RECENT CASES

Federal court enjoins release of movie with title "Return from the River Kwai" because title infringes Columbia Pictures' trademark in title of its movie "Bridge on the River Kwai"

A legal battle over the movie title "Return from the River Kwai" has already lasted twice as long as World War II itself. Like World War II, this legal battle involved many parties: Columbia Pictures and Academy Pictures, the owners of the 1956 Oscar-winning film "Bridge on the River Kwai"; Kurt Unger and Leisure Time Productions, the producers of a movie they wanted to title "Return from the River Kwai"; and Tri-Star Pictures, the company that once agreed to distribute Unger's and Leisure Time's movie in the United States and Canada.

Long time readers of the Entertainment Law Reporter may recall that many years ago, federal District Judge David Edelstein held that Tri-Star could terminate its agreement to distribute "Return from the River Kwai," because Academy Pictures had objected to that title, and thus Leisure Time had breached its warranty that its movie would not infringe anyone's trademark (ELR 12:10:3). That ruling was affirmed on appeal (ELR 16:4:7).

The question of whether "Return from the River Kwai" actually would infringe Academy's and Columbia's trademark was litigated separately. Judge Edelstein has found that it would. In a lengthy decision, the judge has ruled in favor of Academy and Columbia on the two major issues in the case: whether "Bridge on the River Kwai" had acquired secondary meaning, so that it is protected by trademark law; and whether the release of a movie titled "Return to the River Kwai" would be likely to cause consumer confusion, so that it would infringe any trademark Academy and Columbia may own.

Judge Edelstein noted that for trademark purposes, "Motion picture titles are no different" than the names of other goods or services. He thus applied a six-factor test to determine whether "Bridge on the River Kwai" had acquired secondary meaning. He concluded that Academy and Columbia had met their burden of establishing that their movie's title has acquired secondary meaning.

The judge then applied an eight-factor test to determine whether the use of "Return from the River Kwai" was likely to cause consumer confusion about the

the River Kwai." And he found that Academy and Columbia had satisfied their burden on that issue as well.

Unger and Leisure Time argued that they were entitled to use their proposed title, because their movie was based on a non-fiction book entitled "Return from the River Kwai." But Judge Edelstein concluded otherwise. Unger's and Leisure Time's movie has been produced, and the judge found it significant that "other than a brief visual effect at the beginning of the movie, the words `River Kwai' never appear in the motion picture, and after the first few minutes, there is not even a river in the movie." Moreover, the judge found that Unger and Leisure Time had acted in bad faith, because when their movie was released in Japan, it was released under the title "Bridge on the River Kwai II."

While disclaimers are sometimes used to avoid confusion, Judge Edelstein rejected Unger's and Leisure Time's request that they be permitted to use the title "Return from the River Kwai" with a disclaimer. The judge rejected that request, because they had not proposed any actual disclaimer, and thus had not satisfied their burden of proving that a disclaimer would reduce the likelihood of consumer confusion.

As a result, Judge Edelstein has enjoined Unger and Leisure Time from releasing or advertising their movie in the United States under the title "Return from the River Kwai" or any title that is confusingly similar to "Bridge on the River Kwai" or "River Kwai." The judge also has ruled that Unger's and Leisure Time's "intentional infringement . . . makes this case ripe for an award of attorney's fees"; and he has invited Academy and Columbia to apply for such fees in a separate hearing.

Tri-Star Pictures, Inc. v. Unger, 14 F.Supp.2d 339, 1998 U.S.Dist.LEXIS 10635 (S.D.N.Y. 1998) [ELR 20:9:4]

Columbia Pictures wins preliminary injunction barring Miramax from using posters and trailers for Michael Moore documentary "The Big One" that are similar to posters and trailers for Columbia's "Men in Black"

Many years ago, while Columbia Pictures was distributing the Robin Williams movie "Moscow on the Hudson," the studio used a really clever poster, admittedly "inspired" by a famous New Yorker magazine cover that depicted New York City from the point of view of a myopic Manhattan resident. The magazine cover was by artist Saul Steinberg, but Columbia never asked Steinberg's permission, let alone offered him a licensing fee. Apparently, Columbia thought that its movie poster was not "substantially similar" to Steinberg's magazine cover, and in any event was a non-infringing "fair use." Steinberg sued; Columbia lost (ELR 9:5:9).

Flash forward more than a decade. Columbia has created another really clever poster for its movie "Men in Black." This time the poster was purely original with Columbia. And this time, Columbia's poster became the inspiration for another company's movie poster. It became the inspiration for the poster for Michael Moore's theatrical documentary "The Big One," distributed by Miramax Films.

Miramax and Columbia are not the closest of corporate friends. Not long before, Miramax had sued Columbia in a case in which Miramax complained about Columbia's advertising for "I Know What You Did Last Summer." In that case, Miramax won an injunction against Columbia barring its continued use of that advertising. (ELR 20:5:7).

It is therefore not surprising that Columbia did not just ignore what Miramax was using to promote "The Big One." Instead, Columbia cast itself in the Saul Steinberg role of aggrieved copyright owner, and it sued Miramax for infringement, just the way Steinberg had once sued Columbia. In defending itself, Miramax took a page from Columbia's old book and argued that its poster for "The Big One" was not substantially similar to Columbia's poster for "Men in Black," and in any event was a non-infringing "fair use."

Alas, Miramax had no more success with those arguments in this case than Columbia had in Steinberg's. Federal District Judge Audrey Collins has granted Columbia a preliminary injunction that bars Miramax from continuing to use the offending "Big One" posters, as well as a trailer to which Columbia had objected as well. The judge did so, even though Miramax had responded to a Columbia cease-and-desist letter by withdrawing the complained-of advertising even before Columbia sought an injunction. Miramax's response did not make the case moot, Judge Collins said, because Miramax had not signed a formal agreement with Columbia, and because Miramax had not withdrawn all of the offending posters from movie theaters that already had them.

The judge found that Miramax's poster and trailer for "The Big One" were substantially similar to Columbia's poster and trailer for "Men in Black." And she rejected Miramax's "fair use" argument, in part because she concluded that the materials for "The Big One" "cannot be reasonably be perceived as commenting on or criticizing the ads for `Men in Black.'" Instead, she said, "The Big One" poster "merely incorporates several elements" of "The Men in Black" poster; and "The Big One" trailer "appears to be little more than an effort to `get attention' for `The Big One' and `avoid the drudgery in working up something fresh.'"

Columbia Pictures Industries v. Miramax Films Corp., 11 F.Supp.2d 1179, 1998 U.S.Dist.LEXIS 11325 (C.D.Cal. 1998)[ELR 20:9:4]

Estate of Martin Luther King, Jr., loses copyright infringement suit against CBS; federal District Court rules that Dr. King's "I Have a Dream" speech was published in 1963 without then-required copyright notice and therefore is in public domain

Martin Luther King, Jr., is a central figure in the history of the twentieth century, so it is not surprising that he was featured in a CBS historical documentary series entitled "The 20th Century With Mike Wallace."

Nor is it surprising that Dr. King's appearance in the documentary was highlighted with CBS-filmed footage of "I Have a Dream," the famous speech Dr. King gave during the 1963 March on Washington.

Dr. King delivered that speech before a live audience of some 200,000, and it was filmed and broadcast to millions more, with his knowledge and consent. Although organizers of the March on Washington actively sought news coverage, and even provided the press and others with advance copies of the text of Dr. King's speech, it appears that Dr. King himself did not intend to abandon whatever rights in the speech he once had. In fact, in 1963, just months after giving the speech, Dr. King registered his copyright in it (and the copyright was renewed by his family in 1991).

Apparently, the copyright was registered so Dr. King could obtain a preliminary injunction against a record company that was then selling unauthorized recordings of his speech. The injunction was granted by a federal District Court in New York which rejected the record company's argument that the speech was "published" without a copyright notice, and therefore the speech went into the public domain. Instead, the court held that the public delivery of the speech, even accompanied by distribution of its text to the press, did not amount to a "general publication," and thus copyright protection was not lost even though no copyright notice was affixed, as then required by the Copyright Act of 1909.

