

## RECENT CASES

### **ABC did not infringe copyrights to 1960s science fiction films, despite broadcasting clips on “Good Morning America” without a license**

by Hamed Khodabakhsh

ABC did not infringe the copyrights to three science fiction films when it broadcast clips on the “Good Morning America” show, twice, even though it didn’t have a license to do so. The claims based on the first broadcast were barred by the statute of limitations, and the second broadcast was a non-infringing fair use. Federal District Lawrence McKenna so held in a case filed by Wade Williams Distribution, Inc., the owner of the films’ copyrights.

On July 6, 1997, the ABC television show “Good Morning America Sunday” broadcast a special segment about the “golden age” of science fiction films. On July 10, 1997, a similar segment was aired on the weekday version of the program. Both segments contained clips from 1960s science fiction movies that were still protected by copyright.

On June 12, 2000, Wade Williams Distribution acquired the copyrights to three of the films used in the Good Morning America segments. And on July 7, 2000, Wade Williams Distribution sued ABC for copyright infringement.

The reason these exact dates mattered is that when ABC moved for summary judgment, it raised the statute of limitations in its defense as well as the fair use doctrine.

Judge McKenna found Wade Williams’ claim based on the July 6, 1997 Good Morning America Sunday segment was barred by the three-year statute of limitations.

However, the judge noted that Wade Williams’ claim of infringement for the July 10, 1997 Good Morning America segment was not barred by the statute of limitations (even though Wade Williams didn’t specifically acquire the right to sue on accrued claims until after it filed the lawsuit). Nevertheless, Judge McKenna held that ABC’s use of the clips was protected by the fair use doctrine.

Accordingly, Judge McKenna granted ABC’s motion for summary judgment, and dismissed the suit.

ABC was represented by Nathan Siegel of ABC in Burbank. Wade Williams Distribution was represented

by Gregory A. Sioris of Sioris & Molumby in New York City.

*Wade Williams Distribution, Inc. v. American Broadcasting Co., Inc.*, 2005 WL 774275, 2005 U.S. Dist. LEXIS 5730 (S.D.N.Y. 2005)

### **Major League Baseball may continue using term “opening day,” despite trademark objections of merchandise marketing firm**

by John C. Lackner

Major League Baseball Properties did not commit trademark infringement when it used the term “opening day” on promotional giveaways, a federal District Court has held.

The term “opening day” has long been associated with the first Major League Baseball game of the season and the first home game of each team. Opening Day Productions is a company that had developed an idea for a line of merchandise that used the term “opening day.” Opening Day Productions proposed to Major League Baseball the idea of using the term “opening day” in conjunction with the various Major League Baseball marks on its products. It also suggested that there should be a league-wide opening day campaign with a single sponsor. Discussions between Opening Day and Major League Baseball did not continue past the point of the initial pitch.

Instead, Major League Baseball went on to form a sponsorship agreement with True Value Hardware. The sponsorship agreement allowed True Value to sponsor national promotions surrounding opening day and promotional items bearing the term “opening day” along with the Major League Baseball logo and the True Value trademark.

As a result, Opening Day Productions threatened a trademark infringement suit against Major League Baseball for its use of the term “opening day.” Major League Baseball responded with a trademark action of its own, seeking a declaration that it does not commit infringement by using the term “opening day.”

Federal District Judge George Daniels granted Major League Baseball’s request for declaratory relief. Judge Daniels noted that the term “opening day” was not a registered trademark, so Opening Day couldn’t claim a

trademark on that basis. The judge also found Opening Day's evidence of a single invoice for 50 shirts bearing the term "opening day" did not entitle it to trademark protection, nor did it establish that the use of the term "opening day" by Major League Baseball would result in confusion about whose mark was being referred to. Finally, Judge Daniels found that an agreement between Major League Baseball and Opening Day Productions did not exist, so Major League Baseball was free to use the term "opening day."

Major League Baseball Properties was represented by Mary L. Kevlin of Cowan Liebowitz & Latman in New York City. Opening Day Productions was represented by Thomas A. Bryan in Hicksville, NY.

*Major League Baseball Properties Inc. v. Opening Day Productions*, 385 F.Supp.2d 256, 2004 U.S.Dist.LEXIS 26436 (S.D.N.Y. 2005)

## **Widow of jazz musician Dizzy Gillespie defeats lawsuit by Gillespie's alleged daughter claiming co-ownership of renewal term copyrights to his compositions**

by Jeff Ikejiri

Dizzy Gillespie's widow has defeated a lawsuit by Gillespie's alleged daughter claiming that she is a co-owner of his renewal term copyrights, because the daughter's claims were barred by the Copyright Act's three-year statute of limitations.

In 1958, Jean Bryson Tomas was born out of wedlock. Tomas' biological mother, Connie Bryson, claimed that jazz musician Dizzy Gillespie was the biological father. In 1964, Bryson commenced paternity proceedings against Gillespie, and the New York State Family Court ordered Gillespie to make child support payments for Tomas.

In 1993, Gillespie died and left all his property, including his copyrights, to his widow Lorraine Gillespie, while leaving Tomas nothing. Furthermore, Gillespie's attorney did not allow Tomas to attend Gillespie's funeral and was quoted in *USA Today* as saying that Gillespie had no children. Tomas, however, both before and after Gillespie's death, made numerous public statements that she was Gillespie's daughter.

