

# Entertainment, Arts and Sports Law Journal

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

## Remarks from the Chair



Welcome everyone, to our fall season. I hope that all of you, and those you love, are well. We begin this season by saying a special hello to two new members of EASL's Executive Committee: **Jim Ellis**, our new Chair of the Theatre and Performing Arts Committee, and **Steve Gordon**, a new liaison to our Cyber Law Committee, serving along with **Ron Bienstock**, **Gary**

**Roth**, **Daniel Marotta** and **Jay Flemma**. We also extend a welcome to **Gary Darche**, our new Section Liaison to the NYSBA, and Vice President of the Association's 11th District.

Despite the events of September 11 and their sobering aftermath, our Section is doing business (almost) as usual and has already been quite productive. Our Literary Works and Related Rights Committee, chaired by **Jay Kogan**, organized a lively and informative lunch program entitled "Rosa Parks, Barbie and the Girl from Ipanema," featuring copyright lawyer David Wolf (partner at Cowan, DeBaets, Abrahams & Sheppard) and musicologist Judith Finell (Judith Finell Music Services, Inc.). The program's focus was the use of elements of pop culture and literature, as well as real people, in song lyrics—and the flip side: The use of song lyrics in literary and other works. In October, **Alan Hartnick**, our productive Copyright and Trademark Committee Chair, hosted a Program that also featured David Wolf and was entitled, appropriately enough, "Recent Copyright Developments." In November, a program co-sponsored by our Young Entertainment Lawyers Committee, chaired by **Jennifer Unter**, and Fordham Uni-

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versity School of Law's *Intellectual Property, Media and Entertainment Law Journal*, was entitled "A Career in Media Law: How to Get Your Foot in the Door." The program featured Alan Baldachin (Acting General Counsel of the Sundance Channel), Beth R. Lobel (Media Counsel of NBC, Inc.) and Diana Victor (Vice President, Business Affairs of Good Machine, Inc.).

In addition to Committee action, in October EASL held its Fall Section Program—and it was splendid. Organized by **Doug Jacobs**, Chair of our Broadcasting and Cable Committee, the program, which included a dinner at the Penn Club, was entitled "Cameras in the Courtroom," and featured a panel discussion as to whether New York State should join the majority of states in permitting the televising of trial court proceedings. The distinguished participants included moderator Fred Graham (Chief Anchor and Managing Editor of Court TV), Floyd Abrams (Cahill, Gordon & Reindel), Martin B. Adelman (Martin B. Adelman, P.C.) and A. Vincent Buzard (Harris Beach LLP). The program was provocative, enormously well received and, frankly, a fun way to acquire CLE credits.

On other fronts, our *Entertainment, Arts and Sports Law Journal*, under the able and enthusiastic leadership of our Editor, **Elissa Hecker**, continues to thrive. In addition, we have launched our Section Web site, and it should be fully operational at [www.nyeasl.org](http://www.nyeasl.org) by the time you read these remarks. The content will initially consist of an array of cases pertinent to our varied but related legal practices, as well as material supplied by the *Entertainment Law Reporter* and of course, the *EASL Journal*. Moreover, for starters, our Web site will have at about 40 resource links that will be of interest to our Section members. While the creation of the EASL Web site has truly been a team effort, special thanks must go to the indefatigable leadership of New Technologies Committee Co-Chairs **David Sternbach** and **Ken Swezey**, and to **Leslie Harpold**, the site's designer. Thanks everyone!

Projecting a bit into the future, I hope to see all of you at our Annual Meeting. It will take place on Friday, January 25, 2002, at the Marriott Marquis in New York City. The CLE-accredited program for our Annual Meeting, which is being organized by our Programs Chair, **Mary Ann Zimmer**, will focus on issues of censorship. Its working title is "Sex, Fear and Popular Culture: Free Expression in the Aftermath of Terror." Our sure-to-be timely program will be followed by an encore lunch at the ESPN Zone Skybox Room. This lunch was such an enormous success last year that we decided to repeat the experience—along, once again, with the free games upstairs! Look for the upcoming notice.

Finally, as this will be my last "Remarks from the Chair," I'd like to note that it has been both an honor and a genuine pleasure to serve our Section in this capacity. EASL has had an exciting and productive period under my watch, which is entirely due to the finest Executive Committee imaginable. Dear colleagues, you are a spirited, industrious, energetic, cooperative and visionary team,

and I thank you! Aside from the Executive Committee members that I have already mentioned, I'd like to convey my appreciation to our Vice-Chair, **Jeffrey Rosenthal**, for being a superlative motivating force behind so many of the Section's accomplishments; our Secretary, **Alan Barson**, for his enthusiasm and dependability; and our Treasurer, **Stephen Rodner**, for his continuing, spirited and able assistance with our budget—and surplus. I also thank for their efforts and contributions: Legislation Chair, **Steve Richman**; CLE Compliance Officer, **Judith Prowda**; Fine Arts Chair, **Ralph Lerner**; Litigation Chair, **Peter Herbert**; Music and Recording Industry Chair, **Mark Allen**; Membership Chair, **Howard Singer**; Rights of Publicity, Privacy & Merchandising Chair, **Joshua Bressler**; Motion Pictures Chair, **Donna Bascom**; and last but not never least, **Jeffrey Gewirtz**, who, along with **Jeffrey Rosenthal**, co-chairs our Professional Sports Committee.

Finally, I note that I have been the beneficiary of great advice, at one time or another, from all of our Section's former Chairs: **Marc Jacobson**, **Eric Roper**, **Howard Siegel**, **Phil Cowan**, **John Kettle**, **Sam Pinkus** and **Tim DeBaets**.

It's been a great run! See you at the Annual Meeting!

**Judith Bresler**

### **Philip M. Cowan**

*Dear Section Members:*

*Sadly, I must inform you that Phil Cowan, a founding member and former Chair of the Entertainment, Arts and Sports Law Section of the New York State Bar Association, died on Thursday, December 6, 2001 after a courageous battle with cancer.*

*Phil was an exceptional human being: He was, among so many other things, a creative and leading entertainment lawyer, a world-class bridge player, remarkably open, warm, direct, and, not least of all, graced with a wonderful sense of humor.*

*If a person can be understood through the breadth and quality of his or her relationships, then Phil's funeral service, held the day following his death, was an illuminating SRO testament to the rich texture and depth to his life. He was a beloved colleague, husband, bridge player, father, partner, character actor, grandfather, advisor, friend, teammate, attorney, mediator, and always—always, a teacher.*

*To honor Phil's memory, EASL, at the suggestion of founding Chair Marc Jacobson, is establishing the Phil Cowan Memorial Scholarship. The Scholarship monies shall be drawn from EASL's Annual Budget and awarded, on a yearly basis, to a deserving law student committed to the practice of law in the field of entertainment, arts or sports law. The Scholarship shall be administered and awarded by the Scholarship Committee, which is composed of all former EASL Chairs and the then-current Chair.*

*My regards to all of you.*

**Judith Bresler—EASL Chair**

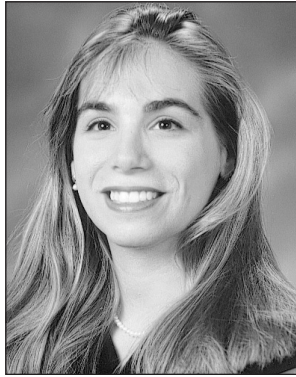
# Editor's Note

So much has happened in the world since the last issue of the *Journal*. Everyone has been touched by the terrorist events.

Like a phoenix rising from the ashes, New York is rebuilding. People are slowing down, taking the time to reflect and to appreciate everything much more than they may have done before. People everywhere are opening their eyes and hearts, and are really noticing the beauty around them. The word "hero" has re-acquired its true definition. No longer is the word tossed about in reference to an actor or athlete, and celebrities are leading the crusade to identify who the true heroes really are.

In times like these, creators create. Songwriters, inspired by both the tragedy and the reflection that results, write songs filled with touching lyrics and melody, leaving behind the bubble-gum what-will-sell mentality that can drive out creativity. Art is created in tribute. Photographic exhibitions are set up to draw people together to both mourn loss and celebrate life. Architects plan for the rebuilding. Sports events raise feelings of pride.

The entertainment, arts and sports industries have contributed so much to the healing efforts. Benefit concerts and pledge drives raised millions of dollars for the victims of the tragedy. Classical musicians filled concert halls with free performances. The sponsors, contributors and organizers of Fashion Week canceled their regularly scheduled shows, and the designers' tents in Bryant Park were transformed into relief stations for exhausted and hungry workers. The Emmys were postponed more than once out of respect for the gravity of the situation. On television, regularly scheduled shows were preempted, and the media agreed to cooperate to a certain degree with some government requests for self-censure. Producers, directors, writers, actors and crews of drama shows went into last-minute production, to participate in ground-breaking, reality-based episodes in order to help their viewers deal with the tragedy. Networks obliged with the last-minute changes by working around scheduling issues and air times. Political cartoonists, always at the forefront of media commentary, created some of the most powerful images that continue to resonate.



In the theater, Broadway and off-Broadway actors and crews who had their salaries either cut or whose shows were closing due to lack of attendance offered to perform for free. Several actors donated their salaries so that free tickets would be offered to rescue workers who so desperately needed breaks and an escape into the world of song, dance and happy endings.

Artists have been designing jewelry, painting, creating patriotic portrayals of the flag and donating proceeds to disaster relief agencies. Designers and clothing manufacturers were quick to create lines for "every person" to wear in order to express pride in the United States. Graphic designers were working with T-shirt manufacturers, and before we knew it, T-shirts with different renditions of the American flag and other designs were in every store and on every New York City street corner.

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*"Songwriters, inspired by both the tragedy and the reflection that results, write songs filled with touching lyrics and melody, leaving behind the bubble-gum what-will-sell mentality that can drive out creativity. Art is created in tribute."*

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Children became artists, and from around the nation they sent drawings, paintings, essays and photographs to New York City, Washington, D.C. and Pennsylvania, expressing their support, sorrow and appreciation. Entire schools came together in efforts to make quilts, collages and other art. Makeshift galleries containing such contributions are in front of every single firehouse and police station in New York City.

On the sports front, athletes and fans pulled together and poured their energies into games, and the sports industries threw themselves into the patriotic effort. Who won no longer carried with it a sense of life or death importance. American flags were sewn into all baseball uniforms, and games were postponed for a respectful period of mourning. There was a great resurgence of Irving Berlin's "God Bless America." Football announcers banned together and decided that they would no longer use terms of war when describing plays on the field. One announcer expressed the feeling that he will never again refer to the athletes as heroes,

since after being at the World Trade Center site and witnessing the efforts of firefighters, police officers and rescue workers, he felt that they were the real heroes.

The NYSBA also rose above and beyond the call of duty. The NYSBA organized to train and support volunteer lawyers who want to help those who were affected by the events of September 11. The responses to the efforts of the NYSBA have far surpassed expectations. The requests to help have been overwhelming, so much so that training sessions had to be videotaped and staggered, and waiting lists were created. The effects of September 11 will be long-felt, so volunteers will be needed for quite some time. If you are interested in volunteering for World Trade Center Disaster Assistance, please visit the Web site at: <http://www.nysba.org/wtc/index.htm>.

I now want to take this opportunity to express my deep gratitude to Judith Bresler, outgoing Chair of the EASL Section. The dedication and extraordinary energy that she has devoted to the NYSBA and to its individual members is unparalleled. I would also like to welcome Jeffrey Rosenthal, who is brimming with new ideas and plans, as incoming Chair. The EASL Section has been, and will continue to be, a formidable group of people.

Finally, we are fortunate to have a vast assortment of contributions for this issue. As you will see, there are several in-depth analyses covering a wide array of subjects that are of interest to those who practice in the entertainment, arts and sports law fields. As always, I encourage Letters to the Editor and articles of interest. The next deadline for articles will be **Monday, January 28, 2002**.

Elissa D. Hecker

Elissa D. Hecker is Associate Counsel to The Harry Fox Agency, Inc., licensing subsidiary of The National Music Publishers' Association, Inc., where she is involved with legal, educational and policy matters concerning the world's largest music rights organization and the U.S. music publishing industry trade group. Ms. Hecker is the incoming Vice-Chair of the EASL Section Executive Committee. In addition to membership in the NYSBA, Ms. Hecker is also a member of The Copyright Society of the U.S.A., Chair of the FACE Initiative Children's Web site, a member of the Steering Committee of the FACE Initiative, Associate Member of the Graphic Artists' Guild and a member of other bar associations.

## REQUEST FOR ARTICLES

If you have written an article, or have an idea for one, please contact

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*Articles should be submitted on a 3-1/2" floppy disk, preferably in Microsoft Word or Word-Perfect, along with a printed original and biographical information.*

**WWW.NYEASL.ORG**

# The “Hit Man” Decision—Left for Dead: Another Look at *Rice v. Paladin Enterprises Inc.*

By Keith C. Hauprich

[When] [y]ou’ve read all the suggested material, you [will have] honed your mind, body and reflexes into a precision piece of professional machinery. [You will have] assembled the necessary tools and learned to use them efficiently. Your knowledge of dealing death [will have] increased to the point where you have a choice of methods. Finally, you [will be] confident and competent enough to accept employment.<sup>1</sup>

The objectives of *Hit Man: A Technical Manual For Independent Contractors*,<sup>2</sup> by Rex Feral, as set above resound with callousness. It is subject to debate as to whether the book’s contents led directly to the death of three individuals. What is more likely, however, is that the subsequent litigation surrounding the instructional manual and the specter of potential liability that it has raised has had a chilling effect on the entertainment industry.

