### **LEGAL AFFAIRS**

### **Patenting Movies and Music?**

### by Greg Aharonian

A U.S. patent lawyer is seeking a utility patent for a movie plot (U.S. Pat. Appl. 2005/244804). Steven Spielberg is applying for a patent for a method of annotating digital scripts with voice (U.S. Pat. Appl. 2002/0129057). And now, a UK patent lawyer is trying to patent a process for patenting jokes (PCT Publ. W02005022287).

Huh? Isn't protection for the arts and entertainment in the realm of copyright, while protection for science and engineering is in the realm of patents? Good assumption, if you happen to be practicing 1980s IP law in light of 1980s science. But in the 2000s, patents have greatly expanded the scope of what they protect (now including software and business methods) to almost "anything new under the sun," according to the Supreme Court's view of Congressional intent. *Diamond v. Diehr*, 450 U.S. 175 (1981).

Why doesn't the following patent claim seek protection for something "new under the sun"?:

"A process of relaying a story having a timeline and a unique plot involving characters, comprising:

- indicating a character's desire at a first time in said timeline for at least one of the following:
  - a) to remain asleep or unconscious until a particular event occurs; and
  - to forget or be substantially unable to recall substantially all events during the time period from said first time until a particular event occurs;
- indicating a character's substantial inability at a time after said occurrence of said particular event to recall substantially all events during the time period from said first time to said occurrence of said particular event; and

Greg Aharonian is a forensic patent consultant, the Editor and Publisher of the Internet Patent News Service (www.patenting-art.com/clients/patnews.htm), and the co-author of PATENTING ART & ENTERTAINMENT: NEW STRATEGIES FOR PROTECTING CREATIVE IDEAS (Nolo 2004). He can be reached at: 415-981-0441 and patnews@patenting-art.com.

 indicating that during said time period said character was an active participant in a plurality of events."

The question for entertainment lawyers is this: is this form for describing plots "concrete, tangible, useful and functional" – the current Patent Office tests for a category of products to be patented (the same question can be asked for a similar description of songs) under 35 U.S.C. §101? Increasingly, it is harder for the patent system to say "they aren't." That this broad patent claim is not novel (35 U.S.C. §102) or obvious (35 U.S.C. §103) in light of movies such as "Total Recall," "Spellbound" or the "Manchurian Candidate" is a secondary issue from whether the Patent Office should accept such claims in any form (35 U.S.C. §101).

In this article, I review the latest case law and Patent Office policies and show that using utility patents to protect manufactured products like music and movies is not only *not* strange, but also is inevitable. Your clients should start filing now.

### Some Case Law History

Twelve years ago, the Patent Office Board of Appeals and Interferences, in its Ex Parte Beauregard decision (29 Sept. 1993), addressed the issue of whether a software executable on a CD-ROM or diskette was patentable. Software companies wanted such protection to be able to sue infringers more practically, while the Patent Office didn't think the combination was functional subject matter (an ill-defined phrase used to reject troublesome patent applications). Before the case was argued before the Court of Appeals for the Federal Circuit (CAFC), the Patent Office retreated and agreed to allow these computer-medium type patent claims. (Beauregard's patent is U.S. Patent 5,710,578, assigned to IBM.) The Patent Office's view now is that an executable on a diskette is a computer component (components always being patentable) that can achieve a result when you insert the diskette into the computer. A shame, though, that the CAFC never heard the case because it could have answered a music question asked by an Appeals Board judge.

In the Appeals Board decision in *Beauregard*, the judges asked the equivalent of: "Why is a music CD any less patentable than a software CD?":

Accordingly, we ask: "Where is the magic dividing line between music, or voice, or video, or computer programming, when they are all the same thing? The answer, of course, is that there is no dividing line."

Insert either into a computer, and some result is achieved, a useful result, be it the execution of a movie or music composition program, or the generation of a movie or musical piece.

Walk into a large hi-tech building in Silicon Valley or Hollywood, and you can see a lot of programmers in front of their terminals engineering products, programmers with all sorts of degrees, terminals running all sorts of design tools. Their output is networked to the manufacturing department, packaged and distributed. An observer at some distance has no idea what the product is until it is used, because only then is it revealed whether the product is music composition software, the music itself, or both. What is the difference in the activities and the backgrounds of the programmers, and the organizational activities of the business, that all aspects of the software are patentable, but not the music? For over ten years, these questions have gone unaddressed, lurking around in legal circles as a disruptive beast born of science.

Since the 1980s, a variety of decisions by PTO and federal judges, with somewhat consistent support from PTO guidelines, have greatly expanded what is patentable, not only in the sciences but in the arts as well. Indeed, much of the world of art and entertainment is already being patented with utility patents (in addition to design patents, the more powerful equivalent of a copyright). For example, a Web site (www.patenting-art.com/database) lists over a hundred areas of art and entertainment ideas and expression being patented (for example, U.S. Patent 6,273,979 for mosaic collages – as pure a form of art as you can get), all of which flows from the Supreme Court's endorsement of patenting of the arts in *Baker v. Selden*, 101 U.S. 79 (1879).

What aren't being patented, yet, are the "purest" forms of art: music, movies, photographs and books. Since all are manufactured by an industry, the question is: why aren't they patentable, especially if they are distributed on the same types of CDs as software? One archaic distinction is that to be patentable, the product has to be on a "computer-readable" medium (such as a diskette), but with today's modern scanners, why doesn't that include paper and canvases and film?

### Recent Case Law – Ex Parte Lundgren

When it comes to applying for patents, a recent PTO Board decision, *Ex Parte Lundgren* (2005) (available at

www.uspto.gov/web/offices/dcom/bpai/prec/2003-2088. pdf), puts it simply, citing the Supreme Court's decision in *Diamond v. Diehr*: there are three unpatentable "things": laws of nature, natural phenomena and abstract ideas. The *Lundgren* decision dealt with the "technological arts" test. Lundgren was trying to patent a business method where the claims didn't mention any hardware. The PTO examiner rejected the claims under section 101, which the PTO Board ruled was wrong. The business method (a way of compensating managers) wasn't a law of nature, it wasn't a natural phenomenon, and it wasn't abstract (the method had many well-explained steps in the patent specification). Certainly movies and music are neither laws of nature nor natural phenomena.

### Software and Music

Consider computer software in the form of a Perl script which is compiled into an executable file (".exe" file) and distributed on a diskette. Such a Perl script can be patented, and certainly satisfies the logic of *Lundgren*. Consider then a MIDI script which is compiled into a ".wav" or MP3 file for distribution on a diskette. Harking back to the question asked in *Beauregard* in 1993, why isn't this form of music patentable? Again, the MIDI script is not a law of nature and not a natural phenomenon.

The only barrier to the patentability of music, in light of *Lundgren*, is that it is not patentable if it is "abstract."

### Case Law for "Abstract"

What is "abstract"? This question was answered by the Court of Appeals for the Federal Circuit in *State Street Bank v. Signature Financial*, 149 F.3d 1368 (1998). This case sent the message that business methods have been, are and will be patentable in the eyes of the Federal Circuit. But to be patentable, the business method can't be "abstract." Instead, it must be "concrete, tangible and useful" — language quoted from earlier decisions. "Concrete, tangible and useful" are three more tests, to be sure, but they are tests that can be satisfied by MIDI files and scripts.

In October 2005, shortly after the *Lundgren* decision, and in light of *State Street* and *ATT v. Excel*, 172 F.3d 1352 (1999), the PTO issued new interim guidelines for examiners (available at: www.uspto.gov/web/offices/pac/dapp/opla/preognotice/guidelines101 20051026.pdf).

The guidelines reflect current PTO thinking about the tests and definitions that examiners should use to determine when a patent application is examined, and tests that the examiners should not use, briefly summarized by the following definitions and rejected tests which focus on "abstract":

### Patent Office Definitions/Rules

patentable = practical applications, novel,

unobvious

applications = 35 U.S.C. §112 novel = 35 U.S.C. §102 unobvious = 35 U.S.C. §103 abstract = not practical

practical = concrete and tangible and useful
useful = specific and substantial and credible
tangible = practical or beneficial or non-abstract

concrete = repeatable or reproducible or

predictable

producible = hand-made or machine-made

### Abandoned Rejection Tests

not in the "technological arts"

- fails the Freeman-Walter-Abele test
- includes mental or human steps
- is machine implemented
- is a per-se data transformation

With the Patent Office's definitions and tests in mind, refer back to the movie plot patent claim at the beginning of this article. Why doesn't that description satisfy most of these definitions? Similarly, are MIDI files "specific," "substantial" and "credible"? Why not? Are MIDI files "practical"? Why not? Can MIDI files be used in a "repeatable" or "reproducible" or "predictable" way? Why not? Are MIDI files either hand-made or machine-made? Why not? So why aren't MIDI files patentable in light of the PTO guidelines that flow from Supreme Court and Appeals Court case law? And are these questions answered differently if they are applied to movie scripts? Are scripts specific, repeatable, useful, etc.? Why not, especially in light of the abandoned tests previously used by patent examiners to reject patents.

There is, however, one last hurdle: are MIDI files and movie scripts "functional subject matter"?