In 2000, Tomas filed a complaint against Gillespie's widow seeking a declaration that she, Tomas, was the natural daughter of Gillespie, and therefore owned a half-interest in the renewal copyrights to Gillespie's compositions.

In response to Gillespie's widow's motion for summary judgment, federal District Judge George Daniels held that the Copyright Act's three-year statute of limitations barred Tomas' action. He noted that civil

actions under the Copyright Act accrue when a plaintiff knows or has reason to know of the injury upon which the claim is based. Judge Daniels agreed with Gillespie's widow's argument that even when viewing the facts in the most favorable manner for Tomas, Tomas' claim began to accrue in 1993.

The judge noted that when Gillespie died, Tomas was put on notice that her paternity claim was repudiated because she was not allowed to attend Gillespie's funeral and because Gillespie's attorney stated that Gillespie had no children. Therefore, Judge Daniels concluded that Tomas' action began to accrue in 1993, and because the action was not brought until 2000, the Copyright Act's three-year statute of limitations barred all of her claims against Gillespie.

Tomas was represented by Peter Herbert of Lankler Siffert & Wohl in New York City. Gillespie's widow was represented by Robert Greene in New York City.

*Tomas v. Gillespie*, 385 F.Supp.2d 240, 2005 U.S.Dist.LEXIS 76 (S.D.N.Y. 2005)

## **Freelance photographer was estopped from asserting copyright infringement claims against New York Times, complaining of unauthorized Internet use of his photos, because he continued to accept assignments on pre-Internet terms**

by Jeff Ikejiri

The New York Times has won a case filed against it by a freelance photographer, because a federal District Court ruled that the photographer was equitably estopped from bringing his copyright claims.

Between 1994 and 2002, freelance photographer Thomas Dallal accepted assignments from the New York Times to take pictures relating to the news and articles the Times intended to publish. Dallal received a fixed amount of \$200 per day for each assignment. In 1996, the Times began to publish an Internet edition of its newspaper.

In 1997, Dallal sent bills to the Times that included language that said he was granting the Times only a "first exclusive, one time use" of his photographs. In May of 1997, Dallal complained to the Times that he should receive extra compensation because his photographs were used both in the Times' newspaper and on the Internet. The Times, however, refused to pay Dallal the extra compensation. Although Dallal continued to complain orally about not receiving extra compensation, and the Times acknowledged his complaints, he continued to accept assignments at the same fixed rate.

In 2002, Dallal demanded that the Times stop using his photographs in its Internet articles without his permission. In response, the Times ceased all use of Dallal's photographs, removed them from its website, and stopped offering Dallal assignments. In 2003, Dallal filed a complaint against the Times that claimed copyright infringement of 113 photographs published by the Times between 1997 and 2002.

In response to the Times' motion for summary judgment, federal District Judge Alvin Hellerstein held that Dallal was equitably estopped from claiming copyright infringement. Judge Hellerstein noted that in order for the Times to prevail on a defense of equitable estoppel, it was required to show that it had been misled into reasonably and justifiably believing that Dallal would not pursue his claims.

Furthermore, Judge Hellerstein noted that a four-part test that must be satisfied.

First, Dallal must have known of the Times' wrongful conduct. Judge Hellerstein noted that assuming the Times' conduct was wrongful, Dallal was aware of the conduct in 1997 when he complained about the lack of extra compensation.

Second, Dallal must have intended that his conduct be acted upon or acted in a way that the Times had a right to believe it was so intended. Here, Judge Hellerstein found that because Dallal's conduct was an attempt to negotiate a better deal while the parties continued their compensation agreement, it was not an attempt to pursue a copyright infringement claim. Thus, he found that the Times had a right to believe Dallal's conduct was merely an attempt to negotiate his compensation.

Third, the Times must have been ignorant of the true facts that Dallal was trying to protect his copyrights. Judge Hellerstein noted that even though the Times acknowledged Dallal's complaints regarding extra compensation, such acknowledgments did not constitute awareness of a copyright infringement claim.

Finally, the Times must have relied on Dallal's conduct to its detriment. Since the Times proceeded with the understanding that its relationship with Dallal was acceptable to both parties, Judge Hellerstein found that the Times detrimentally relied on Dallal's conduct.

Therefore, all four elements of the equitable estoppel test were shown. As a result, Judge Hellerstein held that Dallal was equitably estopped from bringing the copyright infringement claims, and granted the Times' motion for summary judgment.

Dallal was represented by Eric Vaughn Flam of Rubin Bailin Ortoli Mayer & Baker in New York City. The New York Times was represented by George Freeman of Levine Sullivan Koch & Schulz in New York City.

*Dallal v. New York Times Company*, 386 F.Supp.2d 319, 2005 U.S. Dist. LEXIS 9321 (S.D.N.Y. 2005)

## **NASCAR owns copyright to trophy designed for it by Franklin Mint's independent contractor**

by Aaron M. Fontana

NASCAR owns the copyright to a commissioned trophy created for it by the Franklin Mint, rather than the trophy's designer Matthew T. Scharle who alleged he owned the trophy's copyright. A federal District Court has so ruled in an opinion that granted summary judgment to the Mint on its cross-claim against Scharle.

In 2002, the Franklin Mint was commissioned to submit designs for a trophy for NASCAR's new NEXTEL Cup Series. Matthew Scharle, a former employee of the Mint who had signed a Master Agreement to be an independent contractor of the Mint, was hired to help create the designs for the trophy. NASCAR and the Mint agreed that the work done for NASCAR by the Mint would be the "sole and exclusive property of NASCAR." Nonetheless, Scharle claimed that the trophy "was manufactured based on his original drawings and that, therefore, he . . . is its sole author."

