## IN THE NEWS

### Federal District Judge reverses Magistrate's order that required Sonicblue to collect and provide movie studios with data about how ReplayTV owners copy, forward and delete commercials from TV programs

Paramount Pictures and other movie studios have sued Sonicblue - the company that makes ReplayTV digital television recorders - for contributory copyright infringement. Though the case is in some ways a replay of the 1984 "Betamax" case (ELR 5:9:10), in which Universal and Disney unsuccessfully asserted copyright infringement complaints about the off-air recording capabilities of VCRs, Sonicblue's device is more than just a digital version of a VCR. ReplayTV permits users to forward recorded programs over the Internet to other ReplayTV owners, and it permits them to fast-forward through commercials in ways that 1984-vintage VCRs could not.

In litigation of all kinds, satellite issues sometimes obscure - at least for a while - the actual matters in dispute. And that has happened in the ReplayTV case too. As part of their pre-trial discovery, the studios asked Sonicblue to collect information about how ReplayTV owners use the device to copy, forward and delete commercials from television programs. When Sonicblue demurred, the studios sought and obtained a court order requiring it to do so. The order was issued by a Magistrate Judge Charles Eick.

By law, the discovery rulings of Magistrate Judges may be appealed to federal District Judges, and that is exactly what Sonicblue did, with the amicus support of several electronics industry and public interest groups. The amici were concerned about the privacy implications of Magistrate Judge Eick's order, as was Sonicblue itself. But Sonicblue had an additional objection as well.

According to Sonicblue, it doesn't collect the information Magistrate Judge Eick ordered it to collect, and doesn't have the technology to do so. In order to collect that information, Sonicblue would have to create new software, an expensive task that would take four months, the company said. On those grounds - rather than on privacy grounds - federal District Judge Florence Marie-Cooper has reversed Magistrate Judge Eick's order.

Judge Marie-Cooper explained that "A party cannot be compelled to create . . . new documents. . . ." Federal discovery rules only require parties to "produce documents that are already in existence."

Judge Marie-Cooper added that she "does not question the relevance of information concerning how customers of ReplayTV4000 use their units." The studios will simply have to get this information, she said, "by conducting surveys, a traditional method of gleaning customer data in copyright-infringement cases."

Paramount Pictures Corp. v. ReplayTV, Case No. CV 01-9358 FMC (ex), U.S.D.C., C.D.Cal. (May 31, 2002), available at www.fenwick.com/About_Fenwick/Privacy_Documents/Replay_Review_Decision_CDCal_5-30-02.pdf [ELR 24:2:4]

## Television producers not precluded from pursuing contract claim against CBS for production credits in connection with "Early Edition," even though Writers Guild investigation concluded that their project's creator was not an "Early Edition" writer

Television producers Mike Jacobs, Jr., and William Webb will be able to pursue a breach of contract lawsuit against CBS after all, as a result of a decision by a federal Court of Appeals, which held that their case was improperly dismissed. The issue on appeal concerned the effect that should be given to the results of a Writers Guild of America creative-credit investigation, and especially its effect on those who are not WGA members but whose interests coincide with the interests of a WGA member.

The way in which this issue arose is not as complicated, or as unusual, as it may at first seem.

Through their company Westwind Releasing, Jacobs and Webb optioned a script from screenwriter Michael Givens for a proposed series called "Fourth Estate." Givens is a WGA member, and his contract with Westwind provided that his writing credit would be determined using WGA procedures. Westwind then sold its rights in "Fourth Estate" to CBS in a contract that said Jacobs and Webb would receive Executive Producer credits if CBS produced a project "based upon" "Fourth Estate."

In due course, CBS produced the series "Early Edition" which, like "Fourth Estate," features a character who "is able to predict the future when he comes into possession of the next day's newspaper, and . . . attempts to alter events that are yet to occur." Despite this similarity, CBS determined that "Early Edition" was not based on "Fourth Estate," so CBS did not give producer credits to Jacobs and Webb; nor did

CBS submit Givens' name to the WGA as a "participating writer."

Because Givens is a WGA member, he was able to complain to the WGA about CBS's failure to give him credit; and he did. In response, the WGA conducted an "investigation" and determined that Givens was not, in fact, a "participating writer." Then, at Givens' urging, the WGA did a further investigation, but reached the same conclusion. And when asked by Givens to reconsider, the WGA again decided he wasn't entitled to credit.

In the meantime, Jacobs, Webb and Givens sued CBS, and lost. In an unpublished ruling, federal District Judge Dean Pregerson held that the results of the WGA's investigation precluded all three from suing CBS. Givens withdrew from the case; but producers Jacobs and Webb appealed, successfully.

In an opinion by Judge Susan Graber, the Court of Appeals has held that the WGA participating-writer investigation did not preclude the producers' lawsuit. It didn't, the judge explained, because "The WGA participating-writer determination did not provide the requisite procedural safeguards to give it issue-preclusive effect in California. The determination was made after an informal 'investigation' into Givens' claims. The WGA did not take formal testimony from interested parties but, instead, engaged in 'discussions' with Givens, his agent, CBS, and Columbia Tristar. Givens had no opportunity to cross-examine witnesses. Neither did Jacobs or Webb. Further, none of them had a right to examine the evidence presented by CBS and others. Givens and CBS simply provided the WGA with relevant information about the development of each project, and the WGA arrived at its conclusions through an examination of those materials. Thus, although undoubtedly conducted with care and in good faith, the WGA participating-writer proceeding was insufficiently formal and provided too few procedural safeguards. . . ."

Jacobs and Webb were represented by Brian A. Rishwain of Johnson & Rishwain in Los Angeles. CBS was represented by George R. Hedges of Quinn Emanuel Urquhart Oliver & Hedges in Los Angeles.

Editor's note: Since Givens withdrew from the case, the decision does not hold that WGA members also would have a right to sue producers, even after informal WGA investigations. In fact, Judge Graber's decision suggests they would not. The judge concluded that producers Jacobs and Webb were not precluded from suing CBS, because they "did not agree to litigate their entitlement to production credit in an informal arbitral forum. . . ." In a footnote, the decision then notes that "Givens did agree to arbitrate his entitlement to writing credit . . .” - leaving readers to deduce for themselves the consequences of that agreement.

Jacobs v. CBS Broadcasting Inc., Case No. 01-55478 (9th Cir., June 3, 2002), available at www.ca9.uscourts.gov/ca9/newopinions.nsf [ELR 24:2:4]

## INTERNATIONAL DEVELOPMENTS

### Spice Girls lose case against Italian motor scooter company Aprilia; group's failure to disclose that Ginger Spice would be leaving before sponsorship agreement ended was misrepresentation, British Court of Appeal affirms

When Gerri Halliwell left the Spice Girls in 1998, it changed the makeup of the then-popular girl band significantly. It also exposed the group to liability to Aprilia, an Italian motor scooter company with which the Spice Girls had signed a sponsorship agreement not long before Halliwell's departure.

The agreement gave Aprilia the right to use the names and likenesses of all five Spice Girls in connection with the sale of "Spice Sonic" motor scooters, until March 1999. When Halliwell - known to

her fans as "Ginger Spice" - decamped in May 1998, Aprilia refused to pay the group 212,000 British pounds (about $315,000) still due under their agreement.
That provoked the Spice Girls into suing Aprilia, in Great Britain, for breach of contract. The Spice Girls took the position that their contract did not depend on all five members staying with the group. Indeed, the contract itself described the Spice Girls as "currently consisting" of its five named members, thus suggesting, they argued, that the Spice Girls might consist of others, before the contract expired.

On the other hand, by the time the contract was signed, the Spice Girls knew that Halliwell would - or at least might - be leaving the group, and they said nothing about it to Aprilia. Aprilia therefore responded to the lawsuit by asserting that the Spice Girls had misrepresented material facts. The Chancery Division (a British trial court) agreed with Aprilia.

