IN THE NEWS

Court determines that MP3.com should pay Universal Music $25,000 for each CD copied into My.MP3.com database; total could amount to $250 million

It's now apparent that Michael Robertson, MP3.com's brash young CEO, bet the company when he decided to start the new millennium by going online with his company's "My.MP3.com" service - without first getting permission from record companies to do so. It's a bet that he has lost, unless MP3.com pulls off a dramatic reversal on appeal.

MP3.com's "My.MP3.com" service permits users to listen to MP3 files of copyrighted recordings over the Internet, if they already have possession of a CD version of the recording they want to listen to, or if they purchase a CD of the recording from one of MP3.com's cooperating online retailers.

In order to provide this service, MP3.com bought tens of thousands of CDs, converted them to MP3 files, and stored those files on MP3.com's own servers - all without the authorization of record companies that then sued MP3.com for doing so. The record companies alleged that by converting their recordings to MP3 files and storing them on its servers, MP3.com made unauthorized reproductions of the companies' recordings. Music publishers made similar claims of their own as well, because MP3.com did not obtain mechanical licenses from them.

MP3.com's principal defense was that its activities were a non-infringing "fair use." But in a ruling issued last May, federal District Judge Jed Rakoff concluded that MP3.com's copying was not a fair use. As a result, Judge Rakoff granted the record companies' motion for partial summary judgment, and held that MP3.com had infringed their copyrights. (ELR 21:12:4)

MP3.com thereafter settled with BMG, Warner Music, EMI and Sony Music. But it did not settle with Universal Music Group (UMG). This meant further proceedings were necessary to determine how much in damages MP3.com would be required to pay UMG. And UMG sought to raise the stakes just as high as it could, with two arguments.

First, UMG argued that it was entitled to damages for each track on each its CDs that MP3.com copied onto its "My.MP3.com" server. UMG claims that 10,000 of its CDs were copied, so if each CD contains about a dozen tracks, the total number of tracks for which UMG sought damages could have amounted to 120,000.

Second, UMG sought statutory damages, rather than its actual damages or MP3.com's profits. In cases involving ordinary infringements, statutory damages range from $750 to $30,000 per infringement. Thus, if UMG had acknowledged that MP3.com's infringements were ordinary, statutory damages for 120,000 infringed music tracks could have amounted to as much as $3.6 billion.

But UMG did not acknowledge that MP3.com's infringements were ordinary. Instead, UMG argued that MP3.com's infringements were committed "willfully." In "willful infringement" cases, courts are authorized to award as much as $150,000 per infringement. This meant that UMG had raised the potential stakes to a staggering $18 billion!

In the first stage of the damages proceedings, Judge Rakoff issued a brief but significant ruling that cut UMG's potential recovery to just 1/12th of what it had been seeking. The judge held that UMG was entitled to have statutory damages computed "per CD," not "per song."

The statutory damages provision of the Copyright Act does not refer to "CDs" or "songs," or even to "albums" or "tracks." Instead, the Copyright Act provides that statutory damages may be awarded, at the rate of $750 or more, for each "work" that is infringed. But the Act does not define "work."

This seeming ambiguity enabled UMG to make the perfectly plausible argument that each song or track on a CD is a "work" in itself. UMG asserted that such an interpretation was especially appropriate in this particular case, because MP3.com "listed individual songs, encouraged users to create their own playlists without regard to a given CD album, and measured the traffic on its service according to the number of 'hits' received for each individual song-title."

However, Judge Rakoff found that these arguments were not relevant, because the Copyright Act itself also provides that for the purpose of computing statutory damages, "all parts of a compilation . . . constitute one work." UMG acknowledged that a CD is a "compilation." The judge therefore concluded that he was required to compute statutory damages "per CD" rather than "per song." He explained: "When Congress speaks, the courts must listen: so our constitution mandates. When, as here, Congress' statement is clear, to disregard that message would be nothing less than an unconstitutional arrogation of power by the judiciary."

When this ruling did not lead to a settlement, the second stage of the damages proceedings took place. This next phase was for the purpose of determining how much in statutory damages Judge Rakoff would award per infringed CD. To decide this, the judge first had to determine whether MP3.com's infringements were ordinary so that statutory damages of no more than $30,000 per CD could be awarded (as MP3.com claimed) or instead were "willful" so that statutory damages of as much as $150,000 per CD could be awarded (as UMG claimed).

In a sense, Judge Rakoff made a Solomon-like decision "splitting the baby" between the two companies. On the one hand, Judge Rakoff found that MP3.com's infringements were willful. On the other, he found that there were "mitigating factors that substantially reduce the level of damages that might otherwise be appropriate" - factors, in other words, that warranted an award well below the $150,000 per CD the Copyright Act authorized him to award. He decided to award $25,000 per CD - an amount that is even less than the $30,000 per CD he could have awarded, if

MP3.com's infringements had been ordinary rather than willful.

In deciding that MP3.com's infringements were "willful," Judge Rakoff was influenced in part by the fact that the company had issued an "Official MP3.com Guide" that advised readers with a "Warning" that "U.S. and international copyright laws forbid the unauthorized copying and distribution of music files over the Internet." This Guide demonstrated the company's intimate familiarity with the law, because it warned readers that the law prohibits "posting MP3 files of copyrighted music on the Internet or making copies," without the "written permission of the copyright holder." The Guide even acknowledged that "Buying a music CD does not mean that you own the content. You merely have permission (also known as a license) from the legal owners of the material on that CD to listen to it in a noncommercial setting."

Of course, if MP3.com's activities had been a "fair use," they would not have been infringing. But Judge Rakoff concluded that "factually this purported [fair use] justification was little more than a sham." MP3.com might have demonstrated that it thought its activities were a fair use by offering evidence that it had received an opinion to that effect from its outside counsel, the firm of Cooley Godward. But when UMG asked to see a copy of Cooley Godward's copyright advice, MP3.com asserted the attorney-client privilege and refused to produce it.

Judge Rakoff did not draw any adverse inferences about what Cooley Godward's advice might have been from MP3.com's assertion of the attorney-client privilege concerning that advice. "But," the judge added, "in the absence of any defense of advice of counsel, [MP3.com] has proffered no credible evidence whatever that rebuts [UMG's] clear and convincing proof that [MP3.com] knew at all times that its copying of [UMG's] CDs was presumptively unlawful, [and] that its fair use justification was factually and legally very doubtful . . . ."

Though Judge Rakoff could have awarded as much as $150,000 per CD, he declined to do so because he found there to be two mitigating factors favorable to MP3.com. The first factor was that UMG had not introduced any evidence of the amount of its actual damages. The second factor was that after the judge had earlier ruled that MP3.com's activities were not a fair use (ELR 21:12:4), MP3.com took its "My.MP3.com" service off-line, thus satisfying the judge that its conduct since that ruling "has on the whole been responsible...."

Judge Rakoff decided to award $25,000 per CD, in order to deter others from infringing copyrights. "[T]here is no doubt in the Court's mind," he explained, "that the potential for huge profits in the rapidly expanding world of the Internet is the lure that tempted an otherwise generally responsible company like MP3.com to break the law and that will also tempt others to do so if too low a level is set for the statutory damages in this case."

In language that copyright owners may want to enshrine, Judge Rakoff concluded by observing that "Some of the evidence in this case strongly suggests that some companies operating in this area of the Internet may have a misconception that, because their technology is somewhat novel, they are somehow immune from the ordinary applications of laws of the United States, including copyright law. They need to understand that the law's domain knows no such limits."

A further disagreement remains between MP3.com and UMG concerning how many of UMG's

CDs were actually copied onto MP3.com's servers. MP3.com says that it copied no more than 4700 UMG CDs. UMG, however, says the number is closer to 10,000. Thus, the third phase of the damages proceeding will be a trial in November concerning the actual number.

A judgment will be entered thereafter - a judgment from which MP3.com already has announced it will appeal.

Editor's note: Judge Rakoff's finding that MP3.com's infringements were "willful" may prove to be damaging to the company in ways unrelated to copyright. In the wake of that ruling, a securities fraud class action lawsuit has been filed against the company (as well as against Michael Roberts and other company officers including its General Counsel) on behalf of those who have purchased MP3.com stock since the My.MP3.com service went online. (A copy of the complaint in that case is available at www.milberg.com/mp3/complaint.html.)

UMG Recordings, Inc. v. MP3.com, Inc., No. 00 Civ. 472 (S.D.N.Y. 2000)(per-CD ruling available at www.nylj.com/decisions/00/09/090700b8.htm); *UMG Recordings, Inc. v. MP3.com, Inc.*, No. 00 Civ. 472 (S.D.N.Y. 2000)(willfulness/$25,000 ruling available at www.nysd.uscourts.gov/courtweb)[ELR 22:4:4]

WASHINGTON MONITOR

Justice Department and ASCAP agree on new antitrust Consent Decree

On the face of things, ASCAP performs what seems to be a simple and essential function. It acts as an agent for its members - who are music publishers and songwriters - for the purpose of granting licenses for the non-dramatic public performances of their songs. Situated, as it is, at the fulcrum between those who create music and those who perform it, ASCAP also is positioned to enforce the copyrights of its members by coordinating infringement actions against those who use music without being authorized to do so.

If ASCAP (and its competitors, BMI and SESAC) didn't exist, publishers would be overwhelmed by the burden of attempting to issue licenses to all of those who publicly perform music. The burden would be even greater on music users who would have to identify and communicate with the thousands of music publishers that own the copyrights to the songs those users want to perform.

Nonetheless, ASCAP suffers often-caustic criticism, not only from music users to whom it seeks to grant licenses, but even from songwriters and publishers on whose behalf it grants licenses. Music users have long complained that ASCAP has enormous bargaining power and attempts to abuse it by demanding excessive license fees. And some songwriters and music publishers have long complained that ASCAP distributes the royalties it collects in ways that do not entirely reflect actual public performances, thus benefiting some songwriters and publishers at the expense of others.

For many in the music business, all this is literally old news. In order to deal with complaints like these, the United States Department of Justice filed an antitrust lawsuit against ASCAP back in 1941. That case was settled in 1950 by a Consent Decree that has significantly controlled ASCAP's relations with both music users and its own members, ever since. That Decree has been amended, most significantly in 1960;

but a lot has happened in the music business over the last 40 years. So it's not surprising that ASCAP and the Justice Department have now agreed that the time has come to amend the Consent Decree again.

Rather than tinker with the language of the 1950 Decree and its 1960 amendment, ASCAP and the Justice Department have agreed on an entirely new Consent Decree. Though the new Decree is intended to supersede the old one, many provisions of the old one (and its 1960 amendment) have been carried forward into the new one, though in less "antiquated and convoluted language."

