INTERNATIONAL CASES

Television broadcast of film in Australia also is a broadcast of sound recordings in film's soundtrack, so record companies are entitled to receive broadcast license fees, High Court of Australia rules

A few years ago, two films were broadcast on Australian television, The Big Steal and Peter's Friends. Neither film was unusual, in the legal sense, nor was anything out of the ordinary about either broadcast. Perhaps for this very reason, these broadcasts were made the subject of a test case that eventually found its way to the High Court of Australia on an issue of commercial and intellectual significance to record companies in that country and many others (though not, apparently, the United States).

The soundtracks of both films included pre-existing sound recordings. The Big Steal soundtrack included an Australian recording (entitled "Dancing in the Storm" by a group known as "Boom Crash Opera"). The Peter's Friends soundtrack contained a British recording (not identified by the Australian court).

Both films' producers had properly obtained synchronization licenses from the owners of the copyrights to the songs and master use licenses from the Australian and British record companies; so the films themselves were not infringements. Likewise, the Australian television stations had properly obtained public performance licenses from the owners of the copyrights to the songs, so the broadcasts did not infringe the songs' copyrights.

The television stations had not, however, obtained licenses from the record companies, even though in Australia (unlike the United States), the broadcast of a sound recording must be licensed. Australian copyright law does provide a compulsory license for sound recording broadcasts. And in fact, the test case began when the record companies asked the Copyright Tribunal of Australia to determine the license fee television stations should pay for their broadcasts of films that contain sound recordings in their soundtracks.

The broadcasters were represented by their trade association, the Federation of Australian Commercial Television Stations. And early in the case, the Phonographic Performance Company of Australia took the lead for the record companies. (The Phonographic Performance Company is a collective administration organization that does for record companies in Australia what ASCAP, BMI and SESAC do for music publishers in the United States.)

The Australian broadcasters were not pirate or renegade television stations. They had a perfectly good reason for refusing to pay broadcast license fees to the record companies in this case. Their reason was that the Australian Copyright Act provides that "sounds embodied in a sound-track" of a film "shall be deemed not to be a sound recording." The stations therefore argued that their broadcasts of film soundtracks were not broadcasts of sound recordings, and thus, the Copyright Act's requirement that license fees be paid for the broadcast of sound recordings simply did not apply.

The broadcasters' argument persuaded two (out of three) judges of the Australian Federal Court. But it did not persuade three (out of five) justices of the High Court of Australia. A three-to-two majority of the High Court has ruled that although a film soundtrack is not itself a sound recording, sound recordings in a film soundtrack remain sound recordings. Thus the broadcast of a film soundtrack that contains sound recordings is a broadcast of those sound recordings. The result: television stations that broadcast films having soundtracks containing sound recordings must pay license fees to the record companies that own the copyrights to those sound recordings.

Editor's note: The High Court majority was influenced in part by the record companies' argument that if their separate copyrights in their sound recordings were not recognized once those recordings were incorporated into film soundtracks, then third parties could make unauthorized uses (even copies) of those soundtracks, and the record companies would be unable to do anything about it (other than ask film producers to take action against infringers). This seems a persuasive argument. But the issue presented a difficult question of statutory interpretation. Note that there was an even split of opinion among the eight judges who ruled on the case (three in the Federal Court and five in the High Court) on how it ought to come out. The record companies won only because they persuaded three of the five High Court judges. The British record company whose sound recordings were in the Peter's Friends soundtrack was entitled to the same treatment as the Australian record company whose sound recordings were in The Big Steal soundtrack, because British recordings are protected in Australia "under international arrangements." It does not appear, however, that United States sound recordings receive such protection in Australia. This is because sound recording protection in Australia is granted only to recordings from those countries that provide reciprocal protection to Australian recordings. Britain does; but the United States does not. That is, Australian record companies do not receive license fees from United States television stations that broadcast films containing Australian recordings in their soundtracks. Not even United States recordings receive license fees from U.S. television stations, so the United States doesn't treat Australian recordings any more harshly than American recordings. The United States just doesn't treat Australian (or American) recordings well enough for American record companies to get license fees from Australian television stations.

Phonographic Performance Company of Australia Limited v. Federation of Australian Commercial Television Stations, [1998] HCA 39 (available on LEXIS in the Australian Decisions of the High Court file, and on the web at www.austlii.edu.au) [ELR 20:8:4]

RECENT CASES

Judgment against Zsa Zsa Gabor for breaching contract to participate in fantasy vacation event is affirmed, though appellate court reduces damages awarded from $100,000 to $57,500

Leonard Saffir had what must have seemed like a good idea at the time: for $7500 a week each, he would offer clients a week of pampering, movie-making instruction, rehearsals, and a "starring" role in a short video with a "nationally known" TV or movie star. It would be a Hollywood version of the many fantasy sports camps that apparently have been successful. He called his business Hollywood Fantasy Corporation.

Saffir planned two such Hollywood Fantasy sessions. The first was staged in Palm Springs; it had nine participants and lost money. The second was to have been held in San Antonio, for which Saffir hoped to have 20 participants. The San Antonio session never took place at all, however, in part because the nationally known star who was to have appeared canceled two weeks before the event.

The star in question was Zsa Zsa Gabor. In return for $10,000 and other consideration, she had agreed - in writing - to spend three days in San Antonio acting in scenes with Hollywood Fantasy clients, joining them for lunch and dinner, allowing Saffir's company to use her name and photo for publicity purposes, and providing media interviews.

Gabor's written contract provided that "if a significant acting opportunity in a film comes up," she would "have the right to cancel [her] appearance in San Antonio by advising [Hollywood Fantasy] in writing . . . " by a certain date (two weeks before she was due to appear).

On that date, Gabor did cancel. Hollywood Fantasy then canceled the San Antonio event entirely, perhaps in part because only two tickets had been sold by then. And it sued Gabor for breach of contract and fraud.

Hollywood Fantasy did better at trial than it had in business. A jury returned a $200,000 verdict against Gabor: $100,000 for breach of contract, and $100,000 for fraud. The trial judge set aside the fraud verdict for lack of evidence of fraudulent inducement or material misrepresentation. But the judge entered judgment for the $100,000 in contract damages, plus attorneys' fees and interest.

Gabor appealed. In an opinion by Judge Lee Rosenthal, the Court of Appeals has affirmed the judgment as to Gabor's liability, but has granted her some relief as to damages. It reduced the judgment from $100,000 to $57,500.

Gabor argued that before she signed the contract provided by Hollywood Fantasy, she inserted additional provisions that converted her signature from an "acceptance" to a "counter-offer" that she then revoked before it was accepted. Judge Rosenthal disagreed, however. He found that the changes she had made were not material, because they did not significantly add to Hollywood Fantasy's financial obligations, nor did they significantly reduce Gabor's duties. Moreover, even if the changes amounted to a counter-offer, the judge ruled that Saffir had agreed to the changes before Gabor canceled the contract.

Gabor also argued that she had properly exercised her right to cancel, because a "significant acting opportunity" had arisen. In fact, on the days she would have been in San Antonio, Gabor filmed a part in the movie Naked Gun 2 1/2. But her role was just a 14-second cameo during the opening credits. And the jury concluded it was not a "significant acting opportunity" - a conclusion supported by substantial evidence, Judge Rosenthal concluded.

The $100,000 judgment was for "lost profits." Gabor's appealed the amount of the award on the grounds that Hollywood Fantasy's profits were speculative. On this issue, Judge Rosenthal agreed. On the other hand, the judge noted that the evidence showed that Hollywood Fantasy had incurred out-of-pocket expenses for the San Antonio event totaling $57,500; and he held that such evidence was sufficient to support a judgment in that amount.