The case that Dr. King won against the record company was King v. Mister Maestro, Inc., 224 F.Supp. 101 (S.D.N.Y. 1963). More than 30 years later, when CBS broadcast "The Twentieth Century With Mike Wallace," King v. Mister Maestro was still on the books; and Dr. King's Estate relied on it in a copyright suit against the network that was virtually identical to the one Dr. King had won against the record company. CBS's response was even the same as the one asserted by the record company. But this time the outcome was different.

As a general rule, the public performance of a work was not a general publication under the 1909 Copyright Act, so copyright notices did not have to affixed. However, Federal District Judge William O'Kelley has held that the general rule did not apply to Dr. King's speech. The judge said that "while performance itself may not be sufficient to constitute publication, performance coupled with such wide and unlimited reproduction and dissemination as occurred concomitant to Dr. King's speech during the March on Washington can be seen only as a general publication which thrust the speech into the public domain."

In so ruling, Judge O'Kelley made no effort to distinguish King v. Mister Maestro. Instead, he candidly acknowledged his "disagreement" with it.

Estate of Martin Luther King, Jr. v. CBS, Inc., 13 F.Supp.2d 1347, 1998 U.S.Dist.LEXIS 11287 (N.D.Ga. 1998)[ELR 20:9:5]

Fred Ahlert Music, rather than Warner/Chappell, is entitled to mechanical royalties from Joe Cocker recording of "Bye Bye Blackbird" in "Sleepless in Seattle" soundtrack album, because Ahlert acquired 19-year extension of song's copyright from songwriter's heirs, and because Warner/Chappell's earlier license for Cocker recording did not cover its use in soundtrack album, Court of Appeals affirms

A factually-complicated dispute between two music publishing companies, over which of them is entitled to mechanical royalties from the "Sleepless in Seattle" soundtrack album, has revealed two truths. First, Warner/Chappell Music drafts precise license agreements. Second, precision sometimes works against a licensor, rather than for it.

The second of these truths - that precision sometimes works against a licensor - is surprising. It certainly surprised Warner, which is one of the publishers involved in the dispute. Indeed, when a District Court ruled against it in a case involving mechanical royalties from the "Sleepless in Seattle" soundtrack album (ELR 19:5:16), Warner appealed. However, the Court of Appeals also has ruled against Warner, in an opinion that seems right, even if counter-intuitive.

One of the cuts on the "Sleepless in Seattle" soundtrack is a 1969 recording by Joe Cocker of "Bye Bye Blackbird," a song that was written by Mort Dixon and Ray Henderson. The song's copyright was registered in 1926 and renewed in 1953. Because of its age, the song's copyright would have expired in 1982 - 56 years after its initial registration. But before it did expire, Congress rewrote the Copyright Act and extended the duration of copyrights for an additional 19 years. Thus, the copyright to "Bye Bye Blackbird" was extended to the year 2001.

The song's copyright had been assigned to (a predecessor of) Warner, so it was Warner that issued a mechanical license authorizing the release of the Cocker recording by A&M Records in 1969. When Sony requested a mechanical license in 1993, so it could include the Cocker recording in the "Sleepless in Seattle" soundtrack, Warner happily granted Sony the license.

None of this would have resulted in a dispute, but for one thing. Mort Dixon's heirs exercised their statutory right to terminate Dixon's prior assignment of the song's copyright, effective as of 1982. Then they assigned the copyright to Fred Ahlert Music, so that Ahlert - not Warner - was the owner of the copyright in 1993 when Sony needed a license for the "Sleepless" soundtrack album.

Warner didn't dispute the termination of its copyright ownership by Dixon's heirs. But Warner did claim a right to continue to receive royalties from the

"Sleepless" album, because Warner was the company that had issued the license for the Cocker/A&M recording that Sony had included in that album.

Warner's authority for its position was section 304(c)(6) of the Copyright Act; it provides that even though authors (or their heirs) have the right to terminate pre-1978 copyright transfers to recapture ownership of the additional 19 years of copyright, those who had made derivative works before termination are allowed to continue to exploit their derivative works "under the terms of the grant." In short, Warner contended that "under the terms of the grant" it had made to A&M, it was entitled to receive royalties from the exploitation of the Cocker recording; and since the Cocker recording was used in the "Sleepless" album, royalties from that use were due to it rather than to Ahlert.

Warner's position is intuitively right, and seems to be supported by the decision of the United States

Supreme Court in Mills Music v. Snyder (ELR 6:9:8). According to the Court of Appeals, however, there was a flaw in Warner's position. In an opinion by Judge John Walker, the appellate court reasoned that Warner would be entitled to royalties from the "Sleepless" album if, but only if, "the terms of the grant" Warner had made to A&M were broad enough to include the use of Cocker's recording in the "Sleepless" album. But they weren't - because of the very precision with which Warner drafted its license to A&M in the first place.

The Warner license to A&M, Judge Walker noted, was for the "limited purpose" of authorizing A&M to release the Cocker recording as A&M "Record No. SP 4182." "This grant," the judge said, "does not authorize any additional releases of the Cocker derivative, much less its inclusion on a movie soundtrack."

For this reason, the "Sleepless" royalties - which had come to almost $120,000 - should have been paid to

Ahlert rather than Warner. And Judge Walker affirmed the lower court's judgment ordering Warner to pay Ahlert that amount.

Editor's note: The probable reason the Warner license to A&M was so precise is this. According to Kohn on Music Licensing, "by using a record number on a license, a licensor limits the license to that configuration (i.e., phonorecord rather than CD), so that if the licensee wishes to use a different configuration, he must obtain another license" - possibly on terms more favorable to the music publisher than the terms of the original license.

Fred Ahlert Music Corp. v. Warner/Chappell Music, 155 F.3d 17, 1998 U.S.App.LEXIS 16091 (2d Cir. 1998)[ELR 20:9:6]

Song lyric "You've got to stand for something or you'll fall for anything" was not original and therefore not protected by copyright, appellate court affirms

"You've got to stand for something, or you'll fall for anything" was the central lyric in "You've Got to Stand for Something," a song co-written and recorded by Aaron Tippin. Tippin's recording was a big hit in 1991. Now it's become the subject of a short but interesting copyright decision by federal Court of Appeals Judge Guido Calabresi.

The song became the subject of a copyright infringement suit, because not long after the release of Tippin's recording, a class ring manufacturer named Jostens, Inc., used the song's lyric as an advertising slogan without seeking a license from the song's copyright owner, Acuff-Rose Music, Inc.

Jostens responded to Acuff-Rose's lawsuit by arguing that the lyric was not original. Indeed, Jostens showed that long before Tippin's recording was released, the "You've got to stand for something . . . " phrase was used in the Bible, and by Abraham Lincoln, Martin Luther King, Malcolm X, Ginger Rogers and others. The phrase even appeared in a 1985 recording by John Cougar Mellencamp. For this reason, the District Court concluded that the phrase was not original to Tippin's song, and it dismissed Acuff-Rose's suit. (ELR 20:3:7)

Acuff-Rose appealed, arguing that a work may be "original" for copyright purposes, even if it is not novel. Indeed, the Supreme Court has said that "a work may be original even it closely resembles other works so long as the similarity is fortuitous, not the result of copying."

Hoping to take advantage of this principle, Acuff-Rose argued on appeal that it had introduced evidence that Tippin's co-writer William Brock had asserted that the lyric lines "You've got to stand for something or you'll fall for anything" are "original with me." Judge Calabresi agreed that Brock's assertion, and the Acuff-Rose copyright registration, do "constitute some evidence that Brock thought he had come up with the words on his own." Unfortunately for Acuff-Rose, this was not enough.