In a long and factually detailed opinion by Vice-Chancellor Sir Andrew Morritt, the appellate court has affirmed the Chancery Division's conclusion that the Spice Girls did impliedly misrepresent material facts by failing to disclose the possibility of Halliwell's impending departure. The appellate court therefore affirmed the dismissal of the Spice Girls' claim for damages.

The Spice Girls' loss exposed them to financial liability for two reasons. Aprilia did not demand a refund of the 200,000 British pounds it had already paid them before Halliwell left the group. But it did demand payment for several motor scooters it had given the Spice Girls, the value of which came to almost 40,000 pounds (about $60,000). Worse yet, under British law, the successful party is entitled to recover its litigation costs, including attorneys fees; and though the Court of Appeal's decision does not disclose what those have been, the British press has estimated Aprilia's costs and fees to be 350,000 pounds or more.

The Chancery Division awarded Aprilia the 40,000 pounds it sought for the motor scooters and some of its costs. The Court of Appeals affirmed Aprilia's judgment for the cost of the scooters, and awarded it all of its costs.

The Spice Girls were represented by Ian Mill QC and Vernon Flynn, instructed by Messrs Lee and Thompson. Aprilia was represented by Andrew Sutcliffe QC, instructed by CMS Cameron McKenna.

Spice Girls Limited v. Aprilia World Service BV, [2002] EWCA Civ 15 (24 Jan 2002), available at www.courtservice.gov.uk [ELR 24:2:6]

## Australian Federal Court rules that private investigator and security specialist Frank Monte misrepresented Gianni Versace as client, and defamed the company as well as Donatella and Santo Versace, in Monte's book "The Spying Game"

Frank Monte's website says that he once "was part of The Beatles security detail," that he toured with Neil Diamond and Frank Sinatra, and that his clients have included Marlon Brando, Dianne Keaton, Mel Torme, Ted Danson, Sydney Pollack, Warner Music, and a number of well-known law firms (including Baker & Mckenzie, spelled just that way, with a lower-case "k" in Mckenzie).

Monte began his professional career as a member of the New South Wales Police Department. But for the last 30 years or more, he's been a private investigator and personal security expert. In his autobiography, The Spying Game, Monte claimed one more client too: the late Gianni Versace. That claim, along with things Monte wrote and said about the House of Versace and Gianni's brother and sister, Santo and Donatella Versace, have resulted in what could become an expensive judgment against him, in the Federal Court of Australia.

In addition to reporting that Versace was Monte's client during the year and a half leading up to Versace's murder, The Spying Game says several unflattering things about Versace's business and two siblings. In a nutshell, the book claims - in the words of Justice Brian Tamberlin - that Versace's business and siblings "were criminally involved with the Mafia and in the laundering of millions of 'dirty' dollars for Calabrian organised crime, that the company was being blackmailed, and that Santo and Donatella were reasonably suspected of murdering Gianni." The essence of these assertions also was repeated by Monte in an interview for an article that was published The Weekend Australian and on his website.

The response to Monte's book, interview and website was, it seems, foreseeable. Donatello and Santo Versace and their company sued Monte for "deceitful conduct" in violation of the Australian Trade Practices Act and Fair Trading Act, and for defamation. Represented Solicitors from the Australian office of Baker & McKenzie (as well as by Barristers) - the Versaces have won.

Following a 12-day trial, Justice Tamberlin has held that the complained of statements "are false and misleading and constitute misleading and deceptive conduct." In remarkably blunt language (of which the following is a relatively mild excerpt), the Justice said, "I have found that each of Frank Monte's statements complained of lacks any credibility whatsoever. In particular, I am persuaded that he never had any relationship, contact or communication of any type with Gianni Versace and that his assertions to the contrary are completely untrue. . . . I have found that he did not have any honest belief that the imputations were true. His evidence . . . does not disclose any reasonable basis for the assertions. . . . Monte [made] no attempt . . . to establish [the] objective truth of any of the statements apart from the claims of conversations and meetings with Gianni Versace over the eighteen month period. Those latter assertions were untrue." The Justice explained the reasons for his factual conclusions in a lengthy, 60-page, decision that recites the evidence in considerable detail.

Justice Tamberlin concluded that the Versaces are entitled to an injunction "to restrain further publication of the matters complained of." And he ruled that he would conduct further hearings to determine how much damage the Versaces and their business have suffered, as a result of Monte's deceitful and defamatory assertions.

The Versaces were represented by W.H. Nicholas QC and R. Cobden, and by Solicitors Baker & McKenzie. Monte was represented by C. Evatt and G. Hanson, and by Solicitors Horowitz & Bilinsky.

Versace v. Monte, [2002] FCA 190 (8 March 2002), available at www.austlii.edu.au/au/cases/cth/federal_ct/2002/190.html [ELR 24:2:6]

## WASHINGTON MONITOR

### FCC's limits on TV and cable ownership have been struck down or are under review; changes may increase potential audiences for CBS, Fox and WB networks

Viacom, Fox and Time Warner have won significant victories in two recent lawsuits against the Federal Communications Commission - victories that may increase the size of potential audiences for their CBS, Fox and WB networks.

At issue in the two similar cases were three separate FCC rules that limit the ownership of television stations and cable-TV systems. Three other ownership limit rules also are under review by the FCC. Two of those rules are being reviewed as a result of a separate decision in favor of Time Warner in an earlier case against the FCC.

At one time in the history of broadcast regulation, the FCC enforced a host of rules that limited, in a variety of ways, the ownership of radio and television stations and cable systems. The FCC itself abandoned some of those rules, like one that limited the number of television stations any one company could own in the top-50 markets (ELR 1:17:4). Other rules were eliminated or loosened by Congress; one limited the number of stations any one company could own and capped the maximum percentage of the national audience that any one broadcasting company could reach, a cap that Congress raised from 25% to 35% in the Telecommunications Act of 1996 (ELR 17:11:14).

Despite these changes, there were six other ownership rules still on the books, until recently:

1. The Cable Subscriber Limit Rule. This rule limited the number of cable subscribers an operator could have to 30% of all cable subscribers in the nation.

2. The Cable Channel Ownership Rule. This rule limited the number of channels a cable operator could own to 40% of its system's channel capacity.

3. The Local Television Station Ownership Rule. This rule allows common ownership of not more than two television stations in the same local market, if one of the stations is not among the four highest ranked stations in the market and there are at least eight other independently owned stations in that market.

4. The National Television Station Ownership Rule. This rule limits the number of television stations any one company may own, anywhere in the country, to stations that reach a potential audience of not more than 35% of the TV households in the country.

5. The Cable/Broadcast Cross-Ownership Rule. This rule has the effect of prohibiting the common ownership of a broadcast station and a cable system in the same local market.

6. The Newspaper/Broadcast Cross-Ownership Rule. This rule prohibits the common ownership of a broadcast station and a daily newspaper in the same local market.

The Cable Subscriber Limit Rule and the Cable Channel Ownership Rule were the target of a Time Warner lawsuit against the FCC last year. In that case, the Court of Appeals ordered the FCC to reconsider both rules because: the limit on subscribers interferes with the "speech rights" of cable operators "by restricting the number of viewers to whom they can speak"; and the limit on channel ownership "restricts their ability to exercise their editorial control over a portion of the content they transmit." (ELR 23:2:13)

These restrictions did not make the FCC regulations unconstitutional, automatically. But they did require the FCC to establish that they advance important governmental interests and do not burden substantially more speech than necessary to further those interests. In response to the court's order, the FCC has initiated an on-going proceeding to review both rules.

The Local Television Station Ownership Rule became the target of a lawsuit filed by the Sinclair Broadcast Group (technically, a "petition for review") in the Court of Appeals. In an opinion by Judge Judith Rogers, the appellate court has ruled that the Rule may be "arbitrary and capricious," and thus the court has ordered the FCC to reconsider it as well.

