

NEW LEGISLATION AND REGULATIONS

Illinois adopts film production tax credit in bid to recapture movie and TV production work that has gone to Canada and elsewhere

MGM produced “Legally Blonde 2” in Springfield, Illinois, because the interior of the Illinois State Capitol building closely resembles the interior of the U.S. Capitol building, where some of the movie is set. Many Springfield residents appeared in the movie as extras, playing the roles of senators, aides and police officers, so Springfield and the state of Illinois were happy to have hosted the production.

“Legally Blonde 2” is only the most recent movie to be filmed in Illinois; it is not the only one. But lately, the state has lost some productions to competitors, including, especially, locations in Canada.

The Illinois legislature recognizes this. Indeed, the legislature recently acknowledged that “the Illinois economy is highly vulnerable to other states and nations that have major financial incentive programs targeted to the motion picture industry.” The legislature also recognized that it had to do something. “Because of the incentive programs of these competitor locations,” the legislature wrote, “Illinois must move aggressively with new business development investment tools so that Illinois is more competitive in site location decision-making for film productions.”

Better still, these statements were made by the legislature in the opening paragraph of Illinois’ new “Film Production Services Tax Credit Act” - an Act that amends the Illinois Income Tax Act by giving film, video and television producers a credit against their state income tax equal to 25% of the salaries paid to Illinois residents for services rendered in Illinois.

The Act isn't long or overly complex, but it does require some attention to detail by those who may want to make use of it. Not all film, video and television productions qualify for the credit.

It's available only if \$100,000 or more will be spent on Illinois labor for productions that are 30 minutes or longer, or \$50,000 for shorter productions. The credit isn't available for certain kinds of productions, such as news, sports, talk shows, game shows and awards shows. And the credit is available only on the first \$25,000 of each worker's salary, and isn't available at all on the salaries of a production's two highest paid employees.

What's more, in order to get the credit, producers will have to show that were it not for the credit, production work would not have been done in Illinois. This can be shown in a variety of ways, including evidence that other states or nations are being

considered for the production, or “evidence that the receipt of the credit is a major factor in the applicant’s decision and that without the credit the applicant likely would not create or retain jobs in Illinois. . . .”

The credit is available only for services rendered during calendar year 2004. Apparently the Act is an experiment, because by its own terms, it is repealed one year later.

Illinois Film Production Services Act, Illinois Public Act 93-543, S.B. 785 (2003), available at www.legis.state.il.us/legislation/publicacts/fulltext.asp?name=093-0543 [ELR 25:5:4]

INTERNATIONAL DEVELOPMENTS

Peer International owns British copyrights it acquired from Cuban composers during 1930s and '40s, despite post-revolution Cuban law that forfeited Peer's rights and allowed them to be acquired by Cuban music publisher which licensed them exclusively to German music group, U.K. Court of Appeal affirms

An American music publisher and a German music publisher have been at odds with one another in a British court over which of them owns the British copyrights to songs written by two Cuban composers - Antonio Fernandez Ortiz and Ignacio Pineiro - during the 1930s and '40s.

The American company - Peer International - claimed ownership by virtue of written agreements it

entered into with the composers back when the songs were first written. The German company - Termidor Musikverlag GmbH & Co. KG - claimed ownership by virtue of exclusive licenses it received from a Cuban music publisher - Editora Musical de Cuba - which acquired the copyrights from the composers sometime after the Cuban revolution in 1959.

The U.K. Court of Appeal has affirmed a Chancery Division decision in favor of Peer, but only after giving very serious consideration to arguments made by Editora Musical de Cuba (which was allied in the case with Termidor and was the only one of them to appeal).

Originally, the case presented three issues: (1) the validity of Peer's original contracts with the composers; (2) the effect on Peer's British copyrights of a post-revolution Cuban law that forfeited whatever copyrights Peer may have had; and (3) the effectiveness

of documents by which Peer reacquired the British copyrights, after they reverted to the composers' heirs under British copyright law.

The first of these questions, concerning the validity of Peer's original contracts, was not difficult. In a very brief portion of his decision, Lord Justice Aldous noted that the Chancery Division had found them to be valid under British law and not invalid under then-existing Cuban law. And Editora Musical did not appeal from that ruling.

The second question, concerning the effect of the post-revolution Cuban law, required more extensive analysis. The law required all music publishing contracts, including those entered into before the revolution, to be submitted to the Cuban Musical Right Institute for approval. Those that were not approved, including those that were not submitted, were "forfeited," and composers became "free to sign other

contracts to cover the works previously covered by such (former) contracts.”

Peer never submitted its contracts for approval. They therefore were forfeited, and the composers signed new agreements with Editora Musical.

Testimony before the Chancery Division showed that “After the revolution in 1959, legislation prevented foreign companies such as Peer from operating within Cuba. Further, under the Castro government there became a greater awareness within Cuba as to the need to protect Cuban culture generally and control the exploitation of the copyright in Cuban music.” The “policy behind this law was to re-exert Cuban control over intellectual property rights owned by Cuban nationals and prevent further exploitation of these rights by foreign companies.” There also was testimony that “the reason why the Castro regime felt that such control was necessary was primarily as a result of the

activities of Peer,” because - according to the testimony - Peer was the only music publisher doing business in Cuba before the revolution, and “There were complaints of the failure of Peer to account to musicians.”

Termidor and Editora offered this testimony to support their argument that the Cuban law was good “public policy” and therefore should be given effect in the U.K. Resort to public policy was necessary, because the general rule is that British law applies to property in Britain, not the law of other countries, and the British copyrights at issue in this case were property in Britain.

Much of Lord Justice Aldous’ opinion deals with the circumstances under which public policy may cause British courts to apply the laws of other countries. Ultimately, though, he came to the conclusion that the circumstances under which that has been done were rare, and the circumstances of this case were not among

them. As a result, he concluded that the Cuban law did not apply, so Peer did not lose its British copyrights as a result of that law.

The third question in the case, concerning Peer's reacquisition of the copyrights from the composers' heirs, had nothing to do with the Cuban revolution or Cuban law. Rather, under British law, copyrights revert to an author's heirs 25 years after the author's death. In a series of documents signed by the composers' heirs between 1999 and 2002, Peer did attempt to reacquire the copyrights. The first set of documents, by themselves, didn't clearly accomplish that, because they were drafted as "confirmations" of the composers' original agreements, rather than as assignments of reverted copyrights. However, the Court of Appeal affirmed that the second set of documents plugged the gap, by showing that the first documents were intended by the heirs to assign their reverted copyrights to Peer.

Peer International was represented by David Lloyd Jones QC and Pushpinder Saini (instructed by Sheridans). Editora Musical was represented by Christopher Greenwood QC and James Mellor (instructed by Teacher Stern Selby).

Peer International Corp. v. Termidor Music Publishers Ltd., [2003] EWCA Civ. 1156, available at www.courtservice.gov.uk/judgmentsfiles/j1944/peer_v_termidor.htm [ELR 25:5:5]

Vancouver radio station violated Canadian Association of Broadcasters' Code of Ethics when it broadcast segment of American-produced program "Loveline," with actor Tom Arnold as guest, by referring to Holocaust during humorous interview with phone sex actress

"Loveline" is a radio program produced in the United States, but aired in Canada as well. Its hosts, Adam Carolla and "Dr. Drew," take calls from listeners seeking advice about sex, relationships and drugs, and they also talk about current events and pop culture. They frequently have celebrity guests on the show, such as actor Tom Arnold who was a guest on one of "Loveline's" shows in 2002. In fact, the segment featuring Arnold was included in a "Best of Loveline" program, consisting of highlights of that year, broadcast by Canadian radio station CHMJ-AM in Vancouver,

British Columbia, in December 2002.

The call-in segment of that broadcast featured a listener who worked as a phone sex actress and who called for advice on how she could keep her customers on the phone longer, so she could earn more money. “My problem is my callers are coming way too fast,” she explained. So in an effort to be helpful and funny at the same time, Carolla suggested she use words like “cancer,” “grandparents” and “Holocaust”; and Arnold agreed “That’s good.” Warming to his task, Carolla assumed the role of one of his caller’s customers, and in a “mock aroused voice,” he said, “Yeah, yeah, burn those Jews. Gas ‘em in the shower, baby. Yeah, yeah.”

In the United States, this segment caused not a ripple (at least not publicly), but in Canada it did, even though it wasn’t broadcast until 11:15 p.m. A CHMJ-AM listener was offended, and in Canada, offended listeners can do something. They can file complaints

with the Canadian Broadcast Standards Council (CBSC). CHMJ-AM's listener did. "In my opinion," the listener complained, "the offending broadcast ridiculed the holocaust experience and was racist in its content."

Though not a governmental agency, the CBSC does investigate listener complaints, in its capacity as an organization created by broadcasters to administer program content Codes adopted by the Canadian Association of Broadcasters and the Canadian Radio-television and Telecommunications Commission. Among the Codes administered by the CBSC is the CAB Code of Ethics which requires (among other things) broadcasters to: (1) protect human rights, and (2) make full, fair and proper presentation of news, opinion, comment and editorial.

The CBSC has decided that the complained-of broadcast did not violate the Code's human rights

provision, because the CBSC did “not find a scintilla of racist commentary in the remarks of either the co-hosts or their celebrity guest. To the contrary, their collective suggestion regarding the use of the terms cancer . . . and Holocaust is that these are reminders of significant unpleasantness and societal distress. . . . There is no suggestion whatsoever of even a word or tone reflecting unfavourable comment directed at the Jewish community.”