Hollywood Fantasy Corp. v. Gabor, 151 F.3d 203, 1998 U.S.App.LEXIS 18633 (5th Cir. 1998) [ELR 20:8:6]

Unauthorized "Seinfeld" trivia book infringes Castle Rock's copyright to TV series, federal appeals court affirms

Beth Golub is a lawyer, and like many others, was a huge fan of Seinfeld. Golub coupled her love of the popular television series with some creative urges of her own, and she wrote a trivia quiz book called The Seinfeld Aptitude Test.

Golub is talented. Her book was published by Carol Publishing Group. NBC distributed copies of it with promotions for the series. And the show's executive producer characterized it as "a fun little book."

Alas, lawyer though she was, Golub failed to do just one important thing: she failed to get a license from Castle Rock Entertainment, Seinfeld's producer and copyright owner. Carol Publishing didn't either.

Castle Rock didn't take this oversight lightly. In fact it sued both Golub and Carol Publishing for copyright infringement, and it won. A federal District Court granted Castle Rock's motion for summary judgment (ELR 19:5:10) and awarded the production company $403,000 in damages and a permanent injunction.

Golub and Carol Publishing appealed, but Castle Rock has prevailed again. In an opinion by Judge John Walker, the Court of Appeals has affirmed the judgment against them. Judge Walker ruled that The Seinfeld Aptitude Test was substantially similar to the television series, both quantitatively and qualitatively; and he held that the trivia book was not a fair use.

Golub and Carol Publishing argued that book copied only a few fragments from each of 84 separate episodes. But Judge Walker treated the entire series as a single copyrighted "work" and ruled that the book's 643 fragments were more than de minimis. He acknowledged that the result might have been different if the book had copied the same number of fragments from 84 episodes of separate and unrelated series, like all of those aired during a particular television season. But since the book focused on a single series, it "plainly crossed the quantitative copying threshold. . . ."

Golub and Carol Publishing also argued that the book copied unprotected "facts" from the series. But Judge Walker rejected this argument too. "Unlike the facts in a phone book, which `do not owe their origin to an act of authorship,'" he explained, "each `fact' tested by The [Seinfeld Aptitude Test] is in reality fictitious expression created by Seinfeld's authors." Again, the result would have been different if the book had asked about "true facts" like the names of the actors in the series, the number of days it takes to shoot an episode, or where the series' set was located. But that is not what the book did.

Judge Walker did the four-part "fair use" test required by the Copyright Act, and concluded that none of the factors favored fair use.

Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc., 150 F.3d 132, 1998 U.S.App.LEXIS 16242 (2d Cir. 1998) [ELR 20:8:6]

Further publication of unauthorized "Star Trek" guide is enjoined; court finds it likely that book infringes Paramount's copyrights to TV series and movies

Paramount Pictures' "Star Trek" is one of the most successful projects in Hollywood history. Born as a television series in 1966, it has since been the subject of three additional TV series, eight motion pictures, and products every kind, from toys and clothing to books. Understandably, Paramount has been aggressive in protecting its intellectual property rights in "Star Trek." Indeed, the studio estimates that it filed more than a hundred infringement actions in fewer than five years, and that it spends a million dollars each year to enforce those rights.

Carol Publishing Group is a successful book publisher. Among many other types of books, Carol has published trivia and guide books based on TV series and movies. On occasion at least, Carol has done so without copyright or trademark licenses from the companies that own rights in the series and movies that have been the subject of Carol's books.

This is not a cautious practice. As a result of Carol's publication of The Seinfeld Aptitude Test without a license from Castle Rock, Carol was stung with a permanent injunction and a judgment for $403,000 in damages - a ruling that was recently been upheld by a federal Court of Appeals (reported immediately above (ELR 20:8:6).

Just weeks before that judgment was affirmed, Carol also suffered a preliminary injunction barring its further publication of The Joy of Trek, a 217-page book by Sam Ramer, the bulk and heart of which consists of synopses of the major Star Trek plots and story lines, descriptions of the major Star Trek characters and aliens, and descriptions of Star Trek technologies.

The injunction was issued by federal District Judge Samuel Conti who found that The Joy of Trek is substantially similar to Star Trek. The infringement, he explained, "is most aptly characterized as fragmented literal similarity."

The judge rejected Carol's contention that the book was not infringing, because it is "simply the author's `descriptions' of that which he saw while watching Star Trek." And the judge also rejected Carol's argument that the book was not "substantially" similar to Star Trek, because Star Trek consists of more than 14,000 pages of script while the part of the book that allegedly copied Star Trek was just 160 pages.

Carol also argued that the book made a non-infringing "fair use" of Star Trek, but Judge Conti concluded otherwise. He did the four-part fair use test required by the Copyright Act, and found that all four factors favored Paramount rather than Carol.

Finally, Judge Conti rejected Carol's "limited abandonment" and estoppel defenses. Showing himself to be familiar with Star Trek, the judge said that Carol had invited "the Court to boldly go where no court has gone before," apparently because Carol had based these defenses on the assertion that Paramount has not sued all other potentially infringing books. Judge Conti, however, refused to go there. He explained that if he allowed such a defense, he would have to examine all of the other allegedly infringing works on which Carol's reliance was based in order to determine whether they were in fact infringing; and that would create "a number of smaller infringement hearings within a single copyright action."

Paramount Pictures Corp. v. Carol Publishing Group, 11 F.Supp.2d 329, 1998 U.S.Dist.LEXIS 8919 (S.D.N.Y. 1998) [ELR 20:8:7]

Warner Bros. wins dismissal of copyright and trademark claims made by photographer who photographed "Bird Girl" sculpture for cover of book "Midnight in the Garden of Good and Evil"

Midnight in the Garden of Good and Evil, by author John Berendt, was a hugely successful bestseller. Those who have read it, as well as many who haven't, immediately recognize the photograph that adorns the book's cover. It portrays the "Bird Girl," a sculpture by the late Sylvia Shaw Judson that once stood on a burial plot in the Bonaventure Cemetery in Savannah, Georgia. "Bird Girl" was photographed by Jack Leigh, on commission from Random House, the book's publisher.

Midnight in the Garden of Good and Evil was made into a movie by Warner Bros., and it too used images of the "Bird Girl" sculpture. Warner Bros., however, did not reproduce Leigh's photograph. Instead, after obtaining permission from Sylvia Shaw Judson's heir, the studio created its own replica of the "Bird Girl"; and it photographed and filmed that replica for use in the film itself, in promotional photos, on the cover of the soundtrack album, and as Internet icons.

Leigh was no doubt disappointed that Warner Bros. chose not to use his photograph. Before the movie was released, he had written to the studio to ask whether it intended to use his photo, and was told that it didn't. After the movie was released, Leigh became angry - angry enough to sue Warner Bros., for copyright and trademark infringement.

Since Warner Bros.' uses and Leigh's cover photo both depicted the same sculpture, there are of course significant similarities between them. But federal District Judge John Nangle has held that these similarities are not enough to impose liability on Warner Bros., under either theory.

The judge noted that Leigh "is not entitled to copyright protection" for "his choice of subject matter, i.e., the Bird Girl in the Bonaventure Cemetery," because he "did not select the pose or expression of the statue nor did he alter its physical appearance in any way. . . . " Nor could he claim copyright in the "eerie" or "spiritual" mood of the photo, because statues in cemeteries are often photographed in that manner. Since "these moods can be said to `flow naturally' from the subject matter of the Bird Girl," Leigh's "expression of that mood is subject to the scenes a faire doctrine and is not protected by copyright."

Leigh is entitled to copyright protection for "his selection of lighting, shading, timing, angle, and film," Judge Nangle ruled. But he also ruled that all but one of Warner Bros.' images of the Bird Girl were not substantially similar to Leigh's, insofar as these elements are concerned. Warner Bros.' "Bird Girl" Internet icon presented a closer case, and the judge denied both parties' summary judgment motions as to it.