Judge Rogers explained that the FCC decided that there must be at least eight other television stations in the market, in order for there to be enough "voices" in the market to permit one company to own two stations in that market. In other words, the existence of independently owned radio stations and daily newspapers in the market is irrelevant in deciding whether one company may own two television stations. Yet, in connection with another rule limiting the cross-ownership of radio and television stations in the same market, the FCC does consider the existence of independently owned radio stations and newspapers.

The FCC's failing in connection with the Local Television Station Ownership Rule was its failure to explain why radio stations and newspapers count as additional voices in connection with the radio/TV cross-ownership rule, but not in connection with the Local Television Station Ownership Rule. As a result, the FCC failed to show "that its exclusion of non-broadcast media from the eight voices exception is 'necessary in the public interest'. . . ."

The National Television Station Ownership Rule was the target of a petition for review filed by Fox Television Stations, Viacom, CBS and NBC. The Rule affects Fox, because of its desire to acquire Chris-Craft Industries - an acquisition that would give Fox ownership of television stations that reach more than 40% of the national audience. The Rule affects Viacom, because its acquisition of CBS gave Viacom ownership of stations that reach 41% of the national audience.

The Cable/Broadcast Cross-Ownership Rule was the target of petition for review filed by Time Warner Entertainment. That Rule affects Time Warner, because its ownership of a cable system in New York City prevents it from acquiring ownership of a television station there, and hinders the ability of its WB network to compete with other networks that own stations in major markets.

Both of these rules were evaluated in a single opinion by Court of Appeals Judge Douglas Ginsburg. He ruled that the FCC's decision to retain the National Television Station Ownership Rule (rather than eliminate it) was "arbitrary and capricious" and contrary to the Telecommunications Act of 1996. These conclusions were based on the FCC's failure to adequately explain why it retained the Rule. Judge Ginsburg acknowledged that the FCC might be able to justify the Rule, so he remanded the case to the FCC for further consideration.

Judge Ginsburg also ruled that the FCC's decision to retain the Cable/Broadcast Cross-Ownership Rule was "arbitrary and capricious" and contrary to the Telecommunications Act, as well. Moreover, the judge concluded that the FCC probably would not be able to justify the Rule, even after reconsideration; and thus he ordered the FCC to repeal it.

The Newspaper/Broadcast Cross-Ownership Rule has not been the subject of litigation yet, and may not be. This is because the FCC initiated an on-going review of that Rule, and thus may repeal it without being ordered to do so by a court.

In the Local Television Station Ownership Rule case, Sinclair Broadcast Group was represented by Barry H. Gottfried. The FCC was represented by Joel Marcus of the FCC. In the National Television Station Ownership and Cable/Broadcast Cross-Ownership Rules case, Fox, Viacom, CBS, NBC and Time Warner were represented by Edward W. Warren and Paul T. Cappuccio. The FCC was represented by C. Grey Pasha Jr. of the FCC.

Sinclair Broadcast Group, Inc. v. Federal Communications Commission, 284 F.3d 148, 2002 U.S.App.LEXIS 5965 (D.C.Cir. 2002); Fox Television Stations, Inc. v. Federal Communications Commission, 280 F.3d 1027, 2002 U.S.App.LEXIS 2575 (D.C.Cir. 2002); In the Matter of The Commission's Cable Horizontal and Vertical Ownership Limits and Attribution Rules, Further Notice of Proposed Rulemaking, FCC 01-263 (Sept. 13, 2001), available at www.fcc.gov/Bureaus/Cable/News_Releases/2001/nrcb0113.html; In the Matter of Cross-Ownership of Broadcast Stations and Newspapers, Order and Notice of Proposed Rule Making, FCC 01-262 (Sept. 13, 2001), available at www.fcc.gov/Bureaus/Mass_Media/News_Releases/2001/nrmm0109.html [ELR 24:2:8]

## RECENT CASES

# Lucasfilm fails in bid to enjoin animated pornographic "Star Wars" parody titled "Starballz"

Lucasfilm Ltd. has suffered a setback in its efforts to block distribution of an animated parody of "Star Wars." Titled "Starballz," the parody is pornographic and thus seemed likely to draw an injunction on any of three grounds: trademark dilution, trademark infringement, and copyright infringement. Indeed, shortly after Lucasfilm sued Media Market Group - the parody's producer or distributor - a federal District Court in Oakland, California, issued a restraining order that temporarily barred the distribution of "Starballz." But following a hearing, Judge Claudia Wilken denied Luscasfilm's request for a preliminary injunction.

In a surprisingly short (and tolerant) decision, Judge Wilken acknowledged that Lucasfilm's "Star Wars" trademark is a famous mark, and that "Starballz tarnishes the Star Wars family of marks by associating them with a pornographic film that is inconsistent with the image Star Wars has striven to maintain for itself." Nevertheless, the judge found that because "Starballz" is a parody, it is not subject to anti-dilution law, and thus Lucasfilm failed to show that it was likely to succeed with its dilution claim.

Judge Wilken also rejected Lucasfilm's copyright infringement claim, on the grounds that "Starballz" is a parody and thus likely to be a non-infringing fair use.

Lucasfilm's trademark infringement claim was no help either. According to the judge, "no reasonable consumer is likely to be confused between Star Wars and Starballz. . . ." Moreover, in a left-handed compliment that must have stung, Judge Wilken said that "the Star Wars films are so famous that it is extremely unlikely that consumers would believe that Starballz is associated with Star Wars or Lucasfilm."

Lucasfilm Ltd. was represented by David J. Anderman in San Rafael and William Sloan Coats III of Orrick Herrington & Sutcliffe in Menlo Park. Media Market Group was represented by Evan Spender Feinberg in New York City.

Lucasfilm Ltd. v. Media Market Group, Ltd., 182 F.Supp.2d 897, 2002 U.S.Dist.LEXIS 5369 (N.D.Cal. 2002)[ELR 24:2:10]

## Copyright infringement suit against Stevie Wonder and Motown Records was properly dismissed, appellate court holds, because complaining songwriter deposited 1990 "reconstruction" rather than actual "copy" of "For Your Love" allegedly written before Wonder recorded identically-titled song

Stevie Wonder and Motown Records have defeated a copyright infringement claim filed against them by songwriter Derrick Coles. At issue in the case was "For Your Love," a song that Wonder wrote and first recorded - apparently in demo form only - in the early 1980s. Wonder's well-known recording of "For Your Love" was first released by Motown in 1995 on the album "Conversation Peace."

All these dates are important, because Coles alleges that he wrote "For Your Love" in 1982. Cole registered his copyright to the song in 1990. When he did, he deposited a recording of it he created in 1990 based on his memory of the song he wrote in 1982.

Since Wonder kept a copy of the "For Your Love" recording he had made in the early 1980s, it really mattered whether Cole's song acquired copyright protection when Cole said he first wrote it in 1982, or only in 1990 when he registered and deposited the copy he made in that year.

In an opinion by Judge Alan Norris, the Sixth Circuit Court of Appeals ruled that Cole's case had properly been dismissed, because his 1990 deposit of Cole's "reconstruction" of his 1982 song could not be used to satisfy the Copyright Act's requirement that a "copy" be deposited at the time its copyright was registered.

This same issue had been decided by the Ninth Circuit twice, in cases involving "The Empire Strikes

Back" (ELR 8:8:7 and 8:10:18) and "Beavis and Butthead" (ELR 20:8:8). And Judge Norris held that the District Court properly relied on those decisions in granting Wonder and Motown's motion for summary judgment in this case.

Judge Norris reasoned that if Coles had made his 1990 recording after listening to a copy of his 1982 rendition, or after reviewing "a tear sheet" from 1982, his 1990 recording would have satisfied the Copyright Act's deposit requirement. But Cole did not refer to his 1982 work, because he hadn't kept a copy of the 1982 version. "Thus, the 1990 recording must be viewed as a reconstruction only, not a copy, and therefore he could not receive a valid copyright registration in the 1982 version of the song," Judge Norris concluded.