Judge Calabresi held that the District Court had "reasonably concluded that the prior usage of the saying was sufficiently widespread as to make it exceedingly unlikely - whatever Brock believed - that Brock had, in fact, independently created the phrase. . . . Since the inferences and conclusions that the court drew . . . are entirely reasonable, we must accept its finding that Brock's use of the phrase was not original."

This meant "the lyric lines are not protected by copyright." And for that reason, "Acuff-Rose's infringement claim fails," Judge Calabresi concluded.

Acuff-Rose Music, Inc. v. Jostens, Inc., 155 F.3d 140, 1998 U.S.App.LEXIS 21599 (2d Cir. 1998)[ELR 20:9:7]

"New levels" of play for computer game "Duke Nukem 3D" were unauthorized derivative work "sequels" that infringed game company's copyright, Court of Appeals holds

Federal Court of Appeals Judge Alex Kozinski is a known computer game connoisseur. He knows, for example, that Duke Nukem 3D is "immensely popular" and also that it is "very cool." Judge Kozinski revealed this knowledge, not in the Wall Street Journal for which he sometimes writes, but in a published opinion in a copyright infringement suit between Duke Nukem's publisher, FormGen Inc., and a computer software distributor named Micro Star.

The issue in the case was whether FormGen's copyright in Duke Nukem was infringed by Micro Star's distribution of a CD-ROM that enables Duke Nukem to be played at 300 "levels of play" beyond the 29 levels that come with the game itself. FormGen contended that Micro Star's CD-ROM is a derivative work and thus infringes the game's copyright. Micro Star took the position that its CD-ROM is not a derivative work, and that in any event, FormGen had authorized the creation of additional levels of play so that Micro Star's CD-ROM is not infringing for both of those reasons.

Earlier in the case, FormGen had sought a preliminary injunction against Micro Star's continued distribution of its CD-ROM. The District Court had agreed with Micro Star that its CD-ROM is not a derivative work, and thus FormGen's request for an injunction was denied. (ELR 19:2:18)

On appeal, however, FormGen finally succeeded. Judge Kozinski concluded that Micro Star's CD-ROM is a derivative work, and that while FormGen had authorized the creation of additional levels of play, it had not authorized their commercial distribution.

In reaching his decision, Judge Kozinski got deeply into Duke Nukem's technology and the technology of Micro Star's CD-ROM. Indeed, in order to distinguish Galoob v. Nintendo (ELR 14:8:12) - an earlier appellate court decision that appeared to the District Court to support Micro Star - Judge Kozinski had to explain the quite subtle technological differences between the ways in which Galoob's Game Genie and Micro Star's CD-ROM work.

Roughly speaking, Duke Nukem consists of three sets of computer files: those that contain the artwork for its visual images; those that indicate exactly where each image should be placed on screen; and an engine that instructs the computer to get the visual images from the first file and to place them where the second file indicates.

Micro Star's CD-ROM only contains files that indicate where images should be placed. Those files are pure data files; they contain no images or any engine components. In order to use Micro Star's CD-ROM, players must use Duke Nukem itself, because the Micro Star files simply supplement the game's own image-placement data files.

Micro Star made the seemingly plausible argument that since its files do not contain any artwork files, but simply refer to Duke Nukem's own art work files, Micro Star's CD-ROM does not "reproduce" anything.

Judge Kozinski ruled otherwise however. "In making this argument," the judge explained, "Micro Star misconstrues the protected work. The work that Micro Star infringes is the [Duke Nukem] story - a beefy commando type named Duke who wanders around post-Apocalypse Los Angeles, shooting Pig Cops with a gun, lobbing hand grenades, searching for medkits and steroids, using a jetpack to leap over obstacles, blowing up gas tanks, avoiding radioactive slime."

Then, in language that is pertinent even outside the computer game industry, Judge Kozinski added: "A copyright owner holds the right to create sequels . . . , and the stories told in the [Micro Star files] are surely sequels, telling new (though somewhat repetitive) tales of Duke's famous adventures. A book about Duke Nukem would infringe for the same reason, even if it contained no pictures."

Micro Star also argued that its CD-ROM was authorized by FormGen, because Duke Nukem also includes a utility that enables players to create their own new levels which they are encouraged to share with others. However, the FormGen user license provides that player-created levels "must be offered [to others] solely for free." Judge Kozinski ruled that since Micro Star was selling its CD-ROM, its activities went beyond what FormGen authorized.

Micro Star v. FormGen Inc., 154 F.3d 1107, 1998 U.S.App.LEXIS 22061 (9th Cir. 1998)[ELR 20:9:7]

"Miami Vice" writer's net profits claim against Universal is allowed to proceed, but court dismisses unconscionability, separation of rights and copyright ownership claims

"Miami Vice" was a very successful television series. Yet from its debut in the early '80s to at least the mid-'90s, Universal Studios never reported "net profits" to screenwriter Anthony Yerkovich. The result was perhaps foreseeable: Yerkovich sued Universal for breach of contract and more. Among other things, Yerkovich alleged that his 1983 employment agreement was unconscionable; for that reason, he asserted, the contract's copyright assignment clause was ineffective, and thus he - not Universal - owns the "Miami Vice" copyright.

The merits of Yerkovich's claims are difficult for outsiders to assess. Some of them were sent to arbitration under the Writers Guild of America collective bargaining agreement. And it appears that the arbitrator ruled in favor of Universal on those claims (though the ruling itself has not been published).

What can be said, however, is this: Yerkovich didn't file his lawsuit until 1994 - 11 years after he entered into the contract with Universal that the studio allegedly breached, and 13 years after he first asserted, in an amended complaint, that the contract was unconscionable. The passage of this much time turned out to be fatal to the writer's claim that the contract's net profits provision was unconscionable.

In what appears to be a ruling of first impression in California, federal District Judge Audrey Collins has held that Yerkovich's unconscionability claim arose when he first entered into his contract with Universal in 1983, and that the statute of limitations for such a claim under California law is four years. Judge Collins therefore held that Yerkovich's unconscionability claim was barred by the statute of limitations, and she has dismissed it.

Since the writer's claim that he owns the copyright to "Miami Vice" was based on the alleged unconscionability of the contract by which he assigned that copyright to Universal, the dismissal of his unconscionability claim also required the dismissal of his copyright ownership and infringement claims.

One of Yerkovich's breach of contract claims arose out of Universal's staging of a live "Miami Vice" show at Universal Studios. The outcome of this claim turned on the proper interpretation of the contract clause by which Yerkovich reserved ownership of certain rights in his written material. Judge Collins explained, however, that the "contract does not contain a separate statement of the scope of any rights [Yerkovich] reserved. . . ." Instead, the "contract clearly indicates that if any rights were reserved . . . , they were reserved under the WGA Collective Bargaining Agreement." This too turned out to be fatal to Yerkovich's claim. The judge ruled that she would "not engage in an interpretation of the WGA Collective Bargaining Agreement," because claims requiring interpretation of collective bargaining agreements are "preempted by Section 301 of the Labor Management Relations Act." The judge therefore dismissed Yerkovich's live stage show claim also.

Not all of the writer's claims were dismissed, however. Universal attempted to defeat Yerkovich's breach of contract claim, complaining about the studio's failure to pay him net profits. On this issue, Universal argued that Yerkovich had failed to conduct a contractually-required audit before filing suit; and it argued that he had failed to make his net profits claim within the one-year period required by his contract. Judge Collins rejected both of these arguments, ruling that they were unsupported by the language in the contract.

The net profits audit clause provided that "Participant may cause Producer's books and records of account to be examined. . . ." Judge Collins ruled that "The `may' language clearly indicates that this audit process is optional rather than mandatory, and failure to invoke the audit process will not bar a future legal claim."

