IN THE NEWS

Court of Appeals vacates preliminary injunction barring publication of "The Wind Done Gone" in infringement action by owner of copyright to "Gone with the Wind"

Houghton Mifflin will be allowed to publish The Wind Done Gone after all, as a result of surprisingly swift action by the Eleventh Circuit Court of Appeals. Immediately following oral argument, the appellate court issued a one and a half page order vacating a preliminary injunction that had been issued just the month before in a copyright infringement suit filed by the owner of the copyright to Margaret Mitchell's Gone with the Wind.

Federal District Judge Charles Pannell had ruled that The Wind Done Gone, a novel written by author Alice Randall, was substantially similar to Mitchell's

Gone with the Wind and that the fair use doctrine did not protect Randall's book from being an infringement (ELR 22:12:4).

However, in their Per Curiam order, Court of Appeals Judges Stanley Francis Birch, Jr., Stanley Marcus, and Harlington Wood, Jr., ruled that it was "manifest that the entry of a preliminary injunction in this copyright case was an abuse of discretion in that it represents an unlawful prior restraint in violation of the First Amendment." Their short order concluded with the promise that "A comprehensive opinion of the court will follow."

Editor's note: The appellate court "comprehensive opinion" may ultimately conclude that the two novels are not substantially similar, or that the fair use doctrine protects The Wind Done Gone from infringement liability. But the Court of Appeals' assertion that Judge Pannell's preliminary injunction was "an unlawful prior restraint in violation of the First Amendment" is unprecedented - and one that the appellate court will not be able to square with prior copyright decisions, including the United States Supreme Court's decision in Harper & Row v. Nation in which the Supreme Court expressly rejected Nation magazine's argument that it had a First Amendment right to publish excerpts from former President Gerald Ford's memoirs without a copyright license (ELR 7:2:6).

Suntrust Bank v. Houghton Mifflin Co., U.S.C.A., 11th Cir., No. 01-12200 (11th Cir., May 25, 2001), available at http://www.ca11.uscourts.gov/opinions.htm [ELR 23:1:4]

Writers Guild of America ratifies Minimum Basic Agreement with Alliance of Motion Picture and Television Producers and television networks

Members of the Writers Guild of America have ratified the 2001 Minimum Basic Agreement with the Alliance of Motion Picture and Television Producers (AMPTP), and ABC, CBS and NBC. The WGA represents 11,000 motion picture, broadcast, cable, Internet and new media writers. Of the 4,128 who voted, 92% (3,785) approved the new agreement and while only 8% (343) voted against it.

The new agreement makes a number of changes of significant benefit to writers.

When movies are released as DVDs and videocassettes, credited screenwriters of both originals and adaptations now will be paid a mandatory script publication fee of $5,000 per movie - payments that are projected to increase screenwriters' residuals more than $1 million dollars by the third year of the new contract.

For the first time in its history as a broadcaster, Fox will be considered a "network," and will pay 100% of network residuals two years from now - 50% more than Fox has been paying.

For the first time since the foreign residuals formula was established in 1970, foreign residuals have been uncapped. The buy-out has been eliminated, and foreign residuals will be paid in perpetuity. Writers will receive 1.2% of foreign revenue after they reach specified thresholds. The WGA estimates this will increase foreign residuals by $1.3 million over the term of the contract.

Writers will receive 1.2% of video-on-demand and Internet exhibitors' payments for the right to exhibit movies and TV programs that viewers watch a fixed number of times or for a limited time. The agreement covers all studio libraries back to July 1, 1971, as well as new productions. Negotiations will continue concerning other types of exhibition over the Internet, such as viewer downloads of movies or TV programs that can be watched an unlimited number of times.

Programs written directly for the Internet are now covered by the contract for the first time. Producers may employ DGA members to write material for the Internet on a project-by-project basis, thus providing writers with WGA pension and health benefits. Also, writers whose work first appears on the Internet will be eligible for separated rights if their material is later used as the basis for a television series or motion picture.

The formula for residuals has been changed for Made-for-Pay-TV programs (such as The Sopranos and Sex and the City on HBO and Soul Food on Showtime). The WGA expects this to result in significant residuals payments to writers, increasing them from less than $300,000 a year to almost $4 million dollars per year.

Residuals for Made-for-Basic-Cable programs (such as the Lifetime series Any Day Now and Disney Channel movies) will be increased 20%, for an estimated increase of $850,000 during the contract term.

Initial compensation minimums for screenplays and teleplays will increase by 3.5% in each year of the contract, which the WGA estimates will generate an additional $29 million for writers.

In all, the WGA believes that the new agreement will increase aggregate writer income by $41 million over the three-year term of the contract.

The new agreement also gives writers greater rights to reacquire their material, if it is not produced. What has been a screenwriter's two-year window to reacquire the rights to their material will now be a five-to-ten year window after the writing is completed. For the first time, screenwriters also will have the absolute right to reacquire screenplays that are optioned but not purchased.

For the first time, writers will have the right to be present at cast readings and will have the right to visit the sets of motion pictures they have written. Also, directors will meet with writers to discuss creative issues shortly after directors are hired and before any decision is made to hire a new writer.

Finally, writers now will be listed on call sheets, staff directories or crew lists; and will attend premieres, press junkets, festivals and cast and crew events. Writers will have enhanced presence in press kits, electronic press kits and DVDs. [ELR 23:1:4]

NFL and NFL Players Association agree to extend Collective Bargaining Agreement

The National Football League and the NFL Players Association have tentatively agreed to a three-year extension of the League's collective bargaining agreement.

The tentative agreement reportedly provides that beginning in 2002, minimum salaries will be increased to $225,000 for rookies, $300,000 for one-year veterans, $375,000 for two-year veterans, $450,000 for three-year veterans, $525,000 for players who have been in the League for four to six years, $650,000 for players who have been in the League for seven to nine years, and $750,000 for players who have been in the League for ten or more years.

The tentative agreement will increase the players' percentage of League revenues to as much as 65.5% by the 2005 season. And it will create a new system that will pay part of the salaries of older veterans out of a League-wide fund, so that only part of a veteran player's salary will count towards his team's salary cap.

The tentative agreement also provides that salary cap increases in future years can be offset if salaries and signing bonuses exceed an average of 71.5% of Designated Gross Revenues in a three-year period.

The NFL's current collective bargaining agreement expires after the 2004 season, so the extension will take it through 2007. The last capped year in the extension is 2006.

The extension agreement is "tentative," because it still must be ratified by both players and owners.
[ELR 23:1:5]

WASHINGTON MONITOR

FTC follow-up report on violent entertainment notes that movie and electronic game industries have improved advertising practices, but says that music industry has not responded to earlier FTC report or implemented reforms announced by RIAA

The Federal Trade Commission has knocked the advertising practices of the recorded music industry, for the second time in six months. The FTC was kinder to the movie and electronic game industries. But more scrutiny is due, before the end of the year - by the FTC for certain, and possibly by Congress as well.

The FTC's latest criticisms of the record industry were announced in a written report to Congress entitled "Marketing Violent Entertainment to Children: A Six-Month Follow-Up Review of Industry Practices in the

Motion Picture, Music Recording & Electronic Game Industries." The report is a "follow-up" to the similarly-titled report issued by the Commission in September 2000 that criticized all three industries for marketing their productions to children despite age-restricted ratings or parental warnings (ELR 22:4:7).

The FTC did its follow-up review in response to a January 2001 request by the Senate Commerce Committee. The Committee asked the FTC to look at two specific questions: whether entertainment companies continue to advertise violent R-rated movies, explicit-content labeled music, and M-rated electronic games in popular teen media; and whether entertainment companies include rating information in their advertising.