The new Decree makes a number of potentially significant changes to the restrictions under which ASCAP has been operating. Among them are these:

- Internet companies are given the same licensing rights that broadcasters long have had, including, for example, the right to obtain "Through-to-the-Audience Licenses." In practical terms, this means that if an online music provider obtains an ASCAP "Through-to-the-Audience License," that provider's programming may be carried by other websites, and those websites will not need ASCAP licenses of their own in order to retransmit that programming.

- ASCAP is required by the old Decree to offer "per-program" licenses, in addition to ASCAP's traditional "blanket license." (A "blanket license" authorizes the use of ASCAP music during all of a licensee's performances, while a "per-program" license authorizes the use of ASCAP music only during the licensed program.) The old Decree also required ASCAP to give licensees a "genuine choice" between blanket and per-program licenses. In practice, however, licensees have complained that the price demanded by ASCAP for per-program licenses, and the administrative burdens it imposes on per-program licensees, prevent per-program licenses from being a "genuine choice." As a result, the new Decree is intended to clarify ASCAP's obligation to give licensees a "genuine choice."

- Neither the old nor the new Consent Decree actually sets license fee amounts. (In this sense, the Consent Decrees differ from compulsory or statutory licenses found in the Copyright Act itself.) Instead, the Consent Decrees - both old and new - contemplate that ASCAP and music users will negotiate license fees with one another. But in order to give music users some leverage in those negotiations, the old Decree authorized users to petition a federal District Court to decide what a reasonable fee would be for specific uses, in cases where users and ASCAP could not agree. This court is known in the industry as the "rate court," and its proceedings are usually long and expensive for both sides. In an effort to make "rate court" proceedings faster and more affordable, the new Decree simplifies rate court procedures and imposes time limits on steps within those procedures.

- Some music users have attempted to deal with ASCAP by threatening to discontinue their use of ASCAP-licensed music altogether. They have complained that this is difficult to do - not just because ASCAP licenses so many songs - but also because it has been difficult if not practically impossible for music users to determine exactly which songs ASCAP does and doesn't license. The old Decree required ASCAP to make a list of its repertory available for inspection and copying in its offices. But that wasn't very helpful to music users outside of New York City (where ASCAP is headquartered). The new Decree requires ASCAP to make its repertory accessible online, and even prohibits ASCAP from bringing infringement suits for unlicensed performances of songs that were not identified online at the time of the alleged infringement.

- Finally, provisions in the old Decree that governed relations between ASCAP and its members have been deleted entirely. As a result, the Justice Department will no longer review proposed changes in ASCAP's membership policies or in its revenue distribution formulas.
- However, in place of those deleted provisions, the new Decree requires ASCAP to permit members to withdraw at the end of each calendar year, without penalty. This means that ASCAP must distribute revenues to a withdrawing member for performances that occur through the last day of the member's membership in ASCAP, may not reduce the value it attributes to departing members' works, and may not prohibit the member from transferring compositions to BMI or SESAC. (Since BMI doesn't

yet have an equivalent provision in its Consent Decree, this provision will not take effect unless and until BMI is bound by the same rules - in order to prevent BMI from recruiting ASCAP members without concern that ASCAP will be able to successfully recruit BMI members.)

Before the new Decree becomes effective, it must be approved by the federal District Court for the Southern District of New York. Interested parties have 60 days (apparently from September 1, 2000) to submit comments to the Justice Department. Assuming the Court thereafter approves the new Decree, it will take effect 90 days thereafter.

United States of America v. American Society of Composers, Authors and Publishers, Civ. Action No. 41-1395 (WCC), available at http://www.usdoj.gov/atr/cases/indx258.htm.[ELR 22:4:6]

Federal Trade Commission reports that movie, music and videogame industries market violent entertainment to children, despite age-restricted ratings or parental warnings

Aftershocks from the April 1999 shootings at Columbine High School in Littleton, Colorado, are now being felt from coast to coast, in ways that some people explain by noting that this is an election year. Less than two weeks after that horrific tragedy, President Clinton asked the Federal Trade Commission to study whether the movie, music and videogame industries market products with violent content to youngsters. And this month, the FTC issued a 104-page report (and 230 pages of appendices) concluding the answer is "plainly 'yes.'"

In the minds of entertainment industry critics, this conclusion implies that those in the movie, music and videogames businesses are, to some degree, responsible for the Littleton shootings and too many other shootings like it. But the FTC itself didn't go that far. Instead, its report candidly acknowledges that "Scholars and observers generally have agreed that exposure to violence in entertainment media alone does not cause a child to commit a violent act and that it is not the sole, or even necessarily the most important, factor contributing to youth aggression, anti-social attitudes and violence."

This finding was not the end of the matter, however, for two reasons.

First, the FTC also reported that "a majority of investigations into the impact of media violence on children find that there is a high correlation between exposure to media violence and aggressive, and at times violent, behavior," and that "exposure to media violence is correlated with increased acceptance of violent behavior in others, as well as an exaggerated perception of the amount of violence in society."

Second, documents produced by movie, music and videogame companies themselves revealed evidence that some of them "routinely market to children the very products that have the industries' own parental warnings or ratings with age restrictions due to their violent content." This evidence was startling and extremely damaging to those in the entertainment industry.

The FTC reported, for example, that of the movies, music recordings and videogames it had studied:

- the marketing plans for 64% of R-rated movies "contained express statements that the film's target audience included children under 17";
- the marketing plans for 27% of the music recordings sold with "explicit content" labels

"expressly identified teenagers as part of their target audience"; and

- the marketing plans of 70% of videogames rated Mature "expressly included children under 17 in their target audience."

Making matters even worse were the results of an FTC survey of retailers that showed that:

- more than 50% of the movie theaters surveyed allowed children aged 13 to 16 to view R-rated movies even when they were not accompanied by an adult; and
- 85% of the time, children aged 13 to 16 were able to buy music recordings with "explicit content" labels and Mature-rated videogames.

In one sense, the entertainment industry escaped relatively unharmed from the FTC's study, because the FTC emphasized that it does not intend "to regulate or even influence" the actual content of movies, lyrics or videogames. Using words that those in the entertainment industry could hardly have improved upon, the FTC explained that "The First Amendment generally requires that creative decisions about content be left to artists and their distributors."

The FTC did, however, make three recommendations, the implementation of which will require some effort and expense. It recommended that the industry:

"1. Establish or expand codes that prohibit target marketing to children and impose sanctions for violations."

"2. Increase compliance at the retail level." And

"3. Increase parental understanding of the ratings and labels."

Responses to the FTC Report came quickly, and some of those may bring the entertainment industry harm the FTC itself did not.

The Senate Commerce Committee held one session of hearings immediately and another session is scheduled to take place after this issue of the Entertainment Law Reporter goes to press. Because the 106th Congress is scheduled to adjourn shortly, it doesn't appear that these hearings will result in any actual legislation. But if interest in the FTC Report doesn't wane between now and the start of the 107th Congress next January, legislation could be introduced then.

According to press reports, the Federal Communications Commission will conduct a study of its own into whether violent television programming is being broadcast while children are likely to be watching.

Also, a lawsuit has been filed in California state court in Los Angeles, on behalf of an organization known as Citizens for Fair Treatment, alleging that the major motion pictures studios have engaged in deceptive, unfair and unlawful business practices by advertising R-rated movies in high school newspapers and other media that teenagers are likely to see.

Marketing Violent Entertainment to Children: A Review of Self-Regulation and Industry Practices in the Motion Picture, Music Recording & Electronic Game Industries (FTC Sept. 2000), available at www.ftc.gov/opa/ 2000/09/youthviol.htm [ELR 22:4:7]

NLRB certifies Major League Umpires Independent Organizing Committee as new exclusive collective bargaining representative of Major League Baseball umpires; objections by former representative, Major League Umpires' Association, are rejected

Major League Baseball umpires are working this year as members of a new union called the Major League Umpires Independent Organizing Committee (IOC). Previously, and for many years, the umpires were members of the Major League Umpires' Association (MLUA). But as a result of a controversial bargaining tactic adopted by that union during the 1999 season, dissident MLUA members formed the IOC. And in a representation election held in November 1999, the IOC defeated MLUA by a vote of 57 to 35.

Baseball fans may recall that the controversial bargaining tactic used by MLUA included the mass resignations of most umpires in the middle of the 1999 season. This was done in the apparent hope that Major League Baseball would then immediately negotiate a new collective bargaining agreement to replace the one that was set to expire on December 31, 1999, several months after the end of that season. This tactic was attributed to the advice of Richie Phillips, who was MLUA's counsel and a labor leader whose style was controversial even among MLUA members themselves.

The resignation tactic didn't work. Instead of negotiating, Major League Baseball hired replacement umpires from the minor leagues. Many of the Major League umpires then rescinded their resignations, and some organized the IOC. Major League Baseball acknowledged the resignation-rescissions of some, but not all, umpires; it "accepted" the resignations of 22 umpires who lost their employment as a result.

This was the climate in which the IOC-sought representation election was conducted. Under the circumstances it was not surprising that the IOC won. MLUA, however, attributed its loss to improper conduct by Major League Baseball, as the umpires' employer; and MLUA objected to the election results on those grounds.

MLUA argued that Major League Baseball had influenced the outcome of the election in favor of the IOC by threatening to treat umpires more harshly if MLUA remained their bargaining representative, while promising harmonious and beneficial bargaining if the IOC became their representative. MLUA also argued that the League assisted the IOC by bargaining with it about the terms and conditions of the umpires' employment, while MLUA was still their exclusive bargaining representative.

The NLRB hearing officer recommended that both of these objections be overruled, on the grounds that the evidence did not support either complaint.

In addition, MLUA argued that the League failed to pay contractually due benefits to the 22 umpires whose resignations were accepted. But the hearing officer recommended that this objection be overruled as well, because under the circumstances, the League's failure to pay the disputed benefits did "not constitute objectionable conduct" of the kind necessary to set aside the results of an election.

Finally, MLUA contended that the League had engaged in "objectionable conduct" by telling umpires it was already bargaining with the IOC and by describing the terms of the already agreed-upon collective bargaining agreement. The hearing officer recommended that this objection be overruled too, because the evidence did not show that the League had done this during "the critical period" after the IOC had petitioned the NLRB for a representation election.

The NLRB, acting as a three-member panel comprised of Chairman John Truesdale and Members Sarah Fox and Peter Hurtgen, has adopted the hearing officer's recommendations and thus has certified the IOC as the new exclusive bargaining representative for Major League umpires.

Editor's note: After reportedly "acrimonious" negotiations with Major League Baseball, the IOC - now known as the World Umpires Association - has agreed to a new collective bargaining agreement. According to news reports, the five-year agreement raises minimum umpire salaries from $95,000 last year (1999) to $104,704 this year, and top salaries from $282,500 last year to $324,545 this year.

