

Entertainment, Arts and Sports Law Journal



A publication of the Entertainment, Arts and Sports Law Section of the New York State Bar Association

Letter from the Chairman

I began this column exactly one year ago by breathlessly proclaiming, “The EASL Section has never had a more active year than 2006,” and that “[t]his year alone, the Section presented no fewer than 16 substantive programs—that’s almost one program every three weeks!”



Alan D. Barson

Well, I am delighted to report that in 2007, the Section and its various committees have (oops) done it *again*. Sixteen programs! That is an amazing achievement, particularly given the timeliness of the topics, prominence of the speakers and quality of the written materials distributed at the events. It is certainly appropriate to devote this column to expressing our collective

gratitude to those selfless volunteers who are responsible for the Section’s many successes. It is also a good time to take a step back and take stock of what makes the Section tick.

Historically, the EASL Section hosted an all-day Annual Meeting on a Friday in January and a few committee meetings throughout the year. These were usually, but not always, well attended. In earlier years, the Section tinkered with holding annual Spring and Fall Meetings in upstate hotels, which, while well planned and well intentioned, were poorly received by the membership. Beginning three years ago, we shortened the Annual Meeting to an afternoon, moved it from Friday to Monday during the NYSBA Annual Meeting and added a sponsored cocktail reception. The results were immediate and resoundingly positive. We then tried hosting a shortened Spring Meeting on a Monday morn-

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ing in a central NYC location (the Yale Club) over a great cooked breakfast. This also worked well, and has become an annual undertaking. EASL's co-sponsorship of the Fordham Sports Law Symposium in April each year has also become a staple in our calendar of events. Last year, we added an all-day Fall Meeting in conjunction with the CMJ Music Marathon and Film Festival, and this quickly became our most high-profile (if not our most ambitious) annual event. Currently under discussion are annual events tied to the Tribeca Film Festival and the Lake Placid Sports Film Festival in August, 2008. We have also learned, through experimentation, that the membership really likes frequent, short, inexpensive, CLE-accredited programs either during the lunch hour or early evening, with one or two speakers, in smaller venues and with networking opportunities. Our committee chairs recognized that this model better serves the needs of committee members, and went into hyper-drive planning and presenting them.

We are privileged to have a dedicated and well-connected Executive Committee (all of its members are listed on the last page of this and every *Journal* issue) who have been consistently prepared to break new ground in committee leadership, and the results of their efforts are there for all to see. For example, the Section's financial woes, which dogged us for years, are finally (and permanently) behind us. Membership, and more importantly, retention, is up. Committee membership and participation is way up. Our focus on minority recruiting is showing tremendous promise. Pro bono activities are growing and expanding. This *Journal*, always one of the Section's crown jewels, has reached new plateaus of scholarly journalism, institutional acceptance and circulation. Interest sparked by the initiatives of the Section's District Representatives is on the increase. Our BMI-sponsored Phil Cowan Memorial Scholarship law school writing competition has been reinvigorated and expanded. Media awareness of the Section and its activities has never been stronger. And oh! The programs! So spoilt for choice are we.

Here is a recap of 2007:

Section-wide Programs:

- January 22, 2007—Annual Meeting—“The Impact of Digital Technologies on the Entertainment Business”
- April 20, 2007—The 11th Annual Symposium on Current Legal Issues in Sports (co-sponsored by Fordham Law School Sports Law Symposium)
- May 21, 2007—Spring Meeting—Stan Soocher's “Entertainment Law in Review: 2006-2007”
- October 18, 2007—Fall Meeting—The 2nd Annual “Music Business Law Seminar” at CMJ Music Marathon and Film Festival 2007

Committee Meetings:

Committee on Alternative Dispute Resolution

- February 22, 2007—“The Da Vinci Code: Cracking the Case—An Imaginary Mediation”
- April 18, 2007—“ADR for Intellectual Property Disputes”
- October 23, 2007—“Damages Experts for Settlement or Arbitration”

Committee on Copyright & Trademark

- November 16, 2007—“Social Networking, User Generated Content, and Digital Advertising: Evolving Legal Issues”

Committee on Fine Arts

- May 7, 2007—“Estate Planning for Artists and Collectors”
- June 7, 2007—“Fine Distinctions: The Basics of the Law of Fine Arts”

Committee on Motion Pictures

- May 17, 2007—“Current Copyright Issues in Film and Television Law”

Committee on Television and Radio

- March 6, 2007—“Reporter's Privilege: The Impact of Recent High Profile Cases” (*This was a joint program with the Committee on Litigation*)
- September 27, 2007—“21st Century Promotions: What Every Lawyer Should Know” (*This was a joint program with the Motion Pictures Committee and the Young Entertainment Lawyers Committee*)
- December 11, 2007—“Viewer Discretion Advised: The Interaction of the Law and Standards & Practices in Broadcast, Cable and Internet”

Committee on Theatre and Performing Arts

- February 6, 2007—“When Not-for-Profit Theatres Produce Commercial Productions—Legal & Accounting Perspectives”
- June 20, 2007—“The ABC's of the APC: Will It Run?”

I would be remiss for not acknowledging Section Liaison **Juli Turner**, and **Kathy Heider**, **Christy Douglas** and **Lori Nicoll** in the NYSBA Meetings Department in Albany, who provided us with indefatigable support with coordinating the logistics of the Section's meetings and programs as outlined above, and an extra shout-out to Juli for organizing the ten or so Executive Committee meetings that were held this year. We also warmly

(Continued on page 49)

Editor's Note

EASL's 20th Anniversary

2008 will mark the 20th Anniversary of the EASL Section. Thanks to the efforts of its founding members, subsequent Section and Committee Chairs and Officers and the EASL membership, the Section has grown exponentially from its original 20 members to almost 2,000 prominent attorneys today.



Among other things, the EASL Section is leading the NYSBA in its innovative pro bono initiatives and providing interesting, timely and affordable CLE programs. In addition to its programming and events, the EASL Section also provides its members with the *EASL Journal*, which is distributed both domestically and overseas.

The *EASL Journal* will be publishing a special 20th Anniversary issue that will be timed to coincide with the NYSBA's Annual Meeting in January 2008. Please look for more information regarding special anniversary programs and events in your e-mail and on our Web site.

Pro Bono Update

It is with great pleasure to formally announce that our Pro Bono Committee has obtained, in conjunction with the Intellectual Property Law Section, pro bono liability insurance to cover in-house counsel and solo practitioners, among others, who previously have not had liability coverage for this purpose. This should encourage even more volunteers to assist artists and arts organizations through the efforts of our Committee. We are also looking forward to working with the IP Section's newly established Pro Bono Committee, to further the NYSBA's goal that every lawyer renders 50 hours of free legal services annually to the poor.

The EASL Section's Pro Bono Committee would be nothing without Elisabeth Wolfe, who was its Chair for the past several years. Unfortunately for us, Elisabeth recently resigned her position, due to exciting business opportunities. For those of you who are not aware of her many accomplishments as Chair, the following lists but a few:

- She was integral to the establishment of the Pro Bono Committee;
- worked closely with the NYSBA and EASL Officers in the early stages of creating a trial pro bono online clinic;
- pursued and fostered a relationship with VLA, staffed and organized the EASL/VLA Clinics;

- worked on the planning stages of our Speaker's Bureau; and
- reached out to countless attorneys and arts organizations to publicize EASL's commitment to pro bono services.

She was also the instigator behind the acquisition of the above-mentioned insurance coverage for pro bono volunteers. Elisabeth is a major reason as to why the EASL Section was the recipient of one of VLA's esteemed Pro Bono Awards a few years ago, and we thank her for her hard work and endless energy in these pursuits. Although we will miss her drive, determination and commitment to pro bono, we thank her for her years of service and hope to bring her aboard sometime again in the future.

I am looking forward to working with a new Co-Chair and with the representatives from the IP Section. Please look for more information regarding our pro bono efforts in future issues of the *Journal*, in your e-mail and at our Web site.

Juli Turner and Pamela McDevitt

We also unfortunately have had to say goodbye to Juli Turner, our invaluable liaison in Albany, who has moved to a different position within the NYSBA. Our gratitude to Juli for all of her hard work and organizational skills knows no bounds. She was integral to rejuvenating the Section and its programs, and we will miss her.

Juli—we wish you the best of luck in your new duties!

We also welcome Pam McDevitt as our new liaison, and look forward to a long and productive working relationship.

The next *EASL Journal* deadline is Friday, January 4, 2008.

Elissa D. Hecker of the Law Office of Elissa D. Hecker, located at 90 Quail Close, Irvington, NY 10533, practices in the fields of copyright, trademark and business law. Her clients encompass a large spectrum of the entertainment and corporate worlds. In addition to her private practice, Elissa is Immediate Past Chair of the EASL Section. She is also Chair and creator of EASL's Pro Bono Committee, Editor of *Entertainment Litigation*, a frequent author, lecturer and panelist, a member of the Copyright Society of the U.S.A. (CSUSA) and a member of the Board of Editors for the *Journal* of the CSUSA. Elissa is the recipient of the New York State Bar Association's 2005 Outstanding Young Lawyer Award. She can be reached at (914) 478-0457 or via e-mail at: EHeckerEsq@yahoo.com.

NYSBA Guidelines for Obtaining MCLE Credit for Writing

Under New York's Mandatory CLE Rule, MCLE credits may be earned for legal research-based writing, directed to an attorney audience. This might take the form of an article for a periodical, or work on a book. The applicable portion of the MCLE Rule, at Part 1500.22(h), states:

Credit may be earned for legal research-based writing upon application to the CLE Board, provided the activity (i) produced material published or to be published in the form of an article, chapter or book written, in whole or in substantial part, by the applicant, and (ii) contributed substantially to the continuing legal education of the applicant and other attorneys. Authorship of articles for general circulation, newspapers or magazines directed to a non-lawyer audience does not qualify for CLE credit. Allocation of credit of jointly authored publications should be divided between or among the joint authors to reflect the proportional effort devoted to the research and writing of the publication.

Further explanation of this portion of the rule is provided in the regulations and guidelines that pertain to the rule. At section 3.c.9 of those regulations and guidelines, one finds the specific criteria and procedure for earning credits for writing. In brief, they are as follows:

- The writing must be such that it contributes substantially to the continuing legal education of the author and other attorneys;
- it must be published or accepted for publication;
- it must have been written in whole or in substantial part by the applicant;

- one credit is given for each hour of research or writing, up to a maximum of 12 credits;
- a maximum of 12 credit hours may be earned for writing in any one reporting cycle;
- articles written for general circulation, newspapers and magazines directed at nonlawyer audiences do not qualify for credit;
- only writings published or accepted for publication after January 1, 1998 can be used to earn credits;
- credit (a maximum of 12) can be earned for updates and revisions of materials previously granted credit within any one reporting cycle;
- no credit can be earned for editing such writings;
- allocation of credit for jointly authored publications shall be divided between or among the joint authors to reflect the proportional effort devoted to the research or writing of the publication;
- only attorneys admitted more than 24 months may earn credits for writing.

In order to receive credit, the applicant must send a copy of the writing to the New York State Continuing Legal Education Board, 25 Beaver Street, 8th Floor, New York, New York 10004. A completed application should be sent with the materials (the application form can be downloaded from the Unified Court System's Web site, at this address: www.courts.state.ny.us/mcle.htm (click on "Publication Credit Application" near the bottom of the page)). After review of the application and materials, the Board will notify the applicant by first-class mail of its decision and the number of credits earned.

**Get CLE Credit:
Write for the *EASL Journal!***

The New York State Bar Association
Entertainment, Arts and Sports Law Section

Law Student Initiative Winner

Fall/Winter 2007

Stacey B. Evans, of West Virginia University College of Law, for her article:

“Whose Stats Are They Anyway?
Analyzing the Battle Between Major League Baseball and Fantasy Game Sites”

The Entertainment, Arts and Sports Law (EASL) Section of the New York State Bar Association offers an initiative giving law students a chance to publish articles both in the *EASL Journal* as well as on the EASL Web site. The Initiative is designed to bridge the gap between students and the entertainment, arts and sports law communities and shed light on students' diverse perspectives in areas of practice of mutual interest to students and Section member practitioners.

Law school students who are interested in entertainment, art and/or sports law and who are members of the EASL Section are invited to submit articles. This Initiative is unique, as it grants students the opportunity to be *published and gain exposure* in these highly competitive areas of practice. The *EASL Journal* is among the profession's foremost law journals. Both it and the Web site have wide national distribution.

Requirements

Eligibility: Open to all full-time and part-time J.D. candidates who are EASL Section members.

Form: Include complete contact information: name, mailing address, law school, law school club/organization (if applicable), phone number and e-mail address. There is no length requirement. Any notes must be in *Bluebook* endnote form. An author's blurb must also be included.

Deadline: Submissions must be received by **Friday, January 4, 2008**.

Submissions: Articles must be submitted via a Word e-mail attachment to heckeresq@yahoo.com or via mail to:

Elissa D. Hecker, Esq.
Editor, *EASL Journal*
90 Quail Close
Irvington, NY 10533

Topics

Each student may write on the subject matter of his/her choice, so long as it is unique to the entertainment, art and sports law fields.

Judging

Submissions will be judged on the basis of quality of writing, originality and thoroughness.

Winning submissions will be published in the *EASL Journal*. All winners will receive complimentary memberships to the EASL Section for the following year. In addition, the winning entrants will be featured in the *EASL Journal* and on our Web site, and all winners will be announced at the EASL Section Annual Meeting.

**Deadline:
Friday, January 4, 2008**

The Phil Cowan Memorial/BMI Scholarship

Law students, take note of this publishing and scholarship opportunity: The Entertainment, Arts and Sports Law Section (EASL) of the New York State Bar Association, in partnership with BMI, the world's largest music performing rights organization, has established the Phil Cowan/BMI Scholarship! Created in memory of Cowan, an esteemed entertainment lawyer and a former Chair of EASL, the Phil Cowan/BMI Scholarship fund offers up to two awards of \$2,500 each on an annual basis in Phil Cowan's memory to a law student who is committed to a practice concentrating in one or more areas of entertainment, arts or sports law.

The Phil Cowan/BMI Scholarship has been in effect since 2005. It is awarded each year at EASL's Annual Meeting in January in New York City.

The Competition

Each Scholarship candidate must write an original paper on any legal issue of current interest in the area of entertainment, arts or sports law.

The paper should be 12-15 pages in length, double-spaced and including footnotes, in *Bluebook* form. All papers should be submitted to designated faculty members of each respective law school. All law schools will screen the papers and submit the three best to EASL's Phil Cowan Memorial/BMI Scholarship Committee. The Committee will read the papers submitted and will select the Scholarship recipient(s).

Eligibility

The Competition is open to all students attending eligible law schools. "Eligible" law schools mean all accredited law schools within New York State, along with Rutgers University Law School and Seton Hall Law School in New Jersey, and up to ten other accredited law schools throughout the country to be selected, at the Committee's discretion, on a rotating basis.

Yearly Deadlines

November 15th: Law School Faculty liaison submits 3 best papers to the EASL/BMI Scholarship Committee

January 15th: EASL/BMI Scholarship Committee will determine the winner(s)

The winner will be announced and the Scholarship(s) awarded at EASL's January Annual Meeting.

Prerogatives of EASL/BMI's Scholarship Committee

The Scholarship Committee is composed of the current Chair of EASL, all former EASL Chairs who are still active in the Section, all Section District Representatives, and any other interested member of the EASL Executive Committee. *Each winning paper will be published in the EASL Journal and will be made available to EASL members on the EASL Web site.* BMI reserves the right to post each winning paper on

the BMI Web site, and to distribute copies of each winning paper in all media. *The Scholarship Committee is willing to waive the right of first publication* so that students may simultaneously submit their papers to law journals or other school publications. The Scholarship Committee reserves the right to submit all papers it receives to the *EASL Journal* for publication and to the EASL Web site. The Scholarship Committee also reserves the right to award only one Scholarship or no Scholarship if it determines, in any given year, that only one paper or no paper is sufficiently meritorious. All rights of dissemination of the papers by each of EASL and BMI are non-exclusive.

Payment of Monies

Payment of Scholarship funds will be made by EASL/BMI directly to the law school of the winner, to be credited against the winner's account.

Donations

The Phil Cowan/BMI Scholarship Fund is pleased to accept donations. The donations are tax-deductible. All donations should be made by check, and be payable to **The New York Bar Foundation**. Each donation should indicate that it is designated for the Phil Cowan/BMI Scholarship. **All donations should be forwarded to The New York Bar Foundation, One Elk Street, Albany, NY 12207, Attn: Director of Finance.**

About BMI

BMI is an American performing rights organization that represents approximately 300,000 songwriters, composers and music publishers in all genres of music. The non-profit-making company, founded in 1940, collects license fees on behalf of those American creators it represents, as well as thousands of creators from around the world who chose BMI for representation in the United States. The license fees BMI collects for the "public performances" of its repertoire of approximately 4.5 million compositions are then distributed as royalties to BMI-member writers, composers and copyright holders.

About the New York State Bar Association/EASL

The 72,000-member New York State Bar Association is the official statewide organization of lawyers in New York and the largest voluntary state bar association in the nation. Founded in 1876, NYSBA programs and activities have continuously served the public and improved the justice system for more than 125 years.

The almost 2,000 members of the EASL Section of the NYSBA represent varied interests, including headline stories, matters debated in Congress, and issues ruled upon by the courts today. The EASL Section provides substantive case law, forums for discussion, debate and information-sharing, pro bono opportunities, and access to unique resources including its popular publication that is published three times per year, the *EASL Journal*.

Expert Opinions and Liabilities in Art Law

By Judith Bresler

It is hardly news that fakes, forgeries, and works of doubtful provenance, including World War II plunder, continue to proliferate in the United States art market. In addition, a number of antiquities and other artifacts, amid evolving judicial interpretation of the National Stolen Property Act, have been repatriated in recent years in the glare of the media. Accordingly, expert opinions become a crucial instrument in serving to rid the market of unwanted material. More than ever, museums and other institutions, increasingly diligent in accessioning works of art, as well as collectors, dealers, gallerists, and auction houses, look to the art historian and to the *droit moral*¹ holder for a given artist to authenticate art, and look to the art appraiser to affix a monetary value. For a number of decades now, the rendering of such expert opinions by these and other art specialists (collectively, “art experts”) has become big business.

Art experts have been sued, over the years, in disparagement, defamation, negligence, negligent misrepresentation, and on various theories of fraud. Case law, to date, has made it clear that experts are most vulnerable to liability in suits of negligence. Accordingly, the law has developed an arsenal of generally effective preventative measures for the expert, most neatly embodied in a contract to render an opinion.² Possibly because such a contract, when well drafted, serves to insulate experts against exposure in negligence, aggrieved parties often seek recourse through other theories of liability—notably, in recent years, fraud. As is seen in two of the following cases, however, fraud’s legal requisites generally defeat the litigious plaintiff. Collectors, stand warned.

Additionally, when the art expert who renders an opinion in good faith is bullied and harassed by way of frivolous lawsuits where, for example, the plaintiff is not pleased with the expert’s opinion, the expert can seek and obtain significant financial redress from the law by initiating a lawsuit of his own—on a theory of malicious prosecution. This article concludes with the case of one such expert’s triumph.

FRAUD

*Krahmer v. Christie’s*³

This recent lawsuit, decided in 2006 and affirmed in April 2007, is based on events that preceded it by 20 years. In 1986, Jay Cantor, then head of Christie’s American Paintings department, met with directors of the Detroit Club (“the Club”) to discuss the consignment and sale of several paintings. Among the works selected for consignment was an oil painting entitled *Interior*, purportedly painted by American artist Frank Weston Benson

(1862–1951) in 1912, depicting a young woman in the half-light standing beside a table.

In researching the provenance of *Interior*, Cantor had learned that the Club had acquired the painting directly from Benson in 1914 and that it had been independently appraised as a Benson piece at least three times between 1925 and 1985.

When *Interior* arrived at Christie’s, its specialists examined the painting, including its style, subject matter, color palette and signature. They also examined the frame, which Cantor believed was period.

Satisfied that the work was by Benson, Christie’s, in May of that year, offered *Interior* for auction with an estimate of \$70,000 to \$90,000 and a reserve price of \$55,000, describing the painting’s provenance as a “midwestern club.” When the painting failed to sell, Christie’s, at the behest of the Club, re-listed it in December 1986, this time with estimates of \$40,000 to \$60,000 and a reserve of \$35,000.

Interior sold in the December auction to Johannes and Betty Krahmer. The auction catalogue governing the sale of the painting conspicuously stated that its sale was accompanied by a six-year limited warranty of authenticity. Although Christie’s removed its representation as to the painting’s provenance from the December catalogue, the Krahmers received a nameplate from Christie’s following their purchase which showed that the painting had belonged to the Detroit Club of Michigan.

After the sale, Cantor congratulated the Krahmers on their acquisition and offered to provide an appraisal for insurance purposes. On March 2, 1987, Christie’s provided an insurance appraisal of *Interior* and listed the Krahmers’ purchase price, \$38,500, as the valuation. In 1990 Cantor visited the Krahmers’ house and, in addition to valuing other works of art owned by the couple, raised the appraised value of *Interior* to \$85,000.

In November 1999, while attempting to authenticate the painting, the Krahmers applied to the Catalogue Raisonné Committee for F.W. Benson located at the Vose Galleries in Boston. The Committee was formed in 1991. While the application was pending, the Krahmers learned of a painting housed at the New Britain (Connecticut) Art Museum strikingly similar to *Interior*. When the Krahmers brought this to the Committee’s attention, they were told that Benson may have painted two works depicting the same scene.

In the spring of 2002, the Krahmers tried to sell *Interior* through Sotheby’s auction house. A restorer for So-

they's, Simon Parke, examined the painting and opined that it might be a forgery. In Parke's words:

. . . the picture seems to have been broadly retouched in a very clumsy fashion. . . . I am sure the signature is not period, and it seems to be on top of a lot more varnish and repaint.⁴

Accordingly, Sotheby's declined to accept the painting. The Krahmers, now suspicious that *Interior* might not be an authentic Benson, informed Christie's of Sotheby's rejection of their painting, and the parties agreed to have the Committee determine whether it was a forgery.

The Committee concluded that *Interior* was not Benson's work and noted that the painting in the New Britain Museum was more consistent with Benson's style. Further, the Committee found documentary evidence showing that the figure in Benson's original painting wore a string of pearls, which was evident in the New Britain painting and absent in the Krahmers' work.

The Committee theorized that the original painting was sold to the Detroit Club and then somehow removed from its frame and replaced by the forgery that the Krahmers eventually purchased—and that the original Benson, after being removed from its frame at the Detroit Club, came into the hands of an art dealer in 1973 who, in turn, sold it to the New Britain Museum.

Upon receiving the Committee's report, the Krahmers asked Christie's to rescind the 1986 sale. Christie's refused, reasoning that the six-year warranty of authenticity on the painting had expired years earlier. In July 2004, the Krahmers brought suit for rescission on a theory of fraud, and Christie's moved for dismissal on summary judgment.

To support their claim, the Krahmers alleged that Christie's fraudulently induced them to believe that the painting they had purchased in December 1986 was an authentic Benson by intentionally misrepresenting the painting's authenticity and subsequently appraising the painting at more than twice the amount of the Krahmers' purchase price. According to the Krahmers, Christie's knowingly or recklessly disregarded flaws in *Interior's* provenance while guaranteeing its authenticity in a contrived effort to lull them into a false sense of security with regard to their purchase. The Krahmers additionally argued that Christie's conveyance of the nameplate and the auction house's subsequent appraisals of the work served to fraudulently conceal *Interior's* lack of authenticity, thereby tolling the three-year statute of limitations.⁵ (Under a claim of fraudulent concealment, if established, the statute of limitations governing a cause of action can be suspended to enable an otherwise time-barred action to proceed, as the defendant would have knowingly acted to prevent the plaintiff from discovering his rights.)