On the other hand, the CBSC has found that the broadcast did violate the Code’s requirement of full, fair and proper presentation of comment. “The issue here is the employment of the apocalyptic historical event as a humorous crutch,” it explained. “The Panel readily understands the suggested dampening effect of . . . the Holocaust on Lorraine’s yearning telephone clients. It equally understands the intended humour in the ludicrous concept of the sexual purveyor

‘subliminally’ mouthing such words in the midst of her erotic discourse. . . . When, however, the hosts progressed to the level of ‘Yeah, yeah, burn those Jews. Gas ‘em in the shower, baby,’ . . . they exceeded any reasonable level of propriety. The laughter of the hosts directed at the notion of the concentration camp trains and lethal ‘showers’ which combined to exterminate six million persons, accentuated the inappropriateness. The humorous constructs erected here on the base of great tragedy constitute improper comment.”

CHMJ-AM was required to announce the CBSC’s decision once during peak listening hours and again during the time period in which “Loveline” was broadcast. The station also must provide written confirmation of the airing of the statement to the listener who complained and to the CBSC, and has to provide the CBSC with air check copies of the broadcasts of the two announcements.

CHMJ-AM re a segment on Loveline, CBSC Decision 02/03-0459 (July 2003), available at www.cbsc.ca/english/decision/030827.htm [ELR 25:5:6]

IN THE NEWS

CBS premieres David E. Kelley’s new series “The Brotherhood of Poland, New Hampshire,” after federal court denies preliminary injunction request in trademark suit filed by producers of movie titled “Brotherhood”

David E. Kelley’s newest television series is titled “The Brotherhood of Poland, New Hampshire.” It premiered on CBS stations nationwide on September 24, 2003, after a federal District Court in New

Hampshire denied a request for a preliminary injunction in a trademark infringement suit filed the producers of a movie titled “Brotherhood.”

The movie’s producers sought an injunction that would have barred CBS from airing the series in New Hampshire using its “Brotherhood of Poland . . .” title, or would have required CBS stations broadcasting to viewers in New Hampshire to include a disclaimer saying the series was “not affiliated with or sponsored by the film Brotherhood produced by MJM Productions of Manchester, New Hampshire.”

Brotherhood, the movie, was written by MJM Productions’ owner Michael J. MacLeod and college film student Jefferson Dutton in March and April 2002. The movie was filmed in June and July 2002, and it had a private showing premiere in August 2002. It also was exhibited at Brandeis University (near Boston) in December 2002 (allegedly at Warner Bros.’ request).

The pilot episode of “The Brotherhood of Poland, New Hampshire” was written by David Kelley, also in the year 2002, before Kelley had ever heard of MJM, MacLeod, Dutton or their movie.

Early in 2003, Twentieth Century Fox, which co-produces the series with Kelley Productions, Inc., did a trademark and title search for “The Brotherhood of Poland, New Hampshire” and found no movies or television series with the that name. It did, however, find more than 50 works with the word “Brotherhood” in their titles. A later search in the Internet Movie Database turned up 15 movies, eight made-for-TV movies, and four straight-to-video releases whose titles included the word “Brotherhood.” A search of Amazon.com showed that it was offering 422 books, 10 DVDs, and 24 videos containing “Brotherhood” in their titles. And the Filmtracker/Baseline database listed 27 movie and TV projects in development whose titles

included “Brotherhood.”

As a result of these title searches, Kelley Productions determined that the “The Brotherhood of Poland, New Hampshire” title was available for its use. And it didn’t change its mind when MJM’s lawyer initiated an “acerbic” round of correspondence about the title, in April 2003.

That correspondence eventually degenerated into a lawsuit - two lawsuits, actually, one filed by Kelley Productions, Fox and CBS in Los Angeles, and a second filed by MJM Productions in New Hampshire. The Los Angeles case got caught up in efforts to transfer it to New Hampshire, while the New Hampshire case got to the merits of MJM’s preliminary injunction motion.

Judge Joseph DiClerico denied MJM’s request for an injunction, because he found that MJM and its co-plaintiffs failed to show a likelihood they will

eventually succeed on the merits of their Lanham Act claim.

The judge found that no evidence had been submitted showing that the movie's "Brotherhood" title had acquired secondary meaning. MJM had submitted affidavits from 32 people who said they associated the "Brotherhood" title with the movie written by MacLeod and Dutton. But these affidavits were not persuasive evidence of secondary meaning, the judge held. They weren't, because even though survey evidence isn't necessary in every case, the evidence in this case showed that MJM had used the title only a short time, and that many others also had used the word "Brotherhood" in the titles of their movies, television programs and books. Judge DiClerico also held that media attention given to MJM's movie was not sufficient to establish secondary meaning.

Without secondary meaning, MJM didn't own

any protectible rights in the “Brotherhood” title. But the judge nevertheless went on to consider whether MJM had shown a likelihood of consumer confusion; and he concluded there was no such likelihood. No evidence had been submitted of actual confusion. And for the same reasons no secondary meaning had been shown, no likelihood of consumer confusion had been shown, the judge held.

MJM Productions v. Kelley Productions, Inc., U.S. Dist. Ct., New Hampshire, Case No. CV-03-390-JD (Sept. 2003), available at www.nhd.uscourts.gov/oo/oo_index.asp [ELR 25:5:7]

Major League Baseball settles lawsuit filed by Frank Morsani and others who sought franchise for Tampa Bay

Many years ago, before the Devil Rays joined Major League Baseball, a Florida businessman named Frank Morsani put together a group of investors who wanted to buy the Minnesota Twins, and later the Texas Rangers, and move them to Tampa Bay. Morsani and his colleagues were rebuffed, and that's a much milder way of describing what happened than the way used by Morsani's group in a lawsuit they filed against Major League Baseball more than a decade ago.

The case has been in the judicial system ever since, literally bouncing between federal and state courts, and bouncing some more between trial and appellate courts. Along the way, it produced at least one published opinion that stood for the controversial

(and now discredited) principle that baseball's historic exemption from the antitrust laws applies only to its old reserve clause and not to other aspects of its operations (ELR 18:1:4).

Though Tampa Bay got the Devil Rays in 1998, Morsani's group didn't receive that franchise, so their case continued.

It was finally scheduled for trial in October 2003. But on the eve of trial, it was settled, on terms that have not been publicly revealed. [ELR 25:5:8]

RECENT CASES

Injunction against Aimster is affirmed; Court of Appeals agrees that evidence supported conclusion that instant messenger music swapping service is likely to be found to be contributory infringer

In the wake of the Napster decision (ELR 23:11:4), other peer-to-peer Internet services have designed their systems in ways that attempt to avoid liability for contributory and vicarious copyright infringement. One of these others is a service that was originally called “Aimster” (and now is called “Madster”). Aimster, however, met the same legal fate as Napster: a preliminary injunction was issued against it, and that injunction has been affirmed on appeal.

Writing for the Seventh Circuit Court of Appeals, Judge Richard Posner concluded that the

evidence supported the conclusion that Aimster is likely to be found to be a contributory infringer - though Judge Posner's reasoning did not track that used by the Ninth Circuit Court of Appeals in the Napster case.

The "Aim" in Aimster is an acronym for "AOL Instant Messenger." The service was so-named, because it enabled file-swapping by those using instant messaging services. In fact, music files were transmitted as attachments to instant messages; Aimster's own server never hosted or transmitted music files. Instead, in response to users' search requests, Aimster's server searched the computers of other Aimster users then online; and when it found requested files, it "instruct[ed]" those computers to transmit them to the users who had requested them.

In addition to confining its availability to instant messenger users (a narrower group than that serviced by

Napster), Aimster had one more feature that it hoped would save it from liability. Its software encrypted search requests, so Aimster did not know what files its users were looking for or receiving. It was therefore able to argue - though without success - that it couldn't prevent its users from infringing, or for that matter, even know for sure that they were.

Judge Posner rejected Aimster's argument that mere constructive knowledge of its users' infringing activities was not enough to hold it liable for contributory infringement. He held that "a service provider that would otherwise be a contributory infringer does not obtain immunity by using encryption to shield itself from actual knowledge of the unlawful purposes for which the service is being used."

More significantly, Judge Posner also rejected Aimster's argument that it could escape liability merely by showing it "could be used in noninfringing uses."

“That would be an extreme result,” the judge responded, “and one not envisaged by the [Supreme Court in its] Sony [Betamax decision].”

Instead, Judge Posner reasoned that “when a supplier is offering a product or service that has noninfringing as well as infringing uses, some estimate of the respective magnitudes of these uses is necessary for a finding of contributory infringement.”

Judge Posner offered this analogy: “A retailer of slinky dresses is not guilty of aiding and abetting prostitution even if he knows that some of his customers are prostitutes. . . . But the owner of a massage parlor who employs women who are capable of giving massages, but in fact as he knows sell only sex and never massages to their customers, is an aider and abettor of prostitution (as well as being guilty of pimping or operating a brothel).” In copyright cases, “The slinky-dress case corresponds to [a conclusion

that contributory infringement has not occurred], and [that result] is not inconsistent with imposing liability on the seller of a product or service that, as in the massage-parlor case, is capable of noninfringing uses but in fact is used only to infringe.”