Leigh also asserted that he has trademark rights in the visual style of his "Bird Girl" photograph, and that Warner Bros. infringed those. In support of that argument, Leigh relied on such cases as Hartford House v. Hallmark Cards (ELR 8:11:12, 10:7:14) and Romm Art Creations v. Simcha International (ELR 14:4:9). Judge Nangle acknowledged that "There has been a debate over the use of trademark law to protect the rights of artists in their visual style."

However, the judge found "persuasive the arguments of those who favor limits on the use of trademark law" to protect artists' styles. Cases like Romm Art, the judge said, would give Leigh "the very protection denied him under copyright law," and "would dictate that any use of the Bird Girl in connection with the book or movie would be a violation of [Leigh's] trademark rights in the photograph. . . . Such a monopoly over ideas or themes was not contemplated by copyright law . . . , and this Court will not use trademark law to circumvent that prohibition."

For this reason, and because he found no likelihood of confusion, Judge Nangle granted Warner Bros. summary judgment and dismissed Leigh's trademark claim.

Leigh v. Warner Bros., 10 F.Supp.2d 1371, 1998 U.S.Dist.LEXIS 9755 (S.D.Ga. 1998) [ELR 20:8:8]

Dismissal of copyright and unfair competition suit by cartoon artist who claims to have created "Beavis and Butthead" is affirmed

James Kodadek claims to be a great cartoon artist, though he acknowledges he isn't very careful or business-like. Because he isn't very careful or business-like, the world will never know whether it actually was he - rather than Mike Judge - who created "Beavis and Butthead."

Mike Judge, of course, is the credited creator of "MTV's Beavis and Butthead" animated television show. According Kodadek, however, he created "numerous drawings" of Beavis and Butthead back in 1991, one of which he gave to Mike Judge well before the show's 1993 debut. Alas, after seeing Beavis and Butthead on television, Kodadek no longer could find the remaining copies of the drawings he had made in 1991, so he drew new sketches of Beavis and Butthead from his memory of the drawings he had made in 1991.

In order to register his claim to copyright in Beavis and Butthead, Kodadek had to deposit copies of his drawings with the Copyright Office, and he used his 1993 drawings for that purpose. He then sued Judge, MTV and Viacom for copyright infringement and unfair competition in federal District Court.

Kodadek's lawsuit never got trial, however, and now never will. The District Court granted the defendants' motion for summary judgment, and the Court of Appeals has affirmed.

Judge Melvin Brunetti immediately noted the striking similarities between this case and one filed against LucasFilm, Ltd., by an artist named Lee Seiler who alleged that he had created science fiction creatures that had been copied in "The Empire Strikes Back." In that case too the artist had registered his copyright claim using later drawings, or reconstructions, rather than original drawings. And in that case, the Court of Appeals had affirmed the dismissal of the artist's infringement suit on the grounds that Seiler's reconstructions were not the "best evidence" of the content of his allegedly copied originals (ELR 8:8:7, 8:10:18).

Kodadek fared no better than had Seiler. Judge Brunetti held that "While it may be possible for an artist to accurately reproduce his or her previous work from memory, for the purpose of certainty in obtaining copyright registration, such reproductions are simply insufficient." Not all copies are insufficient, the judge was quick to emphasize. "For example, a photocopy or other electronic means of reproduction of an original drawing could suffice." Even an "accurate trace of an original drawing" could be enough. Indeed, "a meticulous freehand redrawing of an original, made while the artist referred directly to the original, could suffice."

But Kodadek did none of these things. "We hold that the 1993 drawings are merely `reconstructions' and not appropriate `copies' of the 1991 drawings for purposes of obtaining a valid certificate of copyright registration," Judge Brunetti said. "Thus, Kodadek did not properly receive a copyright registration in the 1991 drawings and his infringement action is foreclosed."

Kodadek's unfair competition claim was foreclosed as well, because it was preempted by the federal Copyright Act.

Kodadek v. MTV Networks, Inc., 152 F.3d 1209, 1998 U.S.App.LEXIS 21175 (9th Cir. 1998) [ELR 20:8:8]

Hollywood Reporter infringed copyright to "Laurel & Hardy" promotional still by publishing it on cover of special section, despite a "Permission granted" legend on the still itself

The Hollywood Reporter infringed the copyright to a 1929 Laurel & Hardy comedy short entitled "Liberty" by publishing a colorized version of a single frame from that movie on the cover of a Special Effects & Stunts section in 1997. Federal District Judge Richard Owen has so held, in a suit filed by Richard Feiner & Co., the current owner of the copyrights to Laurel & Hardy's "Liberty" and other movies.

The Hollywood Reporter bought its copy of the "Liberty" frame from Bison Archives. The frame had been enlarged into a still by MGM for its use in promoting a 90-minute compilation produced by the studio in 1965 called "Laurel & Hardy's Laughing 20's." In fact, the still purchased by the Reporter had a legend on it that read, "Copyright 1965, Metro-Goldwyn-Mayer, Inc. Permission granted for Newspaper and Magazine Reproduction."

As The Hollywood Reporter has learned, to its probable chagrin, the "Permission granted" by MGM in this 1965 legend did not extend to the trade paper's use of the still in 1997, for several reasons.

When MGM produced its 90-minute compilation of Laurel & Hardy shorts in 1965, it did so pursuant to a renewable license. Turner Entertainment eventually acquired MGM's rights in the shorts, but failed to properly renew the license (ELR 19:2:13). Judge Owen concluded that "if Turner's rights had lapsed, MGM's permission granted thereunder also lapsed." So, although The Hollywood Reporter had no reason to suspect it, the legend on the promotional still granting permission for

"Newspaper and Magazine Reproduction" was no longer valid by the time the Reporter relied on it.

The Hollywood Reporter also argued that the legend on the still constituted an abandonment by MGM of its copyright, and thus the still has been in the public domain ever since. However, copyright abandonment requires a "clearly manifested . . . intent," Judge Owen observed. And in this case, there was no evidence MGM had any such intent.

Finally, the judge also rejected The Hollywood Reporter's fair use and de minimis defenses. Feiner provided evidence that it usually obtained licensing fees of $5000 to $6500 for uses similar to the one made by the Reporter. And after doing the four-part fair use analysis required by the Copyright Act, the judge concluded that none of the factors favored a fair use finding.

Judge Owen therefore granted Feiner's motion for summary judgment on its copyright infringement claim, and it enjoined The Hollywood Reporter from any future use of the photograph. (Damages and attorneys fees were to be determined later.)

Richard Feiner & Co., Inc. v. H.R.I. Indus., 10 F.Supp.2d 310, 1998 U.S.Dist.LEXIS 8084 (S.D.N.Y. 1998) [ELR 20:8:9]

Russian law determines who owns copyrights and nature of rights owned, while U.S. law determines whether copyrights were infringed, federal appellate court rules in infringement suit brought by Russian newspapers and others against American publisher

In an international copyright lawsuit, the question of whether infringement occurred is determined by the law of the country where the allegedly infringing activity took place. This is a well-settled principle.

But which country's law determines who owns the copyright - especially in cases where the laws of the countries involved would produce different results? This would happen, for example, if the law of the country where the infringement took place has a work-made-for-hire doctrine, while the law of the infringed work's country of origin does not (or vice versa).

This question has been surprisingly unsettled. Some courts have applied the law of the country of infringement to determine who owns the copyright; but other courts have applied the law of the work's country of origin to determine ownership. (See "Pursuing the Home Court Advantage in International Copyright Litigation" by Lionel S. Sobel (ELR 17:4:3))

Now it appears that an answer is emerging, because it has been addressed by Judge Jon O. Newman of the Second Circuit Court of Appeals, in a thoughtful and persuasive opinion.

The issue arose in a case filed in federal District Court in New York City against an American company that publishes the Russian language newspaper Kurier. Over a period of time, Kurier copied some 500 articles written by Russian journalists which had first appeared in Russian newspapers or had first been distributed by a Russian news agency.