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*“It is subject to debate as to whether the book’s contents led directly to the death of three individuals.”*

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In *Rice v. Paladin Enterprises Inc.*,<sup>3</sup> the issue before the court was whether the First Amendment barred a wrongful death action brought against the publisher of an instructional book for aiding and abetting a convicted killer who relied upon the book in carrying out a triple homicide.<sup>4</sup> Judge Luttig, in a voluminous opinion that quoted the text of *Hit Man* at length and drew significant parallels between the work and the commission of the murders, held that the First Amendment did not bar such an action.<sup>5</sup>

Within six months of the *Paladin* decision, its holding and rationale were seemingly fortified by *Byers v. Edmondson*.<sup>6</sup> Relying heavily upon *Paladin*, the Louisiana Court of Appeals reversed and remanded a Louisiana trial court’s dismissal of an action and held that a shooting victim had stated a cause of action for intentional tort against the producers of the motion picture “Natural Born Killers.”<sup>7</sup> However, on remand, the trial court once again dismissed the action by granting the defendants motion for summary judgment.<sup>8</sup>

## Facts of *Paladin*

On March 3, 1993, James Perry murdered Mildred Horn, her 8-year-old son Trevor and the boy’s personal nurse. Mildred Horn’s ex-husband, Lawrence Horn, hired Perry to carry out these executions. A \$2 million trust in the boy’s name existed at the time of the murders. Trevor had received this money in settlement of a prior accident that had rendered him paralyzed for life. Under its terms, Lawrence Horn was to be the sole beneficiary of the trust in the event of the death of his ex-wife and son.

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*“. . . Hit Man advises its reader as to how to solicit employment, where to carry out a contract-killing, which weapon to select for the job, the proper use of that weapon, how to dispose of a victim’s remains and how much to charge for such deadly services.”*

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The relatives of Perry’s victims brought a civil wrongful death action against the publisher of *Hit Man*, Paladin Enterprises Inc. and its owner Peder Lund (collectively referred to as “Paladin”). The plaintiffs asserted that “in soliciting, preparing for, and committing these murders, Perry meticulously followed countless of *Hit Man*’s 130-pages of detailed factual instructions on how to murder and [how] to become a professional killer.”<sup>9</sup> The plaintiffs argued that Paladin’s liability should be based on the publication of *Hit Man*<sup>10</sup> and the book’s graphically detailed “killing instructions.”<sup>11</sup>

Specifically, *Hit Man* advises its reader as to how to solicit employment, where to carry out a contract-killing, which weapon to select for the job, the proper use of that weapon, how to dispose of a victim’s remains and how much to charge<sup>12</sup> for such deadly services.

At trial,<sup>13</sup> in order to clarify the issue, or perhaps motivated by arrogance fueled by its faith in the First Amendment, Paladin “stipulated to a set of facts which establish[ed] as a matter of law that the publisher is civilly liable for aiding and abetting Perry in his triple murder, unless the First Amendment absolutely bars the imposition of liability upon a publisher for assisting in the commission of criminal acts.”<sup>14</sup> These stipulations

were offered for the sole purpose of determining Paladin's motion for summary judgment. The defendant expressly reserved its right to contest its stipulations at any and all subsequent proceedings.<sup>15</sup> Despite the bizarre and highly unusual factual stipulations—which included that Paladin “intended to attract and assist criminals” who desired such information on how to commit crimes, “intended and had knowledge” that the book would be used by readers to carry out the crime of murder for hire and through the publication and sale of the book “assisted Perry” in the actual murders,<sup>16</sup> the U.S. District Court for the District of Maryland granted Paladin's motion.<sup>17</sup>

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*“It is well established that freedom of speech is not absolute as certain classes of speech may be regulated or punished by the state without violating the established principles.”*

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On appeal, the federal appellate court reversed the lower court's decision.<sup>18</sup> If the parties had not subsequently reached a settlement agreement,<sup>19</sup> the federal appellate court's decision would have allowed this cause of action against Paladin to proceed to trial on the merits. Specifically, Judge Luttig found that *Hit Man* was not entitled to the First Amendment's protection of speech that is merely abstract advocacy of unlawful action<sup>20</sup> and that the First Amendment did not pose a bar to the plaintiffs' wrongful death action.

## Imposing Liability on the Entertainment Industry

Seeking to impose civil liability upon the entertainment industry is not a novel concept. Suits based on theories ranging from negligence and strict products liability filed against the publisher of the *Encyclopedia of Mushrooms*<sup>21</sup> to allegations that the three major television networks, through their programming, had caused a minor to become addicted and desensitized to violence,<sup>22</sup> have come before the judiciary. Wrongful death actions have been brought against Ozzy Osbourne and CBS Records,<sup>23</sup> as well as the manufacturers of the fantasy game “Dungeons & Dragons.”<sup>24</sup> Judgment in favor of the defendants has been held in a vast majority of these actions,<sup>25</sup> although the courts have been divided on the underlying basis for granting summary judgment or otherwise granting dismissal.<sup>26</sup> Some courts have championed the First Amendment's protection of free speech. Other courts have cited a plaintiff's failure to establish the requisite elements of a negligence cause of action.

## The First Amendment

Numerous courts have barred the imposition of liability solely on constitutional grounds. Often such holdings state that the expression in question is free speech protected by the First Amendment.<sup>27</sup> It is well established that freedom of speech is not absolute as certain classes of speech may be regulated or punished by the state without violating the established principles.<sup>28</sup> Obscene speech,<sup>29</sup> defamation,<sup>30</sup> false or deceptive advertising<sup>31</sup> and “fighting words”<sup>32</sup> are not immunized under the guise of free speech. Additionally, *Brandenburg v. Ohio*<sup>33</sup> established that speech which is directed to producing or inciting imminent lawless action and which is likely to incite or produce such action<sup>34</sup> is also beyond the scope of protection.

This last class of unprotected speech, incitement, is essential to the rationale of the court in *Paladin*. In *Brandenburg*, the conviction of a Ku Klux Klan leader was reversed by the Supreme Court of the United States on the grounds that the state statute, which the defendant was found to be in violation of, was unconstitutional.<sup>35</sup> The Court held that a state could not punish mere abstract advocacy of lawlessness. Rather,

[T]he constitutional guarantees of free speech and free press do not permit a state to forbid or proscribe [the advocacy of the] use of force or of law violation except where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.<sup>36</sup>

The *Brandenburg* Court found that, although the defendant's remarks were derogatory of two particular minority groups, “the mere abstract teaching . . . of the moral propriety or even moral necessity for a resort to force and violence, is not the same as preparing a group for violent action and steeling it to such action.”<sup>37</sup>

The “incitement” standard was further developed in *Hess v. Indiana*.<sup>38</sup> In *Hess*, the defendant was arrested for shouting “We'll take the f\*cking street later” as police were attempting to break up an antiwar demonstration.<sup>39</sup> In reaching its decision to uphold the speaker's First Amendment right to free speech, the Court focused on the imminence of the threat resulting from Hess' speech. The Court found that the statement was not directed to any person or group and that there was no evidence, nor could there be an inference from the language, that Hess' words were intended “to produce, and likely to produce, imminent disorder.”<sup>40</sup>

Courts have applied the incitement exception with extreme care as the criteria underlying its application are vague.<sup>41</sup> The exception has proven to be a narrow one. In *McCullum v. CBS Inc.*,<sup>42</sup> Judge Closkey of the

California Court of Appeals acknowledged that a survey of case law revealed that each previous claim that “fictional depictions in the film or electronic media” had incited unlawful conduct, and should therefore result in the imposition of tort liability, had been rejected on First Amendment grounds.<sup>43</sup>

### **Incitement and Entertainment Industry Defendants**

In *Zamora v. CBS, Inc.*,<sup>44</sup> a minor and his parents filed an action for damages against American Broadcasting Company, Columbia Broadcasting System and National Broadcasting Company. The complaint alleged that the networks’ programming had caused the minor to become desensitized and addicted to violence, thereby inciting him to murder his neighbor.

Dismissing the complaint with prejudice, the court based its holding, in part, on the failure of the complaint to establish that plaintiff was incited into murdering his neighbor by a particular call to action or by “any specific program of an inflammatory nature.”<sup>45</sup>

In *Waller v. Osbourne*,<sup>46</sup> the parents of a teenage boy who committed suicide after listening to Ozzy Osbourne’s song “Suicide Solution” brought a wrongful death action against the musician, CBS Record, CBS, Inc. and several additional defendants. Based solely on the protection of First Amendment interests, the court granted summary judgment to the recording artist, the record label, its parent corporation and the balance of the defendants.

After reviewing the lyrics in question, the court found that the work was not “directed toward any particular person or group of persons.”<sup>47</sup> Then, noting that no allegation had even been asserted that the teenage boy committed suicide immediately after listening to “Suicide Solution,” the court stated, “there is no evidence that [Osbourne’s song] was intended to produce acts of suicide, and likely to cause imminent acts of suicide; nor could one rationally infer such a meaning from the lyrics.”

In a similar case a civil action was brought against rap artist, Tupac Shakur.<sup>48</sup> After stopping a vehicle based on a traffic infraction, Officer Bill Davidson was shot and killed by the vehicle’s driver, Ronald Howard. The car was later established as stolen. At the criminal trial, Howard claimed that he had been listening to an audiocassette recording of Shakur’s album entitled “2Pacalypse Now” moments before the traffic stop. Perhaps in an effort to avoid the death penalty, Howard asserted that listening to “2Pacalypse Now” had caused him to shoot Officer Davidson. Howard’s counsel was unable to convince the jury of this and Howard was sentenced to death. The family of Officer Davidson filed a civil action against Shakur. Alleging that Shakur’s work “tend[s] to incite imminent illegal conduct on the

part of individuals like Howard” and therefore should not merit First Amendment protection, the family of Officer Davidson sought to hold Shakur liable for causing the officer’s death.<sup>49</sup>

The court examined the issue before it by implementing a two-prong incitement test as follows: (1) Was the communication in question directed or intended toward the goal of producing imminent lawless conduct; and (2) was the communication likely to produce such imminent illegal conduct?<sup>50</sup>

The court was not convinced that Shakur’s description of his work as being “revolutionary” met the standard required under the first prong of the stated incitement test.<sup>51</sup> Rather, at best, the court stated that the intent behind Shakur’s work may have been to cause violence at some time after the listener had heard and considered the underlying message.<sup>52</sup>

Similarly, the court was not convinced that the illegal conduct, which Shakur allegedly encouraged, would imminently occur after an individual listened to “2Pacalypse Now.” “No rational person would . . . mistake musical lyrics and poetry for literal commands or directives to immediate action.”<sup>53</sup>

The court further noted that cases addressing similar issues have continually declined to find that music or television broadcasts incited certain conduct merely because certain acts occurred after such speech.<sup>54</sup> Here, “2Pacalypse Now” was found not likely to incite or produce illegal or violent action. Citing Howard’s known affiliation as a gang member as well as the fact that he was driving a stolen vehicle, the court found that the avoidance of arrest and incarceration were more likely the primary factors for the killing.<sup>55</sup> The court also pointed out that claiming that Shakur’s works were directed to a “violent black gansta subculture,” in general, is too large of a group to meet the requirements established under *Hess* that a communication must be directed to a person or group of persons in order to qualify as incitement.

### **The Elements of a Negligence Action**

Numerous courts have refused to hold media defendants liable without reaching a discussion of the First Amendment<sup>56</sup> finding that the plaintiffs failed to establish a judicable issue as to a necessary element of a negligence action. Other courts, when declining to extend liability, have cited both constitutional grounds and the lack of necessary elements of a cause of action.<sup>57</sup> Although an overview of the case law in this area is helpful when examining the decisions in *Paladin* and *Byers*, a lengthy discussion is unnecessary due to the unusual factual stipulations in *Paladin*. Pursuant to those stipulations, the sole issue before the court in *Paladin* was whether the First Amendment barred a wrong-

ful death action brought against the publisher. A discussion of whether or not the publisher breached a duty of care owed to the plaintiff and examination of the requisite elements of a negligence action would be premature. However, at trial, had this matter not been settled,<sup>58</sup> the plaintiffs would have been forced to overcome the extensive case law that has consistently denied relief to plaintiffs seeking to impose liability on media defendants based upon assertions of negligence.

