INTERNATIONAL DEVELOPMENTS

Korean court enforces AFMA arbitration award in favor of Largo Entertainment in case against Korean distributor that failed to pay $650,000 Minimum Guarantee for "City of Industry"

In a case that confirms the importance and stature of AFMA's International Arbitration Tribunal, the District Court of Seoul, Korea, has awarded Largo Entertainment a judgment enforcing an AFMA arbitration award Largo obtained against Korean distributor Digital Media Corp. (ELR 21:4:8)

The award - which now totals more than $750,000 with interest and attorneys' fees - arose out of Digital's failure to pay Largo a $650,000 Minimum Guarantee for Korean distribution rights to "City of Industry."

The award was issued by AFMA arbitrator Gerald Phillips and was confirmed by the California Superior Court. In a short, two-paragraph order, the California court rejected, without discussion, several substantive arguments made by Digital Media Corp., including an argument that Digital could not pay a judgment to Largo without violating Korea's foreign exchange control regulations. (ELR 21:4:12)

The Korean court did respond to Digital's substantive arguments - by rejecting them on their merits. The Korean court seemed to acknowledge that Korean foreign exchange control regulations prohibited Digital from performing its contract with Largo unless it first obtained several approvals from the Korean government - approvals which Digital never sought, much less obtained.

On the other hand, the court ruled that the AFMA arbitration award did not require Digital to perform its contract with Largo. Instead, it required Digital to pay damages for not performing that contract. Damages for non-performance are not subject to Korea's foreign exchange control regulations, the court held.

An English language translation of the text of the Korean court's decision is reprinted below.

Largo Entertainment, Inc. v. Digital Media Corp., Case No. 99 Gahap 6215, (Seoul Korea District Court 2000)

[Full Text - Translation]

Largo Entertainment, Inc., Plaintiff
v. Digital Media Corp., Defendant
Seoul [Korea] District Court,
Twenty-First Civil Division
Case No. 99 Gahap 6215

Enforcement Judgment

Order

1. The arbitral award as attached hereto [published at ELR 21:4:9], rendered on November 16, 1998 by the Arbitrator Gerald F. Phillips in connection with the Case No. 97/153 before the International Arbitration Tribunal of American Film Marketing Association ("AFMA") between the Plaintiff and the defendant shall be enforced.
2. The cost of litigation shall be borne by the Defendant.
3. Paragraph 1 may be provisionally enforced.

Gist of Claim

Same as order.

Grounds for Judgment

1. Facts

The following facts are not disputed between the parties and are acknowledged in accordance with the whole purport of the pleadings and Plaintiff's Exhibit Nos. 1, 2, 3-1 through 3-3, and 4 through 8.

A. The Plaintiff is a U.S. corporation located in Los Angeles, California, U.S.A., and is engaged in the motion pictures business such as production. The Defendant is a Korean corporation engaged in production and importation of motion pictures.

B. On October 29, 1996, the Parties entered into a license agreement under which the Plaintiff agreed to grant to the Defendant distribution rights in

Korea for the motion picture "City of Industry" in return for US$650,000 as the minimum guarantee (hereinafter "Agreement"). The following arbitration provisions were included as a part of the Agreement.

(1) In connection with the Agreement, any disputes or claims arising from, or in connection with the validity, interpretation, enforcement or violation of the Agreement shall be resolved by binding and expedited arbitration in accordance with the rules and procedures of AFMA as such may be amended from time to time.

(2) In the event such rules and procedures of AFMA do not exist at the time such claim arises, the Defendant agrees to arbitration under the rules of American Arbitration Association.

(3) If those rules do not exist, the Defendant agrees to the jurisdiction of the State Court

or the Federal Court in the County of Los Angeles, California.

C. As the Defendant failed to perform its obligations under the Agreement by not paying the minimum guarantee, etc., the Plaintiff made a request for arbitration before AFMA in accordance with the arbitration provisions in the Agreement to recover damages suffered by the Plaintiff.

D. Gerald F. Phillips of the U.S.A. was appointed as the arbitrator with the commencement of the arbitration procedure for Case No. 97/153 before the International Arbitration Tribunal of AFMA on September 24, 1998 to decide on the Defendant's liability for damages to the Plaintiff in connection with the Agreement entered into between the Plaintiff and the Defendant. The petitioner (Plaintiff) was represented by Mr. Sheldon H. Lytton of Kelly Lytton Mintz & Vann LLP, and the respondent (Defendant) was represented by Mr. David T. Miyamoto of Graham & James and Mr. Chan Jin Kim of CJ International Law Offices. The counsel for both parties each submitted to the arbitrator briefs and supporting materials including summons for witnesses. On November 16, 1998, the arbitrator issued the arbitral award as attached hereto based on the evidence submitted by each party (hereinafter "Arbitral Award").

E. The Plaintiff, seeking enforcement of judgment on the Arbitral Award, has submitted a duly certified copy of the Arbitral award and the translation thereof duly notarized.

2. Judgment

A. Korea acceded to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (concluded on June 10, 1958;

effective as of June 7, 1959; hereinafter "Convention") on May 9, 1973. As Convention No. 471, the Convention has had the full force and effect of Korean laws from May 9 of the same year, 90 days after the date of accession pursuant to Article 12.1 of the Convention. Article 1.1 of the Convention stipulates that "the Convention shall apply to the recognition and enforcement of arbitral awards made in the territory of a State other than the State where the recognition and enforcement of such awards are sought and arbitral awards not considered as domestic awards in the State where the recognition and enforcement of such awards are sought." In the meantime, pursuant to the reservation provision under Article 1.3 at the time of accession, Korea declared reservation of reciprocity and limitation to commercial entities to the effect the Convention shall be restrictively applicable to disputes arising from legal relationships acknowledged as that of commercial entities under domestic laws, whether contractual or not, in connection with the recognition and enforcement of arbitral awards granted in the territory of other signatories. Further, by accession of the U.S. to the Convention on September 30, 1970, the Convention has been effective in the U.S. as of December 30 of the same year, 90 days after the date of accession.

Therefore, the Convention shall take preference in application for recognition and enforcement of the Arbitral Award in Korea in view of the fact that the award is a foreign arbitral award that has been rendered in California, the territory of U.S., also a signatory to the Convention, and in view of the nature of the dispute, which is indisputably commercial, which is about damages liability between the Plaintiff and the Defendant in connection with the Agreement.

B. However, the party applying for recognition and enforcement of foreign arbitral awards shall, at the time of the application, supply (a) a duly authenticated original award or a duly certified copy thereof; and (b) the original agreement of submission to arbitration or a duly certified copy thereof in accordance with Article 4.1 of the Convention. Article 4.2 of the Convention stipulates that if the said award or agreement is not made in an official language of the country in which the award is relied upon, the party applying for recognition and enforcement of the award shall produce a translation of these documents into such language, which shall be certified by an official or sworn translator or by a diplomatic or consular agent. Further, Article 5.1 of the Convention stipulates that recognition and enforcement of the award may be refused, at the request of the party against whom it is invoked, only if that party furnishes to the competent authority where the recognition and enforcement is sought, proof that the said agreement is not valid; the party against whom the award is invoked was not given proper notice; the award deals with matters beyond the scope of the arbitration; the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties; or the award has not yet become binding or has been suspended. Article 5.2 of the Convention stipulates that recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that (a) the subject matter of the dispute is not capable of settlement by arbitration under the law of that country; or (b) the recognition or enforcement of the award would be contrary to the public policy of that country. In view of the foregoing provisions, the burden of proof shall be on the party objecting to the recognition and enforcement of the arbitral awards.

C. The Plaintiff has submitted a duly certified copy of the Arbitral Award, and a duly certified copy of the arbitration provision which is the basis of the Arbitral Award and a notarized translation thereof. Therefore, the Arbitral Award is enforceable unless the Defendant claims or proves the grounds for rejection of the enforcement as set forth under Articles 5.1 and 5.2 of the Convention.

3. Defendant's Argument

A. The Defendant argues that the enforcement judgment should not be granted since the Arbitral Award falls under Article 5.1 of the Convention which sets forth as grounds for refusal of enforcement that "the award deals with matters beyond the scope of the arbitration"; "the composition of the arbitral authority was not in accordance with the agreement of the parties"; and "the said agreement is not valid" for the following reasons. The Award was granted by the arbitral authority composed to speak for the interests of AFMA members, based on an invalid submission to arbitration into which the Defendant was forced without any choice, for a matter which does not fall with the scope of arbitration.

However, the testimony of witness Jim Ro Kim is not sufficient to support the argument that the agreement is invalid, and there is no evidence supporting the contrary. There is no evidence that there was fault with the appointment of the arbitrator, or that the arbitrator went beyond the scope of the matters to grant the award.

B. Secondly, the Defendant argues that there is fault within the acknowledgement of facts in that the

Arbitral Award (1) denied the parties' agreement on the timing for enforcement of the agreement; (2) confused between sample cassette and 35mm film for censorship; and (3) mislocated the liability for importation of pirated versions and misinterpreted the Agreement. There is also the problem of misapplication of law by misapplying the law of the state of California, which is the governing law. In this regard, [the Defendant argues that] the Arbitral Award lacks persuasive grounds for the Award or has flaws in the grounds for the award, or orders performance of an act prohibited by law. In this regard, [the Defendant argues that] the enforcement judgment of the Arbitral Award should not be allowed since the Arbitral Award falls under Articles 13.1.3 and 13.1.4 of the Korean Arbitration Act which stipulates grounds for cancellation of arbitral awards.

However, the enforcement of a foreign arbitral award may be refused only when it falls under Article

5.1 and 5.2 of the Convention which stipulates the grounds for refusal, and the grounds for refusal stipulated under the Korean Arbitration Act are not applicable. The Defendant's cited grounds for refusal, or the grounds for refusal as stipulated under the Korean Arbitration Act, such as "when the arbitral award orders performance of an act prohibited by law (Article 13.1.3 of the Arbitration Act)" or "when the grounds for the award has not been provided (Article 13.1.4 of the Arbitration Act)," do not fall under the grounds for refusal as provided under Articles 5.1 and 5.2 of the Convention. Therefore, the Defendant's argument does not have merit since it is unfounded.

C. Further, the Defendant argues that the enforcement judgment should not be granted since recognition or enforcement of the Arbitral Award would be against the public policy of Korea. The [Defendant argues that the] Plaintiff did not take any measures, despite its obligations to do so, to protect its rights or to prevent infringement when the pirated version of the subject motion picture was introduced into the domestic market and was circulated in the form of a video by a third party before the execution of the license agreement for domestic distribution of the motion picture between the Plaintiff and the Defendant. As a result, [the Defendant argues that] it became impossible for the Defendant to perform the Agreement without is imputed grounds. The [Defendant argues that the] Arbitral Award ordering the performance of the Agreement to the Defendant is severely biased and is against the concept of justice. In order for the Defendant to carry out the obligations as ordered by the Arbitral Award, the Defendant [argued that it] will inevitably violate relevant Korean legislation such as the Foreign Trade Act, Promotion of the Motion Pictures Industry Act and Foreign Exchange Control

Act. Therefore, the Arbitral Award is in effect forcing the Defendant to violate the relevant legislation. After the execution of the Agreement, the Plaintiff has been threatening and compelling the Defendant to do things which it is not required to do. With the request for arbitration, [the Defendant argues that] the Plaintiff has clearly expressed its internal motivation to force the Defendant to violate Korean regulations of the Foreign Trade Act, Promotion of the Motion Pictures Industry Act and Foreign Exchange Control Act.

