INTERNATIONAL DEVELOPMENTS

High Court of England awards copyright infringement damages in lieu of injunction, where negotiations between Ludlow Music and EMI Publishing for use of Loudon Wainwright's lyric from "I am the way (New York Town)" continued after general release of album featuring Robbie Williams' "Jesus in a Campervan"

Ludlow Music brought a claim of copyright infringement over the lyrics to the song "Jesus in a Campervan" written by the pop-artist Robbie Williams (music by Guy Chambers) and published by EMI Music Publishing Limited. The chorus of Williams' lyric includes part of two lines taken from the previously published lyric "I am the way (New York Town)" written by Loudon Wainwright III in 1973. The copyright in the Wainwright lyric is owned by Ludlow Music, a company in the Richmond Organisation.

Clearance to publish and record Williams' song was sought by EMI from Ludlow and Mr Wainwright, notwithstanding EMI's initial opinion that the amount of material copied was a borderline case for requiring clearance.

Mr Wainwright approved the Williams' lyric and agreed to a publishing credit as co-writer.

Negotiations commenced between Ludlow and EMI over the publishers' split of income. EMI informed Ludlow that these negotiations were urgent as Mr Williams had recorded the song for his second album and its release date was approaching. Ludlow refused to treat the matter as urgent and after some delay offered to take 100% the copyright in the Williams' lyric for the proposed usage. The offer was rejected by EMI who counter-offered with 10%. After further delay, Ludlow rejected this offer insisting on a 100% share. Shortly thereafter, Williams' album was released on 26 October 1998 before any agreement had been reached. In March 1999 Ludlow was still writing to EMI insisting on a 100% share and later the same month invited the US importer of the Williams album to apply for the statutory mechanical licence although the publisher split had not been agreed.

On 19 April 1999, Ludlow's solicitors wrote to EMI alleging copyright infringement and escalating the claim to 100% of the entire composition (i.e. 100% of the Williams' lyric and Chambers' music), notwithstanding the musical works were entirely unrelated. Ludlow did not demand that EMI stop exploiting the lyric or notify the MCPS to stop issuing licenses to record the composition. As late as August 1999 Ludlow's solicitors referred to the claim for 100% of the lyric as "a reasonable licence fee".

Proceedings were issued in February 2000. At an application for summary judgment the allegation of infringement was upheld but the judge was not satisfied that this was a case in which either a final injunction could be granted or the claim for additional damages under section 97(2) of the Copyright, Designs and Patents Act 1988 could be decided without hearing evidence.

The unresolved issues came before the court in November 2001 with the Defendant's arguing the infringement was so minor it was a proper case for damages under Lord Cairn's Act (now section 50 of the Supreme Court Act 1951) in lieu of a final injunction. Pumfrey J's findings of fact were that at no time had Ludlow stated its terms were non-negotiable or objected to the release of the track even after the album had been released. Ludlow's claims that it did not know who Mr Williams was, the urgency of the negotiations, or that the album had been released, were expressly disbelieved. EMI's decision to release was not found to be deliberate or cynical; it was made in the genuine belief that agreement would be reached over terms and that the issue was only one of money. Accordingly, EMI was not found liable for additional damages.

Both sides were agreed that damages were to be assessed as a royalty share. The court held that in every case damages are to be assessed objectively, as between a willing licensor and licensee, and not according to what the claimant would have accepted as a licence fee.

Although the actual infringing material comprised less than 12% of the lyric, the judge assessed the royalty share at 25%, reflecting in particular its value to Williams and EMI, notwithstanding that was only a quarter of what Ludlow had demanded for a licence, and the court accepted that some licensees were willing to take 100% licenses from the Richmond Organisation.

It was further accepted that it is common in the trade for the copyright owner of the first work to demand a share of the copyright in the derivative work, thus simplifying the collection of royalties and ensuring the derivative work cannot be exploited without the consent of both parties (unlike the US there is no statutory licence for second performance in the UK). On the basis of that practise, the judge further ordered 25% of the copyright in the Williams lyric should be jointly owned by Ludlow.

An injunction was granted in respect of further exploitation of the Williams' lyric, but not in respect of any existing pressings, and damages in lieu were awarded. In particular, the judge considered that the extreme lateness of any indication from Ludlow that an injunction would be sought amounted to acquiescence in the pressing of the album.

Author's note: Under normal circumstances a copyright owner is entitled to licence or not licence any person and can charge any fee he wishes for usage of his material. On proof of infringement injunctions are usually granted as of right. In this case, Ludlow's conduct permitted the court to award damages in lieu of an injunction. That conduct was (1) failing to make clear that its licence offer was non-negotiable and (2) failing to state that injunctive relief would be sought if EMI sought to exploit the derivative work without consent, either before or after the album was released. The court stated the purpose of injunctive relief is to prevent unauthorised use, not to assist rights owners to obtain the licence fee they want. An injunction may be refused where the conduct of the rights owner encourages the potential licensee to carry out acts of infringement in the belief that licence terms acceptable to both parties can be agreed. The circumstances under which courts will award damages in lieu of a final injunction are limited: see the judgment of AL Smith LJ in Shelfer v City of London Electric Light Company [1895] 1 Ch 287. The case of Jaggard v Sawyer [1995] 1 WLR 269 makes clear the crucial consideration is the oppressiveness of the injunction sought by the claimant. Banks v CBS Songs Limited (No. 2) [1996] EMLR 452 is referred to in the Ludlow decision as an example of a case where damages were awarded in lieu of an injunction. In that case Jacob J found: "the plaintiff does not want an injunction because she wants the work not to be performed. She wants an injunction in order to negotiate a price". Pumfrey J goes on to note that this is always the case when a licence has been turned down because the asking price is too high but the recording has gone ahead anyway. Apart from

Ludlow's own conduct which fell into the Banks category, EMI's position was assisted by the finding that its employees had acted at all times in the belief that acceptable licence terms would be negotiated and had placed Ludlow on notice of the urgency of the negotiations and deadline for release. Ludlow had never been misled or in any doubt as to what action the potential licensee was taking. Decisions such as those in Banks and Ludlow are the exception to the rule. A potential licensee exploiting a derivative work without a license does so at his own risk. He cannot expect that a court will "buy" a licence for him at a fair, or market, rate if the terms offered by the potential licensor are unacceptable to him. Deliberate infringement will render him liable for additional damages under section 97(2) of the Act that may negate, in the words of the provision, "any benefit accruing to the defendant by reason of the infringement".

Ludlow Music Inc v Robbie Williams, HC0000445, 14 February 2002 (High Court of England & Wales, Chancery Division)(not yet available online)

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[ELR 23:9:4]

Federal Court of Australia rules that Universal Music and Warner Music violated that country's Trade Practices Act by refusing to sell records to retailers that imported recordings from Indonesia, after 1998 amendment to Australian Copyright Act authorized parallel imports

Self-help is frequently efficient, but not always legal. That is the conclusion to be drawn from the outcome of a case brought against Universal Music Australia and Warner Music Australia by the Australian Competition & Consumer Commission.

The Federal Court of Australia has held that both companies violated that country's Trade Practices Act, when they adopted policies to discourage Australian retailers from importing music recordings from Indonesia and other South East Asian countries.

Until 1998, Australian copyright law prevented that country's retailers and wholesalers from importing recordings from abroad, without the consent of the owners of the recordings' Australian copyrights. However, on July 30th of that year, the Australian Copyright Act was amended so that it now permits importation of recordings from abroad, without the consent of their Australian copyright owners (so long as the recordings were manufactured with the consent of the owners of their copyrights in the countries where they were made).

Cheap prices and weak currencies in Indonesia and other South East Asian countries made it less expensive for Australian retailers to import recordings from there than to buy recordings from Australian record companies or wholesalers. Universal and Warner were concerned that retailers would do just that. As a result, both companies advised retailers and wholesalers that if they imported recordings from abroad, Universal and Warner would stop selling to them and would no longer provide them with promotional and other services.

The Australian Competition & Consumer Commission quickly responded with a lawsuit against the two companies. The lawsuit alleged that the companies' policies violate sections 46 and 47 of the Australian Trade Practices Act - sections that prohibit the "misuse of market power" and "exclusive dealing." In a very long decision that reviews the evidence in extraordinary detail, the Federal Court has agreed.

Though the court acknowledged that it found the question of whether Warner and Universal had "market power" to be "extremely difficult," the court eventually concluded that they did. They did, the court said, because retailers - especially small retailers - would not be able to get all of the recordings they need from abroad. Some recordings wouldn't be available at all, such as recordings by Australian performers that are never released in other countries. And other recordings that are available abroad would not be available in time to satisfy local demand, when a recording is first released and being heavily promoted, for example.

The court also found that Universal and Warner took advantage of their market power by refusing to sell their records to retailers who imported them from abroad. And the court found that Universal and Warner did so for the purpose of preventing retailers and wholesalers from importing recordings.

Universal and Warner argued that their policies were motivated by a concern that imported recordings would be counterfeits. But the court discounted that reason. It seems to have done so, because the amendment that authorizes parallel imports requires importers to prove that imported recordings were properly licensed where they were made - a burden so difficult to meet, the court said, that some Australian record companies might claim that imports were counterfeit "with little reason to believe it to be the case."

The penalties to be imposed on Universal and Warner - injunctive and monetary - will be determined in the next phase of the case.

Australian Competition & Consumer Commission v. Universal Music Australia Pty Limited, [2001] FCA 1800, available at http://scaleplus.law.gov.au/html/feddec/0/20014/top.htm [ELR 23:9:5]

Settlement between European Union and United States of WTO Fairness in Music Licensing case appears to have fallen apart

After years of litigation, it looked - for a brief while - as though the European Union and the United States had settled their WTO Fairness in Music Licensing case. That's the case in which the World Trade Organization found that the U.S. Fairness in Music Licensing Act violates the United States' copyright and international trade treaty obligations (ELR 22:2:7), and that the violation has cost European songwriters and music publishers $1.1 million a year in public performance royalties (ELR 23:6:4).