The FTC found that "the motion picture industry has made some positive changes to its advertising practices." The follow-up notes that:

* virtually no advertisements for R-rated movies were published in the popular teen magazines reviewed;

* the industry generally complies with its commitment not to run trailers for R-rated movies in connection with G- and PG-rated feature films;

* movie studios now routinely include reasons for ratings in their print and television advertisements; and

* at least three-quarters of the official movie web sites reviewed included the film's rating, the reasons for the rating, and links to sites where information on the rating system may be obtained.

However, the FTC did not let the movie industry escape entirely unscathed. The follow-up report complains that "ads for R-rated movies still appeared on the television programs most popular with teens, and the rating reasons in ads were usually small, fleeting, or inconspicuously placed."

The FTC also reported "some improvement in the electronic game industry's advertising practices." It found:

* no ads for M-rated games on the popular teen television programs reviewed;

* print ads nearly always included the game's rating icon (or the rating pending icon) and, in a large majority of instances, content descriptors;

* television ads gave both audio and video disclosures of the game's rating;

* and more than 80% of the official game publisher web sites displayed the game's rating.

Nevertheless, the electronic game industry, like the movie industry, was criticized as well as praised. The FTC complained that:

* the electronic game industry has not stopped placing ads for M-rated games in magazines with a substantial under-17 audience (though the FTC noted that this may change when an industry-adopted advertising guideline prohibiting the placement of such ads in magazines with a 45% or more readership under 17 takes effect);

* rating icons and descriptors in the print ads were often smaller than required by the industry code;

* television ads never included the content descriptors;

* only a little more than half the web sites reviewed displayed the rating clearly and conspicuously; and

* just 25% displayed the content descriptors anywhere on the site.

The record industry bore the brunt of the FTC's criticism. "The music recording industry, unlike the motion picture and electronic game industries," said the follow-up report, "has not visibly responded to the Commission's [September 2000] Report; nor has it implemented the reforms its trade association announced just before the Commission issued its Report." Specifically, the FTC complained that:

* advertising for explicit-content labeled music recordings routinely appeared on popular teen television programming;

* all five major recording companies placed advertising for explicit content music on television programs and in magazines with substantial under-17 audiences;

* ads for explicit-content labeled music usually did not indicate that the recording was stickered with a parental advisory label;

* only 25% of the print ads, 22% of the television ads, and about half of the 40 official

recording company or artist web sites reviewed showed the explicit content label or otherwise gave notice that the recording contained explicit content;

* even when the parental advisory label was present, it frequently was so small that the words were illegible, and the ads never indicated why the album received the label; and

* none of the recording company/artist web sites the FTC reviewed linked to an educational web site for information on the labeling system.

The FTC did acknowledge a "single positive note": almost 40% of the web sites included the music's lyrics, a step that can help parents screen recordings.

The FTC concluded its follow-up report by saying that "Because of First Amendment issues," it "continues to believe that vigilant self-regulation is the best approach to ensuring that parents are provided with adequate information to guide their children's exposure to entertainment media with violent content." The FTC has not abandoned the field entirely, however. The Senate Commerce Committee has asked it to submit yet another "more comprehensive" report in the fall of 2001 - one that will include information about individual entertainment company practices, not just the practices of the entertainment industries as a whole.

Moreover, shortly after the FTC's follow-up report was released, Senator Joseph Lieberman introduced a bill that, if enacted, will give the FTC expanded authority to enforce false-advertising rules against companies that advertise adult-rated entertainment to children.

Marketing Violent Entertainment to Children: A Six-Month Follow-Up Review of Industry Practices in the Motion Picture, Music Recording & Electronic Game Industries (FTC Apr. 2001), available at http://www.ftc.gov/reports/violence/violence010423.pdf [ELR 23:1:6]

Immigration and Naturalization Service offers faster processing of visa applications for entertainers and athletes

Foreign entertainers and athletes often need a quick response to their applications for visas authorizing them to work in the United States. Ordinarily, it can take three months or more for the INS to process an application. Now, though, as a result of a new program called the "Premium Processing Service," the INS guarantees to act on visa applications within 15 calendar days.

Premium Processing Service doesn't come free. In addition to the fee required for visa applications, Premium Processing costs an extra $1,000 per petition.

The new service is available to Athletes and Entertainers seeking P-1, P-2 or P-3 visas, Aliens of Extraordinary Ability or Achievement seeking O-1 or O-2 visas, and International Cultural Exchange Aliens seeking Q-1 visas (as well as certain others, outside the entertainment industry).

In order to request Premium Processing, a new "Form I-907 (Request for Premium Processing Service)" must be filed, in addition to the "Form I-129 (Petition for Nonimmigrant Worker)" that has long been required for visas for entertainers and athletes.

Information about the new Premium Processing Service is available at www.ins.gov/graphics/services/employerinfo/premprsv.htm [ELR 23:1:7]

Digital Audio Recording royalty proceeding was much ado about very little . . . measured in dollars

Sometimes, a whole lot of work and expense are necessary to reach correct decisions about very little. Here's a case in point.

Recently, the federal government completed an elaborate proceeding to distribute digital audio recording royalties for the years from 1995 to 1998. These are the royalties the Copyright Office collected from the manufacturers and importers of digital audio media and digital audio recorders, as required by the Audio Home Recording Act of 1992 (ELR 14:7:13). In everyday language, these royalties are referred to as "blank tape" and "digital recorder" royalties.

The proceeding was in fact a three-stage affair. It began with a Copyright Royalty Arbitration Panel hearing; the CARP decision was reviewed by the

Register of Copyrights; and her recommendation was reviewed and adopted by the Librarian of Congress. (Unless there are appeals to the courts, the Librarian's ruling is the final step - though appeals to the courts are permitted.)

At all three stages, it was determined that songwriters Alicia Carolyn Evelyn and Eugene "Lambchops" Curry, along with Curry's publisher TaJai Music, Inc., are entitled to miniscule shares of the portion of the digital audio recording royalties known as the "Musical Works Funds."

Specifically, Evelyn was awarded 0.000614% of the Writer's share of the Musical Works Fund for 1995, 0.000130% for 1997, and 0.000144% for 1998. Curry and his publisher TaJai Music were awarded 0.001966% for 1995 and 0.001027% for 1997, each, of the Writer's and Publisher's shares. (The balance - more than 99.99% for each year - was awarded to all of the rest of the thousands of songwriters and publishers who made claims, all of whom settled among themselves, privately.) (ELR 22:12:8)

Though these tiny percentages suggested that Evelyn, Curry and TaJai Music were awarded very little money, neither the CARP decision nor the Librarian of Congress ruling revealed how much cash was actually involved. That question can now be answered.

The Copyright Office has advised the Entertainment Law Reporter that Evelyn was awarded 35 cents for 1995, 16 cents for 1997, and 48 cents for 1998 - for a grand total of 99 cents. Curry and TaJai did much better. They were awarded, in the aggregate, $2.46 for 1995, and $2.65 for 1997, for a grand total of $5.11. In other words, among them, Evelyn, Curry and TaJai collected $6.10, as a result of the government's three-stage proceeding.

The proceeding was not free. Of course, the Register of Copyrights and Librarian of Congress would have been drawing salaries, even if Evelyn, Curry and TaJai had settled their claims, as did all other songwriters and publishers. But the members of the Copyright Arbitration Royalty Panel are not federal employees. CARP arbitrators are paid only for proceedings actually conducted. For the time the CARP arbitrators must have spent on this proceeding, they weren't very expensive. But in absolute dollars, as compared to the amounts at stake, they were.