Article 5.2(b) of the Convention stipulates that recognition and enforcement of an arbitral award may be refused if the competent authority in the country where recognition and enforcement is sought finds that the recognition or enforcement of the award would be contrary to the public policy of that country. However, if a foreign law cited in the foreign arbitral award is found to be in violation of the mandatory regulations of

Korean law, it may not be automatically cited as the grounds for refusal. The recognition and enforcement of an arbitral award may be refused only when the specific result thereof is contrary to Korean social order such as the public morals.

According to the evidence submitted, it may be found that the basis for judging the Defendant's liability for damages in the Arbitral Award were the facts involving the Plaintiff and the Defendant in connection with the Agreement, and the general custom and practice in the motion pictures industry. Further, the Arbitral Award acknowledges that the Defendant did not enter into a Long Form Agreement within an appropriate period after receipt of the Long Form Agreement from the Plaintiff, did not act in good faith in connection with the execution of the Long Form Agreement, allowed the piracy to happen by being negligent in its good faith obligation to request and receive materials required for censorship, and take appropriate actions for the censorship procedure. Based on the foregoing, the arbitrator held the Defendant liable for the damages suffered by the Plaintiff, the grounds for which are attributable to the Defendant. There is no supporting evidence that the arbitrator's judgment is against the public policy of Korean. Further, it cannot be considered that the Arbitral Award forced the Defendant to violate the relevant laws such as the Foreign Trade Act, Promotion of the Motion Pictures Industry Act and Foreign Exchange Control Act, since it only orders monetary relief for damages suffered as a result of non-performance of contractual obligations, but not the performance of the Defendant's contractual obligations. As for the argument that the Plaintiff threatened the Defendant and forced the Defendant to perform acts it is not required to do, Defendant's Exhibit Nos. 8 and 25 are not sufficient to acknowledge the foregoing and there is no supporting evidence. The Plaintiff's request for arbitration for recovery of damages under the Agreement due to grounds accountable to the Defendant cannot be considered as a coercion against the Defendant to perform acts contrary to the Korean Foreign Trade Act, Promotion of the Motion Pictures Industry Act and Foreign Exchange Control Act. Therefore, the Defendant's argument is also groundless since the recognition and enforcement of the Arbitral Award cannot be considered as contrary to basic moral belief or social order in Korea.

D. Finally, [the Defendant argues that] Article 8.2(b) of the Agreement of the International Monetary Fund (hereinafter "Fund Agreement") stipulates that "exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this agreement shall be unenforceable in the territories of any member," under which Korea and the U.S. are bound as members of the IMF. On the other hand, [the Defendant argues that] under the Promotion of the Motion Pictures Industry Act, import recommendation is required for payment of money for importation of foreign motion pictures. Under the Korean Foreign Trade Act, import recommendation is also required because importation of motion pictures and videos is restricted. After all these requirements have been satisfied, one still needs to meet the requirements for payment of foreign currency under the Foreign Exchange Control Act. Contrary to the Agreement, under which the payment was to be made after censorship upon receiving import recommendation, which was formally executed after taking into consideration the relevant laws, [the Defendant argues that] the Arbitral Award ordered the payment even though the Long Form Agreement had not been formally executed. Therefore, the Defendant argues that the Arbitral Award may not be enforced in view of the Fund Agreement of the IMF since the payment is not allowed under the Foreign Exchange Control Act.

However, the Arbitral Award only orders compensation for damages caused by non-performance of the Agreement for grounds accountable to the Defendant, and not the performance of contractual obligations themselves. Therefore, the Defendant's argument does not have merit since it assumes that the Award is ordering the performance of contractual obligations. (Further, an order for the payment of contractual obligations, when confirmed by arbitral award or decision arising from disputes thereof, shall not be considered to fall under payments required under the "exchange contracts" of the Fund Agreement.)

4. Conclusion

The Plaintiff's petition seeking enforcement judgment for the Arbitral Award has merit. The judgment is granted as in the Order.

January 20, 2000
Chief Judge Chul Choi
Judge Min Suk Oh
Judge Seung Gyn Chung
[ELR 21:10:4]

NEW LEGISLATION AND REGULATIONS

Arizona enacts statute regulating sports agents; registration not required, but athletes' colleges must be notifed if they agree to be represented before their intercollegiate eligibility expires

The state of Arizona now has a statute that regulates sports agents. Agents are not required to register with any Arizona state agency. But the new statute prohibits agents from doing certain things, requires them to do other things, and subjects them to both civil and criminal liability if they violate the law.

The statute's focus is on those agents who seek to represent athletes who are students at "institution[s] of higher education" in Arizona. And the primary purpose of the statute appears to be to preserve and protect athletes' intercollegiate eligibility and to enable colleges to avoid using ineligible athletes.

The heart of the statute is a provision that requires an agent to notify the president of the athlete's college, in writing, if the athlete agrees to be represented by the agent before the athlete's intercollegiate eligibility has expired. In fact, the statute appears to require two such notifications. The first must be sent when the agent and athlete reach agreement orally; and the law prohibits them from signing an agreement until seven days after the college's president has received that notification. Then a second notification must be sent within seven days after they actually sign a written contract.

Agents are prohibited from compensating athletes, or doing anything else that would jeopardize their intercollegiate eligibility, before they actually sign athletes to contracts. Agents also are prohibited from paying college or high school coaches for client referrals, or giving anything of value "to any person" to induce an athlete to become a client.

Violation of the statute is a misdemeanor. Moreover, anyone who violates the statute is made civilly "liable to the athlete's institution of higher education for the amount of revenue lost by the institution as a result of the person's misconduct."

Arizona joins twenty-eight other states that also have enacted sports agent legislation of some kind (ELR 18:6:24).

An Act Amending Title 15, Chapter 13, of the Arizona Revised Statutes, by adding Article 10, relating to Athlete Agents, Arizona Rev. Stat. sections 15-1761 et seq. (1999)[ELR 21:10:8]

RECENT CASES

World Wrestling Federation wins WIPO arbitration ruling against registrant of "worldwrestlingfederation.com" domain name; applying ICANN Uniform Domain Name Dispute Resolution Policy, arbitrator orders registration transferred to WWF

The World Wrestling Federation quickly pinned and defeated its opponent, in an inaugural match sponsored by the World Intellectual Property Organization. At issue in the contest was the right to use the "worldwrestlingfederation.com" domain name - a right the WWF claimed by virtue of its trademark and service mark uses and registrations of "World Wrestling Federation."

The registration of trademarks and service marks is an entirely separate procedure from the registration of a domain name. And before the WWF got around to registering its trademark and service mark as an Internet domain, it was registered by a California resident named Michael Bosman with an Australia-based registrar named MelbourneIT.

Bosman apparently didn't intend to operate a web site using the domain, because three days after he registered it, he offered to sell it to the World Wrestling Federation for $1,000. This was more than it cost Bosman to register the domain name. But, as Bosman pointed out in his offer to the WWF, it was less than the "thousands of dollars in legal fees, wasted time and energy" that cybersquatting cases "typically . . . end up costing. . . ."

Bosman may have been right about how much domain name lawsuits typically cost, even under the newly-enacted Anticybersquatting Consumer Protection Act (ELR 21:7:4) that the WWF could have used against him. But Bosman didn't give the WWF enough credit as a strategist. Instead of relying on a potentially expensive and time-consuming federal court lawsuit, the WWF initiated a fast and relatively inexpensive arbitration against Bosman, before the World Intellectual Property Organization.

WIPO is the administrator of the Uniform Domain Name Dispute Resolution Policy adopted by the Internet Corporation for Assigned Names and Numbers (commonly referred to as "ICANN") in August 1999. That Dispute Policy became effective December 1, 1999, and has been adopted by domain name registrars around the world, including MelbourneIT. Bosman's contract with MelbourneIT for the registration of worldwrestlingfederation.com incorporated the Dispute Policy by reference, and thus required him to submit domain name disputes to WIPO arbitration.

The Policy requires a complaining trademark owner to prove three things: that the respondent's registered domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; that the respondent has no legitimate interests in the domain name; and that the domain name was used in bad faith.

The WWF electronically filed its complaint against Bosman on December 2, 1999; and the case was decided just six weeks later, on January 14, 2000. Arbitration Panelist M. Scott Donahey had no difficulty finding that the disputed domain name was identical to the WWF's registered trademark and service mark, because it was identical. Nor did he have trouble finding that Bosman had no legitimate interest in the domain name; he didn't claim such an interest and never used the domain for a web site of his own.

The only issue of potential significance was whether Bosman had used the domain name "in bad faith," precisely because he had never used it to operate a web site. This was not a difficult issue, however, because the Dispute Policy itself contains a number of circumstances that constitute evidence of bad faith use. Among these are circumstances indicating that the domain name was registered "primarily for the purpose of selling [it] . . . to . . . the owner of the trademark or service mark."

Since Bosman had offered to sell the domain to the WWF just three days after he registered it, the arbitrator found that Bosman had "used" it "in bad faith."

The only remedies available under the Dispute Policy are the cancellation and transfer of the disputed domain name's registration (not damages, as are available in federal court lawsuits brought under the Anticybersquatting Consumer Protection Act). In this case, the arbitrator ordered that the worldwrestlingfederation.com domain name be transferred to the World Wrestling Federation.

World Wrestling Federation Entertainment, Inc. v. Bosman, Administrative Panel Decision Case No. D99-0001 (WIPO 2000), available at http://arbiter.wipo.int/ domains/decisions/index.html; applying *ICANN Uniform Domain Name Dispute Resolution Policy*, available at http://arbiter.wipo.int./domains/index.html [ELR 21:10:9]

Confidentiality clause in employment agreement of associate producer of "The Oprah Winfrey Show" is "reasonable and enforceable," Illinois appellate court affirms, in declaratory relief suit brought by former producer who wants to write about her experiences as employee of Winfrey's production company

Elizabeth Coady was once a senior associate producer of "The Oprah Winfrey Show." Something happened, however, to sour what had been a five-year employment relationship, because in 1998, Coady resigned, saying her treatment had become "so intolerable as to amount to constructive termination."

Apparently intending to turn lemons into lemonade (or at least royalties), Coady decided she would write about her experiences as an employee of Winfrey's production company. However, after she resigned, the company - Harpo, Inc. - sent Coady a letter reminding her that in 1995, she had signed an employment agreement that contained a clause in which she agreed "to keep confidential, during her employment and thereafter, all information about the Company, Ms. Winfrey, her private life, and Harpo's business activities. . . ."

Concerned that Harpo would contend that her intended writings violated this confidentiality clause, Coady filed a lawsuit in Illinois state court, seeking a declaration that the clause is unenforceable. That lawsuit, however, has failed. A trial court judge granted Harpo's motion to dismiss; and that ruling has been affirmed by the Appellate Court of Illinois.