In other words, Judge Posner rejected the record industry’s argument that “a single known infringer brands the facilitator as a contributory infringer.” And he rejected Aimster’s argument that “a single noninfringing use provides complete immunity from liability.”

Aimster was closer to the massage-parlor, because in addition to facilitating the transmission of copyrighted files among its users, it did two more things. It provided an online “tutorial [that] gives as its only examples of file sharing the sharing of copyrighted music, including copyrighted music that the recording industry had notified Aimster was being

infringed by Aimster's users." And Aimster sold memberships in a "club," for \$4.95 a month, that enabled members "to download with a single click the music most often shared by Aimster users, which turns out to be music copyrighted by the [record companies that filed the lawsuit]."

These two things did "not exclude the possibility of substantial noninfringing uses of the Aimster system," Judge Posner added, but they were "sufficient . . . to shift the burden . . . to Aimster to demonstrate that its service has substantial noninfringing uses." Aimster failed to meet this burden. Indeed, it "provided no evidence whatsoever . . . that Aimster is actually used for any . . . noninfringing purposes."

Moreover, and of great significance, Judge Posner ruled that "Even when there are noninfringing uses of an Internet file-sharing service, . . . if the infringing uses are substantial then to avoid liability as

a contributory infringer the provider of the service must show that it would have been disproportionately costly for him to eliminate or at least reduce substantially the infringing uses.” Aimster failed to make that showing too.

Aimster argued that it was protected from liability by the “safe harbor” provisions of the Digital Millennium Copyright Act. But the argument was not persuasive. Judge Posner explained that the safe harbor provisions do not abolish liability for contributory infringement, because in order to take advantage of them, service providers must take reasonable steps to prevent the use of their services by repeat infringers. Instead of doing that, Aimster invited its users to infringe by showing them how to do it, and by showing them how to encrypt their requests.

The record companies were represented by Bradley Rochlen of Katten Muchin Zavis Roseman in

Chicago, and by Russell Frackman of Mitchell Silberberg & Knupp in Los Angeles. Aimster was represented by William L. Montague, Jr., of Stoll Keenon & Park in Lexington.

Editor's note: Though the music industry has now prevailed in cases against Napster and Aimster, it hasn't, thusfar, in cases against Grokster and Morpheus (ELR 24:11:4). The Grokster and Morpheus case is pending in the Ninth Circuit, so Judge Posner's decision (in the Seventh Circuit) is not a controlling authority. On the other hand, it is a well-reasoned and persuasive opinion, and if followed in the Ninth Circuit, it could turn the tide in the Grokster and Morpheus case in favor of the music industry. This is so, because of Judge Posner's conclusion that even if a service has noninfringing uses, the service "must show" that it would be "disproportionately costly . . . to eliminate or . . . reduce . . . the infringing uses." In the

Grokster and Morpheus case, the District Judge ruled that they did not have that obligation, even though the copyright owners argued that Grokster and Morpheus could have modified their software to eliminate infringing uses.

In re Aimster Copyright Litigation, 334 F.3d 643, 2003 U.S.App.LEXIS 13229 (7th Cir. 2003) [ELR 25:5:9]

Naxos' sale of restored versions of classical, 1930s-era recordings is legal, federal District Court rules in decision dismissing state-law claims of Capitol Records

Capitol Records and Naxos sell a number of classical recordings in direct competition with one another, often in the same retail stores. These

recordings date from the 1930s when they were made in London pursuant to agreements between The Gramophone Company - the predecessor of Capitol's parent company, EMI Records - and violinist Yehudi Menuhin, cellist Pablo Casals, and pianist Edwin Fischer.

Capitol's right to sell these recordings is better-documented than Naxos', because all of the agreements signed by Menuhin, Casals and Fischer gave Gramophone the "sole exclusive worldwide rights" to their performances - rights which Capitol says EMI exclusively licensed to it for the United States by EMI. Naxos, by contrast, neither has nor claims any contractual rights to the recordings.

A lawsuit filed by Capitol against Naxos raised the question of whether Naxos needs any rights to continue selling the recordings. An opinion by federal District Judge Robert Sweet holds, in effect, that Naxos

doesn't. That is, Judge Sweet has granted summary judgment to Naxos, thereby dismissing Capitol's claims for unfair competition, misappropriation of property, unjust enrichment, and common law copyright infringement.

Though Capitol filed suit in federal court, it did not assert claims under the federal Copyright Act. (Federal jurisdiction was based on diversity.) It didn't for the very good reason that federal copyright law doesn't protect sound recordings made before 1972, as these were. This, however, didn't deprive Capitol of all protection, because the Copyright Act specifically provides that rights under state law for the protection of sound recordings made before February 15, 1972 are "not . . . annulled or limited . . . until February 15, 2067."

This meant that the question to be decided by Judge Sweet was whether Capitol had any rights under

New York law for the protection of these 1930s-era recordings. Other somewhat similar cases suggested that Capitol might. Back in 1983, a New York state court had barred the sale of unauthorized Beatles recordings made in 1969, on unfair competition grounds (ELR 6:5:8). And in 1995, a federal court in New York had barred the sale of Russian classical recordings made before 1972, on common law copyright and unfair competition grounds (ELR 17:5:11).

Nevertheless, Judge Sweet held that Capitol has no rights under New York law. Whatever rights EMI may have had in the recordings under English copyright law expired by the mid-1980s, “and the recordings have entered the public domain internationally,” the judge said. Naxos used the original, public domain recordings to make its own restored versions; Naxos didn’t use Capitol’s restored

versions. This was significant, because the judge found that “Capitol waived and abandoned any rights in the original recordings.”

The facts proving waiver were interesting. Apparently, the original recordings used by Naxos were in Yale University’s Historical Sound Recordings Collection. Yale’s Curator once asked EMI “what procedure, if any, Yale was required to undertake with respect to third party requests to make . . . copies of historical recordings made by EMI prior to 1972,” and EMI responded by saying that it had no copyright in historical recordings that were out of copyright in the United Kingdom.

What’s more, Yale charges record companies a fee for access to historic recordings, if access is sought for the purpose of restoring them and releasing them commercially. EMI apparently knew that Yale’s collection was a “revenue-generating side enterprise”

for the University, so EMI's response to the Curator's inquiry "qualifies as a waiver," Judge Sweet held.

The judge also noted that Capitol has not pursued other companies - of which there are "many" - that also sell restored versions of original recordings without Capitol's consent.

Finally, Judge Sweet emphasized that Naxos doesn't advertise its recordings as "duplicates" of the originals, doesn't "capitalize on Capitol's efforts," and doesn't do anything else "in bad faith."

Capitol Records was represented by Paul R. Levenson of Kaplan Gottbetter & Levenson in New York City. Naxos was represented by Maxim H. Waldbaum of Salans in New York City.

Capitol Records, Inc. v. Naxos of America, Inc., 262 F.Supp.2d 204, 2003 U.S. Dist. LEXIS 7586 (S.D.N.Y. 2003) [ELR 25:5:10]

Civil rights activist Rosa Parks is entitled to trial of her Lanham Act and right of publicity claims against LaFace Records and rap group OutKast, complaining about title of Grammy-nominated recording “Rosa Parks,” federal appellate court rules

A federal Court of Appeals has awarded Rosa Parks the right to a trial, in her lawsuit against LaFace Records and the rap group OutKast. Parks of course is the civil rights activist who in 1955 refused to give up her bus seat to a white passenger in Montgomery, Alabama, and whose subsequent defiance led to a bus boycott that eventually ended segregation on public transportation.

LaFace and OutKast earned Parks’ enmity, rather than her admiration, by giving one of the songs on OutKast’s 1998 album “Aquemini” the title “Rosa

Parks.” The album went double platinum, and the song named “Rosa Parks” was nominated for a Grammy. But the song’s lyrics contain “profanity, racial slurs, and derogatory language directed at women,” and that is what prompted Parks’ lawsuit.

Parks’ lawsuit asserts that the unauthorized use of her name in this way violated her rights under the federal Lanham Act and Michigan’s right of publicity law. She also asserted defamation and interference with business relationship claims.

The case was assigned to an admiring federal District Court judge who described Parks as a “well-known public figure who has been recognized as an international symbol of freedom, humanity, dignity and strength. . . .” That description, however, was written in a decision dismissing Parks’ lawsuit, in response to LaFace and OutKast’s motion for summary judgment (ELR 21:12:9). The District Court ruled (among other

things) that the song's title was protected by the First Amendment, because it was related to the song's off-repeated chorus, "Ah, ha, hush that fuss. Everybody move to the back of the bus."

On appeal, LaFace and OutKast argued that even if Parks showed some likelihood of consumer confusion, "their First Amendment right of artistic expression trumps that concern." In an opinion by Judge John Holschuh, the appellate court acknowledged that LaFace and OutKast had made "an arguable point." Nevertheless, the Court of Appeals reversed, because it held that a reasonable jury, using the same legal standard as that used by the District Court, could have come to the opposite conclusion on a critical issue.

That issue was whether there was an artistic relationship between the song's title and its content. The District Court concluded that the relationship was

“so obvious that the matter is not open to reasonable debate.” But the Court of Appeals disagreed. Judge Holschuh concluded the relationship “is certainly not obvious. . . .”