### What is Functional Subject Matter?

The Patent Office has one final test that examiners, for the time being, will try to use to reject all music and movie plot patents. This one test is all that stops Hollywood from being dragged into the full morass of the patent system. The PTO argues that such items are "non-functional subject matter." Fine. But what does the PTO mean by "functional"? Its current definition, unfortunately, is semantically problematic:

functional = has structural and functional interrelationships

Being somewhat circularly defined, it is obvious that the PTO really doesn't have a clear understanding of functionality, and is just trying to come up with a stopgap, finger-in-the-dike, so it can avoid dealing with whole new classes of patents in the arts, especially since it is still struggling (unsuccessfully) with recent, new classes of patents in areas such as biotech, software and business methods. For example, can a legitimate "useful" "function" of a movie be that the movie is an advertising vehicle for product placements?

There is a hint of a major clash within the PTO's "functional" rule – a clash between science and law – that flows from the rejected 1959 two-worlds hypothesis of C.P. Snow:

- that unlike scientific objects, artistic objects have no "structure," no "component interrelationships"
- that artistic objects have no science and engineering to them
- that they can't be abstracted
- that they can't be reverse engineered (both hallmarks of functional and structural systems)
- that they are not part of an axiomatizable theory and thus they can't be patented.

After all, what can you scientifically say about the mystery of Mona Lisa's smile? What structure and functionality is there in the smile that can be claimed in an independent patent claim? After all, you don't just claim a specific computer program (like a specific Perl script), but rather you can also claim (and have to describe) its "structure, sequence and organization" to get patent protection to be able to sue people for making substantially similar devices to your patent.

The problem for the art and entertainment worlds, and especially for the Patent Office, is that this nonfunctional subject matter view of the arts is, to harken back to the beginning of this article, so 1980s-ish. For in the last twenty years, the worlds of science and engineering have made tremendous inroads into the scientific analysis and engineering manipulations of the arts, inroads not reflected in IP law. For example, one computer program can take a script and automatically determine the camera shooting angles. This science allows the arts to be reverse engineered, to be abstracted. There are tens of thousands of pages, most mathematical, of the work of scientists and engineers that apply disciplines such as physics and biology to the analysis and generation of art – all pages that can be mapped into patent and copyright case law. Such mappings then become very powerful weapons to attack this last PTO hurdle - "functional" or "structural" - to the patenting of music and movies.

And this attack is above and beyond what already goes on in Hollywood as reflected in an all too common major insult: "the movie/music was just so FORMULAIC." Formula - rules - methods - science - engineering - patents. The *Hollywood Reporter* recently reported on a list of the 20 top grossing films at the box office, 19 of which were heavily dependent on special

effects (Star Wars, Star Trek, etc.) – special "technological" effects, effects with function and structure. Hard to draw the line, huh?

And the Mona Lisa? A few years ago, a Harvard neuroscientist figured out the perception trick that makes Mona Lisa's smile so intriguing. (As you move your head to view the painting, different parts of your eye, with different image resolution capabilities, perceive the smile differently, which combine in your brain. The article is available at www.news.harvard.edu/gazette/2005/04.28/17-lazy.html.) Mona Lisa's smile is now probably a PhotoShop "transform."

### Legal Attacks on Functionality

How will patent applicants and patent lawyers overcome this last PTO hurdle against patenting all of the arts? They will start filing patents NOW on music and movies (www.plotpatents.com), and get the expected 35 USC §101 rejections for being "non-functional subject matter." Most likely, rejections will state no logic (because of the PTO's ill-defined guidelines). The applicants will appeal, first to the PTO Board of Appeals (which after Lundgren has to be sympathetic to the applicants), and then if necessary to the Court of Appeals for the Federal Circuit (which after State Street and ATT/Excel has to be as sympathetic), and then most likely to the Supreme Court which will find it hard to not remain true to its Diamond v. Diehr view that "anything new under the sun" may be patented. The more science of the arts presented to these courts, the more sympathetic they will be to so expanding patent scope.

To prevail though, patent applicants and their lawyers will need to make use of much of the last 20 years of science as applied to the arts, and map such science into the case law. Do so, and you will have much more powerful arguments than anything the Patent Office tries to oppose with, especially because the mathematics of this science is beyond the expertise of the Patent Office lawyers. At a minimum, an IP lawyer for the arts needs to be competent in modern set theory (though very few are).

### Copyrights as Time-Shifted Patent Claims

That all of the arts are patentable may seem less surprising if you view copyrights as time-shifted patent claims. That is, the copyright system is the patent system except that copyright "claims" are drafted and examined after you get sued (as they were in the *Altai* case). Consider the following similarities between copyrights and patents:

Copyrights Utility Patents expression = products/articles of manufacture ideas = patent claims (Diamond v. Diehr) Markush groups/ adaptations/ = dependent claims derivatives doctrine of equivalents substantial similarity = "thin" protection = design patents 3-notes copyrightable = 1-click patentable (functional) compilations = combinations Altai abstracting = claims drafting/Markman hearing Altai filtration = §102 novelty/§103 obviousness scenes-a-faire = prior art infringement analysis Altai comparison = non-infringing uses (Betamax) = non-infringing uses inducement to infringe = inducement to infringe (Grokster)

The question, then, is: if the copyright system increasingly survives only by borrowing from the patent system (*Altai*, *Betamax*, *Grokster*, etc.), why bother waiting for copyrights to borrow the rest of the patent system? Why not just let all of art and entertainment be patented now?

### What to Advise Your Clients, Now?

The question for lawyers reading this article in 2006 is the same as that posed by companies to lawyers in the mid-1990s as the State Street business method patent case was working its way through the courts: "If patenting of this stuff is inevitable in the years to come, should we start filing our patent applications NOW?" Hard to answer anything but YES, especially if you start learning the science of art and mapping it into the law. And indeed, around the time of State Street in the mid-1990s, the patent system saw the beginning of a flood of business method patent applications, even for the entertainment business. What are the Sonys, the Apples, the IBMs, the Microsofts, the Intels, the Disneys - all major patent powerhouses and all major entertainment players - (let alone VC-backed entertainment entrepreneurs) thinking and doing now and in the years to come?

### Costs and Benefits of Patenting All of the Arts

In a separate article, I will discuss the complicated transitional strategies the art and entertainment world will face if the patent system continues to extend into the pure arts – indeed will have to deal with, if there is a decent chance the extension will be complete. If you wait until these issues work their way through the courts, your clients could lose out to others who start filing their movie and music patents now.

The benefits of using patents are significant:

- more powerful, simultaneous protection for your creations' ideas AND expression (no need for idea/expression metaphysical speculation);
- the lack of an independent creation defense (which in the Internet era is increasingly harder to justify);
- no fair use exception;
- the ability to block exploiters (e.g., blocking "Sopornos" as an equivalent of a "Sopranos" patent);
- the tactical advantages of mastering patent litigation;
- one appeals court; and
- the structuring of industry knowledge (one of the benefits of patent claims).

Indeed, the entertainment industry can see greater profits if its development and manufacturing activities adopt more techniques from the (patentable) world of manufacturing, and if the type of structuring of industry knowledge forced by patent claims is applied to the arts and entertainment.

There are costs to using patents:

- higher costs for obtaining utility patents (though design patents, which have their uses for specific works of art, cost similar to copyright registrations);
- no independent creation defense (though an increasingly weaker defense in light of Google searches and as art is reverse engineered);
- the headaches of patent litigation; and
- the learning of a new body of IP law.

Fortunately for most entertainment companies, their outside counsel already have patent practices.

### Answer to Beauregard

These arguments then answer the lurking question asked by *Beauregard*: "What's the difference between a music CD and a software CD?" Answer: there is no difference. Start filing your movie and music patent applications now. Of course, I am available to do your prior art searches!

### INTERNATIONAL DEVELOPMENTS

Canadian appellate court rules that filesharing may infringe record company and music publisher copyrights; copyright owners are authorized to make new application for order compelling ISPs to identify customers suspected of being P2P users

A Federal Court of Appeal in Canada has breathed new life into the efforts of record companies and music publishers to stop P2P file-sharing in that country. It did so by overruling – in effect – a lower court decision which had held that file-sharing does not infringe Canadian copyrights (*ELR* 26:1:5).

The case in which these opinions have been rendered is one in which Canadian record and music publishing companies sued 29 suspected P2P users for infringing the companies' copyrights. The copyright owners did not know the P2P users' real names; but the copyright owners were able to determine the P2P users' IP addresses, and from those, the copyright owners were able to identify the users' Internet service providers.

The case therefore began — as similar cases in the United States now begin, since the *Verizon* case eliminated pre-lawsuit subpoenas to ISPs (*ELR* 25:11:11) — with a motion by the copyright owners seeking an order requiring those ISPs to identify the suspected P2P users. The trial court reasoned that to be entitled to such an order, the copyright owners had to show they had alleged a *prima facie* case of infringement. And the trial court held that the copyright owners had failed to do that, because the "private copying" provisions of the Canadian Copyright Act permit P2P file sharing.

The copyright owners appealed, with significant – though not unqualified – success. In an opinion by Judge Edgar Sexton, the Federal Court of Appeal ruled that the copyright owners are not required to show they had alleged a *prima facie* case of infringement, at this early stage of the case. Instead, Judge Sexton said, "It is sufficient if they show a *bona fide* claim, i.e., that they really do intend to bring an action for infringement of copyright based upon the information they obtain, and that there is no other improper purpose for seeking the identity of these persons."