In order to distribute what turned out to be $6.10, the CARP proceeding cost $41,197.72. Fortunately for taxpayers, that money did not come out of the federal treasury. Unfortunately for the songwriters and publishers who were able to settle their claims directly among themselves, the cost of the CARP proceeding came out of the Musical Works Fund. It was, in other

words, money that otherwise would have been distributed to them.
[ELR 23:1:7]

INTERNATIONAL DEVELOPMENTS

British Court of Appeal affirms Bruce Springsteen victory in copyright infringement suit against British record company that sold unlicensed CDs of early Springsteen recordings; court rejects argument that Springsteen failed to prove his ownership of copyrights in manner required by British law

Bruce Springsteen has won his copyright infringement suit against Masquerade Music Ltd., a British company that sold CDs of recordings

Springsteen made back in the early 1970s, before he became a star. What's more, Springsteen won his case in British courts, and to do so, he had to overcome Masquerade's argument that Springsteen failed to prove his ownership - in the manner required by British law - of the copyrights to the songs and recordings in question.

In a nutshell, Masquerade claimed there was a missing link in the chain of title by which Springsteen claimed ownership of the copyrights. Masquerade argued that the missing link was admissible evidence of a written assignment of the copyrights from their first owner to the companies from which Springsteen eventually acquired them. Under British copyright law (as under U.S. copyright law), an assignment must be in writing and signed by the assignor, in order to be effective.

Springsteen himself wrote and recorded the songs at issue in the case, but he wasn't the original owner of their copyrights. This was so, because Springsteen wrote and recorded them while under contract to music publishing and recording companies owned by his original managers, Mike Appel and Jim Cretecos. Thus, those companies were the original owners of the copyrights.

In the beginning, the music publishing company and the record company were simply partnerships between Appel and Cretecos. Later, both companies were incorporated, and the copyrights were assigned by the partnerships to the corporations. Later still, Springsteen acquired the copyrights from the corporations. The assignment to Springsteen from the corporations was done by a signed agreement. And Springsteen apparently was able to introduce that agreement into evidence in his infringement suit against Masquerade.

However, Springsteen did not have, and thus did not introduce, a copy of the written assignment by which the partnerships previously assigned the copyrights to the corporations. In place of the assignment itself, Springsteen offered "secondary evidence" of the assignment - evidence that Masquerade argued should not have been accepted, and even if accepted, should not have been interpreted as proof the assignment took place.

Springsteen's "secondary evidence" was testimony by New York lawyer Jules Kurz who had formed the corporations for Appel and Cretecos. While Kurz acknowledged that no documents were prepared that were purely copyright assignments, he testified: that the minutes of the first meeting of directors of both corporations would have been based on a standard form published by the corporate document supplier Julius Blumberg; that he would have filled in the standard form so as to contain a transfer of assets, including the copyrights, from the partnerships to the new corporations; and that the minutes for both corporations were signed by Appel and Cretecos.

The reason that Kurz testified about the corporate minutes and their contents is that the minutes themselves could not be found. Masquerade objected to Kurz's testimony on the grounds that it violated the best evidence rule, because Springsteen had not looked for the minutes hard enough. Moreover, Masquerade argued that evidence concerning the content of the Julius Blumberg standard form did not prove that the copyrights had been transferred from the partnerships to the corporations, even if Kurz's testimony were admissible.

The Chancery Division (the trial court) rejected Masquerade's objections and ruled in favor of Springsteen. And in an opinion by Lord Justice Jonathan Parker, the Court of Appeal has affirmed. Justice Parker's decision is an opinion on evidence law rather than copyright law, and it canvasses a century and a half of British law on the best evidence rule. Though at one time in British history, Masquerade's arguments may have succeeded, Justice Parker ultimately concluded they no longer could.

Justice Parker agreed with Masquerade that Springsteen could have done more than he did to try to find the minutes. But the Justice held that Springsteen had "no obligation . . . to make an exhaustive search, or indeed any search at all. The only requirement was for him to provide a reasonable explanation for his non-production of the minutes. . . . [T]here was no allegation by [Masquerade] of impropriety or bad faith against Mr Springsteen or his advisers, and . . . there was nothing in the evidence to suggest that such attempts as were made on Mr Springsteen's behalf to find the assignments were other than wholly genuine attempts. . . ." For these reasons, Justice Parker concluded, the [Chancery] judge was entitled to admit Kurz's testimony concerning the assignments, in place of the original documents.

Justice Parker also agreed with the Chancery judge that "the inference is overwhelming that the copyrights were effectively assigned from the partnerships to the limited companies." This was so, because the evidence proved that Appel and Cretecos intended from the outset that their partnerships would be succeeded by corporations; Kurz was instructed to complete the necessary formalities to achieve that result; the corporations were duly incorporated and then carried on the businesses of the former partnerships;

thereafter, business was conducted as though all the assets of the former partnerships were owned by the corporations and the partnerships no longer existed; and when the copyrights were later assigned to Springsteen by the corporations, no one suggested that any assets (let alone the copyrights) were still owned by the former partnerships.

Finally, Justice Parker ruled that the Julius Blumberg form for the first meeting of corporate directors - a blank version of which was introduced into evidence - contained language which was sufficient to constitute an assignment of the copyrights.

Bruce Springsteen was represented by Nigel Davis QC and Mark Vanhegan (instructed by Messrs Hamlins). Masquerade was represented by Guy Tritton and James Graham (instructed by Messrs Stephens Finers Innocent).

Masquerade Music Ltd. and Springsteen, Supreme Court of Judicature Court of Appeal (Civil Division), Case No. A3 1999 018, available at http://wood.ccta.gov.uk/courtser/judgements.nsf [ELR 23:1:9]

RECENT CASES

Payments made in 1994 by Cleveland Indians to former players, in settlement of Player Association collusion claims, were wages for which Social Security and Federal Unemployment taxes were payable at 1994 rates, even though payments were backpay awards for 1986 and 1987 when collusion occurred and taxes were lower, United States Supreme Court holds

Major League Baseball's $280 million collusion claim settlement with the Players Association just got a little more expensive, as a result of a United States Supreme Court decision in a case between the Cleveland Indians and the IRS over a very narrow payroll tax issue.

The origins of this tax case date back to 1985 - the year that Major League Baseball teams began colluding with one another to hamper their players' mobility and bargaining power, in violation of the League's collective bargaining agreement. Baseball fans and long-time readers of these pages will remember that the players' claims were eventually settled for $280 million (ERL 12:8:21, 12:12:19), an amount that was then distributed among individual players pursuant to an elaborate formula and procedure (ELR 22:1:17).

Most of the settlement funds were categorized as backpay for 1986 and 1987, when the effects of the collusion were felt by the players. So in 1994, when the Indians finally paid their former players the amounts they were owed, the team paid Social Security and Federal Unemployment taxes at 1986 and 1987 rates.

Social Security and Federal Unemployment taxes were lower in 1986 and '87 than they were in 1994. The IRS has long taken the position, in its formal Regulations, that such taxes must be paid at the rate in effect in the year when wages are actually paid, regardless of when they should have been paid. So the IRS demanded that the Indians pay the difference - an amount that came to about $100,000. The Indians paid it and sued for a refund.

The Indians won in the District Court and the Sixth Circuit Court of Appeals, because a prior Sixth Circuit ruling had held that back wage settlements should be allocated to the years when the wages should have been paid, rather than to when they finally were. Other circuits have ruled otherwise, however, in agreement with the IRS's position. For this reason, the Supreme Court granted the Government's petition for certiorari.

In an opinion by Justice Ruth Bader Ginsburg, the Supreme Court has held that the Indians must pay Social Security and Federal Unemployment taxes at the rates due in 1994, when the players' back wages were finally paid, rather than at the lower rates in effect in 1986 and '87 when those wages would have been paid, if the teams had not colluded.

Justice Ginsburg acknowledged that the IRS regulation could create "inequities and incentives for strategic behavior that Congress did not intend." Under the IRS regulation, "an employee who should have been paid $100,000 in 1986, but is instead paid $50,000 in 1986 and $50,000 in backpay in 1994, would owe more tax than if she had been paid the full $100,000 due in 1986," Justice Ginsburg observed. "Conversely," she added, "a wrongdoing employer who should have paid an employee $50,000 in each of five years covered by a $250,000 backpay award would pay only one year's worth of employment taxes (limited by the annual ceilings on taxable wages) in the year the award is actually paid." Thus, Justice Ginsburg agreed with the Indians that "The Government's rule . . . appears to exempt some wages that should be taxed and to tax some wages that should be exempt."