National League of Professional Baseball Clubs and Major League Umpires Independent Organizing Committee, 330 NLRB No. 112 (2000), available at http://www.nlrb.gov/slip330.html [ELR 22:4:8]

RECENT CASES

Satellite TV company infringed NFL's copyrights under United States law, by retransmitting U.S. television broadcasts to subscribers in Canada, federal appellate court affirms

The National Football League has won an important ruling in a copyright infringement suit against satellite TV company PrimeTime 24. A federal Court of Appeals has agreed with the NFL (and with a lower court) that PrimeTime infringed the NFL's copyrights to United States television broadcasts of its games when PrimeTime retransmitted those broadcasts by satellite to PrimeTime's subscribers in Canada.

PrimeTime has a statutory license, under U.S. copyright law, to retransmit over-the-air broadcasts by satellite to "unserved" households in the United States. (See, "Congress Gives Satellite TV Industry and Subscribers Big Benefits in Satellite Home Viewer Improvement Act of 1999," by Philip R. Hochberg (ELR 21:8:8)) As a result, the NFL didn't quarrel with PrimeTime's doing that.

What the NFL objected to was PrimeTime's retransmission of games to viewers located in Canada - something that is not mentioned at all in the law that allows PrimeTime to service "unserved" households in the U.S.

PrimeTime has made more than a few appearances in these pages, usually as a defendant

(ELR 20:8:13, 20:11:14, 21:10:21). But it is not a pirate or renegade company. In response to the NFL's cease-and-desist letter that preceded the filing of this case, PrimeTime made a very plausible argument concerning why it had a legal right to retransmit NFL games to Canadian subscribers.

"Because the copyright laws of the United States have no extraterritorial applicability," PrimeTime said, "'public' performances that occur in other countries cannot trigger liability for copyright infringement under the laws of the United States. Instead, the law of the country in which the public performance does take place protects the copyright holder." According to PrimeTime, the public performance of its retransmissions to Canadian subscribers takes place in Canada, where - again according to PrimeTime - its retransmissions "comport with applicable Canadian law."

When PrimeTime later made this same argument in federal courts, it was twice rejected. District Judge Lawrence McKenna denied PrimeTime's motion to dismiss, and then issued a permanent injunction barring it from continuing to retransmit NFL broadcasts to Canada. On appeal, PrimeTime has done no better: writing on behalf of the Court of Appeals, Judge Ellsworth Van Graafeiland has affirmed.

In a very short opinion, Judge Van Graafeiland has held that a public performance, under the U.S. Copyright Act, "includes 'each step in the process by which a protected work wends its way to its audience.'" As a result, PrimeTime publicly performed NFL broadcasts in the United States when it uplinked those broadcasts to PrimeTime's satellite. "Because PrimeTime did not have authorization to make such a public performance, PrimeTime infringed the NFL's copyright," Judge Van Graafeiland held.

National Football League v. PrimeTime 24 Joint Venture, 211 F.3d 10, 2000 U.S.App.LEXIS 8275 (2d Cir. 2000)[ELR 22:4:10]

Player agents are subject to NFL Collective Bargaining Agreement provision that prohibits undisclosed agreements concerning player compensation, and agents may be penalized if they violate that provision, federal District Court rules

Once upon a time, player agents weren't regulated by anyone. Those days are long gone, however. Agents who represent National Football League players are regulated by the NFL Players Association and NCAA (ELR 5:10:3, 8:2:3), as well as by several states (ELR 19:6:4, 18:6:24).

Now, as a result of a recent decision by federal District Judge David Doty, NFL player agents also may be regulated by the Special Master whose job it is to resolve disputes concerning the interpretation and application of the NFL Collective Bargaining Agreement, at least with respect to certain issues.

The decision that produced this noteworthy result was a by-product of a dispute between the NFL and the San Francisco 49ers. The NFL suspects that the 49ers made certain "undisclosed" agreements with some of its players, in violation of the Collective Bargaining Agreement - probably (if the NFL's suspicions prove correct) in order to circumvent the agreement's "franchise player" provisions (see ELR 22:3:10).

In a Special Master proceeding between the NFL and the 49ers, the NFL sought discovery from player agents Leigh Steinberg, Jeffrey Moorad and Gary Wichard. All three opposed discovery on the grounds that they were not parties to the Collective Bargaining Agreement (nor to a Stipulation and Settlement Agreement that was the origin of the ban on "undisclosed" agreements).

The Special Master agreed with the agents and dismissed them from the proceeding. But the Special Master added that if in fact agents are bound by the Collective Bargaining Agreement, then Steinberg, Moorad and Wichard would not only have to respond to the NFL's discovery requests, they also would be subject to possible penalties under another provision of the Collective Bargaining Agreement. Both sides appealed the Special Master's decision to Judge Doty (with the NFL Players Association taking the League's side).

On its face, the Collective Bargaining Agreement seems to make this an easy case, because it provides that it "shall be binding upon" the NFL and its players as well as upon their "representatives" and "agents." The Special Master discounted the significance of this provision, saying that it is "mere boilerplate." But Judge Doty disagreed. "[W]hile it is true that language of this kind commonly appears in contractual agreements," he said, "this fact alone does not render the provision inoperative."

Moreover, another provision of the Collective Bargaining Agreement requires player agents to sign "certifications" that the contracts they negotiate on behalf of their clients comply with the requirements of the Collective Bargaining Agreement. And it provides that those who file false certifications may be fined as much as $250,000.

On the other hand, yet another provision of the Collective Bargaining Agreement gives the Players Association the authority to regulate agents, and it could be read to give the Players Association the sole authority to do so. That's the way the Special Master read it. But Judge Doty read it differently. The judge read the provision to give the Special Master "regulatory authority over player agents with respect to the issue of false certification."

For this reason, Judge Doty reversed the Special Master's decision to dismiss Steinberg, Moorad and Wichard from the proceeding. Having done so, the judge then affirmed the Special Master's decision that the three agents are subject to penalties, even though they have not signed the Collective Bargaining Agreement. He did so for three reasons.

First, the judge decided that agents have given "implied consent" to be bound by the Collective Bargaining Agreement, by virtue of their having accepted the Players Association's permission to negotiate player employment contracts.

Second, he ruled that "player agents enjoy significant and ongoing economic benefits . . . that flow directly from the [Collective Bargaining Agreement]."

And third, player agents expressly agree to be bound by the Collective Bargaining Agreement in two ways. In order to become player agents, they must agree in writing to be bound by regulations that prohibit agents from negotiating contracts that violate the policies of the Players Association; and Judge Doty found that the Collective Bargaining Agreement is among the policies referred to. Also, the judge held, when an agent signs a contract certification, he "has manifested a consent to be bound by the [Collective Bargaining Agreement] . . . just as clearly as if he had signed [it] . . . ."

White v. National Football League, 92 F.Supp.2d 918, 2000 U.S.Dist.LEXIS 4136 (D.Minn. 2000)[ELR 22:4:10]

Federal court dismisses lawsuit filed by parents of students killed in high school shooting against creators of "The Basketball Diaries," video games and websites

In December of 1997, three Kentucky high school girls were shot to death after a morning prayer meeting by a fellow student who was then just 14 years of age. Investigators learned that the shooter, Michael Carneal, was an "avid" fan of violent movies, video games and websites. He had, for example, seen the movie "The Basketball Diaries," had played allegedly violent video games on his home computer, and had viewed "pornographic and obscene" websites - all before committing his horrible act.

In an effort to make sense out of Carneal's senseless crime, the parents of his three victims filed a lawsuit against Time Warner and others who had produced and distributed "The Basketball Diaries," against the makers of the video games that were on Carneal's computers, and against the operators of the adult websites he had apparently viewed. The parents' complaint alleged that these defendants were liable - under theories of negligence, strict products liability and RICO violations - for their daughter's deaths.

While not minimizing what a "tragic situation" the case presented, federal District Judge Edmond Johnstone has dismissed the parents' case, in response to the defendants' motion for summary judgment. "Tragedies such as this simply defy explanation," the judge said, "and courts should not pretend otherwise."

Judge Johnstone dismissed the parents' negligence claims, because the defendants did not owe a duty of care to the parents. They did not, he explained, because Carneal's actions were not foreseeable. Moreover, even if the movie, video games and websites were somehow a cause of his victim's deaths, Carneal's actions amounted to a "superseding cause," and thus, under Kentucky law, the defendants could not be found liable.

Judge Johnstone dismissed the parents' strict products liability claims, because the "thoughts, ideas, and expressions" in the movie, games and websites did not constitute a "product," and only "products" fall within "the realm of the strict liability doctrine" in Kentucky.

Finally, the judge dismissed the parents' RICO claim, because they could not establish the "essential elements" required to support a recovery under that federal statute.

In dismissing the negligence and strict liability claims, Judge Johnstone relied heavily on a case which held that the distributor of the game "Dungeons & Dragons" could not be held liable in a wrongful death action arising from a youthful player's suicide (ELR 12:6:12).

The parents had urged Judge Johnstone to be guided by the "Natural Born Killers" decision - an appellate court ruling that required Warner Bros. and Oliver Stone to defend themselves against a shooting victim's allegation that they had "intended" viewers of "Natural Born Killers" to imitate the criminal conduct of the movie's main characters (ELR 21:2:8). Judge Johnstone distinguished that decision, however, saying that the parents of the Kentucky victims had not alleged that any of the defendants had "intended" their daughters to be killed.

Judge Johnstone made a point of noting that it was unnecessary for him to reach the First Amendment "issues looming in the background." Nevertheless, he added, if he had reached those issues, he would have ruled that imposing liability in this case "would have a devastatingly broad chilling effect on expression of all forms."

James v. Meow Media, Inc., 90 F.Supp.2d 798, 2000 U.S.Dist.LEXIS 5330 (W.D.Ky. 2000)[ELR 22:4:11]

Creative Artists Agency, Matthew McConaughey and Renee Zellweger successfully compel arbitration of claim that they tortiously persuaded Columbia TriStar to limit release of "Return of the Texas Chain Saw Massacre" - in which McConaughey and Zellweger appeared before they became stars - even though they were not parties to arbitration agreement between Columbia TriStar and movie's producers

Movie producers everywhere share at least one dream. It is the dream of hiring a little-known actor - at a salary that is fair but reflects the actor's then-current status - and then have the actor's career take off just before the producer's own movie is about to be released.