The clause requiring claims to be made within one year provided that "[a]ll accountings and all items contained therein shall be deemed correct, and shall be conclusive and binding . . . upon the expiration of one year from the date rendered" unless a notice "objecting to one or more items of an accounting" is delivered "within the one year period after rendition. . . ." In this case, Universal acknowledged that it had never sent Yerkovich a net profit accounting. But the studio argued that the one-year period applied to non-accountings as well. Judge Collins concluded otherwise. Among other reasons, she noted that "the language addresses only accountings that have been rendered" and says that "the one-year period begins to run upon rendition of the accounting."

Yerkovich v. MCA Inc., 11 F.Supp.2d 1167, 1997 U.S.Dist.LEXIS 22703 (C.D.Cal. 1997)[ELR 20:9:8]

Florida modeling agency that had exclusive representation agreement with fashion model Elsa loses suit against New York agency with which Elsa signed after she became famous

Based on the court's own "Summary of Facts," the case reads like a real life version of the Woody Allen movie "Broadway Danny Rose." In 1996, fashion model

Elsa Benitez Yanez signed a contract with Michele Pommier Models, agreeing that the Florida-based agency would represent her exclusively for five years. The contract also contained a "restrictive covenant" which prohibited Elsa from employing any other representatives, managers or agents without Pommier's consent, and barring her from accepting any modeling jobs except those booked by Pommier.

While represented by Pommier, Elsa quickly became "extraordinarily successful" and decided she should be represented by a larger agency in New York City. So, a little more than a year after Elsa signed her five-year deal with Pommier, Elsa sued Pommier in Florida state court seeking to nullify that contract. After several months of pre-trial skirmishing, Elsa and Pommier settled the case by releasing one another from all contracts and claims each could have asserted against the other.

Before the Florida case was settled, however, Elsa's lawyer contacted the president of Men Women NY Model Management, Inc., a modeling agency in New York, which agreed to represent Elsa and then actually did. Among other jobs, Men Women soon "closed a lucrative deal" for Elsa with a contact lens company - a deal that Pommier had been negotiating on her behalf before she terminated their relationship.

The result: Pommier sued Men Women for interference with contract, unfair competition and unjust enrichment. The suit, however, has not been successful. Federal District Judge Shira Scheindlin has granted Men Women's motion for summary judgment as to all three claims.

In order to win the interference with contract claim, Pommier would have had to prove that "but for" Men Women's interference, Elsa would not have breached her contract with Pommier. The facts, however, showed that Elsa's lawyer contacted Men Women only after Elsa had already filed suit in Florida to nullify the contract. Judge Scheindlin therefore concluded no reasonable juror could have concluded that Men Women was the "but for" cause of Elsa's breach of her contract with Pommier.

To succeed with its unfair competition claim, Pommier would have had to prove that Men Women had engaged in deception or had misappropriated Pommier's property. There was no evidence Men Women had engaged in any deception when it agreed to represent Elsa. And the assertion that Elsa "was Pommier's exclusive property" was merely a "transparent attempt to repackage" the defective interference claim, the judge ruled.

Pommier's unjust enrichment claim asserted that according to "industry custom," Men Women should have compensated Pommier for negotiating with the contact lens company. Judge Scheindlin rejected this claim, saying that "industry custom does not create a legal obligation." Therefore, Pommier would have had to show that it negotiated with the contact lens company for the benefit of Men Women, which it did not. "If Pommier is entitled to be compensated for the [contact lens] deal, it must look to Elsa or [the contact lens company], not to [Men Women]," the judge concluded.

At the very end of her "Summary of Facts," Judge Scheindlin noted without comment that Elsa has terminated her at-will relationship with Men Women and is now represented by Elite Model Management, Inc., another New York modeling agency.

Michele Pommier Models, Inc. v. Men Women NY Model Management, Inc., 14 F.Supp.2d 331, 1998 U.S.Dist.LEXIS 10132 (S.D.N.Y. 1998)[ELR 20:9:9]

Deal memo between World Championship Wrestling and merchandise manufacturer was enforceable contract, until WCW terminated it before parties agreed on terms of long-form license agreement

A legal match between World Championship Wrestling and an Illinois-based merchandise manufacturer named Today's Trendz has ended in a draw. Each side has prevailed on one issue: Today's Trendz defeated WCW's trademark infringement claim; but WCW has been awarded an injunction that bars Today's Trendz from making or selling any more merchandise bearing WCW trademarks.

The case is of interest to the entire entertainment industry, because the result turned on whether a Deal Memo between the two companies was an enforceable contract, where the Deal Memo itself indicated that it would be followed by a long-form License Agreement.

And the case deals with what the consequences are if the parties' relationship flounders before they agree on the terms of the contemplated long-form.

In his Solomon-like decision, Federal Magistrate Judge Morton Denlow has ruled that the Deal Memo between WCW and Today's Trendz was an enforceable contract under Illinois law, including that state's statute of frauds, because it contained all of the essential terms of their agreement. It described the type of WCW merchandise Today's Trendz was authorized to manufacturer, the territory in which it was authorized to sell, the types of stores to which it was authorized to sell, the royalty and guaranty it had agreed to pay, and the quality standards its merchandise had to satisfy.

Today's Trendz had paid advances towards the guaranty and had begun manufacturing and selling merchandise before the long-form was agreed to. WCW knew that Today's Trendz had begun manufacturing and selling and did not object.

The rift in the parties' relationship apparently began when some merchandise made by Today's Trendz showed up at a flea market. The company insisted that it had never sold to flea markets so the merchandise in question must have been re-sold to the flea market by one of its authorized customers. But WCW nevertheless refunded the advances it had received from Today's Trendz, terminated their relationship, and ordered the company to stop making or selling WCW merchandise.

When Today's Trendz refused to stop selling WCW merchandise, WCW sued it for trademark infringement and related claims. Today's Trendz counterclaimed for breach of contract and interference with prospective business advantage.

Judge Denlow ruled that the parties' performance under the Deal Memo showed that they had agreed to its terms, and that because of this performance, WCW was estopped from denying the Deal Memo was a contract.

On the other hand, the judge also ruled that Deal Memo's reference to a long-form License Agreement meant that the parties had agreed to negotiate in good faith to reach such an agreement, and if no agreement were reached, WCW could terminate the Deal Memo by refunding the advances Today's Trendz had paid, which was exactly what WCW had done.

As a consequence of these rulings, Judge Denlow held that Today's Trendz had not infringed WCW's trademarks by selling WCW merchandise before the Deal Memo was terminated. But the judge did enjoin Today's Trendz from continuing to make or sell WCW merchandise in the future.

World Championship Wrestling, Inc. v. GJS International, Inc., 13 F.Supp.2d 725, 1998 U.S.Dist.LEXIS 11254 (N.D.Ill. 1998)[ELR 20:9:10]

After four weeks of trial, St. Louis failed to show NFL's franchise relocation rule and transfer fee violated federal antitrust law or state tortious interference law, appellate court affirms in case which complained that NFL practices forced city to incur increased costs in connection with relocation of Rams

From the point of view of Southern California residents who used to be fans of the Los Angeles Rams, St. Louis has a lot of gall. First, it steals the team; then it complains about how expensive it was to do so!

St. Louis - technically, the St. Louis Convention & Visitors Commission - made this shameless complaint in an antitrust and tortious interference with contract lawsuit against the National Football League and all of its members clubs, except of course the Rams.

Southern California Ram fans - who believe that St. Louis' football-related travails are well-deserved - will be pleased to know that after a four-week jury trial, federal District Judge Jean Hamilton granted the NFL's motion for judgment as a matter of law, without ever sending the case to the jury. And they will be pleased to know that Judge Hamilton's ruling has been upheld by the Court of Appeals.

The origins of St. Louis' failed case began in 1988 when the St. Louis Cardinals moved to Phoenix and left St. Louis without an NFL team. A search for a successor was immediately begun, and involved steps that included the construction a $258 million dollar football stadium paid for with state and local government funds. Originally, St. Louis hoped to be awarded one of the two expansion franchises the NFL created in 1993. But, because of problems associated with the new stadium lease, the expansion franchises went to Jacksonville and Charlotte instead. St. Louis then turned its attention to existing teams in other cities, and in due course it snagged the Rams which moved there in 1995.