The judge also affirmed the District Court's award to Wonder and Motown of almost $174,000 in attorneys' fees and $24,000 in costs.

Coles was represented by Clifford C. Masch and Brian D. Sullivan of Reminger & Reminger Co. in Cleveland. Wonder and Motown were represented by Steven A. Marenberg of Irell & Manella in Los Angeles and by Deborah A. Coleman of Hahn Loeser & Parks in Cleveland.

Coles v. Wonder, 283 F.3d 798, 2002 U.S.App.LEXIS 4376 (6th Cir. 2002)[ELR 24:2:10]

## Court of Appeals reinstates lawsuit by The Coasters and other recording artists claiming ownership of digital rights in recordings made under contracts signed in 1950s and 1960s, and alleging that MP3.com infringed artists' Lanham Act rights

New life has been given to a class action lawsuit filed by The Coasters, The Drifters, The Chamber Brothers and The Main Ingredient involving two very important questions:

* Who owns the rights to digital versions of recordings made in the pre-digital age?, and

* Did MP3.com infringe the Lanham Act rights of recording artists, by including their names, likenesses and MP3 versions of their recordings in its digital database?

Though these issues are quite significant, the artists' lawsuit was dismissed early on, for seemingly good reasons, by federal District Judge Jed Rakoff (ELR 22:12:10). Now, however, a Court of Appeals has vacated the dismissal and has remanded the case to the District Court for further proceedings. In an opinion by Judge B.D. Parker Jr., the appellate court did so for two reasons, both more procedural than substantive.

The recording artists' digital ownership claims were asserted against their former record companies. Judge Rakoff dismissed those claims, because the record companies submitted copies of the artists' contracts clearly showing that they had granted their record companies the right to distribute their recordings "by any method whatsoever, whether known . . . or hereafter to become known." The record companies also provided copies of the AFTRA Code. These copies were submitted in connection with the record companies' motion to dismiss, rather than in connection with a summary judgment motion, and thus the artists did not have a chance to do discovery or submit counter-evidence.

The appellate court approved Judge Rakoff's consideration of the artists' recording contracts, because their complaint made reference to those contracts. Their complaint did not, however, make reference to the AFTRA Code; and so the appellate court ruled that Judge Rakoff should not have considered it, without giving the artists an opportunity to do discovery concerning it. Thus, the artists' claims against their record companies were reinstated, so they could do that discovery or at least respond factually to issues raised by the AFTRA Code.

Judge Rakoff also dismissed the recording artists' trademark claims against MP3.com, because he found that MP3.com's use of their names in its database was a fair use. Their complaint, however, also objected to MP3.com's use of their likenesses and digital versions of their recordings - objections that Judge Rakoff did not address in his decision. Thus, the artists' claims against MP3.com were reinstated so those additional objections could be addressed as well.

The artists were represented by Mark C. Rifkin of Feldman & Rifkin in Jenkintown PA. The record companies were represented by Katherine B. Forrest of Cravath Swaine & Moore in New York City. MP3.com was represented by Jeffrey A. Conciatori of Orrick Herrington & Sutcliffe in New York City.

Chambers v. Time Warner, Inc., 282 F.3d 147, 2002 U.S.App.LEXIS 2652 (2nd Cir. 2002)[ELR 24:2:11]

## U.S. Patent and Trademark Office properly rejected pornographer's applications to register "21st Century Fox" and "Twenty First Century Fox" as trademarks, federal court rules

If chutzpa and persistence were all that was necessary to succeed in the movie business, Richard Wynn would be a mogul of major proportions.

Wynn - a self-described pornographer - sought to register "21st Century Fox" and "Twenty First Century Fox" as his own trademarks. According to his applications, he intended to use those marks in connection with his sale of adult videos. However, the U.S. Patent and Trademark Office rejected his applications, on the grounds that they were likely to cause confusion with similar marks already registered by Twentieth Century Fox.

Undaunted, Wynn appealed to the Trademark Trial and Appeal Board, which affirmed the rejection of his applications. Still undaunted, Wynn asked the Board to reconsider its ruling against him; but it denied his request.

In the face of these defeats, Wynn sued the U.S. Patent and Trademark Office in federal District Court in Detroit. But he's fared no better there. Judge George Steeh has granted the Office's motion for summary judgment. (Twentieth Century Fox itself was not a party to the case.)

Wynn argued that because Twentieth Century Fox does not produce or distribute pornography, there was no likelihood of consumer confusion. Judge Steeh, however, accepted the Trademark Trial and Appeal Board's determination that Twentieth Century Fox's registrations do not exclude pornography from the goods covered by its registered trademarks. The judge therefore agreed with the Board that Wynn sought registration for marks that differ from Twentieth Century Fox's marks "by only one digit" for "goods identical to those" of Twentieth Century Fox, and consumer confusion was likely.

Wynn represented himself. The Patent and Trademark Office was represented by Francis L. Zebot of the United States Attorney's Office in Detroit.

Wynn v. U.S. Patent and Trademark Office, 185 F.Supp.2d 785, 2002 U.S.Dist.LEXIS 2521 (E.D.Mich. 2002)[ELR 24:2:11]

# Alleged owner of Johnny Paycheck master recordings loses trademark case against record producer Aubrey Mayhew who compiled 24-song recording and licensed its sale by Country Music Foundation, because masters are not trademarks

In September 2000, the Country Music Foundation released a recording by Johnny Paycheck called "The Real Mr. Heartache: The Little Darlin' Years." The album is a 24-song compilation of recordings Paycheck made in the 1960s (note the date; it becomes significant) for the Hilltop and Little Darlin' labels.

The Country Music Foundation licensed the compilation from record producer Aubrey Mayhew, with whom Paycheck started the Little Darlin' label in 1966 or so. It has been alleged that Mayhew made the tape of the 24-song compilation he licensed to the

Country Music Foundation by copying records, tapes and CDs he had purchased at retail.

Moreover, a company known as G.M.L., Inc., alleges that it acquired the actual master recordings to 21 of the 24 songs, along with "all right, title, and interest" in them, in 1984, so that it - rather than Mayhew - owns the right to make, sell and license new recordings of them.

All of these allegations were made in a trademark lawsuit filed by G.M.L. against Mayhew in federal court in Nashville. Since the recordings were first made in the 1960s - before federal copyright protection was first given to recordings in 1972 - there was no federal copyright in the recordings for G.M.L. to own, and it candidly admitted as much to Judge Aleta Trauger.

Shortly before the case was scheduled to go to trial, Judge Trauger dismissed it. She did, because

G.M.L. was claiming a trademark in the recordings themselves. But the judge noted that "The sound recordings in this case do not indicate the source of the goods; they are the goods." As such, the recordings simply are not trademarks, because they do not signify G.M.L.'s ownership of them.

This doesn't mean that G.M.L. is without any rights at all. Judge Trauger pointed out that even though G.M.L.'s masters are not protected by federal copyright law, they might be protected by "the common law of copyright." Such a claim would arise under Tennessee state law, the judge noted. Unfortunately for G.M.L., its state law claims were dismissed earlier in the case, because it had failed to register with the Tennessee Secretary of State as a foreign corporation - a prerequisite under that state's law for filing a lawsuit in state court.

G.M.L. was represented by Timothy L. Warnock of Bowen Riley Warnock & Jacobson in Nashville. Mayhew represented himself.