It looked as though the case had been settled because in December 2001, the EU formally announced that it and the U.S. had agreed on a "temporary solution . . . during a meeting between EU Trade Commissioner

Pascal Lamy and . . . US Trade Representative Robert Zoellick." The announcement even outlined the terms of the settlement: Mr. Zoellick was to propose that the Bush Administration seek authorization and funding from Congress to enable it to contribute to the financing of projects and activities for the benefit of EU music creators. "Once the authorization is granted," the announcement said, "the EU and the US will be in a position to finalise an arrangement, which will be in place for three years." (ELR 23:8:6)

The timing of the December settlement was understandable. Earlier in the case, the WTO had given the United States a December 31, 2001 deadline to repeal the Fairness in Music Licensing Act - a deadline that was in fact a five-month extension of the WTO's original July 27th deadline.

But December 31, 2001 came and went without any Congressional activity to repeal the Act or to fund the settlement. The EU wasted no time mulling over what it should do. On January 7, 2002, it notified the WTO that the U.S. had failed to meet its deadline, and - surprisingly, in light of its December announcement that a settlement had been reached - the EU informed the WTO that "no mutually acceptable arrangement has yet been made."

The EU requested authorization "to suspend its obligations under the TRIPS Agreement in order to permit the levying of a special fee from US nationals in connection with border measures concerning copyright goods." The EU noted that a WTO arbitration panel had found that the Fairness in Music Licensing Act had cost EU songwriters and music publishers $1.1 million per year in lost public performance royalties (ELR 23:6:4). Therefore, the EU promised to "fix the amount of the special fee . . . so as to ensure that the level of affected US benefits will not exceed the level of EC benefits nullified or impaired as a result of the WTO-inconsistent provisions of the US Copyright Act." That was just a polite way of telling the U.S. that when the EU does impose "special fees" - otherwise know as "tariffs" - on copyrighted goods from the United States, those "special fees" will amount to as much as $1.1 million per year.

The United States replied almost immediately. On January 17th it sent a missive of its own to the WTO, objecting "to the level of suspension of obligations proposed by the European Communities" on January 7th. What's more, the United States claimed that certain necessary "principles and procedures" had "not been followed." And therefore, the U.S. demanded that "the matter . . . be referred to arbitration."

That is almost, but not quite, where the matter now stands. On January 21st - just four days after demanding arbitration - the U.S. sent the WTO a "status report" in which it assured the WTO that "the European Communities and the United States have been engaged in productive discussions with a view to resolving the dispute. Those discussions are continuing."

Editor's note: While it's not surprising that the December settlement appears to have fallen apart, the industry on which the EU proposes to impose tariffs is a surprise. The EU has requested WTO authority to impose tariffs on "copyright goods" - meaning, presumably, recordings, homevideos, books and the like, imported into the EU from the U.S. This is a surprise, because copyright owners in the United States - especially music publishers and songwriters - have been as opposed to the Fairness in Music Licensing Act as the Europeans. It would have made more sense for the EU to propose tariffs on, say, Harley Davidson motorcycles, for reasons explained in the Editor's Note and Opinion in the November 2001 issue of the Entertainment Law Reporter. (ELR 23:6:5)

United States - Section 110(5) of the US Copyright Act: Recourse by the European Communities to Article 22.2 of the DSU, WT/DS160/19 (WTO 7 January 2002); Request by the United States for Arbitration under Article 22.6 of the DSU, WT/DS160/20 (WTO 18 January 2002); *Status Report by the United States*, WT/DS160/18 (WTO 22 January 2002), available at http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm#1999 [ELR 23:9:6]

WASHINGTON MONITOR

Librarian of Congress orders new proceeding to divide 1997 cable retransmission royalties between MPAA and Independent Producers Group

When the 1997 cable retransmission royalties are finally distributed, the MPAA is likely to get more than 99% of the movie and program producers' share. The MPAA will get these royalties in its capacity as the representative of the owners of the copyrights to movies and television programs that were broadcast on over-the-air television and retransmitted by cable-TV systems to cable subscribers. The MPAA's clients are entitled to receive royalties paid by cable systems under the compulsory cable-TV license provision of the Copyright Act. From the MPAA's point of view, the only question is how much more than 99% it will be receiving. It has asked for 99.988%.

The reason the MPAA isn't entitled to 100% is that it does not represent the owners of the copyrights to all of the movies and programs that were retransmitted by cable during 1997. Another organization known as the Independent Producers Group (IPG for short) represents Litton Syndications, which is entitled to royalties for eight - or maybe ten - television programs that were retransmitted during 1997. So IPG is entitled to some of those royalties too. It has asked for 2%.

The difference between the percentages requested by the MPAA and IPG is just 1.988%; but that difference amounts to some $2 million and thus is worth fighting over. The fight between the MPAA and IPG already has involved two rounds before a Copyright Arbitration Royalty Panel ("CARP" for short), and now will involve a third round as well. On the recommendation of the Register of Copyrights, the Librarian of Congress has rejected both the initial and revised reports of the original CARP, and has remanded the case for a new proceeding before a new CARP. Briefly, this is what happened.

Originally, IPG purported to file claims on behalf of several unidentified program syndicators. In order for those claims to be valid, IPG needed to have "valid representational arrangement[s]" with its clients not later than July 31, 1998, because that was the deadline for filing claims. When IPG produced copies of its written representation agreements, they were dated "as of" dates that satisfied that deadline. But the signatures on those agreements were not dated, and supporting documents that did have dated signatures (like transmittal letters) only established that one agreement

- the one with Litton - was actually entered into before the deadline.

The Librarian of Congress decided that documents signed after the deadline, even if dated "as of" the deadline, were not good enough. As a result, the CARP's first report was rejected, because the CARP had awarded IPG a share of royalties on behalf of syndicators with which IPG apparently entered into representation agreements after the deadline.

The case was remanded so the CARP could recalculate IPG's share, limited only to programs syndicated by Litton. The CARP also was instructed to resolve disputes about which programs were properly credited to Litton, because the MPAA claimed that the copyrights to some of those programs were actually owned by companies it represented.

In its second report, the CARP did the best it could with the evidence that had been submitted to it.

But the Register of Copyrights concluded, and the Librarian has agreed, that the evidence was not good enough. The Register's explanation of the evidence flaws is meticulous and lengthy. In a nutshell, however, those flaws were of two types. The first concerned the evidence submitted with respect to who is entitled to the royalties for two television programs. The second concerned the evidence submitted to establish the royalty percentage that should go to IPG.

IPG claims that the royalties for a program called "Dream Big" belong to its client Litton, while the MPAA claims that the royalties for that program belong to its client Warner Bros. Both sides agree that Warner Bros. entered into a contract with Litton pursuant to which Litton became the program's syndicator. They disagree, however, about whether that contract entitles Litton or Warner Bros. to receive the program's cable retransmission royalties. The contract itself, however, was not put in evidence. The Register determined that a decision on this issue could not be made simply on the basis of the testimony and argument that was introduced, and thus more evidence will have to be offered during the new CARP proceeding.

The other program at issue is "Dramatic Moments in Black Sports History." IPG claims that its client Litton is entitled to that program's cable retransmission royalties, while the MPAA claims that its client New Line Cinema is entitled to them. The Register concluded that neither IPG nor the MPAA introduced sufficient evidence to decide who is right, and thus more evidence will have to be introduced about this program too, during the new CARP proceeding.

The biggest and most difficult part of the case concerns the royalty percentage that should go to IPG.

The hearts of professional statisticians should be warmed by the Register's reasons for rejecting the evidence on that issue. To a casual observer, that evidence looks voluminous and sophisticated. The Register, however, determined that it was inadequate for two reasons.

First, since the MPAA represents all royalty claimants except the one represented by IPG, the MPAA offered evidence that showed the percentage of total viewership garnered by IPG's programs; and the MPAA asked for the remaining percentage. The MPAA did not prove that its clients actually owned the copyrights to all retransmitted programs that were not owned by IPG's client. But the Register concluded that royalties for some retransmitted programs may not have been claimed by their rightful owners, and thus the MPAA may have claimed the percentage due its clients as well as the percentage that would have been credited to copyright owners that failed to make claims. However, because all available royalties are divided among those who do make claims, the MPAA's approach may have reduced IPG's percentage of the total to less than it should be. That is one issue to be considered during the new CARP proceeding.

Second, the Register took issue with the MPAA's technique for sampling cable retransmissions, in order to determine IPG's percentage of total viewership. Thus, for the new CARP proceeding, different sampling techniques will have to be used.

Distribution of 1993, 1994, 1995, 1996 and 1997 Cable Royalty Funds, Library of Congress, Copyright Office, 66 Federal Register 66433 (Dec. 26, 2001), available at www.loc.gov/copyright/fedreg/2001/66fr66433.pdf [ELR 23:9:8]

IN THE NEWS

Minnesota Court of Appeals affirms temporary injunction requiring Twins to play 2002 season in Minneapolis Metrodome, and barring Major League Baseball from interfering with Twins doing so, despite Major League Baseball's plans to downsize by buying and eliminating Twins

Major League Baseball has suffered yet another blow to its plans to downsize the League by buying and eliminating the Minnesota Twins (and the Montreal Expos). A Minnesota Court of Appeals has upheld a temporary injunction that requires the Twins to play the 2002 season in the Minneapolis Metrodome (ELR 23:7:5). The appellate court also upheld the portion of the injunction that prohibits Major League Baseball from interfering with the Twins doing so.