The deal St. Louis made with the Rams was an exceedingly sweet one for the Rams. That meant of course that it was an exceedingly expensive deal for St. Louis. Indeed, according to the city, it spent "many millions of dollars . . . to accomplish the relocation" - expenditures the city said were made necessary for just one reason. St. Louis alleged that the NFL's franchise relocation rule and companion "relocation fee" created an "anti-relocation atmosphere" that had discouraged other "interested teams" from bidding on the St. Louis stadium lease. The result, said St. Louis, was a "one buyer market" in which the Rams were the only customer, and that "forced" St. Louis to give the Rams more favorable terms that would have been necessary "in a competitive market."

The city's legal argument was a good one. But in a factually-detailed opinion by Judge Diana Murphy, the Court of Appeals has held that St. Louis failed to prove the facts that would have been necessary to support it.

Judgment was properly granted to the NFL, Judge Murphy ruled, for three reasons. First, St. Louis failed to present evidence that other cities had failed to bid on the new stadium lease because of the NFL relocation rule or transfer fee. Instead, the evidence showed that St. Louis had not contacted any team but the Rams, and some other teams failed to bid on the lease because they were loyal to their existing cities or because they owned their stadia. Second, the city failed to show that NFL teams had conspired with one another to prevent bidding on the lease. And third, the city failed to show that it had suffered any injury of the kind protected by antitrust law.

Judge Murphy also ruled that judgment was properly granted to the NFL on the city's interference with contract claim. The city's argument was that its compliance with the terms of the Rams' lease had been made more burdensome and expensive by the NFL's decision to charge the Rams a $29 million relocation fee, $20 million of which the Rams got the city to pay. Missouri law, however, does not recognize "additional burden and expense" as a basis for a tortious interference contract claim. Rather, Missouri law requires (among other things) proof that a contract was breached as a result of tortious interference. In this case though, the Rams had not breached at all.

Editor's note: The NFL's pleasure at winning on appeal may have been heightened by the fact that the opinion in its favor was written by Judge Murphy. Following Judge Murphy's 1974 graduation from the University of Minnesota law school, she started her legal career at the Minneapolis firm of Lindquist & Vennum where she worked as an associate until 1976. During the years she was there, Lindquist & Vennum successfully represented members of the NFL Players Association, including John Mackey, in landmark antitrust litigation against the NFL. (See, Mackey v. NFL, 407 F.Supp. 1000 (D.Minn. 1975), aff'd, 543 F.2d 606 (8th Cir. 1976), holding the "Rozelle Rule" to be an unreasonable and thus illegal restraint of trade.) Thus, in the St. Louis case, the NFL was able to persuade someone who was once an associate of opposing counsel in an antitrust case that this time at least the league had done nothing wrong.

St. Louis Convention & Visitors Commission v. National Football League, 154 F.3d 851, 1998 U.S.App.LEXIS 21483 (8th Cir. 1998)[ELR 20:9:11]

Dismissal of defamation suit against ex-Beatle George Harrison, and award of sanctions against plaintiffs' lawyer, is affirmed by Hawaii Supreme Court

Hawaii hasn't been a perfect paradise for George Harrison; and the courts of that state have not always ruled in his favor. But in one case, at least, Hawaiian judges have sided with the ex-Beatle, and have even awarded him attorneys' fees by sanctioning the lawyer who represented Harrison's adversaries.

The facts leading to Harrison's ultimate victory began with a loss in a separate case. Harrison owns property on Maui, over which his neighbors sought an easement. Harrison objected to the easement on the grounds that it would invade his privacy. During that trial, Harrison was quoted by a Honolulu newspaper as saying, "Have you ever been raped? I'm being raped by all these people."

Harrison lost the easement trial. Then two his victorious neighbors, Steven Philip Gold and Scott Howard Whitney, sued him for defamation, false light invasion of privacy, and infliction of emotional distress, complaining that they were "these people" Harrison had accused of rape.

That's when the tide finally began to turn in Harrison's favor. A trial court granted Harrison's motion for summary judgment, on the ground that Harrison's statement was "non-defamatory constitutionally protected rhetorical hyperbole." The court also ordered Gold and

Whitney's lawyer to pay Harrison's attorneys' fees and costs, to the tune of more than $12,500.

Gold, Whitney and their lawyer appealed. But the Supreme Court of Hawaii has affirmed, and has ordered the lawyer to pay Harrison's attorneys' fees and costs on appeal too.

In an opinion by Justice Paula Nakayama, the Hawaii Supreme Court has agreed that Harrison's statement "was an expression of his frustration" over the ruling in the easement suit. "Even the most casual reader would understand that `these people' . . . were not actually raping Harrison." Since Harrison's statement could not have reasonably been interpreted as stating that his neighbors were rapists, it "was rhetorical hyperbole and protected by the first amendment."

Justice Nakayama also ruled that since the invasion of privacy and emotional distress claims "were all derivative claims" based on the assertion that Harrison's statement was defamatory, "these claims must also fail."

The Justice also upheld the award of sanctions against Gold and Whitney's lawyer, because their claims were not warranted by existing law. Moreover, in the lawyer's memorandum opposing Harrison's summary judgment motion, the lawyer "made no attempt" to distinguish the United States Supreme Court decisions that had established constitutional protection for rhetorical hyperbole.

Gold v. Harrison, 962 P.2d 353, 1998 Hawaii LEXIS 239 (Hawaii 1998)[ELR 20:9:12]

Court dismisses defamation but not trademark claims filed by Crime Channel network, complaining of scenes in Showtime movie "Relative Fear" in which character watches a "Crime Channel" and then shoots father

In the 500-channel universe that television is becoming, there is in fact a network known as "The Crime Channel." It is owned by Films of Distinction, Inc. Showtime is another (and better-known) network in the television universe.

Now these two networks are at odds with one another in a federal District Court in Los Angeles. What brought them there was a movie produced for Showtime by Allegro Film Productions (and others) titled "Relative Fear." The movie features a character named Adam who watches a television channel called the "Crime Channel" and then shoots his father. These and other scenes suggest a cause-and-effect relationship between "Crime Channel" viewing and the commission of crimes, according to allegations made by Films of Distinction in the complaint it filed against Showtime and the movie's producers.

The complaint alleges almost a dozen separate claims, none of which looked legally sound to the defendants. They therefore responded by filing a motion to dismiss for failure to state a claim under Rule 12(b)(6) of the Federal Rules of Civil Procedure. The hurdle that defendants must overcome with such motions is that the Rule requires judges to assume that all of the factual allegations of the complaint are true, and to grant such motions only if the allegations are not based on a recognized legal theory or if the allegations do not include sufficient facts to support such a theory.

Federal District Judge Richard Paez has granted the defendants' motion with respect to the plaintiff's defamation and trade libel claims. The judge did so on the grounds that these claims are barred by the First Amendment, because the objected-to scenes in the movie "were merely an expression of constitutionally protected opinion."

With respect to the plaintiff's other claims, however, the hurdle was too high for the defendants to overcome. Judge Paez has ruled that the complaint adequately stated a service mark infringement claim, because it alleged that "The Crime Channel" mark is inherently distinctive and has acquired secondary meaning, and that the manner in which it was used in "Relative Fear" was not a fair use. The judge also rejected the defendants' First Amendment "literary titles" defense to the service mark infringement claim, saying that it appears that the Ninth Circuit "will not adopt" the test used in the Second Circuit to protect some literary titles from trademark liability.

Judge Paez also ruled that Films of Distinction had adequately alleged the fame and distinctiveness of "The Crime Channel" mark in order to state a claim for trademark dilution.

The judge refused to dismiss an unfair competition claim under California Business & Professions Code section 17200. That section has been interpreted to allow lawsuits for "business practices" that are "forbidden by law." Here, Judge Paez concluded that the complaint sufficiently alleged that intentional service mark infringement would be a forbidden business practice.