G.M.L., Inc. v. Mayhew, 188 F.Supp.2d 891, 2002 U.S.Dist.LEXIS 3767 (M.D.Tenn. 2002)[ELR 24:2:12]

**Court refuses to dismiss trademark case in which Gaylord complains that its mark "Grand Ole Opry" is infringed by Gilmore's "The Carolina Opry"; decision in earlier separate case that "Opry" is generic is not binding, federal District Court rules**

Gaylord Entertainment's trademark case against Gilmore Entertainment has survived a motion to dismiss it. Federal District Judge William Haynes has denied Gilmore's motion for summary judgment, even though on one issue, it looked at first as though Gilmore made a very good point.

Gaylord is the owner of the "Grand Ole Opry" in Nashville. Gilmore is the owner of "The Carolina Opry" in Myrtle Beach. The similarity of the two names, and evidence of some actual confusion, explains why Gaylord was moved to sue Gilmore for trademark infringement and dilution. The company that owned the "Grand Ole Opry" before Gaylord bought it once sued the owner of "Country Shindig Opry"; so there's a history of aggressive efforts to protect the "Opry" trademark.

That history, however, doesn't entirely favor Gaylord. In the "Country Shindig . . ." case, the court ruled against Gaylord's predecessor, on the worst possible grounds: it held that "Opry" is generic, and thus not a protectible trademark at all (ELR 6:3:8).

So, when years later, Gaylord sued Gilmore, Gilmore quite naturally argued that Gaylord was collaterally estopped from asserting trademark rights in "Opry." Gaylord argued otherwise, however, and Judge Haynes agreed with it.

The judge explained that the doctrine of collateral estoppel does not apply "if there are material changed circumstances since the date of the initial court determination. . . ." The "Country Shindig . . ." case was decided in 1984, and Gaylord presented evidence that suggests that the public perception of "Opry" may have changed in the years since. Judge Haynes decided that Gaylord is entitled to a trial on whether that is so.

The judge also found that there were disputed issues of fact concerning whether there is a likelihood of confusion between "Grand Ole Opry" and "The Carolina Opry," so he denied Gilmore's motion for summary judgment for that reason too. And he found that there were fact issues as to whether "Grand Ole Opry" qualifies for protection against dilution, so the judge denied Gilmore's summary judgment motion as to Gaylord's dilution claim.

Gaylord was represented by Lee Webb Campbell II of Sherrard & Roe in Nashville. Gilmore was represented by Waverly David Crenshaw Jr. of Waller Lansden Dortch & Davis in Nashville.

Gaylord Entertainment Co. v. Gilmore Entertainment Group, 187 F.Supp.2d 926, 2001 U.S.Dist.LEXIS 22662, 2002 U.S.Dist.LEXIS 1873 (M.D.Tenn. 2001)[ELR 24:2:12]

## Major League Soccer's victory in players' antitrust lawsuit is upheld on appeal

Major League Soccer has won an important victory - its third - in an antitrust lawsuit filed against it by its own players, including Iain Fraser of the New England Revolution. The players complained that the MSL conspired to restrain trade and monopolize professional soccer in the United States by hiring all players out of the central League office (rather than team-by-team, the way the NBA and NFL do), and by getting the United States Soccer Federation to agree to sanction only one Division I soccer league in the U.S.

Major League Soccer won its first victory in this case before trial, when federal District Judge George O'Toole held that the League is a "single entity," and thus could not have "conspired" to restrain trade (ELR 22:5:14).

The League's second victory came at the conclusion of a three-month jury trial on the players' monopolization claim. The jury concluded that the players had not proved that the relevant geographic market is limited to the United States or that the relevant product market is limited to Division I professional soccer players. In so ruling, the jury may have been persuaded by MSL evidence showing there are 67 leagues that play professional soccer at several divisional levels in 46 countries around the world, and that current or former MSL players had played in all 67 leagues.

In response to the jury's verdict, Judge O'Toole entered judgment in favor of the League; and the players appealed. Major League Soccer's third and most recent victory came in a lengthy decision by the Court of Appeals, upholding that judgment.

Writing for the appellate court, Judge Michael Boudin seemed receptive to the players' argument that Major League Soccer should not be treated as a single entity for antitrust purposes. Much of his decision is devoted to an analysis of the subtleties of the "single entity doctrine." But in the end, he determined that he didn't have to resolve the issue, because the jury's verdict had made it irrelevant. That is, Judge Boudin held that since the jury found that the players failed to prove that Major League Soccer had power in any relevant market, the League wouldn't have violated restraint-of-trade law even if it weren't a single entity.

The players urged the Court of Appeal not to accept the jury's verdict, saying that Judge O'Toole had made errors in admitting and excluding certain evidence. But Judge Boudin reviewed the evidence rulings and concluded that no errors were made or they were harmless.

The players were represented by Jeffrey L. Kessler of Weil Gotshal & Manges, Paul B. Galvani of Ropes & Gray, and Richard A. Berthelsen. Major League Soccer was represented by Michael A. Cardoza of Bingham Dana. The United States Soccer Federation was represented by John Paul Robbins.

Fraser v. Major League Soccer, 284 F.3d 47, 2002 U.S.App.LEXIS 4400 (1st Cir. 2002)[ELR 24:2:13]

**Federal court dismisses lawsuit alleging that "NBA League Pass" pay-TV package violates antitrust laws**

The National Basketball Association and DirecTV have defeated an antitrust lawsuit filed against them by subscribers to their "NBA League Pass" pay-

TV package. "NBA League Pass" gives subscribers access to more than a thousand NBA games per year, though not to every game. In their lawsuit, the subscribers complained that the cost of "NBA League Pass" is too high and about the games that were not available as part of the package.

The subscribers alleged that the high cost and missing games were the result of agreements that violate federal and California antitrust laws. The NBA and DirecTV thought otherwise, of course. Federal District Judge James Lorenz agreed with the NBA and DirecTV and therefore granted their motion to dismiss.

The subscribers cast their high-cost complaint as a price fixing claim, alleging an illegal agreement between the NBA on the one hand and DirecTV on the other. This allegation was based on the provision of the NBA-DirecTV contract that dealt with royalties. It gave DirecTV "the right, in its sole discretion, to set the price" for "NBA League Pass"; but it then required DirecTV to pay royalties on the basis of the price it set or "a 'deemed' sales price," whichever was higher. In practice, the subscribers alleged, the price they and other subscribers were charged was the "'deemed' sales price." Judge Lorenz held that an agreement to pay royalties based on "deemed" prices simply is not a price fixing agreement.

The subscribers cast their missing games complaint as an illegal "restricted output" agreement. However, the judge found that the games that were not available as part of the "NBA League Pass" package were not really missing. They were televised over-the-air by NBC or on cable by TBS and TNT. Thus, DirecTV's agreement to "black-out" those games - by removing them from the package - "does not restrict output," the judge explained, "it only affects what channel the game is on."

The subscribers also complained that "NBA League Pass" is available only from DirecTV, not from DirecTV's competitor, Echostar. Judge Lorenz ruled, however, that exclusive distribution agreements - like the one between the NBA and DirecTV - do not automatically violate the antitrust laws. To be illegal, exclusive distributorships must cause actual harm to competition or be intended to. The subscribers failed to allege facts that would prove either, the judge concluded.

Finally, the subscribers alleged that NBA teams conspired with one another to restrain trade, because in the absence of their agreement to sell pay-TV rights to DirecTV, they would have sold pay-TV rights to their own games, in competition with one another. The judge rejected this theory as well.

The subscribers were represented by Daral B. Mazzarella of Thorsnes Bartolotta and McGuire in San

Diego. The NBA and DirecTV were represented by Douglas B. Adler of Skadden Arps Slate Meagher and Flom in Los Angeles.

Kingray, Inc. v. National Basketball Association, 188 F.Supp.2d 1177, 2002 U.S.Dist.LEXIS 4797 (S.D.Cal. 2002)[ELR 24:2:13]

**Appeals court reinstates trademark case complaining that software company's "M2" mark is infringed by Viacom's use of "M2: Music Television"**

Viacom will have to defend itself, after all, against a lawsuit alleging that its use of "M2: Music Television" infringes the "M2" trademark of the software company M2 Software Inc.