Kurier claimed to have obtained licenses for a small percentage of the articles, but it acknowledged that most were copied without permission, and that sometimes it had simply cut out articles, headlines, pictures, bylines and graphics for photographic reproduction by its own printer. Judge Newman ruled that United States copyright law determines whether this "reckless conduct" and "flagrant copying" constituted infringement, and he agreed with the lower court that it did.

The real issue in the case was which countries' law should be applied in deciding who owns the infringed copyrights, and especially, the nature of those rights. The reason this issue was important is that Kurier argued that even if it may have infringed someone's copyrights, it didn't infringe any rights owned by the Russian newspapers or the news agency that had filed the suit against it.

Under United States law, the articles would have been works-made-for-hire whose copyrights would have been owned by the newspapers and news agency who brought the case. Under Russian law, the question was more difficult. Russian copyright law too has a work-made-for-hire doctrine, but on its face, it does not apply to articles written for newspapers. On the other hand, Russian copyright law does give authors of collective and composite works, including newspapers, a copyright too. At trial, expert witnesses had disagreed about whether the collective-and-composite-work copyright gives Russian newspapers the right to sue for unauthorized reproductions of individual articles.

The trial court concluded that Russian law determines who owns the copyrights. (Even the parties seemed to agree about that.) The trial court also decided that Russia's collective-and-composite-work copyright gives newspapers the right to sue for infringement of individual articles. So, following up on a preliminarily injunction it had entered against Kurier (ELR 17:8:13), the trial court ruled in favor of the newspapers and news agency, issued a permanent injunction against Kurier, and awarded the newspapers and news agency a half-million dollar judgment.

On appeal, Judge Newman agreed that Russian law determines ownership and the "essential nature" of the infringed copyrights. Judge Newman did not agree, however, that Russian copyright law gives the newspapers the right to sue for Kurier's infringement of the copyrights to individual articles. Following a detailed analysis of the language and legislative history of the pertinent sections of the Russian copyright statute, he concluded that Russian law "vests exclusive ownership interests in newspaper articles in the journalists who wrote the article, not in the newspaper employers who compile their writings." He also concluded that "to the extent that Russian law accords newspaper publishers an interest distinct from the copyright of the newspaper reporters, the publishers' interest, like the usual ownership interest in a compilation, extends to the publishers' original selection and arrangement of the articles, and does not entitle the publishers to damages for copying the texts of articles contained in a newspaper compilation."

As a result, the appellate court reversed the judgment "to the extent it granted the newspapers relief for copying the texts of the articles." Kurier's victory was not complete, however, for three reasons. First, Judge Newman acknowledged that the newspapers may be entitled to injunctive relief and even damages "if they can show that Kurier infringed the publishers' ownership interests in the newspaper compilations." Second, because the news agency plaintiff is not a newspaper, it is the owner of the copyrights to the articles Kurier copied from it, under Russia's work-made-for-hire doctrine. Third, one of the plaintiffs in the suit was a union of Russian journalists; and Judge Newman ruled that the journalists' union may be entitled to act on behalf of the journalists who wrote the copied articles in connection with their own infringement claims against Kurier. The case was therefore remanded for consideration of these issues.

Editor's note: In addition to "infringement" and "ownership," there is a third area that raises a conflictsof-law issue. When copyright in a work is transferred - say by written agreement between the initial copyright owner and an assignee - which country's law determines the validity and effect of that transfer, if the transaction takes place in one country and its consequences are disputed in another? There are conflicting rulings on this issue too. But Judge Newman emphasized, in a footnote, that his decision does not consider "choice of law issues concerning assignment of rights." Also, Judge Newman's decision deals with copyrights in newspaper articles. The principles it articulates undoubtedly apply in all cases involving literary works, and almost certainly in cases involving other types of works too - with the exception of movies. Surprisingly, where a movie is concerned, the law of the country where the infringement occurs may determine who owns its copyright. This is because - as Judge Newman himself pointed out in a footnote - Berne Convention Article 14bis(2)(a) provides that "[o]wnership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed." Thus, although American movies are virtually always produced as works-made-for-hire whose copyrights are owned by production companies, when protection for those movies is sought in other countries, ownership of their copyrights may be determined by the law of those countries. French courts did not explicitly rely on Berne Convention Article 14bis(2)(a) when they decided the "Asphalt Jungle" colorization case; but it would have supported their ruling that French law, rather than U.S. law, determined who the "author" of that film was, and that under French law, its authors were director John Huston and screenwriter Ben Maddow, even though the film was produced in the United States as a work-made-for-hire (ELR 16:10:3).

Itar-Tass Russian News Agency v. Russian Kurier, 153 F.3d 82, 1998 U.S.App.LEXIS 21016 (2d Cir. 1998) [ELR 20:8:10]

Some claims against movie producers who built replica of plaintiffs' home for use in "The Evening Star" are dismissed by federal court because they were preempted by copyright, but other claims are remanded to state court because those were not preempted

John and Leslie Tavormina are the proud owners of a home in Houston that is a celebrity of sorts in its own right. It was the setting for the movie "Terms of Endearment." Naturally, when that movie's sequel - "The Evening Star" - went into pre-production, its producers wanted to use the Tavorminas' home again "in order to maintain continuity between the two films."

The Tavorminas were willing, especially because they were told they would be compensated for the use of their home, for their time, and for the inconvenience of allowing production company employees into their home to take measurements and photographs. The Tavorminas and the Location Manager agreed to this orally, and the Tavorminas were told that a written and signed contract would follow.

As things turned out, a written contract never did follow, because at least some of the Tavorminas' neighbors objected to filming in the neighborhood. As a result, the movie's producers used the measurements and photos they had taken while inside the Tavorminas' home in order to build replicas of its interior and exterior at another location. And those replicas were used during actual production.

The Tavorminas were never paid; so they sued the producers for fraud, breach of contract, quantum meruit and unjust enrichment, in Texas state court. The producers removed the suit to federal court, and then moved to dismiss it entirely, on the grounds that the Tavorminas' claims were preempted by the Copyright Act.

Judge Nancy Atlas has agreed with the producers, but only in part. Judge Atlas agreed that the Tavorminas' claim for unjust enrichment is preempted, because it sought compensation for the reproduction and display of their home, without permission or compensation. The judge also agreed that part of the breach of contract claim was preempted - the part that sought compensation for the display of their home without payment of the promised compensation.

On the other hand, Judge Atlas ruled that the Tavorminas' breach of contract claim was not preempted to the extent it sought promised compensation for their time and inconvenience. She also ruled that the Tavorminas' quantum meruit claim was not preempted, because it too sought compensation for their time and inconvenience. Since time and inconvenience are not protected by copyright, these claims asserted rights that are "entirely distinct from the rights that would be protected by federal copyright law," the judge explained.

Breach of contract and quantum meruit are purely state law claims, so Judge Atlas granted the Tavorminas' motion to remand the case to state court, where they originally had filed it.

Tavormina v. Evening Star Productions, Inc., 10 F.Supp.2d 729, 1998 U.S.Dist.LEXIS 9870 (S.D.Tex. 1998) [ELR 20:8:11]

Terri Wells' use of "Playmate of the Year" in her web page was "fair use"; Playboy's request for preliminary injunction is denied

Terri Welles was Playboy's "Playmate of the Year" in 1981, and she has described herself as such ever since, with Playboy's knowledge and - for a long time - with its consent. In 1997, however, Welles began operating a web site, and that is when Playboy's consent came to an end.

The home page for Welles' site, www.terriwelles.com, is headed "Terri Wells - Playmate of the Year 1981," and subsequent pages use "PMOY '81" as a watermark. Moreover, the site uses "Playboy" and "Playmate" as meta tags, so that search engines index Welles' site under those terms too.

Welles has not palmed her web site off as affiliated with Playboy. In fact, most of the site's pages contain a disclaimer that explicitly states it is not endorsed or sponsored by, or affiliated with, Playboy Enterprises, and indicating that "Playboy" and "Playmate of the Month" are Playboy Enterprises' registered trademarks.