Claims for interference with prospective economic advantage, unjust enrichment and declaratory relief were adequately alleged as well, Judge Paez held.

Films of Distinction, Inc. v. Allegro Film Productions, Inc., 12 F.Supp.2d 1068, 1998 U.S.Dist.LEXIS 17265 (C.D. Cal. 1998)[ELR 20:9:12]

Appellate court affirms partial victory won by Pebble Beach, Pinehurst and Sea Pines golf courses in trademark and trade dress case against owner of Texas golf courses whose holes are replicas of "18 of America's most famous golf holes"

In the grand scheme of things, golf course designs aren't usually thought of as intellectual property. Perhaps, however, that's because golf course designs are rarely copied. Each course must be fitted to its own terrain. And golf courses that are able to do so, like to promote the distinctive qualities of their holes rather than their similarities to others.

Nevertheless, a golf course builder in Texas suspected that a famous golf course architect and well-designed golf holes could not guarantee success, so it "decided to replicate golf holes from famous golf courses in the United States." It did so first in a course near Houston and then in one near Dallas, both of which were called "Tour 18." Apparently, the plan was hugely successful. In its first year of operation, the Houston-area course - which cost just $5 million to build - generated profits of $1.7 million!

Among the holes replicated in Tour 18 were three from courses in Pebble Beach (California), Pinehurst (North Carolina) and Sea Pines (South Carolina). No permission had been obtained from the operators of those three courses, and a trademark and trade dress lawsuit was the consequence. Following trial, District Judge David Hittner wrote a 50-page opinion explaining why he decided to grant a judgment to the Pebble

Beach, Pinehurst and Sea Pines course operators (ELR 19:2:10). Their victory was only partial, however. Judge Hittner enjoined much, but not all, of what Tour 18 had been doing. Moreover, the judge refused to order an accounting of Tour 18's profits, and he refused to award attorneys' fees.

Neither side of the case was content, and both appealed - but to little effect. The Court of Appeals has affirmed the judgment, virtually without change.

In a 30-page opinion by Judge Carolyn King, the appellate court held that all three golf hole designs were "nonfunctional," and thus they were eligible for trade dress protection if they were distinctive. Judge King also ruled that the Pebble Beach and Pinehurst holes were not distinctive, and thus they were not protected; but the Sea Pines hole (at Harbour Town Golf Links) is distinctive because it includes a distinctive lighthouse.

The appellate court next concluded that Tour 18 had created a likelihood of confusion in the way in which it used the names of the Pebble Beach, Pinehurst and Sea Pines courses, and in the way in which it used the image of the Sea Pines lighthouse. Judge King rejected Tour 18's argument that it had used these things in a "nominative" or "fair use" fashion, merely to describe what holes had been replicated. Rather, she agreed with the District Court that Tour 18 had used them to identify its own courses and to distinguish its courses from others. Judge King also rejected Tour 18's argument that trademark and trade dress protection for golf hole designs and the lighthouse was preempted by federal patent law.

While this much of Judge King's opinion supported the position taken by Pebble Beach, Pinehurst and Sea Pines, they didn't get everything they sought on appeal, nor did they keep all of the victory they had won in the District Court. Judge King agreed that this was not a case in which an accounting of Tour 18's profits was required, for three reasons. First, there had been no evidence that Pebble Beach, Pinehurst or Sea Pines had lost any sales to Tour 18. Second, the three courses had been only partially successful. And third, injunctive relief was adequate.

The one point Tour 18 did win on appeal involved the scope of the injunction that had been entered against it. The injunction prohibited Tour 18 from using the Pebble Beach, Pinehurst and Sea Pines course names, or any picture of the Sea Pines lighthouse, in connection with its promotion, advertising or sale of golfing services. In addition, Tour 18 was ordered to remove its replica of the lighthouse. But Tour 18 was not required to alter the playable surface of the golf holes. And it was permitted to use the Pebble Beach and Pinehurst names - but not the Sea Pines course name - "to the limited extent necessary to inform the public which holes it copied." Judge King ruled that Tour 18 should not have been barred from using the Sea Pines course name to the same limited extent that it was permitted to use the Pebble Beach and Pinehurst names; and thus she modified the injunction to so provide.

Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 1998 U.S.App.LEXIS 22363 (5th Cir. 1998)[ELR 20:9:13]

New York state court quashes grand jury subpoena to Museum of Modern Art for two borrowed Egon Schiele paintings allegedly stolen during Nazi occupation of Austria; Arts and Cultural Affairs Law barring seizure of fine art on loan to museums applies to criminal investigations as well as civil cases, court rules

New York's Museum of Modern Art has won an important ruling in a case that involves a fight for possession of two paintings by Austrian artist Egon Schiele. "Portrait of Wally" and "Dead City III" are now owned by the Leopold Museum of Austria and were on temporary loan to MoMA for part of their three-year worldwide tour.

According to letters received by MoMA, the two paintings were stolen from earlier owners during the Nazi occupation of Austria. MoMA knew nothing of this, and so advised the letters' authors. Shortly thereafter, MoMA was served with a subpoena for the paintings in a proceeding that was part of a criminal investigation into stolen property.

New York Arts and Cultural Affairs Law contains an "Exemption from Seizure" provision that prohibits "any kind of seizure" of works of fine art that are on loan from non-residents to New York museums or other nonprofit cultural organizations. Relying on this provision, MoMA sought an order quashing the subpoena. The New York District Attorney's Office sought to enforce the subpoena, arguing that the "Exemption from Seizure" provision applies only in civil cases, not in criminal matters.

A judge of the New York Supreme Court has granted MoMA's motion to quash the subpoena. Acting Justice Laura Drager reviewed the language of the provision and concluded that "The clear import of the term `any kind of seizure' leaves no doubt that the Legislature intended to prohibit any court process that were to interfere with art work on loan from out of state."

Moreover, the legislative history of the provision also "confirms that the Legislature intended the act to provide the broadest possible protection for out of state art work on loan to New York cultural institutions." And that history showed that the Legislature intended to "provide the covered art even broader protection than from just civil remedies."

Justice Drager also rejected the District Attorney's argument that the New York law was preempted by a similar federal statute that would not have barred the seizure of the two Schiele paintings at issue in this case.

The federal Immunity from Seizure Act applies to art works "imported into the United States from any foreign country . . . for . . . temporary exhibition or display.

. . " if the United States Information Agency determines the art work is "of cultural significance" before it is imported. MoMA rarely seeks to take advantage of the federal law because it is often time-consuming and because broader protection is automatically available under New York state law. Thus, no "cultural significance" determination under the federal law was sought for the two Schiele paintings before they were brought into the United States.

Judge Drager ruled that the federal law did not preempt New York's law, because the federal law says nothing about preemption itself, and because she found that no conflict exists between the federal and state law. The judge explained that the federal law provides "a floor of protection by which all states and the federal government are bound." "However," Judge Drager concluded, "nothing within the federal statute precludes New York from providing greater protection."

Matter of Grand Jury Subpoena, 677 N.Y.S.2d 872, 1998 N.Y.Misc.LEXIS 387 (Sup. 1998)[ELR 20:9:14]

Owner of art film theater in Philadelphia is awarded $159,208 in attorneys fees and costs, rather than $784,085 it sought, in movie distribution practices case it won against Miramax

At the end of a long and vigorously contested suit, the owner of the Roxy, an art film theater in Philadelphia, won a $160,000 jury verdict against Miramax Film Corp. The jury found that Miramax had violated the Pennsylvania Feature Motion Picture Fair Business Practices law by refusing to license the Roxy to exhibit some 17 films, including such Miramax hits as "Mediteraneo," "Reservoir Dogs," "The Crying Game," "Passion Fish" and "Like Water for Chocolate." District

Judge Curtis Joyner agreed, and entered a judgment for the Roxy in that amount (ELR 20:2:11).