In an opinion by Justice Alan Greiman, the appellate court rejected Coady's argument that the confidentiality clause is overly broad and not reasonably necessary to protect Harpo's legitimate business interests. Instead, the court ruled that the clause "is reasonable and enforceable."

Justice Greiman reasoned that the clause does not restrain Coady's future career. "Instead, the 1995 confidentiality agreement restricts [Coady's] ability to disseminate confidential information that she obtained or learned while in [Harpo's] employ" - something she had "no problem" doing "as long as she was a senior associate producer and continued her work with [the company]."

The justice also rejected Coady's argument that the clause is too broad because it remains effective for all time and with no geographical limitations. "Whether for better or for worse," Justice Greiman explained, "interest in a celebrity figure and his or her attendant business and personal ventures somehow seems to continue endlessly, even long after death, and often, as in the present case, extends over an international domain."

Coady v. Harpo, Inc., 719 N.E.2d 244, 1999 Ill.App.LEXIS 689 (Ill.App. 1999)[ELR 21:10:10]

Dr. Martin Luther King's "I Have a Dream" speech may still be protected by copyright, federal appellate court rules in King Estate's infringement suit against CBS

In 1963, the late Dr. Martin Luther King, Jr., gave an historic speech during that year's March on Washington. Entitled "I Have a Dream," the speech became a symbol of the civil rights movement and part of this country's national heritage. For these very reasons, it also became part of a documentary series televised by CBS in 1994 called "The 20th Century with Mike Wallace."

One episode of the series was devoted to "Martin Luther King, Jr. and The March on Washington." It contained material filmed by CBS during the 1963 March, including some 60% of King's speech - without his Estate's permission and without payment of royalties.

While his Estate was no doubt pleased that CBS recognized Dr. King as a central figure in the 20th Century, the Estate was not pleased the network refused to pay royalties for the use of the "I Have a Dream" speech. More than 30 years before, King himself had successfully sued a record company for copyright infringement, as a result of that company's unauthorized sale of recordings of the speech, in a case known as King v. Mister Maestro, 224 F.Supp. 101 (S.D.N.Y. 1963). And for years thereafter, Dr. King and his Estate had licensed the speech to companies that paid copyright royalties for the privilege of using it.

Thus, when CBS failed to seek a license and refused to pay royalties for its 1994 documentary, the King Estate sued for infringement, expecting no doubt to win, just as Dr. King himself had in the Mister Maestro case. Instead, however, it lost. Federal District Judge William O'Kelley ruled that the speech went into the public domain in 1963, because it had been widely reproduced and disseminated without a copyright notice, as then required by the Copyright Act of 1909 (ELR 20:9:5). The facts of the Mister Maestro case were indistinguishable on this issue, and Judge O'Kelley candidly acknowledged his "disagreement" with its conclusion that the speech had not received a "general publication" and thus did not require a copyright notice to retain its protection.

The King Estate appealed Judge O'Kelley's decision and has won a reprieve of sorts. In a 2-to-1 ruling, the Court of Appeals has reversed the summary judgment granted to CBS and has remanded the case for further proceedings. The case, however, appears to be a difficult one. The two judges who voted to reverse did so for different reasons (and wrote separate opinions). One judge voted to affirm, saying Judge O'Kelley had ruled "correctly."

Court of Appeals Judge Lanier Anderson reasoned that although Dr. King had delivered his speech to a "huge audience," and the news media had reported it to millions more, the undisputed facts presented in connection with CBS's motion for summary judgment established only that Dr. King's speech had received "a limited publication" - not a general publication - and thus copyright notice was not required (for its continued protection) under then-existing copyright law.

Judge Julian Cook, on the other hand, said that based on the summary judgment record, no publication at all had been proved - general or limited - because of the "fundamental principle" that the performance of a work does not constitute a "publication," regardless of the size of the audience or news coverage of it.

Judges Anderson and Cook both acknowledged that CBS asserted that physical copies of the speech had been distributed to the public (as well as the press), without copyright notice. CBS also claimed that the speech had been published in a Southern Christian Leadership Conference newsletter, with Dr. King's authorization but without copyright notice. The King Estate disputes these facts. But if CBS proves them to be true, both judges suggested the Estate could still lose, because this would constitute proof the speech had been generally published without the then-required copyright notice - thus putting it in the public domain.

Estate of Martin Luther King v. CBS, Inc., 194 F.3d 1211, 1999 U.S.App.LEXIS 29250 (11th Cir. 1999)[ELR 21:10:10]

John Sayles' movie "Lone Star" did not infringe copyright to screenplay "Concealed," federal appellate court affirms; evidence did not show that Sayles had access to "Concealed," and two works were not substantially similar

Writer-director John Sayles and Castle Rock Entertainment have prevailed in a copyright infringement case that alleged that their Academy Award-nominated movie "Lone Star" was copied from a screenplay entitled "Concealed," written by a Master of Fine Arts student at the University of Miami. In a two-sentence Per Curiam order, a federal Court of Appeals has affirmed "the well-reasoned district court opinion" of Judge Donald Middlebrook granting Sayles' and Castle Rocks' motion for summary judgment. Judge Middlebrook's lengthy and detailed decision was annexed to, and published with, the appellate court's order.

"Lone Star" and "Concealed" both revolve around murder investigations that reveal the corrupt past of small southern towns. That was, no doubt, why Karen Herzog - the University of Miami MFA student who wrote "Concealed" - thought her screenplay had been copied by Sayles. Her lawsuit failed, however, for two significant reasons. First, there was no evidence that Sayles had access to her screenplay. And second, "Lone Star" and "Concealed" were not substantially similar to one another.

Herzog argued that Sayles did have access to her screenplay. In 1993, Sayles had attended the Miami Film Festival for a screening of his film "Passion Fish." While he was there, Herzog contended, Sayles could have been given a copy of her screenplay by a member of her thesis committee, an adjunct professor who was a film critic for the Miami Herald, or by a fellow student, all of whom had copies of "Concealed." They, however, denied giving "Concealed" to Sayles; and Sayles denied receiving it from them.

Judge Middlebrook concluded that Herzog had merely proved that Sayles and some people who had copies of her screenplay were in the same city during the 1993 Miami Film Festival. But this was not enough. "The mere fact that Ms. Herzog's screenplay was physically in the same city in which Mr. Sayles visited did not give him an opportunity to view the manuscript so as to constitute access, notwithstanding the bare physical possibility of such a view," the judge concluded.

Even if Herzog had shown access, that would not have been enough. Substantial similarity would have to be shown as well, but it wasn't. Judge Middlebrook explained that he "reviewed and compared the two screenplays, 'Concealed' and 'Lone Star,' and viewed the 'Lone Star' film in order to compare different aspects of the works in question . . . ." Based on his comparison, the judge found that the similarities asserted by Herzog consisted of noncopyrightable elements or elements that could not be considered similar.

For example, the main characters in both works "share a very broad similarity - they are both law enforcement officers whose fathers were sheriffs.

Beyond this uncopyrightable idea, however, these characters are completely different in background story, personal attributes, and most distinctively, purpose."

Likewise, the plots of both works involve murder investigations that reveal the corrupt past of small towns. "This is, however, a familiar plot that is not subject to copyright protection," Judge Middlebrook observed. When it came to the actual expression of the two plots, he found there was "a great difference."

Both works were set in small southern towns, "but Waukeena, Florida [the setting for 'Concealed'] and Rio County, Texas [the setting for 'Lone Star'] are very different," the judge found.

The mood and pace of the two works were different too. "Concealed" was an action-adventure story, while "Lone Star" involved "little action and/or adventure."

Judge Middlebrook rejected other claims of similarity as well, and therefore granted Sayles' and Castle Rock's motion for summary judgment.

Herzog v. Castle Rock Entertainment, 193 F.3d 1241, 1999 U.S.App.LEXIS 28050 (11th Cir. 1999)[ELR 21:10:11]

"New Yorker" wins dismissal of copyright infringement suit filed by artist who alleged that magazine's "Manhattan Mohawk" cover illustration was copied from his "New York Hairline" illustration; court finds no substantial similarity

When questioned by a reporter for the New York Daily News, artist Anita Kunz admitted that an illustration she had created for the cover of New Yorker Magazine was "similar" to an earlier illustration created by artist Thomas Kerr. Kunz in fact told the reporter that she found the similarities "upsetting." But she insisted she had never seen Kerr's illustration before and didn't know his work.

The illustrations in question were one by Kerr titled "New York Hairline" and Kunz's New Yorker cover titled "Manhattan Mohawk." Both depict a male figure with a Mohawk haircut in the shape of the Manhattan skyline. In that respect they are similar - enough so that Kerr sued the New Yorker and Kunz for copyright infringement and false designation of origin.

In response to a motion for summary judgment filed by the magazine and Kunz, federal District Judge Richard Owen has dismissed the case entirely - but not before making two rulings that favored Kerr.

Despite Kunz's assertion that she had never seen Kerr's "New York Hairline" illustration before creating her own "Manhattan Mohawk," Kerr claimed that she could have. Among other things, Kerr said he mailed postcards bearing his illustration to at least three New Yorker employees; and he said he was wearing a "New York Hairline" t-shirt when he met Kunz at the opening of an exhibition of her work.

Judge Owen ruled that "construing all inferences" in Kerr's favor, "these events are sufficient for a reasonable jury to find that Kunz had access to Kerr's work, even if it is unlikely that she actually saw the image." The judge also found that a reasonable jury might find that the similarities between the two illustrations were "probative of copying," because "probative" similarities do not need to be substantial. However, these two factors would only permit a jury to infer that Kunz had copied Kerr's illustration; and that by itself is not sufficient to prove infringement.

To prove infringement, protectible aspects of Kunz's "Manhattan Mohawk" would have to be substantially similar to Kerr's "New York Hairline." This is where Kerr's case failed.

"There can be no dispute that defendants cannot be held liable for using the idea of the New York skyline on someone's head," Judge Owen explained. Nor could they be held liable for using "other uncopyrightable elements which the 'expression' of this 'idea' might reasonably be expected to include: eyes, nose, mouth, a figure in profile, and certain N.Y. buildings. . . . These are common elements which any drawing of the New York City skyline as a haircut could be expected to include."

The judge then described how the "expressions of this idea are completely different" in the two illustrations, which even had "an entirely different 'concept and feel.'"

Since the two illustrations were not substantially similar as a matter of copyright law, Kerr's false designation of origin claim under the Lanham Act failed as well.

Kerr v. New Yorker Magazine, 63 F.Supp.2d 320, 1999 U.S.Dist.LEXIS 10839 (S.D.N.Y. 1999)[ELR 21:10:12]

"You Have Mail," "IM" and "Buddy List" are generic phrases, federal District Court rules in decision dismissing AOL's trademark suit complaining of AT&T WorldNet's use of those phrases

America Online subscribers are familiar with the phrase "You Have Mail." It appears on their computer monitors - as a spoken voice utters "You've Got Mail" - whenever they receive new email. Even those who are not AOL subscribers are familiar with those phrases too. In 1998, AOL licensed "You've Got Mail" to Warner Bros. for its use as the title for a movie.