The appellate court came to this conclusion, because a translation of the song’s rap lyrics showed that the phrase “move to the back of the bus” was a statement by OutKast to competing rappers that their work is of “lesser quality” than OutKast’s and therefore other rappers should “take a backseat” to OutKast. So construed, Judge Holschuh said, “reasonable persons could conclude that there is no relationship of any kind between Rosa Parks’ name and the content of the song - a song that is nothing more and nothing less than a paean announcing the triumph of superior people in the entertainment business over inferior people in that business.”

What’s more, Judge Holschuh said, “We believe

that reasonable people could find that the use of Rosa Parks' name as the title to this song was not justified as being metaphorical or symbolic of anything for which Rosa Parks is famous . . . [but instead] was appropriated solely because of the vastly increased marketing power of a product bearing the name of a national heroine of the civil rights movement.”

For these reasons, the appellate court reversed the dismissal of Parks' Lanham Act and right of publicity claims. It did, however, affirm the dismissal of her defamation claim, because the song did not make any factual statements about her, let alone false statements. The appellate court also affirmed the dismissal of her interference with contract claim.

Parks was represented by Johnnie L. Cochran, Jr., of Cochran Sherry Givens & Smith in Los Angeles. LaFace and OutKast were represented by Joseph M. Beck of Kilpatrick Stockton in Atlanta.

Parks v. LaFace Records, 329 F.3d 437, 2003 U.S.App.LEXIS 8835 (6th Cir. 2003) [ELR 25:5:11]

Court of Appeals affirms dismissal of Tiger Woods' trademark and right of publicity lawsuit against artist who created limited edition prints of Woods' winning play at Masters Tournament

Tiger Woods won the 1997 Masters Tournament, but not a related lawsuit. The lawsuit was provoked by the sale of limited edition prints of a painting by artist Rick Rush, depicting three views of Woods playing golf. Rush refers to himself as “America’s sports artist,” and his painting of Woods commemorated Woods’ Masters victory. It was not, however, painted, reproduced or sold with Woods’ permission.

Woods has his own company - ETW Corporation

- to exploit his name and likeness. And that is why ETW Corporation sued Rush's company - Jireh Publishing, Inc. - in response to Jireh's sale of prints of the painting, titled The Masters of Augusta. The lawsuit alleged claims for trademark infringement based on the use of Woods' name, trademark claims based on the use of Woods' likeness, and Lanham Act false endorsement and Ohio right of publicity claims based on the use of Woods' identity.

None of Woods' claims was successful. A federal District Court granted Jireh's motion for summary judgment and dismissed the case (ELR 22:6:13). The Court of Appeals has affirmed that ruling, though one of its three judges dissented.

In an opinion for the majority, Judge James Graham noted that Jireh used Woods' name, which is a registered trademark, only on the envelopes in which the offending prints were mailed and in narrative

materials that accompanied the prints, and that Rush himself was clearly identified as the prints' source. As a result, Judge Graham concluded, Jireh's use of Woods' name was "purely descriptive" and a "fair use," rather than an infringement.

Judge Graham also held that the use of Woods' likeness did not violate ETW's trademark rights, because "as a general rule, a person's image or likeness cannot function as a trademark." In so ruling, the judge relied on earlier similar cases in which courts had held that the likenesses of Babe Ruth and Elvis Presley were not trademarks (ELR 11:12:6, 3:2:1).

Judge Graham also affirmed the dismissal of ETW's Lanham Act false endorsement claim. "We find," the judge said, "that the presence of Woods' image in Rush's painting *The Masters of Augusta* does have artistic relevance to the underlying work and that it does not explicitly mislead as to the source of the

work.” This was relevant “in determining whether the Lanham Act applies to Rush’s work, and we find that it does not.”

Finally, Judge Graham upheld the dismissal of ETW’s Ohio right of publicity claim too. He concluded “that Rush’s work has substantial informational and creative content which outweighs any adverse effect on ETW’s market and that Rush’s work does not violate Woods’s right of publicity.” In addition, the judge ruled that “After balancing the societal and personal interests embodied in the First Amendment against Woods’s property rights, we conclude that the effect of limiting Woods’s right of publicity in this case is negligible and significantly outweighed by society’s interest in freedom of artistic expression.”

Though Judge Graham’s opinion was an assertive rejection of Woods’ claims, the case was not an easy one to decide. Judge Graham’s opinion is 20

printed pages in length. And it was rebutted by an even longer dissenting opinion by Judge Eric Lee Clay who would have ruled in ETW's favor, as a matter of law, on its right of publicity claim and would have remanded the case to the District Court for a trial on its trademark claims.

Woods' company, ETW Corporation, was represented by Thomas G. Kovach and Terence J. Clark of Squire Sanders & Dempsey in Cleveland and Los Angeles. Rush's company, Jireh Publishing, was represented by Dennis J. Niermann in Cleveland.

ETW Corp. v. Jireh Publishing, Inc., 332 F.3d 915, 2003 U.S.App.LEXIS 12488 (6th Cir. 2003) [ELR 25:5:12]

Court of Appeals reinstates jury's copyright infringement verdict against distributor of novelty teeth, in favor of corporate owner of similar teeth worn in "Austin Powers" movie; assignment of copyright to corporation by shareholder who designed teeth was sufficient, appellate court decides

The copyright to the ugly teeth worn by actor Mike Myers while portraying "International Man of Mystery Austin Powers" is owned by Billy-Bob Teeth, Inc., a corporation formed in 1996. This interesting and little-known fact came to judicial light recently, in a copyright infringement lawsuit filed by Billy-Bob - not against New Line Cinema - but against a novelty toy distributor named, appropriately enough, Novelty, Inc.

It seems that the success of New Line's 1997 movie prompted Novelty to make and sell teeth that were copied from those sold by Billy-Bob (and licensed

to New Line for the movie). That in turn prompted Billy-Bob to sue Novelty for copyright infringement.

Billy-Bob was successful at trial. A jury returned a verdict in its favor for \$145,000 in copyright damages on account of Novelty's sale of infringing teeth. In post-trial proceedings, however, Billy-Bob was not as successful. The District Court granted Novelty's motion for judgment as a matter of law, on the grounds that Billy-Bob was not in fact the owner of the copyright Novelty had infringed. Instead, the District Court found that the copyright was owned by Billy-Bob shareholder Jonah White who was not, himself, a plaintiff in the case.

The teeth were in fact designed by White, and they were designed before Billy-Bob was incorporated. The copyright was registered with the Copyright Office after Billy-Bob was incorporated, and it was registered by Billy-Bob as the author of a work made for hire.

That was a mistake. But during the trial, White signed a written document in which he “affirm[ed]” that several years before, he had sold and assigned his copyright in the teeth to Billy-Bob Teeth, Inc., including his right to sue for past, present and future infringements.

The District Court granted Novelty’s motion for judgment as a matter of law on the grounds that Billy-Bob was not the owner of the infringed copyright, because the teeth were not a work made for hire and the document signed by White during trial didn’t effectively transfer the copyright to Billy-Bob. As things turned out, that ruling was a mistake, according to the Court of Appeals.

In an opinion by Judge Terence Evans, the appellate court has reversed and has reinstated the jury’s verdict in favor of Billy-Bob.

Judge Evans agreed that the teeth were not a work made for hire, because the corporation didn’t

exist when they were created by White. This meant the copyright registration was wrong. “An error on the registration is not fatal to Billy-Bob’s case, however,” Judge Evans added. Copyright law permits an oral assignment to be confirmed in a later writing, and that is what the document signed by White during trial attempted to do.

The District Court had rejected the document, “saying there was no reliable evidence of a prior agreement” by which White assigned the copyright. This was the District Court’s error, Judge Evans held. “[A] corporation cannot literally discuss anything with anyone,” the judge observed. During trial, White testified that when Billy-Bob was incorporated, everything that had been created before “became the property of Billy-Bob Teeth, Inc.” This was evidence of the assignment. And since the jury ruled in Billy-Bob’s favor, it “believed that Billy-Bob Teeth, Inc. was

indeed the owner of the copyrights,” Judge Evans noted.

“Even if all this were not true,” Judge Evans added, Novelty didn’t have standing to dispute Billy-Bob’s ownership of the copyright. It didn’t, because the Copyright Act’s requirement that assignments be in writing “is to resolve disputes among copyright owners and transferees,” not between copyright owners and infringers, Judge Evans ruled.

Billy-Bob Teeth, Inc., was represented by Robert Lancaster of Bryan Cave in St. Louis. Novelty, Inc., was represented by Daniel J. Lueders of Woodard Emhardt Naughton Moriarty & McNett in Indianapolis.

Billy-Bob Teeth, Inc. v. Novelty, Inc., 329 F.3d 586, 2003 U.S.App.LEXIS 9798 (7th Cir. 2003) [ELR 25:5:12]

Federal court refuses to dismiss lawsuit filed by producer Julius Nasso against actor Steven Seagal, complaining that Seagal failed to appear, as agreed, in four Nasso-produced movies so Seagal could appear instead in “Ticker” and “Exit Wounds”

Once upon a time, when they lived on Staten Island, actor Steven Seagal and producer Julius Nasso were neighbors and business partners. Well, technically, they weren't “partners” - they were equal shareholders and officers of a corporation named “Seagal-Nasso Productions, Inc.”