They are indeed that. Because Playboy Enterprises operates web sites of its own using those marks, it sued Welles for trademark infringement and dilution, and sought a preliminary injunction.

Playboy has suffered a rare loss in Internet-related litigation. Federal District Judge Judith Keep has denied its motion for an injunction, and the Court of Appeals has affirmed her decision.

Judge Keep noted that "This case . . . is not a standard trademark case . . . ," because the trademarks that Welles uses, "and the manner in which she uses them, describe her and identify her." Welles therefore was able to assert a "fair use" defense to Playboy's trademark infringement claim, because the Trademark Act permits a party to use another's trademark if it "is descriptive of and used fairly and in good faith only to describe the goods of services of such party. . . ."

In this case, Judge Keep found that Welles "has not attempted to trick consumers into believing that they are viewing a Playboy-endorsed website. . . . She does not use Playboy or Playmate in her domain name, she does not use the classic Playboy bunny logo, she inserted disclaimers which clearly state that website is not endorsed by [Playboy Enterprises], and the font of the Playmate of the Year 1981 title is not recognizable as a Playboy magazine font."

Instead, "[i]t is clear," the judge said, that Welles "is selling Terri Welles and only Terri Welles on the website." Thus Welles' use of that phrase and "PMOY '81" is a fair use, the judge concluded. Judge Keep also ruled that Welles' use of the "Playboy" and "Playmate" meta tags was not infringing, because they were used "in good faith to index the content of her website."

Moreover, the judge found that even if Welles were not entitled to the fair use defense, it did not appear there was "a likelihood of confusion for websurfers."

Finally, Judge Keep rejected Playboy's trademark dilution claim too. Though the judge acknowledged that Playboy's marks are "arguably famous," the "fair use of a famous mark" is not actionable.

Playboy appealed, but did no better before the Court of Appeals. In an unpublished, four-paragraph order, the appellate court affirmed Judge Keep's ruling, saying she had not relied on an erroneous legal premise or abused her discretion in deciding that preliminary injunctive relief should not be granted.

Playboy Enterprises, Inc. v. Welles, 7 F.Supp.2d 1098, 1998 U.S.Dist.LEXIS 9180 (S.D.Cal. 1998), aff'd, 1998 U.S.App.LEXIS 27739 (9th Cir. 1998) [ELR 20:8:12]

Photographer is awarded $1000 in statutory copyright infringement damages for unauthorized posting of photos on web site of non-profit organization

Photographer Christopher Scanlon has been awarded $1,000 in statutory damages in a copyright infringement action he filed against a New York non-profit organization known as Gay Male S/M Activists. Scanlon served on the organization's Board of Directors for ten years. But when the organization posted his photographs on its web site without his consent, and without giving him credit, he sued the organization as well as three members of its board.

Federal District Judge Constance Baker Motley has ruled in Scanlon's favor by finding that his copyrights were infringed. But the judge also has ruled that the infringements were not willful, and thus she has denied Scanlon's request for statutory damages of $100,000 for each photograph. Instead, she has awarded him $500 for each of two posted photographs, and has said that he is entitled to receive "moderate" attorneys fees as well.

The infringements were not willful, Judge Motley explained, because when the organization received Scanlon's infringement complaint, it removed all but two of his photographs from its web site. The two that were not removed, and that became the basis for the $1,000 award, were two that Scanlon himself had not at first identified as his.

The award is against the organization alone, not against its three board members as individuals. Scanlon's claims against the board members were dismissed, because New York's Not-for-Profit Corporation Law provides that directors are liable only if their acts "constituted gross negligence" or were "intended to cause the resulting harm. . . ." In this case, there was no proof that the directors "were grossly negligent or intended to cause Scanlon harm," the judge said.

Scanlon v. Kessler, 11 F.Supp.2d 444, 1998 U.S.Dist.LEXIS 10201 (S.D.N.Y. 1998) [ELR 20:8:12]

CBS and Fox win preliminary injunction prohibiting satellite retransmissions of network programs by PrimeTime 24

PrimeTime 24 is a satellite TV company that sells a very attractive service. It provides subscribers - either directly or through distributors like DirectTV - with ABC, CBS, NBC and Fox network television programs. It does so by retransmitting the signals of television stations affiliated with those networks.

Subscribers like PrimeTime's service for three reasons. First, PrimeTime's picture is really sharp (literally); for many subscribers, the picture delivered by PrimeTime is much sharper than the picture they could get from over-the-air reception. Second, PrimeTime retransmits the signals of network-affiliated television stations located on both the east and west coasts, so that subscribers are able (if they wish) to watch network programs before or after they are aired locally. Third, since PrimeTime retransmits the signals of east and west-coast network affiliates, subscribers are able to watch some programs - like NFL games - that may not be aired locally at all!

The networks don't like this, and not just because the NFL doesn't like it. The networks don't like it because most PrimeTime subscribers are not watching their local network affiliates. They are watching network affiliates from another city; and therefore they are not watching the local advertising and program promos that are broadcast adjacent to the network programs aired by their local affiliates.

Networks programs are of course copyrighted. PrimeTime nevertheless claims that it has the right to retransmit network programming - even without copyright-owner consent - by virtue of the Satellite Home Viewers Act. That Act amended the Copyright Act by adding (in section 119) a statutory license that does indeed authorize satellite TV companies to retransmit network television programs to "unserved households."

The Act defines "unserved households" as those which "cannot receive, through the use of a conventional outdoor rooftop receiving antenna, an over-the-air signal of grade B intensity (as defined by the Federal Communications Commission) of a primary network station affiliated with that network. . . ."

CBS and Fox acknowledge PrimeTime's right to retransmit network programs to "unserved households," but they contend that PrimeTime is retransmitting programs - like "60 Minutes" and "The Simpsons," whose copyrights they own - to households that are not "unserved" in the way that term is defined in the Copyright Act. They made this contention in a copyright infringement suit against PrimeTime.

The lawsuit focuses on a narrow issue. PrimeTime specifically asks potential subscribers whether they receive "an acceptable picture over the air"; and it provides service only to those who answer "no." This, PrimeTime argued, is what Congress had in mind when it created a statutory license for satellite retransmissions to households that "cannot receive . . . an over-the-air signal of grade B intensity. . . . "

Not so, CBS and Fox responded. An "over-the-air signal of grade B intensity (as defined by the Federal Communications Commission)" is a signal of a specific strength, as objectively measured by technical equipment. According to the networks, Congress did not intend "grade B intensity" to be measured by television viewers' subjective evaluations of the quality of their pictures - because their opinions will depend on whether they actually have roof-top antenna (rather than just indoor rabbit-ears), and especially because their opinions are likely to be influenced by whether they want to be able to watch otherwise unavailable network programs, like NFL games.

Federal District Judge Lenore Nesbitt has agreed with CBS and Fox. In a thorough opinion (that deals with subsidiary issues as well), Judge Nesbitt has ruled that the Satellite Home Viewers Act does not give PrimeTime a statutory license to provide service to households that simply say they do not receive an acceptable picture over the air. Instead, the judge held, the statutory license authorizes PrimeTime to provide service only to those households that do not receive "grade B intensity" signals, as measured by technical equipment or as indicated on special maps prepared using methods developed by U.S. government scientists.

Though PrimeTime argued that the maps were wrong and that household-by-houehold signal testing would be prohibitively burdensome, Judge Nesbitt rejected its argument that Congress intended a more subjective evaluation of signal quality by potential subscribers themselves. Indeed, the legislative history of the Satellite Home Viewers Act showed that PrimeTime and other satellite TV companies had proposed a bill that would have permitted viewers to receive satellite retransmissions of network programs simply by submitting affidavits indicating that they did not receive adequate over-the-air service. Congress refused to enact that bill however, and instead enacted the bill that contained the technical definition of "unserved households."