The U.S. Court of Appeals for the Ninth Circuit declined to extend the duty to investigate the accuracy of the contents of a book to the book's publisher.<sup>59</sup> In *Winter v. G.P. Putnam's Sons*, two mushroom enthusiasts who had relied, to their detriment, on the information contained in the *Encyclopedia of Mushrooms* brought a negligence action against the encyclopedia's publisher. The plaintiffs had used the encyclopedia in determining which wild mushrooms were safe to eat. However, after eating their harvest, the plaintiffs became critically ill and eventually required liver transplants. The Court of Appeals declined to impose a duty to place warnings on the book and affirmed the lower court's grant of summary judgment in favor of the defendant. Judge Sneed wrote:

[A] publisher would not know what warnings, if any, were required without engaging in a detailed analysis of the factual contents of the book. This would force the publisher to do exactly what we have said he has no duty to do—that is, independently investigate the accuracy of the text.<sup>60</sup>

The court also rejected applying the theory of strict products liability to this matter. The court stated that the law of products liability is focused on the tangible elements of a book and not the ideas and expressions contained therein.<sup>61</sup> The court was equally unwilling to apply the theory of products liability solely to "how-to" books that were intended to be used as part of an activity that is inherently dangerous.<sup>62</sup> The court stated that such a limited application would be illusory because ideas are often "intimately linked with proposed action, and it would be difficult to draw such a bright line [distinction]."<sup>63</sup>

In *Zamora*, it was the plaintiff's contention that defendants breached their duty "by failing to use ordinary care to prevent [a minor] from being impermissibly stimulated, incited and instigated to duplicate the atrocities he viewed on television."<sup>64</sup> The court, finding that no such obligation presently existed at law,<sup>65</sup> framed its inquiry as to "whether the policy of the law will extend the responsibility for the conduct to the consequences which have in fact occurred."<sup>66</sup> The court held that the imposition of such an unrealistic and

impractical duty would be contrary to public policy. Most publishers lack the financial resources to compensate an indeterminate class<sup>67</sup> who might be exposed to the media's product (i.e., newspapers, magazines, television programming). Therefore the imposition of such a broad legal duty upon the media would have a staggering adverse economic impact on the media industry.<sup>68</sup>

In *Watters v. TSR, Inc.*,<sup>69</sup> the plaintiff alleged that her son was driven to commit suicide by the parlor game "Dungeons & Dragons." Plaintiff sought to recover on the grounds that the defendant breached a duty of care in manufacturing and disseminating the game and that the defendant breached a duty to warn that the game could cause psychological harm in fragile-minded children.<sup>70</sup> Unwilling to impose liability on the game manufacturer, the court stated that both claims stretched the concepts of foreseeability and ordinary care to absurd and unmanageable proportions.<sup>71</sup> The court further supported its affirmation of summary judgment in favor of the defendant by labeling the suicide of the plaintiff's son an intervening act, which the defendant could not have reasonably been expected to foresee.<sup>72</sup>

## ***Rice v. Paladin Enterprises, Inc.***

### **Rationale of *Paladin***

Not a judicial opinion for the faint of heart, Judge Luttig recounted numerous of *Hit Man's* passages that were "selected by the court as representative, both in substance and presentation" of the book's instructions.<sup>73</sup> Among the deadly words of wisdom reaped from *Hit Man's* passages were the following:

[If you decide to kill your victim with a knife], [t]he knife . . . should have a six-inch blade with a serrated edge for making efficient, quiet kills. [If you decide to kill your victim with a small caliber weapon], [y]ou will not want to be at point blank range to avoid having the victim's blood splatter you or your clothing. [When using explosives, remember] shrapnel doesn't always kill. [If committing arson] for covering a kill or creating an "accident," [d]on't ever use gasoline or other traceable materials to start your fire.<sup>74</sup>

The text of the opinion continues to recite *Hit Man's* advice on disposing of a corpse that includes, among the colorful alternatives, removing the head from the body and utilizing dynamite to eradicate the victim's teeth, properly utilizing concrete blocks to sink the body in water and applying lye and lime when burying the body on land to speed up the natural decomposition.<sup>75</sup>

## Drawing Parallels

Judge Luttig then, in great detail, points out the parallels between the book and the crime. The book advises that in soliciting and arranging your first contract killing “a personal acquaintance whom you trust” should be utilized. Perry offered his services to Lawrence Horn through a good friend of Perry’s—an individual who had been incarcerated with Perry—who also happened to be Horn’s first cousin. As suggested by the book, Perry requested and received “all expense money up front.” For his services, Perry charged a fee in the appropriate price range as recommended in the book. As also suggested by the book, Perry used a rented car with stolen out-of-state license plates as his means of travel. Perry gave a false license plate number to the receptionist at the motel where he was staying prior to the murder and used a AR-7 rifle which had the serial number drilled out and was equipped with a homemade silencer. *Hit Man* advises that the victims should be shot at close range—between three to six feet—to ensure death while avoiding having to shoot at point blank range so as to avoid the splattering of blood upon the shooter. Trevor, his mother and his nurse were shot from a distance of three feet. The book recommends shooting at the head, specifically the eyes. Three shots are optimal for a “quick and sure death.” Two of the victims were shot approximately two to three times through the eyes. In an effort to conceal the contract killing and to disguise the incident as a burglary, Perry removed credit cards from a victim’s wallet and displaced some of the living room furniture. All of these directions are contained in *Hit Man*. Finally, Perry dismantled his weapon, altered its parts and scattered it along the highway, pursuant to the book’s suggestions.

## Steeling to Action

In his opinion, Judge Luttig stressed that under *Brandenburg*, the Supreme Court established protection for the mere abstract advocacy of violence and not the “teaching of the technical methods of murder.”<sup>76</sup> The court stated that with systematic and meticulous detail, the book “instructs on the gruesome particulars of every possible aspect of murder for hire.” Describing *Hit Man* as “methodically and comprehensively” preparing the reader to carry out the crime of murder, the court also stated that *Hit Man* did not remotely resemble the advocacy protected under *Brandenburg* in either form or purpose.<sup>77</sup> The concrete instructions of *Hit Man* are not analogous to the “vague, rhetorical threats of politically or socially motivated violence that have historically been considered part and parcel of the impassioned criticism of laws, policies and government indispensable in a free society”<sup>78</sup> and therefore held to be protected speech. Rather, “as *Hit Man* instructs, it also steels its readers to the particular violence it expli-

cates, instilling in them the resolve necessary to carry out the crimes it details, explains and glorifies.”<sup>79</sup>

## Additional Support

In further support of its holding, the *Paladin* court cited *Giboney v. Empire Storage & Ice Co.*<sup>80</sup> for the principle that speech or writing used as an integral part of conduct in violation of a valid statute is not subject to protection under the First Amendment.<sup>81</sup> The court next compared the facts presented with those arising in *United States v. Barnett*,<sup>82</sup> which Judge Luttig found to be “indistinguishable in principle.”<sup>83</sup> In *Barnett*, it was established that the defendant had sold a one-page document entitled “Synthesis of PCP/Angel Dust” to a second party, Hensley, through the U.S. Mail. This document contained printed instructions for the manufacturing of phencyclidine. Hensley was later arrested and pled guilty to charges of attempted manufacture of an illegal substance. Hensley was found in possession of a copy of the defendant’s printed instructions and was using them at the time of his arrest. The *Barnett* court held that, although encouraging and counseling another by providing specific information as to how to commit a complex crime does not alone constitute aiding and abetting, once the person so assisted or incited commits the crime which he is encouraged to perpetrate, his counselor is guilty of aiding and abetting.<sup>84</sup>

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*“In his opinion, Judge Luttig stressed that under Brandenburg, the Supreme Court established protection for the mere abstract advocacy of violence and not the “teaching of the technical methods of murder.”*

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The *Paladin* court then cited numerous cases that had expressly relied upon the rationale underlying *Barnett* to convict individuals for aiding and abetting tax fraud at seminars held in protest of the tax laws.<sup>85</sup> “[T]he First Amendment is quite irrelevant if the intent of the actor and the objective meaning of the words used are so close in time and purpose to a substantive evil as to become part of the ultimate crime itself.”<sup>86</sup>

## Byers v. Edmondson

In *Byers v. Edmondson*,<sup>87</sup> on appeal, Justice Carter of the Louisiana Court of Appeals held that a shooting victim had stated a cause of action for intentional tort against the producers of the motion picture *Natural Born Killers* and that the victim’s allegations as contained in her petition brought the case within the “incitement” exception to the First Amendment.

## The Facts of Byers

During an attempted armed robbery of a convenience store on March 8, 1995, Patsy Byers was shot and sustained serious injuries. Byers<sup>88</sup> brought an action seeking damages against numerous defendants<sup>89</sup> including the shooter Sarah Edmondson. Specifically, Warner Home Video, Inc., Warner Brothers, Inc., Time Warner Entertainment Company, L.P., Time Warner, Inc., Regency Enterprises, Alcor Films, J.D. Productions and Oliver Stone (the “Hollywood Defendants”) were named.

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*“Seemingly foreshadowing the case’s final outcome, the court then noted that most courts, to date, have refused to hold filmmakers, producers, directors and the like liable for injuries purported to be sustained from third parties ‘imitating actions or scenes depicted in a film, television broadcast or magazine, or described in a song.’”*

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Byers’ petition asserted that Edmondson and Benjamin Darrus “went upon a crime spree culminating in the shooting and permanent injury to [Byers] as a result of seeing and becoming inspired by the movie ‘Natural Born Killers’ produced, directed and distributed by the [Hollywood Defendants].” A supplemental petition further alleged that the Hollywood Defendants are liable “for producing and distributing a film which they knew, intended, were substantially certain . . . would cause or incite persons such [Byers and Darrus] . . . to begin, shortly after repeatedly viewing same, crime spree such as that which led to the shooting of Byers.”<sup>90</sup>

The Hollywood Defendants brought a peremptory exception<sup>91</sup> asserting that Byers had failed to state a cause of action in her petition. The trial court found that the law simply does not recognize a cause of action such as that raised in the Byers’ petition.<sup>92</sup>

## Rationale of Byers

Justice Carter framed the issue before the judiciary in two parts. First, accepting the allegations of Byers’ petition as true,<sup>93</sup> the court was required to determine if the Hollywood Defendants owed a duty to Byers to prevent her from being shot by two people who viewed *Natural Born Killers* and engaged in a crime spree shortly thereafter. Secondly, if such duty existed under Louisiana law, the court was required to decide whether the imposition of such a duty violated the First Amendment.

The court held that *if* the intentional allegations contained in the petition could be proven at trial, then the risk of harm to a person such as Byers would be imminently foreseeable, and the imposition of a duty would be warranted.<sup>94</sup>

Seemingly foreshadowing the case’s final outcome, the court then noted that most courts, to date, have refused to hold filmmakers, producers, directors and the like liable for injuries purported to be sustained from third parties “imitating actions or scenes depicted in a film, television broadcast or magazine, or described in a song.” Rather, the court stated that most dismissals followed the filing of a motion for summary judgment or subsequent to a trial on the merits.

The court then examined whether this specific set of facts qualified under the incitement exception to the First Amendment’s protection. Relying heavily on *Paladin*’s rationale<sup>95</sup> with respect to the requisite intent necessary to establish speech as incitement, the *Byers* court stated that Byers has “alleged the very intent on the part the [defendants] referred to by the [*Paladin* court].”

The court continued: “Proof of intent necessary for liability in cases such as the instant one will be remote and even rare, but at this stage of the proceeding we find that Byers’ cause of action is not barred by the First Amendment.”<sup>96</sup>

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*“[A]lthough shocking and fertile ground for public debate and scholarly dissertation, the most recent ruling in Byers may have rendered *Paladin* an anomaly and may have effectively left the ‘Hit Man’ decision for dead.”*

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## “Hit Man” Left for Dead

On March 13, 2001, on remand, the trial court in *Byers*<sup>97</sup> granted the Hollywood Defendants motion for summary judgment.

Accordingly, it appears that the *Paladin* decision, as the *Paladin* court properly acknowledged, will be limited to its specific and bizarre factual stipulations.<sup>98</sup>

In a seemingly abbreviated decision granting the defendants’ motion, Judge Robert H. Morrison, III, deemed the issue of subjective intent as “constitutionally a third rail”<sup>99</sup> which a court dangerously approaches when it tries to consider what a defendant’s subjective intent is with respect to free speech.<sup>100</sup> In accordance with his expressed reluctance, Judge Morrison found that Byers had not produced sufficient evidence to

allow the court to determine that Byers would be able to prevail on this issue of intent at trial.<sup>101</sup>

The most recent *Byers* decision reinforces that the exceptional nature of the defendant publisher's factual stipulations in *Paladin* cannot be overstated. The parties' stipulations removed from the court's consideration any issues pertaining to intent. Rather, *Paladin* stipulated to a set of facts that established that as a matter of law the publisher would be civilly liable for aiding and abetting Perry, unless the First Amendment absolutely barred the imposition of liability upon a publisher for assisting in the commission of criminal acts.

Also in truncated fashion, Judge Morrison found that Byers had failed to produce evidence sufficient to meet the imminency requirement<sup>102</sup> first articulated by the *Brandenburg* Court.

Once again, the parties' stipulations in *Paladin* prove to be of significant importance. Case law since *Paladin* has not extended liability for subject matter including lyrics, poetry, fantasy board games and accompanying published materials and other works fictional in nature. It would appear that case law subsequent to *Byers* will follow these precedents.

After enduring a tortured path through the legal system and standing as the sole decision to follow *Paladin*, the *Byers* decision failed to reinforce, let alone build upon, the alarming precedent set by *Paladin*. Simply summarized, the facts of *Paladin* are distinguishable from those presented throughout the existing case law in this area and should prove to be distinguishable from most, if not all, future cases in this area.

Therefore, although shocking and fertile ground for public debate and scholarly dissertation, the most recent ruling in *Byers* may have rendered *Paladin* an anomaly and may have effectively left the *Hit Man* decision for dead.