Nevertheless, these "anomalous results" had to be balanced against Congress' interest in "minimizing administrative confusion." Justice Ginsburg therefore did not find the IRS's regulation to be incompatible with the statute. Thus, giving "due respect to the [IRS's] reasonable, long-standing construction of the governing statutes and its own regulations," the Supreme Court reversed the victories the Indians had won in the lower courts and ordered the team to pay taxes at the higher 1994 rates.

The Government was represented by James A. Feldman, Washington D.C. The Indians were represented by Carter G. Phillips, Washington D.C.

Editor's note: The Cleveland Indians were not the only team to confront this very issue. The San Francisco Giants did as well. The Giants, like the Indians, won in the District Court (ELR 22:3:16). But in light of the Supreme Court's decision in the Indians' case, the Giants are not likely to get to keep the $5,400 refund they were awarded. The Supreme Court's decision is a loss for players too. Employees pay Social Security taxes as well as employers. When the Indians paid their former players back pay in 1994, the team withheld (and paid over to the Government) the players' share of Social Security tax at the higher 1994 rates. Thus, players who may have sought refunds will not get them.

United States v. Cleveland Indians Baseball Co., 121 S.Ct. 1433, 2001 U.S.LEXIS 3203 (2001)[ELR 23:1:11]

Sonny Bono Copyright Term Extension Act is constitutional, federal Appeals Court affirms

Neither the First Amendment nor the Copyright Clause of the Constitution prevents Congress from extending the duration of copyrights, a federal Court of Appeals has affirmed. Moreover, the appellate court ruled, Congress has the power to extend the duration of copyright not only for works created after the extended term becomes effective, but also the duration of copyright for works already in existence at the time the extension is enacted.

The appellate court's opinion, authored by Judge Douglas Ginsburg, affirms the decision by District Judge June Green that upheld the constitutionality of the Sonny Bono Term Extension Act (ELR 21:11:8). That is the Act that extended the term of copyright, so the duration of copyrights to pre-1978 works that would have lasted 75 years from their first publication now last 95 years; and copyrights to 1978 and more recent works whose copyrights would have lasted for the lives of their authors plus 50 years now last for the lives of their authors plus 70 years (ELR 20:6:8).

The constitutionality of the Sonny Bono Term Extension Act was challenged by Eric Eldred and other publishers of public domain materials.

Judge Ginsburg rejected the challengers' First Amendment argument, saying that they simply did not have a First Amendment right "to exploit the copyrighted works of others."

The challengers also argued that only "original" works are eligible for copyright protection, and thus Congress may not extend the copyright duration of existing works because they are not original. Judge Ginsburg replied to this argument with a pithy "Not so."

The judge acknowledged that although works must be original to obtain copyright protection "in the first place," they do not have to be original "anew" for their copyrights to be renewed. "If the Congress could not extend a subsisting copyright for want of originality," he explained, "it is hard to see how it could provide for a copyright to be renewed at the expiration of its initial term - a practice dating back to 1790 and not questioned even by the plaintiffs today."

Finally, the challengers argued that the Sonny Bono Term Extension Act violated the constitutional requirement that copyright protection be granted only for "limited Times." Judge Ginsburg agreed that "If the Congress were to make copyright protection permanent, then it surely would exceed the power conferred upon it by the Copyright Clause." On the other hand, he said, ". . . nothing in the text [of the Constitution] or in history suggests that a term of years for a copyright is not a 'limited Time' if it may later be extended for another 'limited Time.'"

Moreover, Judge Ginsburg explained that the Sonny Bono Act merely "matches United States copyrights to the terms of copyrights granted by the European Union. . . ." And, he added, "in an era of multinational publishers and instantaneous electronic transmission, harmonization in this regard has obvious practical benefits for the exploitation of copyrights."

Judge David Sentelle dissented. He argued that the majority held that "Congress can extend the protection of an existing work from 100 years to 120 years; can extend that protection from 120 years to 140; and from 140 to 200; and from 200 to 300." By doing so, Judge Sentelle said, Congress "in effect can accomplish precisely what the majority admits it cannot do directly."

The plaintiffs were presented by Lawrence Lessig. The Government was represented by Alfred Mollin, U.S. Department of Justice.

Editor's note: This case deals only with Congress' power to enact copyright legislation under the Copyright Clause of Article I Section 8 of the Constitution; it says nothing about whether Congress also may have copyright power under the Commerce or

Treaty Clauses. That issue may be raised soon, however, because in his majority opinion, Judge Ginsburg said that certain rulings relied on by the challengers "would indeed preclude the Congress from authorizing under that Clause [referring to the Copyright Clause] a copyright to a work already in the public domain." In 1993, and then again in 1995, Congress did restore the copyrights to certain works that had fallen into the public domain (ELR 17:1:3, 17:3:3). They were works of foreign origin, and Congress did so in order to comply with international trade treaty obligations. Thus, if the legitimacy of any of those restored copyrights is challenged, it will be necessary to determine whether Congress had the authority to restore those copyrights under some provision of the Constitution other than the Copyright Clause.

Eldred v. Reno, 239 F.3d 372, 2001 U.S.App.LEXIS 2335 (D.C. Cir. 2001)[ELR 23:1:12]

Steppenwolf's original bass player Nick St. Nicholas is not barred by contract or Lanham Act from truthfully referring to himself as "formerly of Steppenwolf" in promotional materials for new band, appellate court rules

Nicholas Kassbaum is - as a matter of historic fact - "formerly of Steppenwolf." For that and other reasons, he may refer to himself as such when he promotes his new band, though he had to take his case to a federal Court of Appeals to win that right.

Music fans of a certain age may recall that Kassbaum, professionally known as Nick St. Nicholas, was Steppenwolf's original bass player. That was back in period from 1968 to 1970. Kassbaum was excluded from the band in 1971, but in 1975 he began performing again, with original bandmate Goldie McJohn, as The New Steppenwolf. Those performances triggered a legal dispute with the original Steppenwolf - a dispute that was settled in 1977 by an agreement that gave Kassbaum the right to use the "Steppenwolf" name through 1980.

Then, in 1980, Kassbaum signed a contract by which he acknowledged that the original Steppenwolf has the "sole and exclusive right" to use the name "Steppenwolf," and by which Kassbaum waived any right to use the "Steppenwolf" name "for any purpose whatsoever."

After signing the 1980 contract, Kassbaum performed as "Lone Wolf" and then as member of a group called "World Classic Rockers." But he continued to identify himself as a "former member of" or "previously a member of" Steppenwolf. Eventually, his doing so prompted objections by Steppenwolf, and Kassbaum responded with a declaratory relief lawsuit.

At first, Kassbaum's declaratory relief lawsuit resulted in nothing but disappointment. Instead of a declaration that he was entitled to identify himself as a former member of Steppenwolf, federal District Judge Lourdes Baird granted Steppenwolf's motion for summary judgment, and ruled that he could not. On appeal, however, Kassbaum has done better.

In an opinion by Judge Ronald Gould, the appellate court has reversed Judge Baird and has held that neither the 1980 contract nor the Lanham Act prevent Kassbaum from promoting himself as a former member of Steppenwolf.

Judge Gould said that although the 1980 contract contained broad language, such as "for any purpose whatsoever," that language applies only to those things that the contract appears to cover. In this case, Judge Gould reasoned, the contract "refers to the use of the trade name Steppenwolf, and not to the simple use of the name to provide accurate historical information that would not lead reasonable people to think Kassbaum's new band was Steppenwolf." Thus, the 1980 contract did not bar Kassbaum from referring to himself as a former member of Steppenwolf.