As a result, Judge Nesbitt has issued a preliminary injunction that bars PrimeTime and its distributors from retransmitting CBS or Fox network programs to any customer within an area shown on special maps as receiving grade-B-intensity signals (or stronger), unless the networks and their local affiliates consent, or unless they provide the local affiliate with a signal strength test showing that the specific subscriber does not receive a signal of grade B intensity.

CBS, Inc. v. PrimeTime 24 Joint Venture, 9 F.Supp.2d 1333, 1998 U.S.Dist.LEXIS 8533 (S.D.Fla. 1998) [ELR 20:8:13]

Arena Football League is entitled to trial in legal malpractice action against law firm that had been League's general counsel when it applied for workers compensation insurance and during subsequent litigation with insurance carrier

Workers compensation insurance is not what comes to mind when thinking about sports law or even about the expenses of operating a professional sports team. Nevertheless, from 1987 to 1993, workers compensation insurance premiums were one of the largest operating expenses of all the teams in the Arena Football League. And that was before the premiums for two of its teams - the Tampa Bay Storm and the Albany Firebirds - were going to be raised from $60,000 and $90,000 a year respectively to more than $400,000 a year each. So burdensome were these premium hikes that the Storm and Firebirds told the League they would sit out the 1993 season entirely, unless they could get cheaper insurance.

The League came up with a solution, though it turned out to be temporary at best. It obtained insurance coverage in Delaware, as a "single-entity employer," from Travelers Insurance, a carrier selected by Delaware at random from its assigned risk pool. The League's insurance application was "misrepresentation-ridden," and in due course, Travelers detected these misrepresentations and sued the League to recover money it had paid out while the policy was in force. The League settled the suit by paying Travelers $224,579. Then the League sued the lawyer and law firm that had been its general counsel at the time it applied for insurance and when the Travelers lawsuit was settled.

The lawyer in question is E. Guy Roemer and his firm, Roemer & Featherstonhaugh, P.C., of Albany, New York. According to the League, Roemer committed malpractice when it advised the League to fill out the Delaware insurance application in the way that it did, and in connection with the defense of the Travelers suit.

Roemer on the other hand contends that it was the League's Board of Directors, not he, who decided to apply for insurance in Delaware, and that he did not fill out the insurance application. Moreover, Roemer argues, he was not the attorney of record who defended the Travelers litigation, but was merely a "resource" to the lawyers who were hired by the League to handle the case.

Roemer and his firm made a motion for summary judgment, but it has been denied. Federal Magistrate Judge Rebecca Pallmeyer has ruled that the League's response to Roemer's motion established that there are disputed issues of fact. Judge Pallmeyer also rejected certain legal contentions Roemer and his firm had made, in a way that indicates how much responsibility and potential liability outside general counsel have in connection with their clients' activities.

If the League proves that Roemer advised it to apply for insurance in Delaware, he and his firm will not avoid liability just because the ultimate decision to do so was made by the League's Board or because the application was actually filled out by a League officer. Judge Pallmeyer ruled that "the law is clear that a plaintiff may assert a cause of action for legal malpractice when an attorney's pre-litigation advice causes the plaintiff to be sued." Since by law, all clients have ultimate "decision-making authority on strategic decisions," the fact that the League's Board may have done so is no defense. "A client is entitled to rely on the advice of her attorney," the judge explained, "and Defendants provide no basis for the suggestion that Roemer's client should have known better than to accept Roemer's counsel."

Likewise, it was no defense that other attorneys represented the League in the Travelers lawsuit. Here, the League accused Roemer of "double-billing," because he asked litigation counsel to send him all pleadings, legal memoranda, and discovery requests, for his approval. Moreover, Roemer allegedly told the League the case was "winnable," until, almost a full year later, he read Travelers' motion for summary judgment and then advised the League to settle. This "rationally raises the inference of negligence," Judge Pallmeyer said.

Arena Football League, Inc. v. Roemer, 9 F.Supp.2d 889, 1998 U.S.Dist.LEXIS 2484 (N.D.Ill. 1998) [ELR 20:8:14]

Non-competition clause in radio disk jockey's contract was properly enforced by preliminary injunction, Illinois appellate court affirms

Gary Oloffson was enormously valuable to the Peoria radio station that employed him for more than ten years as its morning disk jockey. He was so valuable, in fact, that when his contract expired and he became an on-air performer for a new station, the old station sought and obtained a preliminary injunction barring him from working for the new station for a year.

The basis for the injunction was a clause in his old contract that prohibited him from performing on-air (and in other several other ways) for a year for any broadcaster (or cable programming service) located within 100 miles of East Peoria, Illinois. Oloffson argued on appeal that his old station did not satisfy Illinois legal requirements for obtaining such an injunction, and he argued that the non-competition clause was unreasonable. But in an opinion by Justice Tom Lytton, the Appellate Court of Illinois has affirmed the preliminary injunction.

Under Illinois law, a non-competition clause is enforceable only if the employer runs a business of a certain "nature" and only if it has a "near-permanent" relationship with its customers. The business must be a "professional" or "quasi-professional" service organization. And Justice Lytton found that the trial court had properly concluded that the radio broadcasting business satisfied this test. The justice also agreed that the station's relationships with its advertisers and listeners is sufficiently permanent.

Illinois, like other states, also requires non-competition clauses to be reasonable, in order to be enforceable. Justice Lytton agreed with the trial court that the clause in Oloffson's contract was reasonable, in all three relevant ways. It was reasonable in geographic scope, the justice said, because listeners and advertisers might follow Oloffson to a competing station within 100 miles. It was reasonable in duration, because the one-year restriction was related to the time it would take Oloffson's old station to attract new listeners and advertisers to programs hosted by a replacement disk jockey. And it was reasonable with respect to the services it barred Oloffson from performing, because preventing him from performing the "same job functions" at another station was not "inherently unreasonable," nor did it prevent him "from making a living" even in the radio business.

Editor's note: See the report immediately below (ELR 20:8:15) about a decision that enjoined a television station from attempting to enforce a similar clause in its contract with a newscaster. In Massachusetts, such clauses are entirely unenforceable in the broadcasting industry, because of a recently enacted statute (ELR 20:5:5).

Midwest Television, Inc. v. Oloffson, 699 N.E.2d 230, 1998 Ill.App.LEXIS 575 (Ill.App. 1998) [ELR 20:8:15]

Enforcement of non-competition clause in television newscaster's employment agreement is enjoined by New York state court

Television newscaster Sue Nigra has won her freedom from WTEN-TV, the Albany, New York, television station for which she once worked.

After Nigra fulfilled the terms of her two-year contract with WTEN-TV, she was offered a job with another station at twice the salary WTEN offered to keep her. Naturally, she was inclined to go to the other station. But her WTEN contract contained a non-competition clause which provided that if she did not accept its renewal offer at the salary it then offered, she could not work for another station in the Albany-Schenectady-Troy area for a year.

Nigra sued WTEN in New York state court to bar its enforcement of the non-competition clause, and her application for a preliminary injunction has been granted. Justice Harold Hughes has rejected WTEN's argument that the clause was designed to protect its "legitimate business interests" rather than as a coercive device to depress Nigra's wages. Although WTEN denied using the clause for the purpose of depressing wages, Justice Hughes noted that the station did "not attempt to deny that the clause has that effect."

"Assuming that there is some legitimate business interest to the anti-competition clause," the justice added, "WTEN has failed to establish that it is reasonable or necessary for it to require [Nigra] to work for half the salary that other television stations would pay her, or leave this area where she was raised and her immediate and extended family still lives, or leave broadcasting."

The essence of matter, Justice Hughes concluded, was that "Whatever legitimate business interest that WTEN has is outweighed by the unreasonable injury that its enforcement could inflict on [Nigra]." Thus, Nigra established the irreparable harm that justified a preliminary injunction.

