1998) [ELR 20:5:13]

## **Florida appellate court reverses dismissal of reverse discrimination and defamation suit against NBA's Orlando Magic filed by former assistant coach George Scholz**

After an "impressive eight-year career" as the head basketball coach for Florida Southern College, George Scholz made it to the NBA. He was hired as an assistant coach by the Orlando Magic in 1990, where he worked for two years to the satisfaction of head coach Matt Goukas and first assistant coach Brian Hill.

Nonetheless, in 1992, Scholz was terminated because, he alleges, he's white and the Magic wanted to make room on its coaching staff for a black. Scholz made this allegation in a Title VII reverse discrimination and defamation case he filed against the team in Florida state court.

In support of his reverse discrimination claim, Scholz offered several items of direct and circumstantial evidence. He showed that the month before he was terminated, an internal memo showed that the Magic was one of only five NBA teams that did not then employ a black coach or scout, and that the team's head coach was told to "keep his eyes and ears open for prospective black assistant coaches." Scholz also showed that after he was terminated, the Magic hired former player Otis Smith, a black, as an assistant coach. Moreover, Scholz testified that Coach Goukas had admitted that he had been pressured to hire a black assistant, that Scholz was terminated so the Magic could do so, and that but for the Magic's desire to hire a black, Scholz would not have been terminated.

Scholz's defamation claim was based on things the Magic said about him to the media, after he had accused the team of discrimination. Among other things,



the team said that Scholz had really been just an advance scout, rather than an assistant coach, and that he had been given an "assistant coach" label just so he could qualify for the coaches' pension plan.

At the end of a jury trial, the judge directed a verdict in favor of the Magic on both of Scholz's claims, and then entered judgment against him. But Scholz appealed and has won the second round. In an opinion by Judge John Antoon, the Florida Court of Appeal has reversed, and has remanded for further proceedings.

Judge Antoon has held that the trial court erred in granting the Magic's motion for a directed verdict on Scholz's reverse discrimination claim, because the direct and circumstantial evidence Scholz had introduced in support of that claim was sufficient to meet his legal burden of establishing a prima facie case. This meant that the burden was shifted to the Magic to prove that Scholz had been terminated for other non-discriminatory

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reasons, and that the jury should have been permitted to decide whether the team had met that burden.

Likewise, Judge Antoon held that the trial court had erred in granting the Magic's motion for a directed verdict on Scholz's defamation claim, because "it was for the jury to decide whether the Magic's statements were defamatory."

Scholz v. RDV Sports, Inc., 710 So.2d 618, 1998 Fla.App.LEXIS 2955 (Fla.App. 1998) [ELR 20:5:14]

## **Professional baseball leagues win dismissal of employment discrimination lawsuit filed by former umpire who alleged leagues discriminated against him because he is white**

Craig Compton toiled as a baseball umpire in the minor leagues for eleven years, from 1984 to 1994, and was then "unconditionally released." He had frequently been named umpire crew chief, had umpired many minor league all-star and playoff games, and had otherwise been praised for his ability several times. But he was never hired by the major leagues - never, that is, until 1995 when the major league umpires went on strike, and Compton was hired as a replacement by the American League. When the strike was over, that job ended too. And Compton thinks he knows why.

Compton is a white male. He claims that less-experienced, less-qualified minorities are being hired as

umpires by the major and minor leagues. And he made that claim in a Title VII employment discrimination lawsuit. The leagues responded to Compton's suit with a motion to dismiss or for summary judgment. And federal District Judge William Ditter has granted their motion.

Judge Ditter has ruled that Compton's claims against the minor leagues and the National League were barred by the statute of limitations. The judge explained that Compton's suit was "untimely," because his claim was filed with the EEOC more than 300 days after he was released by the minor leagues and not hired by the National League.

Compton's claim against the American League was filed on time, but it failed for another reason. When he was hired to work during the umpire strike, he was informed that his "engagement" was "temporary" and would only continue as long as the "labor dispute" did. When the umpire strike ended, "the American League

terminated not only Compton's employment, but also the employment of all replacement umpires."

This was significant for two reasons. First, it meant that Compton failed to show that "similarly situated employees were not treated equally" - one element of a successful Title VII suit.

Second, it meant that even if Compton had established a prima facie case of discrimination, "the American League has met its burden of proving a legitimate, non-discriminatory reason for his discharge - the resolution of the labor dispute which the contracts, signed by Compton, clearly state would result in the end of his employment as a replacement umpire." This shifted the burden back to Compton to show that the strike settlement was not the real reason for his termination. "Compton has failed to show even an ounce of credible evidence in this regard," Judge Ditter ruled.

Compton v. National League of Professional Baseball Clubs, 995 F.Supp. 554, 1998 U.S.Dist.LEXIS 2447 (E.D.Pa. 1998) [ELR 20:5:15]

**Appellate court reinstates defamation and interference suit filed against Oprah Winfrey by a man she called a "liar" in response to his assertions they once had a relationship and used cocaine**

In an opinion that is startling in its obsession with procedural minutiae, a federal Court of Appeals has reinstated a lawsuit against Oprah Winfrey alleging she defamed a man named Randolph Cook and interfered with his contractual and prospective economic relations. (Among other things, the appellate court faults the District Court for failing to address the question of whether it had subject matter jurisdiction to hear the case - and

then concludes that it did. The appellate court also calls attention to the fact that Cook's complaint misnumbered one of the claims, and then corrects that mistake "to avoid confusion.") Technically - which is how this court would want it to be done - the appellate court "reversed" the dismissal of four of Cook's seven claims and remanded them to the District Court for further proceedings.

Cook's lawsuit seeks \$20 million in compensation for damages he alleges he suffered as a consequence of Winfrey calling him a "liar." Winfrey was prompted to make this injudicious remark by Cook's assertion that he and Winfrey once had a relationship and had used cocaine together, an assertion that he hoped he could sell as a story to the National Enquirer or other media organizations. Winfrey's "liar" remark interfered with this sale, he claims, and also damaged his reputation

(apparently, even more than his self-confessed drug use would have).

The District Court granted Winfrey's motion for summary judgment and dismissed the case entirely for failure to state a claim. Among other grounds, it dismissed Cook's defamation claims because Winfrey's "liar" remark was not defamatory per se and was "merely opinion." The District Court dismissed Cook's interference claims because he had not shown he had any contract with the National Enquirer and did not identify anyone else with whom Winfrey had interfered. (ELR 20:1:10)

These rulings were in error, the appellate court has held, in an opinion by Judge Walter Cummings. In order to conclude that Cook had failed to state a claim for defamation per se, the District Court had to find that Winfrey's "liar" remark had not injured Cook in his trade or business. But since Cook's complaint had not even



alleged what trade or business he is in, the District Court had to resolve factual issues beyond the scope of the pleadings - something it should not have done at that early stage of the case. Likewise, Judge Cummings concluded, the District Court had improperly determined that Winfrey's statement was a matter of opinion rather than fact, because such a determination would require an inquiry into facts beyond those alleged in the complaint.

With respect to the interference claims, Judge Cummings held that Cook's complaint was adequate even though it failed to identify any specific company or class of companies with which he had an expectation of doing business. "[H]e might have been able to prove . . . the identity of the third party or parties . . . that would entitle him to relief," Judge Cummings said. And Cook might have been able to prove he had a contract with which Winfrey had interfered as well.

Judge Cummings "express[ed] no view, of course, on the question of whether Cook's allegations will survive the evidence-based scrutiny that is appropriate on a motion for summary judgment." But since the District Court had "improperly resolved factual issues beyond the scope of the pleadings," Judge Cummings remanded the case for further proceedings - presumably including a motion by Winfrey for summary judgment.

Cook v. Winfrey, 141 F.3d 322, 1998 U.S.App.LEXIS 6884 (7th Cir. 1998) [ELR 20:5:15]

**Manuscript owner's uses of unpublished novel by Pulitzer-winning author Marjorie Kinnan Rawlings were fair uses, federal appellate court affirms in copyright suit**

When Marjorie Kinnan Rawlings passed away in 1953, she left behind a notable literary legacy. Her published books included the Pulitzer Prize winning novel *The Yearling*, as well as *Sojourner* and *Cross Creek*.

She also left behind some unpublished manuscripts, one of which has become the subject of a long-pending lawsuit. The suit concerns a dispute over who is entitled to possession of the manuscript for an unpublished novel entitled *Blood of My Blood* and the alleged infringement of that novel's copyright. The plaintiffs are Rawlings' estate which claims the right to possess the manuscript, and the Florida Foundation which owns its copyright. The defendant is The Seajay Society, a non-

profit organization dedicated to enhancing interest in Southern culture, which bought the manuscript from the survivors of Rawlings' literary executrix.

The possession issue is of little or no interest to the entertainment industry, and was, in any event, decided in favor of The Seajay Society on the grounds that the statute of limitations barred the Rawlings' estate claim. The infringement issue is of broader interest.

The Seajay Society admittedly made two photocopies of the Blood of My Blood manuscript. It gave one to a Society officer so she could prepare a critical review of it without risking damage to the "fragile original." The other it gave to the University of Florida, so the manuscript could be authenticated by the Rare Books Room of its Library, and so the University of Florida Press could determine whether it was worthy of publication. However, The Seajay Society did not

publish *Blood of My Blood*, and the manuscript apparently remains unpublished to this very day.

Nevertheless, the Florida Foundation alleges that The Seajay Society infringed the novel's copyright by making the two photocopies, and by permitting its officer to quote portions of the manuscript in her unpublished but orally delivered review. A federal District Court dismissed the Florida Foundation's claim on the grounds that the review and photocopies were non-infringing fair uses; and the Court of Appeals has affirmed.

The Florida Foundation argued, among other things, that "the unpublished nature" of the manuscript "required" reversal of the dismissal of its infringement claim. But in an opinion by Judge Jackson Kiser, the appellate court noted that in 1992, Congress amended the fair use section of the Copyright Act so that it now provides that "The fact that a work is unpublished shall not

itself bar a finding of fair use if such finding is made upon consideration of all the above factors." Judge Kiser did the factor-by-factor analysis required by that section, and he has agreed with the District Court that "Seajay's uses of the original manuscript of Blood of My Blood were permissible under the 'fair use' exception to copyright infringement."