They don't do business with one another any more, though. There may be other reasons too, but one reason stands out: Nasso says that Seagal agreed to star in four movies Nasso would have produced, but instead of doing that, Seagal appeared in “Ticker” and “Exit Wounds,” for which Seagal earned \$12.5 million while

Nasso earned nothing, because Nasso didn't produce either of those movies. What's worse, Nasso says, their corporation spent \$1.45 million in connection with the four unproduced movies, all of which is now gone, and Nasso says he lent another \$500,000 to Seagal to help the actor pay his tax obligations, none of which has been repaid.

Nasso made all of this public by filing a lawsuit against Seagal in state court in New York. Seagal doesn't live on Staten Island any more, or anywhere in New York for that matter. So the actor responded to Nasso's lawsuit by seeking its dismissal on the grounds that New York courts do not have personal jurisdiction over him. When the state court denied Seagal's motion, he removed the case to federal court where he renewed the motion and also argued that Nasso's complaint failed to state a legally-recognized cause of action.

In federal court, Seagal's motion was somewhat

successful, but not successful enough to bring the case to an end. Judge Charles Sifton has held that his court does have personal jurisdiction over Seagal for most of Nasso's claims, and that most of his claims do state valid causes of action. As a result, though Judge Sifton has dismissed some of Nasso's claims, most remain, and Seagal will have to litigate with his former partner in federal court in Brooklyn.

Most of Judge Sifton's unusually lengthy opinion addresses the personal jurisdiction issue - an issue that turned on facts that are unique to this case. One issue, dealt with by the judge in but a single paragraph, is of greater interest to those in the movie business. That issue was whether Nasso adequately alleged a claim for breach of contract, and if so, whether enforcement of the alleged contract against Seagal is barred by New York's statute of frauds.

Nasso alleged that he agreed to develop, produce

and distribute four movies in exchange for a \$250,000 production fee (per movie), and that “Seagal agreed to star in them in exchange for the market value of his services.” Judge Sifton ruled that “Because it specifies the services to be performed and the consideration to be paid, the complaint adequately states the material terms of the contract,” and adequately alleged Seagal’s breach of it.

The complaint did not, however, allege that the contract was in writing. The judge acknowledged that under New York’s statute of frauds, “A contract that ‘by its terms is not to be performed within one year from the making thereof’ is void unless made in writing.” The judge also acknowledged that Seagal “may be correct that ‘it would defy common sense to contend that four feature films would be produced and released within one year.’”

Nevertheless, common sense is not what controls

in cases like this. Judge Sifton held that “the fact that the contract is ‘susceptible of fulfillment within that time, in whatever manner and however impractical,’ is sufficient to shield the contract from this provision of the Statute of Frauds.” As a result, the judge denied Seagal’s motion to dismiss Nasso’s breach of contract claim.

Nasso was represented by Robert Jay Hantman of Hantman & Associates, and Daniel C. Marotta of Dowd & Marotta in New York City. Seagal was represented by Sung-Hee Suh of Schulte Roth & Zabel in New York City.

Nasso v. Seagal, 263 F.Supp.2d 596, 2003 U.S. Dist. LEXIS 13343 (E.D.N.Y. 2003) [ELR 25:5:13]

Ricky Martin's Casa Salsa restaurant did not infringe copyright or trademark of creator of marketing plan for Puerto Rican restaurant, federal District Court rules

There used to be a restaurant in Miami Beach called "Ricky Martin's Casa Salsa." The restaurant was in fact owned in part or authorized by Puerto Rican recording artist Ricky Martin. It isn't open any longer, but while it was, the restaurant attracted the unwanted attention of a Puerto Rican graduate student named Noel Roque Rodriguez.

In 1997, Rodriguez wrote a Masters Thesis entitled "Market Study for a Hypertheme Restaurant in San Juan, Puerto Rico." In his thesis, Rodriguez proposed a Puerto Rican restaurant that would have been called "Rumba Caribbean." Apparently, the thesis was pretty good, because when Rodriguez submitted it

to the Puerto Rico Tourism Company, it told him it would endorse his restaurant and include it in its international tourism campaigns.

Ricky Martin's Casa Salsa restaurant opened a year or so later, with the support of the Puerto Rico Tourism Company. According to Rodriguez, his "Rumba Caribbean" restaurant and Ricky Martin's Casa Salsa restaurant were substantially similar, and Rodriguez inferred that they were, because, he said, the Tourism Company gave Martin's partners a copy of Rodriguez' thesis, and Martin's partners copied it.

Rodriguez had registered his thesis for copyright in 1997 and had obtained a "Certificate of Trademark Registration" in 1998, apparently for his proposed restaurant's trade dress. With these registrations in hand, Rodriguez responded to Ricky Martin's Casa Salsa restaurant by filing a copyright and trademark infringement lawsuit in federal court in Puerto Rico.

However, the case hasn't gone far. Federal District Judge Jamie Pieras has dismissed the case, for failure to state a claim.

Judge Pieras noted that “the idea of a Puerto Rican restaurant is not protected under copyright law.” Though some specific aspects of the two restaurants were similar, the judge found that those “stem solely from the commonality of the subject matter [and are] not proof of unlawful copying.” What's more, there were “fundamental differences” between the two restaurants.

Rodriguez trademark claim didn't fare any better. The judge found that the trade dress features of Rodriguez' restaurant were not distinctive, and thus did not warrant protection under the Lanham Act.

Rodriguez v. Casa Salsa Restaurant, 260 F.Supp.2d 413, 2003 U.S.Dist.LEXIS 7019 (D.Puerto Rico 2003) [ELR 25:5:14]

Punitive damages may be awarded in copyright infringement cases, judge held in recently-published decisions in TVT Records vs. Def Jam case

Earlier this year, TVT Records won a \$132 million jury verdict in a lawsuit against Island Def Jam Music (ELR 24:11:6). The verdict consisted of \$24 million in compensatory damages and an additional \$108 million in punitive damages. With so much at stake, it is not surprising that the parties made many motions, to which federal District Judge Victor Marrero responded with written opinions, several of which didn't see the light of print until after the jury returned its verdict (ELR 25:1:18). Some of those opinions dealt with the admissibility of specific evidence, and thus may be of little interest to others in the entertainment industry (ELR 25:4:22).

Two opinions, however, dealt with a

fundamental issue of copyright law - the availability of punitive damages in an infringement case - and thus are likely to be of interest to many. Judge Marrero ruled that punitive damages may be available in certain kinds of copyright cases, including those like TVT's infringement claim against Def Jam.

The general rule is that punitive damages are not available in copyright cases. As a result, before the damages phase of the case, Def Jam requested a jury instruction "stating categorically that punitive damages are not available at all in copyright infringement cases." Judge Marrero, however, denied Def Jam's request.

The judge acknowledged that in cases where statutory damages are available, the usual rule is that punitive damages are not, because the amount of statutory damages awarded may be increased to punish malicious conduct. In this case, though, statutory damages were not sought by TVT (and with respect to

one of its infringement claims, apparently were not available). Thus Judge Marrero had to decide whether punitive damages are available in copyright cases where compensatory damages and infringer's profits are sought, as they were by TVT. The judge concluded that they are, and he so instructed the jury, using the model instruction proposed by Leonard B. Sand in Modern Federal Jury Instructions (Instruction 86B-20).

The judge acknowledged that “some higher authority may subsequently have occasion to squarely consider this question, at which point, one way or the other, a clear answer may emerge.”

Before the jury returned its damages verdict, Def Jam made a motion for judgment as a matter of law, arguing that the evidence was insufficient for the jury to return a verdict against it on any of the issues that had been tried. Judge Victor Marrero “reserved judgment” on the motion until after the verdict, and

then, the judge denied the motion, in a recently-published written opinion.

Judge Marrero concluded that evidence had been introduced supporting the jury's punitive damages award, including evidence that Def Jam had interfered with TVT's contractual relations and had infringed a TVT copyright with malice and recklessness or by gross, wanton or willful conduct.

The judge also ruled that evidence had been introduced during trial supporting the jury's award of compensatory damages on TVT's breach of contract, tortious interference, fraud and copyright infringement claims, including evidence supporting the jury's award of damages to TVT for its lost profits and goodwill.

TVT Records was represented by James E. d'Auguste of Akin Gump Strauss Hauer & Feld in New York City. Island Def Jam was represented by Michael T. Mervis of Proskauer Rose in New York City.

TVT Records v. Island Def Jam Music Group, 262 F.Supp.2d 185, 2003 U.S.Dist.LEXIS 7764 (S.D.N.Y. 2003); *TVT Records v. Island Def Jam Music Group*, 262 F.Supp.2d 188, 2003 U.S.Dist.LEXIS 8963 (S.D.N.Y. 2003) [ELR 25:5:15]

Bridgeport Music doesn't have to pay attorney's fees of music company it unsuccessfully sued for copyright infringement, because music company didn't produce license agreement that defeated Bridgeport's claim until very late in the case

Songs of Universal, Inc., defeated a copyright infringement suit filed against it by Bridgeport Music, and did so in a particularly dramatic fashion. It produced a written license agreement from Ruthless Attack Muzick, the song's original copyright owner,

thereby proving that Universal's use of the song was not an infringement, as Bridgeport, the song's current copyright owner, claimed it was.

Indeed, the written license from Ruthless Attack to Universal was so conclusive that federal District Judge Thomas Higgins dismissed Bridgeport's lawsuit without a trial, in response to Universal's motion for summary judgment. This result was particularly dramatic, because Universal didn't file its motion until after the deadline for dispositive motions. But Judge Higgins granted the motion anyway, precisely because it brought the case to a complete end.