NASCAR filed a complaint for declaratory relief, asking the court to rule that it owned the worldwide copyright to the trophy, naming the Mint as well as Scharle as defendants. The Mint agreed with NASCAR and so filed a cross-claim of its own against Scharle.

In response to the Mint's motion for summary judgment, Judge Marvin Katz ruled that "Because there exists no genuine issue of material fact that NASCAR alone holds the copyright in and to the trophy, this court will grant the Mint's motion for summary judgment."

Despite Scharle's claims to the contrary, the Master Agreement, which gave the "worldwide copyright rights" to "certain works of art to be executed by the artist" to the Mint, satisfied the requirement for a written transfer. The "language could not be more clear in demonstrating the parties' intent," said the judge. "Scharle would be paid for his work, and the Mint would retain the copyrights."

The judge also granted the Mint's summary judgment motion, because there was no "genuine issue of material fact that Scharle granted an implied license to use his drawings for the purposes of creating the NASCAR trophy." The judge concluded that, in fact, Scharle "granted a non-exclusive implied license to the Mint to use his drawings in order to design the championship trophy for [NASCAR]." This was so, the judge said, because the Mint, "as licensee," asked Scharle to create "the works in question," and Scharle, "as licensor," made and delivered these works to the Mint. Finally, noted the judge, "there can be no dispute that Scharle knew and intended that the Mint would copy and distribute his work for use in the manufacturing of the NASCAR trophy."

Scharle did not dispute the “facts that support a finding of an implied license,” but still argued that the court could not find “the existence of such a license as a matter of law.” Scharle argued that he could not have granted an implied license to NASCAR because he had “no direct dealings with the racing association[.]” But, said Judge Katz, “[t]his court can find no case that injects a privity requirement into the implied license doctrine, and it declines to be the first to do so.” Scharle also argued that even if he granted a license to the Mint, it was not transferable to NASCAR “because such is the nature of implied licenses.” But, the judge noted that it was not disputed that Scharle “knew and intended that the Mint, through Newman, would distribute copies of his work to NASCAR or its sponsors for the purpose of the ultimate manufacturing of the trophy.” There was no need, then, for the “Mint to transfer its implied license to NASCAR.”

The judge also granted NASCAR’s motion to dismiss Scharle’s counterclaims against it.

Scharle was represented by Matthew I. Cohen of Jacobs Law Group in Philadelphia. NASCAR was represented by Camille M. Miller of Cozen & O’Connor in Philadelphia. The Franklin Mint was represented by Jeffrey S. Edwards of Dechert L.L.P in Philadelphia.

*NASCAR v Scharle*, 356 F.Supp.2d 515, 2005 U.S.Dist.LEXIS 1990 (E.D.Pa. 2005)

## **Reverse engineering of Blizzard’s Battle.net to permit online play of pirated software violated DMCA’s anti-circumvention and anti-trafficking provisions**

by Mustafa Abdul-Rahman

Software End User Licenses (EULA) and Terms of Use agreements (TOU) are not preempted by the Copyright Act, and private parties are free to contract away the Act’s fair use defenses, a federal Court of Appeals has held. As a result, the appeals court ruled that programmers who reverse engineered Blizzard’s Battle.net, in order to permit online play of pirated software, violated the DMCA’s anti-circumvention and anti-trafficking provisions.

In 1997 Blizzard Entertainment launched Battle.net, an online gaming service that allows owners of Blizzard’s popular computer games “Starcraft,” “Warcraft” and “Diablo” to play those games against each other online. In order to prevent pirated versions of its games from being played online, Blizzard uses a CD key, which acts as a secret handshake between its games and the Battle.net server.

Computer programmer Ross Combs, Rob Crittenden and Tim Jung are members of the “bnetd project” – a

non-profit group organized to address game hobbyists’ frustrations with Battle.net. Combs, Crittenden and Jung launched an alternative to the Battle.net called the “bnetd.org” which Gateway hosted for free. Through reverse engineering, the bnetd.org server allowed gamers to play pirated versions Blizzard’s games online.

Blizzard sued the three programmers and Gateway for: breach of Blizzard’s End User License Agreement and its Terms of Use Agreement; trademark and copyright infringement; and violating the DMCA’s anti-circumvention and anti-trafficking provisions.

After the trial court entered a consent decree giving Blizzard full and complete relief on its trademark and copyright claims, the parties filed summary judgment motions on Blizzard’s remaining claims. In response, the trial court found that under the EULA and TOU agreements, the programmers, as users of Blizzard software, relinquished their right to reverse engineer the games and they waived fair use as a defense. The trial court also ruled that the programmers had violated the DMCA’s anti-circumvention and anti-trafficking provisions. (*ELR* 26:8:18)

The programmers and Gateway appealed.

In an opinion by Judge Lavenski Smith, the appellate court held that the DMCA’s “interoperability” exception for reverse engineering does not preempt the terms of the EULA and TOU. He explained that private parties are “free to contractually forego the limited ability to reverse engineer software” and that parties can “contract away a fair use defense.” The court went on to conclude that the programmers circumvented the technological measures that Blizzard used to control access to Battle.net by translating it into readable source code so that gamers with pirated versions of Blizzard’s copyrighted games could access Battle.net. The judge said that what the programmers did could not have been done without acts of reverse engineering; and since reverse engineering allowed unauthorized copies of Blizzard games to be played online at bnetd.org, the programmers were guilty of copyright infringement and could not assert the DMCA’s Interoperability Exception for reverse engineering.