Sundeman v. Seajay Society, Inc., 142 F.3d 194, 1998 U.S.App.LEXIS 7788 (4th Cir. 1998) [ELR 20:5:16]

**States are immune from copyright and trademark infringement liability, federal courts rule in cases brought by author against University of Houston's Arte Publico Press and by artist against Texas Arts Commission**

Authors, artists and other copyright owners have been dealt a serious blow as a result of federal court rulings in two separate but similar cases against agencies of the state of Texas. Both decisions have held that states are immune from suit for damages in federal courts for copyright and trademark infringement. And since federal courts are the only courts that have jurisdiction to hear copyright infringement cases, this means that states are entirely immune from copyright infringement liability.

The first of these rulings was made by District Judge Sam Cummings in a copyright infringement suit

filed by artist Abel Rodriguez against the Texas Commission on the Arts. Judge Cummings acknowledged that the Commission's design for a "Texas Commission on the Arts" license plate "bears a striking resemblance" to a license plate design Rodriguez had earlier submitted to the Texas Department of Transportation. But the judge dismissed Rodriguez' suit with prejudice anyway.

The second ruling was made by the Fifth Circuit Court of Appeals in a copyright and trademark infringement suit filed by author Denise Chavez against the University of Houston, a state institution, and against Arte Publico Press, a book publisher owned by the University. In an opinion by Judge Edith Jones, the appellate court dismissed Chavez' suit, despite her allegations that the Press had continued to publish a book she had written without her consent and had named her, without permission, as the selector of the plays in another book it had published.



In both cases, the courts ruled that the defendants are immune from suit in federal court because of the Eleventh Amendment to the U.S. Constitution. The Eleventh Amendment says that federal courts do not have the power to hear suits filed against states by citizens of any state (or subjects of any foreign country).

This is the second time Chavez' case has been before the Court of Appeals. The first time, that court held that the University and the Press were not immune from suit, despite the Eleventh Amendment, because of amendments to the Copyright and Trademark Acts, in 1990 and 1992, that expressly provided that states could be sued for infringement in federal courts (ELR 17:8:17). However, the United States Supreme Court then vacated the Court of Appeals' decision for "reconsideration" (ELR 18:2:5). Judge Jones' recent ruling is the result of that reconsideration. On behalf of herself and the other members of the appellate court panel, she

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wrote that "This time, we agree with the University" that it is immune.

States may be sued in federal courts - but only where there has been "an express statement of intent by Congress and a constitutionally valid exercise of power." In the cases brought by Rodriguez and Chavez, the 1990 and 1992 amendments to the Copyright and Trademark Acts constituted "an express statement of intent by Congress." Both cases held, however, that Congress' enactment of those amendments was not a constitutionally valid exercise of power.

The two potential sources of constitutional power for the 1990 and 1992 amendments were Article I and the Fourteenth Amendment of the Constitution. However, in a case involving Indian gambling, the Supreme Court held that Article I does not give Congress the power to subject states to suit in federal courts (ELR

18:2:5). In the Rodriguez and Chavez cases, the courts held that the Fourteenth Amendment doesn't either.

Editor's note: This appears to be a terrible result for copyright owners, because if states are immune from copyright liability, state-owned universities will be able to publicly perform music and videos without paying royalties, will be able to photocopy books and journal articles without licenses, and will be able to install software on countless computers without financial liability. Judge Jones insisted that "this fear is overblown" because "only retrospective money damages are unavailable." That is, despite Eleventh Amendment immunity, states still may be sued in federal courts "for prospective injunctive relief. . . ." Moreover, if disputes involve copyright and trademark contracts with states, those "may be heard in state courts." Also, "the federal government may sue states in federal court to enforce these laws." And "Finally, Congress may eliminate [this

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problem] by conferring concurrent jurisdiction on state courts to enforce these statutes." However, it seems unlikely that any of these things will put copyright owners' minds at rest. Injunctive relief without damages is hardly an adequate remedy. The federal government can sue only for criminal infringement, something the federal government rarely does (see "Criminal Copyright and Trademark Law: The Importance of Criminal Sanctions to Civil Practitioners" by David Nimmer (ELR 9:1:3)). And while Congress may be able to give state courts jurisdiction to hear copyright infringement cases against states, it seems unlikely Congress will do so.

Chavez v. Arte Publico Press, 139 F.3d 504, 1998 U.S.App.LEXIS 7748 (5th Cir. 1998); Rodriguez v. Texas Commission on the Arts, 992 F.Supp. 876, 1998 U.S.Dist.LEXIS 1310 (N.D.Tex. 1998) [ELR 20:5:17]

## **ABC wins confirmation of arbitration awards against NABET involving union's threat to disrupt network's broadcasts of Aloha Bowl and other sporting events in Hawaii**

In a ruling that lends significant sanctity to labor arbitrations, a federal Court of Appeals has affirmed the confirmation of arbitration awards ABC won against NABET in proceedings that were spawned by the union's threat to disrupt the network's broadcast of the Aloha Bowl and other sporting events in Hawaii.

NABET and ABC have had collective bargaining agreements with one another for decades. But those agreements cover the network's employment of NABET members in the continental United States only. When ABC began hiring freelancers for its 1996 Aloha Bowl broadcast from Hawaii, NABET demanded that ABC

recognize it as the freelancers' collective bargaining representative.

ABC refused NABET's demand, and the union responding by saying that it would engage in "lawful activities designed to achieve fair working conditions." ABC took this as a threat to disrupt its Aloha Bowl broadcast and other football and golf events scheduled for the next few months. The network therefore initiated arbitration proceedings pursuant to provisions of the NABET collective bargaining agreement that prohibit NABET's "interference with Company [i.e., ABC] operations" and that provide for arbitration of either party's claim that the other will violate the agreement.

For reasons not explained in the Court of Appeals' decision, NABET opposed arbitration and argued that the collective bargaining agreement prohibited interference with ABC's operations only in the continental United States, not in Hawaii. But the arbitrator

disagreed, as did a federal District Court that subsequently confirmed the arbitrator's ruling on the merits in favor of ABC.

Appellate Judge Ralph Winter disagreed with the union too. He explained that "the phrase 'Company operations' as used in [the collective bargaining agreement] arguably encompasses all ABC operations, including those outside the continental United States, even though the balance of the agreement governs terms and conditions of employment of NABET members in the continental United States. It strains neither the language of the agreement nor common sense to conclude that in [the collective bargaining agreement] NABET promised peace to ABC wherever it operated and not just in the continental United States."

The appellate court also rejected NABET's argument that when arbitrability is disputed, there must be a judicial determination that arbitration is required before

the arbitration itself occurs, in order for an arbitration award to be enforceable.

Judge Winter said, "We see no reason why arbitrability must be decided by a court before an arbitration award can be made. If the party opposing arbitration desires that order of proceedings, it can ask a court to enjoin arbitration on the ground that the underlying dispute is not arbitrable. If it does not seek to enjoin the arbitration, it can raise the arbitrability issue in a judicial confirmation proceeding. . . . If arbitrability is rejected after the award, the party opposing arbitration will have obtained the relief sought. If arbitrability is upheld after the award, there is no reason for a court not to confirm the arbitrator's award."

National Association of Broadcast Employees & Technicians v. American Broadcasting Co., 140 F.3d 459,



1998 U.S.App.LEXIS 7409 (2d Cir. 1998) [ELR 20:5:18]

**Rap artists' failure to disclose use of sampled portions of earlier recordings in copyright registration for artists' own song "Uh-Oh" was not fraud on the Copyright Office, federal District Court rules in opinion denying M.C. Hammer's motion for summary judgment in suit alleging that "Here Comes the Hammer" infringes copyright to "Uh-Oh"**

Rap artists Rene Santrayll and Michael Walker - known to their fans as "The Legend" - wrote and recorded a song entitled "Uh-Oh" for which they sampled guitar riffs from LTD's "Back in Love," a melodic line from George Michael's "Everything She Wants," and portions of the theme for the television show

"S.W.A.T." The song also contains a constantly-repeated chorus of the phrase "Uh-Oh" sung in a distinctive syncopated rhythm with a musical pattern that is the "hook" of the song.

Fans of the internationally famous rap star M.C. Hammer are familiar with the "Uh-Oh" phrase, because it was the distinctive repeated chorus of "Here Comes the Hammer," the "huge hit single" from the "wildly successful album" "Please Hammer, Don't Hurt `Em." Indeed, even those who are not M.C. Hammer fans may be familiar with the phrase, because Pepsico and British Knights licensed Hammer's "Uh-Oh" chorus for television commercials for the soft drinks and shoes those companies sell.

Hammer wrote and recorded his song after Santrayll and Walker wrote theirs. And in a copyright infringement suit filed in federal District Court in New York City, Santrayll and Walker allege that the "Uh-Oh"

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phrase in Hammer's song was copied by him from their own song.

Santrayll and Walker registered their copyright to "Uh-Oh" with the Copyright Office. But when they did, they failed to disclose that their song included portions sampled from earlier recordings. Thus, Hammer, his record company, Pepsico and British Knights, responded to Santrayll and Walker's suit with a motion for summary judgment, arguing that the failure to disclose that "Uh-Oh" contained samples was a fraud on the Copyright Office. Federal District Judge Peter Leisure has denied that motion however.

Judge Leisure acknowledged that deliberate misrepresentations in a copyright registration application would defeat the presumption of copyright validity that a registration certificate ordinarily provides. But, the judge said, "omissions that are inadvertent or innocent will not result in the invalidation of a copyright."

In this case, Santrayll and Walker's "alleged omissions occurred in the early 1990's when the concept of 'sampling' was just gaining popularity. The music industry was slow to adopt standards for the copyrighting of material containing samples from other works, and confusion existed as to what disclosures the law required." As a result, the judge ruled, there was "not sufficient evidence to state as a matter of law that [Santrayll and Walker's] alleged failures . . . rise to the level of 'deliberate misrepresentation.'"

Moreover, Judge Leisure noted that the amount of creativity required for copyright is "decidedly small." All that is required is that the work have "at least some minimal degree of creativity." The judge's examination of "Uh-Oh" lead him to conclude "beyond a shadow of a doubt" that, other than the unauthorized sampled parts which "comprise only a very minor part" of the song, "Uh-Oh" "contains original portions that are entitled to

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copyright protection." Thus, the omissions "would not cause the Copyright Office to consider rejecting the application."

In response to a motion made by Santrayll and Walker, Judge Leisure also has barred Hammer and his co-defendants from seeking to introduce evidence that Santrayll and Walker themselves committed copyright infringement, because such evidence would not be relevant.