More significantly, Judge Sexton faulted the lower court judge for ruling on the ultimate merits of the case without hearing evidence or considering "all applicable legal principles." The Judge pointed out that the defense

of "private copying" is not available in all circumstances. It is not, for example, if the user copies files onto something that is not an "audio recording medium" – a potentially critical point, in light of the court's separate ruling that iPods and MP3 players are not "audio recording mediums" (see next article, *ELR* 27:7:10).

Judge Sexton also faulted the lower court judge for not considering whether the act of copying downloads into a "shared" P2P directory could constitute an infringing "authorization because it invited and permitted other persons with Internet access to have the musical works communicated to them and be copied by them." And finally, the Judge faulted the lower court for ruling against the copyright owners on the grounds they had not shown the P2P users had "knowledge" that the files in their shared directories were being "infringed." Judge Sexton pointed out that Canadian law makes it an infringement to copy or communicate a work that the person knows "or should have known" infringes copyright.

The reason the Court of Appeal overruled the lower court only "in effect," is because it actually did not. Instead, it "dismissed" the copyright owners' appeal — that is, it affirmed the lower court — but it did so "without prejudice to the [copyright owners'] right to commence a further application for the disclosure of the identity of the 'users'...."

The reason the copyright owners' success was not unqualified – Judge Sexton himself described his ruling as a "divided success" – is that in order to get the information they seek, the copyright owners will have to show at least two things. They will have to show that they avoided delay between their investigation and their request for the identities of ISP customers, because the Internet addresses used to identify P2P users are not permanently assigned and thus, after time, may be the addresses of ISP customers who are not suspected of being P2P users. The copyright owners also will have to show that the information they acquired about suspected P2P users was limited to information about "copyright infringement issues."

Judge Sexton also said that if ISPs are ordered to disclose information about their customers to copyright owners, the type of information to be disclosed and the purpose for which it is used may be limited by "specific directions."

BMG Canada Inc. v. Doe, 2005 FCA 193, available at www.fca-caf.gc.ca/bulletins/whatsnew/A-203-04.pdf

Supreme Court of Canada declines to review decision that digital music players are not subject to private copying levy imposed on "blank audio recording media" by Canadian Copyright Act

The Supreme Court of Canada has declined to get involved in a case that raised a question that is central to that country's legal response to unauthorized copying of recorded music. In a pair of one-sentence orders, the Court has "dismissed" applications "for leave to appeal" a decision of the Federal Court of Appeal holding that:

- digital music players like iPods and MP3 players – are not subject to the levy Canada imposes on blank audio recording media, and
- corporations and others who do not copy recorded music may not be exempted from the requirement that they purchase blank media on which the levy has been paid.

Some background: In 1998, Canada decided it would deal with the reality that Canadians were copying music recordings to audiocassettes and CDs by imposing a levy on "blank audio recording media." The levy is a royalty that must be paid by manufacturers and importers of "blank audio recording media" – a royalty that is then distributed to songwriters, music publishers, recording artists and record companies.

The Canadian levy is similar to digital audio royalties imposed by the United States Copyright Act, with two exceptions:

- In the U.S., the royalty is imposed on manufacturers and importers of digital audio "devices" as well as on the manufacturers and importers of digital audio recording "media." In Canada, the royalty is imposed only on audio recording "media," not on audio recording "devices."
- In Canada, the royalty is imposed on more types of audio recording media than in the U.S. This is so because the U.S. Copyright Act does not impose a royalty on media "commonly used by consumers . . . for the purpose of making copies of nonmusical literary works . . . ," even if consumers also (or even usually) use such media to make copies of music (like blank CDs). In Canada, the royalty is imposed on all blank media "ordinarily used" by consumers to make copies of music recordings, including types of media that also are used to make copies of nonmusical works (like blank CDs).

In Canada, the amount of the blank media royalty is determined by the Copyright Board of Canada, in response to "tariffs" proposed by the Canadian Private Copying Collective (which is the organization that collects the levy from those who are required to pay it, and then distributes the levy to those entitled to receive

it). When the CPCC proposed its 2003-2004 tariff, it also proposed that the levy be assessed on recording media built into digital music players, like iPods and MP3 players. The Board agreed and adopted royalty rates of \$2 for players with up to 1 GB of storage capacity, \$15 players with up to 10 GB of capacity, and \$25 for players with greater than 10 GB of capacity.

Manufacturers of the players, and the hard drives built into them, appealed the Board's decision, and the Federal Court of Appeal reversed the Board. In an opinion by Judge Marc Noel, the court said that it could "readily understand" why the Board wanted to impose the levy on players. "The evidence establishes that these recorders allow for extensive private copying by individuals [and their] use can potentially inflict . . . harm beyond any 'blank audio recording medium' . . . ." Nevertheless, the court ruled that the Canadian Copyright Act simply did not give the Board the authority to impose a levy on players, because the Act specifically refers only to "media."

Though on its face, the court's ruling favored manufacturers of players and hard drives, the ruling was not without a downside for those companies and their customers. The Canadian Copyright Act provides that copying a recording "onto an *audio recording medium* for the private use of the person who makes the copy does not constitute an infringement of the copyright in the musical work, the performer's performance or the sound recording." But Judge Noel himself noted that this means that "If . . . digital audio recorders (or the memories embedded therein) fall outside the scope of the definition [of "audio recording medium"] [as the judge ruled they do], copyright infringement could result from the use of such devices to private copy."

Although it's the CPCC job to *collect* royalties, it also proposed a "zero" tariff on blank media purchased by corporations and others who certify they use blank media for purposes *other than* copying music. The Board rejected this proposal, saying there was no basis for it in the Canadian Copyright Act. The Federal Court of Appeal agreed.

Canadian Private Copying Collective v. Canadian Storage Media Alliance, 2004 FCA 424, available at http://decisions.fca-caf.gc.ca/fca/2004/2004fca424.shtml; appeals dismissed by Supreme Court of Canada, Canadian Private Copying Collective v. Apple Canada, Inc., available at www.lexum.umontreal.ca/csc-scc/en/com/2005/html/05-07-28.3a.wpd.html

### **RECENT CASES**

### Disney TV movie "Up, Up, and Away" did not infringe trademark of environmental organization Earth Protector

A federal District Judge has dismissed a claim by an organization named Earth Protector that Disney infringed the organization's trademark by naming a fictional company "Earth Protectors" in the TV movie "Up, Up, and Away." The court held that Earth Protector did not establish it had a valid trademark in connection with television movies.

In 2000, Disney broadcast the television movie "Up, Up, and Away" about a family of superheroes who fight the "diabolical president of an environmental software company." In the movie, the software company, named "Earth Protectors," creates a mind-control program to be used for purposes of good. However, the "diabolical" president of the company attempts to take over the world using the software. Eventually, the family of superheroes defeat the president of "Earth Protectors" and save the world

In the "real" world, Earth Protector is a political and environmental organization. Its main purpose is to promote environmental protection and social betterment. It has used its mark in connection with various activities from educational pamphlets to T-shirts. In 1991, the organization "produced a series of eight television shows," broadcast locally in Minnesota. There is no evidence that the shows were aired after 1991.

Earth Protector claimed that Disney infringed its common law trademark when Disney used "Earth Protectors" in the television movie "Up, Up, and Away." But federal District Judge Donovan Frank concluded otherwise.

In response to Disney's summary judgment motion, Judge Frank held that Earth Protector did not sufficiently establish the existence of a common law trademark, because its mark was only used "sporadically" on local television broadcasts ten years before the Disney movie first aired. The evidence did not show that the mark had "acquired a secondary meaning with consumers of television movies."

Furthermore, Judge Frank noted that even if Earth Protector had established the existence of common law trademark rights, no infringement would have occurred because there was no likelihood of confusion between Disney's use of the mark and Earth Protector's use of the mark.

The judge therefore dismissed Earth Protectors suit for trademark infringement.

Earth Protector was represented by Nathan A. Busch in St. Louis Park, Minnesota. Disney was represented by Paul B. Klaas of Dorsey & Whitney in Minneapolis. (*HK*)

Davis v. Walt Disney Co., 393 F.Supp.2d 839, 2005 U.S.Dist.LEXIS 3729 (D.Minn. 2005)

### Fabolous' hip hop song "Young N" did not infringe copyright to song "Holla Back" owned by publisher/producer Carla Boone

John Jackson – known to his fans as "Fabolous" – did not infringe the copyright to a song owned by publisher/producer Carla Boone, because substantial similarities did not exist between his song "Young N" and her song "Holla Back," a federal District Court has ruled.

In 1999, Boone entered into an exclusive songwriter contract with the rap group Trajik, pursuant to which Boone became Trajik's publisher and producer. Under that contract, Trajik wrote and recorded a song titled "Holla Back" which Boone released as an audio cassette and compact disc. The hook in Trajik's song featured repetition of the phrase "Holla Back."

In September 2001, Fabolous released an album featuring a song titled "Young N." The hook in "Young N" also featured repetition of the phrase "Holla Back." Due to "Young N's" widespread popularity, Fabolous' album sold over a million copies.

After the release of "Young N," Boone received numerous calls from people congratulating her on the success of "Holla Back," whose copyright she owned.