Earlier in the case, a federal District Court granted Viacom's motion for summary judgment, on the grounds that there was no likelihood of confusion between the two marks. This was so, the District Court concluded, because the companies' products and services were said to be very different (ELR 22:11:22).

On appeal, however, M2 Software persuaded two appellate court judges that its trademarked products include entertainment CD-ROMs, not just software, and that those CD-ROMs are sufficiently similar to things for which Viacom has used the "M2" mark so that consumer confusion is possible. For this reason, in a brief Memorandum decision marked "not appropriate for publication and may not be cited," the Court of Appeals reversed the dismissal of the case and remanded it for trial.

Judge Harry Pregerson dissented.

M2 Software Inc. v. Viacom Inc., 30 Fed.Appx. 710, 2002 U.S.App.LEXIS 1610 (9th Cir. 2002)[ELR 24:2:14]

**SightSound Technology's patent for selling digital music and movies over a "telecommunications line" should be interpreted to include Internet sales, federal Magistrate Judge recommends in infringement lawsuit against CDNow**

SightSound Technologies has won what could be a tremendously important ruling in its patent infringement lawsuit against CDNow. The patent covers a process for selling digital music and movies over a "telecommunications line" using electronic money transfers as the means for payment.

SightSound first applied for the patent in 1988 - before the Internet was in widespread use, and well before it was used to sell and deliver digital entertainment. Perhaps for that reason, the patent describes SightSound's process in broad terms, rather than in Internet-specific terminology. Indeed, CDNow's first line of defense has been an argument that whatever techniques may be covered by SightSound's patent, it does not cover Internet sales using credit card payments.

In patent cases, when there is disagreement about the actual meaning of a patent, judges resolve that disagreement in what is known as a "Markman hearing" (after a Supreme Court decision in the case of Markman v. Westview Instruments). In SightSound's case against CDNow, the Markman hearing was conducted by federal Magistrate Judge Kenneth Benson. Because he is a "Magistrate Judge" (rather than a Presidential appointee), Judge Benson's decision is a "recommended" interpretation, which CDNow is permitted to "appeal" to the District Judge.

CDNow may want to appeal, and others - including record companies and movie studios - may want it to, because Judge Benson has recommended that SightSound's patent be interpreted to mean all methods of selling and delivering digital goods over telecommunications lines between computers, including the Internet. The judge also recommended that electronic money transfers be interpreted to include online authorizations to charge credit card accounts.

This ruling - even if upheld by the District Court - does not end the case. The question of whether CDNow's methods of doing business actually infringe SightSound's patent, as interpreted by Judge Benson, remains to be litigated. But the more broadly a patent is interpreted, the more likely it is that a defendant's activities will be infringing. So in this sense, Judge Benson's recommendation is a huge victory for SightSound and a setback for CDNow - and perhaps for others in the entertainment industry too.

SightSound was represented by Richard F. Rinaldo of Meyer Unkovic & Scott in Pittsburgh. CDNow was represented by Eric Kraeutler of Morgan Lewis & Bockius in Philadelphia.

Sightsound.com Inc. v. N2K, Inc., 185 F.Supp.2d 445, 2002 U.S.Dist.LEXIS 6828 (W.D.Pa. 2002)[ELR 24:2:14]

## Court refuses to dismiss tort lawsuit against publisher of book "Hit Man" filed by attempted murder victims

Once again, Paladin Enterprises, the publisher of the book Hit Man, has failed to win the dismissal of a tort lawsuit that seeks to hold the publisher responsible for injuries suffered by the victims of an attempted murder plot. The book's subtitle explains what it's about: A Technical Manual for Independent Contractors. And in a criminal case in Oregon, the accused acknowledged that he attempted to murder Bobby Joe Wilson, following instructions contained in Hit Man. Though the attempt failed, Wilson was injured, as was her young son.

Wilson and her son sued Paladin for aiding, abetting and conspiring to commit assault and battery, by publishing and selling Hit Man with the intent that it be used by its readers to do those very things.

This case was not the first in which Paladin has been sued by those who were victimized by Hit Man's readers. Several years ago, it was sued in Maryland in a case called Rice v. Paladin Enterprises. The trial court initially dismissed the Rice case, on the grounds that the First Amendment protected Paladin from liability for actions taken by readers of its book (ELR 19:1:9). But the Court of Appeals reversed, holding that the First Amendment was not a defense, if it could be proved that Paladin "intended" to assist others commit violent crimes (ELR 20:1:11). The Supreme Court denied Paladin's petition for certiorari; and on the eve of trial in the Rice case, Paladin settled, at the insistence of its insurance company (ELR 21:2:7).

Though the First Amendment had not protected it in the Rice case, Paladin reused its First Amendment argument in the Oregon case filed by Wilson and her son. Paladin may have hoped that the Oregon court - which is in a different Circuit than the Rice case, and thus not bound by it - would see the issue differently. But it didn't.

Federal Magistrate Judge Thomas Coffin rejected Paladin's First Amendment defense, saying, "I adopt and incorporate by reference the Rice court's . . . analysis of the First Amendment issues." Judge Coffin therefore denied Paladin's motion for summary judgment.

Wilson and her son were represented by Don Corson of Johnson Clifton Larson & Corson in Eugene. Paladin Enterprises was represented by Jeffrey S. Eden of Bullivant Houser Bailey in Portland.

Wilson v. Paladin Enterprises, 186 F.Supp.2d 1140, 2001 U.S.Dist.LEXIS 23661 (D.Or. 2001)[ELR 24:2:15]

## NFL's Super Bowl ticket lottery does not violate Americans with Disabilities Act, federal court rules

Frederick Shotz has tried, more than once, to get Super Bowl tickets by entering his name in the lottery by which the National Football League distributes tickets to the general public. Shotz, like countless others, hasn't ever won that lottery. But unlike many others, Shotz is disabled. According to a complaint he filed against the NFL in federal court in Florida, he has been denied Super Bowl tickets, because the NFL lottery discriminates against the disabled in violation of the Americans with Disabilities Act.

The NFL responded to Shotz's allegations with a motion to dismiss the case for failure to state a claim. And Judge William Zloch has granted the League's motion.

In a short decision, Judge Zloch acknowledged that the stadia in which Super Bowl games are played are places of public accommodation, and thus subject to the ADA. However, "the NFL's Super Bowl ticket disbursement policy does not qualify as a public accommodation," and thus the ADA does not control that ticket distribution process.

The judge explained that "the ADA does not require the NFL to provide Shotz or other disabled individuals a ticket to the Super Bowl due to their disabled status." Instead, the ADA "prohibits the NFL from denying Shotz and other disabled individuals an opportunity to obtain a Super Bowl ticket" - something the NFL did not do, because Super Bowl tickets "are not available indiscriminately [even] to non-disabled individuals."

Shotz was represented by Matthew Dietz in Miami. The NFL was represented by Anna Maria Estevez of Morgan Lewis & Bockius in Miami.

Louie v. National Football League, 185 F.Supp.2d 1306, 2002 U.S.Dist.LEXIS 2087 (S.D.Fla. 2002)[ELR 24:2:15]

## Payments made by St. Louis Cardinals to former players in settlement of Player Association collusion claims were "wages" for which payroll taxes were payable

The St. Louis Cardinals are not entitled to a refund of more than $85,000 in payroll taxes the team paid to the United States government, a federal District Court in Missouri has ruled. The taxes were due in connection with amounts paid to former Cardinals players in settlement of "collusion claims" made by the Major League Baseball Players Association (ELR 12:8:21, 12:12:19, 22:1:17).

According to the Cardinals, the settlement payments were not "wages," and therefore no payroll taxes were due as a result of the settlement. Indeed, the settlements included interest, and even the IRS eventually agreed that no payroll taxes were due on the interest portion of the settlement payments because the interest was not "wages."