Santrayll v. Burrell, 993 F.Supp. 173, 1998 U.S. Dist. LEXIS 297 (S.D.N.Y. 1998) [ELR 20:5:18]

**Antitrust lawsuit filed by ticket buyers against Ticketmaster is reactivated; appellate court holds that although ticket buyers do not have standing to seek damages, they do have standing to seek injunctive relief**

It started with a bang, then appeared to end with a whimper. Now a significant antitrust case against Ticketmaster has been reactivated on appeal, though in a stripped-down form.

The complaint alleges that Ticketmaster has exclusive contracts with almost every promoter of popular music concerts in the United States - contracts that require concert venues to use only Ticketmaster to distribute all tickets. As a result, the complaint alleges, concert-goers pay "monopoly overcharges, in the form of service and handling fees, for Ticketmaster's ticket

distribution services" - "fees [that] can be as high as twenty dollars per ticket."

The Department of Justice investigated Ticketmaster's practices; but that investigation ended without government action in 1995. Instead, concert-goers filed their own lawsuit, only to have it dismissed by a federal District Court on the grounds they didn't have "standing" because they were not "directly" injured by Ticketmaster's practices (ELR 18:10:13).

On appeal, a majority of the Court of Appeals has agreed that the ticket buyers who sued were not directly injured by Ticketmaster's practices. Judge Michael Melloy reasoned that "ticket buyers only buy Ticketmaster's services because concert venues have been required to buy those services first." This makes ticket buyers "indirect purchasers." The Supreme Court has held that only those who purchase directly from alleged antitrust violators have standing to seek antitrust damages. Thus,

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Judge Melloy ruled, the dismissal of the ticket buyers' suit for damages had been proper.

On the other hand, even indirect purchasers may seek injunctive relief against alleged antitrust violators. Therefore, the appellate court reversed the dismissal of the ticket buyers' lawsuit so they could seek an injunction against Ticketmaster.

Judge Morris Arnold dissented. He agreed with the ticket buyers that the "monopoly product at issue in this case is ticket distribution services, not tickets," and that insofar as those services are concerned, ticket buyers are "direct" purchasers. Thus Judge Arnold would have permitted the ticket buyers to seek money damages as well as injunctive relief.

Campos v. Ticketmaster Corp., 140 F.3d 1166, 1998 U.S.App.LEXIS 7128 (8th Cir. 1998) [ELR 20:5:19]



**NCAA rule concerning eligibility of graduate students does not violate antitrust law, but NCAA is subject to Title IX ban on sex discrimination by recipients of federal financial assistance, federal appellate court rules in case brought by graduate student who was barred from participating in women's intercollegiate volleyball; Supreme Court to hear Title IX issue**

The United States Supreme Court has agreed to enter the fray over the legality of the NCAA's "Postbaccalaureate Bylaw." This tongue-twister of a rule is one that makes graduate students ineligible for intercollegiate sports, unless they play for the same schools where they earned their undergraduate degrees. So far, the NCAA has suffered a split decision in its efforts to defend the rule.

The legality of the "Postbaccalaureate Bylaw" has been challenged by Renee Smith, a graduate student at the University of Pittsburgh. Smith played intercollegiate volleyball for two seasons while an undergraduate at St. Bonaventure University, and wanted to continue doing so at the University of Pittsburgh.

Pittsburgh applied to the NCAA for a waiver of the Postbaccalaureate Bylaw on Smith's behalf. But the NCAA denied Pittsburgh's request, so Smith sued, alleging that the rule violates the Sherman Antitrust Act and Title IX of the Education Amendments.

Federal District Judge Donetta Ambrose dismissed Smith's suit for failure to state a claim, and denied her motion to amend her complaint. On appeal, however, Smith won a rematch with respect to one issue: her Title IX claim.

In an opinion by Judge Morton Greenberg, the Court of Appeals has held that the Postbaccalaureate

Bylaw does not violate antitrust law. It does not, the judge explained, because the bylaw "is a reasonable restraint which furthers the NCAA's goal of fair competition and the survival of intercollegiate athletics and is thus procompetitive." The bylaw accomplishes this purpose because it "discourages institutions with graduate or professional schools from inducing undergraduates at other institutions to forgo participating in the athletic programs at their undergraduate institutions in order to preserve eligibility to participate in intercollegiate athletics on a postbaccalaureate basis."

On the other hand, Judge Greenberg ruled that Smith's Title IX claim should not have been dismissed without letting her amend her complaint. On its face, Title IX applies only to educational programs and activities "receiving Federal financial assistance." While NCAA members receive such assistance, the NCAA

itself does not; and that is why Judge Ambrose dismissed Smith's Title IX claim.

However, federal regulations define Title IX recipients to include any program "which receives or benefits from such assistance." Thus, the appellate court held that "allegations in Smith's proposed amended complaint, that the NCAA receives dues from its members which receive federal funds, if proven, would subject the NCAA to the requirements of Title IX."

The appellate court therefore remanded the case to the District Court for further proceedings, though it emphasized (in a footnote) that "We do not imply that we have any view of the merits of Smith's Title IX claim."

Whether Smith will get a chance to litigate the merits of her Title IX claim remains an open question, because the Supreme Court has just agreed to hear the NCAA's appeal.

Smith v. National Collegiate Athletic Association, 139 F.3d 180, 1998 U.S.App.LEXIS 4694 (3d Cir. 1998), cert. granted sub nom. National Collegiate Athletic Association v. Smith (Sept. 29, 1998) [ELR 20:5:20]

**Preliminary injunction is denied in suit filed by St. Louis University student who alleges that NCAA violated Americans with Disabilities Act when it refused to recognize his score on college admissions test which was administered in "nonstandard" fashion because he has a "test-taking phobia"**

Federal District Judge Donald Stohr has rejected Justin Tatum's bid to become eligible to play basketball for, and receive an athletic scholarship from, St. Louis University in his freshman year. Tatum's problem was that his high school grade point average and initial

college admission test scores were not high enough to satisfy NCAA eligibility rules.

In the spring of Tatum's senior year in high school, his mother had Tatum evaluated by a psychologist who concluded that he suffered from "generalized anxiety disorder and a specific phobia related to test taking" - a diagnosis that is recognized in the American Psychiatric Association's Diagnostic and Statistical Manual. On the basis of the psychologist's evaluation, Tatum was allowed to re-take his college admission tests under "special nonstandard conditions" - without time limits, with breaks, and by having someone read the questions to him.

Under these "nonstandard conditions," Tatum scored well enough so that he would have been eligible for intercollegiate sports, if the NCAA accepted those test scores. But it didn't.

NCAA policies do permit the use of nonstandard test scores, but only for "learning-disabled or handicapped students." The NCAA concluded that Tatum was neither. Tatum therefore sued the NCAA under the Americans with Disabilities Act, and sought a preliminary injunction.

Although Judge Stohr agreed with Tatum that the NCAA is subject to the Americans with Disabilities Act, the judge has denied Tatum's request for an injunction. The judge concluded that Tatum had not shown a substantial likelihood of proving that he suffers from a mental impairment, and that even if he were to prove such an impairment, he did not show it substantially limits his ability to engage in a "major life activity." Judge Stohr therefore held that Tatum had not shown he was likely to succeed on the merits of his claim.

Moreover, the harm and public interest factors that are important at the preliminary injunction stage did not weigh heavily in Tatum's favor either.

Tatum v. National Collegiate Athletic Association, 992 F.Supp. 1114, 1998 U.S. Dist. LEXIS 1049 (E.D. Mo. 1998) [ELR 20:5:20]

### **Oklahoma high school has right to collect fee from company that broadcast live play-by-play account of high school football game**

Television broadcast rights to major college football games cost millions of dollars, and no one, it seems, has ever questioned whether colleges have the right to charge for those rights. What, though, about radio rights



to high school football games? This question has arisen, not surprisingly, in Oklahoma where football is king.

In 1996, Oklahoma Sports Properties, Inc., wanted to do a live play-by-play radio broadcast of a game between Owasso High School and Muskogee High School that was to be played in the Owasso stadium. Owasso High was willing, but it demanded a \$200 broadcast rights fee. Apparently sensing that more than a couple hundred bucks was at stake - that Owasso High's demand involved matters of principle - Oklahoma Sports hired a lawyer, filed a suit, and sought an injunction barring Owasso from collecting the fee.

Oklahoma Sports made two arguments: that Owasso had neither express nor implied power to charge such a fee; and even if it did, charging such a fee violated Oklahoma Sports' First Amendment rights, especially since no such fee was charged to newspaper reporters who also covered the game.

The trial court denied Oklahoma Sports' request for an injunction, and that ruling has been affirmed by the Oklahoma Court of Civil Appeals.

Writing for the appellate court, Judge Larry Joplin has held that Oklahoma school districts "have the implied power to charge and collect broadcast rights fees" for sporting events, because state law gives them the express power to build and control stadiums and the power to do those things "incidental to the powers expressly granted."

Judge Joplin rejected Oklahoma Sports' First Amendment argument, saying that granting broadcast rights is "a proprietary, not governmental, matter, over which the constitution does not proscribe different treatment of the various news media."

Oklahoma Sports Properties, Inc. v. Independent School District No. 11, 957 P.2d 137, 1998 Okla.Civ. App.LEXIS 22 (Okla.Civ.App. 1998) [ELR 20:5:21]

**Indiana Supreme Court re-examines way in which courts analyze challenges to rules and enforcement actions of Indiana High School Athletic Association, and holds that Association's transfer and restitution rules are proper**

High school sports are important in Indiana - so important that the Indiana High School Athletic Association has been sued countless times as a result of its eligibility rules and decisions. At first, back in the 1950s, the Indiana Supreme Court took the position that courts should not interfere with the enforcement or administration of the Association's rules. But in the early

'70s, it changed direction and began to review Association decisions. Since then, the Association's courtroom record has been mixed; it's won some and lost some in opinions that showed "great variation in the claims made and law invoked by the parties and in the method of analysis employed by the reviewing courts."

Now, the Indiana Supreme Court has stepped into the arena once again, and in a pair of cases decided the same day, it has "re-examine[d] the way in which Indiana courts analyze challenges to [Association] decisions." The Association apparently hoped the court would turn the clock back to the '50s, because it argued that "it is not subject to the jurisdiction of the courts" at all. The Supreme Court was not willing to go that far, but it has given the Association more legal latitude than it has had for a long time.