Christie's, on its part, argued that the Krahmers' claim was mere conjecture in that it lacked an evidentiary basis for their theory of fraud. Christie's also noted the due diligence it had performed on the painting prior to the auction, which uncovered nothing to question its authenticity. Therefore, Christie's asserted, it lacked the necessary scienter required to establish fraud. At most, Christie's argued, the Krahmers could show negligence, a theory of liability not pleaded in the petition.⁶ Finally, Christie's asserted that the Krahmers could not support a theory of tolling of the statute of limitations based on fraudulent concealment as the Krahmers were on notice as far back as 1999 that the painting might not be an original Benson.

The Delaware court, holding for Christie's, dismissed the case on summary judgment for two reasons discussed below. First, even if the painting were a forgery, the Krahmers failed to provide evidence from which the court might reasonably infer scienter on Christie's part. Second, the Krahmers could not establish tolling of the statute of limitations based on the theory of fraudulent concealment.

Lack of Scienter

As the court observed, to establish a claim of fraud, a plaintiff must prove reliance upon and injury by a false representation of a material fact made by the defendant. Additionally, the plaintiff must show the presence of scienter, an element that requires the misrepresentation to be knowingly untrue or recklessly made. Yet if the evidence establishes that the defendant genuinely believed in the truth of the representation in question, then the scienter necessary to sustain a claim of fraud is not present.

Here, the court found that Christie's belief that *Interior* was an authentic Benson work was grounded in good faith. As the court noted, at the time of the painting's consignment, its provenance was solid and well-documented; when Christie's inspected the painting prior to the sale, the style and subject matter were deemed typical of Benson's other work; the painting's frame was consistent with frames of Benson's period. Moreover, the court observed that no evidence was presented that was inconsistent with Christie's good-faith belief in the authenticity of *Interior* at the time of the sale from which the court could reasonably infer the presence of scienter needed to prove fraud.

Fraud Claim Not Timely

As noted by the court, even if evidence would support a finding of fraud on the part of Christie's in the sale of *Interior* to the Krahmers, and even if Christie's subsequent acts were designed to prevent the Krahmers from realizing that they purchased a forged painting, the Krahmers' claim would still be barred by the statute of limitations.

A statute of limitations, as the court stated, is calculated from the time of the wrongful act—even if the plaintiff is unaware of the cause of action. In this case, the Krahmers' cause of action accrued on the date they purchased *Interior*, December 5, 1986, relying on Christie's alleged misrepresentation of the painting's authenticity. As the court noted, Delaware's applicable three-year statute of limitations expired on December 5, 1989. However, as the court further observed, if a plaintiff is able to establish the occurrence of fraudulent concealment, the statute of limitations governing a cause of action can be tolled to allow an otherwise time-barred action to proceed. As noted earlier and as the court observed here, to prevail on the ground of fraudulent concealment, a plaintiff must establish that the defendant acted knowingly to prevent the plaintiff from discovering his rights.⁷

Mere silence, as the court noted, is not sufficient to establish fraudulent concealment. What is required to toll the running of the limitations period is an affirmative act on the part of the defendant. Moreover, even where fraudulent concealment is found to exist, the limitations period is suspended only until the plaintiff's rights are discovered or, through reasonable diligence, could have been discovered.

Here, according to the court, the Krahmers identified several acts by Christie's which allegedly diverted them from inquiry as to *Interior*'s lack of authenticity: namely, Cantor's congratulatory reaction to their purchase, his immediate offer to provide an insurance appraisal, and his conveyance of the nameplate following the sale. The Krahmers also argued that Cantor's 1990 appraisal at their house was an overt effort by Christie's to lull them into a false sense of security regarding *Interior*'s legitimacy.

The court, however, found these allegations to be without merit. It noted that the evidence supports Cantor's assertion that the nameplate was removed to prevent any embarrassment to the Club in connection with the sale of *Interior* to fund capital improvements and that Cantor's congratulations and offer of an insurance appraisal were merely indicative of customer-oriented business practices. Moreover, as the court observed, Cantor's 1990 appraisal of *Interior* along with the Krahmers' other artworks in the Krahmers' residence, conducted at no cost and after the expiration of the three-year limitations period, suggested nothing more than a desire to maintain good business relations with the Krahmers.

Finally, as the court concluded, even if Cantor's actions as cited by the Krahmers did in fact constitute fraudulent concealment, the Krahmers' claim was still time-barred. The Krahmers were on notice at the latest by 1999 that their painting might be a forgery. The court noted that a reasonably diligent person, upon learning of the existence of a strikingly similar painting hanging in a museum, would have investigated his own painting's

bona fides immediately thereafter. Instead, the Krahmers took no substantive action until 2002, when they attempted to consign their work to Sotheby's. Accordingly, the court found that the Krahmers' 2004 petition was filed well beyond the mandated three-year limitations period.

Fastov v. Christie's⁸

As with the *Krahmer* litigation, the seeds for the *Fastov* lawsuit were sown in the 1980s. Here, the plaintiff Robert Fastov, an attorney who formerly worked as a litigator for the United States government, resigned his position with the government in the mid-1980s and began working full time as an art dealer in Annapolis, Maryland. In 1985, Fastov purchased the painting in issue, a landscape entitled *Schloss Thalwitz*, for \$600 from an antiques dealer in Pennsylvania. At the time of the purchase, the painting was covered with a dark yellow varnish. Recognizing that the painting could have significantly more value than his purchase price, Fastov cleaned the painting, whereupon the name "Schindler" was revealed on the canvas. Fastov researched the name and concluded that the artist was most likely Emil Jakob Schindler (1842–1892), a nineteenth-century Austrian painter.

To confirm his conclusion about the artist's identity, Fastov sought the opinion of Dr. Gerbert Frodl, then director of nineteenth-century art at the Belvedere, the Austrian Gallery in Vienna. In his letter to Frodl, which was accompanied by black-and-white photographs of the painting, including close-ups of the signature, Fastov asked not only for an opinion regarding the painting's authenticity but also for information about the location depicted in the painting. Frodl responded to Fastov's inquiry in pertinent part as follows:

*Thank you very much for your kind letter. . . . It would be necessary to know the original, but I believe I can say this much: that I, like you, believe that the painting is of Schindler's hand However, as we know, between a photo, even if it is very good, and the originals there is a difference.*⁹

In 1989, Fastov consigned the painting to Sotheby's in New York for an autumn sale. Sotheby's listed the painting in its catalogue with presale estimates of \$50,000 to \$70,000 and assigned a reserve price to the painting of \$50,000. Fastov had provided Sotheby's with the Frodl letter, but no reference to the letter was made in the auction catalogue. The painting failed to sell at auction and was thereafter returned to Fastov.

Early in 1993, Fastov proposed to consign to Christie's in London the Schindler landscape along with three other paintings for a May sale. Christie's provided Fastov with an estimated sale price of £40,000 to £60,000 subject to actual inspection of the painting. In March 1993, Fastov shipped the painting to Christie's London at his own expense. Christie's receipt for the painting, which was

subsequently sent to Fastov, signed by him, and returned to Christie's, bore "Conditions of Business" that included the following:

- (a) Christie's shall have absolute discretion as to:
 - (i) whether the lot is suitable for sale by Christie's, and, if so, as to the place and date of sale, the conditions of sale and the manner in which such sale is conducted;
 - (ii) the description of any lot in the catalogue;
 - (iii) whether the views of any expert shall be obtained . . .
- (b) Christie's reserves the right to withdraw any property at any time before the actual sale if, in Christie's sole judgment:
 - (i) there is any doubt as to its attribution or to its authenticity.¹⁰

Although Christie's London, upon receipt and examination of the painting, believed that it was an authentic Schindler, it nonetheless sought an expert opinion on the painting's authenticity, in consonance with its usual practice, because the painting lacked a documented provenance. To that end, it forwarded transparencies of the painting to the head of its Vienna office who, in turn, forwarded them to Frodl.

Frodl, recognizing the image from Fastov's earlier inquiry, indicated that he could not render an opinion as to the painting's authenticity without actually viewing the original. In view of Frodl's response, Christie's determined not to offer the painting in its May sale, and the painting was, accordingly, not included in the auction catalogue.

When Christie's informed Fastov that his painting would not be offered in the May sale because Frodl could not commit to an opinion and offered to ship Fastov's painting (at Fastov's expense) to Frodl for examination, Fastov, upset, refused the offer. Rather, he contacted Dr. Heinrich Fuchs, author of a published compilation of Schindler's paintings, and forwarded transparencies of his painting to him. In June 1993, Fuchs provided Fastov with a certificate of authenticity for the painting. That November, Fastov again contacted Christie's London to inform the auction house about Fuchs' certificate, but Christie's refused to offer the painting for sale without first obtaining a positive opinion from Frodl. Thereafter, Fastov made no effort to sell the painting elsewhere but, rather, continued to badger Frodl for a positive opinion and Christie's to sell the painting as a genuine Schindler.

In January 1994, Fastov sent Frodl a lengthy, accusatory letter threatening legal action against him if Frodl failed to provide Fastov with either a certificate of authenticity or a detailed rationale for his disagreement with Fuchs. In March 1994 Frodl, offended by Fastov's

letter, replied that he was unable to render *any* opinion on the basis of photographs; that he had never called the painting a falsification; and that he had not given Christie's any opinion, binding or otherwise, as to the painting's authenticity. Frodl concluded his letter by advising Fastov that he (Frodl) was not available to Fastov to render an opinion.

On or about late June 1994, Fastov sent Christie's London an even lengthier letter with hundreds of pages of attachments—alleging negligence and misrepresentation on the part of Christie's and explaining that unless Christie's agreed to his settlement proposal of \$168,000, he was prepared to sue Christie's for compensatory damages in excess of \$265,000 and punitive damages in excess of \$1 million.

In July 1994, Christie's, by letter, reiterated to Fastov that it had been unwilling to sell the painting because Frodl had been unwilling to commit to an opinion on the basis of photographs. The letter denied all of Fastov's allegations of negligence and misrepresentation and reminded Fastov that he (Fastov) had declined to forward his picture to Vienna for a physical inspection.

In October 1997,¹¹ Fastov filed an eight-count complaint against Christie's in the District of Columbia federal district court, and substantial and costly discovery followed. Fastov's complaint, arising from Christie's 1993 decision not to auction Fastov's painting, included, among other theories of liability, one each for breach of oral contract, negligent misrepresentation, fraudulent misrepresentation, fraud in the inducement, breach of fiduciary duty and negligence.¹² In addition to claiming punitive damages, Fastov's complaint sought damages for the alleged diminished value of his painting, for the time and effort he expended in pursuing his claims against Christie's, and for the emotional distress and health problems he sustained, allegedly caused by Christie's actions.

Christie's, for its part, asserted that all of Fastov's claims were barred by the District of Columbia's¹³ three-year statute of limitations, which applies to both tort and contract claims.

In Count VI of his complaint, Fastov alleged that:

- (1) he entered into an oral consignment agreement with Christie's in which Christie's agreed not to consult with an outside expert to confirm the painting's authenticity;
- (2) in approaching Frodl to obtain such an opinion, and then subsequently withdrawing the painting from the May 1993 catalogue and sale, Christie's breached the agreement;
- (3) under the agreement, Christie's had an implied obligation to Fastov of good faith and fair dealing which included the use of best efforts to promote

Fastov's painting and to protect Fastov's interests; and

- (4) Christie's breached its obligation of good faith and fair dealing by:
 - a) consulting with Frodl without seeking Fastov's permission, and;
 - b) failing to use its best efforts to protect the market value of Fastov's painting and obtaining the highest sales price for the painting.

The court found that these alleged breaches occurred on or before May 20, 1993 and that, therefore, the limitations period began to run on Fastov's breach of contract claim no later than May 20, 1993. Accordingly, when Fastov filed his breach of contract claim on March 21, 1997, the three-year limitations period had long since expired, rendering Fastov's contract claim untimely.¹⁴

The court held Fastov's tort claims to be equally untimely. As the court observed, basically all of Fastov's tort claims were premised on his allegations that Christie's:

- (1) falsely informed Fastov it would not seek the advice of an outside expert regarding the Schindler's authenticity;
- (2) falsely advised Fastov it was unnecessary to consult an outside expert because Christie's itself believed the Schindler painting was authentic;
- (3) falsely informed Fastov that Frodl had submitted a negative opinion regarding the painting's authenticity;
- (4) falsely advised Fastov that it withdrew the painting from auction based on Frodl's negative opinion;
- (5) falsely informed Fastov that Frodl would put his "non-existent negative opinion" in writing if Fastov confronted Frodl;
- (6) falsely informed Fastov that the painting would sell for a price in excess of £70,000; and
- (7) falsely informed Fastov that Frodl could not offer a positive opinion on authenticity as a result of Fastov's failure or unwillingness to ship the painting to Vienna for inspection.

The court found that Fastov either knew or, with the exercise of reasonable diligence, should have known that he suffered injury resulting from Christie's alleged tortious conduct more than three years before he filed suit.

Moreover, the court held that even if Fastov's claims were timely, they would fail on the merits. As the court observed, to succeed with each of his causes of action, Fastov had to demonstrate that he suffered damages as a result of Christie's conduct, and the court found that Fastov made no such showing. That is, the court noted that

Fastov's painting was in no way physically damaged by Christie's; that Christie's decision not to offer the painting for sale at auction was made privately and without notice to the public; and that although Frodl declined to render an opinion on authenticity based on photographs of the painting, Fastov did receive a certificate from Fuchs certifying that the painting was a genuine Schindler.

Although Fastov did not contend that Christie's publicly impugned his painting, he suggested that Christie's "effectively killed the painting's market value as an authentic work"¹⁵ as it would be unethical for him to sell the painting without revealing the existence of Christie's and Frodl's doubts about its authenticity. The court, however, found Fastov's suggestion to be groundless, noting that in 1994—long before he filed suit for damages—Fastov had received written confirmation from both Frodl and Christie's that his painting had not been impugned. Accordingly, the court found that Fastov had no basis whatsoever for thinking that he could not sell the painting without revealing that Frodl and/or Christie's purportedly and secretly questioned the painting's authenticity. The case was dismissed on summary judgment.

MALICIOUS PROSECUTION

*Seltzer v. Morton, Gibson, Dunn & Crutcher, LLP, and Gladwell*¹⁶

In this Montana case, an art expert harassed by a disappointed owner to recant his negative opinion about a painting, sued the owner—and his attorneys—for malicious prosecution, and won. In late 2000 or early 2001, at the request of an art auction house, the plaintiff Steve Seltzer, a professional appraiser and authenticator of Western American artwork, rendered an opinion as to the authenticity of a watercolor painting owned by defendant Steve Morton. Morton's painting, *Lassoing a Longhorn*, dated 1913, bore a signature indicating that it was the work of Charles M. Russell (1864–1926), a renowned Western American artist. Seltzer, however, along with some other experts, believed the work was actually by Seltzer's grandfather, Olaf Carl Seltzer (1877–1957), a contemporary and protégé of Russell, whose works, though respected, were less known and significantly less valuable than Russell's.

There were stylistic differences between the two artists. Although both lived and produced Western art in Montana, notably cowboy scenes, beginning in the late 1890s, Seltzer's work often manifested a more subtle use of color and more distinct lines and detail than did Russell's work, which generally presented a more vivid use of color.

As to the painting in issue, its origin and whereabouts prior to 1939 is unknown. In November 1939, the Newhouse Galleries in New York sold the painting to the Amon Carter Museum of Fort Worth, Texas. In February

1972, the Museum sold the painting to the Kennedy Galleries of New York. In May 1972, the defendant Morton purchased the painting from the Kennedy Galleries for \$38,000. Other than obtaining verbal assurance from the Galleries, Morton neither requested nor obtained any independent verification that the painting was an authentic Russell.

In 1998 Morton initiated a series of discussions with the Coeur d'Alene Art Auction house in Idaho with the objective of selling his painting at an annual Western art auction conducted by the house. In August 2000, at Morton's request, the director of the auction house appraised the fair market value of Morton's painting as \$650,000 on the assumption that the painting was an authentic Russell, and Morton subsequently decided to proceed with the sale of the painting by way of auction. However, the auction house then consulted with the plaintiff Seltzer before attempting to sell the painting as an authentic Russell.

The plaintiff, aside from being the world's foremost expert on the works of O.C. Seltzer and, to a lesser extent, an expert on the works of Russell, is a professional authenticator and appraiser of Western artwork. When Seltzer, familiar with the painting in issue, was contacted by the Coeur d'Alene Art Auction house, he expressed his opinion that it was a work of O.C. Seltzer. Seltzer's opinion was seconded by Ginger Renner, a Russell expert in her own right and the widow of the noted Russell expert Frederic G. Renner. She was also to a lesser extent an expert on O.C. Seltzer. Additionally, she opined that the signature on the painting had been altered in some manner.¹⁷

Given the expert opinions of both Seltzer and Ginger Renner, the Coeur d'Alene advised Morton in January 2001 that the auction house would not attempt to sell the painting as an authentic Russell because apparently it was the work of O.C. Seltzer. Morton subsequently received letters from each of Seltzer and Ginger Renner confirming their determinations that the painting was the work of O.C. Seltzer.

Thereafter, despite Morton's admitted knowledge that his painting was not an authentic Russell, he twice attempted to sell it as a Russell. First, in June 2001, he requested that the Kennedy Galleries sell it as a Russell on his behalf. When the Galleries refused to do so, he attempted to consign the painting for sale through Christie's auction house in Los Angeles. Christie's refused to accept the consignment and returned the painting to Morton.

Thereafter, Morton retained the defendant Dennis Gladwell, a partner with the defendant law firm Gibson, Dunn & Crutcher ("GDC"), who in April 2002 demanded from each of Seltzer and Ginger Renner a letter of "withdrawal of opinion" and threatened litigation if each failed to draft such a letter.

When neither expert responded, Morton sued Seltzer in July 2002 in the Montana federal district court asserting, among other claims, 1) Defamation, "by knowingly publishing false statements 'with an intent to damage [Morton]' and 'with the intent to defame the painting and [Morton's] reputation for honesty and fair dealing'";¹⁸ and 2) Negligence, by recklessly or carelessly "challenging the authenticity and provenance of the painting" and by "refusing to recant or withdraw his statements when presented with evidence that the signature on the painting was not forged."¹⁹ Morton sought, among other remedies, 1) declaratory judgment that the painting was an authentic Russell; 2) an injunction barring Seltzer from publicly asserting that the painting was not an authentic Russell; and 3) general damages, special damages and punitive damages.

Seltzer retained counsel and filed affidavits of ten individuals who had expertise regarding the works of both Russell and O.C. Seltzer. Each of these affidavits expressed the opinion that the painting was not an authentic Russell. Shortly thereafter, Morton and his attorneys admitted in a letter to the Kennedy Galleries that they had not as of yet secured a top-notch expert who could testify with confidence that the painting was an authentic Russell and that unless they could secure such an expert shortly, the lawsuit could go no further.²⁰

In February 2003, the Montana federal district court dismissed the case against Seltzer on summary judgment. In defending himself against this lawsuit, Seltzer had incurred more than \$45,000 in legal fees. Seltzer subsequently sued Morton, his attorney, Gladwell, and the law firm, GDC, alleging malicious prosecution and abuse of process. The jury found in favor of Seltzer on both his asserted causes of action, awarding \$1.1 million in compensatory damages. As to punitive damages, the jury awarded damages of \$100,000 against Morton, \$150,000 against Gladwell and \$20 million against GDC.

The Montana federal district court then issued an order reviewing the punitive damages verdicts pursuant to Montana statutory law and federal case law. The court determined that while the punitive verdicts were not excessive under Montana law, the verdict against GDC did not comport with due process under federal jurisprudence and was therefore reduced to \$9.9 million.

Seltzer then filed an appeal with the Montana State Supreme Court, after which the defendants filed a cross-appeal. The Montana State Supreme Court affirmed the federal district court's holdings in all respects. Therefore Seltzer, the not-so-hapless-expert, was well-compensated for rendering services under extremely trying circumstances; moreover, he was awarded millions of dollars for being subjected to harassment by both the owner of an artwork and the owner's attorneys. The outcome of *Seltzer* should imbue the expert with confidence that the law will underwrite an expert's integrity and that the law

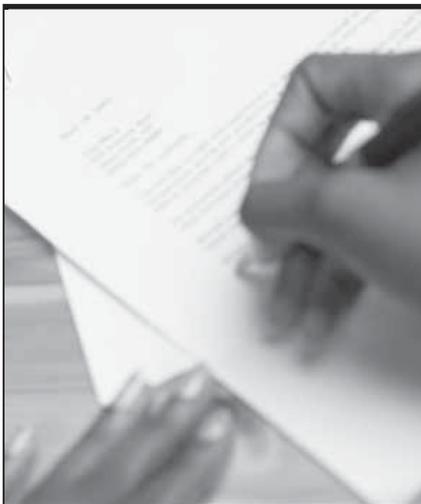
cannot be wielded like a blunt instrument to coerce the expert into rendering an advantageous though erroneous opinion for a client.

Endnotes

1. Where an artist is deceased, the holder of the decedent-artist's *droit moral* (in nations recognizing the *droit moral* and a post-mortem application of such rights) is generally regarded as an authenticator of the artist's work.
2. Such a contract, to limit exposure to negligence claims, was discussed in a previous article: J. Bresler, "Expert Opinions and Liabilities—An IFAR Update," *IFAR Journal*, vol. 6, no. 4, 2003-04, p. 28.
3. *Johannes R. Krahmer and Betty P. Krahmer v. Christie's, Inc.*, C.A. No. 606-N, Court of Chancery of Delaware, New Castle, October 17, 2006, LEXIS #186, *aff'd* No. 594, Lexis 177 (Del. Apr. 25, 2007).
4. *Id.* at LEXIS, p. 8, fn. 10.
5. The parties agreed that New York law applied to the substantive claims in this litigation, while Delaware law applied with respect to the statute of limitations issue—*Id.* at LEXIS, p. 14, fn. 19.
6. In January 2006, the Krahmers unsuccessfully sought to amend their petition to include, *inter alia*, a claim of negligent misrepresentation which the court subsequently rejected in the absence of a showing of a special relationship of trust and confidence between Christie's and the Krahmers.
7. *Id.* at LEXIS, p. 21.
8. *Robert S. Fastov v. Christie's, Inc.*, U.S.D.C., District of Columbia, Case 1:97-cv-00578, February 22, 2006.
9. *Id.* at 3-4.
10. *Id.* at 5-6.
11. Fastov originally filed a massive complaint against Christie's in March 1997—nearly four years after Christie's declined to include Fastov's painting in its May 1993 auction—and Christie's moved to dismiss the complaint, arguing, *inter alia*, that the complaint failed to comply with Rule 8(a) of the federal Rules of Civil Procedure. The court granted the motion with leave for Fastov to re-plead. *Id.* at 12.
12. The two other claims, not addressed here, were intentional infliction of emotional distress and violation of the District of Columbia's consumer protection statute. *Id.* at 13.
13. The parties agreed to submit to the law of the District of Columbia.
14. The court observed that Fastov unsuccessfully relied on the discovery rule for suspending the statute of limitations. Under the discovery rule recognized in the District of Columbia, where a breach of contract or obligation is difficult to discover, the statute of limitations does not begin to run until the injured party should have known of the breach. Here, the court found no basis for application of the discovery rule because to the extent, if any, that the alleged oral agreement existed, Fastov, as a supposedly sophisticated litigator who would know how to investigate matters affecting his affairs, knew or reasonably should have known about any alleged breach of that agreement considerably more than three years before he filed suit.
15. *Supra*, note 1 at 22.
16. *Seltzer v. Morton et al.*, No. 05-378, Supreme Court of Montana, 2007 MT 62; LEXIS # 98, March 12, 2007.
17. *Id.* at LEXIS, p. 14.
18. *Id.* at LEXIS, p. 29.
19. *Id.*
20. *Id.* at LEXIS, p. 32.