Actually, it brought the liability phase of the case to an end, but not the entire case. That's because Universal then filed a motion for attorney's fees, which it was entitled to claim as the prevailing party.

This case is only one of hundreds of cases Bridgeport has filed against music publishers and

record companies, and not all of them have been successful (ELR 23:8:17, 24:11:12, 25:2:14). At least once before, Judge Higgins ordered Bridgeport, and its sister company Westbound Records, to pay the attorney's fees of a company they had unsuccessfully sued for copyright infringement (ELR 25:3:13).

This time, however, Judge Higgins gave Bridgeport a pass by denying Universal's request for attorney's fees. Universal didn't produce the license it had obtained from Ruthless Attack until after the close of discovery and the deadline for dispositive motions. As a result, the judge said that he was "concerned that an award of attorney's fees here might appear to sanction [Universal's] failure to timely discover crucial evidence."

Judge Higgins characterized the failure to "locat[e] the one document that could have ended this litigation long before [Universal's law firm] spent

hundreds of thousands of dollars in attorney’s fees” as a “significant oversight” that “weighs heavily against awarding fees.”

Universal argued that it should receive fees because Bridgeport continued to litigate even after it was presented with the license agreement. But Bridgeport claimed that Universal’s settlement demands were “unreasonable,” because it demanded that Bridgeport dismiss the case and pay Universal’s attorney’s fees of about \$150,000. Judge Higgins found, however, that Universal proposed to offset its fees in this case against any judgment that might be obtained by Bridgeport in the hundred or so other cases Bridgeport had filed against Universal, or as a credit against any settlement of those cases. And the judge did “not find this demand unreasonable as an opening offer to settle.”

Nevertheless, Judge Higgins concluded that “the

purposes and objectives of the Copyright Act would not be measurably advanced by an award of fees in this matter.”

Bridgeport Music was represented by D’Lesli M. Davis of King & Ballou in Nashville. Songs of Universal was represented by Thomas H. Dundon of Neal & Harwell in Nashville and by Russell J. Frackman of Mitchell Silberberg & Knupp in Los Angeles.

Bridgeport Music, Inc. v. Songs of All Nations, 261 F.Supp.2d 968, 2003 U.S.Dist.LEXIS 7833 (M.D.Tenn. 2003) [ELR 25:5:15]

The Golf Channel’s “Drive Pitch & Putt” competition did not infringe trademark of organization that operates identically-titled golf skills competition, because title is descriptive and has not acquired secondary meaning, federal appellate court affirms

The Golf Channel has emerged from the rough of trademark litigation without liability, and without a trial, in a lawsuit filed against it by an organization known as Kids Golf. At issue in the case was The Golf Channel’s use of “Drive Pitch & Putt” as the title of junior skills competitions the cable network held in 1999 and 2000. Kids Golf has used the same “Drive Pitch & Putt” title for junior golf skills competitions since 1993.

Apparently, The Golf Channel’s use of “Drive Pitch & Putt” caused some actual confusion. Kids Golf

contends that once The Golf Channel began advertising its own competition, Kids Golf received more phone calls and emails from golfers about The Golf Channel's competition than Kids Golf received for its own competition. Kids Golf trademark infringement lawsuit against The Golf Channel was an attempt to bring this confusion to an end.

The Golf Channel responded to Kids Golf lawsuit with a motion for summary judgment. Its motion was granted by federal District Judge Daniel Hurley, in a then-unpublished opinion. Kids Golf appealed, but without success. In a one-sentence ruling, the Court of Appeals affirmed Judge Hurley's decision "for the reasons stated in [Judge Hurley's] well-reasoned order" which the appellate court attached and then published.

Judge Hurley found that "Drive Pitch & Putt" was a descriptive rather than inherently distinctive

phrase, because its words “are the names of golf shots.” In fact, others - in addition to Kids Golf and The Golf Channel - have used those terms in the titles of their own golf competitions.

Since “Drive Pitch & Putt” was descriptive, Kids Golf could claim the phrase as its trademark only if it could show that the phrase had acquired secondary meaning - that is, only if it could show that golfers associate the phrase with competitions conducted by Kids Golf in particular. Kids Golf couldn’t do that, however. Judge Hurley found that Kids Golf “lacks any evidence that the public actually associates the mark with Kids Golf’s business.”

Since “Drive Pitch & Putt” was descriptive and lacked secondary meaning, Kids Golf could not claim trademark rights in the phrase, and thus it did not matter whether people confused its competition with those conducted by The Golf Channel.

Kids Golf was represented by Roy R. Watson in West Palm Beach. The Golf Channel was represented by Donald J. Hayden of Baker & McKenzie in Miami.

Gift of Learning Foundation v. TGC, Inc., 329 F.3d 792, 2003 U.S.App.LEXIS 7766 (11th Cir. 2003) [ELR 25:5:16]

Television station may have violated California statute prohibiting recording of confidential communications when station employees secretly taped their meetings with doctor for “Caught in the Act” segment of news program; but appellate court emphasizes that statute only authorizes damages from act of taping, not for consequences of broadcast

Dr. Fred L. Lieberman got his moment of fame

when he was featured in a segment broadcast by Los Angeles television station KCOP during its evening news program. The fame he got, however, was not the kind that he, or any doctor, would want. Entitled “Caught in the Act,” the segment asserted that Lieberman had prescribed the controlled substance Vicodin without proper medical exams, and it labeled him a “drug dealer” and “candy doctor.”

The segment was made possible, or at least more credible, by the fact that the two “patients” for whom Lieberman prescribed Vicodin were KCOP employees (or agents), and they taped their meetings with the doctor, without his knowledge or consent.

Dr. Lieberman alleges that KCOP’s broadcast caused him extensive professional damage. In response, he sued KCOP for violating a California statute that prohibits the recording of confidential communications without the consent of “all” parties - though he didn’t

sue for defamation or invasion of privacy.

KCOP responded with a motion to dismiss, under California's "SLAPP" statute, a statute that required Lieberman to provide sufficient evidence to establish a prima facie claim, in order to avoid the dismissal of his case. The trial court concluded that Lieberman did provide sufficient evidence, and thus denied KCOP's motion.

The California Court of Appeal has affirmed that ruling, but has done so in an opinion that appears to severely limit the amount of money Lieberman can hope to recover, even if he eventually wins his case.

In an opinion by Justice Gary Hastings, the appellate court agreed with KCOP that its broadcast was protected by the First Amendment. On the other hand, Justice Hastings agreed with Lieberman that "unlawful news-gathering activity does not enjoy constitutional protection to the same extent as news-

reporting activity.” KCOP asked the court to create “a broad affirmative defense based solely upon a legitimate newsgathering motive,” but the court “decline[d]” to do so.

KCOP also argued that Lieberman alleged that his injuries resulted from the broadcast, not from the taping, and thus the case should have been dismissed for that reason. But Justice Hastings held that the confidential-communication statute authorizes an award of \$5,000 even without proof of actual damages.

Even this doesn’t mean that Lieberman will necessarily win \$5,000, however. He will have to prove at trial that he “could have reasonably expected that the communications were private.” If he doesn’t do that, KCOP will not have violated the confidential-communication statute, after all.

Lieberman was represented by Zev S. Brooks in Los Alamitos. KCOP was represented by Jean-Paul

Jassy and Gary L. Bostwick of Davis Wright & Tremaine in Los Angeles.

Lieberman v. KCOP Television, Inc., 1 Cal.Rptr.3d 536, 2003 Cal.App.LEXIS 1007 (Cal.App. 2003) [ELR 25:5:17]

Federal court dismisses lawsuit filed by associations representing college athletes and coaches challenging legality of U.S. Department of Education's "Policy Interpretation" and "Clarification" of Title IX ban on sex discrimination

College wrestling is a full-contact sport, but not a revenue-generating sport, participated in by men. These three facts explain why five membership associations, representing, for the most part, college wrestlers and

coaches, attempted the law's equivalent of a "takedown," in a suit against the U.S. Department of Education.

The Department of Education is the government agency responsible for enforcing Title IX's ban on sex discrimination in programs run by federally-funded schools, including athletic programs. According to the National Wrestling Coaches Association and its co-plaintiffs, the Department's "1979 Policy Interpretation" and "1996 Clarification" violate the Equal Protection and Due Process clauses of the Constitution and exceed the Department's authority "by requiring the very discrimination the statute prohibits."

The Associations' lawsuit was provoked by its belief that the Department's enforcement of its Policy Interpretation and Clarification "lead educational institutions to cut men's sports teams, artificially limit the number of participants on men's teams, and

otherwise impermissibly discriminate against men based on sex . . . , thereby denying male athletes . . . equal protection of the laws.” Because wrestling is not a revenue-producing sport, it has been one whose teams have been cut by several colleges - a fact that has led to several prior cases (ELR 16:3:34, 17:7:12, 21:4:21, 21:11:17, 23:6:21, 24:4:15, 24:5:16, 24:8:12).

The lawsuit sought a court order barring the use of “all ‘disparate-impact components’“ of the Department’s Policy Interpretation and Clarification, until the Department promulgates new rules in the manner required by the Administrative Procedure Act.

Though the Department isn’t as athletic as the Associations, it isn’t without moves of its own, especially in federal court. The Department responded to the Associations’ complaint with a motion to dismiss, arguing that the Associations did not have standing to bring the case. The Department’s move was

an effective one: federal District Judge Emmet Sullivan has granted its motion and dismissed the case, largely for the reasons urged by the Department.