Writing for the court's majority, Justice Frank Sullivan held that Indiana courts should apply these

principles when ruling on challenges to Association decisions: the Association will be treated as a private membership organization with respect to common law review of lawsuits brought by schools; the Association will be treated as a government agency with respect to common law review of lawsuits brought by students; Association rules and decisions are "state action" for the purpose of constitutional review, but there is no constitutional right to participate in sports, so constitutional review of rules and decisions under the Equal Protection or Due Process Clauses will be limited to whether they impinge on a suspect classification and have a rational basis, while scrutiny under the Privileges and Immunities Clause will be limited to whether they have a reasonable basis.

Justice Sullivan applied these principles, in a lengthy opinion, to conclude that the Association's Transfer Rule - which makes transfer students ineligible

for varsity competition for a year - is not unconstitutional or unlawful under common law, and that it had been properly applied to deny eligibility to swimmer Jason Carlberg even though he had transferred from Brebeuf Prep to Carmel High purely for academic reasons. In so ruling, the Supreme Court vacated an injunction against the Association that had been granted by the trial court and affirmed by the Court of Appeals (ELR 18:5:17).

In a separate and much shorter opinion, Justice Sullivan upheld the Association's Restitution Rule in the face of a challenge by Lafayette Jefferson High School. The Restitution Rule requires schools to forfeit games in which an ineligible student has participated, and to return trophies and other awards, even if the school had been compelled by court order to permit the student to participate. In this case, Lafayette Jefferson had been ordered by a trial court to permit Freddy Reyes to play

baseball during what amounted to his ninth and tenth semesters in high school despite the Association's Eight-Semester Rule which limits student eligibility to eight semesters of competition. When that order was reversed on appeal, the Court of Appeals also permitted the Association to enforce its ruling that Lafayette Jefferson had forfeited the games in which Reyes had played (ELR 18:5:17). The Supreme Court agreed.

Lafayette Jefferson argued that it shouldn't be penalized for complying with a court order - an argument that had once persuaded the Indiana Court of Appeals in an unrelated case (ELR 17:10:10). The Supreme Court was not persuaded by it, however, and so overruled that earlier case. Justice Sullivan reasoned that "While schools will contend that it is unfair when they have to forfeit victories earned with an ineligible player on the field because they complied with a court order, competing schools will reply that it is unfair when they have to

compete against a team with an ineligible student athlete because a local trial judge prohibited the school or the [Association] from following the eligibility rules. The Restitution Rules represents the agreement of [Association] members on how to balance those two competing interests."

Justice Brent Dickson dissented in both cases.

Indiana High School Athletic Association v. Carlberg, 694 N.E.2d 222, 1997 Ind.LEXIS 230, 1998 Ind.LEX 51 (Ind. 1998); Indiana High School Athletic Association v. Reyes, 694 N.E.2d 249, 1997 Ind.LEXIS 237 (Ind. 1997) [ELR 20:5:21]



**Track athlete who was suspended for drug use loses suit against U.S. Olympic Committee; court rules that federal Amateur Sports Act does not create private cause of action, and that state law claim is preempted**

Track athlete Delisa Walton-Floyd was suspended from competition when she tested positive for amphetamine use after her semi-final heat at the International Amateur Athletic Federation World Championships. The source of the amphetamines was Sydnocarb - something she thought was a mere carbohydrate supplement.

Moreover, before she began taking Sydnocarb, both she and her trainer called a telephone hotline established by the United States Olympic Committee for the specific purpose of allowing athletes to check the status of all medications. According to both, they were told,

repeatedly, by the hotline that Sydnocarb was not on the list of banned substances.

Thus, when Sydnocarb turned out to be an amphetamine derivative, Walton-Floyd sued the USOC for negligently giving her erroneous information. She alleged that the USOC's negligence violated duties it owed her under the federal Amateur Sports Act and under Texas state law. The trial court dismissed her suit, however. And a Texas Court of Appeals has affirmed.

Judge Eric Andell has ruled that the Amateur Sports Act does not create a private cause of action that permits athletes to sue sports organizations. Several earlier cases - including those brought by shot-putter Brian Oldfield (ELR 7:10:19) and weightlifter Jeff Michels (ELR 6:9:18) - had so held. And Judge Andell was not persuaded by Walton-Floyd's efforts to distinguish those rulings.

The judge also held that Walton-Floyd's Texas state tort law claim was properly dismissed. He reasoned that Congress intended disputes between athletes and sports organizations to be resolved administratively within the USOC itself, and therefore the Amateur Sports Act preempts state law claims like the one alleged by Walton-Floyd.

Walton-Floyd v. United States Olympic Committee, 965 S.W.2d 35, 1998 Tex.App.LEXIS 1223 (Tex.App. 1998) [ELR 20:5:22]

**Court denies magazine's motion to dismiss lawsuit filed by teenage model whose photographs were used to illustrate letter in sex advice column, because column may have falsely implied that letter described model's own experiences**

In the state of New York, statutory law has prohibited the unauthorized use of a person's name or picture for commercial or trade use for more than 90 years. Nevertheless, the exact scope of the statute - Civil Rights Law sections 50 and 51 - is still being debated, most recently in the courtroom of federal District Judge Lewis Kaplan.

Judge Kaplan has before him a lawsuit filed by teenage model Jamie Messenger against Gruner + Jahr USA Publishing, the publisher of YM, Young and Modern magazine.

Three photographs of Messenger were used to illustrate a YM sex advice column that featured a letter from an unidentified teenage girl who sought advice about being ostracized by her peers as a result of her having had sex with three boys. The photos depicted Messenger "in various stages of undress and in poses suggestive of events related in the purported letter." Messenger complains that when she posed for the photos, she was not told they would be used in this way, and that the magazine's use of her photos in connection with the column had falsely - and in violation of Civil Rights Law sections 50 and 51 - created the impression that she was the author of the letter and had had sex with three guys.

Gruner + Jahr responded to Messenger's suit with a motion to dismiss. It argued that teenage sex is a matter of public interest and that Messenger's photographs were reasonably related to the column, thus giving the

publisher a privilege that protected it from liability. New York law does contain such a privilege. And Judge Kaplan agreed with the publisher that "the subject matter of the column was a matter of public interest and the use of the photographs was reasonably related to it." That did not the end of the case, however, as Gruner + Jahr had hoped.

Instead, Messenger argued that even under these circumstances, New York law permits liability to be imposed if an offending publication is "false or fictionalized." Indeed, New York cases dating back more than 30 years have so held. But Gruner + Jahr made two arguments in response.

First, it argued that YM readers would have understood that the photos were of a model rather than the actual author of the letter, and thus there was no false or fictionalized publication. Judge Kaplan acknowledged that the publisher had "pointed out several substantial

indications" that this might be so. But, he added, he was not prepared to say that "this was the only reasonable conclusion."

Second, Gruner + Jahr argued that recent New York cases had abandoned the "falsification" exception, so that it would not be liable as a matter of law, even if readers did think Messenger was the author of the letter. After reviewing the decisions on which the publisher relied, Judge Kaplan ruled that he was not persuaded that New York has abandoned the falsification exception. He ruled, in other words, that if Messenger is able to prove of the letter, New York law would impose liability on Gruner + Jahr.

The publisher also argued that Florida law, rather than New York law, should be applied to the case (apparently because Messenger is a Florida resident). But

Judge Kaplan ruled that Florida law would not bar Messenger's claim either.

As a result, the judge has denied Gruner + Jahr's motion for summary judgment, thus allowing Messenger's case to proceed.

Messenger v. Gruner + Jahr USA Publishing, 994 F.Supp. 525, 1998 U.S. Dist. LEXIS 1957 (S.D.N.Y. 1998) [ELR 20:5:23]

**Monster truck show participant loses right of privacy-and-publicity and breach of contract suit against competing participant that sold promotional video containing footage of complaining participant**

Bear Foot, Inc., is the owner of a "monster truck." Bigfoot 4X4, Inc., is too. Back in 1987, both of their



trucks participated in a show in Houston organized by SRO/Pace Promotions. Bigfoot taped the Houston show and included footage from it in a promotional tape called "Legend of Bigfoot." Some of that footage depicted Bear Foot's performance, without its consent.

Bear Foot, apparently displeased by its appearance in Bigfoot's tape, responded with a suit which alleged two claims: violation of its right of privacy and publicity, and breach of contract. Neither claim was successful, however. A Missouri trial court granted Bigfoot's motion for summary judgment, and the Court of Appeals has affirmed.

Bear Foot's rights of privacy and publicity claim was simple and direct. It alleged that "it was improper for Bigfoot to appropriate its image for a monetary gain from selling videotapes." But appeals court Judge James Pudlowski ruled that in the state of Missouri,

corporations are not protected by a right of privacy or publicity, so that claim was properly dismissed.

Bear Foot's breach of contract claim was less direct. The contract on which Bear Foot relied was not between it and Bigfoot. Instead, Bear Foot relied on a contract that each participant in the Houston show had signed with SRO/Pace Promotions - a contract in which each participant, including Bigfoot, agreed that it would use any videotapes it made "solely for personal, non-commercial purposes." According to Bear Foot, it was a third-party beneficiary of the contract between Bigfoot and SRO/Pace, and the purpose of the contract was to "protect all competitors in the contest from unauthorized use of the performance."

Under Missouri law, a contract does not have to name the third party beneficiary, but it must "directly and clearly express an intent to benefit an identifiable person or class," in order for it to give rights to a third

party like Bear Foot. In this case, Judge Pudlowski said, the contract between Bigfoot and SRO/Pace did not name any class it specifically intended to protect, nor did it contain any clear and express indication that it was intended to protect third parties. Instead, related provisions of the contract showed that its purpose was to protect SRO/Pace, rather than competitors, because it gave SRO/Pace the exclusive right to use videotapes of the show for commercial purposes. Thus, Judge Pudlowski concluded, Bear Foot's breach of contract claim was properly dismissed as well.

Bear Foot, Inc. v. Chandler, 965 S.W.2d 386, 1998 Mo.App.LEXIS 483 (1998) [ELR 20:5:23]

**Dismissal of defamation suit against wife of baseball player Cal Ripken is affirmed, because offending statement in magazine article - that plaintiff was "planning to spend the night" with Ripken - was "pure opinion"**

Donna Morse owns a home in Florida which she once rented to baseball player Cal Ripken and his wife Kelly for spring training. When Ripken showed up to move in, Morse was still there. Kelly told Cal that Morse "was planning to spend the night with you!" And later, Kelly made the same statement to a journalist writing an article in Ladies Home Journal.