The Court of Appeals therefore affirmed the summary judgment in favor of Blizzard.

Blizzard was represented by Stephen H. Rovak of Sonnenschein & Nath of St. Louis. The programmers were represented by Paul S. Grewal of Day & Casebeer in Cupertino.

*Davidson & Associates v. Jung*, 422 F.3d 630, 2005 U.S.App.LEXIS 18973 (8th Cir. 2005)

## **Nevada's license requirement for talent agents does not apply to agent who arranged for client to lease hotel venue for "Dr. Naughty" comedy stage show, so agent's claim for commissions was not barred**

by Mustafa Abdul-Rahman

Dean Sterling is an x-rated comedian. For a fee, Robert Whealon agreed to be the agent for Sterling's stage show entitled "Dr. Naughty." Whealon secured a hotel lounge for the show, but under agreement between Sterling and the hotel, Sterling leased the lounge and kept the receipts from ticket sales. The hotel did not pay wages to Sterling.

Sterling paid Whealon 15% of the ticket sales for the Dr. Naughty Show, but Whealon claimed that Sterling had agreed to a 20% agent's fee. As a result, Whealon sued Sterling for unpaid fees.

The trial court granted Sterling's summary judgment motion, holding that the agreement was unenforceable because Whealon was not a licensed talent agent. Whealon appealed.

Writing for the Nevada Supreme Court, Justice James Hardesty explained that the Nevada statute which requires a license to procure "employment" does not apply to the procurement of a lease agreement. The Court held that the term "employment," as used in the statute, is limited to services performed in exchange for wages.

The Supreme Court of Nevada therefore reversed the judgment in favor of Sterling and remanded the case to the trial court for further proceedings.

Robert Whealon was represented by John R. DaCorsi of DaCorsi & Placentio in Las Vegas. Dean Sterling represented himself.

*Whealon v. Sterling*, 119 P.3d 1241, 2005 Nev.LEXIS 78 (Nev. 2005)

## **Federal court enjoins Michigan law banning the sale of "ultra-violent" video games to minors without parental consent**

by Mustafa Abdul-Rahman

A Michigan law that prohibits the sale of "ultra-violent" video games is a content-based regulation of speech which does not survive strict First Amendment scrutiny, a federal District Court has held.

Members of the Entertainment Software Association manufacture and distribute video games. In September 2005, Michigan enacted a law that made it illegal to distribute "ultra-violent" video games that are harmful to children without parental consent. The Act defined ultra

violent as "continual and repetitive depictions of physical violence against human beings." And whether a video game harmed children was to be determined under an indecency-like standard. Violators of the Act were subject to civil and criminal penalties.

The Entertainment Software Association (ESA), along with the Video Software Dealers Association and the Michigan's Retailers Association, filed suit to enjoin the enforcement of the Act alleging that it violated the First Amendment.

In response to ESA's motion for a preliminary injunction, Judge George Caram Steeth concluded that the loss of First Amendment freedoms "unquestionably constitutes" irreparable injury and that ESA's success on the merits was likely. The Act was a content-based speech regulation, and the judge reviewed it under strict First Amendment scrutiny. Legislative findings did not justify "the singling out of video games from other media," and the judge was doubtful that the Legislative findings demonstrated a compelling state interest in the prevention of the perceived harm caused by violent video games. Nor was Judge Steeth persuaded that the Act was narrowly tailored, since it would have had a chilling effect both on "adults' expression as well as expression that is fully protected as to minors."

As a result Judge Steeth granted ESA's motion for preliminary injunction and enjoined enforcement of the Act.

ESA was represented by Alicia J. Blumenfeld and Dennis J. Levasseur of Bodman LLP in Detroit and by Paul M. Smith of Jenner & Block in Washington, DC. The State of Michigan was represented by Denise C. Barton and Jason R. Evans of the Michigan Department of the Attorney General in Lansing.

*Entertainment Software Association v. Granholm*, 2005 WL 3008584, 2005 U.S. Dist. LEXIS 28318 (E.D. Mich. 2005)

## **Painter did not violate photographer's VARA rights by using photographs without attribution, but may have infringed his copyright**

by Antonio Riggio

Federal District Court Judge Paul Friedman granted summary judgment to painter Renee Stout, dismissing photographer Gary Lilley's claim that Stout violated Lilley's rights under the Visual Artists Rights Act (commonly known as VARA). Judge Friedman did so, because Lilley's photographs were not "produced for exhibition purposes only," and thus were not eligible for protection under VARA. However, the judge concluded that Lilley's complaint did allege sufficient facts to make

out a prima facie case of copyright infringement.

In the summer of 1998, the painter asked the photographer to take photographs of a "red" room in a friend's home as studies for anticipated paintings. At the friend's home, the photographer shot the room using his own camera and chose the subject matter of each photograph. After a review session, the photographer allowed the painter to keep the photographic prints and negatives so that she could finalize her project. The painter created one painting using the photographs themselves as part of the work, but failed to credit the photographer.

The photographer sued the painter under VARA alleging that the painter failed to provide proper attribution for the photographs, and he alleged a separate claim for copyright infringement.