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Performing Rights Redux

By Keith C. Hauprich and Dan Coleman

DC: Music publishers benefit by separately monetizing different exclusive rights under copyright law. As the marketplace evolves, certain rights become more valuable than others.

KCH: In addition, as one stream of revenue dries up, music publishers are forced to plan for the future by prospecting for alternative sources of income, and by revisiting existing sources of income to insure that they are maximizing their potential.

DC: It's important to note that the trends we observe depend on our particular perspective. Various surveys, such as those conducted by the National Music Publishers Association, or country-specific data published by JASRAC (Japan's music licensing organization which collects both mechanical and performing royalties), show that total music publishing income is almost equally split between reproduction/distribution-based royalties (such as mechanicals and synchronizations) and performing rights royalties.¹ But the reality for individual publishers is very different.

KCH: The genetic makeup of an individual publisher's catalog is the most important factor. A catalog comprised of cues or music derived from audiovisual works is beholden to performance royalties. Owners of a catalog featuring contemporary singer-songwriters or producers may be living in fear of the Apocalypse, given the downward death spiral of mechanical royalties.

DC: Even singer-songwriters who are not represented by publishers have gotten wise to this trend and are aggressively seeking synchronization licenses to supplement their income. Most performance money comes from huge radio, film, and television hits, whereas mechanicals must be paid on songs buried within successful albums (including digitally downloaded albums). Since album cuts might never "see the light of day" of public performances, independent publishers have traditionally benefited from spikes in mechanical income from (what we used to call) a B-side on a popular album or single. As a result, the mechanical/performance split for a publisher could be closer to 60/40 or even 70/30. With the rise of the digitally downloadable single, those album-based royalties have gone south.

KCH: More than one pessimist (or realist) have suggested that not only have album-based royalties "gone south" but that it is also a matter of time before the concept of albums will be obsolete. Music users don't want the hits *and* the B-sides. Rather, music users only want what's in heavy rotation on Fuse[®] or featured in the penultimate scene of "Grey's Anatomy."

DC: I would characterize that attitude as more pessimistic than realistic because it ignores the reality of artist fan bases. A fan of a particular artist might be more interested in B-sides than hits. And without a fan base, all music would be relegated to one-hit wonder or jingle status. The hit-based formula may work for pop, but publishers must diversify across artist-driven genres. Traditionally, artists receive label and publisher attention when they demonstrate ticket sales, CD sales, and airplay (usually at a regional level). To discard the fan base once the marketing dollars are committed seems counterproductive, since labels and publishers attempt to benefit from established successes in order to minimize their risk. Albums are going the way of the dodo, but we still need deep catalog. The Copyright Act encourages newly recorded uses of songs through its compulsory licensing provisions of § 115. Subsequent versions of songs ("cover recordings") can reach a wider audience than the original. But the technology of the past decade has forced us to reevaluate compulsory licensing procedures. While § 115 reform is ostensibly about mechanical licensing, it actually encompasses the entire process of licensing digital music efficiently. The Register of Copyrights, Marybeth Peters, has put forth various proposals to streamline this process, including 1) a "Music Licensing Organization" to handle public performance, mechanical, and distribution rights for digital uses all at once and 2) permitting a master owner to serve as a "general designated agent" for licensing underlying copyrights contained in that master.²

KCH: While the second proposal seems draconian, certainly Ms. Peters' stated goals—to allow licensees to minimize transactions to clear the rights to use music, to allow copyright owners full compensation for the use of their works and to allow consumers to benefit from new and robust legitimate music services—are noble.

DC: Representatives of master rights might wonder why you characterize the "general designated agent" proposal as draconian. After all, isn't "one-stop shopping" a wonderful thing? But music publishers want to avoid a situation where controlled composition clauses and cross-collateralized recoupment schemes are extended beyond their traditional boundaries.

KCH: So there's more than meets the eye when it comes to compulsory license reform.

DC: Yes, and even performing rights can be implicated in the context of § 115. Three big areas come to mind. First, nascent methods of digital music retail (such as the subscription-based business model of Rhapsody)³ require that bundles of rights be licensed simultaneously. Second, the recent decision by the Register of Copyrights to

subject ringtones to the compulsory mechanical licensing statute has temporarily obscured the performing rights revenue stream from that medium. Reform of § 115 will mean that the value of performances in ringtones will have to be built back into the rate charged for (what is in reality) a bundle of licensed rights. And third, featured performing artists' appetites were whet by § 106(6)'s digital performance in sound recordings, and there is a push to extend the featured artist royalty to terrestrial radio.⁴ If we add to the mix the recent study by economist Stan Liebowitz of the University of Texas demonstrating that radio play actually hurts record sales, then we may be entering an era where performing rights are of paramount importance.⁵

KCH: Let's look at how the performing rights organizations ("PROs") are strategizing for the latest sea change.

DC: On the bleeding edge of performance tracking is BMI's wholly owned subsidiary, Landmark Digital Services, LLC. On a recent trip to Nashville, I had an opportunity to visit David DeBusk, Landmark's Vice President of Business Development. David demonstrated the technology for me and explained the history of the company.

In 2005, Landmark completed its purchase of patented technology from UK-based Shazam Entertainment Ltd., and now continues to develop it under the "BlueArrow"® trademark. Shazam's original intent for its technology was to permit consumers to hold up their cell phones to music sources (e.g., in retail establishments) and automatically identify the song being played, thus enabling them to purchase that song on the spot by downloading it to their phone. While Landmark licenses BlueArrow back to Shazam and other mobile music retailers (such as Verizon) for its original purpose, it has improved it specifically for performance tracking.

Within a matter of seconds, BlueArrow uses its scalable database to identify a recorded song being broadcast. The technology can identify any portion of the recorded song using pattern (waveform) recognition. This approach differs from watermarking technology because the recording itself does not have to be encoded with special information. As David explained to me, BlueArrow was optimized for noisy environments, and it does a remarkable job even with poor audio quality.

Perhaps the most breathtaking aspect of BlueArrow is its ability to parse multiple recordings being played simultaneously. In one case, BlueArrow was able to identify a 1970s disco string sample within a 1990s R&B hit. This aspect of the technology could make it a valuable tool for publishers who wish to affirm their property rights in the contentious arena of sampling.

It is important to note that BlueArrow relies on a database of patterns from recorded versions of songs. In its

current form, the technology cannot automatically recognize a cover version of a composition, even if its database contains the popular version of the same song.

There are many exciting implications for new performance tracking technology. With increased census data from licensees that were previously impossible to monitor precisely (such as restaurants or health clubs), PROs will be able to track lesser-known songs that might previously have been lost in statistical samples (leaving their owners uncompensated). There may also be an opportunity for a publisher with a large copyright portfolio—or at least one with the leverage of major hits—to license BlueArrow and conclude performing rights agreements directly with radio networks or retail chains.

KCH: In a no less significant (but far less Star Trekian) advancement, ASCAP and BMI have jointly introduced what they are dubbing "a new standard in cue sheet technology," RapidCue®.

With the guidance of an advisory committee comprised of film and television executives, ASCAP and BMI developed RapidCue over the past four years to ease the labor-intensive (and often error-riddled) process of compiling cue sheets. Maite Bursic, Cherry Lane Music's Audiovisual Rights Administrator, educated me as to the importance of this development.

Cue sheets typically list the music used within an audio-visual work, such as a television show or motion picture, and detail the duration of the song, the type of use (e.g., background instrumental or visual vocal), the name(s) of the composer(s) and publisher(s), and their PRO. The applicable PRO then relies upon such cue sheets to determine how much music was used, who owns the music and how royalties should be distributed. Absent complete and accurate cue sheets, performing rights societies cannot properly allocate royalties to either composers or publishers.

At its core, RapidCue is an application that allows the user to enter, manage and electronically submit cue sheet data to the intended PRO. This application ensures that only complete and accurate cue sheets are submitted. Stepping back and viewing the larger picture, this represents a major shift toward implementing uniformity in cue sheet reporting within the United States. As Ms. Bursic further explained, it may prove to be the worldwide standard and universal language in cue sheet reporting in the near future.

DC: Innovations such as BlueArrow and RapidCue may appear to increase PRO clout in the marketplace, but they actually permit licensors and licensees to interface more easily with rights societies. Music publishers can obtain and supply more accurate data, and in turn PROs can disburse more accurate payments.

Endnotes

1. For recent JASRAC data, see <http://www.jasrac.or.jp/ejhp/about/statistics.html> (last visited August 11, 2007); for NMPA survey data, see <http://nmpa.org/pressroom/survey.asp>.
2. <http://www.copyright.gov/docs/regstat062105.html> (last visited August 11, 2007).
3. For a description of Rhapsody's pricing plan, see: http://learn.rhapsody.com/faq?pageid=unagi.11894617.wrapper&pageregion=A1&src=rotw.learn_overview%2Crotw.learn_plans%2Crotw.learn_experience&pcode=rn&opage=rotw.learn_experience#ques1 (last visited August 12, 2007).
4. http://www.billboard.biz/bbbiz/content_display/magazine/upfront/e3i41847dd9a1454e505d28e972f2c1b7d1 (last visited August 12, 2007).
5. <http://www.nytimes.com/2007/07/23/business/media/23drill.html?ex=1342929600&en=10d3685da59b79f6&ei=5124&partner=permalink&exprod=permalink> (last visited August 11, 2007).

Keith C. Hauprich is the father of three beautiful daughters, Ashleigh, Mackenna and Amber. He also happens to be the Vice President, Business & Legal Affairs for Cherry Lane Music Publishing Company, Inc., one of the world's leading independent music publishers, where he serves as in-house counsel and is responsible for all legal matters.

Dan Coleman (Managing Partner of "A" Side Music, LLC) was born in New York City, and educated at the University of Pennsylvania and The Julliard School. His original concert music has been commissioned, performed, and recorded by leading American symphonies and chamber ensembles. Dan has composed string arrangements for popular albums on the Geffen, A&M, and Atlantic record labels, including projects by Lisa Loeb and Calexico. In 2001, Dan served as an orchestrator for David Mamet's caper film *Heist*. In 1999, Dan entered the music publishing business as the administrator for R&B songwriter John Legend's nascent catalog. Currently Dan administers "A" Side's roster of music luminaries, including Rock and Roll Hall of Fame inductee Ronnie Spector, leading jazz pianist Brad Mehldau, and many others. Dan enjoys commentating on music publishing and copyright matters, and has been invited as a guest speaker to Harvard, MIT, Johns Hopkins, and the University of Arizona Rogers School of Law.

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The Politics of Fair Use

By Denise I. Mroz and David Levenson

It has been said that politics makes strange bedfellows. Would politicians and intellectual property owners be considered such an unlikely alliance? With presidential candidates selecting campaign theme songs, the inevitable endorsements by celebrities, and the occasional entertainer-turned-political-candidate, it would seem that is indeed the case. However, if there is such a union, it is not without rifts. In the past decade, there has been at least one copyright or trademark controversy during each presidential election year. In 1996, the owners of the musical composition for “Soul Man” demanded that Bob Dole cease using a revised version of the song, which included the phrase “I’m a Dole man.” In 2000, MasterCard and Ralph Nader disputed over Nader’s “Priceless” commercial. In 2004, Ludlow Music complained about JibJab Media’s use of the “This Land” musical composition in a video that poked fun at John Kerry and George W. Bush.

So, what will it be during the next presidential election? More interestingly, how would such a case play out under current precedent?

In the past, trademark disputes involving political uses have had arguably predictable outcomes. The cases include actor Andy Griffith’s lawsuit against a candidate for sheriff who ran under the name “Andy Griffith”;¹ AFLAC’s claims against a gubernatorial candidate who used a quacking duck to mock his opponent;² and MasterCard’s lawsuit against Ralph Nader for his “Priceless” campaign ad.³ On the trademark counts, the courts not only found that the defendants’ political speech was not likely to cause confusion with the plaintiffs’ trademarks,⁴ but also dismissed the trademark dilution claims on the basis that the defendants’ speech was noncommercial and protected under the First Amendment.⁵

Thanks in part to the fair use doctrine, copyright cases are generally less predictable. As with a trademark infringement action, the fair use doctrine requires a case-by-case analysis. However, the fair use factors, as identified in Section 107 of the Copyright Act, are often weighted or balanced against one another. Thus, where the noncommercial nature of a defendant’s actions may lend to the dismissal of a trademark dilution claim, the fact that a defendant’s use was noncommercial in nature would be just one factor to consider in a fair use analysis. To complicate matters further, the factors are not always balanced equally.

It should be noted that both the *AFLAC* and *MasterCard* cases involved claims of copyright infringement. In *AFLAC*, the court concluded that the defendant’s cartoon duck, which bore the head of the then Ohio governor, Bob Taft, had little in common with AFLAC’s realistic duck.⁶

In *MasterCard*, the court concluded that Ralph Nader’s “Priceless” commercial was a parody of the materialist message conveyed in MasterCard’s advertisements, and, therefore, a fair use.⁷

Other than *AFLAC* and *MasterCard*, there are few copyright cases involving political speech. *AFLAC* and *MasterCard* provide some guidance on the analysis of parodies of another’s copyrighted content, but there is little to guide practitioners when it comes to more strait-laced, nonparodic uses. For instance, would a politician’s unlicensed use of the below works in a campaign advertisement constitute copyright infringement?

- news footage showing the politician’s opponent in a compromising position;
- a head shot of the politician’s opponent; or
- recorded music used in the background of the campaign advertisement.

Assuming there is no question of copying, the determination of infringement would, not surprisingly, turn on the outcome of a fair use analysis.

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It is important to note that the court may consider whether these particular uses fall into one of the specifically enumerated categories of Section 107 of the Copyright Act, such as criticism, commentary, or news reporting.⁸ The politician’s uses of these works in campaign ads likely would not constitute news reporting or criticism. However, depending on the exact nature of the ad’s message, there may be an argument that the use is a commentary of the works. This would not be dispositive of the fair use analysis,⁹ but it likely would start tipping the scales in the politician’s favor.

The Fair Use Analysis

1. The Purpose and Character of the Defendant’s Use

The first fair use factor traditionally considered is the purpose and character of the defendant’s use of the work, including whether the use was commercial or noncommercial in nature.¹⁰ Taking a cue from the various trademark cases mentioned above, political advertisements

would likely be considered noncommercial in nature. Though a political advertisement may be seeking financial contributions for the candidate, it has been held that this alone does not make an advertisement commercial in nature.¹¹ Thus, the political nature of the use may be enough to deem this factor in favor of the politician.¹²

A court may also conclude that the politician's use is transformative. A finding of transformation depends on "whether the new work merely 'supersede[s] the objects' of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message."¹³ If the defendant's use is found to be "transformative" of the plaintiff's work, it is more likely that this factor will weigh in favor of the defendant.¹⁴

"There are no bright line rules as to the amount of a copyrighted work that may be copied and still be considered a fair use."

For example, in *Nunez v. Caribbean International News Corp.*,¹⁵ the plaintiff-photographer sued the defendant for reproducing his copyrighted photographs in the defendant's newspaper. The photographs were of Miss Puerto Rico Universe 1997 and had been taken for use in the model's portfolio. The images, however, became news due to the Miss Puerto Rico's attire, or lack thereof. The court, in concluding that the newspaper's use was transformative, stated:

... what is important here is that plaintiffs' photographs were originally intended to appear in modeling portfolios, not in the newspaper; the former use, not the latter, motivated the creation of the work. Thus, by using the photographs in conjunction with editorial commentary, [the defendant] did not merely "supersede[]" the objects of the original creations," but instead used the works for "a further purpose," giving them a new "meaning, or message."¹⁶

Following the view of *Nunez*, it is likely that a court would conclude that the politician's use of the news footage is transformative, particularly if the past licensing of this footage was solely to news media outlets. In this case, the politician's commentary of the footage provides a "further purpose" to the work that the copyright owner may not have contemplated.

In contrast, the politician's use of the photograph and recorded music likely would not be considered transformative, unless the use was also a parody, commentary, or criticism of the works.¹⁷ Regardless, the political nature

of the use may be enough to find this factor in favor of the politician.¹⁸

2. The Nature of the Copyrighted Work

The second factor considers the nature of the copyrighted work, namely, whether the work is published or unpublished and factual or creative.¹⁹ Where a work is more factual and informational in nature, it is "more susceptible" to a finding of fair use.²⁰

Take for example the case of *Mathieson v. Associated Press*,²¹ which involved AP's duplication and distribution of two photographs from a body armor sales brochure. AP used the photographs in connection with an article concerning the business activities of Oliver North, a principal in the body armor company. The first photograph depicted a model wearing a bulletproof vest, partially covered by a shirt, and the second image was a head shot of Oliver North. Although the court stated that the image of the body armor was informational, it concluded that this did not negate the "imaginativeness or creativity" that went into the image.²² However, with regard to the head shot, the court found there were few, if any, artistic effects employed. As a result, the court found that this factor weighed in the photographer's favor for the image of the bulletproof vests but in AP's favor for the head shot of North.²³

Assuming that the works were all previously published, the outcome of this factor would turn on the level of creativity associated with each work. In the case of the news footage and photographs, even if the authors made certain artistic decisions when capturing the events on film, the works would be considered largely factual in nature. However, the recorded music would more than likely be considered to be creative.²⁴

3. The Amount of the Work Used by the Defendant

The third factor considers the amount of the work used by the defendant.²⁵ There are no bright line rules as to the amount of a copyrighted work that may be copied and still be considered a fair use.²⁶ However, this factor often weighs in favor of the plaintiff where the entire copyrighted work is duplicated or where the portion used is "the most valuable and pertinent portion," or "heart," of the work.²⁷

Take, for example, the case *Los Angeles News Service v. KCAL-TV Channel 9*.²⁸ The Los Angeles News Service sued the television station KCAL for broadcasting thirty seconds of a four minute video. Although KCAL copied only a fraction of the video, the Ninth Circuit concluded that the portion copied and performed was the most valuable part of the footage.²⁹

Note, however, that when a copyrighted work is used for the purpose of criticism or commentary, it may be permissible to copy some, if not all, of the work in question. For example, in *Haberman v. Hustler*,³⁰ the court found that

Hustler did not infringe upon the plaintiff's photographs, as the magazine's duplication was accompanied by a written commentary of each image.³¹ In addition, in *Keep Thomson Governor Committee v. Citizens for Gallen Committee*,³² the defendant used fifteen seconds of the plaintiff's three minute song in a political advertisement. The court, noting that the song itself was a political campaign message, concluded that the amount taken was minimal.³³

Thus, even if the politician duplicated the heart of each work, if the politician's use constituted a commentary of the works the court may conclude that the defendant took only as much of a copyrighted work as necessary in order to achieve his or her purpose. If the use is not a commentary, however, the assessment is more complex. For example, with regard to the recorded music, several facts would likely come into play in determining whether the amount of music duplicated was substantial, including the total length of the recording, the length of the clip used by the politician, and the content of the clip.³⁴

4. The Effect of the Use on the Market for the Work

The fourth factor, namely, the effect of the use on the market for the work,³⁵ has been described as "the single most important element of fair use."³⁶ Courts often look at both the actual and potential harm that the specific use caused or could cause to the marketplace for the work.

It is important to note that a loss of licensing fees does not necessarily constitute market harm.³⁷ If, by chance, the politician has "filled a market niche that the [copyright owner] simply had no interest in occupying,"³⁸ the copyright owners' claims of lost licensing revenue likely will fail.

Also, this is another factor where the court's conclusions on the purpose and character of the defendant's use may impact the outcome of the analysis.³⁹

Consider, for example, *Los Angeles News Service v. CBS Broadcasting, Inc.*,⁴⁰ which concerned the use of video footage of the Reginald Denny beating during the Los Angeles riots. The clip, which was used in two different instances, showed Damien Williams throwing a brick at Denny's head. The clip was used, along with other unrelated clips, in the introduction of the Court TV show "Prime Time Justice."⁴¹ In this case, the court held that the use was transformative and "unlikely to affect the plaintiff's relevant market," which it described as news coverage.⁴²

The clip was also used in a promotional spot for a Court TV program about Williams' criminal trial. In this case, the court described the use as "more problematic," but concluded that the Court TV spot was not competitive with the plaintiff's typical market.⁴³

The licensing plans and practices of each copyright owner would be extremely relevant to the outcome of this

fair use factor. To prevail, the copyright owners would have to demonstrate that the politician's use impacts a "traditional" market for their words or impacts a market that is "reasonable, or likely to be developed."⁴⁴

"All in all, copyright cases involving political advertisements are less predictable than their trademark counterparts."

All in all, copyright cases involving political advertisements are less predictable than their trademark counterparts. However, politicians appear to have the upper hand in the fair use analysis due to the political nature of the speech. It would take a rather superfluous and gratuitous use to greatly tip the scales in favor of the copyright owner. Perhaps it is this uncertainty that brews new controversies every four years. If that is the case, it seems inevitable that we will continue to see trademark and copyright controversies as often as we see elections. Let us hope so!

Endnotes

1. *Griffith v. Fenrick*, 2007 U.S. Dist. LEXIS 3208 (W.D. Wisc. May 4, 2007).
2. *American Family Life Ins. Co. v. Hagan*, 266 F. Supp. 2d 682 (N.D. Ohio 2002).
3. *MasterCard Int'l, Inc. v. Nader*, 70 U.S.P.Q.2d 1046 (S.D.N.Y. 2004).
4. *Griffith*, 2007 U.S. Dist. LEXIS 3208 at * 8; *AFLAC*, 266 F. Supp. 2d at 691; and *MasterCard*, 70 U.S.P.Q. 2d at 1050-1051.
5. *Griffith*, 2007 U.S. Dist. LEXIS 3208 at * 12; *AFLAC*, 266 F. Supp. 2d at 698; and *MasterCard*, 70 U.S.P.Q.2d at 1054 (stating that the speech was "political in nature" and "therefore exempted from the coverage by the Federal Trademark Dilution Act").
6. *AFLAC*, 266 F. Supp. 2d at 691, n.9.
7. *MasterCard*, 70 U.S.P.Q.2d at 1058.
8. 17 U.S.C. § 107.
9. *See Harper & Row, Publs., Inc. v. Nation Enterprises*, 471 U.S. 539, 561 (1985).
10. 17 U.S.C. § 107(1).
11. *MasterCard*, 70 U.S.P.Q.2d at 1053; *AFLAC*, 266 F. Supp. 2d at 697 (finding the defendant's use of a quacking duck on his Web site, which included a mechanism for making financial contributions, "completely noncommercial, political speech"); *Griffith*, 2007 U.S. Dist. LEXIS 3208 at * 12.
12. *See Nordstrom v. PARAN (People Against Racism at Nordstrom)*, 1992 U.S. Dist. LEXIS 9162 (U.S. Dist. of D.C. 1992) (denying a preliminary injunction motion on the basis that the defendant's reproduction of the plaintiff's content "juxtaposed" with racial equality information was "political speech protected by the First Amendment"); *but see Long v. Ballantine*, 1998 U.S. Dist. LEXIS 7813 (E.D.N.C. 1998) (confirming a jury verdict for the owner of photographs of a politician that were reproduced in a political revival's campaign materials).
13. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994), *citing Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841); and *Harper & Row*, 471 U.S. 539, 547 (1985).