Though Morse was not identified by name in the article, she knew Kelly Ripken was talking about her, and she thought other readers would too. What made matters worse was Morse's suspicion that Kelly Ripken had made the offending statement as a result of "dislike

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and hatred" that grew out of a dispute over the condition of Morse's house - a dispute that had caused the Ripkens to move out of the house before the lease expired.

The result: Morse sued Kelly Ripken for defamation in Broward County Circuit Court. Judge John Frusciante dismissed the suit, and in a short and to-the-point opinion, the Florida Court of Appeal has affirmed. Judge Robert Gross noted that under the First Amendment, "statements of pure opinion . . . are not actionable."

Judge Gross quoted the passage in which Kelly Ripken had made her offending statement, and came to the conclusion that in context, "Kelly Ripken's statement was pure opinion . . . , one that might be drawn by an overprotective wife."

Morse v. Ripken, 707 So.2d 921, 1998 Fla.App.LEXIS 2286 (Fla.App. 1998) [ELR 20:5:24]

**In libel lawsuit brought by youth hostel owner against publishers "Let's Go" travel guides, Massachusetts Supreme Court declares unconstitutional a section of a Massachusetts statute that permits recovery for truthful statements that are made with malice**

It was the kind of good advice that people buy travel guides to get. "Let's Go strongly recommends that travelers DO NOT stay here," the book said of a particular youth hostel, because its manager had been sued for sexual harassment by three different women during the summer of 1988.

The hostel manager, who had been identified by name, sued the guide's publishers, Harvard Student Agencies and St. Martin's Press, for defamation. After discovery, the publishers made a motion for summary

judgment asserting (among other things) that the objected-to statements were true.

In most places, falsity is part of the definition of "defamation," and must be proved by the plaintiff. In Massachusetts however, section 92 of chapter 231 of the state's General Laws provides that truth may be proved by the defendant and that "truth shall be a justification unless actual malice is proved." Apparently, the hostel manager claimed he could prove actual malice, because the trial court denied the publishers' motion for summary judgment.

However, the Supreme Judicial Court of Massachusetts has reversed. It has held that even if a plaintiff is a private figure, and even though the United States Supreme Court has permitted private figures to recover for defamation with a "less demanding showing" than is required of public figures, "the falsity of the defendant's defamatory statement remains a prerequisite to

recovery." This is especially true in cases like this one, Justice Neil Lynch wrote in his opinion for the court, because "the matter on which the defendants wrote and published in their consumer guide, the existence of multiple sexual harassment claims against the proprietor of a youth hostel open to the general population, is one of public concern."

Thus, Justice Lynch concluded, "To apply this statute to the defendants' truthful defamatory statement concerning a matter of public concern, even if the statement is malicious, violates the First Amendment."

The court therefore ordered the entry of summary judgment for Harvard Student Agencies and St. Martin's Press.

Shaari v. Harvard Student Agencies, Inc., 691 N.E.2d 925, 1998 Mass.LEXIS 154 (Mass. 1998) [ELR 20:5:24]



**Damages suffered because Christmas Pageant videos accidentally contained pornographic scenes at end of tapes was not covered by comprehensive general liability insurance policy, California appellate court affirms**

In the "practical and prosaic world" of insurance - a "world more Philistine than philosophical, more artisan than artistic" - "videotapes are tangible, concepts are intangible." This made all the difference in the world - a difference that has saved CNA Insurance, and cost Schaefer/Karpf Productions, a million dollars.

Schaefer/Karpf produced a television special entitled "The Best Christmas Pageant Ever" which it later released as a video for sale to schools, religious organizations and the public. Apparently, it was pretty good, because in 1992, Scholastic, Inc., bought 32,500 copies for resale to its customers.

To fill this big order, Schaefer/Karpf went to The Video Company, a tape duplicator, which in turn bought tapes from Matrix Video Duplication Corporation. Alas, some of the tapes Matrix sold The Video Company were used tapes that had been returned to the Matrix by one of its other customers - a distributor of pornographic films.

The porno films must have been longer than "The Best Christmas Pageant Ever," because the tail end of the Christmas videos bought and resold by Scholastic contained scenes in which couples were engaged in sexual intercourse and oral sex. As a result, this sexually explicit material was seen by elementary and Christian school children all across America, giving (as one judge said) "new meaning to the term `kiddie-porn.'"

Scholastic's customers "were not amused." Scholastic recalled the Christmas videos, refused to pay

Schaefer/Karpf, and blackballed all other Schaefer/Karpf products.

Naturally, Schaefer/Karpf sued both The Video Company and Matrix, both of whom were insured by CNA. The policies were standard comprehensive general liability policies, pursuant to which CNA promised to pay sums that its insureds become legally obligated to pay as damages because of "property damage," which the policies defined to mean "physical injury to tangible property." CNA determined that these policies did not provide coverage for the claims Schaefer/Karpf had asserted against The Video Company and Matrix, and thus CNA refused to defend.

Matrix defended itself, though for unexplained reasons, The Video Company did not. Before trial, Schaefer/Karpf and Matrix made a deal: Matrix agreed not to contest liability; Schaefer/Karpf agreed not to satisfy whatever judgment it might obtain by seizing Matrix

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assets; and Matrix assigned its bad faith and other claims against CNA to Schaefer/Karpf.

Schaefer/Karpf then obtained a \$1 million judgment against Matrix and The Video Company, which according to the judgment itself was for "damages resulting from physical injury to . . . the videotapes of 'The Best Christmas Pageant Ever.'" Judgment in hand, Schaefer/Karpf sued CNA, and lost - a result the California Court of Appeal has now affirmed.

The issue on appeal was whether Schaefer/Karpf suffered "physical injury" to "tangible property" as a result of the pornographic material tacked to the end of its Christmas videos. The appellate court concluded it had not.

In an opinion by Judge Earl Johnson, the court held that CNA was not bound by the trial court's "physical injury" judgment, because CNA had not been a party to the original trial.

Judge Johnson further ruled that "The Best Christmas Pageant Ever" had been injured, but only insofar as it was a "concept of a story about a Christmas pageant which has taken on a form, a substance, apparent to our senses." That concept, however, is intangible, and thus injury to it was not covered by the CNA policies.

While the videotapes themselves were tangible property, they were not "damaged," because the pornographic scenes were already on them when The Video Company bought them. Thus, they were not covered by the policies either.

Schaefer/Karpf v. CNA Insurance Companies, 76 Cal.Rptr.2d 42, 1998 Cal.App.LEXIS 550 (Cal.App. 1998) [ELR 20:5:25]

**Purchaser of radio stations is entitled to trial on interference-with-contract claim against man who wrote to FCC to complain that if purchase were approved, new owner would not provide local sports and news coverage**

Magnum Radio, Inc., is now the proud owner of two stations in Tomah, Wisconsin. However, while approval of its purchase was pending before the FCC, Ronald Brieske wrote to the FCC to complain that if Magnum's purchase were approved, Magnum would discontinue local sports and news coverage.

The FCC ultimately rejected Brieske's opposition on the grounds that programming changes are not a material issue in license transfer approvals. In the meantime, however, according to Magnum, the delay in the FCC's approval of its purchase cost the company added legal expense and lost revenues.

As a result, Magnum sued Brieske for interfering with its contract to buy the stations. But since Brieske had contacted only the FCC and not the seller, the trial court dismissed Magnum's suit.

On appeal, Magnum has won the reversal of that ruling. In an opinion by Judge William Eich, the Wisconsin Court of Appeals has ruled that Magnum properly stated a cause of action for interference with contract, because it alleged that Brieske's letter to the FCC had made Magnum's performance of its purchase contract more expensive or burdensome.

Even if this were so, Brieske argued that he could not be held liable for writing to the FCC, because he had a legal privilege permitting him to so. Judge Eich recognized that the "transmission of truthful information" to a government agency may be privileged.

But in this case, Magnum asserted that Brieske had not acted as a "concerned citizen" when he wrote to

the FCC. Instead, Magnum said - and Brieske apparently admitted - that Brieske was a competitor who hoped to buy the two stations himself. This created factual issues that were relevant to whether Brieske's letter was privileged and that had to be resolved at trial, rather than by pretrial motion, Judge Eich concluded.

Magnum Radio, Inc. v. Brieske, 577 N.W.2d 377, 1998 Wisc.App.LEXIS 196 (Wisc.App. 1998) [ELR 20:5:26]



**Appellate court affirms that Lanham Act prohibits enforcement of storefront sign zoning ordinance that required alteration of Video Update's registered mark; but court upholds city's right to prevent Blockbuster Videos from installing one of its marks on store exterior**

Video Update has won a significant case against Tempe, Arizona, arising out of a decision by the city that required the company to alter the appearance of its registered service mark on the exterior sign of its shopping center storefront. Blockbuster Videos, on the other hand, has lost a suit it filed against Tempe when the city denied its request for permission to install its registered awning service mark on the exterior of its store.

Both companies' proposed signs violated a Tempe zoning ordinance that was intended to give a uniform, aesthetically pleasing look to shopping centers in that

city. Nevertheless, both companies challenged the city's decisions in federal court, using a powerful if little known provision of the Lanham Act.

Lanham Act section 1121(b) provides that "No state . . . or . . . political subdivision . . . may require alteration of a registered mark. . . ." Applying this section, federal District Judge Roger Strand granted Video Update and Blockbuster preliminary injunctions. The Court of Appeals has affirmed the injunction granted to Video Update, but not the one granted to Blockbuster.

In an opinion by Judge David Thompson, the appellate court ruled that "By requiring Video Update to change the red color of the lettering on one of its signs to white letters on a turquoise background, Tempe required Video Update to `alter' its service mark," because red lettering is a feature of the company's registered service mark. "This alteration violates section 1121(b) of the Lanham Act," Judge Thompson held.

However, the judge added, section 1121(b) "does not require municipalities to allow businesses to display their registered marks. A municipality retains the power to prohibit the use of a registered mark altogether . . . because section 1121(b) speaks only to the alteration of a mark." For this reason, Tempe was within its rights to prevent Blockbuster from installing an awning on the outside of its store, even though Blockbuster has registered an awning as one of its service marks.

Blockbuster Videos, Inc. v. City of Tempe, 141 F.3d 1295, 1998 U.S.App.LEXIS 7419 (9th Cir. 1998) [ELR 20:5:26]

## **Federal Trademark Dilution Act applies retroactively, Court of Appeals rules, in suit by Viacom challenging Ingram's use of "Blockbuster"**

The Federal Trademark Dilution Act does apply retroactively, a Court of Appeals has held, in a case in which Viacom alleges that its "Blockbuster" trademark for video and music stores has been infringed and diluted by Ingram Enterprises' use of "Blockbuster" in connection with fireworks sales.