Extremely irked that many of these callers mistakenly believed Fabolous recorded the song "Holla Back," Boone sued Fabolous for copyright infringement.

Federal District Judge George Daniels held that Fabolous did not infringe the copyright to Boone's song. Judge Daniels explained that a comparison of the two songs did not reveal any substantial similarities between the hook in "Young N" and the hook in "Holla Back" that would support an inference of copying. Simply put, the court stated that the phrase "holla back" is too common to be protectable. Judge Daniels also stated that under the ordinary observer test, the two songs were not

aesthetically similar because they differed in background instrumentation and lyrical content.

As a result, Judge Daniels granted Fabolous' motion for summary judgment and dismissed Boone's complaint.

Boone was represented by Bruno Codispoti and Steven Mancinelli of Codispoti & Mancinelli in New York. Fabolous was represented by Cynthia Arato of Manatt Phelps & Phillips in New York. (*KH*)

Boone v. Jackson, 2005 WL 1560511, 2005 U.S.Dist.LEXIS 13172 (S.D.N.Y. 2005)

# Claim that James Brown's "It's a Man's Man's Man's World" infringed copyright of Betty Newsome's "It's a Man's World" was barred by statute of limitations and settlement of earlier case

A federal District Judge has dismissed Betty Newsome's claim that James Brown infringed her copyright in the song "It's a Man's World," because her claim was barred by the statute of limitations as well as the settlement of an earlier case.

Betty Newsome created and registered the copyright to the song "It's a Man's World" in 1964. The song was registered in the name of Clamike Music Publishing, but Newsome was credited as its author and as the owner of the renewal rights.

Newsome later hummed the melody of "It's a Man's World" to James Brown while the two attempted to create a new song. Soon after this, Brown recorded the international hit "It's a Man's Man's World" and assigned his rights in the song to Dynatone. Dynatone registered the copyright to the song, listing Brown as the sole author.

In 1966, Clamike and Newsome filed suit against Brown and Dynatone claiming that Brown's recording was an infringement of "It's a Man's World." A settlement was reached in 1967. The settlement provided that Newsome and Brown were co-owners of "It's a Man's Man's Man's World," and that she would receive 1/3 and he 2/3s of the royalties it generated. Newsome did not sign the settlement, but the terms of the agreement were carried out any way, and Newsome accepted over \$250,000 in royalties.

Nevertheless, on April 3, 2001, Newsome filed suit claiming that the settlement was not binding upon her.

Newsome claimed that Brown's recording of "It's a Man's Man's World" infringed her copyright in "It's a Man's World." She also claimed that Brown improperly registered copyright in the song "It's a Man's Man's Man's World," and that Newsome was the sole owner of the work.

Brown moved for summary judgment, raising the

statute of limitations and laches as defenses. He also asserted that the 1967 settlement agreement precluded her 2001 lawsuit.

Federal District Judge Thomas Griesa noted that when a copyright ownership claim is time-barred, the underlying infringement claim is also barred. Judge Griesa found Newsome's ownership claim to be time-barred because the statute of limitations began running when her first case was settled in 1967. Accordingly, Newsome's infringement claim was also barred, the judge held.

Judge Griesa added that the ownership claim – and therefore infringement claim – also were barred by the doctrine of laches and by the 1967 settlement agreement.

Newsome was represented by Carl I. Kaminsky in New York City. Brown was represented by Leon Friedman in New York City. (*HK*)

Newsome v. Brown, 2005 WL 627639, 2005 U.S.Dist.LEXIS 4088 (S.D.N.Y. 2005)

### Book about football clock management did not infringe copyright of another book on same topic

The book *The Football Coaches' Guide to Clock Management* did not infringe the copyright of another book entitled *Football Clock Management*, because similarities between the two arose from the fact they both discuss the topic of football clock management, a federal District Court has ruled.

John Reed wrote a book on football clock management called *The Football Coaches' Guide to Clock Management*. The book discusses strategies for clock management in football games, from the use of timeouts to the pace of the game. Shortly after Reed's book was published, James Peterson wrote the book *Football Clock Management* which addressed the exact same issues.

Reed noted 21 instances of similarity between the two books and claimed that the Peterson's book infringed Reed's copyright in his book. Peterson of course disagreed.

In response to Peterson's motion for summary judgment, federal District Judge William Schwarzer sided with Peterson and found that Peterson's book did not infringe Reed's copyright.

Judge Schwarzer categorized Reed's book as a functional/factual work, and therefore entitled only to narrow copyright protection. This limited protection prohibits verbatim or near verbatim copying. But the judge found none of Reed's 21 similarities to be verbatim or even near verbatim replicas of Reed's work. Instead, the judge concluded, the similarities arose out of Peterson's decision to "discuss the unprotectable ideas"

concerning clock management."

In the end, Judge Schwarzer noted that Reed, who had represented himself, simply fell prey to "that obsessive conviction, so common among authors and composers, that all similarities between their works and any others which appear later must inevitably be ascribed to plagiarism." Therefore, Judge Schwarzer granted Peterson's motion for summary judgment and dismissed Reed's complaint.

Peterson was represented by Robert W. Payne of Lariviera Grubman & Payne in Monterey. (*HK*)

Reed v. Peterson, 2005 WL 1522187 (N.D.Cal. 2005)

### Creator of "Bikram" yoga failed to win dismissal of suit by Open Source Yoga Unity seeking declaration that yoga sequence is not protectable by copyright and "Bikram yoga" is not protected trademark; case then settled

A federal District Judge denied a motion for summary judgment by the creator of "Bikram" yoga, seeking dismissal of a lawsuit that seeks a declaration that yoga sequences are not protectable by copyright and that "Bikram yoga" is not a protected trademark. The judge concluded that facts relating to the copyright and trademark suit were still in dispute.

Bikram Choudhury created "Bikram" yoga in the late 1960s. Choudhury selected and arranged a sequence of 26 yoga positions, known as asanas, and two breathing exercises, for performance in a room at a temperature of 100 degrees Fahrenheit. Asanas, ancient yoga positions, are all in the public domain.

Choudhury taught classes on Bikram yoga throughout the 1970s. He also gave a presentation on Bikram yoga at a 1972 medical conference in Japan. In 1979, Choudhury published, with proper registration, a book about his new style of yoga. Much later, he obtained trademark rights to the term "Bikram yoga," and a copyright in his sequence of yoga positions.

Recently, Choudhury began informing Bikram yoga instructors that they must obtain a license to teach Bikram yoga, or any substantially similar form of the yoga sequence. Choudhury also insisted that yoga instructors obtain a license to use the term "Bikram yoga."

As a result of Choudhury's assertions, an organization known as Open Source Yoga Unity, on behalf of its members who are yoga instructors, filed suit for declaratory relief. OSYU claimed that yoga is not copyrightable subject matter, and that even if Bikram yoga is protectable as a compilation, the sequence is now a part of the public domain. OSYU also claimed that Choudhury's trademark in the term "Bikram yoga" is invalid, because it is a generic term.

In response to Choudhury's motion for summary judgment, federal District Judge Phyllis Hamilton held that a question of fact existed as to whether the Bikram yoga sequence was protectable as a compilation. Judge Hamilton noted that a conflict existed between Choudhury's claim that his selection and arrangement of the asanas was best for a yoga practitioners health, and OSYU's claim that the yoga sequence is not creative expression but is instead a combination of uncopyrightable functional physical movements.

Also, Judge Hamilton ruled that there was inadequate evidence to determine whether the Bikram yoga sequence had fallen into the public domain. OSYU's argument that Choudhury "must have" memorialized the sequence, and later "must have" published the sequence, when he participated in a Japanese medical conference, was completely unsupported. However, Judge Hamilton also found Choudhury's counter-argument, that he "never" memorialized or published the sequence prior to 1979, insufficient for summary judgment.

Finally, Judge Hamilton noted that summary judgment would be inappropriate on the issue of whether Choudhury's trademark "Bikram yoga" had become generic. The judge pointed out that both parties presented conflicting evidence and therefore questions of fact remained for the jury.

Accordingly, the judge denied Choudhury's motion for summary judgment. Shortly after the judge did so, the case was settled.

Open Source Yoga Unity was represented by Michael H. Page of Keker & Van Nest in San Francisco and Elizabeth H. Rader of Shaw Pittman in East Palo Alto. Bikram Choudhury was represented by Susan E. Hollander of Manatt Phelps & Phillips in Palo Alto. (*HK*)

Open Source Yoga Unity v. Choudhury, 2005 WL 756558, 2005 U.S.Dist.LEXIS 10440 (N.D.Cal. 2005)

Faxes and internal memo did not constitute exclusive distribution agreement between Big Idea Productions and Lyrick Studios, so Big Idea did not breach a contract when it decided to have its cartoon "VeggieTales" distributed by another company

Big Idea Productions did not breach an exclusive distribution agreement with Lyrick Studios for Lyrick's distribution of Big Idea's cartoon "VeggieTales," because a final signed contract was never entered into, a federal Court of Appeals has held.

Phil Vischer founded Big Idea Productions to finance and market "VeggieTales," a computer-animated Christian-themed children's cartoon he created.

Originally, Big Idea distributed "VeggieTales" itself, but due to rapid sales and growth, Big Idea hired a third party to distribute its product. With its continuing success, Big Idea wanted to sell its products to an even larger audience. To do this, Big Idea began negotiating with Lyrick Studios, which had experience with its own successful children's programs.