14. *Campbell*, 510 U.S. at 579.
15. 235 F.3d 18 (1st Cir. 2000).
16. *Id.* at 23, citing *Campbell*, 510 U.S. at 579.
17. *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 342 F.3d 191, 200 (3d Cir. 2003) (citing *Campbell*, 510 U.S. at 587) (finding that defendant's creation of preview clips from copyrighted movies did not involve any "creative activity" and therefore, lacked any transformative character or purpose).
18. *Keep Thomson Governor Committee v. Citizens for Gallen Committee*, 457 F. Supp. 957, 961 (D.C.N.H. 1978) (stating the "use by the defendant of a portion of the plaintiff's political advertisement is clearly part of a political campaign message, noncommercial in nature, and *First Amendment* issues of freedom of expression in a political campaign are clearly implicated").
19. 17 U.S.C. §107(2).
20. *Mathieson v. Associated Press*, 23 U.S.P.Q.2d 1685 (S.D.N.Y. 1992), citing *Harper & Row Publrs.*, 471 U.S. at 563.
21. 23 U.S.P.Q.2d 1685 (S.D.N.Y. 1992).
22. *Id.*
23. *Id. comparing Haberman v. Hustler Magazine, Inc.*, 626 F. Supp. 201, 211 (D. Mass. 1986) (finding that fine art photographs of a surrealist character to be "creative, imaginative, and original") with *Guccione v. Flynt*, 1984 WL 18 (S.D.N.Y.) (finding a photo depicting the plaintiff with a nude model not substantially imaginative or creative).
24. *But see Keep Thomson Governor Committee*, 457 F. Supp. at 961 (stating that the copied sound recording was itself a political campaign message).
25. 17 U.S.C. § 107(31).
26. *Maxtone-Graham v. Burtchaell*, 803 F.2d 1253, 1263 (2d Cir. 1986).
27. *Harper & Row*, 471 U.S. at 564-66.
28. 108 F.3d 1119 (9th Cir. 1997).
29. *Id.* at 1122; see also *Los Angeles News Service*, 108 F.3d at 1122; and *Los Angeles News Service*, 149 F.3d at 994.
30. 626 F. Supp. 201 (D.C. Mass. 1986).
31. *Id.* at 214.
32. 457 F. Supp. 957 (D.N.H. 1978).
33. *Id.* at 961.
34. See, for example, *Higgins v. Detroit Educational Television Foundation*, 4 F. Supp. 2d 701 (E.D. Mich. 1998) (finding the defendant's use of two "brief" 16 and 20 second segments of a three minute, 35 second recording, which were "barely audible" and contained no lyrics, was an insubstantial taking).
35. 17 U.S.C. §107(4).
36. *Harper & Row*, 471 U.S. at 566.
37. *Ringgold v. Black Entertainment TV*, 126 F.3d 70, 81 (2d Cir. 1997).
38. *Twin Peaks Prods. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1377 (2d Cir. 1993).
39. *Kelly v. Arriba Soft Corp.*, 280 F.3d 934, 943 (9th Cir. 2002).
40. 313 F.3d 1093 (9th Cir. 2002).
41. *Id.*
42. *Id.*, citing *Kelly*, 280 F.3d at 943.
43. *Id.*; contrast *Los Angeles News Service*, 149 F.3d at 994 (finding Reuter's use of the Reginald Denny footage impacted the market for the work as the parties are rival news reporting organizations).
44. *Ringgold v. Black Entertainment TV*, 126 F.3d at 81.

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Whose Stats Are They Anyway? Analyzing the Battle Between Major League Baseball and Fantasy Game Sites

By Stacey B. Evans

I. Introduction

In 2006, the Eastern District Court of Missouri handed down a decision that promised to have a wide-ranging effect on the future of online fantasy sports. In 2007, that decision was affirmed in a divided 2-1 vote by an Appellate Board for the Eighth Circuit. While the district court judge held that players do not have a right of publicity in the names and playing statistics as used in an online fantasy baseball game,¹ the appellate court held that players do in fact have that right.² While the two courts came down differently on this issue, both agreed that the First Amendment trumps such right.³ District Judge Medler's decision (affirmed by the Eighth Circuit) has broad-reaching implications for the entire genre of fantasy sports operations.

This article provides an in-depth analysis of the ongoing legal battle in *C.B.C. Distribution & Mktg., Inc. v. Major League Baseball Advanced Media, L.P.* and particularly examines the Eastern District of Missouri's and Eighth Circuit Court of Appeals' analysis of the right of publicity, the First Amendment, and copyright law. Part II will discuss the phenomenon of fantasy baseball, what it is, and why so many people play. Part III will set forth the facts of *C.B.C. Distribution*. Part IV will dissect and critique the *C.B.C. Distribution* decision and examine how other court cases may have shaped this decision. Part V concludes with recommendations for going forward and whether it would be prudent for Major League Baseball to continue its appeal of *C.B.C. Distribution*.

II. Phenomenon of Fantasy Baseball

In recent years, fantasy sports, especially baseball, have exploded into a massive industry. "The American populace, at least a significant portion of it, has a fascination with baseball, they have a fascination with following the statistics, and the popularity of fantasy sports is borne right out of that passion for tracking the game and the statistics."⁴ Fervor for fantasy baseball has reached huge proportions. In addition to all of the fantasy websites that exist in cyberspace, there is now also a site called "Fantasy Dispute" in which fantasy players can pay a \$9.95 fee to have fantasy clashes decided by an attorney.⁵

Fantasy sports are games in which "owners" manage imaginary teams based on the real-life performance of players, and compete against one another using those players' statistics to score points.⁶ At the beginning of each season, fantasy managers are able to draft players for each position on their teams. The manager can then start and substitute players based on players' perfor-

mances. Additionally, managers can trade players with other managers in the league in order to best fulfill positional needs. Managers may also pick up free-agent players as replacements for starters who have been injured or players who are underperforming.

"While the district court judge held that players do not have a right of publicity in the names and playing statistics as used in an online fantasy baseball game, the appellate court held that players do in fact have that right."

More than 15 million people participate in fantasy sports each year, spending about \$1.5 billion annually, virtually all of them using an outside service to keep track of rosters, players' statistics, trades, and more.⁷ Websites such as Yahoo! Sports enable users to play fantasy games for free, and benefit from free statistic reports and analysis.⁸ ESPN provides its users with access to expert reports and in-game player projections, all free of charge.⁹ Yahoo! Sports makes its basic fantasy baseball games free for users, but charges for the more premium version Baseball PLUS (\$24.99 for the season) and for upgraded services such as a real-time statistic tracker (\$9.99) and a weekly scouting report (\$14.99).¹⁰ Other fantasy providers, such as CDM Fantasy Sports, charge users a fee just to be able to play the most basic fantasy baseball game and assess an additional fee for the ability to trade players. CDM Fantasy Sports charges users \$29.95 to play its basic fantasy baseball game.¹¹ For an additional \$9.95, users can purchase a live statistics tracker that enables them to obtain the statistics for all of the players on their teams.¹² There are a plethora of other statistical reports that users can purchase in addition. Several analysis reports are available free of charge to anyone who visits CDM Fantasy Sports' website.¹³ Additional charges are assessed to fantasy players for a bench switch (\$2.00 per switch), designated hitter switch (\$1.00 per switch), and player purchases (\$5.00 per purchase).¹⁴

III. Facts of C.B.C. Distribution

As the fantasy sports genre has grown in popularity, so has the question of who owns players' statistics. In the 2006 district court case *C.B.C. Distribution & Mktg., Inc., v. Major League Baseball Advanced Media, L.P.*, Major League Baseball's Advanced Media ("Advanced Media") argued that it owned the rights to players' names, likenesses,

and statistics.¹⁵ C.B.C. Distribution (“CBC”), on the other hand, argued that players’ statistics were a part of the public domain and a part of baseball history.¹⁶ Advanced Media claimed that it controls the use of players’ names and statistics when being used for commercial purposes and that CBC must pay a licensing fee in order to use players’ names and statistics together. The District Court for the Eastern District of Missouri found in favor of CBC, and was affirmed in October 2007 by the Eighth Circuit.

CBC is a division of CDM Fantasy Sports, a corporation based in St. Louis, Missouri. The company offers a variety of different fantasy baseball games, each for a different fee.¹⁷ Players register for these games via CBC’s website and can visit the website as often as they like in order to manage their teams. Additional fees are assessed to trade players and receive reports on player injuries and playing performance.¹⁸ CBC offers users up-to-date information on each player to assist “managers” in selecting players that best meet team needs.¹⁹ There is a disclaimer at the bottom of CBC’s website that states “This site is not endorsed by Major League Baseball (MLB) or any MLB player.”²⁰

CBC contended that statistics are part of the public domain.²¹ The numbers that CBC uses as a part of its fantasy games are statistics readily available in newspaper box scores and on the Internet. Using a players’ statistics without attaching his name to those statistics would render the data meaningless.²² CBC further stated that there was no violation of baseball players’ publicity rights.²³

Advanced Media was formed in 2000 as the interactive media arm of Major League Baseball²⁴ and runs the Internet site www.mlb.com. Advanced Media argued that CBC violated the MLB players’ right of publicity based on CBC’s use of names, jersey numbers, playing records and data, and that CBC was profiting from players’ statistics by charging its users to manage teams and trade players.²⁵ Advanced Media further stated that it retains exclusive ownership of statistics associated with players’ names and that it may prevent fantasy sports sites from using this data in fantasy baseball games.²⁶

Prior to this legal dispute, CBC and Advanced Media had a series of Licensing Agreements for the use of the rights and trademarks associated with MLB players.²⁷ Upon termination of the 2002 Licensing Agreement, it was believed by Advanced Media that CBC’s right to use any of Advanced Media’s rights or trademarks was terminated.²⁸ This contractual agreement became a focal point of Circuit Judge Colloton’s dissent. Advanced Media counted playing records and biographical data as rights and trademarks to which it had exclusive control.²⁹ However, CBC argued that the statistics were free and available to the public, and despite the termination of agreements, it had the right to continue to use this data for the purpose of its fantasy baseball games.

At the heart of this dispute is the fact that Advanced Media signed a five-year \$50 million deal with the Major League Baseball Players’ Association (“Players’ Association”) in 2005, in order to acquire the exclusive rights to players’ names and statistics for use in online content, including fantasy baseball.³⁰ Advanced Media enforced its rights by charging a licensing fee to companies such as Yahoo! and ESPN in order to use players’ pictures, team logos, and highlight clips as part of its fantasy baseball games.³¹ Advanced Media began sending cease and desist letters to companies offering fantasy baseball games, stating that the unlicensed use of players’ names in conjunction with statistics violated the Exclusive Agreement that it entered into with the Players’ Association.³² In *C.B.C. Distribution*, CBC said it merely used readily available and retrievable statistics; it was not using the pictures of players or the logos of the teams for which they played. CBC claims that it acted within its First Amendment rights to use the players’ statistics for the purpose of its online games.³³ This case highlights that statistics are what make fantasy sports games so popular.

In 2005, Advanced Media offered CBC a license to promote Advanced Media’s fantasy games, much like it had offered to Yahoo! and ESPN. In exchange for CBC’s promotion of Advanced Media’s games, CBC would receive a percentage of related revenues.³⁴ In essence, Advanced Media wanted to sell CBC a license in order to use its already existing customer base to promote Advanced Media’s baseball games. This Agreement would not allow CBC the opportunity to promote its own fantasy games. In fear of being sued by Advanced Media and desiring to reclaim its rights to baseball statistics, CBC filed a complaint requesting summary judgment.³⁵ The complaint alleged that Advanced Media “has maintained that it has exclusive ownership of statistics associated with players’ names and that it can, therefore, preclude all fantasy sports league providers from using this statistical information to provide fantasy baseball games to the consuming public.”³⁶ CBC sought a declaratory judgment, and also sought injunctive relief to enjoin Advanced Media from interfering with CBC’s fantasy baseball.³⁷

Advanced Media filed a counterclaim to CBC’s suit alleging that CBC violated the contract terms of the 2002 Licensing Agreement by continuing to use players’ statistics in conjunction with their names. Advanced Media asserted that CBC violated the players’ right of publicity in the use of names, likenesses, and statistics.³⁸ A teleconference among the district court and the parties took place in order to clarify some matters. The issues before the district court included: whether the players have a right of publicity in their names and statistics; whether the right is preempted by copyright law; whether the First Amendment applies; and whether CBC violated the 2002 Licensing Agreement.³⁹ The Eighth Circuit reviewed the district court’s decision *de novo* to determine if summary judgment was correctly granted to CBC.⁴⁰

The statistics that CBC uses in distributing its fantasy baseball games include information typically found in a newspaper box score such as at bats, hits, runs, players' batting average, and home runs.⁴¹ Yet, per the terms of Advanced Media's agreement as the exclusive online and interactive arm of the Players' Association, Advanced Media believed that it had the rights to all Players' Association trademarks including "the names, nicknames, likenesses, signatures, pictures, playing records, and/or biographical data of each player."⁴² The parties in the matter of *C.B.C. Distribution* stipulated before the district court trial that they would drop counts related to federal copyright law and unfair competition/false advertising laws.⁴³ As such, the primary analysis of both the district and appellate courts focused on CBC's First Amendment right to freely disseminate player statistics, and whether that First Amendment right trumps players' right of publicity and preempts copyright law.

In dealing with Advanced Media's claim that CBC's actions violated the terms of its 2002 Licensing Agreement, the court found that Advanced Media was not able to effectively show that CBC was taking away from a players' ability to earn money.⁴⁴ "The strong federal policy favoring the full and free use of ideas in the public domain as manifested in the laws of intellectual property prevails over the challenged contractual provisions of the 2002 Agreement."⁴⁵ The 2002 Agreement contained a no-challenge provision in which CBC agreed that it would not contest the rights or trademarks of the Players' Association. As a matter of public policy, District Judge Medler voided the no-challenge provision.⁴⁶ The Eighth Circuit determined that Advanced Media did not have exclusive "right, title and interest" in players' statistics, and as such, breached a material obligation of the Agreement.⁴⁷ As Advanced Media could not fulfill its part of the Agreement, CBC did not have obligations under the Agreement, and therefore there could be no enforcement of the no-challenge provision against CBC.⁴⁸

The district court further held that the players do not have a right of publicity in the information used by CBC in its fantasy games.⁴⁹ However, the Eighth Circuit did find that the players had that right. In both the district and appellate courts, even if the baseball players did have a right of publicity, the First Amendment superseded this right.⁵⁰ The district court, as well as the Eighth Circuit, held that the terms of the 2002 Licensing Agreement between Advanced Media and CBC were unenforceable. The former held that the terms were unenforceable because of public policy considerations,⁵¹ while the latter released CBC from its contractual obligations since Advanced Media did not adhere to its responsibilities under the Agreement.⁵² Advanced Media was ordered to refrain from interfering with CBC's fantasy baseball operations.⁵³

A. Right of Publicity

It is widely agreed that an athlete's or celebrity's name is a thing of value. They earn millions of dollars in endorsement deals in which they essentially license their names to sell products. The right of publicity was established as a means of protecting the commercial interest of celebrities and athletes.⁵⁴

The courts in *C.B.C. Distribution* were faced with determining whether CBC was using players' names as a symbol of identity in the facilitation of fantasy baseball games. As noted in *Doe v. TCI Cablevision*, "mere use of a name as a name is not tortious."⁵⁵ Since CBC was only using players' names and was not using pictures or the logos of the teams they played for, the district court determined in *C.B.C. Distribution* that CBC was not violating the players' right of publicity.⁵⁶ The Eighth Circuit, however held that CBC violated the players' right of publicity because it used players' identities in its fantasy baseball games for profit.⁵⁷ Advanced Media offered sufficient evidence to show a cause of action for a violation of the right of publicity.⁵⁸ This right of publicity determination is the main difference in opinion between the Circuit and the district courts. The Eighth Circuit reasoned that the district court did not understand that "when a name alone is sufficient to establish identity, the defendant's use of that name satisfies the plaintiff's burden to show that a name was used as a symbol of identity."⁵⁹ The district court's acceptance of CBC's argument that CBC was simply making historical facts available to the public through Web-based games⁶⁰ was wholly unpersuasive to the Eighth Circuit. Where the district court determined that CBC's use of player names and statistics was no more than a usage of historical facts made available to the public through fantasy games, the appellate court reasoned that CBC's use rose to the level necessary to show a violation of the right of publicity.

A violation of the right of publicity is best defined when "[o]ne who appropriates the commercial value of a person's identity by using without consent the person's name, likeness, or other indicia of identity for purposes of trade is subject to liability."⁶¹ In order for Advanced Media to prove that CBC had infringed on its right of publicity, it had to show that CBC commercially exploited Major League Baseball players without Advanced Media's consent in order to obtain commercial advantage.⁶² The district and appellate courts in *C.B.C. Distribution* held that nothing about CBC's fantasy games suggests that Major League players sponsor or endorse the games in any way. The use of players' names and playing records "is not intended to attract customers away from any other fantasy game providers because all fantasy game providers necessarily use names and playing records."⁶³ Fantasy baseball games necessitate the inclusion of all players and as such, do not create the false notion that a particular player endorses CBC's games.⁶⁴ The district court held

that there was “no triable issue of fact as to whether CBC uses Major League baseball players’ names in its fantasy baseball games with the intent of obtaining a commercial advantage.”⁶⁵ The appellate court determined that under Missouri law, the players have a right of publicity and CBC violated it.⁶⁶ The names used in the fantasy games do make up at least part of a player’s identity.

In other right of publicity cases, courts have relied on a company’s use of pictures and photographs as a means of commercially exploiting athletes or celebrities.⁶⁷ Advanced Media did not allege that CBC used players’ pictures as a means of promoting its fantasy baseball games. Instead, it argued that players’ names are illegally used in conjunction with playing records.⁶⁸ The district court held there is no appropriation of player likeness in this matter and accordingly, CBC’s use of players’ names does not create a false impression that players are advocates of the fantasy games.⁶⁹ While the appellate court did not agree with how the district court ruled on the right of publicity, it did agree that CBC does not create a product endorsement where none exists. The numbers .343-14-97 (representing batting average, home runs, and runs batted in) have little value to a fan or a fantasy baseball owner without also knowing that those statistics belong to New York Yankee shortstop Derek Jeter.⁷⁰ The appellate court recognizes that the way in which CBC uses player statistics does not fit neatly into a right of publicity box.⁷¹

“One of the main goals of states that recognize a right of publicity is to ensure that an individual is able to benefit from the fruits of his or her labor.”

The Restatement (Third) of Unfair Competition employs a relatedness test that “protects the use of another person’s name or identity in a work that is ‘related to’ that person. The catalogue of ‘related’ uses includes the use of a person’s name or likeness in news reporting . . . use in entertainment and other creative works.”⁷² If the *New York Times* was to use a player’s statistics blindly, with no name attached to it, the meaning would be useless. Likewise, if CBC were to use statistics without names (which Advanced Media said it could and should do), the statistics would serve little purpose in the realm of fantasy baseball games.

The Restatement goes on to further detail the three parts of a tort of right of publicity: (1) The defendant used the plaintiff’s name as a symbol of identity; (2) without consent; (3) and with intent to obtain a commercial advantage.⁷³ There are clearly two sides to this issue. Advanced Media argued that CBC did use players’ names as a symbol of their statistical identity without a proper license and to make a profit for its parent company, CDM

Fantasy Sports. On the reverse side of that, CBC argued that the players’ names as used here are not a symbol of identity. Statistics are merely a way to distinguish one player from another, one number from another. The use of players’ names cannot be deemed to be used without consent since the information is readily available in a wide variety of news sources. Since statistics are arguably facts that are a part of baseball history, Advanced Media cannot claim authorship of this data.⁷⁴ “Originality means that the work was independently created by the author.”⁷⁵ While the statistics used by CBC may not be ‘original,’ the appellate court has noted that CBC clearly used baseball players’ identities in order to obtain a commercial benefit.⁷⁶

Valuing an athlete’s right of publicity stems from the United States Supreme Court’s desire to prevent unjust enrichment that would take away from a performer’s ability to earn a living as an entertainer.⁷⁷ Statistics in a fantasy baseball game do not disrupt Alex Rodriguez’s, Derek Jeter’s, or Albert Pujols’ ability to earn money endorsing products. Fantasy baseball games do not decrease players’ endorsement values—if anything, fantasy games may enable players’ names to further be commonplace in fans’ homes.⁷⁸ In essence, a player’s popularity and earning power may, in some instances, directly correlate to his success on the field. CBC’s distribution of statistics to fantasy managers elevates the visibility of players.

At the outset of the 2006 season, few would have predicted that Minnesota Twins’ first baseman Justin Morneau would have an MVP season. In the 2005 season, Morneau’s batting average was a low .239, compared with his impressive .321 batting average in the 2006 season.⁷⁹ While at the start of the 2006 season he may not have been a fan favorite or a popular fantasy player choice, Morneau was a fantastic midseason pickup for fantasy owners. His draft stock at the beginning of the season was minimal. By the middle of the season, when it was evident how good Morneau’s statistics were, owners could pick him up as a free agent or trade for him without having to give up much in return. It was all interrelated—his play on the field elevated his fantasy game importance, which elevated his place in the hearts and minds of fans, which directly affected his endorsement opportunities.⁸⁰

One of the main goals of states that recognize a right of publicity is to ensure that an individual is able to benefit from the fruits of his or her labor. The Eighth Circuit analyzed how CBC’s violating players’ right of publicity affects their monetary and non-monetary interests. Interestingly, while the court sees a definite violation of the right of publicity, it does not buy into the argument that CBC has hindered players’ abilities to earn money. “Major league baseball players are rewarded, and handsomely, too, for their participation in games and can earn additional large sums from endorsements and sponsorship ar-

rangements.”⁸¹ The Eighth Circuit is hardly ready to run a benefit for professional baseball players and the alleged loss of earning potential that Advanced Media claims. Even major league players making the League minimum are earning \$380,000 per year.⁸² Non-monetary interests associated with the right of publicity include avoiding emotional harm, protecting national rights, and rewarding celebrity labor.⁸³ The appellate court did not believe these interests to be relevant and stated that “any emotional harm would most likely be caused by a player’s actual performance.”⁸⁴ It is inconceivable that a fantasy baseball game can cause a player emotional harm.

While District Judge Medler conclusively found that Advanced Media did not meet its burden of showing that CBC violated the right of publicity of Major League Baseball players, the appellate court reached a different conclusion. Since the district court treated this issue as if CBC had violated the players’ right of publicity in order to analyze implications of the First Amendment, it made the ruling easier for the appellate court to dissect. The focus then shifted to determining whether CBC’s First Amendment protection superseded players’ right of publicity.

B. First Amendment

On the issue of First Amendment protection, the district and appellate courts are in agreement with one another. The First Amendment states that “Congress shall make no law prohibiting the free exercise thereof; or abridging the freedom of speech or of the press.”⁸⁵ A state law right of publicity must be balanced against First Amendment rights.⁸⁶ The appellate court concludes that CBC’s First Amendment rights supercede its right of publicity.⁸⁷ The Eighth Circuit stated, “[I]t would be strange law that a person would not have a first amendment right to use information that is available to everyone.”⁸⁸

CBC made the argument that statistics used in its fantasy baseball games are the same as those used in newspapers and are afforded First Amendment protection. CBC is conveying factual data concerning players’ performance statistics.⁸⁹ Advanced Media argued that CBC’s use of players’ names and statistics is not speech—an argument the appellate court found unpersuasive.⁹⁰ In *Gionfriddo*, the California Supreme Court said that the First Amendment protects the recitation of players’ accomplishments.⁹¹ CBC can and has clearly argued that the statistics it uses are no more than a recitation of a player’s accomplishments made in the course of a Major League Baseball game. Its use of players’ names and statistics is no less expressive than other First Amendment cases decided in the Eighth Circuit.⁹² The fact that CBC derives a profit from its “use of the names and playing records of Major League baseball players in its fantasy baseball games *does not preclude* such use from having First Amendment protection” (emphasis added).⁹³

The United States Supreme Court has taken the position that just because “books, newspapers, and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment.”⁹⁴ The derivation of profit is not enough on its face to preclude CBC from being granted full First Amendment protection. To date, the Supreme Court has refused to determine that an entity should not receive protection when it is operating solely for profit.⁹⁵

Courts have used a balancing test in order to weigh the interests of a player’s right of publicity versus a company’s right to First Amendment protection. Courts must balance a player’s right to be protected from unauthorized publicity with CBC’s interest in giving users accurate statistics and player news as protected by the right of freedom of the press.⁹⁶ Advanced Media’s purpose is to protect the interests of the players in accordance with the Players’ Association Collective Bargaining Agreement. It is in CBC’s interest to use real-time accurate statistics for distribution to paying fantasy baseball managers. These two interests collide when Advanced Media thinks that CBC should be paying it money for the use of these names in conjunction with statistics. “That is why intellectual property law is full of careful balances between what’s set aside for the owner and what’s left in the public domain for the rest of us.”⁹⁷

The public has an attraction to records and statistics. Each season, fans intently tune into their televisions to see if a player will finally break Joe DiMaggio’s 56 game hitting streak,⁹⁸ be the first Triple Crown winner (highest batting average, most home runs, and most runs batted in) since Carl Yastrzemski in 1967,⁹⁹ or be the first player to finish the season with a batting average of .400 since Ted Williams did so in 1941.¹⁰⁰ “The public has an enduring fascination in the records set by former players and in memorable moments. . . . Those statistics and the records set throughout baseball history are the standards by which the public measures the performance of today’s players.”¹⁰¹ In the *C.B.C. Distribution* case, CBC is making available to fans the historical facts as set out through the course of a baseball season. To take away CBC’s ability to use players’ names with their statistics would be denying CBC its First Amendment rights and ignoring the interests of the fans who watch these players with keen interest. The public has a vested interest in having access to the data created by baseball games.¹⁰² While Advanced Media has a vested interest in its protected copyrights and trademarks, the district and appellate courts were charged with fairly and effectively balancing these two sides’ interests.