Nor did the Lanham Act bar Kassbaum from doing so, Judge Gould concluded, because Kassbaum was not likely to cause confusion among music fans by referring to himself as "formerly of" or a "former member of" Steppenwolf. That is, fans were not likely to think that they would be seeing Steppenwolf instead of Kassbaum's new group.

Kassbaum was represented by Allen Hyman, North Hollywood. Steppenwolf was represented by

Leonard S. Machtinger, Kenoff & Machtinger, Los Angeles.

Kassbaum v. Steppenwolf Productions, Inc., 236 F.3d 487, 2000 U.S.App.LEXIS 33902 (9th Cir. 2000)[ELR 23:1:13]

Federal court dismisses defamation and tortious interference claims by children's book author Nancy Stouffer against "Harry Potter" books' author, publisher and movie producer, but court declines to dismiss false designation, unfair competition and dilution claims

In what promises to be a high-stakes intellectual property case, the accused infringers have gone on the offensive, in two respects, but have only a little to show for their efforts, so far.

The accused are J.K. Rowling, the author of the mega-best-selling "Harry Potter" books, Rowling's publisher Scholastic, Inc., and Time Warner Entertainment, the producer of a forthcoming "Harry Potter" movie as well the owner of "Harry Potter" merchandising rights. Their accuser is children's book author Nancy Stouffer.

In response to Stouffer's pre-lawsuit assertions that Rowling copied certain elements of the "Harry Potter" books from Stouffer's own books, Rowling, Scholastic and Time Warner took the offensive the first time by filing a declaratory relief lawsuit against Stouffer in federal court in New York City. Their suit seeks a judicial ruling that none of them has infringed any of Stouffer's copyrights or trademarks, and that Stouffer has misrepresented the sweep of her copyrights and trademarks in violation of section 43(a) of the Trademark Act.

Stouffer replied with several counterclaims in which she alleged that her adversaries have violated her rights under federal and state trademark laws, have made false representations and engaged in unfair competition, have injured her reputation, have tortiously interfered with her business relations, and have infringed her copyrights.

The factual basis for Stouffer's counterclaims appears to be that the "Harry Potter" books feature characters known as "Muggles," "Harry Potter," "Lily Potter," "Neville" and "Keeper of the Keys," as well as a flying broom called a "Nimbus." Stouffer's books also feature characters know as "Muggles," plus additional characters known as "Larry Potter," "Lilly Potter," "Nevils," and "Keeper of the Gardens," as well as a flying warrior named "Nimbus." Apparently too, the illustrations of some of the "Harry Potter" characters are substantially similar to corresponding characters in Stouffer's books - or so at least she alleges.

Rowling, Scholastic and Time Warner went on the offensive the second time by filing a motion to dismiss all of Stouffer's counterclaims except those for copyright and trademark infringement. Judge Allen Schwartz has granted their motion only with respect to Stouffer's defamation and tortious interference counterclaims. He has denied it as to the other claims.

In so ruling, Judge Schwartz emphasized that he was not considering the merits of any of the parties' "substantive positions," and that he was merely deciding whether Stouffer's counterclaims "stated allegations which, under the law, are sufficient to survive a motion to dismiss."

By that standard, Stouffer's defamation counterclaim was inadequate, because the statements about which she complained - statements that her claims were "absurd," "ridiculous" and "meritless" - were merely statements of opinion, and as such, not actionable. Likewise, her tortious interference claim was inadequate, because she failed to identify any particular relationship with which her adversaries allegedly interfered. As a result, Judge Schwartz granted Rowling, Scholastic and Time Warner's motion to dismiss those counterclaims (though even then, the tortious interference claim was dismissed without prejudice).

On the other hand, the judge declined to dismiss Stouffer's counterclaims for false designation, unfair competition or dilution.

He rejected the argument that the false designation counterclaim merely duplicated Stouffer's copyright infringement claim, because she alleged more than just misappropriation of her characters; she alleged that her adversaries had passed off her characters as their own.

The judge also rejected the argument that Stouffer's unfair competition claim was preempted by copyright, because her "passing off" allegations raised extra elements that went beyond those of her copyright claim.

Finally, Judge Schwartz refused to dismiss Stouffer's dilution claim, because to do so, he would have had to consider facts outside the counterclaim itself - facts that Stouffer would be attempting to establish during discovery and trial.

Dowling and Scholastic were represented by Edward Rosenthal, Frankfurt Garbus Klein & Setz, New York City. Time Warner Entertainment was represented by Dale M. Cendali, O'Melveny & Myers, New York City. And Stouffer was represented by Mark J. Abate, Morgan & Finnegan, New York City.

Scholastic, Inc. v. Stouffer, 124 F.Supp.2d 836, 2000 U.S.Dist.LEXIS 17474 (S.D.N.Y. 2000)[ELR 23:1:13]

Animation producer DIC Entertainment committed unfair labor practice by refusing to bargain with IATSE, federal appellate court affirms

DIC Entertainment produces cartoons. Its employees do pre-production work for "Sabrina," a 65-episode TV series, and other programs and videos. Many, but apparently not all, of its employees sought to be represented by IATSE - a prospect that DIC did not gladly welcome.

Ordinarily, all employees (in an appropriate unit) are entitled to vote on whether to be represented by a union. But when employees are temporary or seasonal, the National Labor Relations Board uses other formulae to determine which of them is eligible to vote. The NLRB does this in order to permit as many employees as possible to vote, without giving voting rights to those who have "no real continuing interest in the terms and conditions of employment offered by the employer."

DIC's employees are "temporary," in the sense that they are hired to work for fixed terms on particular productions. As a result, DIC asked the NLRB to limit voting eligibility to those employees who had worked on at least two productions for at least five days during the previous year. This was the formula used by the NLRB many years ago when employees of American Zoetrope Productions sought to be represented by a union.

DIC's requested formula would have denied voting rights to those who worked on "Sabrina," apparently because many of them worked only on that one production (and thus would not have satisfied the two-production requirement).

IATSE asked the NLRB to adopt a broader formula, one that also permitted employees to vote if they worked 15 days or more during the preceding year, even if only on one production. That was the formula the NLRB adopted. And with voting eligibility determined in that fashion, a majority of DIC's employees voted to be represented by IATSE.

Believing that the NLRB's voting formula was inconsistent with its past decisions, and thus wrong, DIC refused to bargain with IATSE, in order to challenge that formula. When the NLRB ruled that DIC had committed an unfair labor practice by refusing to bargain, DIC petitioned the Court of Appeals for review, challenging the validity of IATSE's certification and the validity of the election. The NLRB cross-petitioned for enforcement of its decision.

DIC has lost; the NLRB has won. In an opinion by Judge Karen LeCraft Henderson, the Court of Appeals has held that the NLRB's decision to allow voting by all DIC employees who worked at least 15 days, even if only on one production, was a decision that "squares" with NLRB decisions in earlier cases involving temporary or seasonal employees. The court therefore rejected "DIC's claim that the [NLRB] deviated from precedent."

Ironically, Judge Henderson hinted that DIC might have won - or at least would have had a stronger case - if it had argued that its "Sabrina" employees did not have any expectation of continued employment after their work on "Sabrina" ended. According to the judge, the NLRB apparently presumed that those employees did have an expectation of further work - a presumption, said the judge, that "the record . . . fails to demonstrate. . . ." Nevertheless, DIC challenged the

NLRB decision solely on the grounds that it deviated from its prior decisions, Judge Henderson observed. And that argument failed to persuade the court.

DIC was represented by Jonathan M. Turner and Lawrence J. Song. The NLRB was represented by Sonya Spielberg. And IATSE was represented by Leo Geffner and Ira L. Gottlieb.