## Endnotes

1. *Rice v. Paladin Enters., Inc.*, 128 F.3d 233, 236 (4th Cir. 1997), cert. denied, 118 S. Ct. 1515 (1998); (quoting Rex Feral, *Hit Man: A Technical Manual For Independent Contractors* ch. 6: "Opportunity Knocks").
2. Rex Feral, *Hit Man: A Technical Manual for Independent Contractors* (circa 1983).
3. 128 F.3d 233.
4. *Id.* at 241.
5. *Id.* at 242.
6. 712 So. 2d 681 (La. App. 1998), cert. denied, 119 S. Ct. 1143 (1999).
7. *Id.*
8. *Byers v. Edmondson*, No. 9-502213 (D.La. March 12, 2001) (granting motion for summary judgment).
9. Both parties stipulated that in January 1992 Perry ordered and received a copy of *Hit Man* and a second publication entitled

*How To Make a Disposable Silencer: Volume 2* from *Paladin* in response to a catalogue advertisement. After his arrest, a copy of *Hit Man* was found in Perry's apartment.

10. *Paladin Enterprises Inc.* began publishing *Hit Man* in 1983. Between 1983 and the time this action was commenced, approximately 13,000 copies had been sold nationally.
11. 128 F.3d at 241. This is a civil, state-law wrongful death action against the defendant. Plaintiffs allege that defendant aided and abetted Perry in the actual murders through its publication.
12. The specific instructions and advice contained throughout the text of *Hit Man's* 130-pages is specifically referenced by the court in its decision at 128 F.3d at 239 to 241.
13. *Rice v. Paladin Enters., Inc.*, 940 F. Supp. 836 (D.Md. 1996).
14. The full stipulations of the parties are quite extensive and only the most relevant provisions of the Joint Stipulations of Facts follow:
  - Defendants concede, for purposes of this motion, and for no other purposes, that:
    - a.) defendants engaged in a marketing strategy intended to attract and assist criminals and would-be criminals who desire information and instructions on how to commit crimes; and
    - b.) in publishing, marketing, advertising and distributing *Hit Man* and *Silencers*, defendants intended and had knowledge that their publications would be used upon receipt, by criminals and would-be criminals to plan and execute the crime of murder for hire, in the manner set forth in their publications.
    - c.) The conditional factual concessions made in this paragraph relate only to the defendant's state of mind, and do not preclude defendants from contending that defendant's published words, in and of themselves, were neither directed at causing imminent unlawful action nor likely to produce such action, for purposes of the doctrine of *Brandenburg v. Ohio*.
15. The preamble to the Joint Stipulations of Fact expressly states: "These facts are offered only for the purposes of this motion and the parties specifically reserve the right to contest all statements which follow at any subsequent proceedings in this case."
16. See 128 F.3d 233 at n.2 (full text of stipulations between the parties).
17. 940 F. Supp. 836, 839.
18. 128 F.3d 233.
19. In May of 1999, *Paladin* settled the case, giving the families of the victims an undisclosed settlement sum believed to be in the millions, agreeing to destroy the remaining 700 copies of the book in its possession and surrendering any right to publish and reproduce the book. Disturbingly, on May 22, 1999, the book was published on the Internet in its entirety and is still available for viewing as of the date of this writing.
20. See *Brandenburg v. Ohio*, 395 U.S. 444 (1969).
21. See *Winter v. G.P. Putnam's Sons*, 938 F.2d 1033 (9th Cir. 1991).
22. See *Zamora v. CBS, Inc.*, 480 F. Supp. 199 (S.D. Fla. 1979).
23. See *McCullum v. CBS, Inc.*, 202 Cal. App. 3d 989 (Cal. Ct. App. 1988).
24. See *Watters v. TSR, Inc.*, 904 F.2d 378 (6th Cir. 1990).
25. For motions for summary judgment which have been granted at the Court of Appeals level, see *Winter*, 938 F.2d 1033; *Watters*, 904 F.2d 378. For motions for summary judgment granted at the Dis-

- strict Court level: see *Waller v. Osbourne*, 763 F. Supp. 1144 (M.D. Ga. 1991). For state level decisions, see *Bill v. Superior Court*, 137 Cal. App. 3d 989 (Cal. Ct. App. 1982); *Yabubowicz v. Paramount Pictures Corp.*, 536 N.E.2d 1067 (Mass. App. Ct. 1989); *DeFilippo v. NBC*, 446 A.2d 1036 (R.I. 1982).
26. Numerous court decisions have refused to hold a defendant liable based on First Amendment grounds. See *Herceg v. Hustler Magazine, Inc.*, 814 F.2d 1017 (5th Cir. 1987); *Waller v. Osbourne*, 763 F. Supp. 1144; *Zamora*, 480 F. Supp. 199; 137 Cal. App. 3d 989; *DeFilippo*, 446 A.2d 1036; *Olivia N. v. NBC*, *Bill*, 126 Cal. App. 3d 488 (Cal. Ct. App. 1981). Some courts have declined to impose liability based on a finding that the defendant breached no duty owed to plaintiff. See *Winter*, 938 F.2d 1033; *Watters*, 904 F.2d 378; *Zamora*, 480 F. Supp. 199.
  27. See *DeFilippo*, 446 A.2d 1036; *Olivia N.* 126 Cal. App. 3d 488.
  28. *McCollum v. CBS, Inc.*, 202 Cal. App. 3d 989 999-1000.
  29. *Miller v. California*, 413 U.S. 15, 23 (1973).
  30. *Konigsberg v. State Bar*, 366 U.S. 36, 49 n.10 (1961).
  31. *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n.*, 447 U.S. 557 (1980).
  32. *Chaplinsky v. New Hampshire*, 315 U.S. 568 (1942).
  33. 395 U.S. 444 (1969).
  34. *Id.* at 444 (citing *Dennis v. U.S.*, 341 U.S. 494, 507 (1951)).
  35. In *Brandenburg* the Court held that the Ohio criminal syndicalism statute on its face and as applied punished mere advocacy as opposed to such advocacy which would lead to imminent lawless action.
  36. See n. 34.
  37. *Brandenburg*, 395 U.S. 444 (citing *Noto v. U.S.*, 367 U.S. 290, 297, 298 (1961)); see *Herndon v. Laury*, 301 U.S. 242 (1937).
  38. 414 U.S. 105 (1973).
  39. *Id.*
  40. *Id.* at 108, 109. Since the uncontroverted evidence showed that Hess' statement was not directed to any person or group of persons, it cannot be said that he was advocating, in the normal sense, any action. As there was no evidence or rational inference from the import of the language that his words were intended to produce, and likely to produce, imminent disorder, those words could not be punished by the state on the ground that they had a tendency to lead to violence.
  41. *DeFilippo v. NBC*, 446 A.2d 1036 (R.I. 1982).
  42. 202 Cal. App. 3d. 989.
  43. *Id.* at 1002. [T]he claim that certain fictional depictions in the film or electronic media have incited unlawful conduct and should result in the imposition of tort liability is by no means novel. However, all such claims have been rejected on First Amendment grounds. See *Bill*, 137 Cal. App. 1002 (plaintiff was shot outside a theater showing a violent movie made by defendants which allegedly attracted violence-prone individuals who were likely to injure members of the general public at or near the theater); *DeFilippo*, 446 A.2d 1036 (plaintiff's son died attempting to imitate a "hanging stunt" which he saw on television); *Walt Disney Productions Inc. v. Shannon*, 276 S.E.2d. 580 (Ga. 1981) (plaintiff partially blinded when he attempted to reproduce some sound effects demonstrated on television by rotating a lead pellet around in an inflated balloon); *Zamora*, 480 F. Supp. 199 (S.D. Fla. 1979) (minor plaintiff had become so addicted to and desensitized by television violence that he developed a sociopathic personality and as a result shot and killed an 83-year-old neighbor).
  44. 480 F. Supp. 199 (S.D. Fla. 1979).
  45. *Id.* at 204.
  46. 763 F. Supp. 1144 (M.D. Ga. 1991).
  47. "In the final analysis, the court simply has no basis upon which to impose tort liability on the defendants when, as in this case, the alleged wrongful acts are based on the defendants' dissemination of protected speech." *Id.* at 1152.
  48. *Davidson v. Time Warner Inc.*, 1997 WL 405907, at \*1 (S.D. Tex. 1997).
  49. *Id.*
  50. *Id.* at \*20.
  51. *Id.*
  52. *Id.*
  53. *Id.* at \*21 (citing *McCollum v. CBS, Inc.*, 202 Cal. App. 3d. 989, 1002).
  54. *Id.* at \*20; see *Waller*, 763 F. Supp. 1144.
  55. *Davidson*, 1997 WL 405907 at \*20.
  56. See *Winter v. G.P. Putnam's Sons*, 938 F.2d 1033 (9th Cir. 1991); *Watters v. TSR, Inc.*, 904 F.2d 378 (6th Cir. 1990); *Zamora v. CBS, Inc.*, 480 F. Supp. 199 (S.D. Fla. 1979); *McCollum v. CBS, Inc.*, 202 Cal. App. 3d 989 (Cal. Ct. App. 1988); *Davidson*, 1997 WL 405907.
  57. See *Herceg v. Hustler Magazine, Inc.*, 814 F.2d 1017 (5th Cir. 1987); *Waller*, 763 F. Supp. 1144; *Zamora*, 480 F. Supp. 199; *McCollum*, 202 Cal. App. 3d 989; *Bill v. Superior Court*, 137 Cal. App. 3d 989 (Cal. Ct. App. 1982).
  58. See n. 18.
  59. *Winter*, 938 F.2d 1033.
  60. *Id.* at 1037-38.
  61. The court declined to find that the information contained within a book was a product for the purposes of strict products liability law. Therefore, plaintiffs' attempt to impose liability on such grounds was without merit. *Id.* at 1034.
  62. *Id.* at 1035.
  63. Numerous courts have failed to expand the strict liability doctrine to cover words or pictures. See *Watters*, 904 F.2d 378; *Herceg*, 814 F.2d 1017; *Cardozo v. True*, 342 So. 2d 1053, 1956-57 (Fla. Dist. Ct. App. 1997); *Beasock v. Dioguardi Enters., Inc.*, 494 N.Y.S.2d 974, 978 (Sup. Ct. 1985).
  64. 480 F. Supp. 199.
  65. Specifically, the court stated that it lacked the legal and institutional capacity to identify isolated depictions of violence, let alone the ability to set the standard for permissible and impermissible levels of media dissemination of items containing violence.
  66. *Zamora*, 480 F. Supp. 199, 201 (citing Prosser Law of Torts § 42 at 244-45 (4th Ed. 1971)).
  67. *Id.* at 202 (citing *DeBardelben Marine Corp. v. United States*, 451 F.2d 140, 148 (5th Cir. 1971)).
  68. *Id.* (citing *Yuhas v. Mudge*, 322 A.2d. 825 (N.J. Super. Ct. 1974)).
  69. 904 F.2d 378.
  70. Plaintiffs asserted that their son's death, a self-inflicted gunshot to the head, was a direct and proximate result of the defendant's violation of a duty to warn and duty of care. *Id.* at 379.
  71. For example, the court noted that if Johnny's suicide was not foreseeable to his own mother, TSR could not and should not be expected to foresee such an event. *Id.* at 381.
  72. "Courts have long been reluctant to recognize suicide as a proximate consequence of a defendant's wrongful act. Generally speaking, it has [been] said, the act of suicide is viewed as an independent intervening act which the original tort-feasor could not have reasonably expected." *Id.* at 383. See *Scheffer v. Washington City V.M. & G.S.R.R.*, 105 U.S. 249 (1882); *Stasiof v. Chicago Hoist & Body Co.*, 50 Ill. Ap. 2d 115, 122 (App. Ct. 1964).