Had the district and appellate courts held that a player’s right to publicity trumped any First Amendment right held by CBC, the company would not have been able to operate its fantasy games—since a player’s name

is meaningless without his statistics, and vice versa. To state that a player had three hits or two home runs in a baseball game would be meaningless without naming the player who had these hits. "CBC would be out of business if it were precluded from using in its fantasy games either players' names or their names in conjunction with their playing records."¹⁰³ Fantasy baseball games cannot operate without using players' names and statistics, and accordingly, the right of publicity is trumped by the First Amendment.¹⁰⁴

The statistics used in fantasy baseball are designed to entertain as well as inform. CBC's fantasy games enable participants to become a part of Major League Baseball. Fantasy managers undoubtedly become embedded in their teams and experience the joy of victory and agony of defeat. If a player is injured, it affects the manager. Such connection to one's team would not be possible if the statistics as used by CBC were not granted First Amendment protection. "The recitation and discussion of factual data concerning the athletic performance of [players on Major League Baseball's website] command a substantial public interest, and, therefore is a form of expression due substantial constitutional protection."¹⁰⁵ The Eighth Circuit found this California holding to be persuasive.¹⁰⁶

"In C.B.C. Distribution, the facts of baseball games (which are not copyrightable) were reproduced, not the broadcasts or other creative elements of individual games."

C. Copyright

As the appellate court held that CBC's First Amendment rights superseded the players' rights of publicity, it did not analyze CBC's claim of copyright preemption.¹⁰⁷ Since the district court did spend a good portion of its opinion assessing CBC's copyright argument, it is still worth analyzing here. Judge Medler concluded that a player's statistics are not an original creative compilation. These numbers are readily found in newspapers, on the Internet, and on television.¹⁰⁸ Likewise, Advanced Media is not responsible for the unique assemblage of a set of baseball data.¹⁰⁹ For Advanced Media to successfully forward its argument that CBC was deriving fantasy baseball statistics from copyrighted material, it would have to show that the compilation of statistics as used by CBC contained a requisite amount of originality.¹¹⁰ Judge Medler held that the statistics used by CBC lacked substantial creativity and were not copyrightable by Advanced Media.¹¹¹

Facts in a telephone book "lack the modicum of creativity necessary to transform mere selection into

copyrightable expression."¹¹² "The names and playing records of Major League players as used by CBC in its fantasy baseball games are akin to the names, towns, and telephone numbers in a phone book, to census data, and to news of the day."¹¹³ As noted in *Feist*, the facts in a telephone book are not copyrightable. Likewise, the statistics in a box score are facts that are not copyrightable.¹¹⁴ "No one has a proprietary right to those sorts of facts. It's like someone saying they have exclusive rights to reporting the temperature, or the weather, or the time of day. That's why baseball lost."¹¹⁵

In *Motorola v. NBA*, the National Basketball Association sued Motorola for its statistics program that transmitted live NBA scores to paid subscribers of a special Motorola pager. Motorola created a handheld pager called SportsTrax for the purpose of transmitting real-time information of professional basketball games.¹¹⁶ At the district court level, Motorola was enjoined from being able to transmit the data of games in progress. The pagers provided the following information to their subscribers: teams playing, team in possession of ball, score changes, free throws, in what quarter the game was, and how much time remained in each quarter.¹¹⁷ There was a small lag in time between the actual occurrence in the game and the transmission to the pager. The information was keyed into a computer by SportsTrax workers who watched the game on television or listened to it on the radio.¹¹⁸ One of the NBA's claims was that Motorola infringed on its copyrights in the transmission of NBA data. The appellate court said that "the underlying basketball games do not fall within the subject matter of federal copyright because they do not constitute original works of authorship."¹¹⁹ The Second Circuit further said that the district court correctly held that Motorola did not infringe any NBA copyrights because it was only the facts of the games, not the broadcasts that were reproduced.¹²⁰

In *C.B.C. Distribution*, the facts of baseball games (which are not copyrightable) were reproduced, not the broadcasts or other creative elements of individual games. "If the inventor of the T-formation in football had been able to copyright it, the sport might have come to an end instead of prospering . . . a performer who conceives and executes a particularly graceful and difficult acrobatic feat cannot copyright it without impairing the underlying competition in the future."¹²¹ CBC is not using material from game broadcasts; it is not even using player pictures or team logos; all things that if used, would provide a stronger copyright claim for Advanced Media. It is relying upon facts that derive from the playing of baseball games, and facts alone cannot be copyrighted.

At sporting venues across the country, fans log games on scorecards sold at the stadium. Any fan in attendance at any one of these games can record statistics. The same is true for a fan watching the game from home. The manner in which CBC uses players' names and statistics

involves “purely factual information which any patron of [a baseball] game could acquire from watching or reading the newspaper.”¹²² CBC is not duplicating a copyrighted game broadcast; it is instead utilizing the facts that result from playing baseball. Additionally, with the number of websites devoted to player statistics and games, it would seem nearly impossible for Advanced Media to shut down every website that exists in cyberspace. “It’s like China trying to control faxes and the Internet—they’ll not be able to control it. The smart people will embrace it.”¹²³ Rather than trying to control the fantasy market through licenses and copyrights that it doesn’t hold, Advanced Media could embrace companies such as CBC who elevate the visibility of its product.

V. Recommendations Going Forward

The ultimate decision in *C.B.C. Distribution* will go a long way toward determining the course of the multi-billion dollar industry of fantasy sports. With the Eighth Circuit upholding the district court’s grant of summary judgment in favor of CBC, Major League Baseball is again left reviewing its options. While Advanced Media can petition for the full appeals court to rehear the case, or request review before the United States Supreme Court, it is unclear where to go from here. Pushing the *C.B.C. Distribution* case through two rounds of litigation has left Advanced Media with legal fees of more than \$1 million.¹²⁴ Even if Advanced Media were to continue in its pursuit of CBC, the only guarantee is that the costs involved would continue to skyrocket. This case has negative implications not only for Major League Baseball, but for the other professional leagues as well. NFL Ventures LP, National Football League Players Association, NBA Properties Inc., NHL Enterprises LP, PGA Tour Inc., NASCAR Inc, and WNBA Enterprises LLC all filed amicus briefs supporting Advanced Media.¹²⁵

Websites such as ESPN and Yahoo! Sports are able to generate revenue in a variety of ways. Those sites feature stories, advertisements, a variety of games, and other sections of interest. For CBC, its sole source of revenue is its fantasy baseball games. Those site does not offer other content, stories, or sections that appeal to the masses. Fantasy baseball requires a niche audience that has a fascination with statistics and how a player performs throughout the season. Fantasy baseball is the lifeblood of CBC’s business operation.

While ESPN and Yahoo! Sports may be content to continue to pay fees in order to operate its fantasy games, other companies waited for the latest court ruling to determine whether or not pay for play was necessary. Companies such as Fox have no intention of mailing Advanced Media a check any time soon.¹²⁶ Advanced Media is able to exit the deal it signed in 2005 with the Players’ Association. An opt-out clause provides for a situation “where the interactive rights don’t have anywhere near the value contemplated when the deal was struck in

early 2005.”¹²⁷ What once seemed like a bargain of rights for \$50 million now leaves Advanced Media’s executives scratching their heads. The district and appellate court decisions create serious questions as to whether the Players’ Association overvalued what it sold to Advanced Media. The NFL has seen a sharp decline in fantasy licensing income since the initial district court ruling in 2006.¹²⁸

“Pushing the C.B.C. Distribution case through two rounds of litigation has left Advanced Media with legal fees of more than \$1 million.”

If statistical use is a violation of copyright law or the right of publicity, “[H]ow is it that ‘Trivial Pursuit’ is not in violation, because it asks you ‘How many homers did Hank Aaron hit?’”¹²⁹ If the full Eighth Circuit Court of Appeals or the U.S. Supreme Court were to rule in favor of Advanced Media it would initiate a slippery slope, creating a scenario in which a famous person’s name could never be used for entertainment value. “Trivial Pursuit,” “Cranium,” and other trivia-based board games use the names of famous people for the purpose of asking questions. Where does the line begin and end with respect to what is considered a legal use of a person’s name? “Trivial Pursuit” would have to eliminate two entire categories of questions if it was not permissible to use names. Two “Pop Culture” versions are now made—they include categories such as movies, TV, sports, and games.¹³⁰ In these versions, players are asked questions on hot gossip, celebrity trivia, and movie information. There cannot be a game based on popular culture without athlete and celebrity names because the arts, entertainment and sports questions are so heavily based on the use of such names. “Cranium” has a new “Pop” version that asks questions and requires acting out “Madonna and mullets to moonwalks and Monday Night Football,” while touting “this party game isn’t about what you know, but how you show it!”¹³¹ On an even simpler level, trivia questions and scramble puzzles appear on screens prior to the start of previews in most movie theaters. These questions almost always include the name of a celebrity or athlete. Is every theater across the country licensing the names of these famous folks? It is highly doubtful.

Athletes and other celebrities have become such an ingrained part of society because of their popularity with fans; if it were not for their visibility through movies, sporting events, and games, they would be no different than the Average Joe or Josephine. As a society, we thrive on magazines such as *People* and *Us Weekly* and love checking out sports scores and highlights. For CBC, using players’ names is a way of feeding this fascination and desire for sports statistics.

A video highlighting Alex Rodriguez's home run or Derek Jeter's double play would be copyrightable material. But the fact that Rodriguez hit a home run in the seventh inning to make the score seven to three is just that—a fact derived from the playing of baseball. A video showing Peyton Manning throwing a touchdown pass may be copyrighted by the National Football League. The fact that Manning threw the touchdown with 7:32 left in the fourth quarter to make the score 35–17 is not a statistic for which the NFL may claim ownership. Fantasy sports thrive because of the ability to offer fans real-time statistics of professional players.

“While players do have a right to increase their earning potential for good performance, no evidence has been proffered to show that CBC or any other fantasy sports company is hurting the plight of the rich athlete.”

As it promised it would, Advanced Media has aggressively fought back against fantasy baseball companies that it believes are stealing its rights. Unfortunately, it has lost this battle twice. Chief Judge James Loken said to Advanced Media, “If your clients have the exclusive rights to license the purveyors of the billion and a half [dollars a year] fantasy sports world, we’re looking at concerted action by owners and players to monopolize a collateral market through conduct that’s not protected by the labor anti-trust exemption.”¹³² In essence, if the appellate court had overturned the district court’s ruling, Advanced Media could decide to grant (or not grant) as many fantasy licenses as it wants. This would give it a monopoly on the fantasy baseball industry. While the anti-trust exemption allows for many things, to put a stranglehold on sports statistics is not one of them. Judge Loken further stated, “Because the statistics are out there, your clients don’t have a right to limit its use in the public domain.”¹³³

Advanced Media’s attempt to have District Judge Medler’s decision overturned was not made easier with its own inconsistent application of prior case law. In *Gionfriddo v. Major League Baseball*, Advanced Media seemed to have taken a contrary stance to the position it has taken in the case versus CBC. A group of players sued Major League Baseball (“MLB”) for violating its right of publicity in widely disseminating former players’ performance statistics, photos, and videos without permission.¹³⁴ In that case, MLB argued that the public’s interest in baseball history outweighed the economic interests and statutory rights of retired players whose names, images, statistics, and biographical information were used for MLB publications.¹³⁵ The appellate court held that MLB was simply making factual data available to the public.¹³⁶

Surely, MLB did not shy away from making a profit off the use of these players’ names and statistics.

This prior posture by MLB weakened Advanced Media’s argument in the case at hand. The Eighth Circuit cited to *Gionfriddo* multiple times in its opinion and perhaps was cognizant of MLB’s positional 180 degree change. One might infer that MLB made its argument in *Gionfriddo* so that it could make a profit in the sale of publications. It seems as though MLB has suddenly reversed positions because CBC is purportedly taking away some of its revenue stream—and MLB wants to realize fuller earning potential. If Advanced Media possessed the most profitable fantasy baseball games and companies like CBC were nothing more than marginal players in the game, it is doubtful that Advanced Media would expend the time and resources in twice bringing this case to litigation.

Advanced Media’s best chance at victory was one that it did not fully develop. Its strongest argument was in its breach of contract claim and the most thorough analysis of this came from Circuit Judge Colloton, a dissenter to the Eighth Circuit’s decision. In signing a series of Licensing Agreements with Advanced Media, CBC acknowledged that Advanced Media is the sole and exclusive holder in all right, title, and interest.¹³⁷ As Judge Colloton points out, CBC never disputes that it violated the restrictions set forth in the Agreement; it instead argues that the provisions of the contract are unenforceable.¹³⁸ Judge Colloton contends “CBC surely can agree, as a matter of good business judgment, to bargain away any uncertain First Amendment rights that it may have in exchange for the certainty of what it considers to be an advantageous contractual arrangement.”¹³⁹ The fact that CBC decided somewhere along the way that it did not need a license and could instead litigate, does not relieve the company of its contractual obligation.¹⁴⁰

Society loves statistics and the statistics at issue here are a part of baseball history. A diehard fan can tell you what a player’s statistics were in a big game, who caught the last out to win the World Series, and who was the last player to win the Triple Crown. Fans have an insatiable desire to know statistics, and this desire feeds into the fantasy baseball frenzy. As intellectual property attorney Kent Goss puts it, fans essentially “can’t get enough of stats. The courts are going to want to protect the fans’ right to use the stuff.”¹⁴¹

The district and appellate courts correctly entered judgment for CBC. To reverse the decision on appeal would be to drive companies like CBC out of business. While players do have a right to increase their earning potential for good performance, no evidence has been proffered to show that CBC or any other fantasy sports company is hurting the plight of the rich athlete. If the United States Supreme Court were to say that players are experiencing an economic hardship because of fan-

tasy sports, CBC can counterargue that it faces an even greater economic burden if it loses the ability to utilize players' names and statistics. Advanced Media undoubtedly wants its share of an ever-growing billion-dollar industry, and perhaps is now realizing that it is possible for David to beat Goliath. Where other smaller companies bowed to the pressures placed on them by Advanced Media, it is up to companies like CBC to continue to fight the legal battle in asserting its First Amendment right to use information readily available in the public domain in order to support its fantasy games.

Endnotes

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26. *Id.*
27. *Id.* at 1081.
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29. *Id.*
30. Robert Freeman, *Fantasy Baseball Meets Reality: Examining Ownership Rights in Player Statistics*, 2 GP Solo 4 (July 2006).
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33. *C.B.C. Distribution & Mktg.*, 443 F. Supp. 2d at 1095.
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41. *C.B.C. Distribution & Mktg.*, 443 F. Supp. 2d at 1080.
42. *Id.* at 1081.
43. *Id.*
44. *Id.* at 1091.
45. *Idaho Potato Commc'n v. M&M Produce*, 335 F.3d 130, 137 (2d Cir. 2003).
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47. *C.B.C. Distribution & Mktg.*, 2007 U.S. App. LEXIS 24192 at *21.
48. *Id.*
49. *C.B.C. Distribution & Mktg.*, 443 F. Supp. 2d at 1106.
50. *Id.*
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54. *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 835 (6th Cir. 1983).
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60. *Gionfriddo v. Major League Baseball*, 94 Cal. App. 4th 400, 403 (Cal. Ct. App. 2001).
61. Restatement (Third) of Unfair Competition § 47.
62. *Carson*, 698 F.2d at 835.
63. *C.B.C. Distribution & Mktg.*, 443 F. Supp. 2d at 1086.
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Filmmakers as Jestling Pilate?: The Issue of Truth in Fact-Based Films

By John T. Aquino

What is truth said jestling Pilate and would not stay for an answer?

—Francis Bacon, “On Truth,” 1601

The tension between fact and fiction in fact-based films has received attention of late in litigation and the press,¹ and that attention is likely to continue as long as fact-based films are made. Filmmakers grapple with the options of historical accuracy versus the ability to just tell a good story, and individuals often claim that depictions made in these films are false and injurious.

If the attention has often focused on the alleged injuries received by individuals or their families, this is because the First Amendment rights of the filmmaker are well established.² First Amendment protection does not, however, extend to false statements—“you cannot shout fire falsely in a crowded theater,”³ which is why libel lawsuits are possible.

Libel is a false statement concerning an individual that is published, that is defamatory, and that causes damage. The burden on the plaintiff is especially high if the individual is a public figure: the litigant must prove that the false statement was made with absolute malice, which is knowledge that the statement is false, or with flagrant disregard as to whether the statement is true or not. If an individual is depicted in a motion picture, he or she is likely to be viewed as a public figure. If the litigant is not the person about whom the false statements are made, but a family member of the individual who is deceased, then the litigant will be viewed to have no cause of action in libel and, most likely, in invasion of privacy, since libel is an action personal to the individual allegedly defamed, concerning reputation. The ancient maxim is “*actio personalis moritur cum personae* (a personal action dies with the person),” which, phrased differently, is that the “dead cannot sue for libel.”

Against this backdrop, the past two decades have seen a number of apparently false portrayals of historical figures. The late Governor of New York and Assistant District Attorney for the county of New York Thomas E. Dewey was shown in the 1997 movie *Hoodlum* taking bribes from Lucky Luciano and other gangsters, something that Dewey’s widow and children protested was untrue, only to be told in a letter from studio lawyers that “you have no recognizable cause of action”—because the dead cannot sue for libel.⁴ In the 1997 film *Titanic*, in his effort to control the evacuation, First Officer Murdoch shoots himself after shooting a passenger. There is no con-

temporary historical record for this event, if it indeed occurred: His family’s insurance claim was paid, suggesting that suicide had not been suspected; this occurrence was never mentioned in any historical book about the 1912 sinking of the *Titanic*; and was not depicted in any other dramatic representations of the event.⁵ In the 2000 film *The Perfect Storm*, Captain Billy Tyne of the *Andrea Gail*, which was lost at sea in September 1991, is depicted as making decisions that lead to the loss of the entire crew, facts that the screenwriter was forced to invent because everyone on the ship died, and no one really knows what transpired.⁶

Filmmakers will often use as a defense the claim that “no one goes to a movie for a history lesson.” While that may be true, why would an audience not believe that Dewey took bribes, Murdoch killed himself, or that Billy Tyne pushed his crew into danger to get a good catch, if the movies are their only, or at least most accessible, information about these individuals?

When an individual depicted is alive, the filmmakers usually win at trial, because courts and juries have generally accepted the proposition that audiences will assume that factual liberties have been taken. The statement that filmmakers usually win is, however, perhaps overstated, because strong cases often settle.

One settlement involved the 2000 movie *Hurricane*, about the middleweight boxer Rubin “Hurricane” Carter. The film shows Carter in a 1965 fight with the champion Joey Giardello. Carter clearly wins, but the judges and referee give the decision to Giardello out of racism. The racism theme ties in with the focus of the film, which is Carter’s arrest, trial, and conviction for murder, also, according to the movie, fueled by racism. The movie ends with a “crawl,” a written statement on the screen, that in 1993 the World Boxing Commission (“WBC”) awarded the middleweight championship belt to Carter, implying that the Commission agreed that the decision had been racist and that Giardello had really lost the fight.

The filmmakers reportedly thought that Giardello was dead, but he was very much alive and living in Cherry Hill, New Jersey. He sued in the U.S. District Court for the Eastern District of Pennsylvania for libel and false light invasion of privacy and provided in his complaint a list of arguments as to why the film’s version of the fight

was false:⁷ 1) 16 of 19 fight journalists surveyed at the fight thought that Giardello had won; 2) there were recent statements from the judges, referee, and even Carter himself confirming that Giradello had won; 3) the actual film of the fight still existed and showed Giardello doing a much better job in real life than in the film and being a much more imposing figure than the paunchy actor playing him in the movie; and finally, 4) there was the fact that the 1993 WBC event mentioned in the crawl was a social occasion during which boxers were given honorary championship belts as tokens, with one being given to Carter and another to Giardello, who was also there.

The absolute malice standard for libel, which is usually such a high hurdle for litigants, would seem to have been met in this case. In all probability, the filmmakers at least saw the actual fight film, knew about the 16 journalists as well as the referee, judges, and Carter himself saying Giardello won, and/or knew that the WBC did not really “award” the middleweight belt to Carter in 1993. Yet the filmmakers proceeded with their version anyway, or just did not bother to check any of these things out.

Rather than go to court, the filmmakers agreed to a settlement that included a cash amount to Giardello and placement of a disclaimer at the beginning of the VHS and DVD versions of the film, stating that some of the characters and events were fictitious. Furthermore, the film’s director, Norman Jewison, stated on the DVD track that there was no question that Giardello won the fight and that the film had used the fight metaphorically to represent the racism that Carter had suffered through as a boxer.

Of course, alluding to the filmmakers’ claim that no one goes to a movie for a history lesson, audiences watching this movie that said it was based on fact could have no way of knowing that they were watching a metaphor.

First Amendment. Filmmakers have argued that their primary mission is to make good movies, and under the First Amendment, they have the right to express themselves accordingly.

Director Ridley Scott justified to the author the creation of composite characters in his fact-based 2002 film *Black Hawk Down*, about the 1993 battle of Mogadishu, saying, “In normal drama, in simplistic terms, there is a good guy and a bad guy, a woman and a man. We put [the film] into the fundamental rules of drama because otherwise we’d be watching this massive documentary, and the cause and effect [process] would get very confusing.”⁸

Film director John Sayles has said, “In films, history is a story bin to be plundered and depending on who you are and what your agenda is, it is either useful or it’s not.”⁹ Filmmakers have also argued that if statutes were modified to allow families of people depicted in films to

sue for libel, then families would, by threats of litigation, be able to govern portrayals of their loved ones in movies and historical novels, chilling the filmmakers’ expression.