Nigra v. Young Broadcasting of Albany, 676 N.Y.S.2d 848, 1998 N.Y.Misc.LEXIS 337 (Sup. 1998) [ELR 20:8:15]

Oral employment agreement between trainer of race horse "Runaway Groom" and horse's owners was valid, but owners satisfied all contractual obligations, because contract did not give trainer a share of syndication profits, federal District Court rules

In a breach of contract suit filed by race horse trainer John Dimario against Drumlanrig Farm and Albert Coppola, the trainer took an early lead by establishing that his 1982 oral employment agreement was valid. But Drumlanrig and Coppola pulled ahead at the finish line by proving they had fully satisfied all of their contractual obligations to the trainer.

Dimario was not entitled to the thing he had sued to get - a share of the profits earned from the syndication of the horse he had trained - because the oral contract did not give him that. Federal District Judge Jack Weinstein has so held, in a scholarly opinion that includes not only an analysis of the law, but also a capsule history of horse racing and even a photo of the horse in question, Runaway Groom.

Dimario orally agreed to train Runaway Groom for Drumlanrig Farm and Coppola. All agreed about that, even after Dimario filed his lawsuit. They disagreed, however, about whether Dimario's compensation was to have included a share of the profits from Runaway Groom's later syndication. Thus, in defending against Dimario's claim, Drumlanrig and Coppola argued that they had not entered into a binding and enforceable agreement, because compensation is a material term in an employment agreement.

Judge Weinstein rejected this argument. He found that "employment agreements in the horse racing industry are rarely reduced to writing," and that "oral employment agreements are standard in this trade." More importantly, the judge ruled that "While compensation is a necessary component of any oral employment contract, the intricate system of gap fillers in the equine industry more than adequately provide necessary guidance for the construction of the contract's terms."

Dimario was thus helped by the existence of a well-established custom in the horse racing industry concerning the compensation of trainers, because it enabled the judge to find a valid contract even in the absence of any specific agreement about what Dimario's compensation would be. On the other hand, those very customary terms defeated Dimario's claim.

Expert testimony established that by industry custom, a race horse trainer is paid the amount necessary to cover the expenses of maintaining the horse, 10% of the horse's winnings, and one lifetime breeding right if the horse is successful. Dimario had received all that from Drumlanrig Farm and Coppola.

The additional compensation Dimario sought - a share of syndication profits - is not customary. The only additional compensation customarily provided to trainers of successful horses is the one lifetime breeding right. Judge Weinstein noted that "Even the trainer of perhaps the greatest race horse of all time, Secretariat, received only one lifetime breeding right as additional compensation."

Since Dimario had received all the compensation customarily paid to trainers, the judge granted Drumlanrig and Coppola's motion for summary judgment.

Dimario v. Coppola, 10 F.Supp.2d 213, 1998 U.S.Dist.LEXIS 6480 (E.D.N.Y. 1998) [ELR 20:8:16]

Imax entitled to trial in unfair competition suit against Cinema Technologies, because Imax customer may have given Cinema Technologies access to Imax projector in violation of confidentiality agreement

Imax has won the right to a trial on its common law unfair competition claim against Cinema Technologies, Inc., a competing manufacturer of large format "rolling loop" motion picture projectors. Imax had to go to a federal Court of Appeals to win that right, however, because earlier, a District Court had granted Cinema Technologies' motion for summary judgment and had dismissed Imax's unfair competition claim and another alleging trade secret infringement.

For a long time, all large format movie projectors were made by Imax, because it had obtained patents on the necessary technology. In due course, however, those patents began to expire, and Imax began inserting confidentiality clauses in its sales and lease agreements with its customers, including its lease with the Great America theme park in Santa Clara, California.

Nonetheless, Neil Johnson and others arranged to inspect several Imax projectors, including the one located in Great America. Johnson eventually founded Cinema Technologies, relying - Imax contends - on things he had learned when he (and his then colleagues) spent two weeks at Great America, "disassembling, photographing, measuring, tracing, and making sketches of various aspects of the Imax projector" the park had leased.

After contentious discovery proceedings, the District Court granted Cinema Technologies' motion for summary judgment on Imax's trade secrets claim, on the grounds that Imax had failed to identify in discovery the exact nature of the allegedly copied secrets, in sufficient detail. In an opinion by Judge Joseph Sneed, the Court of Appeal affirmed this ruling, for reasons that appear unique to rulings made in the discovery phase of the case by a federal Magistrate Judge.

On the other hand - and of greater interest to others in the entertainment industry - Judge Sneed reversed the summary judgment ruling the District Court had made in favor of Cinema Technologies on Imax's common law unfair competition claim.

In so ruling, Judge Sneed expressed agreement with the California appellate court ruling in Ralph Andrews Productions v. Paramount Pictures (ELR 12:5:11) which held that "a competitor becomes a party to a breach of confidential relationship where the competitor accepts information from one who is under a duty not to disclose it and the information is received either with actual knowledge of such facts or under circumstances giving rise to a duty to inquire further."

In this case, Judge Sneed said, Imax had raised a genuine issue of fact "as to whether Johnson had constructive knowledge that Great America's senior manager did not have the right to permit unlimited access to the Imax projector - much less the photographing, measuring, and taking apart of the Imax projectors." Judge Sneed added, "At the very least, Imax raised `facts which a jury could determine would have made a reasonable person suspicious.'" Johnson had declared that he had not used any of the information he obtained at Great America in the design of his company's projector. But Judge Sneed concluded that "Imax submitted significant evidence from which a jury could find that he had." As a result, the judge has remanded Imax's unfair competition claim for further proceedings

Imax Corp. v. Cinema Technologies, Inc., 152 F.3d 1161, 1998 U.S.App.LEXIS 20192 (9th Cir. 1998) [ELR 20:8:16]

Title of "Dear Diva" newspaper column is eligible for trademark protection

A magazine or newspaper column is capable of being a good or service, distinct from the publication in which it appears, and therefore, the column's title is eligible for trademark protection in its own right, if it satisfies other Lanham Act requirements such as distinctiveness and use. A federal District Court has so held, in an infringement action filed by the writer of an advice column titled "Dear Diva" against the publisher of Metro Weekly.

"Dear Diva" originally appeared in Michael's Entertainment Weekly, a publication for the gay community in Washington, D.C., and Baltimore. When Michael's stopped publishing in 1994, its editor started a new periodical called Metro Arts and Entertainment Weekly that carried a column that was initially titled "Ask Diva" and then renamed "Diva Dearest."

Kenneth Ludden, the writer of "Dear Diva," reacted to the Metro Arts column by suing the periodical's publisher. Judge Joyce Hens Green has denied the publisher's motion for summary judgment, rejecting its argument that column titles are ineligible for trademark protection.

Ludden v. Metro Weekly, 8 F.Supp.2d 7, 1998 U.S.Dist.LEXIS 8827 (D.D.C. 1998) [ELR 20:8:17]

Court dismisses some, but not all, claims made against NCAA and others by learning disabled student who was ineligible to participate in intercollegiate football during his freshman year

Temple University student Michael Bowers may yet leave his mark on the world of college football - though it may not be the one he originally intended. What he hoped to do, while still a New Jersey high school student, was play NCAA football; and apparently he had the skills to do so. During his senior year, he was recruited by the University of Iowa, American International College, and Temple University.

Unfortunately, Bowers is learning disabled, and some of the classes he took at Palmyra High School did not qualify as "core courses" of the type required by NCAA eligibility rules. Thus Bowers was not eligible to play football during his freshman year in college.

Bowers enrolled in Temple anyway, and sued the NCAA for violating the Americans with Disabilities Act. Early in the case, Bowers went on the offensive by seeking a preliminary injunction that would have required the NCAA to declare him a "qualifier" and eligible to play immediately. He did not score; federal District Judge Stephen Orlofsky denied Bowers' motion (ELR 20:1:16). But the case continued.