While $160,000 is a lot of money, it was substantially less than the damages the Roxy had suffered, according to its expert who testified at trial that the Roxy had been damaged by more than a million dollars. Nevertheless, the Roxy was the victor, and as such, is also entitled to recover its attorneys fees and costs. So, in a post-trial proceeding, the Roxy sought fees and costs totaling $784,085.

Judge Joyner has awarded the Roxy its fees and costs, but not nearly as much as it had sought. The judge's award totals only $159,208. Judge Joyner reduced the "lodestar" fees the Roxy sought by just a little (less than $19,500) because too much time had been spent on certain tasks and because lawyers had performed (and billed for) tasks that were merely clerical.

The reason for the enormous gap between the amount sought by the Roxy and the amount awarded was this: the Roxy had asked that its lawyers receive an "upward adjustment" of their "lodestar" fees to 1.2 times what they had billed. This was justified, the Roxy argued, because the case had "establish[ed] an important legal principle" and because "the benefit" of that principle would be felt beyond the relationship between the Roxy and Miramax. Judge Joyner declined to grant an upward adjustment, however, saying that upward adjustments are appropriate only in "very limited circumstances," none of which was present in this case.

Instead, Judge Joyner agreed with Miramax that the Roxy's fees and costs should be adjusted downward, because the Roxy had "achieved only limited success." The judge explained that most of the Roxy's legal theories had been dismissed before trial, and the jury's verdict was far less than the Roxy's claimed damages. As a result, Judge Joyner reduced the Roxy's lodestar fees and its costs by 75%, and awarded the Roxy only the 25% balance.

Orson, Inc. v. Miramax Film Corp., 14 F.Supp.2d 721, 1998 U.S.Dist.LEXIS 11801 (E.D.Pa. 1998)[ELR 20:9:14]

Television station owner is not entitled to attorneys fees in copyright case filed by Columbia Pictures, because even though owner won Supreme Court ruling that he is entitled to jury trial on Columbia's request for statutory damages, owner was not "prevailing party," federal appellate court rules

Elvin Feltner, the owner of Krypton Broadcasting, has made his mark on the face of American copyright law. As a result of a ruling Feltner won from the United States Supreme Court (ELR 19:12:6), infringement defendants are now entitled to jury trials, even in those cases where copyright owners seek only "statutory damages" rather than actual damages and profits.

Thinking that this Supreme Court ruling made him the "prevailing party" in the infringement suit Columbia Pictures Television has filed against him and his company, Feltner asked the Ninth Circuit Court of Appeals to award him the attorneys fees he incurred "in vindicating his constitutional right to a jury on statutory damages."

The Court of Appeals has disappointed Feltner, however. In a short and unsigned ruling by Judges Jerome Farris, Melvin Brunetti and Alex Kozinski, the appellate court has ruled that Feltner "is not the prevailing party in this case" and thus "as a matter of law . . . is not entitled to attorney's fees."

The Court of Appeals explained that "Although the Supreme Court ruled in his favor on the narrow issue of whether he was entitled to a jury trial on statutory damages, the Court left undisturbed the district court's finding, affirmed by this court, that Feltner is liable to Columbia for 440 separate instances of copyright infringement." Therefore, the Supreme Court did not alter "Columbia's entitlement to statutory damages in an amount to be determined by a jury."

Columbia Pictures Television v. Krypton Broadcasting of Birmingham, 152 F.3d 1171, 1998 U.S.App.LEXIS 20293 (9th Cir. 1998)[ELR 20:9:15]

Woman stated valid claim for invasion of privacy in suit against television station that failed to conceal her identity, as promised, in news report on plastic surgery

A Florida woman identified only as "Jane Doe" properly alleged a cause of action for invasion of privacy against Miami television station WLTV, a Florida Court of Appeal has held.

The woman had a facelift in Costa Rica that was poorly performed and resulted in embarrassing scarring. She was thereafter contacted by WLTV which was preparing a news report to warn viewers about low cost plastic surgeries done in Costa Rica. She agreed to be interviewed if her identity was concealed, and the station agreed to use special effects that would obscure her face and disguise her voice.

Unfortunately, the woman was disappointed once again, because the station failed to disguise her voice and did not properly conceal her face. As a result, friends and her ex-husband recognized her from the broadcast.

Florida recognizes a cause of action for invasion of privacy by disclosure of private facts. It requires proof of a publication of private facts that are offensive and not of public concern. The trial court dismissed her claim, but should not have, the appellate court ruled. In an opinion by Judge Gerald Cope, the Court of Appeal acknowledged that the subject of the broadcast - "problems which some local residents had experienced with foreign plastic surgery" - is a topic of "legitimate public concern." But, the judge added, the woman's "identity was not."

On the other hand, a separate claim for infliction of emotional distress was properly dismissed. Since the source of the woman's emotional distress was the disclosure of private facts, that claim was "not independently actionable. . . ," the judge ruled

Doe v. Univision Television Group, Inc., 717 So.2d 63, 1998 Fla.App.LEXIS 6620 (Fla.App. 1998)[ELR 20:9:15]

Cincinnati Reds must pay overtime to maintenance staff, because team is not an exempt seasonal amusement establishment under federal minimum wage law

Professional baseball players are paid six and seven-figure salaries, but not everyone who works in the sport earns so much. The maintenance workers at Riverfront Stadium (now known as "Cinergi Field") earned much less during the years from 1990 to 1993, some of them just $5.50 an hour. Moreover, maintenance workers had irregular shifts: when the Reds played at home, they worked more than 40 hours a week; when the Reds were on the road, they worked less than 40 hours; and during the off-season, they worked not at all.

In a case that has gone to the federal Court of Appeals twice, the Reds and part of its maintenance staff have litigated the question of whether the staff should have been paid overtime during the weeks they worked more than 40 hours. The federal Fair Labor Standards Act says they should have, unless the Reds qualified for an exemption from the Fair Labor Standards Act's usual requirement that workers be paid time and a half for hours in excess of 40 per week.

The question of whether sports teams are exempt establishments has been litigated before, by the Detroit Tigers and the minor-league Sarasota White Sox. Both of those teams were found to be exempt, because they operated fewer than seven months of the year and thus satisfied one of the tests for exemption (ELR 19:7:10, 17:11:11).

The Cincinnati Reds, however, didn't meet the fewer-than-seven-months test, because it operated year-round with 120 or more employees, even though the baseball season itself was fewer than seven months. The Reds therefore attempted to satisfy a second exemption test - one that exempts seasonal amusement establishments whose "receipts" during the six-month off-season are less than a third of its "receipts" during the season. On a cash basis, the Reds flunked this test too, because they receive season-ticket money and other receipts during the off-season that amount to more than a third of its receipts during the season.

However, the Reds do not use the cash basis method of accounting; they use the accrual method.

Under the accrual method, receipts are recorded as income only when they are earned, which in baseball is entirely during the season. By this test, the Reds would be exempt from the overtime provision of the Fair Labor Standards Act, because they would have little or no income during the off-season. The courts agreed that "the accrual method best reflects the nature of the income accruing to the Cincinnati Reds." Nonetheless, they lost.

In an opinion by Judge Alice Batchelder, the Court of Appeals held that the Fair Labor Standards Act does not refer to "income." It refers to "receipts." Although "the result . . . is illogical," this meant that the Reds' receipts during the off-season were greater than a third of its receipts during the season, and therefore the Reds should have paid overtime to maintenance workers who worked more than 40 hours a week during the baseball season.

Bridewell v. Cincinnati Reds, 155 F.3d 828, 1998 U.S.App.LEXIS 23917 (6th Cir. 1998)[ELR 20:9:16]

Recruiting rule of Tennessee Secondary Schools Athletic Association violates First Amendment, federal District Court rules

Overly-aggressive recruiting of athletes is a problem not only at the college level, but even at the high school level, in some states at least. Tennessee apparently is one of these. As a result, the Tennessee Secondary Schools Athletic Association adopted a "Recruiting Rule" that prohibits the "use of undue influence on a student . . . to secure . . . a student for athletic purposes. . . . " Among other things, the rule specifically prohibits coaches from contacting students before they enroll in school.