Recent events have shown there are merits to these arguments, that, given the power to portray the deceased in a certain way, friends and family members will use it. In the 2001 movie *Thirteen Days*, the story of the 1962 Cuban Missile Crisis is shown through the eyes of presidential aide Kenneth O’Donnell, played by Kevin Costner. President John F. Kennedy asks his advice constantly. O’Donnell sits in on cabinet meetings, drives attorney general Robert F. Kennedy to a meeting with a Russian diplomat and later briefs the president. While O’Donnell was indeed an aide to President Kennedy, he was his appointment secretary and had no involvement in the Cuban Missile Crisis. He did, however, have one thing going for him that Secretary of Defense McNamara, Secretary of State Rusk, and other Kennedy cabinet members and aides did not—O’Donnell’s son co-produced the movie, and so his late father became the movie’s focus.¹⁰

Similarly, the screenplay of the 2007 film *Talk to Me* about Washington, D.C.-radio talk show host Petey Greene was co-written by Michael Genet, the son of Dewey Hughes, who had worked with Greene in the 1960s and later moved to Los Angeles. The movie has been characterized as a “buddy movie” about Greene and Hughes, even though, according to Greene’s family, Hughes and Greene were not that close, Hughes fired Greene, the two did not talk for years before Greene’s death in 1984, and Hughes neither delivered the eulogy at nor attended Greene’s funeral, as he did in the movie.¹¹

Marianne Pearl wrote the book on which the 2007 film *A Mighty Heart* was based, about the kidnapping and murder of her husband, Daniel Pearl, in Iraq. Asra Q. Nomani, Daniel Pearl’s colleague, complained that the Daniel Pearl she knew was nowhere to be found in the movie.¹² The film uses Daniel Pearl only for the purpose of his disappearance. As a result, his character became a stereotype of a well-intentioned dolt who ignores repeated warnings not to go alone to a meeting; whereas the story itself focused on Angelina Jolie, who portrayed Mrs. Pearl, and her search for him.

As these examples suggest, filmmakers might have legitimate concerns about families and friends trying to control the depiction of their loved ones in a movie if they had the power. Yet filmmakers have taken a no-holds barred, circle-the-wagons approach, fearful that if they give up something they will give up everything. This author once asked a studio attorney about the false depiction of Thomas E. Dewey in the movie *Hoodlum*, and suddenly the attorney started to scream, “We are entitled to our take on Dewey!”

The Truth. In the 1950 film *Rashomon*, the same story is told by three people, each of whose version makes the

teller look good. The “truth” is presented by an independent observer who was watching the events unseen.

Ironically, filmmakers, individuals depicted and the individuals’ families have claimed that their version of events is *the* truth. Filmmakers often believe that people confuse historical accuracy with the truth and that it is possible for a film to be historically inaccurate and yet true. This is also the proposition of proponents of a new, neo-revisionist type of history film.¹³ Director Oliver Stone said of his 1991 film *JFK*, “We as dramatists are undertaking a deconstruction of history, questioning some of the given realities. . . . We play with your mind.”¹⁴

In the 1994 film *In the Name of the Father*, about the Guilford Four (three Irish men and one woman who were falsely accused, tried, and convicted of murder in England), the defense attorney discovers that the local police falsified evidence when the police archivist calls in sick and the substitute archivist gives her a file marked “not to be shown to defense”; she presents the file in court, and the judges void the convictions. There was no secret file, no sick archivist, no substitute archivist, and no court presentation. What really happened was that the defense forced the British police to do its own investigation that led to the discovery of falsified evidence; this in turn led the court to issue an order quashing the conviction—all very undramatic. Yet an argument could be made that, except for this fabrication that was intended to enliven the lack of drama in the events, the film presents “the truth” in that it does tell the basic story of the Guilford Four.

However, the question is, will there come a time when whether the depiction of historical events is historically accurate becomes irrelevant? Terry Treachout, drama critic of the *Wall Street Journal*, claimed that Oliver Stone’s 1991 film *JFK* had convinced many people that there had been a conspiracy to kill President Kennedy because “all film creates the illusion of documentary reality.”¹⁵ When the television docudrama became popular, Max Frankel wrote, “These films damage the appeal of fiction and corrode the meaning of the truth.”¹⁶

Filmmakers are in the business of entertainment. When, in the pursuit of entertainment their falsifications injure the reputations of those with recognizable causes of action, they risk litigation because the First Amendment does not protect false statements. Amending statutes to allow some rights to the dead and creating a public opinion backlash that forces filmmakers to become more concerned about the stories they create are larger tasks.

“What is truth? said jesting Pilate and would not stay for an answer.” Filmmakers appear to have taken the role of jesting Pilate, stating that “the truth” is subjective or even irrelevant. Whether a statement is true or false is the key element of a claim for libel, so “the truth” is never irrelevant in this discussion.

In the larger picture, establishing the truth concerning a nation’s history is a nation’s task.

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Does the U.S. Need a Post-Mortem Right to Privacy?

By Marie-Andréé Weiss

A picture of Ruth Snyder, a woman executed at Sing Sing in 1928 for the murder of her husband, was snapped at the very moment she died by a photographer (with a hidden camera).¹ This picture was published on the front page of the *Daily News*, and helped sell 500,000 more copies of the paper than usual.² Kenneth Anger published several photographs of deceased Hollywood stars, such as Lewis Stone, in his *Hollywood Babylon* book.³ The practice continues today, although there is no real need for elaborate apparatus. Anyone with a cell phone can take pictures of dead bodies and publish them on-line instantly. Pictures of the body of the late Anna Nicole Smith circulated on the Internet shortly after her death.⁴ Some Internet sites even “specialize” in publishing autopsy pictures of celebrities.

The U.S. Right of Privacy

The U.S. Constitution does not specifically mention privacy. It is traditionally recognized that the right of privacy was first mentioned in 1890 in an article penned by Louis D. Brandeis and his former law partner, Samuel D. Warren.⁵ Justice Brandeis later wrote a famous dissent in 1928 in the *Olmstead* case: “the right to be left alone (. . .) is the most comprehensive of rights and the most valued by civilized men.”⁶ Invading the privacy of another is a tortious act. In a fundamental article from 1960,⁷ Dean Prosser discerned four different torts in invasion of privacy: intrusion upon seclusion, disclosure of private facts, false light publicity, and appropriation. This distinction was later adopted in the Restatement (Second) of Torts.⁸

The Brandeis and Warren article was partially inspired by the invention of photography, and its commercial use in the new tabloids: “Recent inventions and business methods call attention to the next step which must be taken for the protection of the person, and for securing to the individual (. . .) the ‘right to be let alone.’ Instantaneous photographs and newspaper enterprise have invaded the sacred precincts of private and domestic life; and numerous mechanical devices threaten to make good the prediction that ‘what is whispered in the closet shall be proclaimed from the house-tops.’”⁹

In New York, the right of privacy is entirely statutory.¹⁰ To succeed in a right of privacy action in New York, the plaintiff must prove that her name, portrait, picture or voice has been used “for advertising purposes or for purposes of trade” without her consent, and within the state of New York.

No Post-Mortem Right of Privacy in the U.S.

There is no post-mortem right of privacy in the U.S., and, indeed, a dead body does not have any expectation of privacy: “[I]t is anomalous to speak of the privacy of a deceased person,” wrote Judge Schnackenberg of the Seventh Circuit in 1965.¹¹ According to the Restatement (Second) of Torts,¹² the “right protected by the action for invasion of privacy is a personal right, peculiar to the individual whose privacy is invaded.” The cause of action is not assignable, and it cannot be maintained by other persons such as members of the individual’s family, unless their own privacy is invaded as well. American law does not recognize a “relational right of privacy,” and the right of privacy is strictly a personal right.¹³ Indeed, as a California Court noted in 1959, granting such rights to relatives of the deceased would have as consequences that “every defamation, false imprisonment, and malicious prosecution would then be an actionable invasion of the privacy of the relatives of the victim.”¹⁴

France’s Post-Mortem Protection of the *Droit à L’Image*

French law recognizes a post-mortem right to privacy. The French right of privacy stems from Article 1382 of the Civil Code, the foundation of French tort law: “Any act whatever of man, which causes damage to another, obliges the one by whose fault it occurred, to compensate it.”¹⁵ The broad scope of this article allowed French Courts to recognize a tort in the violation of one’s privacy, or *vie privée* (private life). The courts also recognized a privacy right in one’s own image, the *droit à l’image*. This judge-made law was finally recognized by the Article 22 of the July 17, 1970 law,¹⁶ codified in Article 9 of the Civil Code: “Everyone has the right to respect for his private life.” Article 9 is now used by courts to protect both one’s privacy and one’s image.

The earliest decisions about *droit à l’image* stemmed from a post-mortem image. The *Tribunal de la Seine* ordered in 1858 the seizure of drawings made of the corpse of a famous French actress, Rachel.¹⁷ The Court held that “no one may, without the express permission of the family, reproduce and use as publicity the resemblance of a person on her death bed, no matter how famous this person may have been.”

Article 23 of the July 17, 1970 law, now Article 226-1 of the French Penal Code, also made it a crime to take a picture of a person while she was in a private place, without this person’s consent.¹⁸ Surprisingly for us Americans, French courts do not distinguish whether the person is alive or dead. Former French President François Mitter-

and was photographed on his deathbed, and the picture was later published in a magazine. The Cour de cassation, France's Supreme Court, held that "photographing a dead body is without contest an invasion of privacy, because one owes respect to the human person, whereas she be dead or alive, and whatever her status might be."¹⁹ It cannot be clearer: the right to individual's own image survives death.

The *droit à l'image* belongs to a category of law the French name "personality rights."²⁰ These are considered fundamental rights, and "whoever violates them undermines human dignity."²¹ Even though personality rights are not patrimonial rights, a French lawyer has remarked that the *droit à l'image* is becoming more and more similar to the American law.²² The distinction in American law between the "right to be left alone" and the right of publicity is similar to a distinction in French law between the passive side of the *droit à l'image*, the right to prevent others from taking a picture of us or publishing our picture, and its active side, the right to forbid the commercial use of one's image. In that sense, French *droit à l'image* is also somewhat similar to French copyright, the *droit d'auteur*, composed by both a patrimonial right, and a personal right, the *droit moral*.²³ The patrimonial copyright is freely transferable, whereas the *droit moral* belongs only to the author: it cannot be sold, but may be transferred to the heirs or to another person by will.²⁴

The U.S. Right of Publicity

The right of publicity is the right to control the commercial use of one's identity. Everybody has that right, but, of course, the commercial value of one's identity depends on the "celebrity status" one enjoys or not: Alex Rodriguez's image has more commercial value than even the cutest (and fiercest) Little League player.

In 1953, Judge Frank of the Second Circuit wrote in *Haelan Laboratories v. Topps Chewing Gum*: "We think that, in addition to and independent of [the] right of privacy (which in New York derives from statute), a man has a right in the publicity value of his photograph, *i.e.* the right to grant the exclusive privilege of publishing his picture, and that such a grant may validly be made 'in gross,' *i.e.*, without an accompanying transfer of a business or of anything else."²⁵ However, Judge Frank demurred from expressly labeling such right as a property right, writing instead that "whether it be labeled a property right is immaterial."²⁶ The (Second) Restatement of Torts states, however, that the right of publicity "is in the nature of a property right."²⁷ Whether or not a right of publicity is a property right is of crucial importance for the heirs of a deceased celebrity.

According to the Restatement (Second) of Torts,²⁸ the only exception to the rule that an action for invasion of privacy does not survive the deceased is if the action is to protect "the appropriation to the defendant's own use of

another name or likeness." This "appropriation right" is codified in New York in Civil Rights Law §§ 50 and 51.²⁹ The appropriation right is not another name for the right of publicity. Whereas the appropriation right is the right to not have one's feelings hurt by the publication of one's picture, the right of publicity is the right to profit from the commercial exploitation of one's image. However, the New York Court of Appeals considers that the right of publicity "is encompassed under the Civil Rights Law as an aspect of the right of privacy."³⁰ A New York bill currently in its third reading, number A8836A, would, if enacted, modify § 50, and name this section the right of privacy *and publicity*.

"The right of publicity is the right to control the commercial use of one's identity."

Post-Mortem Right of Publicity

There is a U.S. post-mortem right of publicity, highly profitable to heirs: indeed, some celebrities still have a strong marketing appeal decades after their death.

Professor Michael Madow wrote in his seminal 1993 article about publicity rights that "celebrities haul (. . .) much semiotic freight in our culture."³¹ Years after their deaths, Steve McQueen is still a symbol of tough virility, Marilyn Monroe is still a sex symbol, and Princess Diana is still the "People's Princess." The public associates readily and easily certain qualities with the image of a celebrity, even after her death. Marketers hope, in turn, that the public will associate these qualities with featured products.

In 1975 the Southern District of New York decided, on the basis of New York law, that the right of publicity is a property right and that it does not terminate with the person's death.³² Furthermore, a person does not need to exercise her right of publicity during her lifetime in order to be able to preserve the potential rights of her heirs.³³ Three years later, the California Supreme Court decided that "the right to exploit name and likeness is personal to the artist and must be exercised, if at all, by him during his lifetime."³⁴ The same year the Second Circuit confirmed its position in *Factors Etc., Inc. v. Arts, Inc.*, a case where the right of publicity of Elvis Presley was at stake. The court held that the right of publicity survives the celebrity's death, and that this right "should inure to Presley's estate at death like any other intangible property right."³⁵

Following the *Lugosi* case, California's Legislature passed the Astaire Celebrity Image Protection Act of 1985, now codified in § 3344.1 of the California Civil Code. It protects the right of publicity of deceased personalities. Under § 3344.1(a)(3)(b), the right of publicity is a property

right, and thus is freely transferable, either by contract, trust or will. It can be transferred before by the deceased or his transferees or after death by the persons then owning the rights or their transferees.

California's statutory right of publicity originally protected that right for 50 years beyond an individual's death, but the statute was amended in 1998 to provide protection for 70 years. Other similar statutes protect such rights for only 10 years (i.e., Tennessee),³⁶ only 40 years (i.e., Florida),³⁷ or for 100 years (i.e., Indiana).³⁸ The commercial value of the right of publicity fluctuates as the celebrity is forgotten; the market for celebrity memorabilia has been described by the Southern District of New York as "evanescent."³⁹ However, some celebrities enjoy a renewal of interest, while others, as with Marilyn Monroe, have retained their star and marketing appeal.

Recent Developments in the Post-Mortem Right of Publicity

Marilyn Monroe was at the center of two cases challenging the post-mortem right of publicity. In May 2007, the Southern District Court of New York ruled that she could not have transferred post-mortem rights through the residuary clause of her will, as she did not own these rights at the time of her death.⁴⁰ Ms. Monroe died in 1962 as either a New York or a California domiciliary (the issue is contested), and neither of these states recognized descendible post-mortem publicity rights at the time of her death. The Court decided that "as a result, any publicity rights she enjoyed during her lifetime were extinguished at her death by operation of law." The Court agreed with the plaintiff that the California right of publicity does not allow the transfer of publicity rights "through the wills of personalities who are already deceased at the time of their enactment." Under § 3344.1(4)(h) of the California Code, a "deceased personality" is "any (...) natural person who has died within 70 years prior to January 1, 1985," meaning that only persons who died on or after January 1, 1985 may transfer their rights of publicity. Marilyn Monroe died on August 5, 1962, and was thus not a "deceased personality" under California statutory law.

A few days later, the Central District Court of California reached similar conclusions in another case involving the Monroe estate, ruling that since rights of publicity had been made post-mortem in California only in 1985, the actress could not have transferred her right by will in 1962, as she did not own such right at the time of her death.⁴¹

These cases triggered the introduction of a California Senate Bill to amend § 3344.1 of the California Civil Code. The new § 3344(a)(3)(b) recognizes that publicity rights are now deemed to have retrospectively existed "at the time of death of any deceased personality who died prior to January 1, 1985, and (...) shall vest in the per-

sons entitled to these property rights under the testamentary instrument of the deceased personality" at the time of her death. The bill was signed into law on October 10th and will take effect on January 1, 2008. A similar New York bill, also introduced after the May 2007 decisions, proposes to amend §§ 50 and 51 of the New York Civil Rights Law, in order to provide a post-mortem right of publicity.⁴² The New York State Legislature is concerned that, because New York has neither statute nor common law in the area of post-mortem publicity rights, "this lack is now threatening to open the flood gates to quick buck artists and unprincipled merchandisers who care nothing about the individuals concerned." The New York bill has already been read three times, but has not yet been re-referred.

Could the right of publicity prevent the publication of photos of dead bodies and autopsy pictures? The heirs certainly have an advantage at preventing such publication. The image of a deceased personality may sell, but if pictures of his dead body, or even worse, of her autopsy, are freely available, these images may interfere in the mind of the public with the iconic images of the celebrity when alive.

However, there is one disadvantage in using the right of publicity to prevent the public use of autopsy pictures. The speech created by the right of publicity is essentially a commercial speech, and as such is less protected by the First Amendment than "pure" speech." Moreover, using the photograph of a celebrity in connection with any news is allowed.

Are Autopsy Pictures "News"?

The Earnhardt Family Protection Act of 2001, re-enacted in 2006, now § 406.135 of the Florida statutes, protects the confidentiality of autopsy photographs. Photographs, video and audio recordings of autopsies are exempt from disclosure on demand to the public under the Florida Public Record Records Act.⁴³ Only the spouse or the relatives enumerated by the statute are authorized to view and copy a photograph of the autopsy. All other persons need a court order in order to do so, and reasonable notice must be given to the spouse or the relatives of the deceased, upon showing of good cause, defined by § 406.135(4)(a) as being "necessary for the public evaluation of governmental performance."

The law applied retroactively,⁴⁴ for the following reasons. The statute was voted in during the wake of the death of Dale Earnhardt, a NASCAR race driver who died in a crash February 18, 2001, during the Daytona 500 race. An autopsy was performed on his body, as in any other accidental death in the state of Florida. During the autopsy, 33 pictures were taken for the record. The written autopsy report, the toxicology report, and a sketch showing markings on the body were released to the public, but not the photographs, because Mr. Earnhardt's widow

had obtained an injunction preventing such release.⁴⁵ The Florida Legislature then enacted the Earnhardt Family Protection Act on March 29, 2001.

The Florida Legislature found that autopsy pictures “are highly sensitive depictions or descriptions of the deceased which, if heard, viewed, copied or publicized, could result in trauma, sorrow, humiliation, or emotional injury to the immediate family of the deceased, as well as injury to the memory of the deceased.”⁴⁶

A similar law, § 129 of the California Code of Civil Procedure, forbids the reproduction of photographs and videotapes of a body made by the coroner either at the scene of death or during an autopsy, unless authorized by a court upon showing of good cause, or for use in a criminal action related to the death. When would the public have a “good cause” to view such pictures?

When Does the Public Need to View the Photograph of a Dead Body?

Wanting to view a dead body is not always triggered by ghoulish curiosity. In the U.S. and in other countries, lying in state is an honor bestowed to only a few departed. In Ancient Rome, Mark Antony made sure that the body of Julius Caesar was shown on the Forum to excite feeling of revenge in the people. This is how the scene is described in Appian’s *Roman History*: “Carried away by an easy transition to extreme passion he uncovered the body of Caesar, lifted his robe on the point of a spear and shook it aloft, pierced with dagger-thrusts and red with the dictator’s blood. Whereupon the people, like a chorus in a play, mourned with him in the most sorrowful manner, and from sorrow became filled again with anger.”⁴⁷

Sometimes we would like to see a body to be sure that the person is indeed dead. The fact that Hitler’s body was never identified led to the legend that he was still alive, and some still hope that indeed the King did not die thirty years ago.⁴⁸ Even though reluctantly we have to admit that Elvis Presley is dead, there is no denial that “he” is still able to make money.⁴⁹

In New York, defenses are available to the photographer in a New York statutory privacy rights action, if the photograph involves matters of legitimate public interest and concern. In Europe, Article 10-1 of the European Convention on Human Rights recognizes that the public has the right to be informed.⁵⁰ The French Supreme Court has cited Article 10-1 when holding that the *droit à l’image* is not an absolute right and has exceptions. However, this exception is not absolute. The Cour de cassation uses a test to check whether the exception of Article 10 may apply: the person whose image has been taken must have participated directly in the news event, that is, she must have been intimately implicated in that event.⁵¹ In a recent case,⁵² the European Court of Human Rights held that publishing pictures of a famous princess in various

magazines did not satisfy public interest. The Court held that the “decisive factor in balancing the protection of private life against freedom of expression should lie in the contribution that the published photos and articles make to a debate of general interest.” In that case, there were none.

In *Campus Communications, Inc. v. Earnhardt*, the Fifth District Court of Appeal of Florida noted that “there was no information that could be obtained from the autopsy photographs (. . .) that was not obtained in the autopsy report (. . .) published to (. . .) the public.”⁵³ Can we infer from that case that autopsy pictures must be made available when no alternative way to inform the public of a death is available?

“California law will recognize a post-mortem right of publicity as of January 1, 2008, but the issue is still under debate in the New York legislature, in response to the Southern District court decision that Marilyn Monroe could not bequeath her right of publicity.”

Conclusion: How Could the Courts Protect Post-Mortem Images?

From the public’s point of view, there should be no absolute post-mortem right of privacy, as the public has a general right to information. However, that right must not distinguish between types of information: for example, we cannot invoke a hierarchy to curtly dismiss as smut the right of the public to view corpses. Yet the rights of privacy, publicity, trademarks, wills, and tort law can all play a role in protecting access to post-mortem images.

The right of privacy is a personal right, and is extinguished by death. Even in France, there is no general post-mortem right to privacy: only the criminal law protects against taking pictures of a person, whether she be dead or alive, while in a private place. The French Supreme Court has always refused to grant heirs a civil cause of action under Article 9 of the Civil Code. In an isolated U.S. case, in 1998 the Supreme Court of Washington decided that, where employees of the medical examiner’s office had appropriated autopsy photographs of corpses, showing them at cocktail parties, and even creating scrapbooks, “the immediate relatives of a decedent have a protectable privacy interest in the autopsy records of the decedent. That protectable privacy interest is grounded in maintaining the dignity of the deceased.”⁵⁴

The right of publicity is a stronger way to protect images. California law will recognize a post-mortem right of publicity as of January 1, 2008, but the issue is still under debate in the New York legislature, in response to

the Southern District court decision that Marilyn Monroe could not bequeath her right of publicity. The issue is doubly important for the owners of the publicity rights. They want to be able to control the use of celebrities' images for profit, and prevent the publication of images that may interfere in the public's mind with the iconic images they are licensing. Though the California bill has just been signed into law, the New York bill may never come to a vote, leaving this important issue to be watched and further debated.

Should we all protect our post-mortem right of privacy through our wills? A person could declare in her will that she does not want any images of her body taken after her death, just as she can dictate how her body shall be disposed of. However, the period between the death and the admission of the will to probate leaves ample time for photographs to be snatched and published. It would therefore be an injunction brought by the heirs or the executor, and not the will, which would prevent such practices. Yet a person dying intestate would have to suffer the indignity of having a picture of her dead body taken, and possibly sold for profit.

The common law tort of negligent handling of a corpse can sometimes be a more solid legal base to prevent the publication of these pictures than the post-mortem right of publicity. In 2002, a New York Court held that a plaintiff has a cause of action for mishandling a corpse, not only when he can show an "interference with [his] right to dispose of the body," but also if "one improperly deals with the decedent's body."⁵⁵ A lawyer would only need to convince a court that taking pictures of a dead body is "improper," a concept so flexible that it leaves plenty of room for interpretation in favor of the client, the family member. Even though there is no post-mortem right to privacy, protecting the relatives against the brutality of some pictures protects the peace of mind of the whole family: some may choose to believe it protects the peace of mind of the deceased as well.