73. *Rice v. Paladen Enters. Inc.*, 128 F.3d 233 (4th Cir. 1997). These are but a small fraction of the total number of instructions that appear in the 130-page manual. The court has even felt it necessary to omit portions of these few illustrative passages in order to minimize the danger to the public from their repetition herein.
74. *Id.* at 236, 239.
75. *Id.* at 238.
76. *Id.* at 249-50. The court reversed the district court's decision stating that the lower court had misinterpreted the landmark case of *Brandenburg* which extended protection to abstract advocacy of lawlessness and the open criticism of government and its institutions. The court continued: "As such, the murder instructions in *Hit Man* are, collectively a textbook example of the type of speech that the Supreme Court has quite purposely left unprotected, and the prosecution of which, criminally or civilly, has historically been thought subject to few, if any, First Amendment constraints."
77. *Id.*
78. *Id.* at 262.
79. *Id.* at 261.
80. 336 U.S. 490 (1949).
81. In *Giboney*, the plaintiff sought to enjoin the defendants from picketing plaintiff's plant. The defendants were members of an ice and coal handlers union. The union sought to prevent nonunion peddlers from buying ice from wholesale ice distributors. In an effort to accomplish this, the union obtained agreements from wholesalers stating that they agreed not to sell ice to nonunion peddlers. The plaintiff, Empire, refused to sign this agreement. The union members thereafter picketed the Empire warehouse, seeking to compel the wholesaler to stop selling to nonunion peddlers. The Supreme Court, finding that the state could constitutionally enforce a statute prohibiting agreements that restrained trade, expressly rejected the contention that the First Amendment protects "speech or writing used as an integral part of conduct in violation of a valid criminal statute." *Id.* at 498.
82. 667 F.2d 835 (9th Cir. 1982).
83. The *Barnett* court held that the "First Amendment does not provide publishers a defense as a matter of law to charges of aiding and abetting a crime through the publication and distribution of materials on how to make illegal drugs." It is important to note here that the court also found that no immunity attaches to a defendant merely because the "printed word" was utilized to encourage and counsel others in the commission of a crime. It was expressly held that the First Amendment does not, as a matter of law, provide a defense to such conduct. *Id.* at 843.
84. *Id.* at 841, 842.
85. See *United States v. Freeman*, 761 F.2d 549, 552-53 (9th Cir. 1985), *cert. denied*, 476 U.S. 1120 (1986); *United States v. Kelley*, 769 F.2d 215 (4th Cir. 1985); *United States v. Rowlee*, 899 F.2d 1275 (2d Cir. 1990), *cert. denied*, 498 U.S. 828 (1990); *United States v. Moss*, 604 F.2d 569 (8th Cir. 1979), *cert. denied*, 444 U.S. 1071 (1980); *United States v. Buttorff*, 572 F.2d 619, 623-24 (8th Cir. 1978), *cert. denied*, 437 U.S. 906 (1978); *United States v. Fleschner*, 98 F.3d 155 (4th Cir. 1996); *Clarkson v. United States*, 521 U.S. 1106 (1997).
86. *Freeman*, 761 F.2d at 552.
87. 712 So. 2d 681 (La. App. 1993).
88. While the appeal from the trial court's decision was pending, Byers died.
89. Edmondson; Darrus; Edmondson's parents; several insurance providers; Warner Home Video, Inc.; Warner Brothers, Inc.; Time Warner Entertainment Company, L.P.; Time Warner, Inc.; Regency Enterprises; Alcor Films; J.D. Productions; and Oliver Stone were named as defendants. 712 So. 2d 681.
90. Byers asserts that Edmondson and Darrus repeatedly viewed "Natural Born Killers" on videotape, sought to emulate the protagonists of the film by obtaining a gun and ammunition, and began their own reenactment of the film. *Id.* at 685.
91. According to Louisiana law, the exception of no cause of action questions "whether the law extends a remedy to anyone under the factual allegations of the petition." This exception is the Louisiana equivalent of a motion to dismiss for failure to state a cause of action.
92. *Byers*, 712 So. 2d 681.
93. For the purposes of a peremptory exception raising the objection of no cause of action, the allegations contained in a plaintiff's petition must be accepted as true.
94. *Byers*, 712 So. 2d 681.
95. *Id.* at 690.
96. *Id.* at 692.
97. *Byers v. Edmondson*, No. 9-502213 (D. La. Mar. 12, 2001).
98. The court stated that the publisher had stipulated to a series of facts in "almost taunting defiance." The court continued that only a rare few would stand up and announce to the world that because an individual is a publisher, he has a unique and constitutional right to aid and abet murder. See Appellant's Reply Brief at 20.
99. No. 9-502213 at \*2.
100. *Id.* at \*3.
101. *Id.*
102. *Id.*

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# Point. Click. Pixels.

## Copyright Issues for Photographs in the Digital Age

By Julie L. Kimbrough

In a flash, the new world of digital photography has exploded into the American marketplace. Twenty-first century consumers are snapping up digital cameras, scanners and computer software designed to manipulate images. The World Wide Web abounds with images available free or for sale by downloading. Digital photography, together with the power of the Internet, has the potential to become as commonplace and user-friendly as e-mail.<sup>1</sup> U.S. copyright law is playing catch-up to fast-moving technological developments. One commentator noted:

The combination of technologies making up the information infrastructure—information in digital form, computer networks, and the Web—is accompanied by contradictory powers and promises. For intellectual property in particular, it promises more—quantity, quality, access, and markets—while simultaneously imperiling the rewards of those who create and publish it. It is at once a remarkably powerful medium for publishing and distributing information and the world's largest reproduction facility, running unchecked in practice, if not in statute. It is a set of technologies that can improve access to information enormously, yet can inhibit access in ways never before practical.<sup>2</sup>

The following story illustrates some of the legal issues raised by photography in the digital age.

On a sunny summer afternoon in 1989, a California couple took their daughter to play at a public park. A commercial photographer approached the couple and asked them to pose for the background of one of her photographs. The photographer agreed to send a copy of the picture for the family's personal use but did not obtain a signed model release. Eight years later, a friend was stunned to see the family featured in a Christian Coalition calendar. Suddenly, the photograph began to pop up in other national publications. Macy's department store included the photo in more than three million sales catalogs. The image was incorporated into a Quicken Family Lawyer advertisement with a circulation of 9.3 million. Other publications cropped and digitally altered the photo for single parent personal ads and articles on chronically ill children. The husband's receding hairline appeared in an ad for a baldness remedy.<sup>3</sup>

In 1997, the couple filed a multi-million dollar lawsuit against PhotoDisc, a "royalty-free digital image" company now owned by Getty Images Inc.<sup>4</sup> The suit revealed that the unreleased photo slipped from the photographer to her agency. The agency sold it to PhotoDisc for inclusion on a CD-ROM. A PhotoDisc CD costs about \$300, contains about 300 images, and allows unlimited use of its images.<sup>5</sup> PhotoDisc eventually settled the lawsuit for \$1.9 million.<sup>6</sup> Another lawsuit against the company involved a model photographed for a tennis advertisement; her image was later used for dating-service and breast-implant ads. PhotoDisc paid \$175,000 to resolve that suit.<sup>7</sup>

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*"Courts must now confront the dilemma of creating legal boundaries for the Internet—an inherently chaotic environment."*

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These examples illustrate the changing face of photography in the digital age. Lawsuits are challenging the boundaries of copyright infringement and fair use. Courts must now confront the dilemma of creating legal boundaries for the Internet—an inherently chaotic environment. Passed in 1998, the Digital Millennium Copyright Act (DMCA) amended the Copyright Act of 1976 to reflect changes in technology. Some of the DMCA provisions are controversial; many educators and librarians feel that the new provisions will inhibit fair use on the Internet.<sup>8</sup>

This article examines some of the legal questions created by the revolution in the field of photography, and argues that these issues illustrate the rapidly growing gap between existing copyright law and new technology. First, the article will describe the processes of traditional and digital photography, give a brief history of U.S. copyright law and discuss early court decisions relating to photography. In the second section, the article will analyze the statutory requirements for copyright protection and the ways that conventional photography and digital photography fit into those categories. In the third section, the article will argue that recent photography cases appropriately apply the doctrine of fair use and that these rulings should be followed for other Internet media. The fourth section will explore options for the future of copyrighted photographs on

the Internet. The conclusion that follows will explain that photography illustrates the paradigm shift caused by the Internet and digital technology and that recent cases prove that the government must respond by reconsidering the foundations of U.S. copyright law and by adapting the law for the future.

An examination of the current state of photography offers an excellent example of the uneasy relationship between copyright law and the Internet. One commentator argues that:

[T]he term 'digital photography' suggests just another kind of photography, like journalistic photography, underwater photography, portrait photography. But what 'digital photography' obscures is that by changing the architecture of the image—moving from chemically processed grain to discrete electronic pixels—we are not creating another photographic genre, but another medium. And this new medium may turn out to be as distinct from its predecessor as photography was from painting, or even as the automobile was from the horse-drawn carriage.<sup>9</sup>

Many photographers believe that the trend toward digital images will damage the integrity of the profession. An increasing number of digitally altered images appear in newspapers and magazines with no mention of alterations.<sup>10</sup> In fact, photographers' organizations have begun to advocate a marking scheme for published digitally altered images. The North American Nature Photographers Association suggests that captions include "digital retouch" or "composite" where applicable.<sup>11</sup> As nature photographer Kenneth Brower commented, "a leopard can't change his spots, but the modern photographer can easily do it for him." Brower adds that few nature photographers "appreciate how directly the new technology aims at the heart of the credibility that distinguishes this art form from others."<sup>12</sup>

With the exception of pointing, clicking and capturing light, digital photography bears little resemblance to traditional photography. Digital photography utilizes electronic picture elements—microscopic dots known as pixels—instead of film.<sup>13</sup> Traditional film negatives contain tiny grains of silver halide that are exposed to light when the camera's shutter opens. A digital camera also contains a shutter that admits light when the picture is taken; however, unlike a traditional camera, the digital camera captures that image on light-sensitive material composed of millions of pixels. Each dot contains individual light and color information, and the camera translates and stores that information in digital code on

a memory card or floppy disk. Next, the image may be stored on a computer's hard drive.<sup>14</sup>

Even without a digital camera, pictures may be manipulated on a computer. Scanners translate traditional photographs into digital images. After the computer receives a photograph, it stores the image as a file on the hard drive. Photo-editing software allows even novice users to crop, erase, adjust light and color balance and change the size of a photo.<sup>15</sup> In recent years, high-quality photo printers have become affordable, but the longevity of their prints has not yet been determined.

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*"Many photographers believe that the trend toward digital images will damage the integrity of the profession."*

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According to a recent survey, 93 percent of digital photographers reported that they also continue to use film cameras.<sup>16</sup> Currently, digital camera capabilities, including resolution and storage space, vary widely depending on price. Like most developing technology, however, digital photography continues to evolve rapidly without any end in sight. Increasingly, digital images are incorporated into other media, from morphing faces in a pop star's music video to medical maps of the human body.

The Internet is poised to consume the world of photography. During the last two years, hundreds of sites devoted to photo sharing have begun to appear on the Web. Kodak and other companies now have Web sites containing free banks of images submitted from amateur photographers; these sites allow both the viewing and downloading of thousands of images. In fact, Kodak has given a name to the digital photography and video industry—Infoimaging—and claims that in the future all images and writings will be digitized and available on the Internet.<sup>17</sup>

## History and Overview

The copyright clause of the U. S. Constitution empowers Congress "to promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and discoveries."<sup>18</sup> Copyright law protects the creative efforts and economic concerns of copyright holders but also recognizes the importance of public access to copyrighted material. As information goes digital, this balancing act is continuously being tested.

Over the last 200 years, Congress has made substantial changes in copyright law to reflect new technology. In 1865, the word “photographs” was added to the Copyright Act of 1831. The Copyright Act of 1909 also included copyright registration for photographs.<sup>19</sup> Responding to advances in technology, Congress passed the Copyright Act of 1976 to govern all works created on or after January 1, 1978.<sup>20</sup> The statute contains broadly defined categories of copyrightable subject matter. Photographs are included in the statute under the definition of “pictorial, graphic and sculptural works.”<sup>21</sup> The statute’s three requirements for copyright registration are originality, authorship and fixation. The general statement of copyrightable subject matter includes “works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.”<sup>22</sup> This statement can easily encompass digital images; the broad definitions of the Copyright Act clearly leave room for progress and new inventions. This language adheres to the constitutional mandate. In 1991, Justice Sandra Day O’Connor wrote in *Feist Publications v. Rural Telephone Service*:

The primary objective of copyright is not to reward the labor of authors, but ‘[t]o promote the Progress of Science and useful Arts.’ To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.<sup>23</sup>

In October 1998, President Clinton signed into law the DMCA, an extensive amendment to the Copyright Act of 1976.<sup>24</sup>

In 1884, the U.S. Supreme Court first addressed the issue of constitutional copyright protection for photographs. In *Burrow-Giles Lithographic Co. v. Sarony*,<sup>25</sup> a photographer brought an action for copyright infringement of his photograph of Oscar Wilde.<sup>26</sup> Regarding the mechanical process of developing a photograph, the Court said that a photographer’s role might not be sufficient for copyright protection. However, the Court explicitly refused to ultimately answer that question.<sup>27</sup> The *Burrow-Giles* Court did conclude that a photographer’s selection of subject, background, light, pose and costume amounted to creative expression.<sup>28</sup> Thus, the end product—a photograph—was entitled to copyright protection.<sup>29</sup> The Court placed photographs in the constitutional category of “writings.”<sup>30</sup>

Less than 20 years after the *Burrow-Giles* decision, the Supreme Court again confronted the question of originality in a visual work. In *Bleistein v. Donaldson Lithographing Co.*,<sup>31</sup> the Court determined that a poster depicting several circus performers qualified for copyright protection even though it was an illustration drawn from real life. Originality, according to the Court, could not depend on artistic value judgments. Further, the Court argued that judges should not become involved in determining the creative worth of a piece of art.<sup>32</sup>

Under *Burrow-Giles* and *Bleistein*, even minimal originality will qualify a photograph for copyright protection. Throughout the 20th century, courts continued to hold that a photographer’s selection of camera angle, lens, film, subject and lighting amounts to creative expression.<sup>33</sup> There is no specified minimum standard for creativity or any measurement of quality. A photograph of another photograph is only a copy unless the photographer can make a case for creative expression.

## Recent Photography Cases

Clearly, copyright protection does not give a photographer any rights to the subject matter of a photograph. In *Leigh v. Warner Bros.*,<sup>34</sup> the Eleventh Circuit Court of Appeals held that a photographer could not claim copyright infringement in his choice of subject matter, a statue in a cemetery. Random House had hired the plaintiff to create a cover photograph for the book, *Midnight in the Garden of Good and Evil*, by John Berendt. After Warner Brothers decided to use a replica of the statue for movie promotion, Leigh sued alleging copyright infringement.<sup>35</sup> The court clearly stated that copyright protects original expression but not ideas; the photographer could not claim a copyright on the appearance of the statue or the mood evoked by the cemetery setting.<sup>36</sup> The court also stated that the statue itself was eligible for copyright protection as a sculptural work.