This dream seemed to come true for the producers of the "Return of the Texas Chain Saw

Massacre." When the movie was shot, it starred a then little-known actress named Renee Zellweger and featured a then unknown actor named Matthew McConaughey. Distribution rights were granted to Columbia TriStar Home Video, and before the movie was released, McConaughey broke through with his starring role in "A Time to Kill." Zellweger's career also took a leap, as a result of her appearance (opposite Tom Cruise) in "Jerry Maguire."

Columbia TriStar delayed the release of "Texas Chain Saw," in order to take advantage of McConaughey and Zellweger's newly acquired fame. But the movie's producers claim that before it was released, Creative Artists Agency persuaded Columbia TriStar to give the movie only a limited release, because CAA viewed the movie as an improper exploitation of the recent success of McConaughey whom CAA had recently signed as a client.

The producers made this claim in a lawsuit for tortious interference with the Columbia TriStar distribution agreement. The lawsuit named only CAA, McConaughey and Zellweger as defendants - not Columbia TriStar - and it soon became evident why. The distribution agreement between the producers and Columbia TriStar contained a clause requiring arbitration of disputes in Los Angeles. The producers didn't want to arbitrate the claim in L.A.; they wanted to litigate it in a courtroom in Texas. By omitting Columbia TriStar from the case, the producers thought they could avoid arbitration, because CAA, McConaughey and Zellweger were not parties to the distribution agreement, and thus not signatories to the arbitration clause.

The producers' hopes in this regard were disappointed, however, just as was their dream that they might benefit from McConaughey and Zellweger's recent successes. CAA, McConaughey and Zellweger sought a court order compelling the producers to arbitrate their claim in Los Angeles; a federal District Court granted their petition; and that ruling has been affirmed on appeal.

Writing for a 2-to-1 majority, Judge Rhesa Hawkins Barksdale held that because the producers' claim against CAA, McConaughey and Zellweger "is intertwined with, and dependent upon" the Columbia TriStar distribution agreement, the arbitration clause in that agreement should be given effect, even though CAA, McConaughey and Zellweger had not signed it themselves.

Judge Barksdale noted that the distribution agreement gave Columbia TriStar "absolute" and "sole" discretion to make decisions concerning the movie's distribution, so long as those decisions were made "in good faith." This puts Columbia TriStar's decisions about the movie at the heart of the producers' claims. Thus, even though it wasn't sued, it "nevertheless will be involved extensively - and, no doubt, quite expensively - in this dispute, including whether it performed properly under the distribution agreement."

For this and other reasons, Judge Barksdale held that the producers are "equitably estopped" from refusing to arbitrate their claims, and he has affirmed the lower court's order that they do so.

Judge James dissented, quoting Williston on Contracts for the proposition that "Nearly anything can be called estoppel," and "When . . . a judge does not know what other name to give for his decision to decide a case a certain way, he says there is an estoppel."

Grigson v. Creative Artists Agency, 210 F.3d 524, 2000 U.S.App.LEXIS 7365 (5th Cir. 2000)[ELR 22:4:12]

Creator of "Joe Cartoon" animations wins preliminary injunction, under Anticybersquatting Act, barring use of domain names confusingly similar to his www.joecartoon.com

John Zuccarini has built a million dollar a year Internet business on the backs of celebrities like Gwyneth Paltrow, Ricky Martin and Britney Spears. He has done so by registering domain names that are confusingly similar to these celebrity names, and then filling his web pages with nothing but ads. Worse yet, visitors to Zuccarini's sites - who arrive there by misspelling the names of the celebrities whose authentic sites they were seeking - are prevented from leaving until they click on a succession of ads. Advertisers pay Zuccarini between ten and twenty-five cents for each such click.

Among the celebrities whose names Zuccarini has misused in this way is a graphic artist from Alto, Michigan, named Joseph Shields. Few of Shields' fans know him by that name, however. To them, he is "Joe Cartoon," the creator of the enormously popular web animations "Frog Blender," "Micro-Gerbil" and "Live and Let Dive." Shields webcasts his animations from his own website, www.joecartoon.com, which now receives some 700,000 visits a month (as well as from websites operated by others).

In order to capture the eyes and clicks of Joe Cartoon fans, Zuccarini registered joescartoon.com, joecarton.com, joescartons.com, joescartoons.com and cartonjoe.com. Shields responded by suing Zuccarini under the Anticybersquatting Consumer Protection Act (ELR 21:7:4).

Just hours after being sued, Zuccarini changed the content of his Joe Cartoon-named sites. He substituted political commentary for the revenue-generating ads that had been there before - commentary that criticized Shield's joecartoon.com website as one "that depicts the mutilation and killing of animals." Zuccarini apparently hoped that this commentary would enable him to take advantage of a safe harbor in the Anticybersquatting Act - one that is available to those who reasonably believe their use of a domain name was "fair and lawful." Zuccarini has been disappointed, however.

Federal District Judge Stewart Dalzell has granted Shields' motion for a preliminary injunction, barring Zuccarini from using any of his Joe Cartoon-like domain names. The judge found that the "Joe Cartoon" trademark is both distinctive and famous; that Zuccarini's domain names are confusingly similar to that trademark; and that Zuccarini had obtained and was using his domain names with a bad faith intent to profit from them.

Judge Dalzell rejected "out of hand" Zuccarini's argument that his only intent was to protest the brutality to animals depicted in Shields' animations. The judge did so, because until Zuccarini was sued, his websites contained ads, not commentary. Moreover, the judge said (in words that must have pleased Shields as well as his fans): "while some may find Shields' cartoons in poor taste, they are hardly realistic and graphic. In fact, some of the images are rather cute. . . . In any event, this is tame stuff compared with the regular catastrophes that befall Wile E. Coyote."

Shields v. Zuccarini, 89 F.Supp.2d 634, 2000 U.S.Dist.LEXIS 3350 (E.D.Pa. 2000)[ELR 22:4:13]

Winterland infringed copyright to America's Cup photograph by Jeffrey Hunter Mendler, because it made "photographic" reproductions of the photo rather than the "illustrations" that were authorized by license from Mendler

Most people have an instinctive sense of the difference between a photograph and an illustration. In 1991, professional photographer Jeffrey Hunter Mendler and T-shirt maker Winterland Concessions apparently relied on their instincts when they entered into a licensing agreement. That turned out to be a mistake.

The agreement in question authorized Winterland to use photographs Mendler had taken, during an America's Cup sail boat race, as "guides, models, and examples, for illustrations to be used on screenprinted T-shirts or other sportswear." The license, however, did not authorize Winterland to use photographic reproductions of Mendler's photos.

Pursuant to that license, Winterland made and sold T-shirts, without legal difficulties, for at least a year or two. However, in 1995, Winterland began making a new line of sailboat T-shirts, once again using one of Mendler's photographs. These shirts did cause legal problems.

They did, because according to Mendler, the new shirts featured photographic reproductions of his photo, not the mere illustrations authorized by the license he had granted to Winterland. Winterland of course contended that its shirt design was a licensed "illustration" rather than a photographic reproduction.

Four federal judges have professionally considered whether Winterland's T-shirts bear illustrations or photographic reproductions; and it has proved to be a close and difficult question. The judges have split two-to-two; but since two appellate court judges agreed that the shirt designs are photographic reproductions, not illustrations, Mendler has won the case.

The disputed design was made by scanning Mendler's photo and then digitally altering it using a computer program like Adobe Photoshop. This by itself was not a fatal error, because Mendler's license to Winterland authorized it to use "whatever illustration process" it wanted. The question, in other words, was not the means by which Winterland created its design; it was whether the design itself was an illustration or photographic reproduction.

Using a computer, Winterland flipped Mendler's photographic image horizontally so the sailboat in the foreground was on the right rather than the left, the sail was extended and its tip (which was cut off in the photo) was reconstructed, colors were changed, and "the tonal range of the whole image" was "compressed through posterization."

District Judge Thelton Henderson concluded that these changes made the T-shirt design a licensed "illustration," and thus he ruled in favor of Winterland. On appeal, however, Judge Alex Kozinski - writing for a two-to-one majority - concluded the opposite.

In a short opinion (that nevertheless cites two web sites, one software user's guide, one book, two dictionary definitions, and six newspaper and magazine articles), Judge Kozinski found that "the alterations made by Winterland failed to destroy the essentially photographic quality of the image on its T-shirt." This was so, he explained, because "Apart from the sail tip, none of the elements of the T-shirt image that can be said to 'illustrate' anything were added by Winterland - they were simply scanned from Mendler's photo. Despite the differences in appearance, no one familiar with the original can fail to recognize this. The T-shirt image thus remains essentially what it was the moment it was transferred from Mendler's slide to the hard drive of Winterland's computer: a photographic reproduction - but photographic nonetheless."

Judge Pamela Ann Rymer dissented. She was of the opinion that "Winterland's manipulation of the photograph was significant. . . . While the resulting image is obviously based on the photograph, it is not the photograph. Rather, the photograph was used as a guide or model to produce a graphic illustration of sailing," she would have held.

Mendler v. Winterland Production, Ltd., 207 F.3d 1119, 2000 U.S.App.LEXIS 3753 (9th Cir. 2000)[ELR 22:4:13]

In idea submission cases, idea only has to be novel to recipient in order to be adequate consideration for an implied contract in New York, federal appellate court rules in case involving submission of idea for a spinning plush toy; earlier New York cases that required idea to be novel generally have been "refuted," appellate court concludes

Craig Nadel is a "toy idea man." That's the way federal Court of Appeals Judge Sonia Sotomayor described him, in an opinion that makes a significant change to the law of idea submissions. The change is one that affects not only the toy business, but also the movie and television businesses. And it's a change that toy manufacturers and movie and television production companies are not going to like. Toy idea men, as well as screenwriters and some individual producers will like it though, because the change makes it easier for "idea men" (and women) in all three businesses to get their idea-submission cases to a jury.

Some background: In 1996, Nadel pitched an idea for a spinning plush toy to an executive at Play-by-Play Toys & Novelties. According to Nadel, "the standard custom and practice in the toy industry" is that toy companies pay for idea submissions, if they use them, unless the company already knew the idea. Apparently relying on that custom, Nadel didn't ask for or receive an express promise from Play-by-Play to pay him for his idea - not even an oral promise.

Several months after Nadel's pitch, Play-by-Play introduced a spinning version of a Tasmanian Devil toy that the company had been manufacturing pursuant to a license from Warner Bros. Nadel concluded that this new spinning toy, called "Tornado Taz," incorporated the ideas he had disclosed months earlier; and Nadel sued. His complaint alleged claims for breach of implied contract and misappropriation of his concept.

Play-by-Play denied using Nadel's idea at all, saying that it had independently developed its spinning Tasmanian Devil before its executive met with Nadel. Moreover, the company asserted that even if it had used Nadel's idea, he was not entitled to compensation because his idea was non-novel in the toy industry by the time Nadel pitched it.