Endnotes

1. This episode inspired the 1933 movie *Picture Snatcher* with James Cagney starring as the audacious photographer. The trailer of the movie is available on the *Turner Classic Movies* site, <http://tcmdb.com/title/title.jsp?stid=86672&atid=4424&category=overview> (last visited September 6, 2007).
2. This picture can be viewed on the *New York Daily News* photo archive site, <http://www.dailynewspix.com>; type "Ruth Snyder" in the search box (last visited September 6, 2007).
3. See Kenneth Anger, *Hollywood Babylon* (Dell ed.1981).
4. See *Casket Cam! "Entertainment Tonight" Climbs into the Coffin with Anna Nicole Smith*, <http://gawker.com/news/anna-nicole-smith/casketcam-entertainment-tonight-climbs-into-the-coffin-with-anna-nicole-smith-241151.php> (last visited September 6, 2007).
5. Louis D. Brandeis and Samuel D. Warren, *The Right to Privacy*, 4 HARV. L. REV. 193 (1890).
6. *Olmstead v. U.S.*, 277 U.S. 438, 478 (1928).
7. Dean Prosser, *Privacy*, 48 CALIF. L. REV. 383, 388 (1960).
8. Restatement (Second) of Torts, §§ 652A-652I (1977).
9. Louis D. Brandeis and Samuel D. Warren, *The Right to Privacy*, 4 HARV. L. REV. 193, 195 (1890).
10. N.Y. Civ. Rights Law § 50, 51 (McKinney 1976 & Supp. 1989).
11. *Maritote v. Desilu Productions, Inc.*, 345 F.2d 418, 420 (7th Cir.).
12. Restatement (Second) of Torts § 652I cmt. a.(1977).
13. *Fitch v. Voit*, 624 So.2d (Ala.1993) (family members of a now deceased woman whose picture was published as she lay dying of cancer in a hospital have no relational right of privacy).
14. *James v. Screen Gems, Inc.*, 344 P.2d 799, 801 (2d Dist. 1959).
15. A complete English translation of the French Civil Code is available at http://www.legifrance.gouv.fr/html/codes_traduits/code_civil_textA.htm (last visited September 6, 2007).
16. Law No. 70-643 of July 17, 1970, Journal Officiel de la République Française [J.O.] [Official Gazette of France], July 19, 1970.
17. *Félix c. O'Donnell*, Trib. civ. Seine, June 16, 1858.
18. "A penalty of one year's imprisonment and a fine of 45,000 is incurred for any willful violation of the intimacy of the private life of other persons by resorting to any means of (. .) taking, recording or transmitting the picture of a person who is within a private place, without the consent of the person concerned. Where the offences referred to by the present article were performed in the sight and with the knowledge of the persons concerned without their objection, although they were in a position to do so, their consent is presumed." A complete English translation of the French Penal Code is available at <http://195.83.177.9/code/liste.phtml?lang=uk&c=33> (last visited September 6, 2007).
19. Cass. crim. October 20, 1998, Bull. crim. No. 264. Available on the Légifrance site, <http://www.legifrance.gouv.fr> (last visited September 6, 2007).
20. *Droits de la personnalité*.
21. Pierre Kayser, *La Protection De La Vie Privée Par Le Droit*, Foreword By Henri Mazeaud, (Economica ed., 1995).
22. André Bertrand, *Droit À La Vie Privée Et Droit À L'image*, p. 7 (Litec ed., 1999).
23. Article L.111-1 of the *Code de la propriété intellectuelle*: "The author of a work of the mind shall enjoy in that work, by the mere fact of its creation, an exclusive incorporeal property right which shall be enforceable against all persons. This right shall include attributes of an intellectual and moral nature as well as attributes of an economic nature (. .)." A full English translation of the *Code de la propriété intellectuelle* is available at http://www.legifrance.gouv.fr/html/codes_traduits/cpiatext.htm (last visited September 6, 2007).
24. Article L.121-1 of the *Code de la propriété intellectuelle*: "An author shall enjoy the right to respect for his name, his authorship and his work. This right shall attach to his person. It shall be perpetual, inalienable and imprescriptible. It may be transmitted mortis causa to the heirs of the author. Exercise may be conferred on another person under the provisions of a will."
25. *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2d Cir.), cert. denied, 346 U.S. 816 (1953).
26. *Id.* at 868.
27. Restatement (Second) of Torts § 652C cmt. a. (1977).
28. Restatement (Second) of Torts § 652I cmt. a. (1977).
29. N.Y. Civ. Rights Law § 50, 51 (McKinney 1976 & Supp. 1989).
30. *Stephano v. News Group Pub.*, 64 N.Y.2d 174,183 (1984).
31. Michael Madow, *Private Ownership of Public Image: Popular Culture and Publicity Rights*, 81 CAL. L. REV. 127, 128 (1993).

32. *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836, 845 (S.D.N.Y. 1975).
33. *Id.* at 846.
34. *Lugosi v. Universal Pictures*, P2d 425, 431 (1979).
35. *Factors Etc. Inc., v. Pro Arts, Inc.*, 579 F.2d 215, 221 (2d Cir. 1978).
36. Tenn. Code Ann. § 47-25-1104 (2001).
37. Fla. Stat. § 540.08. (2007).
38. Ind. Code § 32-36-1-8. (2002).
39. *Factors Etc., Inc. v. Creative Card Co.*, 44 F. Supp. 279, 285 (S.D.N.Y. 1997).
40. *Shaw Family Archives Ltd. v. CMG Worldwide, Inc.*, 486 F. Supp. 2d 309 (S.D.N.Y. 2007), available at http://online.wsj.com/public/resources/documents/law_mcmahon.pdf (last visited September 6, 2007).
41. *The Milton H. Greene Archives, Inc. v. CMG Worldwide, Inc.*, CV 05-2200 (C.D. Cal. 2007).
42. A08836-A (2007).
43. Fla. Stat. § 119.07(1) (2007).
44. Fla. Stat. § 406.135(8) (2007).
45. *Campus Communications, Inc. v. Earnhardt*, 821 So.2d 388, 391 (Fla. App. 5 Dist. 2002).
46. *Id.* at 393.
47. Horace White, *Appian's Roman History*, with an English Translation (W. Heinemann Publishers ed., 1912).
48. See the site <http://www.elvislives.net> (last visited September 6, 2007).
49. Elvis Presley topped Forbes Top-Earning Dead Celebrities list in 2005, http://www.forbes.com/2005/10/26/dead-celebrities-earnings_cx_pk_lh_deadceleb05_1027list.html (last visited September 6, 2007).
50. "Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises."
51. Cass. 1e civ., July 5, 2005, Bull. Civ. I, No. 04-10607.
52. *Von Hannover v. Germany*, June 24, 2004. [2004] ECHR 59320/00.
53. *Campus Communications, Inc. v. Earnhardt*, 394.
54. *Reid v. Pierce County*, 961 P.2d 333,342 (Wash. 1998).
55. *Massaro v. Charles J. O'Shea Funeral Home*, 738 N.Y.S.2d 384, 386 (App. Div. 2d Dep't 2002).

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Court Erases Cablevision's DVR Plans

By Joseph M. Hanna

The Dodgers are playing the Mets on ESPN at 8:00 p.m. and "The Simpsons" are on FOX at the same time. What is one to do? Cablevision Systems Corporation ("Cablevision"), the nation's sixth-largest cable TV provider, had hopes of deploying a network-based digital-video recorder ("DVR") service; however, those plans were squashed after a recent ruling by the United States District Court of the Southern District of New York. The court ruled in favor of major television networks and Hollywood studios which argued that the cable distributor's network DVR would violate copyright laws.¹

Cablevision announced in March of 2006 that it would offer "a new Remote-Storage DVR System" (the "RS-DVR"). The RS-DVR was intended for Cablevision customers who did not have a DVR in their homes. The RS-DVR would offer subscribers a way to retrieve recorded programs from its central server system at Cablevision's facilities and play the programs back for viewing at home. However, Cablevision had not received permission from Twentieth Century Fox Films, Universal Studios, Paramount Pictures, Walt Disney, CBS, ABC, NBC and Turner Broadcasting System's Cartoon Network and CNN (collectively, "plaintiffs"), the owners of the copyrighted programs, for its proposed RS-DVR.

Cablevision argued that, under the Supreme Court's decision in *Sony Corp. v. Universal City Studios, Inc.*,² a license was not required because the customer, not Cablevision, chose the content and recorded the program for personal viewing. Cablevision noted that a company could not be held liable for infringement merely because it supplied Betamax recorders, VCRs, or DVRs to consumers to record television programs for in-home, personal viewing, and it asserted that its RS-DVR was no different from these traditionally used devices.

The plaintiffs sued Cablevision for copyright infringement, seeking a declaratory judgment that Cablevision's RS-DVR would violate their copyrights, and seeking an injunction enjoining Cablevision from rolling out the RS-DVR without copyright licenses. The district court granted the plaintiffs the relief requested, holding that Cablevision, and not just its customers, would be engaged in unauthorized reproductions and transmissions of the plaintiffs' copyrighted programs through the RS-DVR.

Copyright Infringement

The Copyright Act of 1976 ("Copyright Act")³ was drafted to provide copyright owners the exclusive right to, among other things, "reproduce the copyrighted work

in copies" and "in the case of . . . audiovisual works, to perform the copyrighted work publicly."⁴ "To establish a claim of copyright infringement, a plaintiff must establish (1) ownership of a valid copyright and (2) unauthorized copying or a violation of one of the other exclusive rights afforded copyright owners pursuant to the Copyright Act."⁵

In this case, there was no dispute that the plaintiffs owned valid copyrights for the television programming at issue. The plaintiffs owned the copyrights to numerous copyrighted entertainment programs, including movies, television series, news and sports shows, and cartoons, which are shown on television and also used (or licensed for use) in other media, including the Internet, DVDs, and cellular telephone technology. Thus, the only question before the court was whether Cablevision was "copying" the plaintiffs' copyrighted programming or otherwise violating their rights under the Copyright Act.

The plaintiffs alleged that Cablevision, through its RS-DVR, directly infringed upon their copyrights in two ways: first, by making unauthorized copies of their programming, Cablevision violated the plaintiffs' rights to reproduce their work; second, by making unauthorized transmissions of their programming, Cablevision was in violation of the plaintiffs' exclusive right to publicly perform their works.

Was Cablevision Making Unauthorized Copies?

According to the plaintiffs, Cablevision made multiple unauthorized copies of programming in two respects: 1) a complete copy of a program selected for recording was stored indefinitely on the customer's allotted hard drive space on a server at Cablevision's facility; and 2) portions of programming were stored temporarily in buffer memory on Cablevision's servers. Cablevision did not deny that these copies were made in the operation of its RS-DVR, but the question was: *Who* made the copies?

Cablevision argued that it was entirely passive in the RS-DVR's recording process. It was the customer, Cablevision contended, who was "doing" the copying.⁶ The plaintiffs, on the other hand, alleged that Cablevision itself was the "copier."⁷ The court agreed with the plaintiffs' characterization of the RS-DVR as a service which required the continuing and active involvement of Cablevision.⁸

Cablevision relied on *Sony* and other cases to support its position that it could not be held liable for copyright infringement for merely providing customers with the machinery to make copies.⁹ In *Sony*, the owners of copyrights on television programs brought a copyright infringement

action against the manufacturer of Betamax VCRs. The record showed that consumers primarily used the VCRs for “home time-shifting.”¹⁰ Time-shifting was described as the “practice of recording a program to view it at a later time, then erasing it.”¹¹ The Supreme Court held that time-shifting is “fair use,” and therefore, Sony’s manufacture of Betamax VCRs did not constitute “contributory infringement” in violation of the Copyright Act.¹²

The district court held that Cablevision’s reliance on *Sony* was misguided. The court noted that the RS-DVR and the VCR had little in common.¹³ It also reasoned that the relationship between Cablevision and potential RS-DVR customers was significantly different from the relationship between Sony and VCR users.¹⁴

Was Cablevision Making Unauthorized Transmissions?

In order for an RS-DVR to work, “the programming stream that Cablevision receives at its head-end must be split into a second stream, reformatted, and routed to the main server system.”¹⁵ When a customer requests the playback of a recorded show, the program has to be retrieved from Cablevision’s main server and then transmitted to the customer. This transmission, according to the plaintiffs, is an unauthorized public performance by Cablevision of their copyrighted works.

“It also reasoned that the relationship between Cablevision and potential RS-DVR customers was significantly different from the relationship between Sony and VCR users.”

To “perform” a work, as defined in the Copyright Act, is “to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.”¹⁶ Cablevision did not contest that the streaming of recorded programming in response to a customer’s request was a “performance.” However, it asserted that the performance is a passive process and that it is the customer, not Cablevision, “doing the performance.” The district court rejected this argument, noting that Cablevision actively participated in the playback process. Although the customer uses the remote control to select a recorded program for viewing, that in itself does not result in playback. The customer’s command triggered the playback process; however, Cablevision and its operation “of an array of computer servers” actually made the retrieval and streaming of the program possible.

The court concluded that “Cablevision would engage in public performance of the plaintiffs’ copyrighted

works in operating its proposed RS-DVR service, thereby infringing their exclusive rights under the Copyright Act.” Accordingly, the court granted summary judgment in favor of the plaintiffs and held that Cablevision, absent the appropriate licenses, was enjoined from engaging in public performance of the plaintiffs’ copyrighted works.

Conclusion

The district court determined that the RS-DVR, unlike a VCR, was a complex system that involved an ongoing relationship between Cablevision and its customers, payment of monthly fees by customers to Cablevision, Cablevision’s retention of ownership rights in all of the equipment used by the customers, the use of numerous computers and servers located within Cablevision’s private facilities and the ongoing maintenance of the server by Cablevision. All of these factors played a key role in the court’s determination that Cablevision, not just its customers, was engaging in the unauthorized reproduction and transmission of the plaintiffs’ copyrighted programs in violation of the Copyright Act.

Endnotes

1. *Twentieth Century Fox Films et al. v. Cablevision Systems Corporation*, 478 F. Supp. 2d 607 (S.D.N.Y. 2007).
2. *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).
3. 17 U.S.C. § 101.
4. 17 U.S.C. § 106(1) and (4) (2002).
5. *Byrne v. British Broad. Corp.*, 132 F. Supp. 2d 229, 232 (S.D.N.Y. 2001) (citing *Twin Peaks Prods. v. Publ’ns Intl. Ltd.*, 996 F.2d 1366, 1372 (2d Cir. 1993)); see *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282 (1991).
6. *Twentieth Century Fox Films*, *supra* note 1 at 618.
7. *Id.* at 618.
8. *Id.*
9. *Sony Corp.*, *supra* note 2 at 417.
10. *Id.* at 423.
11. *Id.*
12. *Id.* at 456.
13. *Twentieth Century Fox Films*, *supra* note 1 at 618.
14. *Id.*
15. *Id.* at 622.
16. 17 U.S.C. § 101.

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The Great Grape Group Gripe

French Winemakers Bring “Champagne” Campaign to *la Peuple Americain*

By Matthew David Brozik

Uncorking the Controversy

Sometimes it seems that the law of unfair competition is of special interest to those in the vice trades: tobacco,¹ alcohol,² gambling,³ pornography,⁴ chocolate/illicit drugs,⁵ and boy bands.⁶ Just now, a French consortium is taking issue with United States law itself, appealing to the American public to aid it in its quest for greater protection for the appellation of that certain celebratory and *proprietary* potent potable . . . *champagne*.

Champagne Pours Out Its Grief

The OFFICE OF CHAMPAGNE, USA is, according to its Web site,

the U.S. representative of the *Comité Interprofessionnel du Vin de Champagne* (CIVC), the trade association that groups all the grape growers and houses of Champagne, France. The Office works to educate American consumers about the uniqueness of the wines of Champagne and expand their understanding of the need to protect the Champagne name in the United States.⁷

The Office of Champagne commissioned a full-page, full-color advertisement in the June 4, 2007, issue of the *New Yorker* in an effort to raise awareness (to that magazine’s readership, anyway) of its plight.⁸ The text of the ad, fairly bubbling with indignation, reads:

**Masquerading as Champagne . . .
might be legal,**

but it isn’t fair.

In a country of consumer rights, a federal law tests our traditions.

There are many fine sparkling wines, but only those originating in the chalky hills of Champagne, France can bear that region’s name. A legal loophole allows some U.S. wines to masquerade as “Champagne.” Even names of American wine regions like Napa Valley and Walla Walla Valley are also misused.

Unmask the truth. Demand accurate labeling. Sign the petition at www.champagne.us.

The tag line at the bottom of the page reminds us that “Champagne *only* comes from Champagne, France.”

The flattering epithet “country of consumer rights,” of course, refers to this one, the United States of America. According to the Office of Champagne, however, not only true (and by definition foreign, i.e., French) champagne makers are getting the short end of the proverbial stick in the U.S. At a time when Americans—even the more sophisticated ones, such as perhaps those who read the *New Yorker*—are not especially sympathetic toward France (only in August 2006, after more than three years, did the fries on Capitol Hill become “French” again), it makes sense that the Office of Champagne would assert in its ad that the same mistreatment is being suffered as well by domestic winemakers. What’s bad for *l’oie française*, the suggestion appears to be, is bad for the *le jars americain*.

Yet is it a “legal loophole” leaving the Office of Champagne feeling flat, or is it the regular result of our system, in which case is the Office of Champagne itself guilty of false or inaccurate advertising, after a fashion? Is it sporting of France to suggest that some American businesses are being treated unfairly by our government when the alleged unfairness has been produced by a federal system designed to protect the American consumer? Could such an ad itself be designed to do anything other than cause confusion?

Genericide

Strictly speaking, the “champagne” controversy is not a trademark affair—inasmuch as the term in question is not being used as an indicator of the product’s producer(s)—but a matter of the parent jurisprudence of unfair competition, as the term is one of (arguably) geographic significance. Nonetheless, what the Office of Champagne fears is an irreversible fate that is most often discussed as a trademark phenomenon: so-called “genericide.”

Companies—domestic and international both—spend substantial sums to advertise their goods and services and to make their brand names household words . . . but a tradename can become too well known and lose its power and protectability: A name can be stripped of its trademark status by law, and *will* be when it replaces the generic name of a product in the minds of the relevant consumers. Some companies therefore spend more money to ask the public to use their marks properly. In recent years, such pleas have been made by owners of tradenames in danger: Kimberly-Clark Worldwide, Inc.

("Kleenex"), Xerox Corporation ("Xerox"), and Cabel Hall Citrus Limited ("UGLI"), among others.

It might seem counterintuitive that a company will be punished if and when its tradename has become too popular—or even that it is possible for a name to become too popular—but there is a sound jurisprudential rationale behind such a severe penalty: Trademark law is at base designed to protect the consumer by promoting fair competition among producers—competition being ultimately good for the consuming public. Therefore, when a name becomes so popular that the consuming public uses it in place of the (more appropriate) generic term for a particular item, it becomes inappropriate to prevent all companies other than the tradename owner to use the more popular term. The other companies would not be able to compete at all if they could not call the generic item what the consuming public calls it. Such a "killing" of a trademark is known by trademark practitioners—even though etymologically less inaccurate terms have been suggested from time to time—as genericide.

Producers who request that consumers use the producers' tradenames properly are not asking us to do as they say, not as they do, mind you. Any company with a trademark it hopes to keep and keep alive must ever be on its guard itself to use its mark properly as well as to "police" others' uses. The competition will be quick to demonstrate any lapses in vigilance to a court with jurisdiction to cancel a trademark registration. Famous trademarks of yesteryear—from Aspirin to Zipper—lost their protected status in this manner.

Yet the Office of Champagne is taking a different tack: asking consumers not to call only champagne "champagne" (although they would, *sans doute*, prefer at least this) but rather to join the effort to persuade someone—it is not immediately clear whom—to *unlevel* the playing field again, as it were.⁹ The Office of Champagne is railing against the genericization of the term "champagne" to mean "sparkling white wine," regardless of the geographic origin of the wine. The Office of Champagne wants "champagne" to retain its historical, territorial significance.¹⁰

Whose Wine/Law Is It, Anyway?

In 1908, in France, the "appellation" of Champagne was created through a decree delimiting an area only the wines produced within which would be entitled to the name. In 1927, French law extended use of the appellation to include both grape and wine production; strict rules were enacted at the same time relating to grape growing, pruning, harvesting, and handling in Champagne, and the method of natural fermentation of the wine in the bottle.

Further, the Champagne winemaking community, under the auspices of the CIVC, has developed a com-

prehensive set of rules and regulations for all wine that comes from the region in order to protect the economic interests of that community. These rules address most aspects of viticulture, including identification of the most suitable types of grapes and places for grapes to grow, vine pruning, yield of a vineyard, degree of pressing applied to grapes, and the time that wine must remain on its lees prior to bottling. The CIVC can also regulate the release of champagne into the market in order to maintain prices. In short, the French take champagne awfully seriously. The implication is that we do not.

"[I]n the United States, no law specifically limits use of the term 'champagne,' per se, and, as one might expect, there is no American governmental agency with the specific mission to safeguard grapes, vines, soil, and the like—at least not in the same manner as in France."

In the United States, no law specifically limits use of the term "champagne," *per se*, and, as one might expect, there is no American governmental agency with the specific mission to safeguard grapes, vines, soil, and the like—at least not in the same manner as in France. What we have instead is a Bureau of Alcohol, Tobacco, Firearms and Explosives (the ATF, formerly Explosives-free), since 2002 a law enforcement agency within the Department of Justice, before that part of the Treasury Department. The ATF has responsibility for the enforcement of those laws codified in Title 27 ("Alcohol, Tobacco Products and Firearms") of the United States Code, including Chapter 8 thereof, the "Federal Alcohol Administration Act."

27 C.F.R. § 4.24¹¹ provides, in pertinent part:

(b)(1) A name of geographic significance, which is also the designation of a class or type of wine, shall be deemed to have become semi-generic only if so found by the Administrator[, Alcohol and Tobacco Tax and Trade Bureau, Department of the Treasury, Washington, DC]. Semi-generic designations may be used to designate wines of an origin other than that indicated by such name only if there appears in direct conjunction therewith an appropriate appellation of origin disclosing the true place of origin of the wine, and if the wine so designated conforms to the standard of identity, if any, for such wine contained in the regulations in this part or, if there be no such standard, to

the trade understanding of such class or type. . . .

(2) Examples of semi-generic names which are also type designations for grape wines [include] Champagne. . . .

This provision for a status of “semi-generic,” one assumes, is the “legal loophole” referred to by the Office of Champagne. And this would explain the illustration of the *New Yorker* ad: a masked bottle of wine, the label of which reads, “AMERICAN CHAMPAGNE.”¹²

Sour Grapes

Semi-genericity, as it were, is a legal creation—a fiction, in fact—born of American generosity. Nowhere else in the law of the United States is there such an allowance. The Office of Champagne, however, believes that champagne deserves even more. Put those wine sellers in the basement, as the saying goes, and you will have a whine cellar.

What the campaign ignores or chooses not to mention is that Congress and the ATF are bending over backward to protect “champagne,” and other wine appellations, at least some, rather than let their fates be decided by the public as those of true tradenames routinely are. The public—which, it must be kept in mind, has the final say on the protectability of trademarks and the like—would likely have “champagne” be a generic term, available for use by any producer of sparkling white wine. The American government has plainly preempted the prerogative from the American people, to the obvious benefit of *les vigneronns et maisons de champagne, et al.*

For the record, “Napa Valley” is characterized by 27 C.F.R. § 4.24(c)(1)-(2) as a “nongeneric” name, and therefore legally to be used to only to designate “wines of the origin indicated by such name.” Walla Walla Valley is not mentioned at all.

Endnotes

1. *Lorillard Tobacco Co. v. Engida*, United States District Court for the District of Colorado, No. 1:06-cv-00225 (filed 2/9/2006).
2. *Havana Club Holding SA v. Galleon SA*, 103 F.3d 116 (2d Cir. 2000).
3. *New York Stock Exchange, Inc. v. New York–New York Hotel and Casino, LLC*, 69 F. Supp. 2d 479 (S.D.N.Y. 1999), *aff’d in part and rev’d in part*, 293 F.3d 550 (2d Cir. 2002).
4. *Playboy Enterprises, Inc. v. Netscape Communications Corporation*, 354 F.3d 1020 (9th Cir. 2004).
5. *Huhtamaki Finance B.V., Hershey Chocolate and Confectionery Corporation and The Hershey Company v. Affolter*, United States District Court for the Northern District of California, No. 5:07-cv-02514 (filed 5/10/2007).