On the issue of similarities between Warner Brothers’ still images and Leigh’s photograph, the Eleventh Circuit did find that a question of fact existed and reversed the district court’s grant of summary judgment for Warner Brothers. The court felt that both plaintiff’s and defendant’s images had similar camera angles; similarly placed hanging Spanish moss and almost identical lighting. A determination of “substantial similarity” of expressive elements in these images was ultimately a question for a jury, according to this court.<sup>37</sup>

Copyright protection entitles the copyright holder to a bundle of exclusive rights. These include the right to reproduce, distribute, perform and display the work, as well as the right to prepare derivative works.<sup>38</sup> Registration with the U. S. Copyright Office provides *prima*

*facie* evidence of ownership and permits the owner to collect statutory damages in a successful suit for infringement.<sup>39</sup> To succeed in an infringement action concerning a photograph, a rights holder must first prove that the defendant copied the original expression of the first photograph.<sup>40</sup> Blatant copying constitutes infringement even if the second work is not in the same medium of expression.

Certain exhibited photographs qualify as “work[s] of visual art” under the Visual Artists Rights Act of 1990 (VARA).<sup>41</sup> VARA grants to the artist limited moral rights, and these rights continue only for the life of the artist. Moral rights do not qualify for the standard term of copyright protection that lasts for the life of the author plus 70 years.<sup>42</sup> Under VARA, the creator of a painting, print, sculpture or still photograph<sup>43</sup> may claim three personal rights: the right to claim authorship (attribution); the right to prevent use of the artist’s name in connection with certain modifications or distortions of the work (also attribution); and the right to prevent destruction or alteration of the work (integrity).<sup>44</sup> The definition of included works of visual art including photographs is narrow. The statute applies only to originals, or to a single copy, or a limited edition of up to 200 copies, if signed and consecutively numbered by the artist.<sup>45</sup> Congress purposely limited inclusion to photographs “produced for exhibition purposes.”<sup>46</sup> VARA excludes ordinary, non-exhibition snapshots as well as newspaper and magazine photographs. The statute also requires a photographer’s signature; Congress intended this provision to serve notice of the artistic purpose of the photograph.<sup>47</sup> Photographers also bear the burden of proving that the photograph was created for exhibition.<sup>48</sup> Favoring economic incentives over aesthetic value judgments, U. S. copyright law offers less protection for moral rights than the laws of most European countries.<sup>49</sup>

In the case of photographs of real events, people or objects, copyright protection hinges on distinguishing facts and ideas from original expression.<sup>50</sup> Artist Jeff Koons commissioned a sculpture based on Art Rogers’ copyrighted photograph, “Puppies,” a picture of eight German shepherd puppies and their owners.<sup>51</sup> Koons wanted to add the sculpture, entitled “String of Puppies,” to his next exhibition. Designed according to Koons’ handwritten directions, the wooden sculpture included puppies painted in blue.<sup>52</sup> The Second Circuit Court of Appeals described this case as the “rare scenario where there is direct evidence of copying.”<sup>53</sup> The court focused on Koons’ notes and the fact that he gave the artisans a copy of the “Puppies” photograph. Koons had actually purchased a postcard of the photograph so the access requirement was met.<sup>54</sup> Ordinarily, a plaintiff must prove that the defendant had reasonable opportunity to copy the work, and this is not always easy to do.

However, most courts do not require actual viewing to prove access.

The *Koons* court noted that the “substantial similarity” test for infringement does not require literal copying of each original detail. The proper inquiry for substantial similarity in the Second Circuit involves an ordinary observer, not an expert in the field, and asks if that observer “would recognize the alleged copy as having been appropriated from the copyrighted work.”<sup>55</sup> The second piece of the substantial similarity test focuses on whether that similarity involves the original expression of the first work.

In a recent ruling, the Ninth Circuit Court of Appeals held that a digital alteration to a photograph “failed to destroy the essentially photographic quality of the image.” *Mendler v. Winterland Production, Ltd.*<sup>56</sup> may prove pivotal in the debate over digitally altered images. Mendler, a professional photographer, licensed his photographs of the America’s Cup Yacht race to Winterland, a company that manufactures screen-printed apparel. Winterland scanned the images onto a computer and they argued that the computer alterations amounted to the creation of a new image, an illustration based on a photograph. Changes included the addition of text and graphics, a new gray and violet color scheme, and changes to the dimensions.<sup>57</sup> The court concluded:

[w]hat distinguishes photography from other visual art forms is that, as the name implies, the light itself does the writing. The photographer can compose the shot, but once he triggers the shutter, anything visible to the eye is captured exactly as an observer would see it. The reactions of the exposed film, like the workings of one’s own retina, are not subject to direct control. This fact gives rise to the two qualities we most associate with photographic images: lifelike appearance and objective accuracy.<sup>58</sup>

One judge filed a dissenting opinion, arguing that the photograph served only as a model for the creation of a graphic illustration.<sup>59</sup> Photographers’ organizations, including the American Society of Media Photographers, hailed the *Mendler* decision as an important buffer against continuing threats to the rights of photographers and other copyright holders.<sup>60</sup>

## Fair Use

Perhaps the most contentious debate involving copyright and the Internet centers on the judicially created doctrine of fair use.<sup>61</sup> Libraries, universities and

archives depend on this doctrine for the right to reproduce and distribute material free or for a small fee.<sup>62</sup> The Internet tests the accepted boundaries of fair use, and certainly those limits must be expanded to meet the reality of usage in the online world.

In a case of first impression, *Kelly v. Arriba Soft Corp.*,<sup>63</sup> the U.S. District Court for the Central District of California found that an Internet search engine's list of "thumbnail" sized pictures amounted to fair use and did not violate the DMCA.<sup>64</sup> The plaintiff in *Kelly* specialized in photographs of California gold rush country; he posted his photographs on two commercial Web sites. The defendant's search engine specialized in retrieval of visual images; the site displayed search results as thumbnails and linked users to the originating Web sites that contained the full-sized, downloadable images.<sup>65</sup> The court focused on two issues: (1) whether a search engine's display of copyrighted visual images amounted to fair use and (2) whether display of those visual images without copyright management information violated the DMCA.<sup>66</sup>

Under the Copyright Act of 1976, the doctrine of fair use allows unauthorized use of copyrighted material where such use is fair as a matter of public policy.<sup>67</sup> The statute provides that "fair use of a copyrighted work, including such use by reproduction in copies . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship or research is not an infringement of the copyright."<sup>68</sup> Under the Act, courts must consider four factors in deciding a fair use case: (1) Purpose and character of the use; (2) nature of the copyrighted work; (3) amount and substantiality used; and (4) effect on the potential market for or value of the work.<sup>69</sup> The courts will make individual fair use determinations and will analyze the four factors as they apply to each case.

Within the examination of each factor, courts consider a number of issues. For the first factor, courts ask whether the use is commercial or non-commercial. Although the Supreme Court has tested the fair use issue in many cases, a definitive statement on commercial use has not been adopted. In *Campbell v. Acuff-Rose Music, Inc.*,<sup>70</sup> the Court said that a commercial recording that parodied a copyrighted song might be fair use despite the fact that the use was commercial. In other words, a commercial purpose would not prohibit a finding of fair use.<sup>71</sup> Courts also consider whether the use is transformative or merely a repackaging of the original copyrighted material that would steal its market share. According to Professor Raymond T. Nimmer, U.S. law does not treat all business uses for business advantage as commercial uses. Rather, the law focuses on whether the user sells the copies for profit. "Thus, copying that enables the user to discover technology

that it then applies to its own products is *not* commercial use if the products do not copy expression from the first work."<sup>72</sup>

With regard to the second factor—nature of the work—unpublished works have greater protection than published works.<sup>73</sup> Works of entertainment and creative works have a higher level of protection from fair use than factual works. Courts examine the original work, recognizing "that some works are closer to the core of intended copyright protection than others."<sup>74</sup> In *Kelly*, the court acknowledged that the plaintiff's photographs qualified for that heightened protection.<sup>75</sup> Here, the distinction between staged photographs and live-subject or event photographs becomes important. From *Burrow-Giles* to the present, a photographer's creative contribution to pose, lighting, scenery and other factors leads to a high level of copyright protection based on creative expression. The difficulty with photographs of live events or natural objects is that a line must be drawn between subject matter and creative expression.<sup>76</sup>

Under the third factor, the court must ask whether the qualitative part of the work was used. If the "heart of the work" was copied, then a finding of fair use is unlikely. The quantity copied will also be influential in determining harm; a finding of fair use is more likely when the amount copied is small in comparison to the work as a whole. This is a particularly tricky factor for photography since most users will want to copy the entire photograph. Even though a photograph is copied in its entirety, the fair use defense is not necessarily dead. In *Kelly*, the court found that thumbnails amounted to fair use.<sup>77</sup>

Finally, the market effect factor recognizes the copyright holder's right to take advantage of potential markets for her work. In *Campbell v. Acuff-Rose Music, Inc.*,<sup>78</sup> the Supreme Court said that all the fair use factors are of equal weight and that determinations of fair use must fit the objectives of the Copyright Act.<sup>79</sup> This case marked a shift in the Supreme Court's view of the market effect factor. Previously, in *Harper & Row Publishers v. The Nation Enterprises*,<sup>80</sup> the Court found this factor to be the most important one.

Of the four fair use factors, the court in *Kelly v. Arriba Soft* found that character of use favored the defendant. Even though the Arriba Soft search engine was commercial, there was no special exploitation of images. The second and third factors, creative nature of the work and amount of copying, favored the plaintiff. Clearly, the photographs were creative works, and the entire photograph was copied. The final factor, lack of market harm, also weighed in favor of the defendant. The court felt that Kelly's images were vulnerable to infringement because the plaintiff himself placed them on the Web. The court did not find evidence to support

Kelly's claim that the defendant's site allowed users to copy the photographs without permission and as a result had harmed his market for the photos.<sup>81</sup> Ultimately, the court felt that the character of use factor tipped the balance in favor of the defendant; the search engine did not directly target plaintiff's images or claim ownership. The court considered the search engine's use of the images to be transformative and attributed problems to evolving technology.<sup>82</sup>

In *Leibovitz v. Paramount Pictures Corp.*,<sup>83</sup> a nude photograph of pregnant actress Demi Moore was copied, digitally altered and eventually used as a movie poster; the poster featured the face of actor Leslie Nielsen on a pregnant body posed identically to the original.<sup>84</sup> The court found that the original photograph was creative and that the defendant's copying was extensive. The court also agreed that the altered photograph was intended for commercial use; however, the court found that the altered image was transformative. The defendants claimed that their use of the photograph constituted parody. Under the court's analysis, a parodist must capture the heart of the original work; a parody could not succeed if not strongly reminiscent of the original.<sup>85</sup> Under the fair use factors, copying in a parody depends on a reasonableness standard. Beyond identification with the original, any additional copying is viewed in light of the character of the parody and whether it will interfere with the market for the original image. In this case, the copying did not go too far.

## The Future

For most of the 20th century, professional photographers counted on stock-photo agencies as go-betweens with large media outlets. The traditional photography agency operated as a kind of intermediary between freelance photographers and magazines and newspapers around the world. Agencies sent assignments to photographers, marketed their work and often paid part of their expenses.<sup>86</sup> As early as the 1930s, stock agencies hired researchers to catalog pictures. News and magazine editors sent the agencies lists of desired photographs and waited for researchers to send the photographs by mail. In 1995, digital archives became possible; editors no longer depended on a researcher at a distant location and instead could browse through online agency catalogs. Photographs could be received in hours instead of days.<sup>87</sup>

For better or worse, two companies, Corbis Corp. and Getty Images, have revolutionized the business of stock photography. They have consumed many of the smaller, traditional stock agencies and digitized all of their images. The CEO of Getty Images, Jonathan Klein says, "If a photo agency doesn't migrate to the Internet, it's in Siberia." He adds that Getty does not consider itself a photo agency, rather an "e-commerce provider

of imagery."<sup>88</sup> Getty Images currently controls 26 percent of the \$2 billion stock photography market; about one-third of its revenue comes from the Internet.<sup>89</sup> Getty Images owns or controls the rights to 70 million images and 30,000 hours of film.<sup>90</sup> Focusing on sales of conceptual stock photos to advertising and editorial markets, Getty does not own many of its images outright. Rather, the company manages usage rights and pays royalties to photographers.<sup>91</sup>

In contrast, Corbis holds the rights to most of its 65 million images.<sup>92</sup> A privately held company founded in 1989 by Bill Gates, Corbis has 6 percent of the market.<sup>93</sup> Gates' original premise was to digitize famous art images and display them on flat screens in his home.<sup>94</sup> In addition to its acquisition of ten stock agencies, Corbis owns the Bettmann Archive, a 16 million-image collection containing some of the world's most famous historical photographs.<sup>95</sup>

Since their creation, Corbis and Getty have faced opposition from many professional photographers both in the United States and abroad. In France, photojournalists, concerned that the company had gained too much power, began calling Corbis "the McDonald's of photography."<sup>96</sup> However, the biggest concern is that Corbis will follow Gates' strategy for Microsoft. Also, Getty Images has existed only half as long as Corbis but has a much larger market share. Specifically, photographers are worried that a small number of powerful companies will dominate the growing market for digital images catalogued on databases.<sup>97</sup> Thus, smaller agencies, individuals, educational institutions and museums will face a disproportionate negative impact.