Viacom's federal dilution claim had been dismissed by the District Court which held that the Act does not apply retroactively (ELR 19:9:17). But in an opinion by Judge James Loken, the appellate court has reversed that ruling. Judge Loken quoted a United States Supreme Court decision for the propositions that "application of new statutes passed after the events in suit is unquestionably proper in many situations," and "[w]hen

the intervening statute authorizes or affects the propriety of prospective relief, application of the new provision is not retroactive."

Though Viacom's federal dilution claim had been dismissed, the District Court had permanently enjoined Ingram's use of "Blockbuster" in Missouri under the Missouri state anti-dilution statute. However, the federal dilution act contains a provision saying that state anti-dilution statutes may not be used to enjoin federally registered marks. That provision is retroactive too, Judge Loken ruled. Since Ingram had registered "Blockbuster" for fireworks sales, the permanent injunction was improper. Judge Loken therefore converted it into a preliminary injunction, and remanded the case for further proceedings.

Viacom Inc. v. Ingram Enterprises, Inc., 141 F.3d 886, 1998 U.S.App.LEXIS 7378 (8th Cir. 1998) [ELR 20:5:27]

**Appellate court affirms Panavision's victory in trademark dilution action against "cyber pirate" who registered and used "Panavision.com" and "Panaflex.com" as his own Internet domain names without Panavision's consent**

Dennis Toeppen apparently thinks of himself as an entrepreneur - though "cyber pirate" is what he is called by many, including Panavision International, the California-based maker of movie and television cameras.

Toeppen is held in low regard by Panavision, because he registered "Panavision.com" and

"Panaflex.com" as his own Internet domain names, without Panavision's consent. Then, when Panavision sent him a cease-and-desist letter, he responded with a missive asserting that he had the right to use those domain names and "If your attorney has advised you otherwise, he is trying to screw you. He wants to blaze new trails in the legal frontier at your expense." Toeppen offered to sell Panavision the domain names it wanted for \$13,000, an amount he thought would be "cheap" compared to what Panavision's lawyer would charge to sue.

Panavision's lawyers have "blazed new trails," just as Toeppen said. But in doing so, they proved that Toeppen was woefully wrong about one thing: he does not have the right to use "Panavision.com" or "Panaflex.com." A federal District Court so held, in a ruling that ordered Toeppen to stop using those domain names and to transfer their registrations to Panavision (ELR 19:3:21). Now, the Court of Appeals has affirmed.

In an opinion by Judge David Thompson, the appellate court addressed Toeppen's two challenges to the judgment that had been entered against him.

In response to Toeppen's argument that the District Court did not have personal jurisdiction over him, because it is in California while he is in Illinois, Judge Thompson disagreed. "Toeppen did considerably more than simply register Panavision's trademarks as his domain names on the Internet. He registered those names as part of a scheme to obtain money from Panavision. Pursuant to that scheme, he demanded \$13,000 from Panavision to release the domain names to it. His acts were aimed at Panavision in California, and caused it to suffer injury there."

In response to Toeppen's argument that his actions were not "commercial" uses of Panavision's trademarks, and that the disputed domain names did not dilute those trademarks, Judge Thompson disagreed as

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well. Toeppen's uses were commercial, the judge found. "Toeppen's `business' is to register trademarks as domain names and then sell them to the rightful trademark owners," Judge Thompson explained. "It does not matter that he did not attach the marks to a product. Toeppen's commercial use was his attempt to sell the trademarks themselves." Toeppen's use of Panavision's trademarks diluted those marks, the judge also ruled, because "potential customers of Panavision will be discouraged if they cannot find its web page by typing in `Panavision.com,' but instead are forced to wade through hundreds of web sites."

Panavision International, L.P. v. Toeppen, 141 F.3d 1316, 1998 U.S.App.LEXIS 7557 (9th Cir. 1998) [ELR 20:5:27]

## **Augusta National, sponsor of Masters golf tournament, wins preliminary injunction barring use of "Junior Masters" for golf program for high school students**

Augusta National, the sponsor of the annual Masters golf tournament, has won a preliminary injunction barring Executive Golf Management from continuing to use the name "Junior Masters" for its golf program for high school students.

Augusta National and its predecessors have been sponsoring the Masters tournament since 1934. In that time, Augusta National has acquired common law rights in the "distinctive and famous designation `Masters' . . . which rights extend . . . to the exclusive right to use `Masters' in connection with golf-related services and goods," federal District Judge Sol Blatt has found. Augusta National also has registered "Masters" as a

trademark in several categories, though apparently none that cover golf instruction.

Perhaps for this reason, Executive Golf Management seems to have concluded that it could call its own golf program for high school students the "Junior Masters." So far at least, Executive Golf has been proved wrong.

Judge Blatt has found that Executive Golf's program is "sufficiently related" to Augusta National's tournament that continued use of "Junior Masters" by Executive Golf "is likely to cause confusion of the public" and is likely "to deceive and mislead some members of the public into being interested in and potentially acquiring [Executive Golf's] golf-related services believing that they are services offered under the control, sponsorship, or authorization of Augusta National."

Accordingly, the judge has granted Augusta National's request for a preliminary injunction.

Augusta National, Inc. v. Executive Golf Management, Inc., 996 F.Supp. 492, 1998 U.S.Dist.LEXIS 11916 (D.S.C. 1998) [ELR 20:5:28]

**Manufacturer of board game "Clever Endeavor" is not entitled to recover minimum fees distributor would have had to pay in order to automatically renew distribution agreement, simply because manufacturer permitted distributor to continue to distribute game even though minimum fees were not paid**

MindGames, Inc. - the manufacturer of the board game "Clever Endeavor" - has suffered a second significant setback in its lawsuit against Western Publishing Company, Inc. - the company that used to distribute "Clever Endeavor" on MindGames' behalf.

In an earlier phase of the case, federal District Judge Robert Warren granted Western Publishing's motion for partial summary judgment and dismissed MindGames' claim for \$40 million in lost profits. That motion was granted on the grounds that MindGames was a new business whose future profits could not be established with reasonable certainty. (ELR 19:3:22)

Now, much of the rest of MindGames' damage claim has been dismissed as well. In response to Western Publishing's second motion for partial summary judgment, Judge Lynn Adelman has dismissed MindGames' claim for \$900,000 in so-called "renewal" fees which Western admittedly never paid. These fees are those which - had they been paid - would have entitled Western to renew its distribution agreement with MindGames, automatically.

Though such fees were never paid, MindGames permitted Western to continue distributing "Clever

Endeavor" anyway. But when Western disposed of its remaining inventory of the game in a bulk sale, the companies' relationship soured, and MindGames then claimed that Western was obligated to pay the renewal fees.

Judge Adelman reasoned that the distribution agreement did not "require or oblige Western to pay these fees." The agreement simply created "conditions precedent" for its automatic renewal. "Just because MindGames chose to treat the contract as a continuing one notwithstanding Western's non-payment of the . . . renewal fees does not transform Western's right to pay the fees into a duty to pay them."

Western's failure to pay them meant "the contract did not automatically renew." MindGames and Western in fact negotiated about the terms of their relationship after the contract expired. "What the result of those negotiations was . . . is disputed by the parties," the judge

explained. But neither of them contends they agreed Western would pay those renewal fees. Thus, Judge Adelman concluded, Western is not liable to MindGames for those fees, and no trial on that issue is necessary.

Western Publishing Company, Inc. v. MindGames, Inc.,  
995 F.Supp. 949, 1998 U.S.Dist.LEXIS 2180  
(E.D.Wisc. 1998) [ELR 20:5:28]

**Federal Court of Appeals affirms order requiring author of unpublished manuscript to post \$35,000 bond for costs and attorneys fees that might be incurred by literary agent Peter Miller, author Jean Sasson and book publishers in connection with manuscript author's appeal from dismissal of her suit alleging that Sasson's best-selling "Princess" books infringe manuscript author's copyright**

In an opinion that is of importance to copyright litigators and their clients, a federal Court of Appeals has affirmed an order that requires an unsuccessful plaintiff to post a \$35,000 bond for costs and attorneys fees that may be incurred by the successful defendants in connection with the plaintiff's appeal of the dismissal of her copyright infringement claim.

The case in which this question arose, apparently for the first time, was filed by Friederike Monika Adsani



who has written an as-yet unpublished autobiography entitled *Cinderella in Arabia*. Adsani's manuscript recounts the time she spent in Kuwait, and describes the oppressiveness of her Arab husband and the brutal treatment of women in traditional Middle Eastern culture.

Author Jean Sasson has written and published two best-selling books - *Princess: A True Story of Life Behind the Veil in Saudi Arabia* and *Princess: Sultana's Daughters* - which cover much the same ground as Adsani's manuscript. Adsani alleges that these bestsellers were copied from her manuscript, and she filed a copyright infringement suit against her literary agent Peter Miller, Sasson, and the companies that published Sasson's books.

Federal District Judge Cote granted the defendants' motion for summary judgment, dismissing Adsani's suit; and Adsani filed a notice of appeal. In connection with that appeal, the defendants sought an

order requiring Adsani to post a bond for the costs and attorneys fees they might incur on appeal. In response, Judge Cote ordered Adsani to post a \$35,000 bond - an order from which Adsani appealed as well.

In an opinion by Judge Fred Parker, the Court of Appeals has affirmed. After a lengthy and quite detailed review of the Federal Rules of Appellate Procedure, at least two of which deal with appeal bonds, the appellate court concluded that Rule 7 authorizes the bond Adsani has been ordered to post. Judge Parker also rejected Adsani's contention that the bond requirement denied her due process.

Finally, Judge Parker concluded that Judge Cote had not abused her discretion in ordering a \$35,000 appeal bond for several reasons: Adsani resides in the United Kingdom and has no assets in the United States; an earlier bond covered only \$50,000 of the \$108,000 in attorneys fees awarded to the defendants for District

Court proceedings, and the \$58,000 balance has not yet been paid; and Adsani had not provided any "credible evidence" she could not pay for the appeal bond.