In an expedited appeal, Major League Baseball argued that the trial court had abused its discretion in issuing the temporary injunction. Indeed, the League characterized the injunction as "'a sweeping order' that mandates the major league teams from the United States and Canada to 'send teams to Minnesota to play a season of baseball for the benefit'" of the Metropolitan Sports Facilities Commission - the government agency that owns and operates the Metrodome.

Though that seems a fair characterization of the injunction, the Court of Appeals nevertheless ruled that the trial court had not abused its discretion.

Writing for the appellate court, Chief Judge Edward Toussaint Jr. emphasized that the agreement between the Twins and the Commission was not an ordinary commercial lease. Judge Toussaint explained that ". . . the Twins pay no rent for their use of the Metrodome for the 2002 home games or for their year-round use of locker and office space. . . . Instead, the benefit of the bargain that the commission received was the Twins' promise to play their home games at the Metrodome for the duration of their lease. Indeed, the stated purpose for building and operating the stadium was to attract major league sports franchises to play at the stadium for the enjoyment of fans." Moreover, the agreement specifically authorized the Commission to seek injunctive relief, in the event of an alleged breach.

Judge Toussaint ruled that the injunction merely preserves the status quo, and if the injunction had not been issued, the Commission may have suffered damages that could not be compensated by a money judgment. Moreover, Judge Toussaint agreed with the trial court that the Commission may ultimately prevail on the merits.

The Metropolitan Sports Facilities Commission was represented by Corey J. Ayling of McGrann Shea

Anderson Carnival Straughn & Lamb in Minneapolis. The Twins and Major League Baseball were represented by Roger J. Magnuson of Dorsey & Whitney in Minneapolis.

Metropolitan Sports Facilities Commission v. Minnesota Twins Partnership, Minnesota Court of Appeals Case No. C2-01-2010 (Jan. 22, 2002), available at http://www.msfc.com/ycommissionnews_detail.cfm?releaseID=49 [ELR 23:9:10]

Thumbnail images of photos created by Ditto.com visual search engine are fair use, appellate court affirms, but inline linking and framing of full-size images infringe photographer's display right and is not a fair use

Inline linking to and framing of full-size images that appear on other websites infringes the photographer's exclusive right to publicly display his or her copyrighted photographs, and is not a fair use, the Ninth Circuit Court of Appeals has held.

In a case of first impression, professional photographer Les Kelly won this ruling in a copyright infringement lawsuit he filed against Ditto.com, a visual Internet search engine. Earlier in the case, District Judge Gary Taylor had granted Ditto.com's motion for summary judgment, dismissing Kelly's entire lawsuit, on the grounds that Ditto.com's activities were permitted by the fair use doctrine (ELR 21:12:13).

But in an opinion by Judge Thomas Nelson, the Court of Appeals has reversed the dismissal of Kelly's infringement claims with respect to Ditto.com's unauthorized inline links to and framing of Kelly's full-size images. On the other hand, the appellate court has affirmed District Judge Taylor's ruling that the fair use doctrine permits Ditto.com to create and use thumbnail-size images of Kelly's photos on its own website, without Kelly's consent.

Insofar as the thumbnail-size images were concerned, the appellate court agreed with Ditto.com (and District Judge Taylor) that Ditto.com's thumbnails serve a different function than Kelly's full-size images, and that the thumbnails do not harm the market for Kelly's images because they have low resolution and only serve to guide websurfers to Kelly's website (or to others he has licensed).

The appellate court disagreed with Ditto.com (and District Judge Taylor) about Ditto.com's use of Kelly's full-size images. Ditto.com did not reproduce those images; it merely linked to them. But Ditto.com's use of inline linking and framing both made it appear (to Ditto.com users) that images actually located on other websites were instead on Ditto.com's own website. Judge Nelson explained that even though Ditto.com did not make "copies," the exclusive right to "display" a work includes the right to display original works as well as copies.

In addition, Judge Nelson reasoned that inline linking to and framing of full-size images was not a fair use, because the full-size images that appear on Ditto.com's website as a result of these linking methods do serve the same function as those that appear on

Kelly's own website (and those he has licensed). By giving Ditto.com users access to these full-size images, Ditto.com "harms all of Kelly's markets," Judge Nelson concluded.

Les Kelly was represented by Charles D. Ossola of Arnold & Porter in Washington, D.C. Ditto.com was represented by Judith B. Jennison of Perkins Coie in Menlo Park. Robert J. Bernstein of Cowan Liebowitz & Latman in New York City represented Amici Curiae.

Editor's note: Linking to images and text on other websites is quite easily and commonly done. Indeed, linking among websites is a key feature of the World Wide Web. This decision does not hold that all linking infringes copyright. The type of links most commonly used by websites are those that jump the user to the linked-to site entirely, or that open a new browser window (on the user's computer) in which the linked-to website appears. Those methods of linking were not involved in this case, and this decision does not apply to those methods. Ditto.com ran afoul of copyright law by using linking methods that made it appear that linked-to images were actually part of Ditto.com's own website, even though they weren't.

Kelly v. Arriba Soft Corp., Case No. 00-55521 (9th Cir., Feb. 6, 2002), available at http://www.ca9.uscourts.gov/ca9/newopinions.nsf/C38AD9E9A70DB15188256B5700813AD7/$file/0055521.pdf?openelement [ELR 23:9:10]

Exclusive copyright licensees may not sub-license or assign their rights without copyright owners' consent, federal Court of Appeals affirms, so Nike's exclusive license to Sony of rights in Nike's copyrighted cartoon character "MC Teach" were not validly sub-licensed or assigned to third party, because Nike's consent was not obtained

An exclusive copyright licensee may not sub-license or assign its rights without the consent of the copyright owner, the Ninth Circuit Court of Appeals has held. Many years ago, in a case involving licenses of songs written by Emmylou Harris, the Ninth Circuit held that licensees could not transfer their licenses, without the copyright owners' consent, under the Copyright Act of 1909 (ELR 6:5:7). The Ninth Circuit's new decision is one of first impression under the Copyright Act of 1976.

The subject of this new case is a cartoon character named "MC Teach," the copyright to which is owned by Nike. Nike granted Sony an exclusive license to use MC Teach in certain carefully specified ways. But the license said nothing about Sony's right to sub-license or assign its rights. For that reason, Sony concluded that it could do so, and it did.

Sony transferred all its rights in the MC Teach character to Michael Gardner who used, and sub-licensed others to use, MC Teach on educational materials. Sony's transfer to Gardner was done without Nike's consent, thus prompting Nike to threaten legal action against Gardner and its licensees. Gardner responded with a declaratory relief suit against Nike.

In response to cross-motions for summary judgment, federal District Judge Lourdes Baird ruled in favor of Nike and against Gardner (ELR 22:8:8). And now, in an opinion by Warren Ferguson, the Ninth Circuit has affirmed that ruling.

Judge Ferguson agreed that although section 201(d)(1) of the 1976 Copyright Act allows "ownership of a copyright" to be "transferred in whole or in part," that paragraph deals only with transfers of ownership of the copyright itself, including fractional interests in the copyright, but not with the transfer of "the exclusive rights comprised in a copyright." Section 201(d)(2) of the Copyright Act - not section 210(d)(1) - is the paragraph that authorizes the transfer of "the exclusive rights comprised in a copyright." However, that paragraph gives the owner of a transferred exclusive right - Sony in this case - only the "protection and remedies" given to a copyright owner, rather than full ownership of the right. It does not give the transferee of exclusive rights the right to transfer those exclusive rights to a third party, without the consent of the copyright owner.

This fine distinction between what may be transferred under section 201(d)(1) and what may be transferred under section 201(d)(2) was critical in the case between Gardner and Nike, because Nike had merely transferred exclusive rights to Sony. Thus, Sony could not transfer the right to use MC Teach to Gardner, without Nike's consent. Since Sony did not obtain Nike's consent, Sony's purported transfer to Gardner was not valid.

Gardner was represented by Herbert Hafif in Claremont. Nike was represented by C. Dennis Loomis in Los Angeles.

Editor's note: As a consequence of this decision, licensees who want to be able to assign or sub-license their rights now have the burden of negotiating clauses in their exclusive license agreements expressly permitting them to do so. (Gardner unsuccessfully argued for a rule that would have required licensors who do not want their licensees to assign or sub-license their rights to negotiate clauses in their exclusive license agreements prohibiting their licensees from doing so.) Non-exclusive licenses may not be assigned or sublicensed either, without the consent of the copyright owner. Thus, it is especially important for production companies and record companies to get such consent when they obtain licenses to use underlying works, such as spec scripts, books, plays and songs. It's important, at least, to the creditors of production companies and record companies, for this reason. If a production company or record company goes bankrupt, its movies, TV programs and recordings would be assets the trustee could sell in order to raise money to pay its creditors. If, however, any of those assets were based on underlying licensed works, the licenses necessary to continue distributing those assets could not be assigned without the consent of the owner of the copyright to the underlying work. Though this seems counter-intuitive, this is exactly what happened in In re Catapult Entertainment, Inc., 165 F.3d 747 (9th Cir. 1999) (ELR 21:2:16) (a patent license case) and in Harris v. Emus Records Corporation, 734 F.2d 1329 (9th Cir. 1984) (ELR 6:5:7). This result is wonderful, of course, for the owners of the copyrights to the underlying works, because it gives them tremendous leverage in negotiating new licenses with bankruptcy trustees - more leverage than would be enjoyed by other unsecured creditors.

Gardner v. Nike, Inc., Case No. 00-56404 (9th Cir., Jan. 31, 2002), available at http://www.ca9.uscourts.gov/ca9/newopinions.nsf/BDB

DD48DC274EEB688256B5200603869/$file/0056404.pdf?openelement [ELR 23:9:11]

RECENT CASES

California Labor Commissioner voids contract of management company that acted as unlicensed talent agency for child actor Zachery Ty Bryan, despite company's assertion that it negotiated deals at request of Bryan's parents and lawyer

In California, most of those who seek employment for actors and other artists must be licensed as talent agents by the California Labor Commissioner. The only ones who don't need a talent agent's license are those who "act in conjunction with, and at the request of, a licensed talent agency in the negotiation of an employment contract." For this exemption to apply, however, the request really must come from "a licensed talent agency." A request from an artist's parents or lawyer is not enough.