## Photographic Reproductions

In fact, Getty Images, through its purchase of Art.com, aims to dominate the consumer market for artistic and photographic reproductions.<sup>98</sup> Corbis.com sells prints from its photograph collection, as well as e-cards.<sup>99</sup> Many in the art world consider photography to be an imitation, never measuring up to the standards of true art.<sup>100</sup> "By reproducing art, the camera allowed artworks to be in two places at one time, allowed artworks to travel to the viewer rather than requiring the viewer to travel to the art. With this new accessibility, the camera . . . democratized art."<sup>101</sup> Before the advent of digital technology, controversy over the photographic reproduction of works of art focused primarily on whether that reproduction contained enough originality to qualify for copyright protection. That question remains central to the copyright analysis of digital photographic reproductions of art; however, the new twist comes from the technology itself. A digital photograph is inherently designed to be a nearly perfect copy, thus the requisite originality for a separate copyright likely is missing.

In any photograph, the originality determination depends on the photographer's creative choices. A photograph of a sculpture or other three-dimensional work necessarily includes a photographer's choices for camera angle and lighting. On the other hand, for a photograph of a painting, the question of copyright protection is complicated by the fact that it is two-dimensional. Copyright protection for a digital photograph of a painting should be allowed only in rare instances. Attempting to define originality by the digital image's variation in the color from the painting or by the omission of the painting's frame seems questionable.<sup>102</sup>

In response to the inherently unregulated nature of the Internet and concerns about protecting copyrighted material on the Web, Congress included an anti-circumvention provision in the DMCA.<sup>103</sup> This provision prohibits circumvention of encryption and other technological measures that restrict access to copyrighted material.<sup>104</sup> It also prohibits manufacturing or selling of any technology designed to defeat encryption measures.<sup>105</sup> The statutory provision for individual liability for using such devices did not become effective until October 2000, two years after the DMCA was enacted.<sup>106</sup> There are six categories of exemptions to the anti-circumvention provisions. These include: Nonprofit libraries, archives and educational institutions accessing copyrighted material in order to determine whether to purchase it;<sup>107</sup> reverse engineering;<sup>108</sup> legitimate encryption research;<sup>109</sup> protection of minors;<sup>110</sup> personal privacy;<sup>111</sup> and security testing.<sup>112</sup> The statute includes detailed language describing the specific activities that fall within each exemption and includes criteria that must be met for activities to qualify for the exemptions.

In an attempt to defeat online infringement, copyright holders have begun to utilize new tracking technology and digital watermarking. Similar in theory to traditional paper watermarks, digital watermarks identify quality and assure authenticity.<sup>113</sup> Although early digital watermarks were easily removed, newer technology imbeds the watermark within individual pixels. The technology is still vulnerable to certain kinds of image alteration and file transfers, however.<sup>114</sup> The DMCA contains a provision that prohibits removal of copyright management information including watermarks.<sup>115</sup> In conjunction with watermarks, tracking software searches the Internet for any appearance of a specific watermarked image belonging to a subscriber. The "spider-like software" crawls through Web sites, finds a particular image, and then reports potential copyright infringement to the owner of the image.<sup>116</sup>

A recent case, *Universal Studios v. Reimerdes*,<sup>117</sup> focused on anti-circumvention. Defendants had posted software on the Internet designed to defeat the Content Scramble System included on all Digital Versatile Disks

(DVDs). The software allowed users to decrypt and copy motion pictures from DVDs.<sup>118</sup> Defendants claimed that the DMCA's anti-circumvention provisions were overbroad and violated their First Amendment rights; the court rejected these claims. Further, the court argued that the Supreme Court has clearly said that courts must defer to congressional judgment on the best methods of protecting copyright in the age of new technology.<sup>119</sup> The court found that the defendant's software undermined DVD technology and would destroy the market for DVDs. Accordingly, the court granted the plaintiffs' request for a preliminary injunction barring distribution of the defendant's software.<sup>120</sup>

## Conclusion

Copyright law must begin to set parameters that reflect the reality of life on the Internet and how users and copyright holders interact with each other in this new medium.<sup>121</sup> Users and copyright holders have long enjoyed a legal balance that benefits and burdens both sides. Digital technology and the Internet have altered the accepted definitions of the basic rights of copyright holders. Although the Internet and digital technology are still in relatively early stages of development, now is the time to address the legal ramifications.

Photographers are concerned that any images placed on the Internet will be vulnerable to unauthorized copying. The primary concern is the economic viability of such images. The questions surrounding the selling of rights in digital images are difficult. An image placed in a computer's memory is very easily copied, altered and distributed. Under current law, simply posting a copyrighted photograph on the Internet implicates the copyright holder's right to reproduce, display and distribute the work. Any digital alteration of that photograph could violate the owner's right to create derivative works. Users are concerned that the DMCA and the Copyright Term Extension Act have greatly increased the power of copyright holders. Further, the defense of fair use depends on a user's ability and willingness to go to court.

As illustrated by *Kelly v. Arriba-Soft*, courts have already begun to define the parameters of fair use on the Internet. Professor Jessica Litman has suggested that common law interpretations of copyright privileges can better address the public interest than the legislative process.<sup>122</sup> Current case law does not offer definitive answers to the questions raised by digital photography; however, the *Kelly* and *Mendler* decisions indicate that courts are likely to analyze digital images under the criteria for traditional photographs.

For educational institutions, the Copyright Act provides a narrow exemption from copyright liability for instructors and students involved in face-to-face teaching at a nonprofit educational institution.<sup>123</sup> The inclu-

sion of digital images in classroom presentations may require educators to seek permission from the copyright holder for any copyrighted photograph, or perhaps it is fair use, but the matter has not been litigated. While many images appear on the Internet without copyright information, they may still be copyrighted images; any image downloaded or scanned for use on an educator's Web page should be cleared.<sup>124</sup> Password protected course Web sites may be an exception, but there no clear answer to this issue has been established.<sup>125</sup> The uncertainty and difficulty surrounding copyright permissions for photographs has led some scholars to advocate the development of a centralized clearing house for photograph permissions and licensing of images similar to the Copyright Clearance Center.<sup>126</sup>

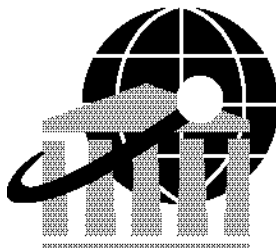
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10. Kenneth Brower, *Photography in the Age of Falsification*, The Atlantic Monthly, May 1998, at 94.
11. Truth in Captioning: A Statement and Suggested Wording for Images, [www.nanpa.org/documents/caption.htm](http://www.nanpa.org/documents/caption.htm) (site visited on April 1, 2001). NANPA also encourages photographers to indicate whether animals in their photographs are wild or captive.
12. Brower, *supra* note 10, at 94.
13. Richtin, *supra* note 9, at 12.
14. *Id.* Computers utilize digital code—a series of ones and zeros—to process and store information. See also “How a digital picture is captured,” Kodak Web site visited on April 2, 2001, [www.kodak.com/global/en/consumer/digitalBridge/howDigital.shtml](http://www.kodak.com/global/en/consumer/digitalBridge/howDigital.shtml).
15. Michael J. Himowitz, *Point, Click, Shoot . . . Score!*, Fortune, May 1, 2000, at 365.
16. *Id.* (citing an International Data Corp. survey).
17. [www.kodak.com/US/en/corp/infoImaging/](http://www.kodak.com/US/en/corp/infoImaging/) (visited on April 2, 2001). Kodak includes both video and still images under its Infoimaging umbrella and says that Infoimaging is a \$225 billion industry. According to Kodak, Infoimaging includes all of the digital image industries.
18. U.S. Const. art. 1, § 8, cl. 8.
19. L. Ray Patterson & Stanley W. Lindberg, *The Nature of Copyright* 78 (University of Georgia Press 1991).
20. 17 U.S.C. §§ 101-1332.
21. 17 U.S.C. § 101.
22. 17 U.S.C. § 102(a).
23. 499 U.S. 340, 349 (1991).
24. Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998). The Act implements the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty. Title I of the DMCA implements the WIPO Treaties. Title II limits an Internet service provider's liability for a user's online copyright infringement. Title III provides an exemption from copyright infringement for copies of computer programs made during computer maintenance or repair. Title IV includes exemptions for libraries and archives. Title V protects original vessel hull designs.
25. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884).
26. *Id.*
27. *Id.* at 59.
28. *Id.* at 60.
29. *Id.*
30. *Id.*
31. 188 U.S. 239, 249 (1903).
32. *See Id.* at 251.
33. *See Rogers v. Koons*, 960 F.2d 301, 307 (2d Cir. 1992). *See also Time, Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130 (S.D.N.Y. 1968). Using this standard, the court found that the Zapruder home movie of President Kennedy's assassination qualified for copyright protection. Zapruder's choice of movies instead of still photography, use of color film and telephoto lens and careful selection of a site combined to meet the originality standard.
34. 212 F.3d 1210 (11th Cir. 2000).
35. *Id.* at 1213. The statue Leigh chose to photograph was located in Bonaventure Cemetery in Savannah, Georgia. The Bird Girl statue had been created in 1938 and was not mentioned in the book although the cemetery itself figured prominently. Warner Brothers decided to replicate the statue for promotional materials and scenes at the beginning and end of the movie; it received permission from the sculptor's heir to replicate the statue.
36. *Id.* at 1214. The court noted that the appearance of natural objects and objects in the public domain is not copyrightable. Citing 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13:03(B)(2)(b) (1999).
37. *Id.* at 1216.
38. 17 U.S.C. § 501(a)(b).
39. 17 U.S.C. § 412.
40. *See Rogers v. Koons*, 960 F.2d 301 (2d Cir.), *cert. denied*, 506 U.S. 934 (1992). *See also Leigh v. Warner Bros.*, 212 F.3d 1210 (11th Cir. 2000).
41. 17 U.S.C. § 101. VARA was incorporated into the body of the Copyright Act of 1976 at 17 U.S.C. § § 101, 106, 113, 301. VARA became effective on June 1, 1991.
42. 17 U.S.C. § 302(a).
43. 17 U.S.C. § 101.
44. 17 U.S.C. § 106(A). Attribution rights include claiming authorship; preventing use of the artist's name on a work the artist did not create and preventing use of the artist's name on a distortion or mutilation of the work that harms the artist's reputation. The right of integrity applies only to intentional modifications