The second of these defenses was quickly successful. Federal District Judge Sidney Stein granted Play-by-Play's motion for summary judgment, on the grounds that New York law requires novelty generally in order to support a claim for breach of implied contract or misappropriation. The fact that Nadel's idea may have been novel to Play-by-Play at the time he pitched it was irrelevant. In so ruling, Judge Stein was merely applying prior cases decided by New York state appellate courts (Oasis Music v. 900 U.S.A. (ELR 16:7:8)) as well as by the Second Circuit Court of Appeals itself (Murray v. NBC (ELR 18:9:16)).

Nadel appealed on two grounds, one quite narrow, the other quite sweeping. His narrow argument was that his idea was novel in general, and Judge Stein erred in concluding otherwise in response to a motion for summary judgment. Nadel's sweeping argument was that he was entitled to prevail so long as his idea was novel to Play-by-Play; it didn't matter that others in the toy industry may have known of his idea already. As things turned out, the appellate court ruled in Nadel's favor on both grounds.

Writing for the Court of Appeals, Judge Sotomayor agreed with Play-by-Play that in order for Nadel to prevail on his misappropriation claim, his idea would have to be novel generally - that is, to the entire toy industry. On the other hand, the judge agreed with

Nadel that there was a genuine issue of fact concerning whether his idea was novel to the toy industry, at the time he pitched it to Play-by-Play. This was so, because the evidence was ambiguous about when, exactly, other toy companies first introduced spinning toys having the same features that were central to Nadel's idea. Thus, Judge Sotomayor reversed the dismissal of his misappropriation claim.

More significantly, Judge Sotomayor also reversed the dismissal of Nadel's implied contract claim - not just because his idea may turn out to be novel generally, but also because even if it turns out to have been novel only to Play-by-Play, he may be entitled to recover. This, despite much earlier authority to the contrary.

What persuaded Judge Sotomayor to make such a radical ruling? Earlier authorities - from New York state and federal courts - requiring ideas to be novel generally in implied contract cases all pre-dated a 1993 New York Court of Appeals decision in a securities industry idea case called Apfel v. Prudential-Bache Securities. That case involved an express (not implied) post-disclosure (not just pre-disclosure) contract to pay for a non-novel idea. Under those circumstances, the case held that the contract was enforceable, because under "traditional principles of contract law . . . parties are free to make their bargain, even if the consideration exchanged is grossly unequal or of dubious value."

Until now, Apfel seemed to have little to say about pre-disclosure implied contracts; but Judge Sotomayor concluded otherwise. "We do not understand Apfel's holding to be limited only to situations where there is an express post-disclosure contract between the parties," she wrote. Thus, she concluded that "Contract-based claims" - including pre-disclosure implied contract claims - "require only a showing that the disclosed idea was novel to the buyer in order to find consideration." Lest there be any doubt about it, the judge added, in a footnote, that Apfel "squarely refutes [the] proposition" that "novelty generally is required for consideration in contract-based claims in submission-of-idea cases" including those involving "implied contract" claims.

Possibly aware that novelty-to-the-buyer will be a difficult thing to determine with confidence in a jury trial, Judge Sotomayor acknowledged that "an idea may be so unoriginal or lacking in novelty generally that, as a matter of law, the buyer is deemed to have knowledge of the idea." And "[i]n such cases, neither a property-based nor a contract-based claim for uncompensated use of the idea may lie."

This holding too won Nadel further trial court consideration of his implied contract claim, because "there exists a genuine issue of material fact as to whether Nadel's idea was, at the time he disclosed it to [Play-by-Play's executive], novel as to Play-by-Play."

Editor's note: This case will be remembered as the one in which a Tasmanian Devil dragged New York law closer to that of California, because in California, novelty is not usually required at all, not even in implied contract cases. See, Lionel S. Sobel, The Law of Ideas, Revisited, 1 UCLA Entertainment Law Review 9, 59-61 (1994). (One case - Green v. Schwarzenegger involving the movie "Terminator 2" - did hold that novelty is required in implied contract cases under California law; but neither the District Court (ELR 17:10:5) nor the Court of Appeals decision (ELR 18:12:19) in that case was ever published.)

Nadel v. Play-by-Play Toys & Novelties, Inc., 208 F.3d 368, 2000 U.S.App.LEXIS 5122 (2d Cir. 2000)[ELR 22:4:14]

Chicago Sun Times defeats claims that by publishing "Chicago Style" newspaper articles it engaged in deceptive practices and misappropriated idea from company that had proposed producing "Chicago Style" television series "tied in" with articles from newspaper

Television production companies are usually the targets of idea submission cases filed by others, not the ones who file them. Thus, a recently decided case filed by Chicago Style Productions, Inc., is unusual, because in that case the television production company was the plaintiff rather than the defendant.

The defendant was the Chicago Sun Times, Inc., the company that publishes the newspaper bearing that name. Chicago Style Production's lawsuit was provoked by a Sun Times series of articles called "Chicago Style." The suit was not, however, a trademark infringement suit, probably because Chicago Style Productions had not yet used its name for anything but the company at the time the Sun Times' articles began to appear.

Instead, Chicago Style Productions' suit alleged claims under the Illinois Consumer Fraud and Deceptive Business Practices Act, and for misappropriation.

The dispute between the two companies is traceable to meetings between their executives that took place in 1997 and 1998. At the first of those meetings, Chicago Style Productions made a proposal to produce a television series to be called "Chicago Style" that would be tied in with articles to be published in the Sun Times. The newspaper's executives were sufficiently interested to have the television company produce a pilot, which it did and then presented at the second of the meetings.

After seeing the pilot, the Sun Times decided not to participate in the proposed venture and so advised Chicago Style Productions. Just four days later, however, the Sun Times began publishing its "Chicago Style" articles. According to Chicago Style Productions, the Sun Times articles "reflected the 'essence, strategy and focus' of its proposed program." Worse yet, the articles "destroyed its ability to market the program to other newspapers."

In an opinion by Justice William Cousins, the Appellate Court of Illinois has affirmed the dismissal of Chicago Style Productions' lawsuit. The appellate court held that federal copyright law preempted the company's deceptive business practices claim, because its pilot program was fixed in a tangible medium (video tape) and its claim was an attempt to vindicate the same rights that are granted by copyright law.

Even if that claim were not preempted, Judge Cousins wrote, the case was properly dismissed. It was, he explained, because the Sun Times had not produced a television series or done anything in connection with television. Chicago Style Productions "cannot seriously claim that it came up with the idea of a newspaper writing about local entertainment events and celebrities," the judge reasoned. "Moreover, the . . . articles put out by the Sun Times under the title 'Chicago Style' focused on fine arts, rather than the 'lighthearted personality-driven features' that were to be the focus of the television show."

Chicago Style Productions, Inc. v. Chicago Sun Times, Inc., 728 N.E.2d 1204, 2000 Ill.App.LEXIS 282 (Ill.App. 2000)[ELR 22:4:15]

Claim that Massive Attack recording "Unfinished Sympathy" contains infringing sample of recording by musician-songwriter Ralphe Armstrong raises international copyright (and other) issues that could not be decided by summary judgment, because of disputed issues of fact

Someday, an infringement case filed by jazz musician Ralphe Armstrong may result in a landmark opinion on international copyright law issues. It hasn't yet though, because Armstrong and those he has sued filed cross-motions for summary judgment before they did any discovery. Thus, federal District Judge Robert Sweet has denied (all but one of) their motions, because they turn on still disputed issues of fact.

Armstrong alleges that a recording by Massive Attack contains an infringing sample of a song entitled "Planetary Citizen" that Armstrong wrote and recorded with the Mahavishnu Orchestra on its 1978 album "Inner Worlds." Massive Attack's allegedly infringing recording is entitled "Unfinished Sympathy," and it appears on the band's 1991 album "Blue Lines." "Unfinished Sympathy" also was used in the soundtrack of Sharon Stone's 1993 movie "Sliver," and in the movie's soundtrack album. And "Unfinished Sympathy" was licensed for use in an Adidas television commercial in 1996.

The reason the case presents important issues of international copyright law is that Armstrong filed his lawsuit in the United States, even though Massive Attack is a British band, its "Blue Line" album was first released by Virgin UK in England and Ireland, and the compositions on the album (including "Unfinished Sympathy") were published by Island Music, Ltd., which is a British company.

Armstrong selection of the United States as his venue of choice was not completely arbitrary. The "Blue Line" album was licensed to, and released by, Virgin Records America in the U.S. And the movie "Sliver" and the Adidas commercial were produced and exhibited in the U.S. as well.

Nonetheless, Armstrong's lawsuit asserts claims not only in connection with the sale and other uses of "Unfinished Sympathy" in the United States. It also asserts claims, under U.S. and foreign copyright laws, for the sale and uses of "Unfinished Sympathy" in other countries.

As a general rule, United States copyright law does not apply to things that happen entirely in other countries. For this reason, the defendants sought dismissal of Armstrong's claims based on things that occurred outside the United States. Judge Sweet has denied that motion however. The judge acknowledged that "to the extent that Armstrong seeks to recover for alleged acts of infringement solely committed abroad, such as the distribution and sale of 'Blue Line' albums in the United Kingdom, he could not obtain such recovery under our copyright laws."

However, the judge added, "Where . . . acts of infringement occur within the United States and a plaintiff seeks to hold a foreign defendant contributorily or vicariously liable for those acts, . . . subject matter jurisdiction may exist. . . ." The question to be litigated is whether any of the defendants did anything abroad that resulted in infringements in the United States, for which they may be held contibutorily or vicariously liable. Since no discovery had been conducted, the facts necessary to answer that question were not available. And Judge Sweet declined to answer it by summary judgment for that reason.

Although U.S. copyright law would not apply to infringing acts committed abroad, foreign copyright law might. Judge Sweet ruled that he might have subject matter jurisdiction to rule on foreign copyright law claims, for two reasons. First, he has subject matter jurisdiction to decide claims based on U.S. copyright law; and thus he may have "pendant jurisdiction over claims arising under foreign law." Also, he observed that there appears to be complete diversity of citizenship among the parties, and if so, he would have diversity jurisdiction too.

The judge recognized that even though he may have subject matter jurisdiction over Armstrong's foreign copyright law claims, his court would not necessarily be the proper one; and the defendants may be entitled to dismissal under the doctrine of forum non conveniens. The defendants had not yet made such a motion, however, so Judge Sweet denied their motion to dismiss the foreign claims, while authorizing them to reopen the issue after discovery.

Of course, even if Judge Sweet has subject matter jurisdiction to hear claims against the British defendants, he would also need personal jurisdiction over them to do so. Virgin UK and Island Music asserted that they have no presence in the United States. But that doesn't necessarily shield them from suit in the U.S., the judge said. Their licensing activities might subject them to personal jurisdiction in the U.S., even if they did not themselves commit infringing activities here.