DIC Entertainment v. National Labor Relations Board, 238 F.3d 434, 2001 U.S.App.LEXIS 447 (D.C.Cir. 2001)[ELR 23:1:14]

Creator of "She's Josie" comic strip and characters loses ownership claim against Archie Comics; federal District Court holds that claim arises under Copyright Act and is barred by three-year statute of limitations and equitable estoppel

Cartoonist Daniel DeCarlo apparently created the "She's Josie" comic strip, and its characters "Josie," "Melody" and "Pepper," back in the 1950s. Archie Comic Publications has been publishing "She's Josie" in comic books and other ways since 1963. For decades, the question of who actually owned the Josie characters was never in dispute. Archie claimed to be the owner, acted as though it were, and heard no objections from DeCarlo - until 1999 or 2000.

DeCarlo may have been prompted to object, finally, by news of a deal by which Archie granted Universal City Studios the movie rights to "Josie" in

1998. Shortly thereafter, DeCarlo filed a New York state court lawsuit, seeking a declaration that he is the sole owner of the "Josie" characters, and alleging that Archie Comics breached contracts and the implied covenant of good faith and fair dealing and fiduciary duty, by failing to pay royalties and licensing his characters for use in unauthorized ways.

DeCarlo's lawsuit has not been successful, however. Archie removed it to federal court and has won its dismissal with a motion for summary judgment.

Judge Lewis Kaplan ruled that the issue of who owns the "Josie" characters is question of federal copyright, not state, law; and thus he denied DeCarlo's motion to remand the case back to state court. This was so, the judge explained, because DeCarlo requested injunctive relief against Archie's creation of derivative works - a type of relief that is available in copyright infringement suits.

Judge Kaplan never had to decide, on the merits, who owns the "Josie" characters, because he ruled that DeCarlo's ownership claim was barred by the Copyright Act's three-year statute of limitations. During discovery, DeCarlo acknowledged knowing since 1963 that Archie claimed to be the owner of the "Josie" characters. Yet despite several significant licenses granted by Archie for the production of a television series, videocassettes and underwear, DeCarlo "never voiced any discontent to [Archie] about its use of the Josie characters or asserted any of the claims of ownership he now asserts."

For the same reason, the judge held that DeCarlo was equitably estopped from pursuing his breach of contract and related state law claims.

DeCarlo was represented by Whitney North Seymour, Jr., Landy & Seymour, New York City.

Archie Comic Publications was represented by Leora Herrmann, Grimes & Battersby.

DeCarlo v. Archie Comic Publications, Inc., 127 F.Supp.2d 497, 2001 U.S.Dist.LEXIS 386 (S.D.N.Y. 2001)[ELR 23:1:15]

Illinois Appellate Court vacates judgment enforcing arbitration won by concert promoter against rap group Mobb Deep, because arbitration took place in Illinois though parties' agreement provided for arbitration in New York City

Concert promoter CPM Productions may yet be entitled to a judgment against the rap group Mobb Deep, for its failure to appear as agreed for a concert in

Chicago. But if it is, CPM will have to initiate an arbitration in New York City.

The arbitration CPM won by default in Chicago will not help it, nor will the judgment entered by an Illinois court enforcing that arbitration. An Illinois Appellate Court has vacated the judgment, leaving CPM with nothing for its efforts so far.

The agreement between CPM and Mobb Deep provided that any dispute would be settled by arbitration in New York City. On the scheduled date of the concert, Mobb Deep advised CPM it was canceling its performance - thus giving rise to a dispute.

Instead of proceeding by arbitration in New York City, however, CPM initiated an arbitration in Chicago. Mobb Deep didn't appear, and CPM was awarded more than $36,000 damages. CPM then sought to enforce its award in Illinois state court; and when Mobb Deep didn't appear again, the court entered a judgment in CPM's favor.

That's when Mobb Deep finally showed up - with a motion to vacate the judgment. The rap group was not successful in the trial court, but has been on appeal.

In an opinion by Justice David Cerda, the appellate court held that the trial court did not have subject matter jurisdiction to enforce the Illinois arbitration award. It didn't, because the Illinois statute authorizing courts to enforce arbitration awards gives Illinois courts jurisdiction to do so only if the arbitration was conducted pursuant to an agreement providing for arbitration in Illinois. Since the agreement between CPM and Mobb Deep provided for arbitration in New York City, the statute simply did not give the Illinois court jurisdiction to enforce the award.

Though this result was based on the specific wording of the Illinois statute, Justice Cerda noted that statutes in other states, including Indiana, Kentucky, Missouri and New Mexico, have equivalent provisions. And judicial decisions in those states also have held that their courts do not have jurisdiction to enforce arbitration awards in cases where agreements provided that arbitrations were to be held in other states.

CPM was represented by Merle L. Rose, Chicago. Mobb Deep was represented by Steven P. Mandell, Davidson Goldstein Mandell & Menkes, Chicago.

CPM Productions, Inc. v. Mobb Deep, 742 N.E.2d 393, 2000 Ill.App.LEXIS 993 (Ill.App. 2000)[ELR 23:1:15]

FCC's revised Equal Employment Opportunity rule is still unconstitutional, federal appellate court rules

The Federal Communications Commission's Equal Employment Opportunity rule is still unconstitutional, even after the FCC revised it, a federal Court of Appeals has held. Thus the court has vacated the rule "in its entirety."

The rule was originally adopted by the FCC pursuant to its statutory obligation to grant and renew broadcast licenses that serve "the public interest, convenience, and necessity." The rule prohibited broadcasters from discriminating in employment, because the FCC reasoned that broadcasters who discriminate could not serve those interests.

But in 1998, the Missouri Synod of the Lutheran Church successfully attacked the constitutionality of the FCC's original rule. A federal Court of Appeals held that the rule violated the equal protection rights of the Church (which owned two radio stations), because the rule did not serve a compelling governmental interest, and because even if it did, the rule was not narrowly tailored (ELR 20:5:29, 20:9:18).

In response to that ruling, the FCC adopted a new and somewhat different Equal Employment Opportunity Rule (ELR 22:1:10). But the new Rule was no more pleasing to broadcasters than the old one. Broadcaster associations from all 50 states petitioned the Court of Appeals for review. Once again, the appellate court has held that the Rule is unconstitutional.

In an opinion by Judge Douglas Ginsburg, the court held that the new Rule put pressure on broadcasters to recruit minority applicants, and that in doing so the rule created a "race-based" classification that was not narrowly tailored to satisfy a compelling governmental interest.

The interest the FCC sought to fulfill was the prevention of discrimination. But since the rule put pressure on all broadcasters to recruit minorities, whether or not they had discriminated in the past or could be expected to do so in the future, the rule was "the antithesis" of one that is "narrowly tailored to meet a real problem," Judge Ginsburg reasoned.

The revised rule also pressured broadcasters to recruit women, and the FCC argued that if the minority-recruitment provisions of the rule were unconstitutional, the rest of the rule should be upheld. Gender-based classifications are more likely to be constitutional than race-based classifications, Judge Ginsburg acknowledged. But the FCC has always treated women and minorities alike, he observed. Moreover, in this case, a rule that required recruitment of women but not minorities would be "strikingly different" than the rule adopted by the FCC. As a result, the appellate court held that the entire rule had to be vacated.

The state broadcaster associations were represented by Barry H. Gottfried. The FCC was represented by its General Counsel, Christopher J. Wright.

MD/DC/DE Broadcasters Association v. Federal Communications Commission, 236 F.3d 13, 2001 U.S.App.LEXIS 570 (D.C.Cir. 2001)[ELR 23:1:16]

Possession of "Howdy Doody" puppet is awarded to Detroit Institute of Arts, rather than to puppeteer's executor who wanted to sell it, because Institute was third-party beneficiary of agreement between NBC and puppeteer

Baby boomers remember well "The Howdy Doody Show" - a very popular children's television program produced by NBC from 1947 to 1960. The program was hosted by Robert "Buffalo Bob" Smith, but its title character was a puppet, operated by puppeteer Rufus Rose.