Adsani v. Miller, 139 F.3d 67, 1998 U.S.App.LEXIS 2828 (2d Cir. 1998) [ELR 20:5:29]

**FCC's equal employment opportunity regulations are unconstitutional, federal appellate court rules, in case brought by sanctioned Lutheran Church radio station owner that preferred to hire Lutherans**

The Missouri Synod of the Lutheran Church has successfully challenged the constitutionality of equal employment opportunity regulations adopted and enforced by the Federal Communications Commission. The Church is the owner of two radio stations in

Clayton, Missouri, both of which are housed on the campus of the Church's Concordia Seminary.

When the Church sought to renew its station licenses, the NAACP objected, contending that the Church's EEO program was deficient because the stations had not hired enough blacks. The NAACP argued that the Church's hiring practices violated FCC regulations that prohibit stations from discriminating against anyone on account of race, color, religion, national origin or sex, and that require stations to adopt affirmative action programs for the employment of minorities and women.

The Church's stations have a "religious mission," and for that reason, "the Church believes that many, if not most, of the positions at the station require a knowledge of Lutheran doctrine." In fact, the Church acknowledged "that for many job openings, it did not engage in

any outside recruiting, largely because it drew many of its employees from Concordia Seminary."

From this, the FCC concluded that the Church had violated its EEO obligations as a licensee, and it ordered the Church to file a series of reports detailing its employment practices and the efforts it would be taking to recruit minorities. The Church then appealed.

A federal Court of Appeals has held that the FCC's EEO regulations are unconstitutional. Writing for the court, Judge Laurence Silberman ruled that the regulations violate the Church's equal protection rights because the regulations did not serve a compelling interest, and because even if they did, they were not narrowly tailored.

The interest the regulations were intended to serve, the FCC argued, was to foster diverse programming. This interest, Judge Silberman concluded, was not compelling - particularly where the regulations were

apparently intended to make each single station a provider of diverse programming.

The judge also concluded that the regulations were not narrowly tailored, because low-level station employees - who were covered by the regulations as much as decision-making employees - do not have any influence on the programming broadcast by licensees.

Lutheran Church-Missouri Synod v. Federal Communications Commission, 141 F.3d 344, 1998 U.S.App.LEXIS 7387 (D.D.C. 1998) [ELR 20:5:29]

## **Federal court doesn't have jurisdiction to hear claim for accounting of royalties from song "Honky Tonk"**

Someone is entitled to royalties from the song "Honky Tonk," but apparently there's a dispute about who or how much.

To resolve the conflict, two of those who claim a right to a certain percentage of the song's royalties filed suit against the song's publisher in federal District Court in New York City, seeking an accounting and a declaration of entitlement. There's nothing novel about an accounting claim; they're well-recognized in the law.

But Judge Jed Rakoff has ruled that he doesn't have jurisdiction to hear the claim, because it doesn't arise "under" the Copyright Act. The "right to an accounting is a creature of state law rather than of the Copyright Act," the judge explained. And for that reason, he has dismissed the suit.

Iza Music Corp. v. W & K Music Corp., 995 F.Supp. 417, 1998 U.S.Dist.LEXIS 2230 (S.D.N.Y. 1998) [ELR 20:5:30]

### **Usher's tort claims against Dennis Rodman are dismissed**

Dennis Rodman has successfully dodged liability for pinching the buttocks of an usher during a game against the San Antonio Spurs. The woman he pinched sued him for battery and infliction of emotional distress.

Federal District Judge David Sam has dismissed the battery claim on statute of limitations grounds, because suit was filed more than two years after the incident occurred; and Utah's one-year limitation period was not tolled by Rodman's absence from the state, because



he could have been served under Utah's long-arm statute.

The judge also dismissed the emotional distress claim, because although Rodman's conduct was an insult, indignity or act which was definitely inconsiderate and unkind, it did not constitute "atrocious or utterly intolerable behavior."

Ankers v. Rodman, 995 F.Supp. 1329, 1997 U.S.Dist.LEXIS 22120 (D.Utah 1997) [ELR 20:5:30]

### **Madison Square Garden not liable for injuries suffered by spectator struck by hockey puck during New York Rangers game**

Madison Square Garden has taken "all appropriate safety measures . . . for the protection of spectators,"

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and thus summary judgment in its favor was properly granted in a suit filed by a spectator who was hit by a hockey puck that flew into the stands while she was watching a New York Rangers game.

The Appellate Department of the New York Supreme Court has so ruled in a lawsuit filed by Audrey Shelton. The appellate court held that since the Garden had taken such precautions before Shelton was injured, she would have had to prove that "the errant puck was intentionally shot into the stands," in order to recover for her injuries.

"There is, however, no such proof," the court concluded. Thus, in an unsigned Memorandum Opinion, it has unanimously affirmed the dismissal of the case.

Shelton v. Madison Square Garden, 671 N.Y.S.2d 727, 1998 N.Y.App.Div.LEXIS 4356 (App.Div. 1998) [ELR 20:5:30]

## **Professional hockey team is not liable for injuries suffered by opposing player**

"Rough play is commonplace in professional hockey," Missouri Court of Appeals Judge Stanley Grimm has found. And this has legal consequences.

In the case before Judge Grimm, the consequence was that Stephen McKichan, a goalie for the International Hockey League's Milwaukee Admirals, could not recover from the owner of the Peoria Rivermen for injuries McKichan suffered during an Admirals/Rivermen game. McKichan had sued the Rivermen's owner, under a vicarious liability theory, hoping to hold it liable for the conduct of the Rivermen player who had caused McKichan's injuries.

Judge Grimm ruled against McKichan, even though McKichan had been body checked by a Rivermen player "several seconds after the whistle and in

violation of several rules of the game," because such a body check "was not outside the realm of reasonable anticipation."

As a result, the appellate court reversed a \$175,000 jury verdict McKichan had won at trial.

McKichan v. St. Louis Hockey Club, L.P., 967 S.W.2d 209, 1998 Mo.App.LEXIS 489 (Mo.App. 1998) [ELR 20:5:30]

### **Federal appeals court vacates injunction against enforcement of Tennessee Adult-Oriented Establishment Act; rules that Act does not violate First Amendment**

The Tennessee Adult-Oriented Establishment Act has been given a new lease on life, after a federal

District Court permanently enjoined its enforcement on First Amendment grounds. A Court of Appeals has vacated that injunction in an opinion by Judge Gilbert Merritt that upholds the Act's constitutionality.

The Act limits the hours and days during which adult entertainment establishments may be open and requires them to eliminate booths for watching sexually-explicit videos or live entertainment.

Judge Merritt acknowledged that the Act "is obviously not content-neutral." Nevertheless, he ruled, this does not mean the Act is subject to strict scrutiny. Instead, he said, "Under present First Amendment principles governing regulation of sex literature, the real question is one of reasonableness." Thus in this case, the "appropriate inquiry is whether the Tennessee law is designed to serve a substantial government interest and allows for alternative avenues of communication."

The Act satisfies that test, the judge ruled, because "Reducing crime, open sex and solicitation of sex and preserving the aesthetic and commercial character of the neighborhoods surrounding adult establishments is a `substantial government interest.'" And it "is not unreasonable to believe that such regulation of hours of shops selling sex literature would tend to deter prostitution in the neighborhood at night . . . ."

Also, the Act satisfies the requirement that it leave open alternative avenues of communication, because "Adult establishments may still be open many hours during the week."

Judge Merritt also rejected the argument that the Act was unconstitutional because it is overbroad and vague. It was not overbroad, the judge said, because it provides that its regulation of speech "should be construed narrowly." And according to the judge, "the

[Act's] terms are sufficiently defined so that a reasonable person would understand them."

Richland Bookmart, Inc. v. Nichols, 137 F.3d 435, 1998 U.S.App.LEXIS 3161 (6th Cir. 1998) [ELR 20:5:31]

## **New York City topless dancing ordinance is constitutional**

A New York City ordinance that regulates the location of adult entertainment establishments has withstood a constitutional attack.

The ordinance was challenged by the owner of the Cozy Cabin, a cabaret that features topless dancers, and by Vanessa Doe, a topless dancer. They argued that the ordinance violated the First Amendment Free Speech Clause and the Fourteenth Amendment's Equal

Protection Clause, because it applies to female topless dancers but not male topless dancers.

In an opinion by Judge Pierre Leval, a federal Court of Appeals has affirmed the dismissal of the lawsuit. Judge Leval reasoned that the ordinance was a content-neutral time, place and manner regulation. The judge also found that the City had provided an "exceedingly persuasive" justification for distinguishing between the female breast and the male chest. The Cozy Cabin's owner and Ms. Doe sought a stay of the enforcement of the ordinance from the United States Supreme Court; but their request has been denied by that Court.

Buzzetti v. City of New York, 140 F.3d 134, 1998 U.S.App.LEXIS 5609 (2d Cir. 1998), stay den., 118 S.Ct. 2335, 1998 U.S.LEXIS 4006 (1998) [ELR 20:5:31]



## **Nude entertainment ordinance is constitutional**

Two clubs in Mobile, Alabama, that feature nude dancing have failed in their effort to enjoin a city ordinance that prohibits liquor licensees from exhibiting nude entertainment of any kind, including movies and live performances.

Sammy's of Mobile and The Candy Store argued that the ordinance violates the First, Fifth and Fourteenth Amendments. But a federal Court of Appeals has affirmed a lower court ruling to the contrary.

According to appellate Judge James Hill, the ordinance passes all of the tests for the constitutional regulation of expressive conduct, and pithily summed up his conclusion by saying, "we are unaware of any constitutional right to drink while watching nude dancing." Judge Phyllis Kravitch dissented.

Sammy's of Mobile, Ltd. v. city of Mobile, 140 F.3d 993, 1998 U.S.App.LEXIS 9302 (11th Cir. 1998) [ELR 20:5:31]

### **Child Protection and Obscenity Enforcement Act is partially invalid**

A portion of the record-keeping regulation adopted by the U.S. Attorney General to implement the Child Protection and Obscenity Enforcement Act is invalid, a federal Court of Appeals has affirmed.

In an opinion by Judge Wade Brorby, the appellate court held that the regulation required too many types of "producers" to keep records of the ages of performers in sexually explicit material, because the regulation imposed record-keeping requirements on some

people and companies who are not involved in hiring or arranging for the participation of performers.

The judge ruled that the Act itself indicates that Congress did not intend to impose record-keeping requirements on those who have no contact with performers.

Sundance Associates, Inc. v. Reno, 139 F.3d 804, 1998 U.S.App.LEXIS 5720 (10th Cir. 1998) [ELR 20:5:32]

### **Artist didn't have standing to challenge legality of historic preservation ordinance**

South Carolina artist Robert Burke did not have standing to challenge the constitutionality of a Charleston historic preservation ordinance, a federal Court of Appeals has held.