Nevertheless, in earlier cases brought by other Major League Baseball teams involving these same settlement payments, other courts have held that the bulk of the settlement payments were "wages" and payroll taxes had to be paid. The Cleveland Indians took their case all the way to the United States Supreme Court, which ruled in favor of the government (ELR 23:1:11). The Philadelphia Phillies lost their refund case too (ELR 23:8:19).

These earlier decisions virtually dictated the outcome of the Cardinals' case. Judge Charles Shaw nevertheless wrote a fully-reasoned opinion explaining why he too ruled in favor of the government.

The Cardinals were represented by Mark D. Sophir of Armstrong Teasdale in St. Louis. The government was represented by Henry J. Fredericks, Assistant United States Attorney in St. Louis.

St. Louis Cardinals v. United States, 185 F.Supp.2d 1043, 2001 U.S.Dist.LEXIS 9686 (E.D.Mo. 2001)[ELR 24:2:16]

**Statements to reporters by boxer Bernard Hopkins claiming that he paid former HBO executive Lou DiBella $50,000 to get his fights on HBO were defamatory if not true, federal court rules in decision denying Hopkin's motion to dismiss DiBella's defamation suit**

For a while at least, boxer Bernard Hopkins and former HBO executive Lou DiBella had a good working relationship. Boxing fans will recall that

Hopkins defeated Felix Trinidad in September 2001 to become middleweight champion of the world. According to at least one observer, that fight "was the culmination of DiBella's efforts to promote and develop Hopkin's boxing career," after DiBella left HBO.

Shortly after that fight, however, Hopkins terminated his relationship with DiBella. Worse yet, Hopkins began telling reporters that while DiBella was still employed by HBO, Hopkins had paid him $50,000 to get his fights televised by HBO. Sports writers characterized Hopkins' statements as allegations that DiBella had been given "payoffs" and "under-the-table" fees.

DiBella asserts that Hopkins' statements are false. DiBella makes this assertion in a defamation lawsuit he has filed against Hopkins in federal court in

New York City. In the same case, DiBella also has sued Hopkins' for unpaid fees.

Though there has been activity in the case, the truth or falsity of Hopkins' statements hasn't been proved yet. Instead, even before getting to their truth, Hopkins sought dismissal of the case, arguing that DiBella's complaint doesn't state a claim for defamation under New York law, and arguing that because there is no written agreement between them, DiBella's claim for unpaid fees is barred by New York's statute of frauds.

So far, Hopkins has not been successful. Judge Denny Chin ruled that Hopkins' statements were statements of fact, not mere opinion, and unless they are true, they are defamatory because they accuse DiBella of "fraud and dishonesty in his profession, business and trade."

Judge Chin also rejected Hopkins' statute of fraud defense.

DiBella was represented by Judd Burstein in New York City. Hopkins was represented by Robert W. Hayes of Cozen O'Connor in New York City.

DiBella v. Hopkins, 187 F.Supp.2d 192, 2002 U.S.Dist.LEXIS 3622 (S.D.N.Y. 2002)[ELR 24:2:16]

**"Think Tank 2000" producers win preliminary injunction against public access TV station barring enforcement of certain sections of station's Policies and Procedures Manual that probably violate First Amendment**

Patricia Demarest and Vicki Dunn produce a public affairs television program called "Think Tank

2000." Unless you live in the towns of Athol or Orange, Massachusetts, you may never have seen the show. Indeed, even if you live in Athol or Orange, you may never have seen it, because "Think Tank 2000" is not broadcast by a network or even local television station. It is instead carried by Athol and Orange's local public access cable channel, called "AOTV" for short.

Nonetheless, "Think Tank 2000" covers serious issues, including the public activities of Athol officials. In June and July 2000, "Think Tank 2000" included segments that were critical of members of Athol's Board of Selectmen and its Needs Assessment Committee. These telecasts sparked the officials portrayed in the telecasts to complain to AOTV, and those complaints prompted AOTV to revise its Policies and Procedures Manual.

Producers Demarest and Dunn construed four of the Manual's revisions to trample on their First

Amendment rights. And, with respect to three, federal District Judge Michael Ponsor has agreed.

Judge Ponsor has ruled that it is likely that the producers' First Amendment rights are violated by Manual provisions that:(1) require release forms from all people that appear in AOTV programs; (2) prohibit the recording of any illegal act; and (3) require producers to indemnify AOTV for legal fees in litigation between them. As a result, the judge has issued a preliminary injunction that bars AOTV from enforcing these sections of the Manual.

On the other hand, Judge Ponsor has denied the producers' request for a preliminary injunction barring enforcement of a fourth provision of the Manual. That provision requires producers to notify AOTV when a program contains material that is "potentially offensive." The judge concluded that AOTV may be able to demonstrate that this provision serves a "compelling interest in ensuring . . . that depictions of sexual activity are not broadcast without warning and at hours when children are most likely to watch."

Demarest and Dunn were represented by Harris Freeman and William Newman of the American Civil Liberties Union of Massachusetts in Northampton. AOTV was represented by Peter J. Epstein in Boston.

Demarest v. Athol/Orange Community Television, 188 F.Supp.2d 82, 2002 U.S.Dist.LEXIS 3651 (D.Mass. 2002)[ELR 24:2:17]

## New York appellate court orders dismissal of surgeon's defamation suit against ABC complaining about "Prime Time Live" segment

ABC has won the dismissal of a defamation lawsuit filed against it by a New York surgeon who was featured on a segment of "Prime Time Live," in a most unflattering way. However, the network had to go to the Appellate Division of the New York Supreme Court to get the case dismissed, after a trial court judge initially refused to do so.

The offending segment, entitled "Surgical Scorecards," was about the results of a New York Department of Health study of the patient mortality rates of New York surgeons. Dr. Samuel C. Balderman did not do well in that study; it showed his mortality rates were more than two and a half times the state average, and that he ranked 103rd out of the 112 surgeons still practicing in the state.

"Prime Time Live" reported all this about Dr. Balderman. The segment also included a secretly recorded tape of the doctor responding to the Health Department's statistics in a way that made him appear - he complained - "deceptive, untruthful, unethical, incompetent and untrustworthy."

In an opinion by Justice Samuel Green, the Appellate Division reversed the trial court's denial of ABC's motion to dismiss. It did so, because it decided that the offending statements were either "nonactionable statements of opinion" or - even worse for Dr. Balderman - statements of fact that "are not demonstrably false."

Justice Green also held that ABC's conduct "was not grossly irresponsible," which was an additional reason to dismiss the doctor's defamation claim, under New York law.

Dr. Balderman was represented by Richard T. Sullivan of Sullivan Oliverio & Gioia in Buffalo. ABC was represented by Floyd Abrams of Cahill Gordon & Reindel in New York City.

Balderman v. American Broadcasting Companies, Inc., 738 N.Y.S.2d 462, 2002 N.Y.App.Div.LEXIS 2654 (App.Div. 2002)[ELR 24:2:17]

## Federal court in Tennessee does not have personal jurisdiction over Agarita Music, a California-based music publisher, in Bridgeport Music's lawsuit alleging copyright infringement in rap and hip-hop business

Bridgeport Music (and its affiliates) have sued almost 800 rap and hip-hop music publishers and record companies in federal court in Nashville, alleging some 500 separate infringements of Bridgeport's copyrights. While the factual merits of the case may prove to be interesting eventually, Bridgeport's claims against one publisher have been dismissed by the court, on purely procedural grounds.

The suit in question was one against Agarita Music, Inc., a California company that allegedly operates "under the umbrella of Disney Music Publishing." According to Bridgeport, an Agarita-licensed recording titled "Fuck A 40 Oz" on rap performer Hi-C's album "Swing'n" contains an infringing sample of a Bridgeport-owned composition titled "Atomic Dog."