The California Labor Commissioner has so ruled in a case between child actor Zachery Ty Bryan and the Lax Corporation, his former management company. Bryan - who achieved early success as the oldest son on "Home Improvement" - was represented by Lax from 1993 to 1996. Three years after their relationship ended, Lax sued Bryan in California state court, seeking commissions still allegedly due under their written agreement.

Bryan then filed a petition with the California Labor Commissioner, seeking an order declaring his contract with Lax to be void. Such an order is in fact one of the remedies - managers would say "penalties" -

for seeking employment without a talent agent's license.

Though Lax didn't have such a license, it argued it didn't need one for three reasons, and that even if it did, its contract with Lax should not be voided for a fourth reason.

Of greatest interest to other managers and artists, Lax asserted that whatever employment it may have sought and negotiated for Bryan was done at the request of Bryan's parents. There was significant disagreement about whether this was so, as a factual matter. But hearing examiner David Gurley ruled that even if Bryan's parents had asked Lax to seek and negotiate employment for their son, their requests would not have exempted Lax from the need to have a talent agent's license. This was so, Gurley explained, because Bryan's parents are not licensed talent agents, and the exemption claimed by Lax is available only to those who act "at the request of a licensed talent agency."

Lax also argued that some of what they did for Bryan was done at the request of his entertainment lawyer, Dennis Arti. There was a factual dispute about this as well. But again, though Arti is licensed by the California State Bar as a lawyer, he is not licensed by the California Labor Commissioner as a talent agent. So even if he had asked Lax to seek and negotiate employment for Bryan, his requests would not have exempted Lax from the need to be licensed.

Alternatively, Lax argued it didn't need a talent agent's license, because seeking employment for Bryan was merely an incidental aspect of its management practice. This was significant, it argued, because in 1993 the California Court of Appeal held in Wachs v. Curry (ELR 15:3:3) that managers need to be licensed by the Labor Commissioner only if seeking employment is a "significant part" of the manager's business as a whole, compared to the counseling done by the manager.

The Wachs case did in fact say just that, but in 1995, in the case of Weisbren v. Peppercorn Productions (ELR 18:2:7) the California Court of Appeal said that Wachs was wrong, and that a license is necessary if any employment is sought. Hearing examiner Gurley ruled that Bryan's case is controlled by the Weisbren decision, even though most of Lax's unlicensed activity took place after Wachs was decided and before Weisbren was decided.

Finally, Lax asserted that even if it needed a license, its contract with Bryan should not be voided, because there is a one-year statute of limitations on claims alleging violations of the statute requiring a talent agent's license. In this case, Lax didn't do anything for Bryan during the year before he filed a petition with the Labor Commissioner. This argument, too, failed. Hearing examiner Gurley noted that this very argument had been rejected by the Court of Appeal in Park v. Deftones (ELR 21:4:14). If the rule were otherwise, Gurley explained, unlicensed managers could simply wait more than a year to sue for breach of contract (the statute of limitations for breach of a written contract is four years in California), and thus prevent artists from defending on the grounds that their managers had sought employment without being licensed as required by California law.

As a result, the Labor Commissioner has voided Lax's contract with Bryan (though Bryan was not entitled to a refund of commissions he actually paid to Lax, because they were paid more than a year before the proceeding was begun).

Bryan was represented by Donald S. Engel and William Archer of Engel & Engel in Los Angeles. Lax was represented by Gregory E. Stone and Richard A. Phillips of Stone Rosenblatt & Cha in Encino.

Bryan v. Lax Corporation, Calif. Labor Comm. Case No. TAC 22-99 (2001), available at www.EntertainmentLawReporter.com/decisions/230913.pdf [ELR 23:9:13]

Court rejects - as unfair, unreasonable and inadequate - proposed settlement of class action lawsuit against National Football League complaining that "NFL Sunday Ticket" satellite TV package violates federal antitrust law

More than four years ago, a class action lawsuit was filed against the National Football League on behalf of its television-watching fans. The case alleged that the League's satellite TV package, called "NFL Sunday Ticket," violates federal antitrust law, because it requires viewers to subscribe to an entire season of televised games, rather than allowing viewers to subscribe one game at a time.

The NFL considered the claim to be meritless and quickly sought its dismissal on the grounds that the League's television contracts were exempted from antitrust law by the Sports Broadcasting Act of 1961. A federal District Court disagreed with the League, however, and the Third Circuit Court of Appeals did as well. They held that the exemption relied on by the League did not extend to the "NFL Sunday Ticket" package (ELR 21:4:12).

The League was thus required to defend itself on the merits, and a great deal of discovery was conducted by the class representatives, as they prepared to try or settle the case. As things turned out, a settlement was negotiated - one that looked at first like a substantial victory for the class, or at least a huge expense for the League.

The settlement required the NFL to: give satellite TV viewers the opportunity to buy a "Single Sunday Ticket" covering all games played on just a single Sunday (rather than the entire season); pay $7.5 million in damages to "NFL Sunday Ticket" subscribers who filed claims; provide class members with discounts for their purchase of NFL merchandise on the League's Internet store; pay as much as $2.3 million to notify class members about the settlement and to administer it; and pay $3.7 million towards the class members' attorneys fees and expenses. In return, class members were to release the NFL from liability for past, present and future antitrust violations arising out of NFL football telecasts by broadcast, cable or satellite television or the Internet.

The settlement was "provisionally and conditionally approved" by the District Court, subject to a hearing on the proposed settlement, after notice of its terms was given to the class members the settlement was intended to benefit.

A funny thing happened, however, on the way to the court's final approval of the settlement. Three members of the class objected. And though they were just three of a class estimated to be 1.8 million members, they persuaded the court that the proposed settlement was "not fair, reasonable, and adequate." Judge Eduardo Robreno has therefore rejected it.

In a lengthy and energetic decision, Judge Robreno noted that the proposed "Single Sunday Ticket" would require viewers to subscribe to all games played on a particular Sunday, just to be able to watch one game. "Compared to the ambitious goals set out in the complaint," the judge concluded that this relief was "minimal at best." He concluded the monetary value of the settlement was too low. And the judge was unimpressed with the merchandise discounts, saying they were merely a "sales promotion."

Judge Robreno also concluded that class members would be required to release too much, because the lawsuit complained only about the League's satellite TV package while the proposed settlement also would release the League from liability for its broadcast, cable TV and Internet activities.

Finally, Judge Robreno ruled that the amount proposed to be paid to the lawyers who represented the class was not fair or reasonable. The judge acknowledged that the lawyers have a "fine reputation," and that they won an important ruling on appeal. "Yet, Chevrolet-type results do not warrant Cadillac-size legal fees," he concluded.

One important factor in deciding whether the settlement of a class action suit should be approved is the strength of the plaintiffs' case. On this issue, class counsel acknowledged that the NFL had strong defenses; and Judge Robreno did not seem to disagree. Nevertheless, the judge said, even if the NFL were likely to win the case, the settlement should not be approved, for three reasons. The failure of the class to recover anything at all is "a powerful incentive to class counsel to exercise in the future a high degree of care" in selecting cases. Rejecting settlements protects defendants from settling "unmeritorious claims simply because [they have been filed as a class action.]" And, rejecting settlements protects against "judicial resources" being spent on class action litigation that would "unjustly recompense" class action plaintiffs and their lawyers.

The class plaintiffs were represented by Ira Neil Richards of Trujillo Rodriguez & Richards in Philadelphia (and others). The NFL was represented by Peter J. Nickles of Covington & Burling in Washington D.C. (and others).

Schwartz v. Dallas Cowboys Football Club, Ltd., 157 F.Supp.2d 561, 2001 U.S.Dist.LEXIS 12527 (E.D.Pa. 2001) [ELR 23:9:14]

Federal court dismisses Sony's claims that television series "Queen of Swords" infringes copyrights to Zorro comic books and trademarks in Zorro character as well as unfair competition claims based on series' alleged similarity to Sony's "Mask of Zorro" movie; but court refuses to dismiss Sony's claim that series infringes copyright to its movie

Sony and Fireworks Entertainment are engaged in a massive legal battle over whether Fireworks' syndicated television series "Queen of Swords" violates copyrights, trademarks and other legal rights owned by Sony as a result of its production of the successful motion picture "Mask of Zorro."

When this case last appeared in the Entertainment Law Reporter, federal District Judge Audrey Collins had just denied Sony's motion for a preliminary injunction, in a long and detailed decision that gave Fireworks many reasons to rejoice (ELR 23:5:8). Indeed, that decision agreed so thoroughly with Fireworks' arguments that the television production company decided, quite reasonably, to see whether it could bring the case against it entirely to an end. It filed a motion for summary judgment seeking the dismissal of Sony's entire case. And Fireworks has almost - but not completely - succeeded.

In a second quite detailed decision, Judge Collins has dismissed all of Sony's claims but one. Ironically, the one surviving claim looks (to outsiders at least) to be the heart of Sony's case against Fireworks, so the likely outcome of this case is still far from apparent.

Judge Collins has granted Fireworks' motion for summary judgment with respect to Sony's claim that "Queen of Swords" infringes the copyrights to a series of "Zorro" comic books (the exclusive movie and TV rights to which Sony now owns). After comparing the characters, dialogue, theme, plots and settings of Sony's comic books and Fireworks' TV series, the judge concluded that the comic books and series "are dissimilar as a matter of law."