At about the same time Warner Bros.' movie opened, AT&T WorldNet began using the "You Have Mail" phrase too. It appears in a notification window that pops up on the AT&T WorldNet homepage whenever one of its subscribers receives new email.

AOL subscribers also are familiar with the initials "IM" and the phrase "Buddy List." AOL uses both in connection with its Instant Messaging service. An "IM" is an instant message. And a "Buddy List" is a list of those with whom AOL subscribers regularly communicate using AOL's Instant Message service.

AT&T WorldNet also uses "IM" in connection with an instant messaging service of its own called "I M Here." And a "Buddy List" is part of AT&T WorldNet's messaging system too.

AOL was not flattered by what appeared to be AT&T WorldNet's copying of familiar AOL phrases. Indeed, AOL considered all three phrases to be its trademarks. It even has received federal trademark registration for the phrase "Buddy List." Thus, when AT&T WorldNet refused to stop using those phrases, AOL sued for infringement.

It has, however, lost.

Millions of Internet users are familiar with the phrase "You Have Mail" as a result of AOL - but only because AOL has millions of subscribers. Other Internet users, who are not AOL subscribers, are familiar with it too, because since the 1970s, it has been the phrase that AT&T UNIX software displays whenever a UNIX system user receives new email. The phrase also is seen by users of Eudora email programs, and Prodigy and Netcom subscribers. In short, "You Have Mail" has long and widely been the phrase that notifies Internet users they have new email - including those that are not AOL subscribers.

As a result, federal District Judge Claude Hilton has ruled that "You Have Mail" is a generic phrase, and as such is not eligible for trademark protection, even if millions of people associate it with AOL.

Judge Hilton also determined that "IM" and "Buddy List" are generic as well. "IM" is used by several of AOL's competitors to designate their instant messaging services; and even AOL employees use "IM" as a noun and verb, rather than solely as the name for its particular instant messaging service. "Buddy List" too is used by several AOL competitors to describe lists of people with whom their customers exchange instant messages.

Because he found all three phrases to be generic, and thus unprotectible as trademarks, Judge Hilton granted AT&T's motion for summary judgment. The judgment dismisses AOL's lawsuit and cancels AOL's trademark registration for "Buddy List."

America Online, Inc. v. AT&T Corp., 64 F.Supp.2d 549, 1999 U.S.Dist.LEXIS 12615 (E.D.Va. 1999)[ELR 21:10:12]

Hasbro loses trademark case against computer consulting company's use of "clue.com" domain name; court finds no infringement or dilution of Hasbro's murder mystery board game trademark "Clue"

Hasbro has been selling toys and games for a long time, through brick-and-mortar retail stores. But lately, it's been using the Internet too. It sells CD-ROM versions of Monopoly and Battleship at "monopoly.com" and "battleship.com." And it wanted to sell a CD-ROM version of its murder mystery board game "Clue" from the "clue.com" domain.

Unfortunately, when it decided to so in 1996, Hasbro discovered that "clue.com" had been registered two years before by a company known as Clue Computing which has been using it ever since to advertise its Internet and computer network consulting business. According to Clue Computing's owner, he selected the name "Clue" for his business because he used to give cards that read "clue" to friends and colleagues who described themselves as "clueless."

Hasbro responded to the unavailability of "clue.com" by suing Clue Computing for trademark infringement and dilution. But it hasn't been successful. Instead, federal District Judge Douglas Woodlock has granted Clue Computing's motion for summary judgment on both claims, and has dismissed Hasbro's suit.

In response to Hasbro's infringement claim, Judge Woodlock did an eight-factor likelihood-of-confusion analysis and concluded that Hasbro "failed to demonstrate . . . that there is a likelihood that consumers will confuse Clue Computing's computer Web site with Hasbro's game." The judge acknowledged that Hasbro did produce evidence that its mark is strong and that Clue Computing's domain name is similar to the Hasbro mark. But Hasbro "failed to produce any adequate evidence indicating [Clue Computing's] intent to confuse, common channels of trade and advertising, common prospective purchasers, and the crucial categories of similarity of the products and actual confusion."

Hasbro did win one legal point in connection with its dilution claim. The Federal Trademark Dilution Act took effect in January 1996, more than a year after Clue Computing began using "clue.com." Thus, one issue in the case was whether the Act applies retroactively. That question is not answered by the language of the Act itself, and other federal courts have disagreed about whether the Act is retroactive. After thoughtful analysis, Judge Woodlock agreed with Hasbro that the Act is retroactive. But that did not help Hasbro to victory.

The Federal Trademark Dilution Act protects only "famous" marks. The judge found that Hasbro failed to prove that "Clue" - " which is a common word that numerous third parties use" - is a famous mark.

Moreover, Judge Woodlock ruled that even if "Clue" were famous, Hasbro would not win, because it failed to show that its mark was diluted by Clue Computing.

Hasbro tried to persuade the judge that the use of another company's trademark as a domain name is "per se" dilution. Some courts have so held; but not all of them have. Judge Woodlock agreed with courts that have rejected that contention. "Holders of a famous mark are not automatically entitled to use that mark as their domain name," he explained, because "trademark law does not support such a monopoly. If another Internet user has an innocent and legitimate reason for using the famous mark as a domain name and is the first to register it, that user should be able to use the domain name, provided that it has not otherwise infringed upon or diluted the trademark."

Finally, the judge rejected Hasbro's assertion that Clue Computing's use of "clue.com" blurred the distinctiveness of its own mark "Clue." And he found that Hasbro failed to show that equitable considerations justified an injunction in its favor.

Hasbro, Inc. v. Clue Computing, Inc., 66 F.Supp.2d 117, 1999 U.S.Dist.LEXIS 13848 (D.Mass. 1999)[ELR 21:10:13]

New York Court of Appeals 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, and subpoena resulted in seizure of paintings, court rules

New York's Museum of Modern Art has won the third (though not necessarily final) round in an important 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 by the New York County District Attorney in a proceeding that was part of a criminal investigation of stolen art works.

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.

MoMA won the first round: the New York Supreme Court granted MoMA's motion to quash (ELR 20:9:14). But the second round went to the District

Attorney when the Appellate Division reversed, ruling that the "Exemption from Seizure" provision applies only in civil cases, not in criminal matters.

MoMA appealed to the state's highest court, the New York Court of Appeals. Writing for a 6-to-1 majority, Judge Richard Wesley has held that the "Exemption from Seizure" provision "is not limited to civil process" and thus applies in criminal as well as civil cases. The judge further ruled that the District Attorney's subpoena resulted in a "seizure" of the paintings. He therefore granted MoMA's motion to quash.

Editor's note: For a brief moment, it appeared as though the Court of Appeals' ruling would enable MoMA to return the paintings to the Leopold Museum. But at least one of them - "Portrait of Wally" - was seized yet again, this time by the New York office of the United States Attorney (Wall Street Journal, 9-23-

99). Federal law contains an "Immunity from Seizure Act" too. It applies to art works "imported into the United States from any foreign country . . . for . . . temporary exhibition or display. . . ," but only if the United States Information Agency determines that the artwork 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. This may explain why "Portrait of Wally" was not exempt from seizure by the U.S. Attorney.

Grant Jury Subpoena Duces Tecum, 697 N.Y.S.2d 538, 93 N.Y.2d 729, 719 N.E.2d 897, 1999 N.Y.LEXIS 2856 (1999)[ELR 21:10:14]

Contract between fighter Ike Quartey and French promoter AB Stars was not illegal per se, even though French promoter was not licensed in New York, because Quartey's title defense fight with Oba Carr in Madison Square Garden was co-promoted by New York-licensed promoter Square Ring, New York appellate court rules

Richard Wallach recently observed that "Some of boxing's most interesting bouts take place outside the ring." If boxing fans don't immediately recognize Richard Wallach's name, that's because he's an Associate Justice of the Appellate Division of the New

York Supreme Court - not a boxing commentator. Justice Wallach knows, however, whereof he speaks, because one of boxing's most interesting bouts took place not long ago in his own courtroom.

In one corner for the bout in question was Ike Quartey, "the erstwhile holder of, and current contender for, the welterweight championship of the World Boxing Association." In the other corner was AB Stars Productions, a French fight promoter that discovered Quartey in his native Ghana in 1992 and "brought him to pugilistic prominence." At issue in the bout was the validity of a 1996 agreement between Quartey and AB Stars, making the French company a co-promoter of seven of Quartey's upcoming fights.

By the time Quartey filed suit in New York state court, contending that his AB Sports contract was invalid, the fighter had a new promoter, Square Ring Productions. And from Justice Wallach's perspective, Quartey's lawsuit looked "[p]lainly and simply" like "a dispute among promoters."

New York has a law that requires promoters of fights to be held in New York to be licensed by that state's boxing commission. AB Sports was not, and that was the basis for Quartey's claim that his AB Sports contract was invalid. Indeed, a New York trial court judge agreed, and granted Quartey's motion for summary judgment declaring the contract to be void.

On appeal, however, the Appellate Division has reversed. Writing for the court, Justice Wallach ruled that "The fact that co-promoter AB Stars was not licensed in New York did not invalidate those aspects of the September 1996 agreement pertaining to fights in Las Vegas, Connecticut, or anywhere else outside the Empire State."

One of the fights co-promoted by AB Stars took place in New York however: Quartey's 1996 WBA title defense fight with Oba Carr in Madison Square Garden. Even that fight didn't make AB Sports' contract illegal per se, Justice Wallach held.

AB Stars co-promoted the Carr fight with New York licensed promoter Square Ring. "As to the one fight that took place in New York . . . ," the justice said, "it would appear that AB Stars, as the promoter who brought Quartey to this pinnacle, did what any law-abiding out-of-state agent would do under circumstances, namely, comply with local law by entering into an agreement with a promoter who is licensed in New York."

Justice Wallach recognized the possibility that Square Ring may have been brought in as a co-promoter as "merely a front to conceal AB Stars' true control of the promotion in New York," and if so, "such an attempt to evade New York licensure requirements might well render the contract illegal and unenforceable." Whether that was so, however, presented "at best, a triable issue," so that summary judgment should not have been granted to Quartey.

Quartey v. AB Stars Productions, S.A., 697 N.Y.S.2d 280, 1999 N.Y.App.Div.LEXIS 11393 (App.Div. 1999)[ELR 21:10:14]

Court dismisses some, but not most, claims made by Yoko Ono Lennon against author of "The Last Days of John Lennon" arising out of author's possession and use of photographs taken while author was employed in Lennon household

Yoko Ono Lennon is locked in a bitter legal dispute with Frederic Seaman, the author of The Last

Days of John Lennon: A Personal Memoir, a book published in 1991.

The reason that Seaman was able to write "a personal memoir" about Lennon is that during the late 1970s and early '80s, he was employed in the Lennon household. While so employed, Seaman shot hundreds of photographs of Ono and Lennon and their son. And when Seaman left that job, he took the photos with him. Some of them were published in The Last Days, and Seaman showed some on Fox Family Channel and Court TV television programs.