6. *New Kids on the Block v. News America Publ’g, Inc.*, 971 F.2d 302 (9th Cir. 1992).
7. www.champagne.us.
8. And again in the September 3rd and 10th, 2007 “Food Issue.” An undiscounted full-color, full-page, one-issue advertisement in the *New Yorker* costs \$100,525, as of January 8, 2007. See www.condenastmediakit.com/nyr/genrates.cfm.
9. Ironically, “champagne” derives from Old French *champagne*, from late Latin *campania*, based on Latin *campus*, all meaning “level ground.”
10. The “**Joint Declaration to Protect Wine Place & Origin**” reads as follows (emphasis added):

Whereas, it is generally acknowledged that there are a handful of truly extraordinary places on earth from which great wine is consistently produced.

Whereas, the names of these places are printed on labels side-by-side with the names of the producers to identify the origin of the wine.

Whereas, wine, more than any other beverage, is valued based on its association to its place of origin—and with good reason.

Whereas, even before modern technology allowed us to tie specific definitions to the soils, terrain, and climates of noted wine regions, winemakers were drawn to these special places.

Whereas, the names of these places are familiar, and synonymous with quality.

Whereas, we respectfully submit that the place where wine is grown plays a very important role in a consumer’s selection process.

Whereas, we are furthermore united in our belief that the geographic place names of wine regions are the sole birthright of the grapes that are grown there, and **when these names appear on wines that do not contain fruit from that region, they lose their integrity and their relevance, becoming merely words.**

Therefore, be it resolved that we, as some of the world’s leading wine regions, join together in supporting efforts to maintain and protect the integrity of these place names, which are fundamental tools for consumer identification of great winegrowing regions and the wines they produce.

Viewable at <http://www.protectplace.com/page.cfm?pageID=9>.

11. Part 4 of Chapter 27 is titled, “Labeling and advertising of wine”; Section 4.24 is titled, “Generic, semi-generic, and non-generic designations of geographic significance.”
12. (Extra Dry).

Matthew David Brozik graduated with an A.B., Princeton University, 1995 and a J.D., Boston University, 1998. The author prefers beer to wine, and English to French. He thanks Mike Kwiatkowski for his help.

New York City Proposes Revised Film Permit Rules

By Donald E. Bertrand

In reaction to a groundswell of adverse filmmaker reaction to its originally proposed film permit rules in New York City, the Mayor's Office of Film, Theatre and Broadcasting ("MOFTB") withdrew its original proposal and on October 29th announced a set of proposed rules. The hearing on such new rules was scheduled for December. While the writer is pleased that the initial proposal was withdrawn in favor of more modest filmmaking constraints, concern remains that the rulemaking process itself can be improved to better assure minimally obstructive constraint on filmmaking as a valued "free speech" activity.

The following excerpt from the writer's earlier comments to the MOFTB seeks a rule development process that promotes attainment of minimally obstructive impact on filmmaking activity consistent with government's recognized role of assuring public order and safety. The writer suggests consideration of procedural devices employed in an analogous area of law where "minimal impact" goals are sought as we address competing values, namely in the area of Environmental Impact regulation, and also suggests lessons to be learned from recent cases in our own profession—attorney advertising.

Excerpt From An Open Letter Addressed to The Mayor's Office of Film, Theatre and Broadcasting

"Filming should be viewed as a protected public right exercised by the filmmaker in enabling others to visit and see the people's 'public property.'" Any adopted rules should (1) fairly be aimed at timeliness, (2) have the least intrusive adverse impact on freedom of speech consistent with the aim of public safety, and (3) bear practical and reasonable limit to the strain on City resources. The proposed permit rules, in my view, have an unduly intrusive and chilling effect on filming capabilities not minimally required to protect the public's welfare and safety. The mere conjecture of possible harms is not sufficient to impose a system of prior restraint or pre-publication censorship. I therefore recommend a more detailed, documented and public rule-making process. The process should require the review, consideration and publication of comparative law alternatives that would be less harmful to our democracy's cherished "freedom of speech" value. Such system should be mindful of the required narrow tailoring of laws designed to limit, curtail, control or otherwise regulate speech conduct, and should be at least as thorough and diligent as the process required for protection of another valued national interest, namely protection of our environment. Through Environmental Impact Statements required under federal law, detailed documentation is required of all considerations involved.

Here, in adopting a film permit process, we are talking of assuring the least intrusive impact on an even more cherished and fundamental value, namely "freedom of speech."

As counsel providing entertainment and business development law support services to filmmakers and others in New York, I write this letter requesting that the proposed rules be subject to withdrawal pending further documented study. In my work I also serve as the Legal Coordinator for a major filmmaking group in New York, known as the New York Film Synergy group, consisting of over 200 members. However, in writing this letter no consensus as to its contents has been secured from the group, and I am thus solely responsible for its contents.

My particular request is that, in the interest of "good government," the proposed written regulation be withdrawn and subject to detailed, comparative law study, fact-finding, documentation, hearings and report consistent with law processes found in other regulatory areas having significant effect on cherished national interests or values, including American rights of liberty, assembly, communication and speech. As you are aware, laws impacting First Amendment rights of free speech are constitutionally required to be narrowly drawn. Likewise, in efforts to protect our environment, Environmental Impact Statements are required to assure rigorous fact-finding and report, with full airing and documentation of less intrusive alternatives to the proposed action. See generally, U.S. Environmental Protection Agency discussion found at the following Web site address: <http://www.epa.gov/compliance/nepa/index.html>.

It is also instructive to consider a most timely, recent New York U.S. district court case on the "freedom of speech" issue. It concerns attorney advertising. The case outlines the constitutionally required standards of certainty of narrowly tailored rules in applying controls and constraints impacting attorneys' First Amendment free speech rights in advertising their legal services.¹ The case declared certain portions of the new advertising rules unconstitutional for many of the same reasons that may confront the current MOFTB proposed rules, in failing to provide minimally intrusive control and prior restraint in this most cherished and valued area of speech liberty. To assure a favorable result for the new film rules I therefore recommend public consideration, discussion and report on less intrusive alternatives having a less chilling effect on filmmaker freedoms to film, and thus having lesser constraint on the public's right to see, hear, speak and know.

Such deliberate approach would further help serve the filmmaking community and the public more generally by airing the availability and consideration of alternative regulations. While New York with California may be the hub of the entertainment industry, value can be gained by the careful evaluation and public consideration of the particular laws adopted in other locales in an effort to find less intrusive filmmaking controls. Such findings would be followed by documentation of the reasons such regulatory schemes are or are not suitable for implementation in New York. This process should be welcomed by your office as an opportunity to build support and general consensus as to the considerations involved and necessity for the particular rules ultimately adopted. Filmmakers would also thereby be actively engaged in educating and informing themselves during such review process, making the rule necessity better understood and thus more easily enforced.

I am aware of other filming locales in U.S. cities that have fundamentally different variations on such significant filmmaking rule items as:

1. existence or absence of insurance requirements;
2. definition of regulated filmmaking; some limiting to "commercial" films only;
3. time period for approvals to be granted;
4. exemptions for "documentaries" and other special matter; and
5. specific filming conduct guidelines when permits are granted, as well as degree of specificity.

Any detailed comparative law study should also analyze the insurance claims history of filmmaking damages and harms to people and property that occasions the need for a one million dollar insurance requirement from even the most casual filmmaker. As you are aware, insurance is a mere pooling of risk and insurance fees to cover actual ultimate damage costs. The question is thus fairly raised as to whether smaller independent filmmakers should be asked to contribute, and in what proportion, to insurance fees to cover insurance losses from larger scale productions where no special set-up or shoot scenarios are involved. A detailed study and publication of actual risk and loss results may produce a more discernable, accepted and understandable manner of insurance cost allocation, apportionment or exemption, based on real facts, documentation, experience and report.

In general, I believe that the fundamental reason for a "permit" process requiring pre-shoot, case-by-case review, as opposed to detailed standard written guidelines, is that any particular film project may require special considerations that the MOFTB cannot pre-determine by explicit rule. The MOFTB thus is presented an opportunity during case review to apply such valued knowledge

and experience to anticipate and resolve any such special issues. However, most films will not fall in this "special needs" category. It thus might be prudent and possible to replace the permit process with strict shooting rules, coupled with mere Notice requirement, for such categories of filmmaking as fall within such "safe harbor" guidelines as do not involve "special" considerations requiring specialized permits. Such "safe harbor" filming could, instead, be governed by a system of mere pre-Notice without necessity of prior case review.

The filmmaker is ultimately the "eyes of the community" and the eyes for those of us who cannot go out and discover things in person. Our history as a Nation is replete with examples of the importance of a free press, circumscribed by only the most limited rules required to assure the public's safety and fundamental fairness. Mere convenience and the absence of irritation is alone not enough to otherwise circumscribe and control this fundamental freedom.

I end this comment with a concluding request that New York's legislative council not, by mere delegation to MOFTB, abrogate its responsibility for knowledge and regulatory oversight in this area so fundamental to speech liberty. While it may be true that a specialized office like MOFTB is likely to have special expertise and knowledge in this area, our legislators too must be clear that they have a fundamental and important responsibility in this area of speech regulation and "permitted" speech activity.

Endnote

1. *Alexander v. Cahill*, No. 5:07-CV-117 (N.D.N.Y July 23, 2007).

After having spent many years as corporate counsel in the financial services sector, Donald E. Bertrand has transitioned to an intellectual property, business development and entertainment law practice with an office located in West Haven, Connecticut. Licensed in New York, Massachusetts and Connecticut, his law office serves the many diverse developmental and representational needs of producers, writers, directors, filmmakers, musicians, studios and creative talent in the entertainment sector. Among the author's industry associations are membership in the Entertainment, Arts and Sports Law Section of the New York State Bar Association, Legal Coordinator of the NYC Film Synergy Group, New England Coordinator for the Institute for International Film Financing, member of the Arts Council of Greater New Haven and member of the "Grammy Awards" Recording Academy, Moderator of SongsInLitigation.com Web site blog. He also owns his own documentary film production company established in Connecticut, Cat's Eye View Productions, LLC. The author may be reached at (203) 430-3141, donbertrand@comcast.net, or via www.ctLawHaven.com.



Volunteer Lawyers for the Arts congratulates the Entertainment, Arts, and Sports Law Section on its upcoming 20th anniversary! Over the years, VLA and EASL have collaborated on numerous well-received educational events and EASL has co-sponsored many successful VLA Legal Clinics. VLA looks forward to continuing our relationship with EASL in the future!

VLA Holiday Card Program 2007

The **VLA Holiday Card Program** provides access to over 50 unique images for use on annual holiday cards. The program is part of VLA's ongoing efforts to serve the arts community, as well as to support and publicize VLA's mission and programs. Participants may customize most features of cards to their own specifications, including card size, paper, inside greeting and other layout and formatting preferences. VLA is happy to consult with purchasers and make suggestions about specifics. This program is made possible through the generosity of the participating artists who have made their images available to VLA without charge.

For more details about the VLA Holiday Card Program, including terms of participation, please see <http://www.vlany.org/holidaycard>.

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VLA Receives Grant from New York State Music Fund

Volunteer Lawyers for the Arts was recently awarded a two-year grant from the New York State Music Fund, established by the New York State Attorney General at Rockefeller Philanthropy Advisors, to support **VLA's Ask the Music Lawyer™** program (<http://www.askthemusiclawyer.com>). This grant will help support workshops and clinics for musicians from the New York region, the expansion of our mediation service to handle music-related negotiations, and the development of a special section of the VLA Web site to include music-related resources and information.

For more details about VLA's award and the New York State Music Fund, please see http://www.vlany.org/forms/nysmf_vla_press_release.pdf. For questions about this, or any other, VLA program, please contact Elena M. Paul, Esq. at 212.319.2787 x17.



Bimonthly Legal Clinic

The **VLA Legal Clinic** is a bimonthly forum for VLA members to meet privately with a volunteer attorney to discuss their arts-related legal issues. Held from 4 p.m.–7 p.m. on the second and fourth Wednesdays of each month, the clinic is a rewarding opportunity for attorneys to volunteer without a large time commitment. If you are interested in volunteering, please contact Kate Nelson at 212.319.2787 x14 or knelson@vlany.org.

***mediate*Art**

MediateArt provides low-cost alternative dispute resolution services to artists with conflicts that can be addressed outside of the traditional legal framework. *MediateArt* selects two volunteer mediators to handle each matter, generally a team of one attorney and one arts professional or arts administrator. All volunteer mediators have completed many hours of training focused on helping resolve arts-related disputes. To refer a client to mediation, to become a volunteer mediator, or to learn more about *MediateArt*, please contact Ben Brandow at 212.319.2787 x16 or bbrandow@vlany.org.

Career Development and Private Counseling

VLA's Executive Director and senior staff attorneys are available for private career counseling and to review your resumes in the context of charting your desired career path. By private appointment only. Please contact Alexei Auld, Esq., Director of Legal Services, at 212.319.2787 x12 to arrange an appointment.

Since 1969, Volunteer Lawyers for the Arts has been the leading provider of pro bono legal services, mediation, educational programs and publications, and advocacy to the arts community in New York and beyond. Through public advocacy, VLA frequently acts on issues vitally important to the arts community—freedom of expression and the First Amendment being an area of special expertise and concern. The first arts-related legal aid organization, VLA is the model for similar organizations around the world.



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Message from the Chair

(Continued from page 2)

welcome our new Section Liaison **Pam McDevitt**, ably assisted by **Kim McHargue**, who got up to speed with our tremendous output in no time at all, which bodes very well for the continuing success of the Section. We also look forward to working with Lori Nicoll from the NYSBA Meetings Department, who will be supporting our Section-wide programs beginning with the 2008 Annual Meeting.

Speaking of . . . plans are proceeding apace for our 20th Anniversary Annual Meeting, to be held at the New York Marriott Marquis on Monday afternoon, January 28, 2008. Two highly relevant panels will be presented: **"Post Mortem Right of Publicity: Return of the Living Dead?"** and **"Real Deals in Virtual Worlds: Business Affairs and Legal Issues in the New Massively Multi-User Universes."** The occasion will be marked by the publication of the **Special 20th Anniversary Edition of the *EASL Journal***, and the meeting will be followed by a special celebratory reception. Mark your calendar *now!* I look forward to seeing you there.

This is my last column as Chairman of the EASL Section. It is also my last chance to say how grateful I am to the members of the Executive Committee who shared

and supported my vision for a revitalized Section, to the many of you took the time to offer your suggestions, encouragement and support, and to the NYSBA leadership who tolerated my ambitious agenda for the Section. These past two years have been among the most challenging and rewarding of my career, and I thank you sincerely for the opportunity to have served as your Chairman. I look forward to resuming a more active role as Co-Chair of the Music Recording Committee, and to continuing to serve as one of the Section Delegates to the House of Delegates.

Happy Holidays!

Alan Barson
www.barsons.com
(212) 254-0500

Alan D. Barson, Esq., practices entertainment, copyright, trademark and business law. He is based in New York City, and represents creative and executive talent and corporate clients in the motion picture, television, home video, book, recording, music publishing, licensing, touring, theatre, new media and the LED lighting industries.

The *Entertainment, Arts and Sports Law Journal* has a new online look!

The screenshot shows a web browser window displaying the website for the Entertainment, Arts and Sports Law Journal. The page has a navigation menu on the left with links such as 'Letter from the Chairman', 'Publications Download', and 'Past Meetings & Programs'. The main content area is titled 'Entertainment, Arts and Sports Law Journal' and includes an 'About this publication' section, a 'Reprint Permission' section, and a 'Past Issues (Members Only)' section. The 'Past Issues' section lists several issues with their respective dates and PDF links, such as 'Summer 2007 (Vol. 18, No. 2) (PDF)'.

Go to www.nysba.org/EASLJournal to access:

- Past Issues (2000-present) of the *Entertainment, Arts and Sports Law Journal**
- *Entertainment, Arts and Sports Law Journal* Searchable Index (2000-present)
- Searchable articles from the *Entertainment, Arts and Sports Law Journal* that include links to cites and statutes. This service is provided by Loislaw and is an exclusive Section member benefit*

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The Entertainment, Arts and Sports Law Section Welcomes New Members

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**Upcoming *EASL Journal* Deadline:
Friday, January 4, 2008**

MCLE-Accredited Recordings* of Recent Section Programs Available from the Association's CLE Department

(For more information or to order, call toll-free, 1-800-582-2452, or click on "Recorded Programs" under "CLE" at www.nysba.org)

Entertainment Law in Review (2007) (www.nysba.org/aveasl)

Recorded at EASL's spring 2007 meeting, the program covers recent court rulings impacting transactions and litigation in the entertainment industry. The program speaker, Stan Soocher, Editor-in-Chief of *Entertainment Law and Finance*, discusses court decisions on claims against entertainment attorneys, digital and Internet rights, film-distribution agreements, management agreements, music copyrights, music publishing, profit-participation and royalty claims, recording contracts, right of publicity, television-series trademarks and video games. (2.5 total MCLE Credits; available in audio CD and audiocassette formats)

Eleventh Annual Symposium on Current Legal Issues in Sports (2007) (www.nysba.org/aveasl)

Presented by The Fordham University Sports Law Forum and our EASL Section, this recording of the spring 2007 symposium features detailed discussion from high-profile panelists on several of the current and emerging legal issues in the world of sports: Sports Re-Broadcasting and Exclusivity Rights in the Changing Media Landscape * International Player Transfer Systems and Related Immigration Issues * Potential Criminal and Civil Liability for Athletes' Conduct During the Ordinary Course of Game Play * MLB's "Extra Innings Package." (6.0 total MCLE Credits; available in audio CD and audiocassette formats)

The Impact of Digital Technologies on the Entertainment Business (2007) (www.nysba.org/aveasl)

The 2007 Annual Meeting of the Section addresses two cutting-edge and highly publicized topics: "Digital Distribution of Audio and Video Content to Mobile Devices" and "YouTube and Myspace.com – Internet Socializing Communities or a Breeding ground for Litigation?" (4.0 total MCLE Credits; available in DVD and videocassette formats)

Practical Aspects of the LLC and LLP (2006) (www.nysba.org/avbuscorp)

From a spring 2006 program presented by the Section, LLC's and LLP's are explored in depth by Alan E. Weiner, a well regarded speaker on this topic. In addition to tax and practical issues related to forming such entities, Mr. Weiner discusses the multi-uses of the LLC, administrative issues, tax issues (simplified), the controversial New York State publication requirements, self-employment tax issues, and the use of the professional LLC or LLP. (2.5 total MCLE Credits; available in audio CD and audiocassette formats)

Entertainment, Arts & Sports Law Section Annual Meeting (2006) (www.nysba.org/aveasl)

An experienced, engaging and highly qualified faculty examines the legal issues arising with the increasingly popular and widespread activities of videogaming and cybergambling in today's society. (4.0 total MCLE Credits; available in DVD and videocassette formats)

Entertainment, Arts & Sports Law Section Annual Meeting (2005) (www.nysba.org/aveasl)

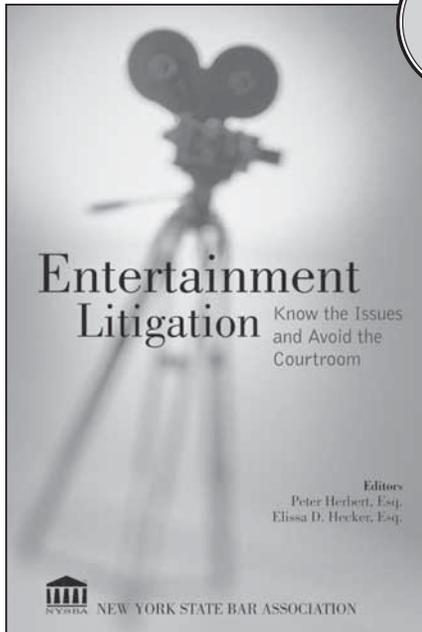
Some of the more controversial and highly debated social and legal issues in the realm of mass media, advertising and governmental regulation are tackled in this lively program by a well-rounded faculty of media executives, lawyers and a representative of the FCC. (3.5 total MCLE Credits; available in DVD and videocassette formats)

* MCLE credit not available for "newly-admitted" attorneys

From the NYSBA...

Entertainment Litigation

New



The artist (and the litigator) needs education, as litigation often involves:

- a misunderstanding of the legitimate needs and the reasonable expectations of the parties with whom the artist contracts, and the legitimate positions of the adversary, and
- the misguided belief that only trial by combat will best achieve the artist's objectives.

While each field in the creative arts has its own special customs and practices, these issues are common to them all.

Just as the artist's transactional representative must fully appreciate the legitimate needs of the parties with whom the artist contracts, the litigator must understand and appreciate the legitimate positions of the adversary and educate the client as to its reasonable expectations. The bull-dog litigator who ignores this responsibility, believing that only trial by combat will maximize the client's advantages, even with the best of intentions, may blindly play a tune that is "tin" to a judge's ear. In the process, he or she may embroil the client in distracting and all-consuming litigation that can

sap the client's creative energies and resources at the expense of his or her career. In most cases in which injury to reputation or professional integrity is not involved, constructive litigation should produce positive results for both parties by minimizing their respective losses. Other cases that do involve a potential injury to reputation or a compromise of fundamental values are not susceptible of easy practical resolution and must necessarily be pursued to conclusion.

Entertainment Litigation is a thorough exposition of the basics that manages to address in a simple, accessible way the pitfalls and the complexities of the field, so that artists, armed with that knowledge, and their representatives can best minimize the risk of litigation and avoid the courtroom.

Written by experts in the field, *Entertainment Litigation* is the manual for anyone practicing in this fast-paced, ever-changing area of law.

What does an entertainer or creative artist need for a healthy, dispute-free career?

An artist needs protection, and litigation in the entertainment and intellectual property fields commonly involves:

- managers with conflicting interests and divided loyalties; contracts that demand exclusivity, but have no express obligations to implement the contract terms; copyright infringements; and unauthorized use of an artist's name, likeness or persona;
- proper credit for the artist and a full accounting of all compensation due and owing.

...Book Store

Contents

- 1. Contracts Without an Obligation**
Peter Herbert, Esq.
 - 2. Artist-Manager Conflicts**
Peter Herbert, Esq.
Peter V. Glass, Esq.
 - 3. Artist-Dealer Relations: Representing the Visual Artist**
Judith Bresler, Esq.
 - 4. Intellectual Property Overview: Right of Privacy / Publicity and the Lanhan Act**
Peter Herbert, Esq.
 - 5. Anatomy of a Copyright Infringement Claim**
Robert Clarida, Esq.
 - 6. Digitalization of Libraries / Google Litigation**
Joel Hecker, Esq.
 - 7. Accrual of Copyright Infringement Claims**
Joel Hecker, Esq.
 - 8. The Safe Harbor Provisions of the Digital Millennium Copyright Act and "X".com**
Janna Glasser, Esq.
 - 9. Trademarks for Artists and Entertainers**
Deborah L. Benson, Esq.
Amy B. Spagnole, Esq.
 - 10. Internet: A Business Owner's Checklist for Avoiding Web Site Pitfalls**
Amy B. Spagnole, Esq.
 - 11. Internet Legal Issues**
Brent R. Canning, Esq.
 - 12. Litigating Domain Name Disputes**
Deborah L. Benson, Esq.
Amy B. Spagnole, Esq.
 - 13. Alternative Dispute Resolution**
Judith Bresler, Esq.
Judith Prowda, Esq.
- Appendices
Miscellaneous Copyright Issues
Miscellaneous Trademark Issues
- Sports: Property Rights and Antitrust versus Collective Bargaining Agreements
Table of Authorities
Author Biographies
- Cosponsored by the Entertainment, Arts and Sports Law Section and the Committee on Continuing Legal Education of the New York State Bar Association.*

Key Benefits

- Keep up-to-date with recent changes representing clients in the entertainment field
- Understand the nature of artist-manager relations
- Increase your versatility across several entertainment mediums

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