"To be sure," the judge said, "not every licensing agreement concerning allegedly infringing material will automatically subject a foreign licensor to jurisdiction in New York courts." But since Armstrong had not yet conducted discovery on the nature of the licensing activities engaged in by Virgin UK and Island Music, Judge Sweet denied their motion for summary judgment on personal jurisdiction grounds, with permission to renew the motion once discovery is completed.

The judge also denied the defendants' statute of limitations and laches motions, again because facts relevant to those defenses were still in dispute.

The defendants did win dismissal of one of Armstrong's claims. He asserted that by failing to credit him as one of the songwriters and performers of "Unfinished Sympathy," the defendants had violated the Lanham Act. Judge Sweet granted the defendants' motion for summary judgment as to this claim, because it "essentially track[ed] those asserted under copyright law."

Armstrong v. Virgin Records, Inc., 91 F.Supp.2d 628, 2000 U.S.Dist.LEXIS 4316 (S.D.N.Y. 2000)[ELR 22:4:18]

Title of 1945 short story "First Contact" is not entitled to trademark protection, so federal court dismisses infringement suit against Paramount Pictures complaining about its use of movie title "Star Trek: First Contact"

Paramount Pictures has won the dismissal of a trademark infringement suit filed against it by the heirs of noted science fiction writer William F. Jenkins. Jenkins, writing under the pen name "Murray Leinster," was the author of "First Contact," a highly regarded short story that was first published in 1945 and has been reprinted many times since. Jenkins' heirs objected to Paramount's use of "Star Trek: First Contact" as the title of the eighth motion picture in that studio's "Star Trek" series.

According to the heirs, Paramount's use of "First Contact" in its movie title violated their trademark rights in the title of Jenkins' short story. But federal District Judge T.S. Ellis has ruled otherwise. The judge held that the short story's title - which had never been registered as a trademark - was not eligible for trademark protection, for two reasons.

First, Judge Ellis found that the phrase "first contact," when used in connection with science fiction stories, is generic, because it "has come to describe an entire genre of science fiction, namely literature about humankind's first encounter with extraterrestrial life." The judge based this conclusion on evidence that commentators - including The Encyclopedia of Science Fiction - routinely refer to "first contact" stories.

Moreover, at least two books about alien encounters include the words "First Contact" in their titles, though they do not include Jenkins' story.

Second, the judge ruled that even if "First Contact" were not a generic phrase, it still would not be entitled to trademark protection, because it has not acquired secondary meaning. That is, there was no evidence that consumers believe "First Contact" refers primarily to Jenkins' short story or any single source. Instead, Judge Ellis explained, the evidence showed that "First Contact" is "commonly used to describe an alien encounter . . . and not to refer to Jenkins or his story."

For these reasons, Judge Ellis has granted Paramount's motion for summary judgment.

Heirs of Estate of Jenkins v. Paramount Pictures, 90 F.Supp.2d 706, 2000 U.S.Dist.LEXIS 3525 (E.D.Va. 2000)[ELR 22:4:19]

Trademark infringement and tortious interference judgment of $1.65 million against Clear Channel Broadcasting, arising from disputes over competing music concerts, is reversed on appeal; "Summer Jam" is generic, and competing promoter failed to prove damages, appellate court holds

In the summer of 1996, Power 102, a hip hop radio station in Texas owned by Clear Channel Broadcasting, sponsored a "Summer Jam" music concert. Nothing unusual about that - radio stations everywhere having been doing so for years. In fact, another Texas station owned by Small Business

Assistance Corp. (SBAC) also staged a concert for that summer. SBAC had done so before, using the name "Uncle Sam Jam," and that was the name it intended to use for its 1996 concert too.

Def Jam recording artist Montell Jordan was to have been SBAC's headliner that summer. But according to SBAC, a Clear Channel disc jockey contacted Def Jam Records and threatened to blackball all of its artists, if Jordan performed at SBAC's concert as scheduled.

SBAC made this assertion in a lawsuit against Clear Channel - one that alleged claims for trademark infringement and tortious interference with prospective economic advantage. A jury sided with SBAC, and a seven-figure judgment was entered against Clear Channel: $1,546,100 for tortious interference; and another $105,650 for trademark infringement.

As a result of that judgment, SBAC must have felt an enormous thrill of victory. But eventually, the thrill was replaced by the agony of defeat. A federal Court of Appeals reversed the judgment entirely, in a brief and to-the-point opinion.

Writing for the appellate court, Judge Fortunato Benavides ruled that the evidence had showed that Clear Channel's "Summer Jam" name "is a generic term for a musical concert occurring during the summer months," and thus it could not infringe SBAC's "Uncle Sam Jam" mark.

Moreover, Judge Benavides agreed with Clear Channel that no evidence supported the damages element of SBAC's tortious interference claim. Though SBAC had lost money on its 1996 concert, the record did not show that the loss was attributable to Clear Channel's actions, the judge said.

Small Business Assistance Corp. v. Clear Channel Broadcasting, Inc., 210 F.3d 278, 2000 U.S.App.LEXIS 6655 (5th Cir. 2000)[ELR 22:4:20]

National Hole-in-One Association fails to win dismissal of right of publicity lawsuit by professional golfer Don Pooley complaining about Association's use of his name and image in video promoting Association's services, after Pooley won a million dollars by shooting a hole-in-one

Where's the gratitude? That has to be what the National Hole-in-One Association is asking itself, now that a federal District Court has refused to dismiss a right of publicity lawsuit filed against the Association by professional golfer Don Pooley.

Pooley, you see, won a million dollars by shooting a hole-in-one in a tournament that had taken advantage of the Association's service of providing million-dollar hole-in-one prize money.

In an understandable effort to sell its services to other tournament sponsors, the Association produced an eight-minute video sales pitch. The video included an eight-second clip of Pooley teeing off and walking the fairway after making his hole-in-one. The clip was accompanied by a voice-over that said: "Has anyone ever made a million dollar hole-in-one? You bet. At the 1986 Bay Hill Classic, Don Pooley electrified a national television audience as he knocked this ball in on the fly for a million dollar ace."

According to the Association, the PGA was supposed to get Pooley's consent for the use of this footage in the Association's video. Apparently, however, it didn't, because Pooley sued the Association for violating his right of publicity.

Pooley filed his lawsuit in Arizona, which until this case had not recognized the right of publicity in common law or by statute. Nonetheless, federal District Judge Alfredo Marquez ruled that "In the absence of Arizona law to the contrary, courts [in Arizona] follow the Restatement." And the Restatement (Third) of Unfair Competition does recognize a right of publicity. "The Court sees no reason why a claim for invasion of the right of publicity should not be recognized in Arizona," the judge concluded.

Under the Restatement, certain "incidental uses" do not violate the right of publicity. But Judge Marquez found that the Association's use of Pooley's name and image was not incidental. "His name, while only briefly mentioned, prominently stands out as the highlight of [the Association's] advertisement," the judge said.

Indeed, he added, Pooley's name and image were "crucial" to the Association's "commercial purpose of selling its fundraiser."

Judge Marquez also rejected the Association's First Amendment defense. The judge explained, that "when the purpose of using a person's identity is strictly to advertise a product or a service, as it is here, the use is not protected by the First Amendment."

Pooley v. National Hole-in-One Association, 89 F.Supp.2d 1108, 2000 U.S.Dist.LEXIS 3775 (D.Ariz. 2000)[ELR 22:4:20]

Court orders League of American Theatres and Producers to give inactive members copies of documents related to Tony Award voting, in connection with bylaw amendment that deprived inactive members of their former right to vote for Tonys

In life, as in the theater, important things sometimes happen behind the scenes.

That appears to be the thinking of certain members of the League of American Theatres and Producers. And those members have gone to court to get access to documents that may indicate what happened when the League changed its bylaws to reduce the number of people eligible to vote for the Tony Awards.

The League of American Theatres and Producers is the organization that presents (along with The

American Theatre Wing) the annual Tony Awards. For many years, inactive members of the League were entitled to vote for the Tonys, along with active, affiliate and honorary members.

Tony Award voters receive two free tickets for each show that may qualify for a Tony nomination, as well as free tickets to attend the Award show itself. Thus, those who are eligible to vote have understandable reasons for wanting to remain eligible.

In the summer of 1999, at a special meeting of its Board of Governors, the League voted to eliminate its inactive members from the Tony voting process. Not surprisingly, these newly disenfranchised members were not pleased. Indeed, they were so displeased that they hired a lawyer to help them get their voting rights back.

During the course of the ensuing negotiations, the inactive members asked the League to provide them with certain documents - not all of which the League provided. The inactive members responded by petitioning a New York state court, under that state's Not-For-Profit Corporation Law, for a court order requiring the League to give them those documents.

The League argued that its inactive members were not entitled to the order they sought, because their "purpose is not a proper one." According to the League, its inactive members "simply want free theatre tickets."

Judge Jeffrey Atlas was not persuaded by this argument, however. "That the Petitioners' interest has a personal aspect to it does not preclude there being a legitimate corporate interest involved," he said. "It is no less a pursuit of legitimate corporate interests to seek to expand the number of Tony Award voters than to seek to reduce the number of voters."

Moreover, the League's motives may not have been entirely artistic; and Judge Atlas saw that. "[I]t can also be argued that the theatre owner members of the League have a personal financial interest in reducing the number of free tickets distributed for the many shows that may be nominated for a Tony award," the judge said. "This does not make their decision to alter the League policy any less legitimate."

As a result, Judge Atlas has ordered the League to give its inactive members copies of the minutes of certain meetings, the League's official membership list, and a list of those members who are now eligible to vote for Tony awards.

Wells v. League of American Theatres and Producers, 706 N.Y.S.2d 599, 2000 N.Y.Misc.LEXIS 101 (Sup. 2000)[ELR 22:4:21]

Federal court enjoins City of Boston and its police from arresting those who attempt to resell Boston Red Sox tickets at or below face value, unless police have probable cause to believe sellers are in the business of reselling tickets

Gary Lainer was beat up, handcuffed and arrested by Boston police when he tried to sell a ticket - for its $18 face value - to a Boston Red Sox-New York Yankees game in Fenway Park. He was charged with violating Massachusetts' "anti-scalping" statute. But after several hours in the police station and in court, the charges against him were dropped.

That, however, was not the end of the matter.

Indeed, as a result of a civil lawsuit filed by Lainer, a federal District Court has enjoined the City of Boston and its police from arresting those who attempt to sell Red Sox tickets at or below their face value, unless the police have probable cause to believe that the sellers are in the business of reselling tickets but don't have a license to do so.