During the negotiations, several documents were exchanged between the two companies. The most notable were a fax that contained a distribution proposal, a fax that listed several issues still to be decided, and an unsigned draft agreement.

Despite the absence of a signed contract, Lyrick began distributing "VeggieTales" videocassettes. The cassettes were immediately successful and both companies made a significant profit from the relationship. The negotiations over a written contract continued for two years, but none was ever signed. Then the relationship between Big Idea and Lyrick became strained. Shortly thereafter, Big Idea told Lyrick that it was going to use a new distributor.

Feeling betrayed by Big Idea, Lyrick sued for breach of what it claimed was an exclusive distribution agreement. The case went to trial, the jury found that a contract existed, and that Big Idea had breached it.

Big Idea immediately appealed. In an opinion by Judge Edward Prado, the Court of Appeals found that a final signed contract was never created, and therefore there was no breach. Judge Prado rejected Lyrick's argument that the faxes proved the existence of a final signed contract, because the faxes contained proposals and undecided issues. The faxes were only a "part of negotiations," the judge said. Furthermore, Judge Prado stated that an exclusive agreement must be in writing, and that Big Idea's internal memo did not satisfy the writing requirement because it was never intended to be communicated to Lyrick.

The appellate court therefore reversed the judgment that had been entered against Big Ideas.

Lyrick was represented by Anne M. Johnson of Haynes & Boone in Dallas. Big Idea was represented by Vincent Chieffo and LeAllen Frost of Greenberg Traurig in Santa Monica and Dallas. (*KH*)

Lyrick Studios v. Big Idea Productions, 420 F.3d 388, 2005 U.S.App.LEXIS 16164 (5th Cir. 2005)

## Appeals court vacates \$47 million judgment awarded to prominent sports agent Leigh Steinberg in suit against former partner David Dunn

Prominent sports agent Leigh Steinberg was awarded a \$47 million judgment against his former partner David Dunn; but the judgment has been vacated

because the statutory unfair competition claim on which the award was based was a purely "equitable" claim, for which neither compensatory nor punitive damages could be awarded, a federal Court of Appeals has held.

Steinberg and David Dunn once were partners – fellow shareholders, really – in Steinberg Moorad & Dunn Inc., a successful agency that represented many high profile athletes. Dunn became dissatisfied with the partnership and broke away from Steinberg to start his own sports agency named Athletes First. Trouble soon ensued when Dunn began representing sports figures that had been represented by Steinberg's agency while Dunn was an employee.

In response, Steinberg levied a myriad of charges against Dunn, including claims for statutory unfair competition and breach of contract. Steinberg won a jury trial

But in a Per Curiam opinion, a federal Court of Appeals held that the trial court had committed reversible error by submitting both statutory and common law unfair competition theories to the jury. The appellate court noted that statutory unfair competition claims are purely equitable claims, for which the jury should not have been allowed to award compensatory and punitive damages. The error made by the trial court required the entire award of \$47 million to be vacated and the case was remanded for a new trial.

The appellate court ruled the trial court also made prejudicial and erroneous rulings on the breach of contract claim. Among other things, the trial court failed to instruct the jury that the non-competition clause in Dunn's employment contract was invalid under California law.

Furthermore, no evidence was presented that Dunn was a unique and irreplaceable employee – evidence that was necessary for the court to enjoin Dunn from competing with Steinberg.

As a result, Steinberg's judgment of \$47 million was vacated and the case was remanded for a new trial.

Steinberg Moorad & Dunn was represented by Thomas M. Peterson of Morgan Lewis & Bockius in San Francisco. David Dunn was represented by Joanne M. Frasca in Costa Mesa. (*JCL*)

Steinberg Moorad & Dunn Inc. v. Dunn, 136 Fed.Appx. 6, 2005 U.S.App.LEXIS 5162 (9th Cir. 2005)

# Worker's compensation clause in standard NFL player contract entitled Carolina Panthers to dollar-for-dollar credit for postinjury payments to players

Worker's compensation cases for highly paid employees are said to be rare, but the North Carolina Court of Appeals recently heard three of them.

Interestingly, all three were filed against the same company: Richardson Sports, the owner of the NFL Carolina Panthers. A common issue in the cases was the amount of credit due the Panthers for post-injury payments they made to their players. This determination can make a difference of millions of dollars in the context of professional sports. The court seemed reluctant to decide this issue in the first case, but later held that the worker's compensation clause in the standard NFL contract entitled the Panthers to a dollar-for-dollar credit for all post-injury payments subject to credit.

### Chuck Smith case

The first of the cases involved player Chuck Smith. Smith signed an NFL contract to play for the Panthers in 2000. Under his contract, Smith was to receive several bonuses and an increasingly large yearly salary totaling over \$20 million. Just before the 2000 football season began, Smith underwent surgery to "clean out" his knee, on which he once had reconstructive surgery. He only played three games for the Panthers before he hurt his knee again, this time irreparably. The Panthers terminated his contract in 2001 citing "unsatisfactory skill and performance as compared with that of other players competing for positions on the club's roster."

The Panthers paid Smith nearly \$6.5 million after his injury. These payments included bonuses and 14 weekly disability-fund payments totaling around \$700,000. Smith filed a claim with the North Carolina Industrial Commission, seeking worker's compensation from the Panthers.

There are two details worth mentioning here. First, unlike some states, North Carolina does not have a statute specifically addressing worker's compensation for professional athletes. This is significant because the athletes have million-dollar contracts but are still subject to the same statutory compensation cap as regular employees.

Second, an employer may sometimes receive a credit towards the amount of compensation it owes its employee. Credit will only be awarded for payments paid after the injury, and only if the money was not "due and payable." That is, the employer does not get credit for money the employee had actually earned prior to the injury.

When credit is due, it may be awarded in one of two ways. "Dollar-for-dollar credit" is credit for every post-injury dollar paid to the employee, to be deducted from the amount of dollars of compensation due. "Week-for-week credit" is credit for the number of weeks of post-injury payments the player received, to be deducted from the number of weeks of compensation due.

At the hearing, Deputy Commissioner Phillip Homes said Smith was entitled to the maximum compensation allowable under North Carolina law at the time: \$588 per week for 300 weeks.

The Panthers requested a credit for the \$6.5 million

in post-injury payments they made to Smith. Commissioner Homes denied this request because Smith had already earned most of this money before his injury. As such, the Panthers could not receive a credit for the full \$6.5 million. But the commissioner agreed that Smith had not earned the 14 weekly disability-fund payments totaling \$700,000, and that these payments were in fact subject to credit.

The Panthers asked for a \$700,000 dollar-for-dollar credit. The commission, however, awarded the Panthers a week-for-week credit. Effectively, the Commission deducted 14 weeks from the 300 weeks of compensation the Panthers had to pay Smith. The Panthers therefore still owed Smith 286 weeks of compensation at a weekly rate of \$588.

The Panthers appealed to the Full Commission, claiming that Commissioner Homes erred in awarding the Panthers a week-for-week credit. The Full Commission affirmed.

The Panthers filed an appeal with the Court of Appeals of North Carolina. Again, the team claimed it was entitled to a greater credit than what it was awarded.

Writing the opinion for the Court of Appeals, Judge Robert Hunter stated that under North Carolina statute, credit due to an employer is presumed to be on a weekfor-week basis. In 1994, the North Carolina General Assembly expressly stated that "unless otherwise provided by the plan," if compensation credit is due, the employer will be awarded week-for-week credit and not dollar-for-dollar credit.

The Panthers argued that Smith's standard NFL player contract did in fact contain the required modifying clause. Under the contract, if credit is due "the Club will be entitled to be reimbursed the *amount* of such payment out of any award of workers compensation." Judge Hunter, however, was not certain the clause meant what the Panthers said it did. As a result, he remanded the case to the Commission so that it could hear additional evidence and determine whether the contract did in fact entitled the Panthers to a dollar-for-dollar credit.

Dusty Renfro case

This court reached a different result in a similar case brought by player Dusty Renfro. In Renfro's case, the court awarded a dollar-for-dollar credit based on a standard NFL contract identical to the one Chuck Smith had with the Panthers.

Renfro joined the Carolina Panthers in 2001. The Panthers sent Renfro to play for an NFL Europe team, and then, five months later, brought him back for the Panthers' training camp in the United States. During a pre-season practice, Renfro seriously injured his left wrist while blocking a teammate. The Panthers soon released him from his contract. Renfro filed an injury grievance claim, which he and the Panthers settled in 2002 for \$35,000.

Renfro also filed a claim with the North Carolina Industrial Commission, seeking worker's compensation.

At the hearing, Deputy Commissioner Bradley Houser denied Renfro's claim. Renfro appealed to the Full Commission, and the ruling was reversed. The Commission found in Renfro's favor and awarded him the maximum compensation allowable at the time: \$620 a week, for 300 weeks. The Panthers were awarded a credit for the 2002 settlement on a dollar-for-dollar basis.

Renfro appealed to the Court of Appeals of North Carolina, claiming that the Commission erred in awarding the Panthers a dollar-for-dollar credit.

As in Smith's case, the Panthers pointed to the modifying clause in Renfro's standard NFL contract. On the other hand, Renfro insisted that "several arbitration decisions compel a different result."