From the time the program went off the air until 1998, "Howdy Doody" was in Rose's possession or Smith's. When Rose died, his son and Smith agreed to sell the puppet through the auction house Leland's Collectibles. That's when the Detroit Institute of Arts filed a lawsuit to stop the auction and to obtain possession of "Howdy Doody."

The Detroit Institute is the home of the "Puppetry in America" museum. In its lawsuit, the Institute claimed to be entitled to possession of "Howdy Doody" as a third-party beneficiary of a 1960 agreement between NBC and Rose. Federal District Judge Christopher Droney has agreed with the Institute.

The agreement in question was an exchange of letters between NBC and Rose. In those letters, the network agreed to pay Rose for storing and maintaining "Howdy Doody" and other show puppets after the program went off the air; the network agreed that Rose could keep the minor show puppets; and Rose and the network agreed that "Howdy Doody" would be turned over to the Institute.

However, the agreement didn't specify when "Howdy Doody" was supposed to be given to the

Institute, and perhaps for that reason, Rose didn't turn it over immediately. Instead, Rose kept "Howdy Doody" for a while and lent it to Smith for a while. When Rose died, his son and Smith decided to auction if off and split the proceeds.

In a lengthy opinion, Judge Droney has decided that the Institute is the third-party beneficiary of the agreement between NBC and Rose. Though the agreement didn't specify when Rose was supposed to turn the puppet over to the Institute, "a reasonable time for such performance is implied by law," the judge ruled.

The judge also decided that the Institute was not barred by laches from asserting its right to "Howdy Doody," despite the many years Rose and Smith had kept the puppet, because they hadn't shown that they had been prejudiced in any way by the Institute's delay in demanding possession of it. Finally, the judge rejected the argument that the Institute's claim was barred by the Statute of Wills or Statute of Frauds.

The Institute was represented by Stuart D. Rosen, Bingham Dana, Hartford. Rose and Smith were represented by Frank N. Eppinger, O'Brien Shafner Stuart Kelly & Morris, Groton CT, and Frank J. Libert, Suisman Shapiro Wool Brennan Gray & Greenberg, New London CT.

Detroit Institute of Arts v. Rose, 127 F.Supp.2d 117, 2001 U.S.Dist.LEXIS 1007 (D.Conn. 2001)[ELR 23:1:17]

Court refuses to dismiss securities law and other claims alleged by NFL's Ike Hilliard and Fred Taylor against their former sports agents

Ike Hilliard and Fred Taylor play offense in the National Football League - Hilliard for the New York Giants, Taylor for the Jacksonville Jaguars. They're playing offense too in a federal court lawsuit against their former agent, William H. Black, and several related individuals and corporations.

Hilliard and Taylor accuse Black and his co-defendants of perpetrating two major financial scams. All of this is described, in quite legal language, in a complaint that alleges eight distinct counts under Florida and federal law for breach of fiduciary duty, conversion, negligence, civil conspiracy, unlicensed sale of securities, violation of federal securities law, and breach of contract.

Black (and his co-defendants) decided that the best defense is an aggressive defense, and thus they attempted the legal profession's equivalent of football's blitz. They responded to the complaint against them by seeking its dismissal on the grounds that no relief could be granted against them on any facts consistent with the complaint's allegations.

Five of the counts were fatally defective, Black argued, because they were barred by Florida's "economic loss rule." This rule provides that tort actions may not be brought to recover economic damages that arise from a contract (unless the claims are for physical injury or property damage). According to Black's motion to dismiss, Hilliard and Taylor's claims for breach of fiduciary, conversion, negligence and civil conspiracy all were blocked by this "economic loss rule."

Black's blitz has failed however.

Judge Maurice Paul has ruled that Florida's economic loss rule - as it has been reinterpreted by recent decisions of the Florida appellate courts - does not bar Hilliard and Taylor's tort claims.

Judge Paul also rejected Black's argument that Hilliard and Taylor had inadequately alleged a violation of Florida's Blue Sky Securities and Investor Protection Act. And the judge held that their complaint stated sufficient facts to satisfy the "scienter" requirement of their federal Rule 10b-5 allegation.

Hilliard and Taylor were represented by Jeffrey Allan Sudduth, Hector & Marke, Miami, and Lance A. Harke, Harke & Clasby, Miami. William Black and the other individual defendants represented themselves, pro se. The corporate defendants were represented by Ethan H. Cohen, Kutak Rock, Atlanta.

Hilliard v. Black, 125 F.Supp.2d 1071, 2000 U.S.Dist.LEXIS 20328 (N.D.Fla. 2000)[ELR 23:1:17]

Statute of limitations for Louisiana bar's unauthorized interception of pay-per-view boxing match between Oscar De La Hoya and Wilfredo Rivera is Copyright Act's three-year period, rather than Louisiana tort law's one-year period, federal appellate court holds

Prostar was the holder of exclusive pay-per-view rights in Louisiana to the December 1997 boxing match between Oscar De La Hoya and Wilfredo Rivera. That fight - and De La Hoya's eighth-round TKO - was shown to the patrons of countless bars and restaurants, including a Louisiana establishment known as the "Jimani Lounge."

There was, however, a difference between the Jimani Lounge and most other bars that showed the fight. Most were licensed to do so; Jimani Lounge was not.

As a consequence of Jimani's indifferent attitude toward intellectual property rights, Prostar sued its owner for violating sections 553 and 605 of the federal Communications Act. On the merits, Prostar's suit had the makings of a quick knockout of its own. But Prostar didn't get around to filing its suit until April 1999 - almost a year and a half after the pay-per-view telecast took place.

A year and a half isn't a very long time, as legal matters go; and some people may have paid no mind to the time lapse. Jimani, however, was not one these. Though it paid little attention to its legal duty to obtain a pay-per-view license, it paid a lot of attention to the time it took Prostar to file suit - because in Louisiana, the statute of limitations for a tort is just one year.

Sections 553 and 605 of the Communications Act do not have a statute of limitations of their own. This seemingly strange omission actually is "a void which is commonplace in federal statutory law." As a result, there is a general rule about what federal courts are supposed to do in cases like these. They're supposed to borrow the statute of limitations from the most analogous state law.

That's what District Court Judge Carl Barbier did in this case. He borrowed Louisiana's one-year tort statute of limitations and dismissed Prostar's complaint. In doing so, Judge Barbier simply followed the precedent of an earlier Louisiana case, Joe Hand Promotions v. Lott (ELR 19:10:13), involving virtually identical facts.

Prostar was not to be denied, however. It appealed to the Fifth Circuit Court of Appeals, and there, scored the knockout it was fighting for. In a Per Curiam ruling, the Court of Appeals held that state statutes of limitation should not be used in cases like this one, because cable TV companies do business in all fifty states, and thus would have to "'make fifty separate decisions' in their efforts to investigate and pursue piracy claims."

Instead, the appellate court "reject[ed] the reasoning adopted in Joe Hand Promotions, Inc. v. Lott" and it held that "the three-year limitations period articulated in the Copyright Act governs Prostar's . . . claims." The court so held, because it found that the Copyright Act and sections 553 and 605 of the Communications Act protect analogous interests.

Prostar was represented by Wayne David Lonstein, Ellenville. The owner of Jimani Lounge was represented by W. Patrick Kotz, Jr., Collins & Klotz, New Orleans.