The case turned on the particular language of the Massachusetts statute. Though the statute requires those "in the business of reselling" tickets to have a license to do so, it does not require licenses of those who are not in that business. That is the conclusion of Judge Joseph Tauro; and that is why Judge Tauro issued the injunction.

The City and its police argued that anyone who sells tickets is in the "business" of doing so, and that's why the official policy of the Boston police was to arrest anyone who resold tickets for any amount in a public area. Judge Tauro rejected this argument, however, saying that if all unlicensed ticket sales violated the law, the statute would not have needed to prohibit sales by those who are "in the business" of doing so.

The judge also waived off the argument that Lainer's sales violated the Red Sox's own ban on reselling tickets. "The Red Sox policy is a private contract between the team and ticket purchasers," Judge Tauro ruled, "and to the extent that its limitations exceed those imposed by Massachusetts law, it may not be enforced by the Boston Police Department."

Lainer v. City of Boston, 95 F.Supp.2d 17, 2000 U.S.Dist.LEXIS 5388 (D.Mass. 2000)[ELR 22:4:21]

Americans with Disabilities Act requires stadium-style movie theaters to offer unobstructed views to wheelchair-bound patrons, but does not require them to provide the same line-of-sight viewing angles enjoyed by most non-disabled patrons, federal appellate court holds

Cinemark USA satisfied its obligations under the Americans with Disabilities Act when it provided unobstructed views to its wheelchair-bound patrons at the company's stadium-style Tinseltown theater complex in El Paso, Texas. A federal Court of Appeals has so held, even though Tinseltown's flat areas for wheelchairs are near the front of the theaters, lower and closer to the screens than most - though not all - seats for non-disabled patrons.

A group of disabled moviegoers and two advocacy groups challenged Tinseltown's design, shortly after the complex opened. They argued that the design violated the Americans with Disabilities Act Accessibility Guidelines, which require theaters to provide the disabled with "lines of sight comparable to those for members of the general public."

Tinseltown's wheelchair flat areas are surrounded on all sides by general public seating, which according to Cinemark is used by the non-disabled even when other seats are available. Nonetheless, the location of the flat areas requires wheelchair patrons to crane their necks to watch movies, something that is not necessary from most seats for the non-disabled. As a result, a federal District Court entered judgment in favor of the disabled and ordered Cinemark to modify its theaters by moving wheelchair seating further back from the screen and higher off the floor and requiring the company to lower its screens.

On appeal, however, Cinemark has prevailed. In an opinion by Judge Eugene Davis, the Court of Appeals has ruled that the Guideline's "comparable line of sight" provision simply requires theaters to provide wheelchair-bound patrons with unobstructed views. Judge Davis held that the Guidelines do "not require movie theaters to provide disabled patrons the same viewing angle available to the majority of non-disabled patrons."

Lara v. Cinemark USA, Inc., 207 F.3d 783, 2000 U.S.App.LEXIS 6253 (5th Cir. 2000)[ELR 22:4:22]

Patent on Roger Clemens Instructional Baseball is invalid for obviousness, so federal District Court grants Franklin Sports' motion for judgment as a matter of law in patent infringement case against it

Franklin Sports has snatched victory from the jaws of defeat, in a patent infringement lawsuit that was sparked when Franklin began selling its "Pitch Ball Trainer 2705." The design of Franklin's "Pitch Ball" is similar to that of the "Roger Clemens Instructional Baseball."

Both balls contain finger-placement markings that show aspiring pitchers how to hold baseballs in order to throw fastballs, curveballs, sinkers and sliders. Two earlier instructional balls had done so as well, in somewhat different ways or for just a single type of pitch. But the Patent Office nonetheless issued a patent on the Roger Clemens Instructional Baseball, and when

Franklin began selling its Pitch Ball, the owner of the patent to the Roger Clemens ball sued for infringement.

Franklin thought that the design of the Roger Clemens ball was "obvious," and that the Clemens ball patent was invalid for that reason. The Patent Act provides that "A patent is invalid for obviousness if 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'"

However, earlier in the case, Judge John Lungstrum denied Franklin's motion for summary judgment, ruling that there were disputed issues of fact on the question of whether the Roger Clemens patent was invalid for obviousness.

After trial, a jury actually ruled against Franklin, finding that it had willfully infringed a valid patent. But

Judge Lungstrum then granted Franklin's post-trial motion for judgment as a matter of law, on the grounds that the Clemens patent is invalid for obviousness.

The owner of the Roger Clemens patent argued that despite two earlier patents on instructional baseballs, the Roger Clemens ball was not obvious, in part because no similar ball had been patented in more than 20 years. Judge Lungstrum was not persuaded, however. "[I]t is entirely possible," he responded, "that the attempt to patent such a product was not made because those of ordinary skill in the art deemed such a device obvious and unpatentable in light of [the two earlier instructional baseball patents]."

McGinley v. Franklin Sports, Inc., 92 F.Supp.2d 1216, 2000 U.S.Dist.LEXIS 4908 (D.Kan. 2000)[ELR 22:4:22]

Contract between Don King and boxer Lennox Lewis, requiring Lewis to defend his WBA title before fighting others, is enforced by federal court; separate contract between Don King and boxer Terry Norris, requiring Norris to fight Felix Trinidad, is not necessarily void, New York state appellate court holds

Boxing promoter Don King has won two important fights of his own - legal fights over the enforceability of separate contracts he entered into with boxers Lennox Lewis and Terry Norris. A federal District Court in New York City has held that a 1999 contract between Lewis and King is enforceable, despite vigorous arguments by Lewis to the contrary. And a New York state appellate court has held that a lower court erred when it granted a motion for summary judgment declaring that a 1996 contract between Norris and King was void.

The Lewis-King contract was the product of intense negotiations over the terms of Lewis' 1999 rematch with Evander Holyfield for the WBA heavyweight championship. The contract provided that if Lewis won that fight, he would "next" fight the WBA's leading contender or would "vacate the WBA title." Lewis did beat Holyfield, but didn't want to fight the WBA's leading challenger - Henry Akinwande and later John Ruiz - next. Instead, Lewis wanted to fight Michael Grant who - though not the WBA's leading challenger - was nevertheless the favorite of HBO which is "an important source of revenues for the broadcast of professional boxing."

In an effort to win judicial approval of a fight with Grant, Lewis filed a declaratory relief lawsuit, claiming that his contract with King was unenforceable for many reasons: because King had fraudulently induced Lewis to sign it; because King himself had breached it; because the contract violated WBA rules; because Lewis had received no consideration for agreeing that his next fight would be against the WBA's leading contender; and because the WBA didn't in fact have a leading contender at the time Lewis wanted to fight Grant.

King responded with a counterclaim, seeking judicial approval of the contract and damages against Lewis' promoters for tortiously inducing Lewis to breach it.

In the language of boxing, King scored a judicial knockout. Following a non-jury trial, Federal District Judge Lewis Kaplan issued a long and fact-intensive decision. In it, he characterized many of Lewis' arguments as "without merit," others as "frivolous," and some as "entirely frivolous." The judge concluded by dismissing Lewis' complaint completely. More significantly, in response to King's counterclaim, Judge Kaplan enjoined Lewis from boxing Grant (or anyone else) unless he first defends his WBA heavyweight title against the WBA's leading contender, or first vacates his WBA title.

Lewis' promoters did score one defensive point along the way. Judge Kaplan dismissed King's interference with contract counterclaim against them. The judge did so, he explained, because if Lewis complies with the injunction, there will be no actual breach of his contract.

Separately, King staged a comeback in an unrelated dispute with boxer Terry Norris. In 1996, Norris agreed with King to fight Felix Trinidad. The agreement didn't state where the fight would be held; instead, it said that the fight would be "at a site designated" by King. In due course, King arranged for the fight to be held in Madison Square Garden in New York City. But by then, Norris had become dissatisfied and he refused to fight Trinidad.

Why, exactly, Norris was dissatisfied is not reflected in the judicial opinion produced by the resulting lawsuit. Whatever the reason, Norris sought a declaration that his contract with King was void - not because of its terms, but because King did not have a New York boxing promoter's license at the time the contract was signed.

King did get such a license before the fight was to have been held. But a New York trial judge held that that was not soon enough, and the judge granted Norris' motion for summary judgment. The Appellate Division of the New York Supreme Court has reversed that ruling.

In its Memorandum Opinion, the Appellate Division held that nothing in the agreement indicates that the fight would take place in New York, and if it had taken place elsewhere, New York licensing law would not have been applicable. This was so, the Appellate Division explained, even though the contract contained a New York choice-of-law provision.

"The question of what location was intended by the parties to the agreement presents an issue of fact that precludes summary judgment," the Appellate Division concluded.

Presumably, if Norris proves at trial that New York was intended from the start, he'll win again. But if the evidence shows that New York was selected for the fight only after the contract was signed, the contract will be valid, because King got the necessary New York license before the fight was to be held.

Lewis v. Don King Productions, Inc., 94 F.Supp.2d 430, 2000 U.S.Dist.LEXIS 430 (S.D.N.Y. 2000);

Norris v. Don King Productions, Inc., 706 N.Y.S.2d 426, 2000 N.Y.App.Div.LEXIS 4581 (App.Div. 2000)[ELR 22:4:23]

Suit for negligence and recklessness, filed by guardians of severely injured pit crew member against auto racetrack and its insurer, was properly dismissed, South Dakota Supreme Court holds, because injured crew member signed valid release before entering pit

"[T]here is no such thing as an inherently safe auto race," South Dakota Supreme Court Justice David Gilbertson has noted. If proof of that statement were necessary, the evidence in the case then before him was sufficient.

The case was brought by the guardians of Vernon Holzer who couldn't bring it himself, because he was lying in a coma - the result of an injury he sustained while working as a pit crew member during a stock car race at the Dakota Speedway. Tragically, a wheel broke off a race car, flew through the air more than a hundred feet, over a wall of concrete barricades, and struck Holzer in the head.

On Holzer's behalf, his guardians sued the Speedway and its insurance company, alleging claims for negligence and recklessness. Despite the severity of Holzer's injuries, a South Dakota trial court dismissed the case for a very simple reason. Before entering the pit, Holzer had signed a form in which he released the Speedway and its insurers from liability for "for any and all loss or damage . . . whether caused by . . . negligence . . . or otherwise."

Holzer's guardians appealed to the South Dakota Supreme Court, arguing that the release violated public policy and was unenforceable for that reason. The Supreme Court, however, disagreed. Writing for three members of the Court (two others concurred only in the result and another dissented in part), Justice Gilbertson has affirmed the summary judgment won by the Speedway and its insurance company.