Ono contends that because the photos were taken by Seaman while he was employed in her household, the photos are works made for hire, and thus she owns their copyrights as well as the photos themselves. Ono makes this contention in a federal court lawsuit that complains about Seaman's possession of the photos and his unauthorized use of them. These two major points were alleged in a formal complaint stating thirteen causes of action.

Seaman responded to the complaint with a motion seeking its dismissal on a variety of grounds including (among others) failure to state a claim, preemption and statute of limitations. Federal District Judge Leonard Sand has granted some - but only some - of Seaman's motion.

Judge Sand dismissed Ono's unjust enrichment claim against Seaman - a claim asserting that Seaman had been unjustly enriched by his publication of the disputed photos. This claim was equivalent to one for copyright infringement, the judge concluded, and thus he dismissed it because it was preempted by the Copyright Act.

The judge also dismissed Ono's claim seeking recovery of possession of the photographs that were published in The Last Days. Though this claim was not preempted by copyright - because it dealt with possession of the photos themselves rather than their use - it was barred by the statute of limitations, Judge Sand ruled. New York's statute of limitations for conversion is three years. The judge found that Ono knew in 1991, when the book was first published, that Seaman had possession of the photographs it contained. Yet her lawsuit wasn't filed until 1999, some eight years later.

Another of Ono's claims arose out of Seaman's assertion - in a letter to Capitol Records - that he, rather than Ono, owned the copyright to a photograph Ono had licensed Capitol to use in connection with a boxed set of Lennon recordings. This claim was pled as one for interference with contract and prima facie tort. Judge Sand dismissed it, however, because the complaint did not sufficiently allege all of the facts New York law requires to establish such a claim.

Judge Sand denied the balance of Seaman's motion to dismiss. Thus, the bulk of Ono's case survived Seaman's motion, including her claim that she, rather than he, is the sole owner of the copyrights to the photographs.

Lennon v. Seaman, 63 F.Supp.2d 428, 1999 U.S.Dist.LEXIS 13742 (S.D.N.Y. 1999)[ELR 21:10:15]

Statute of limitations bars copyright co-ownership and related claims asserted by former bandmate of Guns N' Roses, despite alleged promises of payment and co-authorship credits for songs "Back Off Bitch" and "Shadow of Your Love"

Before they formed "Guns N' Roses," Axl Rose and Izzy Stradlin were members of a three-man band called Hollywood Rose. The third member of that band was Christopher Weber.

Weber - like Rose and Stradlin - was a songwriter as well as a performer. In fact, he claims that while "Hollywood Rose" was still together, he and his bandmates co-authored the songs "Back Off Bitch" and "Shadow of Your Love."

Though Weber parted company with Rose and Stradlin before Guns N' Roses was formed, Weber alleged that Guns N' Roses recorded "Back Off Bitch" and "Shadow of Your Love" on "various recordings." What Guns N' Roses did not do, however, was give Weber co-authorship credit for those songs or pay him royalties.

Weber demanded credit and royalties; and, he says, Guns 'N Roses told him he would get them. But he didn't, so he sued, eventually. Unfortunately for Weber, the merits of his claims will not be decided, because by the time he eventually sued, it was too late.

Federal District Judge Constance Baker Motley has granted Guns N' Roses' motion to dismiss. Weber's copyright co-ownership was barred by the statute of limitations, the judge has ruled, because Weber knew or should have known his songs were being used without credit or payment more than three years before he filed his lawsuit. The judge rejected Weber's equitable estoppel argument, saying that Guns N' Roses' "string of empty promises" to give him credit and royalties "would not have deterred a reasonably diligent plaintiff" from filing suit earlier.

Weber's Lanham Act claim failed as well, because it was based on his failure to receive co-authorship credit and thus "would essentially duplicate a Copyright Act claim."

The judge also dismissed Weber's related state law claims for an accounting of profits, unfair competition and unjust enrichment, because these claims were preempted by federal copyright law. "It is only through his basic [time-barred copyright co-ownership] claim that any enrichment is unjust, that any competition is unfair, or that anyone profiting must account to [Weber]," the judge explained.

Weber v. Geffen Records, Inc., 63 F.Supp.2d 458, 1999 U.S.Dist.LEXIS 13986 (S.D.N.Y. 1999)[ELR 21:10:16]

Detroit radio station WJR defeats copyright infringement and related claims asserted by music publisher and movie producer who complained about station's use of song and line of dialogue; court rules that publisher had given station non-exclusive license to use song, and that producer did not own copyright in dialogue

Until his death in 1995, J.P. McCarthy hosted the morning drive-time program on radio station WJR. McCarthy's on-air signature line for nearly 30 years was "J.P. on the JR in the a.m." For five years or so, the program was introduced by a theme song known as "J.P.'s Theme."

All of this mattered, because the morning after his death WJR used McCarthy's signature line and theme song in a tribute program, and got sued for copyright infringement and other things for doing so.

The suit was filed by a music publishing company and a movie production company, both of which are owned by a friend of McCarthy's named Robert Laurel.

Laurel wrote "J.P.'s Theme" - adapted it in fact from one his earlier compositions entitled "Jeanette" - and gave it to McCarthy for him to use on the air. Laurel also produced a movie called "The Rosary Murders," in which McCarthy had a bit part playing himself saying "J.P. on the JR in the a.m."

The lawsuit complained about WJR's use of "J.P.'s Theme" and McCarthy's signature line in the station's tribute program. But the lawsuit didn't get far. Federal District Judge Robert Cleland characterized it as "a ragtag collection of ill-researched gripes cast as legal claims. . . ," as he granted WJR's motion for summary judgment and attorneys fees.

Judge Cleland dismissed the copyright infringement claim as to "J.P.'s Theme" for two reasons. First, he found that although "Jeanette" had been registered for copyright, "J.P.'s Theme" had not been. Cleland claimed that "J.P.'s Theme" had been registered too; but the documents he presented as proof were ones that showed the song had been registered with ASCAP, not the Copyright Office!

Second, Judge Cleland found that Laurel had given McCarthy an oral and implied non-exclusive license to use "J.P.'s Theme" on the air, without any restrictions on how the song could be used.

The judge also dismissed the copyright infringement claim as to McCarthy's signature line "J.P. on the JR in the a.m.," for two reasons. First, he found that although the line was spoken in the copyrighted movie "The Rosary Murders," the line itself was not eligible for copyright protection because it was not recognizable to listeners as a key line of dialogue from that movie. Second, even if the line were copyrightable, the judge ruled that since the line was used by McCarthy for years before the movie was made, the movie's producer could not claim to be the owner of the line.

Judge Cleland also dismissed a false attribution Lanham Act claim, saying that WJR had not misrepresented the origin of "J.P.'s Theme" or McCarthy's signature line, because the station had not given anyone credit for them.

Finally, the judge dismissed an assortment of state law claims for such things as conversion, unjust enrichment, quantum meruit and unfair competition. He ruled that some of these claims were preempted by copyright and that others were unsupported by the facts.

Murray Hill Publications, Inc. v. ABC Communications, 67 F.Supp.2d 754, 1999

U.S.Dist.LEXIS 15531 (E.D.Mich. 1999)[ELR 21:10:16]

Appellate court affirms judgment that Indianapolis infringed sculptor's rights under Visual Artists Rights Act by destroying, rather than removing, sculpture located on city-owned land

The City of Indianapolis has suffered yet another setback in its legal battle with sculptor Jan Randolph Martin. In an opinion by Judge Harlington Wood, a federal court of appeals has affirmed a judgment won by the sculptor against the city on account of its destruction of a large metal sculpture titled "Symphony #1."

Martin's lawsuit against Indianapolis has produced four published decisions, so far. Federal

District Judge Sara Barker ruled, first, that the city had violated Martin's rights under the Visual Artists Rights Act by destroying his sculpture (ELR 20:2:12). Then Judge Baker ruled that Martin was entitled to recover $20,000 in statutory damages (ELR 20:6:19). In her third ruling, Judge Barker awarded Martin $131,253 in attorneys' fees and costs (ELR 21:1:14).

Neither side was entirely satisfied was those results. Indianapolis appealed on two grounds, and Martin on one.

The Visual Artists Rights Act protects only works of "recognized stature," and the city argued that Martin had not offered admissible evidence proving "Symphony #1" was of that stature. Indeed, the evidence Martin had offered consisted of newspaper articles and letters rather than expert testimony. But Judge Wood held that this evidence was admissible and sufficient to prove that the sculpture enjoyed "recognized stature."

The city also argued that Martin had waived his rights under the Visual Artists Rights Act by entering into a written agreement with the city before "Symphony #1" was created. The Act does permit artists to waive their rights by agreement. But Judge Wood held that Martin had not done so in the agreement he signed with the city.

Martin appealed the $20,000 statutory damage award he had received, arguing it was inadequate. Under the Copyright Act, he would have been entitled to greater statutory damages if the city's destruction of "Symphony #1" had been a "wilful" violation of his rights. Judge Barker, however, had decided that the city's violation was not wilful, and thus she awarded him only the maximum amount then permitted for non-wilful infringements.

On appeal, Judge Wood agreed that the city's actions had not been wilful. "This appears to be a case of bureaucratic failure," Judge Wood reasoned, "not a wilful violation of [Martin's] VARA rights."

Martin v. City of Indianapolis, 192 F.3d 608, 1999 U.S.App.LEXIS 20886 (7th Cir. 1999)[ELR 21:10:17]

Adidas loses antitrust lawsuit complaining about NCAA bylaw that limits logos on student-athletes' uniforms; federal court rules that Adidas failed to define a relevant market in which NCAA restrained competition or created a monopoly

Lawsuits - like sporting events - develop a momentum, and that's what's happened in Adidas' antitrust lawsuit against the NCAA. The end result: Adidas has lost.

Adidas is a manufacturer of athletic footwear and apparel, and it has contracts with several NCAA schools and their coaches for the promotion of its products. Adidas' distinctive logo is a prominent feature of its apparel and athletic uniform designs. NCAA Bylaw 12.5.5 provides that commercial logos may not exceed two and one-quarter square inches. Some of Adidas' uniforms have logos that are too big, and those designs were rejected by an NCAA committee.

Adidas responded by suing the NCAA, alleging that Bylaw 12.5.5 restrains and monopolizes trade in violation of the federal Sherman Act, and also interfered with Adidas' contracts and prospective business relations in violation of Kansas state law.

Though Adidas sought to score first in the case, things went badly for it from the start. Federal District

Judge Thomas VanBebber denied the company's motion for a preliminary injunction (ELR 21:5:18). Now he has granted the NCAA's motion for judgment on the pleadings and has "closed" the case entirely.

The NCAA argued that Adidas' antitrust claims were defective on several grounds, but Judge VanBebber relied on just one. In order to allege a federal antitrust claim, it is necessary for a plaintiff to describe a relevant market in which a defendant restrained competition or sought to create a monopoly. In this case, Adidas alleged that NCAA Bylaw 12.5.5 restrained trade and monopolized the market for sale of promotional rights on NCAA member uniforms.