Judge Collins also dismissed Sony's claim that "Queen of Swords" infringes the studio's trademark rights in the "Zorro" character. The judge did so, she explained, because Sony didn't "identify a specific image" in which it claims a trademark. Instead, Sony argued that some 17 aspects of Zorro, along with a number of "associated" but unexplained "elements," identify Zorro to the public. But Judge Collins ruled that this wasn't good enough, because a "vaguely defined character lacking a specific image" cannot "constitute a symbol in the public mind." For similar reasons, the judge also dismissed Sony's trade dress claims.

Finally, Judge Collins dismissed Sony's state law claims for unfair competition, on the grounds they were preempted by federal copyright law.

The one claim that survived is Sony's allegation that Fireworks infringed the copyright to Sony's movie "Mask of Zorro." This claim is based, in part, on what appears to be Fireworks' undisputed (but surprising) use of a series of clips from the movie in its creation of a video for the "pitch-kit" the company (or perhaps its syndicator) used to sell "Queen of Swords" to television stations, before series episodes had been produced.

Sony's copyright claim also asserts that the series itself infringes protected expression from the movie. Though the judge had earlier denied Sony's request for a preliminary injunction, she explained that the legal standard is different for summary judgments than it is for injunctions. And thus she concluded that she could "not" rule that "Mask of Zorro" and "Queen of Swords" and its pitch-kit "are dissimilar as a matter of law."

Sony scored a few additional points as well. Apparently believing that an aggressive offensive is the best defense, Fireworks asserted some counter-claims against Sony. Fireworks sought, for example, a declaration that Sony's registered copyrights and trademarks are invalid, and it asserted a counter-claim for dilution and unfair competition under state law. Judge Collins did dismiss these.

Sony was represented by Mark S. Lee and Seth A. Gold of Manatt Phelps & Phillips in Los Angeles. Fireworks was represented by Jeffrey S. Kravitz and Keith G. Wileman of Lord Bissell & Brook in Los Angeles.

Sony Pictures v. Fireworks Entertainment, 156 F.Supp.2d 1148, 2001 U.S.Dist.LEXIS 11452 (C.D.Cal. 2001) [ELR 23:9:15]

Smashing Pumpkins' Billy Corgan was joint author of 1986 music video featuring his former band, so court dismisses copyright infringement suit filed by video's producer complaining about use of clip in 1994 Smashing Pumpkins video

Billy Corgan of "The Smashing Pumpkins" used to be with another band called "The Marked." This interesting and little-known fact has become a footnote in copyright law, because a producer named Jonathan Morrill sued Corgan, "The Smashing Pumpkins," and their record company Virgin Records, for copyright infringement.

It seems that back in 1986, while Corgan was still with the "The Marked," Morrill produced a music video of a "Marked" performance, unimaginatively entitled "Video Marked." That video was never marketed. But in 1994, Virgin released a 90-minute "Smashing Pumpkins" video entitled "Vieuphoria" which contained a 45-second clip from "Video Marked," without Morrill's permission. That's what triggered Morrill's infringement suit. But it hasn't gotten far.

In response to a defense motion for summary judgment, Federal District Judge Carlos Moreno has dismissed Morrill's infringement lawsuit, on the grounds that Corgan was a joint author of "Video Marked." As a joint author, he could use that video, and authorize Virgin Records to use it, without infringing its copyright.

Judge Moreno determined that "Video Marked" was created by Morrill and Corgan's band "with the intention that their respective contributions be merged into inseparable parts of a unitary whole." The judge was able to reach this conclusion, in part because Morrill had admitted that he considered the video to be a "collaboration" between himself and Corgan.

The fact that Morrill had affixed only his own name to the video as its "producer" was not evidence that he considered himself to be its sole author, Judge Moreno said, because "'producer' does not necessarily mean 'author.'"

Moreover, the judge found music videos to be a unique kind of work. "In a music video, the creator of the songs and the creator of the images are both 'the inventive or master mind[s]' whose work comes together to produce a unitary whole," Judge Moreno explained. The general rule that follows from this, the judge held, is that "absent a written agreement, the copyright for the music video is a joint ownership between the performing artists and the video's producer. . . ."

Morrill was represented by David R. Olan in Los Angeles. Corgan, The Smashing Pumpkins and Virgin Records were represented by Bert H. Deixler of Proskauer Rose in Los Angeles.

Morrill v. The Smashing Pumpkins, 157 F.Supp.2d 1120, 2001 U.S.Dist.LEXIS 16720 (C.D.Cal. 2001) [ELR 23:9:15]

New Line is awarded Russ Berrie's profits of $4,108 from toy company's sale of "Ghostly Gasher" glove that infringed copyright to glove worn by Freddy Krueger in "Nightmare on Elm Street" movies

In the end, New Line Cinema's seven-year old lawsuit against Russ Berrie & Company didn't net much, though it reaffirmed a valuable principle.

Horror film fans (and others in the movie business) will recall that the "Freddy Krueger" character in New Line's "Nightmare on Elm Street" movies wore a glove with protruding knife-like blades. For reasons that escape those of us of a certain age, the glove was enormously popular among those of a younger age. New Line licensed other companies to make and sell replicas of the glove, and they did so.

Russ Berrie & Company was one of the toy manufacturers that sold replicas of the Freddy Krueger glove. But Berrie did so without a license. That is what prompted New Line to sue Berrie for copyright infringement, in 1994. Resolution of the case was delayed for years, even though the two companies were able to agree on a number of important facts.

Berrie agreed, for example, that its "Ghostly Gasher" glove was substantially similar to New Line's "Freddy Krueger" glove. New Line agreed that Berrie's gross revenues from sales of the "Ghostly Gasher" were $49,669, and its profits were just $4,108.

The two companies could not agree on two things, however. One was whether New Line's copyrights on the "Nightmare" movies and the "Freddy Krueger" character also protected the "Freddy Krueger" glove standing alone. The other was whether Berrie "willfully" infringed the New Line's copyrights, if they did cover the glove.

Following a two-day bench trial, federal District Judge Richard Owen has answered the first of those questions in New Line's favor. That is, he held that "the Freddy Glove is entitled to copyright protection because '[c]opyright protection is extended to the component part of the character which significantly aids in identifying the character.'"

On the other hand, Judge Owen ruled that Berrie had not "willfully" infringed the Freddy Glove's copyright. The judge found that Berrie did not have actual knowledge of the Freddy Glove or the "Nightmare" movies. Moreover, although New Line sent Berrie a cease and desist letter, Berrie did not ignore it. Instead, Berrie asked for a sample of the Freddy Glove so it could evaluate New Line's infringement assertion; and New Line never replied.

Since Berrie's infringement was not willful, enhanced statutory damages were not available. Judge

Owen therefore awarded New Line the $4,108 in profits Berrie had earned from sales of its "Ghostly Gasher" glove. Moreover, because New Line "ignored [Berrie's] request for a sample of the Freddy Glove to evaluate possible infringement," the judge denied New Line's request for attorneys' fees, costs and expenses.

New Line was represented by Stephen F. Huff and Michael G. Goldberg of Pryor Cashman Sherman & Flynn in New York City. Russ Berrie was represented by Trent S. Dickey and Ross N. Herman of Sills Cummis Radin Tischman Epstein & Gross in New York City.

New Line Cinema v. Russ Berrie & Co., 161 F.Supp.2d 293, 2001 U.S.Dist.LEXIS 13837 (S.D.N.Y. 2001) [ELR 23:9:16]

Claim that "James Bond" movies produced and distributed by Danjaq and MGM infringe copyright owned by Kevin McClory is barred by laches, Court of Appeals affirms

"James Bond" movies have been produced and distributed for decades by MGM (and its predecessor, United Artists) and a company named Danjaq LLC. They of course claim to own the exclusive rights to that famous fictional secret agent. But their ownership claim has never been blemish-free.

A producer named Kevin McClory also claims to own at least a piece of the copyright to the "James Bond" character. Indeed, litigation in Great Britain between McClory and Bond's creator Ian Fleming in the early 1960s ended with a settlement that did give McClory some rights.

The question of what rights McClory acquired back then arose almost 40 years later when McClory licensed Sony to use his rights - whatever they were - to create new James Bond movies. Danjaq and MGM immediately sued Sony and McClory, and were granted a preliminary injunction that barred Sony from proceeding with its "James Bond" plans. The case was eventually settled, as between Danjaq, MGM and Sony. But McClory carried it on.

According to McClory, MGM and Danjaq had infringed his copyright in the "James Bond" character (and certain other features of the "James Bond" milieu) by using them, without his permission, in at least eight "James Bond" movies. This assertion was alleged in a counterclaim. The factual and legal issues raised by the counterclaim were fascinating and complex; but their merits were never reached. Instead, McClory's counterclaim was dismissed by the District Court on the grounds that it was barred by the doctrine of laches.

In an opinion (with a literary flair of its own) by Judge Margaret McKeown, the Ninth Circuit Court of Appeals has affirmed. The movies that McClory claims infringe his rights were released 19 to 36 years before McClory made his infringement allegations. "By any metric, this delay is more than enough" to satisfy the "delay" component of laches, Judge McKeown ruled.

Even McClory's claim based on the very recent DVD release of one of those movies was "delayed" for laches purposes, the judge held. This was so, she explained, because "the allegedly infringing aspect of the DVD is identical to the alleged infringements contained in the underlying movie. . . ." Thus, although the statute of limitations had not yet run on the DVD release, the infringement claim based on it was barred by laches as well.

Delay, by itself, is not enough to make out a defense of laches; but MGM and Danjaq were able to establish the other elements too. Judge McKeown found that McClory's delay had been unreasonable. Moreover, Danjaq and MGM had suffered prejudice as a result of McClory's delay, because witnesses had died, documents had been lost, and Danjaq and MGM had invested a billion dollars in producing and distributing the allegedly infringing movies.