Justice Gilbertson acknowledged that releases that cover willful negligence or intentional torts are not valid because they are against public policy. In this case, however, the justice found that the record did not contain any facts that showed the Speedway had recklessly or consciously disregarded any risk of harm to Holzer.

Justice Gilbertson also rejected the argument that Holzer did not understand what he had signed - even though Holzer's guardian testified by affidavit that

Holzer was just a D+ student and his "reading comprehension was very low."

For these reasons, the justice concluded that "The unambiguous release Holzer signed effectively released Speedway from liability as a matter of law," and it also released its insurance company.

Holzer v. Dakota Speedway, Inc., 610 N.W.2d 787, 2000 S.D.LEXIS 66 (S.D. 2000)[ELR 22:4:24]

Lawsuits between the estate of 1950s singer-songwriter J.P. Richardson and Wells Dairy, over Wells' use of "Big Bopper" as trademark for ice cream sandwich, to proceed in both Iowa and Texas

Singer-songwriter J.P. Richardson was killed - along with Buddy Holly and Ritchie Valens - in a plane crash in 1959. Before his untimely death, Richardson was known to the music world as "The Big Bopper," and his estate continues to use that name professionally to this very day.

"Big Bopper" also is the name of an ice cream sandwich made by Wells' Dairy, Inc. Wells' has used that name since 1996, and even has obtained a federal trademark registration for it.

Wells' adopted "Big Bopper" as a trademark for its ice cream sandwich without the consent of Richardson's estate, thus giving birth to an interstate dispute. In response to a cease-and-desist letter from the estate, Wells' filed a declaratory relief action in federal court in Iowa, its home state. The estate in turn filed a lawsuit of its own in state court in Texas, where Richardson's heirs reside.

Someday, these cases may produce interesting opinions on trademark and right of publicity law. First, however, the Iowa case has produced a surprisingly lengthy decision on purely procedural issues. Federal District Judge Mark Bennett has denied both the estate's motion to dismiss the Iowa case and Wells' motion to enjoin the Texas lawsuit. As a result, both cases will proceed, at least for now.

Judge Bennett has held that Wells' lawsuit in Iowa states claims that satisfy the jurisdictional amount in dispute, as well as the federal question requirement; thus his court has subject matter jurisdiction to hear the case. The judge likewise found that he has personal jurisdiction over the estate, on account of its contacts with Iowa. Iowa also is the proper venue for such a case, the judge concluded.

Though Wells' Iowa lawsuit was filed before the estate's Texas lawsuit, Judge Bennett denied Wells' motion to enjoin the estate's Texas suit. He did so, he explained, because the federal Anti-Injunction Act barred him from issuing such an injunction.

Wells' Dairy, Inc. v. Estate of J.P. Richardson, 89 F.Supp.2d 1042, 2000 U.S.Dist.LEXIS 3199 (N.D.Iowa 2000)[ELR 22:4:24]

Federal District Court in Missouri decides that bar is entitled to jury trial in cable piracy case, even though National Satellite Sports seeks only statutory damages for unauthorized interception of transmission of 1999 fight between Mike Tyson and Francois Botha

The question seems, on its face, to be easily-answered. It's short. It's easily stated. And it has been asked, and answered, many times. Alas, the question is not easily-answered. And when it's been asked in the past, it's been answered differently - not only from circuit to circuit, but even within a single circuit! (ELR 16:1:30, 20:10:17, 21:11:24)

The question is this: in a cable piracy case, is the defendant entitled to a jury trial if all the plaintiff seeks are statutory damages? The question is usually asked in cases brought by licensors of pay-per-view professional boxing matches against bars and restaurants that have exhibited such fights to their patrons, without being licensed to do so.

National Satellite Sports recently filed on such a case against Cotter's Lounge, a bar in St. Louis, Missouri, which was not licensed to exhibit the 1999 fight between Mike Tyson and Francois Botha, but allegedly did so anyway.

National Satellite sought statutory damages only, not actual damages or Cotter's profits. Cotter's requested a jury trial, nonetheless. And federal District Judge Catherine Perry has held that it is entitled to one.

This conclusion, the judge noted, is consistent with the Supreme Court's decision in Feltner v. Columbia Pictures Television (ELR 19:12:6) that defendants are entitled to jury trials in copyright infringement cases, even when statutory damages are all that are sought.

National Satellite Sports, Inc. v. Cotter's Lounge, Inc., 88 F.Supp.2d 1024, 2000 U.S.Dist.LEXIS 4147 (E.D.Mo. 2000)[ELR 22:4:25]

Indiana High School Athletic Association did not violate law by declaring Italian foreign exchange student ineligible to participate on varsity swim team, Indiana Court of Appeals rules; but in future cases, new Indiana statute will give ineligible students right to appeal IHSAA decisions to independent "case review panel"

The Indiana High School Athletic Association has won another judicial battle, but separately, in the Indiana legislature, the Association has lost its war to retain virtually unfettered authority to make decisions concerning the eligibility of high school athletes.

The Association's latest judicial victory came, after years of litigation, in a case filed by Gabriele Vasario, an Italian high school student who spent a year as a foreign exchange student at Lake Central High School in Lake Country, Indiana. Vasario was a swimmer and had intended to compete on Lake Central's varsity swim team.

The Association has a "transfer rule" that generally prohibits transfer students from participating in sports, unless their parents move with them into the new school's district. Because Vasario was a foreign exchange student, his parents didn't move to Lake Country from Italy.

Another Association rule might have helped Vasario, because there is an exception to the Association's "transfer rule" that permits foreign exchange students to participate, if their foreign exchange program is approved by the Counsel on

Standards for International Educational Travel. Originally, Vasario's exchange program was approved. But the program lost its approval - for reasons that had nothing to do with sports - before Lake Central's swim season began.

That made Vasario ineligible, and the Association denied his petition for a hardship exception. He then sued the Association and won. An Indiana trial court ruled that the Association's refusal to permit Vasario to participate on the varsity swim team violated both Indiana common law and its constitution.

On appeal, however, the Association has prevailed. In an opinion by Judge Patrick Sullivan, the Indiana Court of Appeals held that the Association had not violated the law by applying its "transfer rule" to declare Vasario ineligible, nor had it done so by refusing to grant his hardship petition. Judge Sullivan explained that ever since the Indiana Supreme Court's

1997 decision in IHSAA v. Carlberg (ELR 20:5:21), Indiana courts may overturn Association eligibility decisions only if they are "arbitrary and capricious."

In this case, Judge Sullivan found that the Association had not been arbitrary or capricious in relying on an exchange program's approval by the Counsel on Standards for International Educational Travel. The judge said that he shared "the trial court's disapproval of the failure of the IHSAA to grant Vasario a hardship exception." Nevertheless, he held that the refusal did not rise to "the level of willful and unreasonable decision making without any basis or consideration of the circumstances."

Ironically, on the very same day the Court of Appeals ruled in favor of the Association, the governor of Indiana signed into law a new statute that, in effect, takes away the Association's power to make virtually unfettered decisions concerning student-athlete eligibility. The statute creates a "case review panel" that is empowered to review decisions of the Association concerning the application or interpretation of its rules, if asked to do so by a student's parent.

The panel will consist of the Indiana State Superintendent of Public Instruction and eight others whom the Superintendent will appoint. Four of the others must be parents of high school students, two must be high school principals, and two must be high school athletic directors.

The panel is required to "collect testimony and information" and then decide whether to uphold the Association's decision, modify it, or nullify it. The Association "must implement the decision of the panel," though a panel decision will apply only to the student whose parent referred the case to the panel, not to any other students.

The new statute became effective July 1, 2000.

Indiana High School Athletic Association v. Vasario, 726 N.E.2d 325, 2000 Ind.App.LEXIS 257 (Ind.App. 2000); *Indiana House Enrolled Act No. 1018*, adding IC 20-5-63 to the Indiana Code (2000), available at http://www.state.in.us/legislative/bills/2000/HE/HE1018.1.html [ELR 22:4:25]

Federal Court of Appeals orders law firm to withdraw as counsel for corporation in connection with its petition for rehearing of prior decision of appeal by FCC

In a rare if not unprecedented opinion, a federal Court of Appeals has ordered the law firm of Gibson, Dunn & Crutcher to withdraw as counsel for NextWave Personal Communications, Inc., in connection with its petition for a rehearing, in a case involving an appeal by the Federal Communications Commission from a Bankruptcy Court order.

NextWave had been represented by the firm of Andrews & Kurth in proceedings in the Bankruptcy and District Courts, as well as in the Court of Appeals. But when the Court of Appeals ruled in favor of the FCC, NextWave hired Gibson Dunn as Special Appellate Counsel to file a petition for rehearing.

The appellate court opinion that triggered the rehearing petition was issued by a panel that included Judges Joseph McLaughlin, Dennis Jacobs and Robert Sack. Judge Sack was a member of Gibson Dunn from 1986 to 1998. As a result, Judge Sack did not participate in deciding a procedural motion filed by the FCC shortly after Gibson Dunn's appearance in the case.

Apparently, Judge Sack believed that his participation in the case could violate the Code of Conduct for United States Judges and an Advisory Opinion of the Committee on Codes of Conduct. But the appellate court was not willing to replace Judge Sack permanently in connection with NextWave's petition for rehearing. So, to avoid the need to have Judge Sack withdraw completely, the appellate court directed Gibson Dunn to withdraw its appearance.

In a Per Curiam decision, the court explained that "Once the members of a panel assigned to hear an appeal become known or knowable, counsel thereafter retained to appear in that matter should consider whether appearing might cause the recusal of a member of the panel. We make no finding as to good faith or intent by the estimable lawyer of Gibson, Dunn. It is clear, however, that tactical abuse becomes possible if a lawyer's appearance can influence the recusal of a judge known to be on a panel. Litigants might retain new counsel for rehearing for the very purpose of disqualifying a judge who ruled against them. As between a judge already assigned to a panel, and a lawyer who thereafter appears in circumstances where the appearance might cause an assigned judge to be recused, the lawyer will go and the judge will stay."

The appellate court's concerns about "tactical abuse" may have been heightened by an additional event that occurred in the case. Two other companies - Liberty Media and Global Crossing - sought permission to file amicus curiae briefs in support of NextWave's position. They were represented by Simpson Thacher & Bartlett. That is the firm in which Judge Jacobs was a partner until his appointment to the bench, as well as the firm in which Judge McLaughlin's son now is a partner.

In re Federal Communications Commission, 208 F.3d 137, 2000 U.S.Dist.LEXIS 3970 (2nd Cir. 2000)[ELR 22:4:26]

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A Contested Ascendancy: Problems with Personal Managers Acting as Producers by William A. Birdthistle, 20 Loyola of Los Angeles Entertainment Law Review 493 (2000)

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