This time, Judge Hunter stated that the language in Renfro's contract was "unambiguous" and clearly favored the Panthers. So the Court of Appeals affirmed the Commission's ruling, and awarded the Panthers a dollar-for-dollar credit for the amounts the team had paid Renfro after his injury.

Mike Swift case

The third case was filed by Mike Swift who signed with the Carolina Panthers in 1998. In a regular season game in 1999, two players fell on Swift's leg. The Panthers team doctor concluded that Swift's leg was broken and the tendons of his ankles were torn. The Panthers did not renew his contract. They still paid Smith roughly \$19,000 per game for all 16 games of the season, even though he did not play in the last game. The Panthers also paid Smith \$30,000 in severance pay as required by Swift's contract.

Swift filed a claim with the Industrial Commission, seeking worker's compensation from the Panthers.

The Full Commission concluded that Swift was entitled to the maximum compensation allowable in 1999: \$560 per week, for 300 weeks. The Panthers were awarded one week of credit for the last game of the season (because Smith did not play). No credit was awarded for the \$30,000 severance pay. A player "earns" a severance pay based mainly on the number of years he has played in the NFL, and the payment is therefore not subject to credit.

The Panthers appealed this decision to the North Carolina Court of Appeals.

Writing for the court, Judge Douglas McCullough affirmed the Commission's decision to award credit for the last game of the season, but not for the severance pay. The judge disagreed, however, with the Commission's decision to award the credit on a weekfor-week basis instead of on a dollar-for-dollar basis.

Judge McCullough relied almost exclusively on the court's decision in Renfro's case. "As there is no discernible difference between the payment made in *Renfro* and the case at bar, defendant is entitled to a dollar-for-dollar credit under the same rational as is set out in the Renfro case."

Therefore, the Court of Appeals reversed on this

issue, and awarded the Panthers a dollar-for-dollar credit pursuant to the standard NFL player contract.

The Carolina Panthers were represented by Hedrick Eatmon Gardner & Kincheloe in Charlotte. Smith, Renfro and Swift were all represented by R. James Lore in Raleigh. (VG)

Smith v. Richardson Sports, Ltd., 616 S.E.2d 245, 2005 N.C.App.LEXIS 1440 (N.C.App. 2005); Renfro v. Richardson Sports, Ltd., 616 S.E.2d 317, 2005 N.C.App.LEXIS 1435 (N.C.App. 2005); Swift v. Richardson Sports, Ltd., 620 S.E.2d 533, 2005 N.C.App.LEXIS 1898 (N.C.App. 2005)

### New England Patriots did not breach contract with season ticket holder by canceling season tickets

The New England Patriots did not breach a contract with its season ticket holder by canceling the holder's ticket privileges. It didn't, a Massachusetts appellate court has ruled, because the tickets were merely revocable licenses.

Yarde Metals, Inc., had been a season ticket holder of the New England Patriots for twenty years. In October 2002, Yarde gave one of its clients a ticket to attend a game. During the game, Yarde's client was ejected from the stadium for throwing bottles in the seating section. As a result, the Patriots' front office immediately terminated Yarde's season ticket privileges. In an attempt to salvage its season ticket privileges, Yarde explained to the Patriots in several letters that the entire matter was a complete misunderstanding. Despite Yarde's efforts, the Patriots refused to reinstate Yarde's ticket privileges.

Yarde decided to sue the Patriots for breach of what Yarde alleged was its contractual right to renew its season tickets annually.

At the trial court, Yarde didn't fare any better than it had with the team itself. The court dismissed Yarde's complaint in response to the Patriots' motion (*ELR* 25:9:5).

Yarde appealed. In an opinion by Justice Mel Greenberg, the appellate court held that there was no legal basis for implying a contractual right to renew, because explicit language on the ticket indicated that season tickets were revocable licenses. Justice Greenberg explained that the "offer from the Patriots to purchase season tickets may not thwart the Patriots' right to revoke ticket privileges for cause which the ticket holder agreed to as part of the season ticket package." Justice Greenberg also rejected Yarde's claim for estoppel in light of the explicit language printed on the back of the ticket.

As a result, the appellate court affirmed the

dismissal of Yarde's action.

Yarde Metals was represented by Paul F. Denver of Rossman & Rossman in Boston. The New England Patriots was represented by Daniel L. Goldberg of Bingham McCutchen in Boston. (*KH*)

Yarde Metals, Inc. v. New England Patriots, 834 N.E.2d 1233, 2005 Mass.App.LEXIS 904 (Mass.App. 2005)

## Ontario Hockey League's "Van Ryn Rule" did not violate antitrust laws, federal appellate court affirms

The Ontario Hockey League did not violate the Sherman Antitrust Act, despite the league's Van Ryn Rule, because harm to *athletic* competition is not anticompetitive under the Sherman Act, a federal Court of Appeals has ruled.

The OHL consists of twenty teams, with players aged 16 to 20. OHL eligibility rules permit each team to carry only three 20-year-old or "overage" players. Under the OHL's Van Ryn Rule, no overage player can be signed by an OHL team unless he was previously on a Canadian Hockey Association or USA Hockey Player's Registration the previous season. The NCAA does not permit players holding either type of registration to play at an NCAA school. These two rules combine to prevent OHL teams from signing any 20-year-old NCAA players.

Anthony Aquino and Edward Caron were 20-year-old NCAA hockey players drafted by NHL teams. Rather than play for the teams that drafted them, each player wanted to become an unrestricted free agent to sign with the teams of their choice. If they signed with OHL teams, Aquino and Caron would become free agents. This is so because under the terms of the NHL's Collective Bargaining Agreement, a team has rights to a drafted player only if the player remained in NCAA competition or played for a *non*-affiliated hockey league. The OHL is an affiliated league, and thus, signing with OHL teams would make the players unrestricted free agents. However, the Van Ryn Rule prevented each player from attaining free agency by prohibiting them from signing with OHL teams.

Angered by the Van Ryn Rule's restricting effect on free agency, the players brought their claim to the NHL Players Association. As a result, the NHLPA filed suit seeking declaratory and injunctive relief, barring enforcement of the Van Ryn Rule.

Early in the case, the NHLPA enjoyed significant success. A federal District Court found it likely that the Van Ryn Rule violated antitrust law, and she issued a preliminary injunction barring the OHL from enforcing it. The injunction was reversed on appeal, however (*ELR* 25:2:17). The case was remanded to the District Court,

which eventually granted the OHL's motion to dismiss.

The NHLPA then appealed. In an opinion by Judge Eric Clay, the appellate court held that no antitrust violation occurred, because harm to *athletic* competition is not anti-competitive under the Sherman Act. This is so because the Sherman Act only protects against *economic* injury. Judge Clay reasoned the Van Ryn Rule does not produce economic injury because the rule merely "substitutes one arguably less skilled player for another arguably more skilled player." Judge Clay also stated that any harm caused by some players' inability to achieve free agency in the NHL was caused by the NHL Collective Bargaining Agreement and not the Van Ryn Rule.

As a result, Judge Clay affirmed the District Court's dismissal of the case.

NHL Players Association was represented by Michael P. Conway of Grippo & Elden in Chicago. Plymouth Whalers Hockey Club was represented by Stephen F. Wasinger of Wasinger Kickham & Hanley in Royal Oak, Michigan. (*KH*)

NHL Players Association v. Plymouth Whalers, 419 F.3d 462, 2005 U.S.App.LEXIS 17134 (6th Cir. 2005)

### Court refuses to dismiss Wisconsin radio station's trademark infringement claim complaining about Clear Channel's use of "Madison's Progressive Talk"

Clear Channel Communications' motion to dismiss a Wisconsin radio station's trademark infringement claim was denied, even though the radio station's complaint did not allege all of the facts the station will have to prove to win its case, a federal District Court has ruled.

Mid-West Management, a Wisconsin corporation that owns and operates the radio station WTDY (1670-AM), broadcasts in Madison and streams its broadcasts over the Internet. On August 26, 2004, Mid-West began using the phrase "Madison's Progressive Talk" during WTDY broadcasts in reference to its recently added progressive viewpoint talk shows. The following day, Mid-West stated that WTDY's new name would be "Talk Radio 1670 Madison's Progressive Talk."

On August 31, 2004, Mid-West filed a trademark application for the phrase with the State of Wisconsin. That same day, Clear Channel Communications sent Mid-West a letter that demanded that it cease all use of the phrase, claiming that it owned the trademark rights in the phrase, and that Mid-West's use was unauthorized. Subsequently, Clear Channel began using the phrase "Madison's Progressive Talk" during its radio broadcasts on WXXM, which, like WTDY, streams its broadcasts over the Internet.

Both radio stations used the phrase in advertisements and promotions. On September 17, 2004, Clear Channel sent Mid-West a letter that included a copy of a registration filed with the State of Wisconsin claiming a first-use date of August 26, 2004. Mid-West proposed that the two parties exchange evidence of each station's first use, but Clear Channel did not respond and continued to use the phrase.

Mid-West then filed suit against Clear Channel, alleging that it infringed on Mid-West's trademark under both the Lanham Act and Wisconsin law.