In response to the painter's motion for summary judgment, Judge Friedman has held that the painter did not violate the photographer's VARA rights. To have a claim under VARA, photographs must be "produced for exhibition purposes only." Judge Friedman noted that the photographer's complaint stated that the photographs were created for the primary purpose of assisting the painter with her artistic endeavor. Therefore, the photographs were not produced "for exhibition purposes only." Judge Friedman did conclude the complaint alleged sufficient facts to make out a *prima facie* case of copyright infringement.

As result, Judge Friedman granted the painter's motion for summary judgment for the photographer's claim under VARA and denied summary judgment for copyright infringement.

The photographer was represented by Susan M. Kayser of Howrey Simon Arnold & White in Washington DC. The painter was represented by Brian Andrew Hill of Miller & Chevalier Chartered in Washington DC.

*Lilley v. Stout*, 384 F.Supp.2d 83, 2005 U.S.Dist.LEXIS 14313 (D.D.C. 2005)

## **New York City may not prohibit artists from painting graffiti on mock subway cars**

by Mustafa Abdul-Rahman

The City of New York may not prohibit a public art exhibit, because it didn't show that the painting of graffiti on mock subway cars was intended and likely to produce immediate lawless action. Federal District Judge Jed Rakoff has so held, in a lawsuit filed against New York City Mayor Michael Bloomberg by Ecko Complex.

Ecko Complex is the designer of the hip-hop inspired clothing line "Ecko Unltd." The company obtained a New York City permit for artists to paint graffiti on mock subway cars in Chelsea. But after New

York Mayor Michael Bloomberg stated that graffiti is "not really art or expression," the city revoked the permit on the grounds that the exhibition would incite artists to paint graffiti illegally.

In its lawsuit, Ecko asked the court to reinstate the permit.

Judge Rakoff held that even if the art exhibition motivated others to paint graffiti on subway cars illegally, denying the permit was a "flagrant" violation of the First Amendment, absent an actual showing that the art exhibit was intended and likely to incite artist to paint graffiti illegally.

As a result, Judge Rakoff reinstated the permit.

Ecko was represented by Daniel Matthew Perez of Kuby & Perez in New York City.

*Ecko Complex, LLC v.*, 382 F.Supp.2d 627, 2005 U.S.Dist.LEXIS 17523 (S.D.N.Y. 2005)

## **Gibson Guitar's trademark for design of "Les Paul single cutaway guitar" was not infringed by design of Paul Reed Smith Guitars' "Singlecut" guitar, because there was no evidence of point-of-sale confusion, Court of Appeals decides**

by Mustafa Abdul-Rahman

Evidence of initial-interest confusion and post-sale confusion resulting from electric guitars with similar trade dress is not a substitute for evidence of actual confusion at the point of sale, a federal appeals court has ruled in a case filed by Gibson Guitar against Paul Reed Guitar.

Gibson Guitar Corporation has manufactured guitars for more than 100 years. Gibson first began to manufacture the Les Paul "single-cutaway" electric guitar in 1952, and it registered a trademark in the guitar's design with the USPTO in 1993. In 2000, guitar manufacturer Paul Reed Smith Guitars (PRS) also began offering a single cutaway electric guitar. When Gibson Guitar found out about it, Gibson demanded that PRS stop manufacturing and selling its single cutaway guitar.

PRS didn't stop, so Gibson sued PRS for trademark infringement.

In response to Gibson's motion for summary judgment, the trial court found that PRS's single-cut guitar infringed the trademark in Gibson's Les Paul design, and then the court permanently enjoined PRS from manufacturing and distributing its single-cut guitar (*ELR* 26:5:19, 26:7:19).

PRS immediately appealed, successfully.

Writing for the Court of Appeals, Judge Karen Nelson Moore explained that lack confusion at the point of sale between the two guitars, which Gibson conceded,

was fatal to Gibson's trademark infringement claim. The appellate court held that on the facts of the case, post-sale confusion and initial-interest confusion could not be used to establish trademark infringement.

The Court of Appeals therefore vacated the permanent injunction, reversed the judgment, and remanded the case to the trial court with instructions to grant summary judgment in favor of PRS.

Gibson Guitar Corporation was represented by John F. Triggs of Greenberg Traurig in New York. Paul Reed Smith was represented by William D. Coston of Venable LLP in Washington, D.C.

*Gibson Guitar Corp. v. Paul Reed Smith Guitars*, 423 F.3d 539, 2005 U.S.App.LEXIS 19570 (6th Cir. 2005)

## **Record label trademark "M2 Entertainment" did not confuse consumers about the source of origin of "M2" music management software**

by Mustafa Abdul-Rahman

A record label's use of "M2 Entertainment" as its trademark for sports-related music CDs did not create a likelihood of confusion with "M2" music management software, a federal Court of Appeals has affirmed.

Metabolic Music, Inc., began using the "M2" trademark in 1991. Thereafter Metabolic changed its corporate name to M2 Software, Inc., and the "M2" trademark was registered with the USPTO in 1995. The trademark application stated that the M2 mark would be used in association with business management software for the music and film industries.

In 1999 a music distributor, Madacy Entertainment, adopted "M2 Entertainment" as its trademark for sports-related music CDs. After M2 Software demanded that Madacy cease and desist from using the M2 mark, Madacy offered to license the use of the mark from M2 Software. But before the two companies reached an agreement, Madacy marketed its business under the M2 Entertainment mark in a multi-page advertisement in *Billboard Magazine*.