The Brentwood Academy ran afoul of the Recruiting Rule in April 1997 when its football coach sent a letter to all new incoming male students inviting them to participate in spring football practice. Though all of the students who received these letters had already signed contracts to attend Brentwood the following fall, they hadn't actually enrolled yet. Therefore, the Athletic Association sanctioned Brentwood in a variety of fairly serious ways.

Brentwood responded with a multi-count lawsuit, and it has succeeded with Count I which alleged violation of its First Amendment free speech rights.

In a long opinion, much of which is devoted to explaining why the Athletic Association's actions are "state action" and thus subject to the Constitution, federal District Judge Todd Campbell has held that the Recruitment Rule does violate the First Amendment, "on its face and as applied." As a result, the judge has held that the sanctions imposed on Brentwood for violating the Rule are void and unenforceable, and he set them aside.

Brentwood Academy v. Tennessee Secondary Schools Athletic Association, 13 F.Supp.2d 670, 1998 U.S.Dist.LEXIS 11732 (M.D.Tenn. 1998)[ELR 20:9:16]

Record-keeping provisions of Child Protection and Obscenity Act are again upheld

"If at first you don't succeed, try and try again." That advice, while often good, has not worked to prevent enforcement of a federal statute that requires those who produce or publish visual depictions of "actual sexually explicit conduct" to keep records of the names and birth dates of the people portrayed in such depictions. The purpose of the statute is to prevent minors from being portrayed engaging in sexual activity.

The most recent effort to prevent enforcement of the statute was brought by a publisher of a dozen "swingers" magazines. The publisher, Connection Distributing Co., has failed in its bid to enjoin enforcement of the statute. In an opinion by Judge Eric Clay, the Sixth Circuit Court of Appeals has affirmed a lower court decision denying the publisher's motion for a preliminary injunction.

The record-keeping provisions at issue in the case first appeared in the federal Child Protection and Obscenity Enforcement Act of 1988. Enforcement of that 1988 version of the statute was enjoined by a federal District Court on the grounds that it violated the First and Fifth Amendments. While that ruling was on appeal, however, Congress amended the statute's record-keeping provisions by enacting the Child Protection Restoration and Penalties Enforcement Act of 1990. As a result of the 1990 amendment, the Court of Appeals vacated the District Court's injunction on the grounds that it was moot. (ELR 14:5:11)

The 1990 amendment did not truly end the controversy, however, because the amended record-keeping provisions were quickly challenged in court too, in at least three separate cases.

One challenge focused narrowly on a regulation that had been adopted by the Attorney General that required records to be kept even by those who did not hire, manage or arrange for the participation of the persons depicted. In that case, the Tenth Circuit Court of Appeals held that the regulation was invalid, because the statute indicated that Congress did not intend to impose record-keeping requirements on those who have no contact with performers. (ELR 20:5:32)

The two other challenges were broader. They attacked the constitutionality of the 1990 statute itself; and they have not been successful.

In 1994, a panel of the Court of Appeals for the District of Columbia Circuit upheld the statute (ELR 16:8:12), and then denied a petition for rehearing en banc over the vigorous dissent of two of its judges (ELR 17:1:20).

Now, in the third and most recent of these cases, the Sixth Circuit has rejected the other broad attack on the 1990 statute's record-keeping requirements. Judge Clay wrote a lengthy opinion treating each of the magazine publisher's arguments with respect. But ultimately he concluded that the record-keeping requirements are constitutional. In so ruling, he gave no apparent attention to the D.C. Circuit's earlier opinions (neither the panel decision nor the dissent from the denial of rehearing); Judge Clay merely cited the D.C. Circuit's panel opinion in a footnote at the very end of his own decision.

Connection Distributing Co. v. Reno, 154 F.3d 281, 1998 U.S.App.LEXIS 18686 (6th Cir. 1998)[ELR 20:9:17]

Constitutionality of Telecommunications Act provision that bars Bell operating companies from engaging in electronic publishing is again upheld

Once again, the constitutionality of section 274 of the Telecommunications Act of 1996 has been upheld by a federal Court of Appeals. On its face, this statement doesn't seem to have much to do with the entertainment industry. Indeed, that section of the Telecommunications Act merely bars Bell operating companies from engaging in "electronic publishing" until February 2000, unless they do so through an affiliate or joint venture. The reason this is of interest to those in the entertainment industry, however, is that "electronic publishing" includes not only the publication of text, but also the dissemination of sports, entertainment and news programming. (For some reason, the dissemination of "interactive games" is not prohibited.)

The Bell operating companies are those that were spun off from AT&T as a result of a 1982 consent decree settling the government's antitrust suit against AT&T. Today, there are five regional Bell operating companies, one of which is BellSouth Corporation and another of which is SBC Communications.

BellSouth was sufficiently upset about being barred from the electronic publishing business that it sued the Federal Communications Commission in federal court in Washington, D.C., seeking to have section

274 declared unconstitutional on Free Speech and other grounds. It did not succeed. The Court of Appeals for the D.C. Circuit upheld the constitutionality of section 274 (ELR 20:6:25).

In the meantime, SBC Communications opened another front in the Bell operating companies' attack on the Act. SBC chose to fight in Texas, which is in the Fifth Circuit. SBC also chose to challenge the constitutionality of other provisions of the Telecommunications Act, in addition to the section 274 "electronic publishing" provision. At first, SBC was successful; a federal District Court ruled that the challenged sections, including the electronic publishing provision, were an unconstitutional bill of attainder. But SBC's victory was not lasting. The Fifth Circuit Court of Appeals has reversed.

In a lengthy opinion devoted mostly to the bill of attainder issue, Judge Grady Jolly has rejected all of SBC's arguments. Judge Jolly has held that the challenged provisions of the Telecommunications Act are not a bill of attainder, do not violate the constitutional requirement of separation of powers, and do not deny equal protection to the Bell operating companies.

The portion of Judge Jolly's opinion that is of greatest interest to the entertainment industry is his specific treatment of SBC's First Amendment attack on section 274's ban on electronic publishing. Judge Jolly devoted only one paragraph to that argument. He noted that the D.C. Circuit had recently rejected an identical challenge by BellSouth. And then he added he could "find no reason to disagree" with that decision's "result and analysis."

Judge Jerry Smith dissented. He agreed with the District Court that the challenged provisions were an unconstitutional bill of attainder.

SBC Communications, Inc. v. Federal Communications Commission, 154 F.3d 226, 1998 U.S.App.LEXIS 21646 (5th Cir. 1998)[ELR 20:9:17]

Previously Reported:

The United States Supreme Court has denied a petition for rehearing in National Collegiate Athletic Association v. Law, 119 S.Ct. 532, 1998 U.S.LEXIS 7424 (1998), in which a Court of Appeals affirmed a District Court decision that an NCAA rule limiting the salaries that could be paid to certain basketball coaches violates federal antitrust law. (ELR 18:2:10, 20:3:14, 20:7:23)

The United States Supreme Court has denied a petition for certiorari in P.C. Films Corp. v. MGM/UA Home Video, 119 S.Ct. 542, 1998 U.S.LEXIS 7608 (1998), which held that an agreement granting MGM perpetual distribution rights to "King of Kings" did not expire at the end of the movie's first term of copyright. (ELR 20:4:26)

The Court of Appeals has denied (with opinions) a government petition for rehearing and a suggestion for rehearing en banc in Lutheran Church-Missouri Synod v. Federal Communications Commission, 154 F.3d 487, 1998 U.S.App.LEXIS 22595 (D.C.Cir. 1998), 154 F.3d 494, 1998 U.S.App.LEXIS 22596 (D.C.Cir. 1998), in which the court ruled that the FCC's equal employment opportunity regulations are unconstitutional. (ELR 20:5:29)

[ELR 20:9:18]

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