McClory argued that laches does not bar claims of "willful" infringement; and Judge McKeown agreed that this was so, as a matter of legal doctrine. That didn't help McClory in this case, though, because the judge found that the infringements allegedly committed by Danjaq and MGM were not "willful."

Finally, McClory argued that laches should not bar his right to an injunction against future infringements. Judge McKeown agreed that this principle is "generally sound," but she ruled that it doesn't apply in this case. It doesn't, the judge explained, because all allegedly infringing "James Bond" movies - including any to be produced in the future - would be infringements only if the already-produced movies infringed McClory's claimed copyright. McClory's future claims of infringement, in other words, "will suffer from the very same evidentiary defects that bar his older claims." And thus his future claims are barred by laches for the same reasons his older claims are, the judge held.

McClory represented himself in pro per. Spectre Associates (McClory's company) was represented by Paul J. Cohen of Segal Cohen & Landis in Beverly Hills and by Lucile Hotton Lynch in Carlsbad. Danjaq and MGM were represented by Marc A. Becker of Munger Tolles & Olson in Los Angeles, and by Pierce O'Donnell of O'Donnell & Shaeffer in Los Angeles.

Danjaq LLC v. Sony Corp., 263 F.3d 942, 2001 U.S.LEXIS 19164 (9th Cir. 2001) [ELR 23:9:17]

Bankruptcy of Vinnie Vincent, former guitarist and songwriter for "KISS," did not bar his right to sue for royalties allegedly earned after bankruptcy petition was filed by compositions written before petition was filed, appellate court rules; but defamation and right of publicity claims are barred by statutes of limitations

Vinnie Vincent used to be a guitarist and songwriter for the band "KISS." He hasn't been a band member since 1984, and he last wrote a song for KISS back in 1992. But Vincent and KISS still have relations with one another - as a result of a wide-ranging and seemingly bitter lawsuit Vincent has filed against his former band mates. The lawsuit accuses KISS and its members of failing to pay Vincent royalties he says he's owed; and it alleges that the band defamed him and violated his right of publicity in the video "KISS X-Treme Close-Up" and the book "KISStory."

The case did not go well for Vincent, at first. As a result of a bewildering array of motions, KISS eventually succeeded in getting Vincent's entire case dismissed, for a variety of different reasons. But the band isn't done with Vincent yet, because the Ninth Circuit Court of Appeals has reversed the dismissal of some of his claims, and has remanded those to the District Court - where the legal battle will resume.

Surprisingly, Judge William Canby's decision for the Court of Appeals will be of little interest to most entertainment lawyers. It may however be of interest to bankruptcy lawyers, because the most important issue in the decision is whether Vincent lost the right to sue for allegedly unpaid royalties as a result of his Chapter 11 bankruptcy.

Vincent wrote a number of songs recorded by KISS before he filed his bankruptcy petition; and he claims that he's owed royalties on account of pre-petition and post-petition sales of those recordings. The District Court held that if any royalties are owed, they are owed to Vincent's bankruptcy estate, not to him. But the Court of Appeals has held that's only partly right.

Judge Canby agreed that royalties owed on account of pre-petition sales of recordings do belong to Vincent's bankruptcy estate, and thus Vincent himself cannot sue for or collect them. On the other hand, Judge Canby has held that any royalties owed on account of post-petition sales of recordings belong to Vincent, not his bankruptcy estate, because those "reverted to him upon confirmation of his [Chapter 11] plan."

This result turned on whether Vincent had adequately disclosed his right to those royalties on his bankruptcy petition. His petition showed that his assets included "songrights in . . . Songs written while in the band known as 'KISS." Judge Canby noted that "it would have been more helpful for [Vincent] to break down the description further so that it named songs, albums, and dates and parties to royalty and copyright agreements. . . ." However, the judge said that "the additional detail would not have revealed anything that was otherwise concealed by the description as it was. . . ." Thus the disclosure was "sufficient" so that post-petition royalties from the songs alluded to in the petition became Vincent's once again, once his bankruptcy was closed.

Judge Canby did affirm the dismissal of Vincent's defamation and right of publicity claims - but not on bankruptcy related grounds. Instead, the judge merely held that both claims were barred by the statutes of limitations.

Vincent was represented by Richard H. Batson II in Nashville. KISS and its members were represented by Brian G. Wolf of Lavely & Singer in Los Angeles.

Cusano v. Klein, 264 F.3d 936, 2001 U.S.App.LEXIS 19750 (9th Cir. 2001) [ELR 23:9:18]

Peer International and other music publishers own copyrights to more than 400 songs whose copyrights have been claimed by Latin American Music and licensed by ACEMLA, federal court in Puerto Rico rules

A little more than two decades ago, L. Raul Bernard founded a music publishing company known as Latin American Music (or LAMCO) and a performing rights society known as ACEMLA. The two companies represent Latin American music, and they acquire - they say - their rights from composers or their legal representatives. With respect to hundreds of songs, however, other publishers and performing rights societies dispute the two companies' ownership claims. And these disputes have erupted into complicated litigation in Puerto Rico.

In one case, Peer International, several other music publishers and BMI have sued LAMCO and ACEMLA for copyright infringement. LAMCO and ACEMLA responded with a motion for summary judgment, arguing that Peer and its co-plaintiffs do not own or have the right to represent the disputed copyrights for three reasons. Federal District Judge Juan Perez-Gimenez has rejected all three arguments, however, and thus has granted the plaintiffs' cross-motions for summary judgment on the copyright ownership issue.

LAMCO and ACEMLA argued that the plaintiffs no longer own the disputed copyrights, because they failed to pay royalties owed to the songwriters who wrote the songs in question. Judge Perez-Gimenez ruled that even if this were true, LAMCO and ACEMLA do not have standing to assert this claim. Only the unpaid songwriters have standing to make such a claim, the judge held, and LAMCO and ACEMLA did not show that any songwriter ever did.

LAMCO and ACEMLA also argued that the publishing contracts by which the plaintiffs acquired the disputed copyrights "are so difficult to understand that they are null and void." The judge responded, pithily, by saying: "Such an accusation is ridiculous."

Finally, LAMCO and ACEMLA contended that they have priority over the plaintiffs, because the plaintiffs failed to record many of the transfer documents by which they acquired the disputed copyrights. In many cases, however, the plaintiffs were the original copyright claimants, and thus there were never any transfers to record. In other cases, the judge said, LAMCO and ACEMLA do not have priority, because by the time they acquired ownership of the copyrights, those copyrights already had been registered in the Copyright Office by the plaintiffs.

Those registrations put LAMCO and ACEMLA on "constructive notice" of the plaintiffs' ownership claims, the judge explained, and that meant that LAMCO and ACEMLA did not acquire those copyrights "without notice" of the plaintiffs' ownership claims.

In an earlier case involving similar ownership issues, several radio stations in Puerto Rico defeated copyright infringement claims asserted by LAMCO and ACEMLA. The stations were licensed by ASCAP to broadcast songs whose copyrights were allegedly owned by LAMCO. But Judge Perez-Gimenez found that the copyrights in question were actually owned by ASCAP member publishers. (ELR 23:5:14)

Peer and its co-plaintiffs were represented by Francisco A. Besosa of Axtmayer Adsuar Muniz & Goyco in San Juan. LAMCO and ACEMLA were represented by Eugenio C. Romero in Hato Rey and by Jorge A. Fernandez-Reboredo.

Peer International Corp. v. Latin American Music, 161 F.Supp.2d 38, 2001 U.S.Dist.LEXIS 13125 (D.P.R. 2001) [ELR 23:9:18]

Forum selection clause in contract between Copacabana Records and WEA Latina requires Copacabana to sue in New York city, rather than Miami, even though same clause gave WEA the right to sue anywhere, Florida appellate court affirms

Copacabana Records has complaints against WEA Latina, apparently arising out of Copacabana's assertion that WEA Latina breached a contract between them. Copacabana took its complaints to a state court in Miami. But they didn't stay there for long.

The contract in question contains a clause by which Copacabana agreed that courts in New York City would have "exclusive jurisdiction" over any disputes involving the contract; and Copacabana agreed to submit to the jurisdiction of those courts. As a result, a Florida trial court judge dismissed Copacabana's lawsuit, "without prejudice" to its right to refile the case in New York City "pursuant to the forum selection clause of the parties' contract."

Copacabana appealed. It emphasized that the last sentence of the same clause that purported to give New York City courts "exclusive jurisdiction" over their disputes also gave WEA the right "to institute suit in jurisdictions other than New York. . . ." This meant that New York City courts didn't really have "exclusive" jurisdiction, Copacabana argued. And Copacabana asserted that in this case, the Miami court should have jurisdiction, because Copacabana's lawsuit also named a second defendant, Caiman Records, which apparently could be sued in Florida but not New York.

A Florida Court of Appeal has affirmed the dismissal of the case. In a short Per Curiam decision, it has held that "the seemingly contradictory language" in the last sentence of the clause "must be disregarded," because "[w]here two clauses of an agreement . . . cannot stand together, the first shall be received and the latter rejected."

Moreover, Copacabana failed to show that a trial in New York City would be so difficult or inconvenient that it would "for all practical purposes be deprived of [its] day in court," the appellate court concluded. Finally, it didn't matter that Copacabana had sued Caiman Records in Miami. "Copacabana's suit against

Caiman can proceed without WEA Latina," the appellate court decreed.

Copacabana Records was represented by Jeffrey P. Shapiro in Miami. WEA Latina was represented by Samuel A. Danton and Hunton & Williams in Miami.

Copacabana Records, Inc. v. WEA Latina, Inc., 791 So.2d 1179, 2001 Fla.App.LEXIS 10328 (Fla.App. 2001) [ELR 23:9:19]

Appellate court affirms dismissal of copyright infringement and related claims against Detroit radio station WJR asserted by music publisher and movie producer who complained about station's use of song and line of dialogue

Detroit radio station WJR has defeated a copyright infringement lawsuit filed against it by a music publisher and movie production company - a lawsuit that complained about the station's use of a song and a line of movie dialogue.