Madacy eventually phased out use of the M2 Entertainment mark, but not before M2 Software filed a trademark infringement lawsuit in response to Madacy's magazine ad.

Madacy was granted partial summary judgment after a federal District Court found that there was no triable issue concerning the likelihood of confusion among music industry members. Although there was no triable issue of likelihood of reverse confusion among music industry members, the court did submit to a jury the issue of reverse confusion among general consumers;

and the jury found that Madacy was not liable for trademark infringement.

M2 Software appealed.

In an opinion by Judge Harry Pregerson, the appellate court considered the Sleekcraft factors and found that five out of eight weighed in favor of Madacy. On the issue of actual confusion, Judge Pregerson concluded that excluding M2 Software's "likelihood of confusion survey" was not an abuse of the District Court's discretion because the survey's creator did not qualify as an expert witness. As a result the appellate court held that an appreciable number of people were not likely to be confused about the source of origin of goods bearing the M2 word mark.

The Court of Appeals therefore affirmed the judgment.

Madacy Entertainment was represented by Robert H. Rotstein of McDermott Will & Emery in Los Angeles. M2 Software was represented by Mark L. Pettinari in San Francisco.

*M2 Software, Inc. v. Madacy Entertainment*, 421 F.3d 1073, 2005 U.S.App.LEXIS 18837 (9th Cir. 2005)

## **DirecTV wins Communications Act cases against users and distributors of signal piracy devices**

by John C. Lackner

DirecTV is a nationwide carrier of satellite programming. In order to view DirecTV programming, it's necessary to have a satellite dish and a receiver that is connected to a television. The receiver contains an access card which decrypts the programs a subscriber has purchased. Several devices have been used to alter or circumvent authorized access cards, thereby allowing "pirates" to gain access to DirecTV programming they have not paid for. One such device is an "unlooper." Another is a "bootloader."

An "unlooper" allows users to circumvent or alter the access cards.

DirecTV filed two separate cases, one against Marc Robson, a self-employed computer consultant, and another against Randall Minor, a professional network engineer, both of whom allegedly purchased, possessed and used "unloopers." DirecTV got the two men's names by seizing purchase records from facilities that were illegally selling and distributing unloopers.

At the trial court, DirecTV was not successful. Both men filed motions for summary judgment; and their motions were granted on two grounds: (1) the Federal Communications Act does not apply to individuals; and (2) DirecTV had not offered sufficient evidence that the two men had actually intercepted programming.

DirecTV appealed, with significant success.

Writing for the Court of Appeals in both cases, Judge Patrick Higginbotham held that the trial courts had erred in ruling that the Communications Act's ban on modifying devices applies only to manufacturers and that a showing of actual interception is needed. Judge Higginbotham decided in favor of DirecTV, saying that the plain language of the statute does not exclude individuals and that the statute makes no reference to the need for actual interception.

Judge Higginbotham also reversed the summary judgment that had been granted to Minor for illegal interception. DirecTV had offered evidence demonstrating more than just Minor's purchase and possession of an unlooper. DirecTV also offered evidence that Minor had a satellite dish installed outside his house, and that Minor had never been a DirecTV subscriber.

On the other hand, Judge Higginbotham upheld the summary judgment that had been granted to Robson in connection with his allegedly illegal interception of satellite transmissions. The judge found that DirecTV simply had not provided enough evidence to demonstrate Robson had committed an illegal interception. While there was evidence that he had purchased and possessed an unlooper, DirecTV failed to produce any evidence that Robson also possessed a satellite dish and a receiver and access card, all of which are necessary for illegal interceptions.

A third case involved a somewhat different legal question – namely, whether DirecTV was a “person aggrieved” under the Federal Communications Act, so it had standing to sue a distributor of “bootloaders.”

DirecTV has responded to the use of illegal or modified access cards by periodically sending out electronic countermeasures that can detect and disable unauthorized or modified access cards. In turn, pirates have countered the electronic countermeasures by using bootloaders, which are devices that defeat the effects of electronic countermeasures and allow pirates to continue using modified access cards.

Jeff Budden bought 115 bootloaders, which he passed along to a friend who sold them. DirecTV obtained Budden's name from a company that had been raided for selling and distributing bootloaders. DirecTV then sued Budden for knowingly distributing pirate access devices in violation of the Federal Communications Act.

Budden argued that DirecTV lacked standing to sue him, because it was not a “person aggrieved” under the Federal Communications Act. That is, Budden contended that the statute contains an exhaustive list of parties who are permitted to bring suit under the Act, and DirecTV wasn't any of them. The trial court disagreed, and granted DirecTV's motion for summary judgment.

Writing for the Court of Appeals in this case too, Judge Higginbotham affirmed the trial court's ruling.

Judge Higginbotham held that the statute's use of the phrase “shall include” is a term of enlargement and not of limitation, and thus the list of parties specified in the statute is not a list of the only parties who may bring suit.

DirecTV Inc. was represented by Howard Robert Rubin and Christian S. Genetski of Sonnenschein Nath & Rosenthal in Washington, DC. Randall Minor was represented by Jack M. Wilhelm in Austin. Marc Robson was represented by Donald Bruce Cameron of Cameron Law Firm in Slidell, LA. Jeff Budden was represented by Daniel M. Burns in Buda, TX.