Judge VanBebber agreed with the NCAA that this was too narrow a market to be relevant. "Adidas has failed to explain or even address why other similar forms of advertising, namely sponsorship agreements with teams or individuals competing in the National

Football League, the National Basketball Association, the Women's National Basketball Association, Major League Baseball, Major League Soccer, or the Olympics, are not reasonably interchangeable with NCAA promotional rights or sponsorship agreements," the judge explained.

The judge also granted the NCAA judgment on Adidas' interference with contract and prospective business relations claim - though he did so for what might be considered a technical reason. The NCAA is an unincorporated association. Under Kansas law, unincorporated associations are simply "an aggregate of their members" and cannot sue or be sued in their own name.

Adidas America, Inc. v. National Collegiate Athletic Association, 64 F.Supp.2d 1097, 1999 U.S.Dist.LEXIS 14115 (D.Kan. 1999)[ELR 21:10:17]

Court of Appeals reverses Food Lion's $316,400 fraud judgment against ABC, but affirms $2 judgment for breach of loyalty and trespass, in case triggered by "PrimeTime Live" undercover hidden-camera report

As a result of the most recent of several published rulings in a lawsuit filed by the Food Lion supermarket chain, ABC has escaped with just $2 in liability. The case was triggered by a 1992 "PrimeTime Live" broadcast which reported that Food Lion had been selling out-of-date meat and fish. As "PrimeTime Live" often does, the program documented its charges with videotape shot by undercover reporters using hidden, lipstick-sized cameras.

According to Food Lion, the broadcast cost the company $2.5 billion in lost sales and stock value. Like others who have been stung by "PrimeTime Live" reports, Food Lion sued. It did not, however, sue for defamation, apparently because it was concerned it would be unable to prove that the segment was false or was broadcast with reckless disregard for the truth. Instead, Food Lion sued ABC and the "PrimeTime Live" reporters for such things as fraud, trespass and breach of loyalty. The case was assigned to federal District Judge Carlton Tilley who, "in a remarkably efficient effort," tried the case with a jury in phases - thus leading to rollercoaster-like ups-and-downs for both sides.

After an early ruling in which Judge Tilley dismissed several of Food Lion's claims on purely legal grounds (ELR 17:8:18), a jury returned a verdict in Food Lion's favor for $1,400 - some $1,000 less than the $2,432 the company had sought on account of wages it had paid the two undercover reporters. The jury also awarded Food Lion additional damages for trespass and breach of the duty of employee loyalty, but that part of the verdict was only $2. Thus, at the end of the first phase of the trial, it appeared as though ABC might escape from the case with a mere slap on the wrist, insofar as money damages were concerned. That was not to be so, however.

At the end of the second phase of the case, the jury returned a much bigger verdict: $5.5 million in punitive damages (ELR 18:9:9). That turned out to be the high-point in the case, from Food Lion's point of view, because Judge Tilley thereafter reduced the jury's punitive damage verdict to $315,000; but he denied ABC's motion for judgment as a matter of law, and therefore entered judgment against the network for $316,402 (ELR 20:3:12).

Neither Food Lion nor ABC was satisfied with the judgment, and both appealed. In a 2-to-1 decision, the Court of Appeals ruled in ABC's favor on $316,400 worth of issues, and in Food Lion's favor on $2 worth. ABC was thus the big-money winner, though the appellate court's opinion falls far short of sanctioning "PrimeTime Live's" undercover reporting techniques.

Writing for the majority, Judge Blane Michael reversed those parts of the judgment based on the jury's finding that ABC had committed a "fraud" on Food Lion by having its reporters take jobs as Food Lion workers in order to get access to food handling areas within its markets. Judge Michael ruled that Food Lion had not been injured as a result of misrepresentations made by ABC's reporters on their Food Lion job applications. The injury claimed by Food Lion was the wages it paid the reporters. But Judge Michael concluded that Food Lion had not paid the reporters because of their misrepresentations; it had paid them for the food handling work they actually performed during the short time they worked for the company.

The appellate court's reversal of the jury's fraud finding knocked all but $2 out of the judgment, because $1,400 of it was for fraud-induced actual damages and $315,000 was fraud-related punitive damages.

The remaining $2 of the judgment was nominal damages for the reporters' breach of a duty of loyalty they owed to Food Lion as its employees and for trespass. Judge Michael affirmed this part of the judgment, ruling that the reporters had committed these two torts, as a matter of state law.

More significantly, Judge Michael also ruled that the First Amendment was not a defense to these tort claims - even though the reporters committed them while gathering news. This part of the decision amounts to a criticism of "PrimeTime Live's" undercover techniques - one that could be damaging to ABC in future cases where greater damages may be awarded on these tort theories.

On the other hand, Judge Michael did not brush off all of ABC's First Amendment arguments. Food Lion appealed a ruling in the case that barred the market chain from seeking damages for lost sales and stock value as a result of the broadcast itself. These claims were apparently based on the theory that the broadcast was the product of the reporters' breach of their duty of loyalty and trespass - torts that had nothing to do with the truth or falsity of the broadcast.

Judge Michael reasoned that "What Food Lion sought to do . . . was to recover defamation-type damages under non-reputational tort claims [for breach of loyalty and trespass], without satisfying the stricter (First Amendment) standards of a defamation claim." Food Lion could not do this, Judge Michael held, because ". . . such an end-run around First Amendment strictures is foreclosed. . . ."

Food Lion, Inc. v. Capital Cities/ABC, Inc., 194 F.3d 505, 1999 U.S.App.LEXIS 26373 (4th Cir. 1999)[ELR 21:10:18]

Registration of copyright to music video as "audiovisual work" and supplemental registration of copyright to "performance of song" do not constitute registration of copyright to song itself; federal appellate court therefore affirms dismissal of infringement suit

As these pages have noted at least once before, there is a significant distinction between the copyright to a song and the copyright to a recording or video of a performance of that song. To the uninitiated, the distinction may seem technical, but it has extremely practical implications, as the musical group known as

"Raquel" has come to learn, much to its undoubted chagrin. Raquel has suffered the dismissal of two separately-filed lawsuits, because it failed to properly register the copyright of the particular work it now claims was infringed.

It now appears that Raquel claims that Geffen Records, Nirvana and others infringed the copyright to a song entitled "Pop Goes the Music" whose music and lyrics were written by Raquel. Raquel's first lawsuit so alleging was dismissed on the grounds that Nirvana had registered a claim to the copyright in an audiovisual work (a commercial containing their performance of the song) whose copyright was actually owned (even Raquel acknowledged) by one of the companies Raquel had sued (ELR 19:6:10).

Following the dismissal of that case, Raquel filed a "supplemental registration" with the Copyright Office covering the group's "performance" of "Pop Goes the

Music." Raquel then filed a new infringement suit against the same defendants, this time alleging the infringement of Raquel's copyright in the song itself. The second case was dismissed as well, and that ruling has been affirmed by the Court of Appeals, in a 2-to-1 decision.

Writing for the appellate court's majority, Judge Dolores Sloviter has held that Raquel's registration of a claim to copyright in an audiovisual work of their performance of "Pop Goes the Music," and the group's supplemental registration of their "performance" of that song, did not constitute a registration of their copyright in the song itself. Moreover, while Raquel may own a copyright in the performance of that song, their second lawsuit did not allege an infringement of any such copyright. Instead, it alleged the infringement of the copyright in the song itself - something that the group had not registered.

Since copyright registration is a statutory prerequisite to the filing of an infringement suit, Judge Sloviter affirmed the dismissal of Raquel's second lawsuit, because the District Court properly ruled that it didn't have subject matter jurisdiction to hear the case.

Judge Samuel Alito dissented, saying that "the majority's decision elevates form over substance . . . ."

*Raquel v. Education Management Co*rp., 196 F.3d 171, 1999 U.S.App.LEXIS 29459 (3rd Cir. 1999)[ELR 21:10:19]

Company that retransmitted copyrighted radio broadcasts by telephone was not entitled to "passive carrier" exemption from copyright liability, federal District Court rules in suit brought by Infinity Broadcasting

Persistence has paid off for Infinity Broadcasting in its copyright infringement lawsuit against Media Dial Dial-Up, a company that retransmits radio broadcasts by telephone to its own customers. Those customers include advertisers, music licensing organizations and talent scouts who have business reasons of their own for wanting to listen to radio broadcasts that take place in distant cities, beyond the reach of their own radio receivers.

Infinity provides a similar telephone-listening service to many of its own advertising customers, and thus it viewed Media Dial-Up as an unwanted competitor. Since Infinity owns the copyrights to its programs, it sued Media Dial-Up for infringement, alleging that Media Dial-Up was publicly performing Infinity's programs without authorization.

At first, Infinity's view of the case was rejected. Federal District Judge Lewis Kaplan concluded that Media Dial-Up's retransmissions were a fair use, and therefore dismissed Infinity's case (ELR 19:6:16). On appeal, however, Infinity prevailed. In an opinion by Judge Wilfred Feinberg, the Court of Appeals held that Media Dial-Up's retransmissions were not a fair use (ELR 20:8:18).

That, however, did not win the case for Infinity, because Media Dial-Up had yet another defense in reserve - one that District Judge Kaplan had not reached in ruling for Media Dial-Up originally, and thus one that the Court of Appeals did not rule on either.

That defense was Media Dial-Up's assertion that its retransmissions of Infinity's broadcasts were not infringements, because they were exempt "passive carrier" retransmissions. The "passive carrier" exemption is found in section 111(a)(3) of the Copyright Act. And on remand from the Court of Appeals, Media Dial-Up asked Judge Kaplan to rule that the "passive carrier" exemption applied to its activities. He did not.

Judge Kaplan did agree with Media Dial-Up on four points. He agreed that Media Dial-Up was engaged in secondary transmissions of primary transmissions embodying copyright-protected works. He agreed that Media Dial-Up did not control the selection of the primary transmissions (because it retransmitted all radio broadcasts in every city where it had receivers). He agreed that Media Dial-Up did not control the particular recipients of its retransmissions, even though those recipients had to pay for its service. And he agreed that Media Dial-Up did not do more than provide wires or cables for the use of others.

However, in order to be entitled to the "passive carrier" exemption, Media Dial-Up would have to be a "carrier," and Judge Kaplan concluded that it was not. Telephone companies are "carriers," and while other types of companies may be "carriers" too, the legislative history of the Copyright Act of 1976 showed that Congress decided that "commercial enterprises whose basic retransmission operations are based on the carriage of copyrighted materials" should pay royalties.

For this reason, Judge Kaplan held Media Dial-Up, "whose entire business consists of the retransmission of copyrighted or frequently copyrighted material, is not a carrier within the meaning of the statute."

Editor's note: Retransmission of radio broadcasts by telephone is an unusual business, but radio retransmission of radio broadcasts over the Internet is not. Judge Kaplan seemed to sense that his opinion would be more significant to website operators than telephone retransmittors. "We live in an era of rapid technological change," he said. "The possibilities for the capture and retransmission of copyrighted material over the Internet . . . are enormous. Holding that [Media Dial-Up] is a 'carrier,' notwithstanding that the essence of [its] business is the retransmission of copyrighted materials, would threaten considerable mischief." Thus, this decision means that website operators that retransmit radio (and television) broadcasts need to have licenses authorizing them to do so. In the Second Circuit, at least, unlicensed web retransmissions would not be a fair use or eligible for the "passive carrier" exemption.