Earlier in the case, a federal District Court granted WJR's motion for summary judgment, and awarded it attorneys' fees (ELR 21:10:16). Now, the Sixth Circuit Court of Appeals has affirmed the dismissal of the case, though it has reversed the attorneys' fees award.

The lawsuit grew out of the death of WJR on-air personality J.P. McCarthy, and a tribute program broadcast by the station the day after McCarthy died. The tribute program used a song written by McCarthy's friend Bobby Laurel as well as a line of dialogue from a movie produced by Laurel titled the "Rosary Murders." Laurel's music publishing and movie production companies had registered their copyrights in an earlier version of the song and in the movie. And those registrations were the basis for the companies' infringement lawsuit against the station.

In an opinion by Judge Alice Batchelder, the Court of Appeals has held that the music publishing company's claim was properly dismissed, because the company had not registered its claim to copyright in the derivative version of the song that was actually broadcast by WJR during the McCarthy tribute program. The judge ruled that "a copyright owner must formally register a derivative work with the United States Copyright Office as a prerequisite to filing suit for infringement of that derivative work." Since in this case, the publisher had registered only the original version of the song, and not the derivative version, the publisher was "barred from bringing an action for copyright infringement. . . . "

The movie production company's infringement was properly dismissed as well, Judge Batchelder ruled. She acknowledged that the "misappropriation of even a small portion of a copyrighted work . . . may constitute an infringement under certain circumstances." This was not such a case, however. The judge explained that "when a single line of a larger copyrighted work is appropriated by an alleged infringer, the test [for infringement] is whether 'the work is recognizable by an ordinary observer as having been taken from the copyrighted source."

"E.T. phone home!" was an example of such a recognizable line. But the line of movie dialogue used by WJR was "merely an incidental part of the background" of the movie, and was "a phrase or slogan not worthy of copyright protection in its own right," the judge held.

The dismissal of a trademark claim was upheld, because no showing had been made of consumer confusion. Judge Batchelder also affirmed the dismissal of an assortment of state law claims, either because they were preempted by the Copyright Act, or because they were unsupported by the facts.

Despite these rulings, Judge Batchelder reversed the attorneys' fees award that had been granted to WJR. She did so on the grounds that "the law on certain relevant aspects of this lawsuit was unsettled" at the time the case was filed.

Laurel's music publishing and movie production companies were represented by Mayer Morganroth of Morganroth & Morganroth in Southfield. WJR was represented by Herschel P. Fink of Honigman Miller Schwartz & Cohn in Detroit.

Murray Hill Publications v. ABC Communications, 264 F.3d 622, 2001 U.S.App.LEXIS 19268 (6th Cir. 2001) [ELR 23:9:19]

Amazon.com is immune from liability to author who complained about negative comments about his books and himself posted by visitors on Amazon's website

Amazon.com has defeated a lawsuit filed against it by author Jerome Schneider. The Court of Appeals of

Washington has held that the Communications Decency Act protects Amazon.com from liability for things posted by visitors to the company's website. In an opinion by Judge Anne Ellington, the appellate court therefore affirmed the dismissal of Schneider's lawsuit - one that had alleged claims for defamation, misrepresentation, tortious interference and breach of contract.

Schneider has written several books about taxation and asset protection that received negative reviews from Amazon's visitors. Worse yet, one review accused Schneider of being a felon. When Schneider complained, Amazon agreed that some of the postings violated Amazon's guidelines, and it said that those reviews would be removed in a day or two. When they weren't removed two days later as promised, Schneider sued.

The Communications Decency Act gives interactive computer service providers immunity from liability as a publisher for information provided by others.

Judge Ellington ruled that Amazon is an interactive computer service provider (even though it operates a website, rather than provides Internet connectivity). The judge also ruled that Schneider had complained about Amazon's publication of information provided by others. Amazon therefore satisfied all three requirements for immunity under the Act, the judge concluded.

Schneider was represented by Michael D. Meyers of Meyers & Parker in Seattle. Amazon.com was represented by Elizabeth L. McDougall-Tural of Perkins Coie in Seattle.

Schneider v. Amazon.com, Inc., 31 P.3d 37, 2001 Wash.App.LEXIS 2086 (Wash.App. 2001) [ELR 23:9:20]

Magazine title "Olympics USA" does not violate Amateur Sports Act, though it may infringe U.S. Olympic Committee's trademark rights under Lanham Act, federal court rules

In a legal contest that pits the United States Olympic Committee against magazine publisher American Media, Inc., the publisher has won their first match - but not necessarily the entire event.

American Media attracted the unfavorable attention of the U.S. Olympic Committee by publishing a magazine titled "Olympics USA" just before the 2000 Olympic Games in Sydney, Australia. The Amateur

Sports Act prohibits the use of the word "Olympic" for the "purposes of trade" or "to induce the sale of any goods or services" without the consent of the U.S. Olympic Committee. American Media didn't get the Committee's consent to publish "Olympics USA." And thus, according to the Committee, the publisher violated the Act.

The Olympic Committee asserted its claim against American Media in a federal District Court in Colorado. But as pled, that claim didn't get far. American Media responded with a motion to dismiss, arguing that its use of the word "Olympic" had not been for the "purposes of trade" or "to induce the sale" of anything, and that if it were used for those purposes, the Amateur Sports Act is an unconstitutional violation of the publisher's First Amendment free press rights.

Judge Lawrence Kane construed the Amateur Sports Act to ban the use of the word "Olympic" in "commercial speech." And the judge has agreed with American Media that its magazine is not commercial speech. (He therefore didn't have to reach American Media's First Amendment argument, and didn't.)

The judge explained that the magazine "does not 'propose a commercial transaction,' and its content goes beyond the 'economic interests of the speaker and its audience.'" The Olympic Committee argued that American Media had used "Olympic" to "solicit consumers to purchase the publication" itself. But Judge Kane ruled that this argument "would convert virtually all books, newspapers, and magazines into commercial speech, and call into question the traditional protections afforded these types of publications."

Though quite favorable to American Media, this ruling didn't put the publisher entirely in the clear. It didn't, because Judge Kane went on to point out that the

Olympic Committee had made a number of arguments that would be relevant under the Lanham Act but weren't under the Amateur Sports Act. Indeed, the judge advised the Committee that if it "holds traditional trademark rights to its marks, it can defend those rights under the Lanham Act." The Committee's complaint "comes close to making a Lanham Act claim," the judge observed, and he concluded his ruling by giving the Committee leave to amend its complaint to do so explicitly.

The U.S. Olympic Committee was represented by Jeffrey George Benz of Coudert Brothers in San Francisco. American Media was represented by Natalie Marie Hanlon-Leh of Faegre & Benson in Denver and by Lisa M. Sitkin of Steinhart & Falconer in San Francisco.

United States Olympic Committee v. American Media, Inc., 156 F.Supp.2d 1200, 2001 U.S.Dist.LEXIS 11523 (D.Colo. 2001) [ELR 23:9:221]

Insight Telecommunications not liable for copyright infringement, even though it retransmitted National Football League television broadcasts without a license, because it is an exempt "passive carrier," federal District Court concludes

The National Football League has suffered a setback in its efforts to prevent television broadcasts of its games from being retransmitted to Canada, by those who do so without copyright licenses.

One company that did so is Insight Telecommunications Corporation. It arranged for the retransmission to Canada of NFL games that were broadcast by television stations in Boston. Insight did so by entering into a contract with Bell Canada to provide it with "efficient reception" of Boston area stations, and by entering into another contract with Videocom Satellite Associates, which used its own equipment to provide the off-air reception of those signals.

Insight Telecommunications responded to the NFL's copyright infringement suit by filing a motion for summary judgment. The motion argued that Insight is a "passive carrier," and that section 111(a)(3) of the Copyright Act provides that the retransmission of a copyrighted work "is not an infringement" if the retransmission is made by a carrier that doesn't control the content of the original transmission and merely provides cables for the signal's retransmission.

The NFL argued that Insight was not eligible for this exemption, because it was not a "carrier." It wasn't, the NFL asserted, because the cables necessary for retransmitting the game broadcasts to Bell Canada were provided by Videocom rather than by Insight.

Federal Magistrate Judge Lawrence Cohen was not persuaded, however. He held that Insight is a "carrier" even though it "did not own all of the facilities used for the retransmission." This result, Magistrate Judge Cohen reasoned, was "consistent with practical business practices" in "a world where 'outsourcing' is an accepted method of doing business."

In addition, "the undisputed material facts show that Insight was a 'passive' carrier within the meaning of Section 111(a)(3)." As a result, Magistrate Judge Cohen recommended that Insight's motion for summary judgment be granted.

The NFL objected to that recommendation. But District Judge Reginald Lindsay has accepted the recommendation and has granted Insight's motion.

The NFL was represented by John Vanderstar of Covington & Burling in Washington D.C. and by John K. Felter of Goodwin Procter in Boston. Insight Telecommunications was represented by Peter B. Krupp of Lurie & Krupp in Boston.

National Football League v. Insight Telecommunications Corp., 158 F.Supp.2d 124, 2001 U.S.Dist.LEXIS 17536 (D.Mass. 2001) [ELR 23:9:21]

Americans with Disabilities Act does not require cable TV companies to make their channel menus accessible to the visually impaired

Jesus Torres is visually impaired, and therefore has trouble seeing the channel on which AT&T

Broadband, his cable TV company, lists available programs.

In a lawsuit filed in federal court in San Francisco, Torres alleged that AT&T's failure to make that channel menu accessible to the visually impaired violates the Americans with Disabilities Act. But Judge Charles Breyer has ruled otherwise.