Prostar v. Massachi, 239 F.3d 669, 2001 U.S.App.LEXIS 572 (5th Cir. 2001)[ELR 23:1:18]

Interstellar Starship's use of "epix.com" website to promote its performances of "Rocky Horror Picture Show" does not infringe registered "EPIX" trademark of company that makes digital image products, but Interstellar's use of website to promote technical services and digital image processing does infringe, federal District Court rules

An Oregon company known as Interstellar Starship Services is engaged, apparently, in a wide range of seemingly unrelated businesses. For that reason it has won half - but only half - of its declaratory relief lawsuit against an Illinois company named Epix Incorporated.

At issue in the case was the question of whether Interstellar's "epix.com" website infringed Epix's registered trademark "EPIX." Interstellar, of course, asserted that "epix.com" did not infringe Epix's trademark; and that is the ruling that Interstellar hoped for, in its declaratory relief suit. Epix on the other hand asserted that "epix.com" did infringe its EPIX trademark; and that is the ruling that Epix sought in its counterclaim against Interstellar.

Both companies were so confident of their positions that early in the case both filed motions for summary judgment. Federal District Judge Helen Fry found for Interstellar and granted its motion (ELR 20:3:16). That ruling, however, was reversed on appeal, in an unpublished decision, on the grounds that Judge

Fry had improperly resolved disputed issues of fact. So the case was remanded to the District Court, where it was later reassigned to Judge Robert Jones, before whom it eventually was tried.

One of Interstellar's businesses involves performances of the "Rocky Horror Picture Show" at the Clinton Street Cabaret in Portland, accompanied by live actors performing in front of the movie screen and in the aisles dressed as characters from the movie. Judge Jones has found that Interstellar's use of the "epix.com" website to display electronic pictures and other information about the "Rocky Horror Picture Show" does not infringe Epix's EPIX trademark, because that use is not likely to cause consumer confusion.

Another of Interstellar's businesses involves technical services and digital image processing. Interstellar denied that it used its website to promote those services, but Judge Jones found that it had. And the judge found that Interstellar's use of "epix.com" to promote those services did infringe Epix's trademark, because that use was likely to cause confusion.

As a result, Judge Jones has enjoined Interstellar from using its website to promote its technical services or digital image processing services. He also enjoined the company from using gray wallpaper on the site, and from using its "EPIX.COM" logo on the site unless it also provides a disclaimer explaining that "epix.com" is not affiliated with Epix.

Epix's counterclaims for trademark dilution and cybersquatting were rejected.

Interstellar was represented by Michael M. Ratoza, Portland. Epix was represented by Peter E. Heuser, Kolisch Hartwell Dickinson McCormack & Heuser, Portland.

Interstellar Starship Services v. Epix Inc., 125 F.Supp.2d 1269, 2001 U.S.Dist.LEXIS 100 (D.Or. 2001)[ELR 23:1:18]

Previously Reported:

The United States Supreme Court has denied a petition for certiorari in Philadelphia Church of God v. Worldwide Church of God, 121 S.Ct. 1486, 2001 U.S.LEXIS 2734 (2001), the case in which the Ninth Circuit Court of Appeals held that the unlicensed republication of "Mystery of the Ages" infringed the Worldwide Church of God's copyright in that book, because neither the fair use doctrine nor the Religious Freedom Restoration Act permitted the Philadelphia Church of God to reproduce and distribute it without a license (ELR 22:9:19).

The previously reported decision of the Ninth Circuit Court of Appeals in the "Napster" case, affirming a preliminary injunction against Napster in a copyright suit filed by record companies and music publishers, though remanding the injunction for a narrowing of its terms (ELR 22:9:5), has been published as A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 2001 U.S.App.LEXIS 1941 (9th Cir. 2001).

The previously reported decision of the Fourth Circuit Court of Appeals holding that an internet service provider was not protected from copyright liability by the "safe harbor" provision of the Digital Millennium Copyright Act, because the owner of the copyrights to illegally posted photographs had sent the service provider a notice that "substantially" complied with DMCA's requirements (ELR 22:9:6), has been published as ALS Scan, Inc. v. Remarq Communities, Inc., 239 F.3d 619, 2001 U.S.App.LEXIS 1567 (4th Cir. 2001).

United States Magistrate Judge Andrew Peck has awarded the National Football League $2.6 million in damages in its copyright infringement action against satellite TV company PrimeTime 24. In its lawsuit, the NFL alleged that PrimeTime had infringed copyrights owned by the League by retransmitting game telecasts from the United States to Canada without authorization. A federal District Court agreed with the NFL and ruled its favor. That ruling was affirmed by the Court of Appeals, National Football League v. PrimeTime 24 Joint Venture (ELR 22:4:10); and the United States Supreme Court denied PrimeTime's petition for certiorari (ELR 22:12:18). When Magistrate Judge Peck handed down his $2.6 million award, he reportedly determined that PrimeTime's continued retransmissions of game telecasts after initial adverse

rulings "clearly demonstrated chutzpah, or in more legal parlance, willfulness."
[ELR 23:1:19]

DEPARTMENTS

In the Law Reviews:

The Entertainment and Sports Lawyer, published by the American Bar Association Forum on the Entertainment and Sports Industries,750 North Lake Shore Drive, Chicago, IL 60611-4497, has published Volume 18, Number 4 with the following articles:

Tax Relief for Foreign Athletes and Entertainers through Central Withholding Agreements by Robert J.

Misey Jr., 18 Entertainment and Sports Lawyer 1 (2001) (for address, see above)

Guaranteed Financing for Independent Film Producers: U.S. Export-Import Bank's New Program by Yasmine Gado, 18 Entertainment and Sports Lawyer 3 (2001) (for address, see above)

A House Divided Cannot Stand by Richard D. Parsons, 18 Entertainment and Sports Lawyer 6 (2001) (for address, see above)

Book Review: Sports Law and Regulation by Joseph Gordon Hylton and Paul Anderson, reviewed by John T. Wolohan, 18 Entertainment and Sports Lawyer 13 (2001) (for address, see above)

Comm/Ent, Hastings Communications and Entertainment Law Journal, has published Volume 23, Number 1 with the following articles:

Copyright Misused: The Impact of the DMCA Anti-Circumvention Measures on Fair & Innovative Markets by Jason Sheets, 23 Comm/Ent, Hastings Communications and Entertainment Law Journal 1 (2001)

NBA v. Motorola: A Legislative Proposal Favoring the Nature of Property, the Survival of Sports Leagues, and the Public Interest by Neal H. Kaplan, 23 Hastings Communications and Entertainment Law Journal 29 (2001)

State Ownership of Copyrights in Primary Law Materials by Irina Y. Dmitrieva, 23 Hastings

Communications and Entertainment Law Journal 81 (2001)

Pornography and the International Internet: Internet Content Regulation in Australia and the United States by Meghan A. Wharton, 23 Hastings Communications and Entertainment Law Journal 121 (2001)

Japanese Insider Trading Law at the Advent of the Digital Age: New Challenges Raised by Internet and Communication Technology by Masanori Hayashi, 23 Hastings Communications and Entertainment Law Journal 157 (2001)

New Technology Clauses Aren't Broad Enough: Why a New Standard of Interpretation Must Be Adopted for Internet Distribution by Lisa A. Flate, 23 Hastings

Communications and Entertainment Law Journal 171 (2001)

The Ohio State Law Journal has published Volume 62, Number 2 as a Symposium: The Impact of Technological Change on the Creation, Dissemination, and Protection of Intellectual Property with the following articles:

The Digital Threat to the Normative Role of Copyright Law by Sheldon W. Halpern, 62 Ohio State Law Journal 569 (2001)

The Law of Fair Use and Illusion of Fair-Use Guidelines by Kenneth D. Crews, 62 Ohio State Law Journal 599 (2001)

Copyright in the New Millennium: Resolving the Conflict Between Property Rights and Political Rights by L. Ray Patterson, 62 Ohio State Law Journal 703 (2001)

The Development and Incorporation of International Norms in the Formation of Copyright Law by Graeme B. Dinwoodie, 62 Ohio State Law Journal 733 (2001)

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