Judge Sullivan didn't take the case lightly. It took him 48 printed pages to explain why he was dismissing it. In a nutshell, though, the judge held that the Associations didn't have standing to assert two of their three counts. And though they did have standing to assert a third count, that count did not state a legally-recognized claim.

The Associations were represented by Lawrence J. Joseph of McKenna Long & Aldridge in Washington D.C. The Department of Education was represented by Joseph W. LoBue of the U.S. Department of Justice in Washington D.C.

National Wrestling Coaches Association v. U.S. Department of Education, 263 F.Supp.2d 82, 2003 U.S. Dist. LEXIS 9677 (D.D.C. 2003) [ELR 25:5:17]

Company that licenses artworks from artists for reproduction in greeting cards does not have to pay use tax to City of Boulder, because license is not a transaction for use of tangible personal property, Colorado Supreme Court holds

A greeting card publisher based in Boulder, Colorado, does not have to pay that city's use tax in connection with licenses the publisher acquires from artists authorizing it to reproduce their artworks in the company's cards. The company - Leanin' Tree, Inc. - had to persuade three different courts that its activities were not covered by the city's tax - a Colorado trial court, the Colorado Court of Appeals, and the Colorado Supreme Court - because Boulder just wouldn't give up. But all three courts, including the Supreme Court, did rule in Leanin' Tree's favor, so the publisher's victory finally is sealed.

The City of Boulder - like many other state and local governments - imposes a tax on the sale of tangible personal property, and on the use of such property if it is used without being sold.

Leanin' Tree licenses artworks from artists for use in the company's greeting cards. It also borrows original artworks, or photographs or digital images of them, from the artists, in order to make reproductions used in the publishing process. According to Boulder, this meant that Leanin' Tree "used" tangible personal property belonging to the artists, and the city assessed a use tax on the company for that reason.

However, the Colorado Supreme Court ruled otherwise. In an opinion by Justice Nathan Coats, the court held that the licensing transactions should be "[c]onsidered in their totality," and when they are, "the challenged transactions, for which Leanin' Tree was assessed use tax, do not constitute transactions for the

sale or use of tangible personal property.”

Leanin’ Tree was represented by Neal S. Cohen of Faegre & Benson in Boulder. The City of Boulder was represented by Jean E. Dubofsky of the Office of City Attorney in Boulder.

Editor’s note: California also imposes a tax on the sale or use of personal property, and it too has sought to collect that tax in connection with copyright licensing transactions. In 2001, the California Supreme Court ruled in favor of the taxpayer (in that case, the licensor) - for the most part (ELR 23:3:12). That is, the California Supreme Court did not use the same totality-of-the-transaction test used by the Colorado Supreme Court. Instead, the California Supreme Court divided the licensing transaction into two parts, and decided that the portion of the license fee attributable to reproduction rights is not taxable, while the portion of the fee attributable to the value of the licensor’s

temporary possession of the original work is taxable. (The movie industry in California hasn't had to pay use taxes, because one section of its tax statute specifically exempts leases of movie and television films and tapes.) In its decision in the *Leanin' Tree* case, the Colorado Supreme Court surveyed practices in other states, including California, and decided that the totality-of-the-transaction test was preferable.

City of Boulder v. Leanin' Tree, Inc., 72 P.3d 361, 2003 Colo.LEXIS 565 (Colo. 2003) [ELR 25:5:18]

Signed waiver of liability form doesn't protect United States Fencing Association from tort lawsuit filed by injured fencer, even though injury occurred in California where waiver would be valid, because waiver is invalid under laws of New York where fencer resides and Colorado where Association is headquartered

The United States Fencing Association is going to have to defend itself on the merits, in a tort lawsuit filed against it by amateur fencer Erin O'Connor. That is the consequence of a ruling by federal District Judge Edward Korman who has denied a motion for summary judgment filed by the Association.

The Association sponsors fencing tournaments throughout the United States. The Association's 2001 Summer National Championships took place in Sacramento, California. While participating in that

event, O'Connor injured her knee quite badly when she slipped on what she alleges was a defective or improperly anchored fencing strip. That injury is what prompted the tort lawsuit the Association hoped to bring to an abrupt end with its summary judgment motion.

The Association based its motion on two waiver of liability forms O'Connor had signed, one when she first joined the Association, and another when she entered the tournament in which she was injured. O'Connor did not deny signing the waivers. She argued, however, that they are "void and unenforceable as against public policy."

Though the United States is but a single country, the question of whether waivers are enforceable depends on where the question is asked - or, more precisely, on which state's law answers the question, because the enforceability of waivers is a question of

state rather than federal law.

The Association argued that O'Connor's waiver should be enforceable, because her injury took place in California, and "Under California law, express waivers of liability signed as a condition of participating in recreational athletic activities are valid and enforceable." O'Connor, on the other hand, argued that Judge Korman should apply the law of New York because that is where she resides, or the law of Colorado because that is where the Association is headquartered. Under the laws of both of those states, her waivers would be against public policy and thus unenforceable.

In an opinion that may some day find its way into law school casebooks on conflicts of laws, Judge Korman agreed with O'Connor. After thorough analysis, he concluded that California has little if any interest in whether a New York resident is entitled to be

compensated for her injuries by a Colorado organization. On the other hand, New York has a great interest in whether one of its residents is compensated for her injuries. For that reason, the judge concluded that New York law applies, especially because it produces the same result as Colorado law. The result is that O'Connor's waiver is unenforceable.

The case will therefore proceed on the question of whether the fencing strip was defective or improperly anchored by the Association - factual contentions which the Association denies.

O'Connor was represented by Gary Port in Cedarhurst, New York.

O'Connor v. United States Fencing Association, 260 F.Supp.2d 545, 2003 U.S.Dist.LEXIS 7446 (E.D.N.Y. 2003) [ELR 25:5:18]

Operator of Casino de Monte Carlo in Monaco is entitled to trademark protection in United States, because it uses “Casino de Monte Carlo” mark in U.S. to sell casino services to U.S. citizens, federal Court of Appeals rules in decision affirming order transferring website domain names to casino operator

The company that operates the Casino de Monte Carlo in Monaco is embroiled in a domain name dispute with a French national who owns websites that have domain names that include some portion of the term “Casino de Monte Carlo.” The dispute involves the United States in just two ways: the contested domain names are registered with a domain-name registrar in the United States; and the casino operator uses the “Casino de Monte Carlo” trademark, from an office in New York City, to market the casino to U.S. citizens. Despite these tenuous connections to the U.S.,

the dispute has been decided under U.S. law by U.S. federal courts, which have ruled in favor of the casino operator and against the website owner.

The first round of this international dispute was a WIPO proceeding under its Uniform Dispute Resolution Policy (ELR 22:1:4). That proceeding resulted in an order transferring the website domain names from the website owner to the casino operator.

Displeased with this result, the website owner filed a lawsuit in federal court in Virginia, seeking a judicial declaration that it was entitled to use of “Casino de Monte Carlo,” despite the UDRP decision. This was something the website operator had the right to do under the U.S. Anticybersquatting Consumer Protection Act. But the outcome of the case wasn’t the one the website owner hoped for. District Judge T.S. Ellis ruled in favor of the casino operator on its trademark infringement and cybersquatting

counterclaims, awarded it statutory damages, and ordered the transfer of most of the contested domain names.

The website owner appealed, but once again did not prevail. Judge Michael Luttig rejected the website owner's arguments that the casino operator does not own a valid U.S. trademark. One argument was that the casino operator doesn't use the "Casino de Monte Carlo" in "commerce," as required for protection in the U.S. by the Lanham Act. This was so, the website owner asserted, because the mark was used in the U.S. only for advertising, which is not a sufficient use for protection, while its use for casino services, which would be sufficient, took place only in Monaco.

In what appears to be a precedent-setting opinion, Judge Luttig has ruled that "while [the casino operator's] promotions with the United States do not on their own constitute a use in commerce of the 'Casino

de Monte Carlo’ mark, the mark is nonetheless used in commerce because United States citizens purchase casino services sold by a subject of a foreign nation, which purchases constitute trade with a foreign nation that Congress may regulate under the Commerce Clause. And [the casino operator’s] promotions ‘use or display the mark in the sale or advertising of these services . . . rendered in commerce.’” In other words, the casino operator is entitled to U.S. trademark protection for its “Casino de Monte Carlo” mark.

The website owner also argued the mark wasn’t protectible, because it is “merely geographically descriptive.” Geographically descriptive marks are, however, entitled to protection if they have acquired secondary meaning. And Judge Luttig agreed that the casino operator had shown that “Casino de Monte Carlo” has acquired secondary meaning.

Finally, Judge Luttig also agreed the evidence

showed that ordinary consumers would be confused by the websites' domain names and their use of pictures and renderings of the actual Casino de Monte Carlo.

Judge Diana Gribbon Motz dissented, in a lengthy decision that describes Judge Luttig's majority opinion as "unprecedented." Judge Motz argued that Judge Luttig held that "the protection of United States trademark law extends to a mark used exclusively in Monaco by a company incorporated there." Much of Judge Luttig's majority opinion rebuts Judge Motz's argument that the mark wasn't used in the U.S.