Infinity Broadcasting Corp. v. Kirkwood, 63 F.Supp.2d 420, 1999 U.S.Dist.LEXIS 13741 (S.D.N.Y. 1999)[ELR 21:10:20]

Appellate court reverses $400,000 sanction imposed on licensing agency Schlaifer Nance and its lawyers in case against Estate of Andy Warhol

Warhol again. . . . In the sixth published opinion in just one case against the Estate of Andy Warhol as a result of a licensing deal that went bad, the Second Circuit Court of Appeals has reversed a $400,000 sanction that had been imposed on licensing agency Schlaifer Nance and its lawyers.

When Schlaifer Nance v. Estate of Warhol last appeared in these pages, District Judge Denny Chin imposed the $400,000 sanction because he found that Schlaifer Nance and its lawyers had pursued a frivolous fraud claim against the Estate in bad faith (ELR 20:7:20).

Judge Chin based the sanction on the "inherent power" enjoyed by all federal judges "to impose silence, respect and decorum." To impose sanctions under this power against those who bring frivolous cases, a judge must find two things: that the claim was without a "colorable basis"; and that the claim was brought in "bad faith."

Judge Chin used this legal standard when he sanctioned Schlaifer Nance and its lawyers. On appeal, however, they successfully argued that Judge Chin had made a "clearly erroneous assessment of the facts" in finding that the standard had been satisfied.

In an opinion by Judge Chester Straub, the Court of Appeals reviewed the facts in considerable detail, and came to the conclusion Schlaifer Nance's fraud claim - though ultimately unsuccessful - was a "colorable" one. Judge Straub explained that the question was whether Schlaifer Nance and its lawyers "could have concluded that facts supporting the claim might be established, not whether such facts actually had been established." In this case, the facts were sufficient "to allow the appellants reasonably to believe that they could have established their fraud claim," Judge Straub concluded.

The appellate court also concluded that the facts did not show "bad faith" on the part of Schlaifer Nance and its lawyers. Some of the facts relied on by Judge Chin when he found "bad faith" were of "limited relevance," according to Judge Straub. Other facts - like the lawyers' willingness to represent Schlaifer Nance on a contingent fee basis - actually showed that the lawyers believed the fraud claim was likely to be successful. Still other facts - relating to discovery conducted by Schlaifer Nance's lawyers - did not show bad faith, because they "at most support[ed] the inference that the appellants were distrustful and combative, which, regrettably, attorneys and parties become when a suit deteriorates to the level this one did."

Schlaifer Nance & Co., Inc. v. Estate of Warhol, 194 F.3d 323, 1999 U.S.App.LEXIS 25838 (2nd Cir. 1999)[ELR 21:10:20]

ABC is awarded $605,000 in attorneys' fees in copyright infringement suit against satellite TV company PrimeTime 24, even though infringements took place before program copyrights were registered and ABC's fees had already been paid by National Association of Broadcasters

Congress recently amended the law to permit satellite retransmission of certain types of television broadcasts (ELR 21:8:8). Before Congress did so, however, ABC won a copyright infringement suit against PrimeTime 24, because that company had retransmitted ABC-owned programming in ways that were not then permitted by law (some of which, still aren't) (ELR 20:11:14, 21:8:8).

As the successful party in the case, ABC sought to recover its attorneys' fees. PrimeTime vigorously opposed the network's request, but federal District Judge Bullock Bullock has awarded ABC $605,000 in fees (plus an additional $65,000 in costs and expenses).

PrimeTime argued that ABC was not entitled to recover attorneys' fees, because it had not registered its copyrights to the infringed programs in time, and because the network's fees had already been paid on its behalf by the National Association of Broadcasters.

Not all successful plaintiffs are eligible to be awarded fees. If a work was unpublished at the time its copyright was infringed, the copyright owner is eligible for fees only if the copyright was registered before the infringement took place. If the work was already published by the time it was infringed, the copyright owner is eligible for fees only if the copyright was registered before the infringement took place or within three months of its first publication (even if the infringement already occurred).

In this case, PrimeTime's infringements were committed before ABC registered its copyrights, but ABC did register those copyrights within three months of the programs' first broadcast. Thus, Judge Bullock had to decide whether ABC's programs had been "published," because if not, ABC was not entitled to fees.

The usual rule is that the performance of a work is not a "publication," and broadcasts are considered performances. This was the rule relied on by PrimeTime. But ABC contended it had "published" its programs in another way: by offering tangible copies of those programs to foreign broadcasters.

Offering to distribute tangible copies does constitute a "publication," and if ABC had offered copies to broadcasters in the United States, its programs almost certainly would have been "published." PrimeTime argued that offering copies to foreign broadcasters does not amount to "publication" under U.S. law, because the United States Copyright Act does not apply to activities that take place outside this country. Judge Bullock acknowledged that this was so, but he held that a "publication" occurs under U.S. law, regardless of where in the world copies are offered.

The judge also held that the fact that the National Association of Broadcasters had already paid ABC's attorneys' fees did not preclude the network from recovering those fees from PrimeTime.

Following a fairly detailed analysis of the several factors that determine whether a successful copyright plaintiff should be awarded fees, Judge Bullock concluded that ABC was entitled to recover them in this case.

ABC, Inc. v. PrimeTime 24, 67 F.Supp.2d 558, 1999 U.S.Dist.LEXIS 13821 (M.D.N.C. 1999)[ELR 21:10:21]

Defendants who pled guilty in criminal copyright case are estopped from denying liability in subsequent civil infringement case brought by owners of copyrights to pirated movie videos; court awards statutory damages in civil case which are not offset by restitution ordered as condition of probation in criminal case

Video piracy is a crime, as well as a violation of civil law, as Thamir Yousif and Fred Chirco have learned in a pair of expensive proceedings. Yousif and Chirco operate video stores from which they used to sell and rent pirated videos, some of which were seized by FBI agents in a 1996 raid.

The FBI raid led to a criminal proceeding against the two store operators - a proceeding which they settled by pleading guilty to conspiring "to infringe motion picture copyrights." Yousif and Chirco were fortunate in one respect: they weren't sent to prison. Instead, they were granted probation, on condition that they pay a total of $81,400 in restitution to the MPAA.

That wasn't the end of the matter however. Columbia Pictures and other studios also filed a civil copyright infringement suit against Yousif and Chirco (and their companies). And after the two pled guilty, Columbia and its co-plaintiffs filed a motion for summary judgment in the infringement case. That motion has been granted by federal District Judge Paul Gadola, despite Yousif and Chirco's feisty opposition.

Judge Gadola has ruled that, by virtue of their guilty pleas in the criminal case, Yousif and Chirco were estopped from denying liability in the civil infringement case.

The judge awarded the studios $181,500 in statutory damages, at the rate of $500 for each of the 363 movies whose copyrights had been infringed. Yousif and Chirco argued that they should be entitled to offset against this civil judgment whatever amount they pay as the restitution ordered in the criminal case. But Judge Gadola ruled they were not entitled to an offset.

The judge also granted the studios a permanent injunction, ordered that the pirated cassettes be returned to the studios for destruction, and ruled that the studios should recover their attorneys fees and costs.

Columbia Pictures Industries v. T & F Enterprises, 68 F.Supp.2d 833, 1999 U.S.Dist.LEXIS 16765 (E.D.Mich. 1999)[ELR 21:10:22]

Order holding NBC in contempt for refusing to produce "Dateline" outtakes in civil rights lawsuit is affirmed; litigants in civil rights case overcame NBC's qualified privilege for nonconfidential materials

NBC got caught in the middle of a federal civil rights lawsuit between others, as a result of a "Dateline" segment about unwarranted stops of out-of-state motorists by Louisiana law enforcement officers.

The segment showed only a few clips from videotape shot by a "Dateline" producer. But the plaintiffs in the civil rights case believed that the outtakes would confirm their claim that they had been stopped, without cause, by the same Louisiana sheriff who had stopped the "Dateline" producer. The sheriff thought the outtakes would support his position in the case. And thus, both the plaintiffs and the sheriff subpoenaed the outtakes.

NBC refused to produce them, arguing that it had a qualified privilege not to do so. The District Court ordered NBC to produce the outtakes, and held NBC in contempt when it refused to do so. The Court of Appeals has affirmed.

In an opinion by Judge Pierre Leval, the appellate court agreed with NBC that its outtakes are protected by a qualified journalists' privilege applicable to nonconfidential materials. (The outtakes were nonconfidential, because NBC hadn't promised anyone it would keep them confidential.)

But Judge Leval ruled that the privilege for nonconfidential materials is overcome by a showing that the requested materials are "of likely relevance to a significant issue in the case and are not reasonably obtainable through other available sources."

Finally - and fatally for NBC - the judge found that the plaintiffs and the sheriff had "satisfied the test to overcome NBC's privilege."

Gonzales v. National Broadcasting Co., Inc., 194 F.3d 29, 1999 U.S.App.LEXIS 38759 (2nd Cir. 1999)[ELR 21:10:22]

Time Warner cable system violated Communications Act by transmitting Bowe-Galota boxing match to a commercial establishment, because it had right to transmit to residential customers only

There was a mistake in the records of Time Warner's cable system in Ohio - and it resulted in Time Warner's violation of the Communications Act. In December 1996, the Melody Lane Lounge was listed in Time Warner's records as a residential customer, though it was in fact a commercial establishment. As a result, Time Warner transmitted the signal of that month's Bowe-Galota boxing match to Melody Lane, charging it the residential customer rate.

Time Warner itself was not harmed by this mistake, because if it had known that Melody Lane was a commercial establishment, it couldn't have transmitted the fight to Melody Lane at all. National Satellite Sports had an exclusive license to transmit the fight to commercial establishments in Melody Lane's area. Thus, if Melody Lane wanted its customers to see the fight, it would have gotten the transmission from National Satellite Sports, rather than from Time Warner, and would have paid more for it too.

National Satellite Sports sued Time Warner for violating its rights under section 605 of the Communications Act - a wordy provision that essentially prohibits the unauthorized interception of radio and satellite transmissions. The section is one that is frequently used by satellite and cable companies in lawsuits against bars and restaurants that show pay-per-view sporting events without being licensed to do so. (See, e.g., ELR 20:10:17, 20:6:25, 20:5:32, 19:10:13.)

This case was somewhat different, however, because Time Warner was authorized to receive the signal of the Bowe-Galota fight. It just wasn't authorized to transmit it to commercial establishments. Federal District Judge David Dowd ruled against Timer Warner, nonetheless.

Buried within section 605 is a provision that makes it illegal to assist others to receive satellite signals they are not entitled to receive. Melody Lane was not entitled to receive signals of the Bowe-Galota fight without a license from National Satellite Sports, and Time Warner assisted it in doing so, Judge Dowd reasoned.

For this reason, the judge granted National Satellite Sports' motion for summary judgment as to liability. The amount of damages Time Warner may have to pay involved disputed issues of fact requiring further proceedings.