In response to Clear Channel's motion to dismiss for failure to allege the existence of a protected mark, Judge Barbara Crabb held that the conclusion that "Madison's Progressive Talk" was merely descriptive of Mid-West's radio broadcasts was insufficient to grant Clear Channel's motion to dismiss Mid-West's infringement claims. The court acknowledged that descriptive marks are entitled trademark protection only if they acquire distinctiveness or a secondary meaning. The court stated, however, that it could grant a motion to dismiss only if it

appeared beyond doubt that Mid-West was unable to show that the phrase has acquired a secondary meaning.

Although Mid-West's complaint did not show that the phrase has acquired a secondary meaning, the court noted that it was possible that Mid-West would introduce facts that show the phrase has a secondary meaning. Furthermore, the court held that the allegations in Mid-West's complaint were sufficient to state a claim of trademark infringement under the Lanham Act and Wisconsin law.

As a result, the court denied Clear Channel's motion to dismiss Mid-West's complaint.

Mid-West Management was represented by Kenneth Axe of Lathrop & Clark in Madison. Clear Channel Communications was represented by John Fredrickson of Boyle Fredrickson Newholm, Stein & Gratz in Milwaukee. (*JHI*)

Mid-West Management, Inc. v. Capstar Radio Operating Co., 2005 WL 503817, 2005 U.S.Dist.LEXIS 3368 (W.D.Wis. 2005)

### The

### ENTERTAINMENT LAW REPORTER

### is now on CD-ROM!

### Doing entertainment law research, or looking for a back issue?

Now you can have instant access to:
26 volumes, covering . . .
27 years of developments, that take up . . .
42 inches of shelf space, as originally published on paper in . . .
361 individual issues, containing more than . . .
7,000 printed pages, all on just . . .
1 CD-ROM

Every back issue of the Entertainment Law Reporter — from the Preview Edition published in 1978 through Volume 26 Number 12 published in May 2005 — has been digitized and reformatted for easy on-screen reading. Using special Adobe Acrobat® software provided on the CD-ROM (requires Windows 95 - Windows XP), you can perform full-text searches — by word, phrase, case name, author's name, or ELR citation — to instantly locate and retrieve material published in all 361 back issues.

Available for \$300.00 (California residents add sales tax of \$24.75) by check or credit card directly from the

Entertainment Law Reporter Publishing Company, 2118 Wilshire Blvd. #311, Santa Monica, CA 90403-5784 Email: orders@EntertainmentLawReporter.com Web: www.EntertainmentLawReporter.com

### **DEPARTMENTS**

### In the Law Reviews:

CASE WESTERN RESERVE LAW REVIEW has published Volume 55, Number 4 as a Law Technology and the Arts Symposium entitled "Copyright and Personal Copying: Sony v. Universal Studios Twenty-One Years Later" with the following articles:

Rewinding Sony: The Evolving Product, Phoning Home and the Duty of Ongoing Design by Randal C. Picker, 55 Case Western Reserve Law Review 749 (2005)

Breaking the Vicious Circularity: Sony's Contribution to the Fair Use Doctrine by Frank Pasquale, 55 Case Western Reserve Law Review 777 (2005)

Sony, Tort Doctrines, and the Puzzle of Peer-to-Peer by Alfred C. Yen, 55 Case Western Reserve Law Review 815 (2005)

Comment: An Alternative Torts Model of Secondary Copyright Liability by David W. Barnes, 55 Case Western Reserve Law Review 867 (2005)

The Problems of Judging Young Technologies: A Comment on Sony, Tort Doctrines, and the Puzzle of Peer-to-Peer by R. Anthony Reese, 55 Case Western Reserve Law Review 877 (2005)

Keynote: Fair Use: Threat or Threatened? by Wendy J. Gordon, 55 Case Western Reserve Law Review 903 (2005)

*The Sony Paradox* by Jessica Litman, 55 Case Western Reserve Law Review 917 (2005)

Comment: Copyright's Public-Private Distinction by Julie E. Cohen, 55 Case Western Reserve Law Review 963 (2005)

Comment: Sony, Fair Use, and File Sharing by Stacey L. Dogan, 55 Case Western Reserve Law Review 971 (2005)

Sony in the Trenches by James Burger, Matthew J. Oppenheim & Michael Petricone, 55 Case Western Reserve Law Review 977 (2005)

CARDOZO ARTS & ENTERTAINMENT LAW JOURNAL has published Volume 23, Number 2 with the following articles:

The Author's Name as a Trademark: A Perverse Perspective on the Moral Right of "Paternity"? by Jane C. Ginsburg, 23 Cardozo Arts & Entertainment Law Journal 379 (2005)

Rewriting Fair Use and the Future of Copyright Reform by Michael J. Madison, 23 Cardozo Arts & Entertainment Law Journal 391 (2005)

What Is a Copy? by Jeffrey Malkan, 23 Cardozo Arts & Entertainment Law Journal 419 (2005)

Broadcast Litigiousness: Syndi-Court's Construction of Legal Consciousness by Kimberlianne Podlas, 23 Cardozo Arts & Entertainment Law Journal 465 (2005)

Whose Idea Is It Anyway? Protecting Idea Purveyors and Media Producers after Grosso v. Miramax by Aileen Brophy, 23 Cardozo Arts & Entertainment Law Journal 507 (2005)

Trend Forecast: Imitation Is a Legal Form of Flattery-Louis Vuitton Malletier v. Dooney & Bourke, Inc. by Sarah J. Kaufman, 23 Cardozo Arts & Entertainment Law Journal 531 (2005)

SETON HALL JOURNAL OF SPORTS AND ENTERTAINMENT LAW has published Volume 15, Number One with the following articles:

Judicial Opinion on the Criminality of Sports Violence in the United States by Mathew P. Barry, Richard L. Fox and Clark Jones, 15 Seton Hall Journal of Sports and Entertainment Law 1 (2005)

Oh, What a Tangled Web We Weave: Reality TV Shines a False Light on Lady Duff-Gordon by Walter T. Champion, Jr., 15 Seton Hall Journal of Sports and Entertainment Law 27 (20050

Cricket and the Cohesive Role of Sports in Society by Roger I. Abrams, 15 Seton Hall Journal of Sports and Entertainment Law 39 (2005) Too Many Men on the Field: Why Congress Should Punt on the Antitrust Debate Overshadowing Collegiate Football and the Bowl Championship Series by Timothy Kober, 15 Seton Hall Journal of Sports and Entertainment Law 57 (2005)

Who Should Profit? The Balancing Act Between a Celebrity's Right to Publicity and the Public's Right of Freedom of Expression in a Capitalist Society by Amanda Lloyd, 15 Seton Hall Journal of Sports and Entertainment Law 85 (2005)

Caught in the Middle: The Effect of Increased Visa Requirements on Non-Profit Performing Art Organizations by Sara Elizabeth Macks, 15 Seton Hall Journal of Sports and Entertainment Law 109 (2005)

More "Filthy Words" But No "Free Passes" for the "Cost of Doing Business": New Legislation Is the Best Regulation for Broadcast Indecency by Jennifer L. Marino, 15 Seton Hall Journal of Sports and Entertainment Law 135 (2005)

Rock 'N' Roll Suicide: Why Heavy Metal Musicians Cannot Be Held Responsible for the Violent Acts of Their Listeners by Matthew Sampar, 15 Seton Hall Journal of Sports and Entertainment Law 173 (2005)

THE SPORTS LAWYERS JOURNAL, a publication of the Sports Lawyers Association and edited by the students of Tulane University School of Law, has published Volume 12, Number 1 with the following articles:

Fired in the NBA! Terminating Vin Baker's Contract: A Case-Study in Collective Bargaining, Guaranteed Contracts, Arbitration, and Disability Claims in the NBA by Jason R. Marshall, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

Commerciality of Collegiate Sports: Should the IRS Intercept? by Erin Garali, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

A New Approach to an Old Problem: Could California's Proposed Ban on "Redskins" Mascots in Public Schools Have Withstood a Constitutional Challenge? by Lauren Brock, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

*Title IX Compliance: Looking Past the Proportionality Prong* by Elisa Hatlevig, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

Are Amateur Sports Officials Employees? by Marc Sushner, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

European Sports, the Transfer System and Competition Law: Will They Ever Find a Competitive Balance? by Stratis Camatsos, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

When the Game Ends, the Pandemonium Begins: University Liability for Field-Rushing Injuries by Marcus Misinec, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

Amateurism Stifles a Student-Athlete's Dream by Christian Dennie, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

Bloom v. NCAA: A Procedural Due Process Analysis and the Need for Reform by Alain Lapter, 12 The Sports Lawyers Journal (2005) (for publisher, see above)

Tulane Moot Court Mardi Gras Invitational: 2004 Problem and Winning Brief, 12 The Sports Lawyers Journal 2005 (for publisher, see above)

ENTERTAINMENT LAW REVIEW, published by Sweet and Maxwell, www.sweetandmaxwell.co.uk, has issued Volume 16, Issue 8 with the following articles:

Stemming the Peer-to-Peer Outflow at Source – Maybe by David Flint, 16/8 Entertainment Law Review 199 (2005) (for website, see above)

Sports Rights – How Mobile Are They? A Consideration of the Competition Issues Arising from the European Commission's Investigation in the Sector Inquiry into New Media (3G) by Louisa Penny, 16/8 Entertainment Law Review 201 (2005) (for website, see above)