*DirecTV, Inc. v. Minor*, 420 F.3d 546, 2005 U.S.App.LEXIS 16681 (5th Cir. 2005); *DirecTV, Inc. v. Robson*, 420 F.3d 532, 2005 U.S.App.LEXIS 16679 (5th Cir. 2005); *DirecTV, Inc. v. Budden*, 420 F.3d 521, 2005 U.S.App.LEXIS 16678 (5th Cir. 2005)

## **Internationally famous college swimmer who was declared ineligible for NCAA competition was not deprived of due process under Texas Constitution, because opportunity to swim is not a constitutionally protected interest**

by Aaron Colby

Joscelin Yeo, a highly successful NCAA swimmer, was not entitled to procedural due process under the Texas State Constitution, because she had no constitutionally protected interest in participation in extracurricular activities, nor was her reputation alone a protected property or liberty interest. The Texas Supreme Court has so ruled, in a lawsuit Yeo filed against the University of Texas.

Yeo had already received fame in her home country of Singapore when she enrolled at the University of California at Berkeley to continue her swimming career. Before the 2000-2001 school year, Yeo transferred to University of Texas at Austin to swim there. NCAA rules provide that an athlete who transfers from one NCAA university to another must sacrifice one year of athletic eligibility before competing at the new university unless the former university waives the requirement. Berkeley agreed to the waiver, but the NCAA did not.

Yeo then sued the University of Texas to enjoin it from disqualifying her from competition and for a declaration that the university had denied her procedural due process. Yeo argued that “she was entitled to notice and a meaningful hearing before NCAA rules were applied to her because of her unique reputation and earning potential.” Yeo claimed that her highly-regarded reputation was the property or liberty interest at issue.

The NCAA attempted to intervene but the trial court denied its request. The trial court ruled in favor of Yeo



stating that the university denied her procedural due process guaranteed by the Texas Constitution, “thereby depriving her of protected liberty and property interests.” The university was permanently enjoined from declaring Yeo ineligible in the future without affording her due process.

The NCAA appealed from the order denying its request to intervene, and the university appealed the trial court’s judgment. Both were unsuccessful; the Texas Court of Appeals affirmed (*ELR* 25:9:22). They appealed again, to the Texas Supreme Court, where they finally prevailed.

Writing for the Texas Supreme Court, Justice Nathan Hecht held that Yeo had not asserted a right worthy of due process protection. Whether an interest is protected by due process depends not on its weight but on its nature, the justice said. And her interest in participating in extracurricular activities was not a protected interest. Furthermore, the justice ruled, Yeo’s claimed loss of future financial opportunities was too speculative for due process protection.

Yeo was represented by Jose E. De La Fuente of Haynes & Boone in Houston. The University of Texas was represented by Susan Bradshaw of the University of Texas in Austin.

*NCAA v. Yeo*, 171 S.W.3d 863, 2005 Tex.LEXIS 606 (Tex. 2005)

## **Dallas Soundstage did not violate the Americans with Disabilities Act by restricting handicapped access to the second floor of a television studio tour**

by Ken Hwang

Dallas Soundstage did not violate the Americans with Disabilities Act (ADA), despite restricting handicapped access to the second floor of its television studio tour, because modifying the tour by moving exhibits to the first floor would be a “fundamental alteration,” a Texas Court of Appeals has ruled.

Dallas Soundstage is a television studio company that offers public tours of its studio. Part of the tour is located on the second floor of a two-story building, where the only access is through a staircase. This created a problem for three handicapped individuals in wheelchairs.

In response to an advertisement he had seen, William Lewis called Dallas Soundstage and inquired whether someone in a wheelchair could go on the tour. He was told portions of the tour were upstairs and only accessible through stairs. As a result, Lewis decided not to go. Howard Knieriem had a similar experience. After calling Dallas Soundstage and being informed that he

could not see the upstairs portion of the tour, Knieriem too chose not to go. Steve Holley, another handicapped person in a wheelchair, went to Dallas Soundstage with his family, but had to wait in the lobby when the tour went upstairs.

Angered that Dallas Soundstage ignored the needs of, and made no accommodations for, individuals in wheelchairs, Lewis sued for violation of the ADA. Knieriem and Holley later joined the lawsuit.

At the trial court, Dallas Soundstage won when the court issued a final take-nothing judgment in its favor. Lewis appealed.

In an opinion by Justice Amos Mazzant, the Texas Court of Appeals found no violation of the ADA because moving the tour exhibits to the first floor would constitute a fundamental alteration. This is so because the first floor contains the dressing rooms, stages and rehearsal rooms that make up the actual studio. Thus, if the second floor items displaced the first floor items, the first floor would cease to be a studio – destroying the entire purpose of a studio tour. Furthermore, Justice Mazzant reasoned that moving the tour exhibits was not easily accomplishable or able to be carried out without much difficulty or expense.

As a result, the appeals court affirmed the judgment of the trial court.

Lewis, Knieriem and Holley were represented by Elise Mitchell of Advocacy Inc. in Dallas. Dallas Soundstage was represented by Baxter W. Banowsky of Banowsky Betz & Levine in Dallas.