National Satellite Sports, Inc. v. Eliadis, Inc., 65 F.Supp.2d 662, 1999 U.S.Dist.LEXIS 14225 (N.D.Ohio 1999)[ELR 21:10:23]

Summary judgment should not have been granted to Baltimore Ravens in workers' compensation case filed by Paul Farren who was injured while weightlifting at Raven's training facility during off-season, Ohio appellate court rules

Baltimore Ravens player Paul Farren was injured while performing weightlifting exercises at the Raven's training facility. Ordinarily, an injury of this sort would be covered under Ohio's workers' compensation law. But Farren's case was unusual, in a freaky sort of way.

Farren was injured during the off-season on May 6, 1992. The exact date of his injury turned out to be critical, because on the day of his injury, his contract for the 1991 season had already expired on February 1, 1992, and he hadn't yet signed his contract for the 1992 season. He didn't do that until August 9, 1992, and thus, technically, he may not have been a Ravens employee on the date he was injured.

Apparently, there are no clear rules about what happens in cases like Farren's. His application for compensation was at first denied by the Ohio Bureau of Workers' Compensation. Then it was granted by an appellate hearing officer within that Bureau. The Ravens then appealed to the Ohio Industrial Commission, without success, and then to the Cuyahoga County Court of Common Pleas, with success. The Common Pleas court granted the Ravens' motion for summary judgment, which prompted Farren to appeal to the Ohio Court of Appeals.

In a Per Curiam opinion, the Ohio appellate court has held that summary judgment should not have been granted to the Ravens, even though on the date of his injury "he was not covered by any express, written contract with [the Ravens]."

The court held that "There is sufficient evidence in the record to allow reasonable minds to conclude that [Farren] was directed by [the Ravens] to participate in off-season conditioning in expectation of [Farren's] playing on [the Ravens'] team during the 1992 season. Moreover, there is also evidence to support the conclusion that an implied contract may have existed." This was so, the court explained, because the Ravens had notified Farren on April 2, 1992 that it wanted to re-sign him, and the team invited him to participate in a minicamp in June 1992, which he did and for which the Ravens paid him.

For these reasons, the appellate court concluded, "reasonable minds may conclude that [Farren] was an employee at the time of his injury."

Farren v. Baltimore Ravens, Inc., 720 N.E.2d 590, 1998 OhioApp.LEXIS 533 (Ohio App. 1998)[ELR 21:10:23]

Amateur golfer who scored hole-in-one during tournament was entitled to new car prize even though she teed off from women's rather than men's tee as contest rules required, because women participants were not told they had to tee off from men's tee in order to win prize, South Dakota Supreme Court affirms

Amateur golfer Jennifer Harms is now the proud owner of a new Ford Explorer, or perhaps its cash value of $25,515. She won the car by shooting a hole-in-one during a tournament at Moccasin Creek Country Club in South Dakota. The prize had been offered by Northland Ford Dealers. But when the dealership realized that Harms had teed off from the women's tee, rather than from the more distant men's tee, it refused to give her the car.

Actually, the rules of the hole-in-one contest did require all golfers - men and women alike - to tee off from the men's tee, in order to be eligible for the prize. But, as a result of a "mix-up," none of the contestants was ever advised of this rule.

In an opinion by Justice John Konenkamp, the Supreme Court of South Dakota has affirmed a trial court ruling granting Harm's motion for summary judgment in her breach of contract suit against

Northland Ford Dealers. "Northland must abide by the rules it announced, not by the ones it left unannounced," Justice Konenkamp ruled. "This was a vintage unilateral contract with performance by the offeree as acceptance. . . . Accepting a sponsor's offer to participate in a contest creates an enforceable contract; awarding a prize to a contest winner is a contractual duty."

Northland asserted one interesting though unsuccessful defense. Harms was not just a lucky amateur. She was a collegiate golfer at Concordia College in Moorhead, Minnesota - an NCAA member institution. After being told that she would not be given the car - but before she filed suit - Harms returned to Concordia College and continued to compete in NCAA golf tournaments.

Northland argued that "Under NCAA rules, accepting this prize, or agreeing to accept it at some later time, would have disqualified Harms from her final year of eligibility." As a result, Northland said, she had waived whatever right to the car she might otherwise have had by participating in NCAA tournaments before filing suit.

Justice Konenkamp was not persuaded by this argument. "Harms could not disclaim the prize; it was not hers to refuse. She was told her shot from the wrong tee disqualified her. One can hardly relinquish what was never conferred." Moreover, Northland was not detrimentally misled by Harms' decision to play her last year of NCAA golf. "We find no waiver and no estoppel," the justice concluded, "and, thus, Harms cannot be denied the prize."

Harms v. Northland Ford Dealers, 602 N.W.2d 58, 1999 S.D.LEXIS 164 (S.D. 1999)[ELR 21:10:24]

Londonderry Basketball Club did not engage in "state action" when it refused to permit girl to play in boys tournament, so appellate court affirms dismissal of girl's civil rights lawsuit

Stacey Perkins is an excellent 10-year-old basketball player. She lives in a small town in New Hampshire - one so small that it doesn't have an all-girls basketball league for players of Stacey's age. It does, however, have a mixed-gender team; and in 1998, Stacey was one of just two girls selected to play on her town's All-Star team.

Stacey's town entered its All-Star team in a tournament sponsored by the Londonderry Basketball Club - a voluntary tax-exempt organization formed by several community groups to provide basketball opportunities for youngsters in Londonderry, New

Hampshire. The Londonderry Basketball Club's tournament has separate brackets for boys and girls teams, but no bracket for mixed-gender teams. As a result, the Club told Stacey's town that she could not play with its All-Star team in that tournament.

Stacey responded with a civil rights lawsuit, alleging that the Club's refusal to permit her to play, even though her town did not have an all-girls team, violated the 14th Amendment. Unfortunately for her, Stacey has not been as successful as a litigant as she was as a basketball player (at least so far). Federal District Judge Paul Barbadoro granted the Club's motion for summary judgment.

Stacey appealed, but to no effect. In an opinion by Judge Bruce Selya, the Court of Appeals has affirmed the lower court's decision that the Club's conduct did not amount to "state action." The appellate court therefore affirmed the dismissal of her case from the federal court system.

Judge Selya could not resist a parting shot at the Club, however. "We regard what has occurred as extremely lamentable," he said, explaining that ". . . we have not been provided with any cogent justification for [Londonderry Basketball Club's] same-sex tournament rules, which effectively deprived Stacey Perkins of an opportunity to play in the youth basketball tournament."

Judge Selya then closed his opinion by offering Stacey some encouraging advice. "[T]he regulation of private entities like [the Londonderry Basketball Club] normally is accomplished through statutes, not through the Constitution," he said. "And although Stacey's constitutional claim fails for want of state action, she has asserted state-law claims which may litigated anew in the New Hampshire courts."

Perkins v. Londonderry Basketball Club, 196 F.3d 13, 1999 U.S.App.LEXIS 29348 (1st Cir. 1999)[ELR 21:10:24]

Previously Reported:

The United States Supreme Court has denied a petition for certiorari in Bastiste v. Island Records, 120 S.Ct. 792, 2000 U.S.LEXIS 143 (2000), the case which affirmed that Island Records had valid license to use a digital sample from "Funky Soul" in P.M. Dawn's "So On and So On," thus resulting in the dismissal of an infringement action by "Funky Soul's" writer and artist Michael Batiste (ELR 21:7:15).

The United States Supreme Court also has denied a petition for certiorari in Sussman v. American Broadcasting Companies, 120 S.Ct. 970, 2000

U.S.LEXIS 815 (2000), which held that ABC did not violate a federal eavesdropping statute by using a hidden camera to tape employees of the Psychic Marketing Group for a "PrimeTime Live" broadcast (ELR 21:9:17).
[ELR 21:10:25]

DEPARTMENTS

Book Notes:

The Digital Dilemma: Intellectual Property in the Information Age (National Academy Press)

The "dilemma" referred to in the title of this book is this: the Internet, and especially the World Wide Web, have made ever increasing amounts of information and entertainment available in digital form; but "many of the intellectual property rules and practices that evolved in the world of physical artifacts do not work well in the digital environment." Rules and practices will have to change, but there is significant disagreement about how.

The National Science Foundation convened a Special Committee to consider the issues raised by this dilemma, and The Digital Dilemma is its report. Among the Committee's 18 members were Christopher Murray of O'Melveny & Myers, Bernard Sorkin of Time Warner, Pamela Samuelson of the University of California, Berkeley, and Jonathan Tasini of the National Writers Union.

The Committee's members approached their subject from very different perspectives, and the book reflects those differences. Entertainment lawyers may be surprised to read that some Committee members believe that copyright protection lasts too long, that fair use is an affirmative right (not merely a defense to what otherwise would be infringing behavior), that all "private uses" should be legalized, and that antipiracy statistics released by the MPAA and the RIAA are exaggerated.

The book describes the "concerns of multiple stakeholders" on such topics as: The Emergence of the Digital Dilemma; Music: Intellectual Property's Canary in the Digital Coal Mine; Public Access to the Intellectual, Cultural, and Social Record; Individual Behavior, Private Use and Fair Use, and the System for Copyright; and Protecting Digital Intellectual Property: Means and Measurements.

It's Conclusions and Recommendations outline and organize the policy debates that already have begun on "how" rules and practices will change.

The entire text of the book is available on the Internet at http://books.nap.edu/html/digital_dilemma. Printed and bound copies may be ordered at http://books.nap.edu/catalog/9601.html.
[ELR 21:10:26]

The Biz: The Basic Business, Legal and Financial Aspects of the Film Industry, by Schuyler M. Moore (Silman-James Press)

Schuyler Moore is a lawyer (with Stroock & Stroock & Levan), a book author (Taxation of the Entertainment Industry, published by Panel Publishers), a UCLA Law School adjunct professor (teaching Entertainment Law), and a frequent contributor to these pages (ELR 11:9:3, 11:11:3, 18:8:4, 18:12:4).

It's not surprising, then, that students, clients and colleagues repeatedly asked him where they could find "a basic book that will provide an overview of the business aspects of the [movie] industry." When he could find no existing book to recommend, he decided to write one himself. His newly published book, The Biz: The Basic Business, Legal and Financial Aspects of the Film Industry, is the result.

The Biz covers the film industry waterfront, from choosing the best legal entity for a production or distribution company, to finance, distribution, and net profit calculations. It even addresses issues most clients would rather not think about: litigation and bankruptcy. Along the way, it surveys intellectual property topics like copyright, trademark and right of publicity. And because of his professional background in tax law, Moore even touches on tax and accounting principles too.

Though not intended as a legal treatise or form book, deal-making in the movie business results in contacts. And The Biz contains an Appendix of a dozen sample forms, including a Completion Guarantee, a Sales Agent Agreement, pro-licensor and pro-licensee versions of distribution agreements, and a short-form definition of net profits.

For those who want an overview of the legal side of the movie business, and want an introduction to the lurking complexities, The Biz is the book to read. It is available at major bookstores including Samuel French Books, and online from Amazon.com. It carries a suggested retail price of $26.95.

[ELR 21:10:26]

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