Cross-Border Licensing and Collective Management: A Proposal for the Online Context by Maria Mercedes Frabboni, 16/8 Entertainment Law Review 204 (2005) (for website, see above)

Copyright in Character, Intellectual Property Rights and the Internet by Professor A. McGee and Gary Scanlon, 16/8 Entertainment Law Review 209 (2005) (for website, see above)

The Emerging Legal Environment for Podcasting by Mark Fox and Tony Ciro, 16/8 Entertainment Law Review 215 (2005) (for website, see above)

Rivalrous Consumption and the Boundaries of Copyright Law: Intellectual Property Lessons from Online Games by Andrew D. Schwarz and Robert Bullis, 10 Intellectual Property Law Bulletin 13 (2005) (published by University of San Francisco School of Law) The OSYU v. Bikram Choudhury Copyright Case: Analytical Approaches to Fleshing Out a Paper Tiger by Michael J. Thomas, 10 Intellectual Property Law Bulletin 31 (2005) (for publisher, see above)

Bridgeport Music, Inc. v. Dimension Films: How the Sixth Circuit Missed a Beat on Digital Music Sampling by John Schietinger, 55 DePaul Law Review 209 (2005)

Cezanne and Renoir: Analogous Art in Patent Law by Lance Leonard Barry, 13 Texas Intellectual Property Law Journal 243 (2005) (published by The University of Texas School of Law)

Lost in Translation: Distinguishing Between French and Anglo-American Natural Rights in Literary Property, and How Dastar Proves that the Difference Still Matters by Benjamin Davidson, 38 Cornell International Law Journal 583 (2005)

Parody and Perception: Using Cognitive Research to Expand Fair Use in Copyright by Laura R. Bradford, 66 Boston College Law Review 705 (2005)

Structure Versus Effect: Revealing the Unconstitutional Operation of Title IX's Athletics Provisions, 66 Boston College Law Review 825 (2005)

The Dirty Words You Cannot Say on Television: Does the First Amendment Prohibit Congress from Banning All Use of Certain Words? by Stephanie L. Reinhart, 2005/Number 4 University of Illinois Law Review 989 (2005)

From Carlin's Seven Dirty Words to Bono's One Dirty Word: A Look at the FCC's Ever-Expanding Indecency Enforcement Role by Faith Sparra, 3 First Amendment Law Review 207 (2005) (published by University of North Carolina Law School)

Information Cascades and Mass Media Law by Steven Geoffrey Gieseler, 3 First Amendment Law Review 301 (2005) (for publisher, see above)

Virtual Property by Joshua A.T. Fairfield, 85 Boston University Law Review 1047 (2005)

Speech Discrimination by John Fee, 85 Boston University Law Review 1103 (2005)

The Trademark Function of Authorship by Greg Lastowka, 85 Boston University Law Review 1171 (2005)

Prometheus Radio Project v. Federal Communications Commission: Where Will the Media Regulation Trend End? by Stephanie N. DeClerk, 58 Arkansas Law Review (2005)

THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION, www.aipla.org, has published Volume 33, Number 3 of its AIPLA Quarterly Journal with the following articles:

"Publication" Does Not Really Mean Publication: The Need to Amend the Definition of Publication in the Copyright Act by RayMing Chang, 33/3 AIPLA Quarterly Journal 225 (2005) (for website, see above)

Divided Infringement Claims by Mark A. Lemley, David O'Brien, Ryan M. Kent, Ashok Ramani, & Robert Van Nest, 33/3 AIPLA Quarterly Journal 255 (2005) (for website, see above)

Initial Interest Confusion: Standing at the Crossroads of Trademark Law by Jennifer E. Rothman, 27 Cardozo Law Review 105 (2005)

The Controversy Requirement in Defamation Cases and Its Misapplication by Jacquelyn S. Shaia, 28/2 American Journal of Trial Advocacy 387 (2004) (http://www.samford.edu/schools/law/trialjournal/)

The Internet Auction House and Secondary Liability-Will eBay Have to Answer to Grokster? by Deborah J. Peckham, 95/5 The Trademark Reporter 977 (2005) (http://www.inta.org/pubs/tmr.html)

WIDENER LAW JOURNAL, published by the Widener University School of Law, has issued a Symposium entitled The Lawyer as Poet Advocate: Bruce Springsteen and the American Lawyer with the following articles:

An Introduction by Randy Lee, 14 Widener Law Jornal 719 (2005)

Rats and Wounds in Bruce Springsteen's "Jungleland": A Prelude to the Lawyer as Poet Advocate by William P. Doyle, 14 Widener Law Journal 731 (2005)

The Lawyer-Advocate vs. the Poet Advocate by Attorney General Tom Corbett, 14 Widener Law Journal 737 (2005)

What an Advocate Can Learn from Springsteen by Honoable J. Michael Eakin, 14 Widener Law Journal 743 (2005)

*The Lawyer as Artist* by Ken Gormley, 14 Widener Law Journal 753 (2005)

Portraits of Criminals on Bruce Springsteen's Nebraska: The Enigmatic Criminal, the Sympathetic Criminal, and the Criminal as Brother by Samuel J. Levine, 14 Widener Law Journal 767 (2005)

The Dignity and Humanity of Bruce Springsteen's Criminals by Abbe Smith, 14 Widener Law Journal 787 (2005)

The Promise Was Broken: Law as a Negative Force in Bruce Springsteen's Music by Samuel R. Bagenstos, 14 Widener Law Journal 837 (2005)

"Meanness in This World" by Garrett Epps, 14 Widener Law Journal 847 (2005)

Bruce Springsteen's Hope and the Lawyer as Poet Advocate by Randy Lee, 14 Widener Law Journal 867 (2005)

### **Educational Programs Calendar:**

Brave New World: Representing Clients in an Evolving and Regulated Environment, Thursday, January 26, 2006, 2p.m.-7:45 p.m., Southwestern Law School, Los Angeles. Sponsored by the Southwestern Law School Donald E. Biederman Entertainment and Media Law Institute and the Media Law Resource Center, the program presents panels of experienced entertainment lawyers discussing To Clear or Not to Clear: Product Uses in Film and Television; Let's Make a Deal: Brand Integration Transactions and Beyond; Big Brother Really is Watching: Wardrobe Malfunctions and Other Indecency Concerns; Surviving the Matrix: and Legal Pitfalls of Blurring Fact and Fiction. For additional information, contact Tamara Moore of the Biederman Entertainment & Media Law Institute at 213-738-6602 or institute@swlaw.edu.

Entertainment Law Year in Review, Thursday, January 26, 2006, at 11:45 a.m., Intellectual Property & Entertainment Law Section of the Los Angeles County Bar Association, Professor Lon Sobel, Professor & Director of UK Summer Abroad Program, Southwestern University School of Law, and Editor of the ENTERTAINMENT LAW REPORTER will discuss recent developments in entertainment law that promise to shape existing business models, transactional arrangements, and litigation tactics employed by the entertainment industry, including: policy issues affecting the very nature of the entertainment business, including peer-topeer copyright liability (in the U.S. and abroad) and digital TV/broadcast flag regulation; constitutional issues concerning the validity of recent Copyright Act Amendments; copyright protection for photographs (in a wide variety of contexts) and pre-1972 sound recordings under state law; right of publicity issues; copyright litigation issues, including standing of screenwriters to bring lawsuits for infringement of work-made-for-hire scripts and punitive damages for copyright infringement: and practice of law issues, including disqualification of law firms on account of prior representation of adverse party and attorneys (and managers) fees. For information, call (213) 896-6453.

11th Annual International Trade Marks and Designs: The Latest Developments & the Most Successful Strategies for Registering and Protecting Your Trade Marks & Designs, Monday-Tuesday, February 14-15, 2006 at the Millennium, Knightsbridge, UK. Presented by the Institute of Trade Mark Attorneys, Field Fisher Waterhouse and Thomson: Sweet & Maxwell, the program examines The USPTO and the Madrid System; Trade Mark Protection in the United States: Tips & Traps; Recent ECJ/CFI Cases: How They Will Affect Your IP; Don't Let It Happen-Make It Happen! How, Why, When & Where IP Conflicts Can Be Better Resolved Through Mediation; Beauty Transformed to Ugliness: Co-Existence Agreements in Modern Trade Mark Practice; Successful Strategies and Remaining Barriers in Combating Counterfeiting; UK Patent Office Update; Registrability and Distinctive Character: Distinctiveness Translate into Protection; Designs for the Trade Mark Practitioner; Recent Developments at OHIM; Public Policy and Morality in Trade Marks; Justice and Retribution: Suing Infringers; Managing an IP Portfolio: Maximising Asset Value; Your Trade Mark: Use It or Lose It!; Trade Marks in Cyberspace; and Drafting Successful Madrid Agreement and Madrid Protocol Applications. For further information, call +44 20 7878 6888 or on the web at www.C5-Online.com/trademarks.

J. Thomas McCarthy Institute for Intellectual Property and Technology Law - 2006 Distinguished Lecture: "Entertainment, Technology and the Academy's Contribution to IP Policy-Making" by Lon Sobel, Professor and Director of UK Summer Abroad Program, Southwestern University School of Law, and Editor of the ENTERTAINMENT LAW REPORTER, Tuesday, February 21, 2006, at the University of San Francisco School of Law, 2130 Fulton Street, San Francisco. For further information, call 415-422-6206.