*Lewis v. Dallas Soundstage, Inc.*, 167 S.W.3d 906, 2005 Tex.App.LEXIS 4767 (Tex.App. 2005)

## DEPARTMENTS

### In the Law Reviews:

ENTERTAINMENT AND SPORTS LAWYER, a publication of the ABA Forum on the Entertainment and Sports Industries, <http://www.abanet.org/forums/entsports/esl.html>, has issued Volume 23, Number 2 with the following articles:

*Can the New Collective Bargaining Agreement Save the NHL?* by Alexander A. Jeglic, 23/2 Entertainment and Sports Lawyer 1 (2005) (for website, see above)

*Google Print: Snippets of Infringement* by Robert A. Preskill and Charles McCarthy, 23/2 Entertainment and Sports Lawyer 1 (2005) (for website, see above)

*The Dastar Legacy* by Mark S. Lee, 23/2 Entertainment and Sports Lawyer 1 (2005) (for website, see above)

*Shopping Record Deals for Lawyers: A & R Approach and Ethics Issues* by Kenneth J. Abdo, 23/2 Entertainment and Sports Lawyer 3 (2005) (for website, see above)

*A Picture Is Worth a Thousand Words or Sometimes a Million Dollars: The Commercial Value of Rights of Publicity* by Robert C. O'Brien and Bela G. Lugosi, 23/2 Entertainment and Sports Lawyer 9 (2005) (for website, see above)

*Complexity at the Expense of Common Sense?: Emerging Trends in Celebrity Endorsement Deals* by Daniel R. Avery and Joseph S. Rosen, 23/2 Entertainment and Sports Lawyer 13 (2005) (for website, see above)

*Copyright Battles over Yoga's 5,000-year-old Tradition* by Shannon M. Wise, 23/2 Entertainment and Sports Lawyer 18 (2005) (for website, see above)

*Don't Drink, Don't Smoke, Don't Download: Parents' Liability for Their Children's File Sharing* by Janelle A. Weber, 57 Florida Law Review (2005)

SETON HALL JOURNAL OF SPORTS AND ENTERTAINMENT LAW has published Volume 15, Number 2 with the following articles:

*Native American Mascots and Team Names: Throw Away the Key; The Lanham Act is Locked for Future Trademark Challenges* by Christian Dennie, 15 Seton Hall Journal of Sports and Entertainment Law 197 (2005)

*Attaching the NCAA's Anti-Transfer Rules as Covenants Not to Compete* by Ray Yasser and Clay Fees, 15 Seton Hall Journal of Sports and Entertainment Law 221 (2005)

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*Getting Due Process into the Game: A Look at the NCAA's Failure to Provide Member Institutions with Due Process and the Effect on Student-Athletes* by Katherine Elizabeth Maskevich, 15 Seton Hall Journal of Sports and Entertainment Law 299 (2005)

*Is It Time to Revisit the Fairness Doctrine in Response to the Federal Communications Commission's Proposed Media Ownership Rules?* by Roy J. Thibodaux III, 15 Seton Hall Journal of Sports and Entertainment Law 337 (2005)

FORDHAM LAW REVIEW has published Volume 74, Number 2 as a Symposium Entitled Law and Information Society with the following articles:

*The Place of the User in Copyright Law* by Julie E. Cohen, 74 Fordham Law Review 347 (2005)

*What Contracts Cannot Do: The Limits of Private Ordering in Facilitating a Creative Commons* by Niva Elkin-Koren, 74 Fordham Law Review 375 (2005)

*The Perfect Storm: Intellectual Property and Public Values* by R. Polk Wagner, 74 Fordham Law Review 523 (2005)

*Some Realism About the Free-Speech Critique of Copyright* by David McGowan, 74 Fordham Law Review 435 (2005)

*Society's Software* by Beth S. Noveck and David R. Johnson, 74 Fordham Law Review 469 (2005)

*Dispute Resolution as Institutionalization in International Trade and Information Technology* by Fabien Gelin, 74 Fordham Law Review 489 (2005)

*Intellectual Property, Trade & Development: The State of Play* by Daniel J. Gervais, 74 Fordham Law Review 505 (2005)

*Legal and Technical Standards in Digital Rights Management Technology* by Dan L. Burk, 74 Fordham Law Review 537 (2005)

*Protecting the Sound of Silence in 4'33'': A Timely Revisit of Basic Principles in Copyright Law* by Cheng Limsaw, 27/12 European Intellectual Property Review 467 (2005) (published by Sweet and Maxwell, [www.sweetandmaxwell.co.uk](http://www.sweetandmaxwell.co.uk))

*Demolishing Copyright: The Implementation of the WIPO Treaties in Switzerland* by Brigitte Lindner, 27/12 European Intellectual Property Review 481 (2005) (for publisher, see above)

*Fair Use or Foul: The Use of Others' Material on the Internet (and Elsewhere)* by Roberta Jacobs-Meadway and Troy E. Larson, 23/1 The Computer and Internet Lawyer 13 (2006) (edited by Arnold & Porter and published by Aspen Publishing)

THE JOURNAL OF ARTS MANAGEMENT, LAW AND SOCIETY, published by Heldref Publications, [www.heldref.org/jaml.php](http://www.heldref.org/jaml.php), has issued a Symposium entitled The Ownership of Cultural Property and Other Issues of Legitimacy with the following articles:

*Fine Art in Dark Corners: Goals and Realities of International Cultural Property Protection* by Molly A. Torsen, 35 The Journal of Arts Management, Law and Society 89 (2005) (for publisher, see above)

*Contemplating Contradiction: A Comparison of Art Restitution Policies* by Emily Winetz Goldsleger, 35 The Journal of Arts Management, Law and Society 109 (2005) (for publisher, see above)

*Muddled Waters: Consigned Artwork and the Vagaries of the Legal System in Massachusetts* by Brenda M. Ulrich, 35 The Journal of Arts Management, Law and Society 121 (2005) (for publisher, see above)