The website owner was represented by Anthony James DeGidio, Jr., in Toledo. The casino operator was represented by George Reynolds Hedges of Quinn Emanuel Urquhart Oliver & Hedges in Los Angeles.

International Bancorp v. Societe des Bains de Mer, 329 F.3d 359, 2003 U.S.App.LEXIS 9566 (4th Cir. 2003) [ELR 25:5:19]

Disney is “common carrier” while operating “Indiana Jones” attraction at Disneyland, California appellate court rules in case filed by estate of woman who died of injury suffered while riding the attraction

The Walt Disney Company is a media and entertainment company, and also a “common carrier,” like a bus or taxicab operator, at least while it operates certain rides at Disneyland. A California Court of Appeal has so held, in a lawsuit filed against Disney by the estate of a woman who died after suffering a serious brain injury while riding the “Indiana Jones” attraction at the company’s theme park in Anaheim.

The estate’s complaint alleged several causes of action, two of which were based on a California statute that provides that “A carrier of persons for reward must use the utmost care and diligence for their safe carriage.

. . .” This statute requires common carriers to use more care than those who aren’t, so if the statute applies to Disney’s operation of the “Indiana Jones” ride, it will be easier for the woman’s estate to recover.

No doubt for that very reason, Disney demurred to the estate’s common carrier causes of action. (A “demurrer” is a motion to dismiss for failure to state a recognized claim, under California law.) Though the trial court agreed that the literal wording of the statute made it appear to apply to “Indiana Jones,” it said that it would be “counter-intuitive” to apply it. The trial court ultimately decided that the statute doesn’t apply to Disney, because the transportation feature of the “Indiana Jones” ride was merely an “incidental consequence of what is essentially entertainment and a thrill ride.”

However, in an opinion by Justice Candace Cooper, the Court of Appeal reversed (technically, it

granted the estate's petition for a writ of mandate). Justice Cooper held that "under the plain language of the statute, [Disney] is a common carrier."

This case is not the first time Disney has been held to be a common carrier while operating Disneyland rides. In 1995, a federal District Court held that California's common carrier statute applied in a case involving injuries suffered on Disneyland's "Pirates of the Caribbean" (ELR 16:12:25). And as long ago as 1962, a California Court of Appeal applied the common carrier statute in a case involving passengers injured on "The Surrey with the Fringe on Top" attraction in Disneyland. These cases persuaded Justice Cooper that the California legislature intended the statute to apply to amusement park rides, because the legislature could have, but didn't, amend the statute after these cases were decided.

The deceased woman's estate was represented by

Barry B. Novack in Beverly Hills. Disney was represented by Richard A. Derevan of Snell & Wilmer in Irvine.

Gomez v. Superior Court, 1 Cal.Rptr.3d 860, 2003 Cal.App.LEXIS 1051 (Cal.App. 2003) [ELR 25:5:20]

DEPARTMENTS

Entertainment Lawyer News:

Kent Klavens promoted to Senior VP, Legal and Business Affairs, at Famous Music. Famous Music has promoted Kent Klavens to Senior Vice President, Legal and Business Affairs. Famous Music is the worldwide music publishing division of Viacom's Paramount Pictures. Klavens is responsible for the

negotiation and drafting of all acquisition agreements, the supervision of contract administration, the handling of all litigation matters, and the coordination of company legal matters involving Viacom and Paramount Pictures. He reports directly to Ira Jaffe. Klavens is based in Los Angeles. He joined Famous Music in 1991 as Senior Director, Legal and Business Affairs, and was promoted to the position of Vice President in 1993. Klavens has been instrumental in concluding agreements with such major songwriter/artists and songwriter/producers as Bjork, Boyz II Men, Gavin Rossdale of Bush, Paula Cole, Eminem, Irv Gotti, Linda Perry, POD and Busta Rhymes, as well as a worldwide subpublishing agreement with BMG Music Publishing. Prior to joining Famous, Klavens was in private practice for 13 years. He earned his undergraduate degree from the University of Pennsylvania in Philadelphia, and

received his J.D. degree from Southwestern University School of Law in Los Angeles. [ELR 25:5:21]

In the Law Reviews:

Berne Goes to the Movies: Moral Rights Equivalents in the United States by Corey Field, 132 Copyright World 23 (2003) (www.ipworldonline.com)

Making It Stick: English Court Rules on Incidental Copying by Adam Khan, 132 Copyright World 12 (2003) (www.ipworldonline.com)

Entertainment and Sports Lawyer, a Publication of the ABA Forum on the Entertainment and Sports Industries, www.abanet.org/forums/entsports/esl.html, American Bar Association, 750 N. Lake Shore Drive,

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Chicago, IL 60611-4497, has published Volume 21, Number 2 with the following articles:

Profit Participation in the Motion Picture Industry by Joe Sisto, 21 Entertainment and Sports Lawyer 1 (2003) (for address, see above)

Designing Manager Contracts for Musicians by Kent Newsome, 21 Entertainment and Sports Lawyer 1 (2003) (for address, see above)

Reality Check: When Will Two TV Shows in the Same Genre Be Considered Substantially Similar under Copyright Law? by Thomas A. Smart, Mark D. Godler and Kerren R. Misulovin, 21 Entertainment and Sports Lawyer 1 (2003) (for address, see above)

Virtual Kiddie Porn: A Real Crime? An Analysis of the

PROTECT Act by Joseph J. Beard, 21 Entertainment and Sports Lawyer 3 (2003) (for address, see above)

The Entertainment Law Review, published by Sweet and Maxwell, www.sweetandmaxwell.co.uk, has issued Volume 14, Issue 6 with the following articles:

BHB and Jockey Club-OFT Preliminary Ruling by Ieuan Jolly, 14 Entertainment Law Review 125 (2003) (for website, see above)

Online Music-P2P Aftershocks by Aredhel Stokes and Jason Rudkin-Binks, 14 Entertainment Law Review 127 (2003) (for website, see above)

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Metzopoulos and Fotini Stathopoulos, 14 Entertainment Law Review 132 (2003) (for website, see above)

What's in a Name? Revisited by Leonard D. Duboff, 14 Entertainment Law Review 136 (2003) (for website, see above)

“Freedom is Nothing Else but a Chance to be Better”: .se as an Example for the Liberalised ccTLD by Jan Gerd Mietzel and Bjorn Groening, 14 Entertainment Law Review 138 (2003) (for website, see above)

Substantiality of Television Broadcasts in Australia by Megumi Ogawa, 14 Entertainment Law Review 144 (2004) (for website, see above)

Confidentiality's OK! by Gayle Curry, 14

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Entertainment Law Review 148 (2003) (for website, see above)

False Product Endorsement by Stephen Sampson, 14 Entertainment Law Review 150 (2003) (for website, see above)

Comparative Advertising by Chris McLeod, 14 Entertainment Law Review 152 (2003) (for website, see above)

The Case of Arsenal Football Club v Matthew Reed Continues... by Simon Miles, 14 Entertainment Law Review 153 (2003) (for website, see above)

Sony Music Entertainment (UK) Ltd v. Easyinternetcafe Ltd by Malissa Ritchie, 14 Entertainment Law Review 155 (2003) (for website,

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Book Review: International Protection of Performers' Rights by Owen Morgan, 14 Entertainment Law Review 157 (2003) (for website, see above)

Book Review: Author's Right Law of Music in Prussia (1820-1840) Vol. 2 of the series by Friedemann Kawohl, 14 Entertainment Law Review 158 (2003) (for website, see above)

Voice Misappropriation in California-Bette Midler, Tom Waits, and Grandma Burger by Edwin F. McPherson, University of Miami Business Law Review 43 (2003)

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Electronics on Parody and Advertising by Tom Bellamore, University of Miami Business Law Review 53 (2003)

“A Prologue to a Farce or a Tragedy”? A Paradox, a Potential Clash: Digital Pirates, The Digital Millennium Copyright Act, The First Amendment & Fair Use by David V. Lampman, II, 38 Gonzaga Law Review 367 (2002/03)

Privacy, Confidence and Horizontal Effect: “Hello” Trouble by Johnathan Morgan, 62 The Cambridge Law Journal (2003) (published by Cambridge University Press for the Faculty of Law, University of Cambridge)

Criminal Copyright Infringement by I. Trotter Hardy, 11 William & Mary Bill of Rights Journal 305 (2002)

Harmony or Discord? The Pressure toward Conformity in International Copyright by Matt Jackson, 43 IDEA: The Journal of Law & Technology 607 (2003) (published by Franklin Pierce Law Center, 2 White Street, Concord, NH 03301, 603-228-1541)

The Easyinternetcafe Decision by Kevin Garnett Q. C., 25 European Intellectual Property Review 426 (2003) (www.sweetandmaxwell.co.uk)

Accounting for the Slow Growth of American Privacy Law by Rodney A. Smolla, 27 Nova Law Review 289 (2002)

No-Fault Publicity: Trying to Slam the Door Shut on Privacy-The Battle Between the Media and the Nonpublic Persons It Thrusts into the Public Eye by Adam Chrzan, 27 Nova Law Review 341 (2002)

When Time Stands Still: An Argument for Restoring Public Figures to Private Status by Olympia R. Duhart, 27 Nova Law Review 365 (2002)

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Copyright Law as a Silencing Restriction on Noninfringing Materials: Unveiling the Scope of Copyright's Diversity Externalities by Guy Pessach, 76 Southern California Law Review 1067 (2003)
[ELR 25:5:21]