Earlier, in a lengthy opinion, District Court Judge Cameron Currie had upheld the constitutionality of the ordinance on its merits, and had dismissed Burke's challenge to a city order that one of his murals be removed from the side of a privately owned restaurant building in the city's historic district (ELR 17:10:11).

However, in response to Burke's appeal, the Court of Appeals refused to consider his First Amendment arguments on their merits. Instead, in an opinion by Judge Andre Davis, the appellate court ruled that "Burke relinquished his First Amendment rights when he sold his mural to the restaurant owner, who alone has the right to display the mural. Thus, lacking a legally cognizable interest in the display of his work, Burke has not suffered an injury sufficient to satisfy the constitutional requirements of standing."

Burke v. City of Charleston, 139 F.3d 401, 1998 U.S.App.LEXIS 5057 (4th Cir. 1998) [ELR 20:5:32]

**Pay-per-view company loses suit against taverns and restaurants that allegedly showed professional boxing matches without licenses**

Joe Hand Promotions has suffered a significant loss in its suit against several Pennsylvania taverns and restaurants that had allegedly shown pay-per-view professional boxing matches without licenses to do so.

Joe Hand is in the business of licensing the pay-per-view exhibition of boxing matches, and it aggressively enforces its rights in court against those who show such matches without being licensed. Joe Hand's favorite legal tool is section 605 of the federal

Communications Act. And (judging from reported decisions) Joe Hand usually is successful (ELR 19:10:3).

The Pennsylvania case, however, was tried before a jury; and Joe Hand's investigators did not make credible witnesses. The jury returned a verdict in favor of the taverns and restaurants. And federal District Judge Marvin Katz denied Joe Hand's post-trial motion for judgment as a matter of law, saying, perhaps charitably, that the testimony of those witnesses "presented a number of contradictions." Among other things, some investigators claimed to have seen bartenders who had not worked on the night in question, misdescribed the physical layout of a bar, and "insisted" that several Philadelphia bar TVs were tuned to "HBO, Channel 14" when HBO is not on channel 14 in Philadelphia.

Judge Katz also rejected Joe Hand's argument that defendants are not entitled to jury trials under section 605 of the Communications Act.

This is not the first time Joe Hand has had difficulty with the work product of its investigators. (See ELR 19:1:16) However, it does appear to be the first time it has been penalized on their account (at least in published decisions).

Joe Hand Promotions, Inc. v. Blarney Stone, 995 F.Supp. 577, 1998 U.S.Dist.LEXIS 2334 (E.D.Pa. 1998) [ELR 20:5:32]

### **Court awards attorneys' fees in Title IX suit brought against Colgate University by women hockey players**

The lawyers for members of Colgate University's women's hockey club have been awarded just over \$70,000 in fees for their work in connection with a Title IX suit they filed against Colgate and eventually settled.

This amount was less than the \$183,700 they had sought, but more than the \$26,000 Colgate had said it was willing to pay.

In deciding how much to award, Federal District Judge Frederick Scullin did not simply split the difference between the lawyers' demand and Colgate's offer, though the amount of the award was close to just that. Instead, the judge reduced the number of hours the lawyers had devoted to the case to adjust for duplication of efforts and the like, reduced the lawyers' hourly fees to reflect prevailing rates for the area, and reduced the amount further because the result was only a "limited success." This was so, Judge Scullin explained, because the settlement provides that although women's ice hockey is to be a "varsity" sport, that commitment is only for five years, and women's hockey is to be a "nonemphasized" sport, unlike men's hockey at Colgate.



The status of women's hockey at Colgate has been the subject of Title IX litigation at least once before. In 1992, several members of Colgate's women's hockey club obtained a federal court order requiring the University to grant the team varsity status (ELR 15:2:22). But that order was reversed on appeal on the grounds that the plaintiffs had graduated, and thus the case became moot, before the order could take effect (ELR 15:7:28).

Bryant v. Colgate University, 996 F.Supp. 170, 1998 U.S. Dist. LEXIS 2774 (N.D.N.Y. 1998) [ELR 20:5:32]

## **Movie distributors awarded statutory damages and injunction against renter of unauthorized copies of videos**

Columbia Pictures and several other movie distributors have been awarded \$51,000 in statutory damages, at the rate of \$500 per title, and an injunction against the owner of a video store that rented unauthorized copies of 102 different movies.

Federal District Judge Marvin Aspen rejected the store owner's argument that since he hadn't copied the videos himself, he was an "innocent" infringer, and thus statutory damages should be reduced to just \$200 per title. The judge said he was "uneasy" with the distributors' argument that since each unauthorized copy contained a copyright notice, section 401(d) of the Copyright Act barred the owner from raising the "innocent infringer" defense.

On the other hand, Judge Aspen held that even if he could reduce the amount of statutory damages, he would "decline" to do so, because the large number of unauthorized copies seized, and the large number of separate titles involved, "belies his innocent infringer claim."

Columbia Pictures Industries, Inc. v. Garcia, 996 F.Supp. 770, 1998 U.S. Dist. LEXIS 1006 (N.D. Ill. 1998) [ELR 20:5:33]

### **College football referee loses federal injury suit against player**

An NCAA football referee has lost his federal court lawsuit against a Cheyney University player who struck and badly injured the referee after the player was

called for a foul during a game against East Stroudsburg University. The referee alleged that the player had acted "under color of state law," and that the player's actions had violated the referee's "constitutional right to bodily security protected by the Fourth, Fifth, and Fourteenth Amendments. . . ."

But federal District Judge Edward Cahn has ruled that the player was not a "state actor" and thus was not acting "under color of state law" when he injured the referee. As a result, Judge Cahn ruled that he did not have subject matter jurisdiction to hear the referee's case, and the judge dismissed it "without prejudice" so the referee could "seek redress" against the player in state court.

Indorato v. Patton, 994 F.Supp. 300, 1998 U.S.Dist.LEXIS 837 (E.D.Pa. 1998) [ELR 20:5:33]

## DEPARTMENTS

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

The Entertainment and Sports Lawyer, published by the ABA Forum on the Entertainment and Sports Industries, 750 N. Lake Shore Drive, Chicago, IL 60611-4497, has issued Volume 16, Number 2 with the following articles:

Using Visual Art in Film and Television: Ya Gotta Have Art - And Permission, Too by Simon J. Frankel, 16 Entertainment and Sports Lawyer 1 (1998) (for address, see above)

Insurance and Management of Intellectual Property Risks by Melvin Simensky and Eric C. Osterberg, 16 Entertainment and Sports Lawyer 3 (1998) (for address, see above)

Offensive Use of the Contractual Waiver Doctrine: Does Wyler Summit v. Turner Threaten the Stability of Entertainment Agreements? by Mitchel Karp, 16 Entertainment and Sports Lawyer 11 (1998) (for address, see above)

Publishers Beware: Hit Man Targets Brandenburg by Robert G. Pimm, 16 Entertainment and Sports Lawyer 16 (1998) (for address, see above)

Book Review: New Media: Intellectual Property, Entertainment, and Technology Law by James N. Talbott, reviewed by David M. Given, 16 Entertainment and Sports Lawyer 20 (1998) (for address, see above)

Book Review: Legal Bases: Baseball and the Law by Roger I. Abrams, reviewed by Mark T. Gould, 16

Entertainment and Sports Lawyer 21 (1998) (for address, see above)

The Seton Hall Journal of Sport Law has published Volume 8, Number 2 with the following articles:

Completing the Revolution: Title IX as Catalyst for an Alternative Model of College Sports by Brian L. Porto, 8 Seton Hall Journal of Sport Law 351 (1998)

The Art of Being A Sports Agent in More Than One State: Analysis of Registration and Reporting Requirements and Development of a Model Strategy by Rob Remis, 8 Seton Hall Journal of Sport Law 419 (1998)

Must Kobe Come Out and Play? An Analysis of the Legality of Preventing High School Athletes and College Underclassmen from Entering Professional Sports Drafts

by Scott R. Rosner, 8 Seton Hall Journal of Sport Law  
539 (1998)

Stadium and Arena Financing: Who Should Pay? by  
Todd Senkiewicz, 8 Seton Hall Journal of Sport Law  
575 (1998)

Virtual Advertising in Sports Venues and the Federal  
Lanham Act Section 43(a): Revolutionary Technology  
Creates Controversial Advertising Medium by Theresa  
E. McEvilly, 8 Seton Hall Journal of Sport Law 603  
(1998)

The Confidentiality of NCAA Investigation Files: A Pol-  
icy Worthy of Protection by Kevin MacGillivray, 8 Se-  
ton Hall Journal of Sport Law 629 (1998)



Suffering in Silence: Should They Be Cheered Or Feared? (Mandatory HIV Testing of Athletes as a Health and Safety Issue) by Anthony DiMaggio, 8 Seton Hall Journal of Sport Law 663 (1998)

Tortious Interference with Business Relations - Hockey Team Did Not Induce Player to Leave Former Club When the Player Had Already Left His Country and Came to the United States - Central Sports Army Club v. Arena Assoc., Inc., by Jennifer R. Sentivan, 8 Seton Hall Journal of Sport Law 691 (1998)

In Determining Whether or Not a Copyright License Is Exclusive or Nonexclusive, Courts Should Look Beyond the Parties' Original Agreement and Consider Their Subsequent Actions: Jacob Maxwell, Inc. v. Veeck by Lynelle J. Slivinski, 8

Disabled Athletes: A Last Vestige of Court Tolerated Discrimination? by Eldon L. Ham, 8 Seton Hall Journal of Sport Law 741 (1998)

National Basketball Association v. Motorola, Inc. by Michael Mrvica, 8 Seton Hall Journal of Sport Law 765 (1998)

Copyright Infringement: A Proposal for a New Standard for Substantial Similarity Based on the Degree of Possible Expressive Variation by Jeannette Rene Busek, 45 UCLA Law Review 1777 (1998)

Athletic Eligibility-Too High a Hurdle for the Learning Disabled by Christopher W. Lewis, 15 Thomas M. Cooley Law Review 75 (1998)

Moral Rights and the Movies: The Threat and Challenge of the Digital Domain, 31 Suffolk University Law Review 455 (1997)

Applying a Strict Discovery Rule to Art Stolen in the Past by Tarquin Preziosi, 49 Hastings Law Journal 225 (1997)

[ELR 20:5:34]