The NCAA and its co-defendants decided that their best defense was a good offense, and they moved for summary judgment, seeking dismissal of Bowers' claims based on the ADA, the Rehabilitation Act, the Sherman Act, and New Jersey state discrimination law. Their strategy has proved just partially successful. In a 40-page opinion, Judge Orlofsky has granted some, but not all, of their motions; and so, the case continues.

The judge granted the defendants' motions to dismiss Bowers' Sherman Act claims, on the grounds that federal antitrust law does not apply to NCAA eligibility rules (that are unrelated to its business activities).

He also granted the motions of some defendants' to dismiss Bowers' ADA claims - but not his ADA claims against the NCAA. Judge Orlofsky held that disputed issues of fact prevented him from dismissing Bowers' ADA claims against the NCAA and the colleges. Disputed issues of fact also prevented the judge from dismissing Bowers' Rehabilitation Act and New Jersey discrimination claims against the NCAA and the colleges.

Judging from the length of the two opinions Judge Orlofsky has written in this case already, a trial is likely to produce yet a third written decision; and the losing side is virtually certain to appeal. Michael Bowers may never see his name in the NCAA or Temple University football record books. But win or lose, he will see his name, several times, in case reports about legal issues in college football.

Bowers v. National Collegiate Athletic Association, 9 F.Supp.2d 460, 1998 U.S.Dist.LEXIS 8552 (D.N.J. 1998) [ELR 20:8:17]

Viacom did not violate California antitrust law by requiring San Francisco Bay area cable-TV customers to subscribe to tier of local broadcast channels in order to get cable-network and premium channel tiers, California appellate court affirms

Viacom had to make two trips to the California Court of Appeal to prevail, but prevail it did in an antitrust lawsuit brought against it by some of its cable-TV subscribers in the San Francisco Bay area.

The plaintiffs complained that Viacom requires customers to subscribe to a basic tier that provides local broadcast channels (like KGO, KPIX and KRON) in order to be eligible to subscribe to the tier that provides cable network channels (like CNN and ESPN) and the tier that provides premium movie channels (like HBO and Showtime). Since local broadcast channels are available over the air for free, the plaintiffs alleged that they would not have subscribed to Viacom's basic tier at all, if its cable network and premium movie channel tiers were available for separate purchase.

Cast in legal language, the plaintiffs alleged that Viacom's practices violated two provisions of California's state antitrust statute, the Cartwright Act, which prohibit "tying" arrangements. Illegal tying arrangements are those in which a seller requires customers to buy a less desired product in order to be able to buy a more desired product. The less desired product is called the "tied product," and in this case, that was the basic tier of local broadcast channels. The more desired product is called the "tying product," and in this case, those were the cable-network and premium tiers.

Earlier in the case, a California state trial court sustained Viacom's demurrer to the complaint and dismissed the case, on the grounds that the plaintiffs' claims were preempted by two federal cable television statutes. That ruling was reversed by the California Court of Appeal (ELR 19:8:18). But the setback for Viacom was only temporary. Following remand, the trial court again sustained Viacom's demurrer on different grounds. And this time, the Court of Appeal has affirmed.

In an opinion by Justice Paul Haerle (the same justice who reversed Viacom's first victory), the appellate court agreed that the facts alleged by the plaintiffs did not constitute a violation of the Cartwright Act, for three reasons.

First, a tying arrangement is illegal only if it forecloses competition in the market for the tied product. In this case, that was the market for local television broadcasts. But the plaintiffs acknowledged - indeed, affirmatively alleged - that those broadcasts are available over the air for free. Thus there was no competition in the sale of those broadcasts, which Viacom could have foreclosed.

Second, one of the Cartwright Act sections on which the plaintiffs relied applies only to the sale of goods and commodities, not to the sale of services. Television programming is a service, not a good or commodity. And thus that section did not apply to Viacom's practices at all.

Finally, the plaintiffs failed to allege they had suffered an "antitrust injury." Not any injury will do; the injury must result from foreclosed competition. Justice Haerle explained that "the real injury about which appellants complain is that Viacom has inflated its cable rates by requiring that customers pay a fee for broadcast television even though broadcast television is available to other consumers for free. This practice may implicate rate regulations but it does not constitute an anticompetitive tying arrangement."

Morrison v. Viacom, Inc., 66 Cal.App.4th 534, 78 Cal.Rptr.2d 133, 1998 Cal.App.LEXIS 756 (Cal.App. 1998) [ELR 20:8:18]

Retransmission of copyrighted radio broadcasts by telephone is not a fair use, federal appeals court rules in suit brought by Infinity Broadcasting

Within the enormous, nationwide audience for radio broadcasts, there exists a small but significant segment that wants to listen to broadcasts that are aired only in distant cities. Since radio signals do not carry nationwide, those who wish to do so must listen by telephone. A company known as Media Dial-Up made this possible, for a fee, as a business.

Advertisers, music licensing organizations and talent scouts were among Media Dial-Up's customers. Broadcasts by radio stations owned by Infinity Broadcasting were among those Media Dial-Up retransmitted on a regular basis. Infinity did not, however, consent to Media Dial-Up's activities. In fact, Infinity itself made telephone retransmissions of its stations' broadcasts available to some of its valued advertisers, so Infinity viewed Media Dial-Up as a usurper of Infinity's customers.

Infinity sued Media Dial-Up for copyright infringement, but lost. A federal District Court granted

Media Dial-Up's motion for summary judgment, ruling that its retransmissions were a "fair use." (ELR 19:6:16)

On appeal, however, Infinity has done much better. The Court of Appeals has ruled that Media Dial-Up's retransmissions are not a fair use. Indeed, in an opinion by Judge Wilfred Feinberg, the appellate court has held that not one of the four fair use factors tips in favor of Media Dial-Up.

The most significant of the factors was the fourth statutory factor: whether Media Dial-Up's retransmissions had an effect on Infinity's potential market. Judge Feinberg held that it did. Dial-Up "is selling Infinity's copyrighted material in a market that Infinity, as the copyright owner, is exclusively entitled to exploit," the judge explained. Dial-Up "replaces Infinity as the supplier of those broadcasts to meet the demand of [its] customers. This is precisely the kind of harm the fourth factor aims to prevent."

Therefore, Judge Feinberg reversed the judgment Media Dial-Up had won, and remanded the case to the District Court for further proceedings.

Infinity Broadcasting Corp. v. Kirkwood, 150 F.3d 104, 1998 U.S.App.LEXIS 14919 (2d Cir. 1998) [ELR 20:8:18]

Bar owner who settled lawsuit filed by Don King Productions for unlicensed exhibition of boxing match is not entitled to indemnity from satellite company that distributed unscrambled pay-per-view signal

Don King Productions vigorously protects its pay-per-view TV rights to boxing matches. When bar owners exhibit fights to their customers without being licensed to do so, King sues them. And that's exactly what he did when Bruce Doherty showed one such fight (apparently the 1994 Chavez v. Lopez fight) without authorization.

Doherty settled the case against him by stipulating to an $8,000 judgment. Doherty is something of a fighter himself, however. So after settling with King, Doherty sued the satellite TV company that carried the fight, seeking indemnification, apparently on the grounds that the satellite company had distributed an unscrambled signal and thus enabled Doherty to show the fight even though he didn't have a license to do so.

A federal District Court dismissed Doherty's indemnification claim (ELR 19:4:23). And that ruling has been affirmed on appeal. In a decision by Judge Donald Lay, the appellate court has ruled that indemnification under a federal statute is available only if Congress has explicitly or implicitly created such a right, or under federal common law.

In this case, Judge Lay noted that nothing in the Communications Act or its legislative history shows that Congress intended a violator to have a right to indemnity from those who caused or aided the violation. The judge also concluded that "this is not an appropriate case for the federal courts to recognize a federal common law right."

Doherty v. Wireless Broadcasting Systems of Sacramento, 151 F.3d 1129, 1998 U.S.App.LEXIS 14993 (9th Cir. 1998) [ELR 20:8:19]

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[ELR 20:8:20]