The ADA prohibits discrimination against the disabled by places of "public accommodation," and a cable system's channel menu is not such a place, the judge has ruled.

On its face, of course, a cable channel is not an "accommodation" of any type; but Torres made an imaginative argument that it was. The ADA itself defines "accommodation" to include "places of . . . entertainment." Torres asserted that when he uses the channel menu, "his television becomes a place of . . . entertainment."

Torres television, however, is in his home. Thus the judge responded that even if Torres television is a place of entertainment - and thus an "accommodation" - it is not a "public" accommodation.

Since the channel menu is not a "public accommodation," AT&T has no duty to make it accessible to him, Judge Breyer concluded.

Torres was represented by Thomas N. Stewart III in Clayton, California. AT&T Broadband was represented by Paul W. Cane Jr. of Paul Hastings Janofsky & Walker in San Francisco.

Torres v. AT&T Broadband, LLC, 158 F.Supp.2d 1035, 2001 U.S.Dist.LEXIS 4106 (C.D.Cal. 2001) [ELR 23:9:22]

Trial court must decide whether Tennessee high school athletic association rule prohibiting use of "undue influence" in recruiting is "narrowly tailored" to protect association's legitimate interests, appellate court rules following U.S. Supreme Court decision in favor of Brentwood Academy

Brentwood Academy has made history in both football and law; and the last chapter of that legal history is yet to be written. Brentwood is a private Christian school in Tennessee and a member of the Tennessee Secondary School Athletic Association. It's also a football powerhouse, and in 1997, other members of the Association complained that Brentwood got to be a powerhouse by violating Association recruiting rules, including one rule that prohibits members from using "undue influence" to recruit student-athletes.

The Association agreed with its complaining members and thus sanctioned Brentwood by banning it from tournaments for two years, putting it on probation for four years, and fining it $3000. Brentwood responded by suing the Association, alleging that the "undue influence" rule violated Brentwood's constitutional rights. After much litigation over whether the Association is a "state actor" - because it has to comply with the Constitution only if it is a "state actor" - the United States Supreme Court eventually decided that it is (ELR 20:9:16, 21:7:22, 22:11:24).

The Supreme Court's ruling didn't address the question of whether the "undue influence" rule is unconstitutional. Instead, the case was remanded for further consideration of that issue.

In an opinion by Judge Ronald Gilman, the Sixth Circuit Court of Appeals has held that Brentwood did not waive its right to challenge the constitutionality of the rule by voluntarily joining the Association. Judge Gilman also held that the rule is a "content-neutral" regulation, and therefore its constitutionality must be evaluated using the "intermediate scrutiny" standard, which permits restrictions of free speech under certain circumstances. Further, the judge held that the rule is not overbroad on its face, so it could be constitutional in this case.

Finally, however, Judge Gilman held that further consideration is necessary to determine whether the rule is "narrowly tailored" to meet the three interests that the Association says are the reasons it adopted the rule in the first place. According to the Association, the purpose of the rule is (1) to keep high school sports subordinate to academics, (2) to protect student athletes from exploitation, and (3) to establish competitive equity among its members.

Judge Gilman agreed that the first of these interests is substantial and legitimate. But Brentwood disputed the legitimacy of the other two. Moreover, even if all three are substantial and legitimate, Brentwood disputed whether the rule was narrowly tailored to serve those interests.

For these reasons, Judge Gilman remanded the case to the District Court, so it can decide these issues. The District Court's decision will add yet another chapter to the legal history Brentwood is creating, and appeals from that ruling, whatever it might be, appear likely, so that still further chapters may be written too.

Brentwood Academy was represented by H. Lee Barfield of Bass Berry & Sims in Nashville and by James F. Blumstein of Vanderbilt University Law School in Nashville. The Tennessee Secondary School

Athletic Association was represented by Charles Hampton White of Cornelius & Collins in Nashville.

Brentwood Academy v. Tennessee Secondary School Athletic Association, 262 F.3d 543, 2001 U.S.App.LEXIS 18999 (6th Cir. 2001) [ELR 23:9:22]

Americans with Disabilities Act requires Pennsylvania high school athletic association to consider waiving maximum-age rule for 19-year-old mentally retarded student

Ridley High School has won a federal court order that requires the Pennsylvania Interscholastic Athletic Association to consider the school's request that the Association waive its maximum-age rule on behalf of Luis Cruz, a 19-year-old mentally retarded Ridley student.

Judge Ronald Buckwalter has ruled that the Americans with Disabilities Act requires the Association to make an "individualized inquiry" into whether Cruz should be permitted to participate in football and track, as he desires, even though he is four weeks too old to be eligible, under the Association's maximum-age rule.

Ridley High School and Luis Cruz were represented by Arthur Levy in Media. The Athletic Association was represented by Jeffrey F. Champagne of the Pennsylvania Department of Education, and by Alan R. Boynton of McNess Wallace & Nurick in Harrisburg.

Cruz v. Pennsylvania Interscholastic Athletic Association, 157 F.Supp.2d 485, 2001 U.S.Dist.LEXIS 8669 (E.D.Pa. 2001) [ELR 23:9:23]

Trial court should not have set aside jury verdict that patent on Roger Clemens Instructional Baseball is valid, federal appellate court rules, in infringement case against Franklin Sports

In patent litigation - as in opera and in baseball itself - it's not over until it's over. That is one of the conclusions to be drawn from a decision by the Court of Appeals for the Federal Circuit in a patent infringement lawsuit filed by Michael McGinley, the owner of a patent on the "Rogers Clemens Instructional Baseball," against Franklin Sports. The "Roger Clemens" baseball is designed for training pitchers; and the design of Franklin's "Pitch Ball Trainer 2705" is similar to the design of the "Roger Clemens" baseball.

Like a very exciting game, the lead in this case has seesawed between the two contestants several times. Before trial, Franklin went on the offensive by filing a motion for summary judgment, arguing that the "Rogers Clemens" patent is invalid, because the ball's design is "obvious." (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.'") Federal District Judge John Lungstrum denied Franklin's motion on the grounds that there were disputed questions of fact about whether the design of the "Roger Clemens" baseball is obvious.

That ruling gave momentum to McGinley - momentum that carried him through a jury verdict in his favor. That is, the jury found his patent to be valid, and that resulted in a victory for him, because the judge had previously ruled that if the patent were valid, the design of Franklin Sports' ball infringed the design of the Roger Clemens ball.

However, Franklin Sports snatched victory from the jaws of defeat. Judge Lungstrum granted Franklin's post-trial motion for judgment as a matter of law, ruling that the design of the Roger Clemens ball is "obvious" as a matter of law, and thus its patent was invalid (ELR 22:4:22).

McGinley did not throw in his glove however. Instead he appealed and recaptured his victory. In an opinion by Judge Raymond Clevenger, the Federal Circuit has reversed the judgment of invalidity, saying that the design of the Rogers Clemens baseball is not so obvious that reasonable jurors had to find it invalid. What's more, Judge Clevenger upheld Judge Lungstrum's pre-trial ruling that if the Roger Clemens patent is valid, the design of the Franklin Sports baseball infringes it. The case has therefore been remanded to Judge Lungstrum for "further proceedings" - proceedings that apparently will concern nothing more than how much in damages Franklin Sports will have to pay.

The question of whether the design of the Roger Clemens ball is "obvious" has not been an easy one to answer. Though McGinley won a ruling that the design is not obvious from a jury and two appellate judges, two other judges think it is obvious: Judge Lungstrum, and Federal Circuit Judge Paul Michel. Judge Michel dissented from Judge Clevenger's decision, saying he thinks the design is obvious as a matter of law.

In his dissenting opinion, Judge Michel expressed concern that the patent on the Roger Clemens baseball, "although invalid, stands to menace still other baseball competitors." He also expressed concern that "The result" of Judge Clevenger's decision "will be that defective patents will remain to threaten all competitors in an industry," because the decision will be interpreted to limit judges' authority to review jury verdicts.

Michael McGinley was represented by Kip D. Richards of Walters Bender Strohbehn & Vaughn in Kansas City. Franklin Sports was represented by Joseph B. Bowman of Shook Hardy & Bacon in Kansas City.

McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 2001 U.S.App.LEXIS 18758 (Fed.Cir. 2001) [ELR 23:9:23]

Previously Reported:

Supreme Court denies cert. The Supreme Court has denied petitions for certiorari in two previously reported cases: DeCarlo v. Archie Comic Publications, 122 S.Ct. 647, 2001 U.S.LEXIS 10846 (2001), in which the Second Circuit Court of Appeals affirmed (in an unpublished opinion) a District Court ruling that the claim to ownership of the "She's Josie" comic strip and characters, asserted by their creator Daniel DeCarlo, against Archie Comics is barred by the Copyright Act's three-year statute of limitations and by the doctrine of equitable estoppel (ELR 23:1:15); and Consumer Federation of America v. Federal Communications Commission, 122 S.Ct. 644, 2001 U.S.LEXIS 10831 (2001), in which the Court of Appeals for the D.C. Circuit ordered the FCC to reconsider its rules limiting cable subscribers and channel ownership (ELR 23:2:13).

Production of Terrence McNally's play "Corpus Christi" on campus of state university. Decisions by federal District Judge William Lee - refusing to enjoin a production of Terrence McNally's play "Corpus Christi" on the campus of a state university, and dismissing the claims of some plaintiffs - have been published. Linnemeier v. Indiana University-Purdue University, 155 F.Supp.2d 1034, 1044, 2001 U.S.Dist.LEXIS 11017, 11018 (N.D.Ind. 2001). The plaintiffs immediately appealed Judge Lee's denial of their request for an injunction; and the decision of the Seventh Circuit Court of Appeals refusing to stay the production of the play was published and reported previously under the (similar

but not identical) case name Linnemeir v. Board of Trustees of Purdue University (ELR 23:8:15).
[ELR 23:9:24]

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