If that's so, Bridgeport will have to prove it in a court in California, because Judge Todd Campbell has held that his court in Nashville doesn't have personal jurisdiction over Agarita.

Judge Campbell rejected Bridgeport's argument that Agarita does business in Tennessee, because it is represented by ASCAP in that state. And he rejected the argument that Agarita subjected itself to the jurisdiction of Tennessee courts by authorizing allegedly infringing activities there.

Bridgeport Music was represented by Richard S. Busch and D'Lesli M. Davis in Nashville. Agarita Music was represented by Samuel Lipshie in Nashville.

Bridgeport Music, Inc. v. Agarita Music, Inc., 182 F.Supp.2d 653, 2002 U.S.Dist.LEXIS 1775 (M.D.Tenn. 2002)[ELR 24:2:18]

## Municipal school district immune from punitive damages claim in Title IX discrimination lawsuit filed by high school volleyball player who alleges that district enforces Good Conduct Code more severely against women student-athletes than men

April Marie Schultzen is a high school student athlete who was caught smoking off campus by a Moville, Iowa, policeman. Smoking violates her school district's Good Conduct Code, so Schultzen was suspended from the Woodbury Central High School volleyball team for six weeks.

This tiny offense and relatively modest penalty have mushroomed into a federal case of major proportions, all because Schultzen alleges that male student athletes have not been penalized for comparable violations of the Good Conduct Code, or even more serious ones. She makes this allegation in a Title IX lawsuit that seeks a variety of remedies, including punitive damages.

So far, the only issue addressed (in print) is the question of whether Schultzen can recover punitive damages, if she eventually wins her case. The Woodbury Central Community District says she cannot, because as a municipal entity, it is immune from punitive damages.

Though a "handful" of federal District Courts have wrestled with this issue, without reaching a consensus, no court of appeals has addressed it yet. So when Judge Mark Bennett was presented with

Woodbury's motion to dismiss Schultzen's punitive damages claim, he couldn't just resort to higher authority. The issue apparently intrigued Judge Bennett, because his ruling on the question runs 30 printed pages.

In the end, Judge Bennett decided that Woodbury is immune from punitive damages in a Title IX case, because traditionally, local government entities are immune from such damages, and nothing in the legislative history of Title IX or elsewhere persuaded him that the traditional rule shouldn't apply in this case.

Schultzen v. Woodbury Central Community School District, 187 F.Supp.2d 1099, 2002 U.S.Dist.LEXIS 3010 (N.D.Iowa 2002)[ELR 24:2:18]

## Judgment against cable customers who used unauthorized descramblers to steal pay-TV service is affirmed, though amount is slightly reduced

It would have been cheaper - far cheaper - for five TCI Cablevision subscribers in Connecticut to just pay for pay-TV service. Instead, they bought unauthorized descramblers from a guy who kept their names and addresses in a customer list on his computer. The computer was seized by the FBI. TCI got the customer list from the FBI and sued the five; and that lawsuit resulted in a judgment of about $13,000 in damages and attorneys fees against each one of them (ELR 23:5:21).

Thirteen thousand dollars is a lot of money to watch pay-TV (which is why it would have been cheaper for them to have paid TCI in the first place); but it's not as much as the court could have awarded, under one section of the Communications Act. The judge could have assessed damages of $50,000 each. Nevertheless, all five decided to appeal, and by doing so, they achieved limited success.

Writing for the Second Court of Appeals, Judge Jon O. Newman affirmed the judgment against all five. Judge Newman rejected their contention that they should not have been found liable under section 605 of the Act - which they were - because that section appears to apply only to the interception of "radio" signals. The judge acknowledged that other courts have so ruled; but in earlier cases, the Second Circuit has held that section 605 applies to the interception of cable signals too, so long as those signals were transmitted by satellite somewhere along the line, as TCI's pay-TV signals were.

On the other hand, the lower court had awarded TCI $10,000 against each of the five, even though some of them were married, and the married couples lived in the same house and used the same descrambler. Judge Newman held that the Act should be interpreted to authorize $10,000 in statutory damages per unauthorized descrambler, rather than per user. And for that reason, he remanded the case to the lower court so it could recalculate the damages.

Judge Newman also directed the lower court to reconsider its award of attorneys' fees, in light of the reduced damages.

TCI Cablevision was represented by Marilyn B. Fagelson of Murtha Cullina in New Haven. The defendants were represented by Jonathan J. Einhorn in New Haven.

Community Television Systems, Inc. v. Caruso, 284 F.3d 430, 2002 U.S.App.LEXIS 4410 (2nd Cir. 2002)[ELR 24:2:18]

## Previously Reported:

Decisions reported "In the News" now published. Decisions that were previously reported in the "In the News" section of the Entertainment Law Reporter have been published: Kelly v. Arriba Soft Corp., 280 F.3d 934, 202 U.S.App.LEXIS 1786 (9th Cir. 2002) (ELR 23:9:10); Randon House, Inc. v. Rosetta Books LLC, 283 F.3d 490, 2002 U.S.App.LEXIS 3673 (2nd Cir. 2002) (ELR 23:10:16); A&M Records, Inc. v. Napster, Inc., 284 F.3d 1091, 2002 U.S.App.LEXIS 4752 (9th Cir. 2002). [ELR 24:2:19]

## DEPARTMENTS

## In the Law Reviews:

Bustpatents.com, a website of “Legal resources and tools for surviving the patenting frenzy of the Internet, bioinformatics, and electronic commerce,” has published a table of intellectual property infringement awards and negotiated licensing fees covering the years 1990 to 2002. The table includes copyright and trademark (as well as patent) awards and licenses, such as network license fees paid for broadcast rights to television series and sports events, record company acquisition prices, music securitizations and copyright infringement judgments. The table is available at www.bustpatents.com/awards.htm.

Entertainment Law by Jon M. Garon, 76 Tulane Law Review (2002)

DePaul-LCA Journal of Art and Entertainment Law has published Volume 12, Number 1 including the Recording Academy Entertainment Law Initiative Legal Writing Competition 2001-2002 with the following articles:

Much Ado About the First Amendment-Does the Digital Millennium Copyright Act Impede the Right to Scientific Expression?: Felten v. Recording Industry Association of America by Tieffa Harper, 12 DePaul-LCA Journal of Art and Entertainment Law 3 (2002)

Can't Record Labels and Recording Artists All Just Get Along? The Debate Over California Labor Code §2855 and Its Impact on the Music Industry by Connie Chang, 12 DePaul-LCA Journal of Art and Entertainment Law 13 (2002)

The Music Online Competition Act of 2001 by Merritt A. Gardiner, 12 DePaul-LCA Journal of Art and Entertainment Law 25 (2002)

Congress' Latest Attempt to Abrograte States' Sovereign Immunity Defense Against Copyright Infringement Actions: Will IPPRA Help the Music Industry Combat Online Piracy On College Campuses? by Alisa Roberts, 12 DePaul-LCA Journal of Art and Entertainment Law 39 (2002)

Will MOCA Leave a Bitter Taste? by Richard Siegmeister, 12 DePaul-LCA Journal of Art and Entertainment Law 51 (2002)

Enter the Dragon: China's WTO Accession, Film Piracy and Prospects for Enforcement of Copyright Laws by Brent T. Yonehara, 12 DePaul-LCA Journal of Art and Entertainment Law 63 (2002)

Congress' Green Monster: Copyright Extension and the Concern for Cash Over the Propagation of Art by Christine Quintos, 12 DePaul-LCA Journal of Art and Entertainment Law 109 (2002)

The Dilution Solution: The History and Evaluation of Trademark Dilution by Michael Adams, 12 DePaul-LCA Journal of Art and Entertainment Law 143 (2002)

The Constitutionality of an Internet Execution: Lappin v. Entertainment Network, Inc. by Kristen Frost, 12 DePaul-LCA Journal of Entertainment and Art Law 173 (2002)

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