- (except in cases of conservations or public preservations where gross negligence is actionable) and to actions “prejudicial” to an artist’s “honor or reputation.” The right to prevent destruction applies only to works of “recognized stature.” See John E. Daniel, *Visual Artists’ Rights*, The National Law Journal, B7 (Feb. 28, 2000).
45. 17 U.S.C. § 101. Under the statute, a work of visual art does not include “any poster, map, globe, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication” or any promotional or packaging material. Works for hire are also excluded.
  46. *Id.*
  47. H.R. Rep. No. 514 at 18 101st Cong. (1990). Congress did not require signatures on paintings, reasoning that the public could easily identify a single original painting.
  48. *Id.*
  49. Barbara Hoffman, *A Picture is Worth a Thousand Words: Copyright and the Use of Image Archives and Collections for Research, Teaching, and Scholarship in the Digital Age*, in *Growing Pains: Adapting Copyright for Libraries, Education, and Society* 395, 400 (Laura N. Gasaway, ed., 1997).
  50. Raymond T. Nimmer, *Information Law*, § 6.03[1][a][ii] (West Group 1996).
  51. *Rogers v. Koons*, 960 F.2d 301 (2d Cir.), *cert. denied*, 506 U.S. 934 (1992).
  52. *Id.* at 304-05. In his art, Koons used familiar or ordinary images and attempted to give them new meaning. The “String of Puppies” sculpture was exhibited in Koon’s “Banality Show.” Three of the four copies of the sculpture sold for a total of \$367,000.
  53. *Id.* at 307.
  54. *Id.* at 306.
  55. *Id.* at 307 (quoting from *Ideal Toy Corp. v. Fab-Lu Ltd.*, 360 F.2d 1021, 1022 (2d Cir. 1966)). The 11th Circuit test is almost identical. See *Leigh v. Warner Bros.*, 212 F.3d 1210, 1214 (11th Cir. 2000).
  56. 207 F.3d 1119 (9th Cir. 2000).
  57. *Id.* at 1121-1122.
  58. *Id.* at 1122.
  59. *Id.* at 1126.
  60. *Court Ruling Boosts Photographers Rights On Web and Beyond*, Wall St. J., p. B2 (March 17, 2000) (interviewing Victor Perlman, general counsel of American Society of Media Photographers).
  61. The fair use doctrine was codified by the Copyright Act of 1976 at 17 U.S.C. § 107.
  62. Hoffman, *supra*, note 49 at 403.
  63. 77 F. Supp. 2d 1116 (C.D. Cal. 1999).
  64. *Id.* at 1116-17.
  65. *Id.* at 1117.
  66. *Id.* at 1118. See 17 U.S.C. § 1202.
  67. 17 U.S.C. § 107.
  68. *Id.*
  69. 17 U.S.C. § 107(1)-(4).
  70. 510 U.S. 569 (1994).
  71. *Id.*
  72. Nimmer, *supra* note 50, at § 4.09(3) (emphasis in original).
  73. See *Harper & Row Publishers, Inc. v. The Nation Enters.*, 471 U.S. 539 (1985).
  74. Campbell, 510 U.S. 569, 586.
  75. *Kelly v. Arriba Soft Corp.*, 710 F. Supp. 2d 1116, 1120 (C.D. Cal. 1999).
  76. Nimmer, *supra* note 50, at § 6.03(1)(a).
  77. *Kelly*, 710 F. Supp. 2d 1116. The court mentioned that an image attributes page on the defendant’s Web site weighed slightly against fair use since it displayed a full-size photograph along with dimensions and the address of the originating site. The court suggested that a smaller size image would suffice. The defendants in *Kelly* later changed their display process; the search engine now opens the originating Web site next to a full-size image. 710 F. Supp. 2d 1120.
  78. 510 U.S. 569 (1994).
  79. *Id.* at 578.
  80. 471 U.S. 539 (1985).
  81. *Kelly*, 710 F. Supp. 2d at 1121.
  82. *Id.*
  83. 137 F.3d 109 (2d Cir. 1998).
  84. *Id.*
  85. *Id.*
  86. Christine Haughney, *Photojournalists Balk at Sygma’s Digital-Age Terms; Many Quit Agency to Keep Material Off the Internet*, The Washington Post, Oct. 12, 2000, at A14.
  87. Steven D. Jones, *Seattle’s Getty Images Wins Fans Zipping Photos to Media on Web*, np. Wall St. J., (Sept. 27, 2000).
  88. David Gauthier-Villars, *E-Commerce (A Special Report): On the Battlefield, Photo Opportunity: Digital technology is transforming the photo-agency business*, Wall St. J., Jul. 17, 2000, at R26.
  89. Jones, *supra* note 87.
  90. Elizabeth MacDonald, *Image Problem*, Forbes, Oct. 16, 2000, at 104. See Jones, *supra* note 87. Mark Getty, an heir to the Getty Oil fortune, launched Getty Images in 1996 with the \$21 million purchase of the Hulton Collection of historic photographs. Getty has since made nine more acquisitions including Gamma Liaison’s news photo collection for \$8.6 million and the Kodak Image Bank for \$183 million.
  91. Christopher Helman, *Snap Decisions*, Forbes, May 15, 2000, at 326.
  92. *Id.*
  93. Jones, *supra* note 87.
  94. Doug Levy, *Gates Firm Focuses on Future of Photo Images*, USA Today, August 26, 1998, at 5B. See also Haughney, *supra* note 86, at A14.
  95. Haughney, *supra* note 86, at A14. The Bettmann Archive includes photographs from JFK’s funeral and Princess Diana’s wedding as well as 30 years of UPI photographs. See Helman, *supra* note 91, at 326.
  96. *Inside Photography*, American Photo, Jan. 2000 at 18.
  97. Sharon Appel, *Copyright, Digitization of Images, and Art Museums: Cyberspace and Other New Frontiers*, 6 UCLA Ent. L. Rev. 149, 222 (1999).
  98. William M. Bulkeley, *Photography House Getty Images to Buy Art.com*, Wall St. J., May 5, 1999 at B6. Art.com has more than 100,000 prints available for sale online; customers can also view and purchase frames for the prints.
  99. L. K., *En-rich Your World*, 64 Popular Photography, Mar. 2000 at 14. Corbis calls itself “The place for pictures on the Internet.”
  100. Kenneth Brower, *Photography in the Age of Falsification*, The Atlantic Monthly, May 1998, at 94.

101. Kathleen Connolly Butler, *Keeping the World Safe from Naked-Chicks-in-Art Refrigerator Magnets: The Plot to Control Art Images in the Public Domain through Copyrights in Photographic and Digital Reproductions*, 21 Hastings Comm. & Ent. L. J. 55, 59-60 (1998).
102. *Id.* at 111-13.
103. 17 U.S.C. § 1201.
104. 17 U.S.C. § 1201(a)(1)(A).
105. 17 U.S.C. § 1201(a)(2)-(3).
106. 17 U.S.C. § 1201. Manufacturing or distribution of devices designed to defeat encryption has been a violation since the DMCA was enacted on Oct. 28, 1998.
107. 17 U.S.C. § 1201(d).
108. 17 U.S.C. § 1201(f).
109. 17 U.S.C. § 1201(g).
110. 17 U.S.C. § 1201(h).
111. 17 U.S.C. § 1201(i).
112. 17 U.S.C. § 1201(j).
113. Atanu Roy, *Digital Watermarking: the Copyright Crawlers*, Computers Today, Apr. 30, 1999 at 90.
114. *Id.*
115. 17 U.S.C § 1202.
116. Martha L. Stone, *Protecting Copyrighted Web Images*, E&P Interactive, Jan. 30, 1998, n.p. Playboy uses Digimarc watermarks and the MarcSpider tracking system on its subscription Web site. Playboy receives monthly reports of infringement and sends warnings to violators. The company has successfully sued violators.
117. 82 F. Supp. 2d 211 (S.D.N.Y. 2000).
118. *Id.* at 213. See Lee Gomes, *Ruling in Copyright Case Favors Film Industry*, Wall St. J., Aug. 18, 2000, at B6.
119. 82 F. Supp. 2d at 221. (citing *Sony Corp. of America v. Universal City Studios*, 464 U.S. 417, 434 (1984)).
120. *Id.* at 226-27.
121. Anna Wilde Mathews, *Fine Print: How the Web Yanked Obscure U.S. Agency into Legal Limelight*, Wall St. J., June 14, 2000, at A1.
122. Jessica Litman, "New Copyright Paradigms," in *Growing Pains: Adapting Copyright for Libraries, Education, and Society* 63, 82 (Laura N. Gasaway, ed., 1997). The doctrines of fair use and first-sale, and the idea/expression distinction are common law creations.
123. 17 U.S.C. § 110(1).
124. See Janis H. Bruwelheide, *Myths and Misperceptions*, in *Growing Pains: Adapting Copyright for Libraries, Education, and Society* 287, 299 (Laura N. Gasaway, ed., 1997).
125. See Classroom Guidelines, H. Rep. No. 94-1476, 94th Cong. Although these guidelines deal with the reproduction and distribution of print works for use in the classroom, they could be extended to works placed on a course Web page that is both limited by time available and restricted to members of a class.
126. See *Id.* at 312. Compare Alan R. Kabat, *Proposal for a Worldwide Internet Collecting Society: Mark Twain and Samuel Johnson Licenses*, 45 J. Copyright Soc'y U.S.A. 329 (Spring 1998) (proposing a uniform system of collections for all potential uses of copyrighted works on the Internet).

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# New York Times v. Tasini— Endangered Databases, or Encouraged Authors?

By Kay Murray

On June 25, the Supreme Court ruled that The New York Times, New York Newsday and Time Inc. had infringed the copyrights of six freelance writers by selling their articles for inclusion in the LEXIS/NEXIS electronic database and University Microfilms International's CD-ROM products without the authors' permission.<sup>1</sup> The decision could have far-reaching economic ramifications for thousands of freelance journalists and authors, as well as for the hundreds of print publishers and electronic databases that make freelance articles available to subscribers.

After more than eight years of litigation, the Supreme Court decision finally determined that the plaintiffs, all members of the National Writers Union, had the exclusive right to authorize the reproduction and distribution of their articles through electronic databases. Their original print publishers did not. The Second Circuit Court of Appeals had ruled in favor of the writers in 1999, reversing a 1997 trial court decision that had been decided against them. The defendants, which included the three print publishers and the two electronic publishers, sought Supreme Court review of the Court of Appeals decision. They argued that the U.S. Copyright Act automatically allowed them to reuse freelance contributions in the lucrative electronic databases, without having to compensate the authors. The defendants also asserted that electronic databases have become so necessary to modern-day research, that a requirement to obtain the freelancers' permission would lead to the wide-scale removal of freelance articles from the databases, with "devastating" effects on scholarship.

The majority opinion thoroughly analyzed and ultimately rejected both arguments. First, the publishers claimed that a privilege afforded to publishers of collective works under the Copyright Act justified their actions. The privilege appears in section 201(c) of the Act:

In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work [here, the print publisher] is presumed to have acquired only the privilege of reproducing and distributing the [freelance] contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.

The defendants argued that the databases' reproduction and distribution of the contributions, along with the staff-written content of the periodicals, was simply the exercise of this "privilege of reproducing and distributing the contributions as part of [a] revision of that collective work . . ." For this argument to make sense, the Court would have had to accept either that an immense electronic database such as NEXIS is a "revision" of each of its constituent publications, or that when a freelance article is found and read by a user of the database, it is at that point still a "part of" the original periodical.

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*"[New York Times v. Tasisini] could have far-reaching economic ramifications for thousands of freelance journalists and authors, as well as for the hundreds of print publishers and electronic databases that make freelance articles available to subscribers."*

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The opinion looked at the freelance articles "as presented to and perceptible by" the users of the databases—that is, disconnected from the original periodical. When users search an electronic database for articles, the results are not presented in the context provided by the original edition or a revision thereof, as they might be in microfilm or microfiche. The articles found in the search are copied and distributed to the user separately, without any visible link to the other stories originally published within the periodical. Therefore, in the majority's view, the articles in the databases are not copied and distributed "as part of" the original publication or a revision of it. Furthermore, to deem the databases a "revision" of each constituent edition would be akin to calling a 400-page novel that quotes a sonnet in passing a "revision" of the sonnet. Thus, the opinion concluded, the publishers' uses of the freelance articles "invade the core of the Authors' exclusive rights under [Copyright law.]"

To the second argument, that a ruling for the writers would decimate the "nation's historical archives" by requiring the databases to remove freelance materials, the majority pointed out that such a result is not required by the recognition of freelancers' electronic rights.

The parties . . . may enter into an agreement allowing continued electronic reproduction of the Authors' works; they . . . may draw on numerous models for distributing copyrighted works and remunerating authors for their distribution . . . In any event, speculation about future harms is no basis for this Court to shrink authorial rights Congress established in 201(c).

Important as the Supreme Court's ruling is for establishing the principle of freelancers' electronic rights in their articles, it is at this point just the beginning of authors' actions to obtain an effective financial remedy for these lucrative re-uses.

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*"Databases and some publishers have chosen to respond to the decision by deleting articles, rather than offering payments to writers for the use of their works, which is regrettable . . ."*

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Shortly after the Second Circuit's decision in *Tasini*, several freelancers brought a copyright infringement action against nine electronic databases, on behalf of themselves and all others who wrote articles for publication since January 1, 1978, that then appeared in any of the databases without the authors' permission. The Authors Guild is an associational plaintiff in that putative class action.<sup>2</sup> Two similar actions were filed at around the same time and all three cases have been consolidated into Multi-District Litigation before Judge George Daniels of the Southern District of New York. The *Tasini* ruling removes a tremendous hurdle for the plaintiffs, because liability for the databases' past actions has been irrefutably established. Judge Daniels has ordered mediation, which is slated to begin shortly.

Publishers and databases have stated publicly that the consolidated suits against them precipitated some publishers' decisions to purge freelance material from online databases following the Supreme Court decision in *Tasini*. They point to the decision as heralding the demise of a complete historical record of published news. In authors' opinions, those arguments are specious.

The removal of freelance articles from electronic databases has nothing to do with the lawsuits against

those databases. As soon as the Supreme Court's decision was reached in *Tasini*, the liability of the databases for copyright infringement was confirmed. Databases and some publishers have chosen to respond to the decision by deleting articles, rather than offering payments to writers for the use of their works, which is regrettable, but this decision was doubtless independent of the consolidated actions. We know this because removing the freelance articles does not change their liability for past infringement (which is the bulk of the lawsuits' claim), and if they had left the articles up without negotiating a license with the freelancers, their liability—regardless of the existing suits—would have been substantial.

In fact, the class action provides a mechanism for either a blanket release from the claims against the defendants via settlement, or a mass judgment regarding the claims. This is the best opportunity that publishers have to restore the works to the electronic databases. That is certainly a primary goal of the litigations, along with, of course, obtaining fair compensation for the works used. Ironically, most authors, or at least those who are not working for institutions or corporations, cannot access the databases that contain their own articles, because user access costs too much money.

The Authors Guild's mission, since it was formed in 1912, has been to protect and enhance the economic and professional interests of working writers. The essence of that mission is protecting copyright, despite the tension that exists at times between widespread dissemination of works and fair compensation for the producers of that work. Publishers would be the first to argue that others should not disseminate or profit from copyright owners' creative work product without first securing permission and paying fair compensation. By securing this right for authors, the Supreme Court has enhanced their ability to make a living at their trade, allowing them to continue producing content for readers that can be accessed via new technologies, now and far into the future.

## Endnotes

1. *New York Times, et al. v. Tasini, et al.*, 121 S. Ct. 238 (2001).
2. *The Authors Guild, Inc., et al. v. Dialog, et al.*

**Kay Murray is General Counsel and Assistant Director of the Authors Guild, Inc., the nation's oldest and largest organization of published authors.**

# Trademark Protection for “Identity” Elements of Characters After Copyright Expires

By Jay Kogan

In his article, “Trademark May Protect Characters No Longer in Copyright,”<sup>1</sup> Alan Hartnick suggests that trademark laws should not be available to the owners of copyrighted characters to stop others from using those characters in new literary works after the copyrights of the works in which those characters first appear expire. In Part One of this article, I reply that the question of whether character owners should be able to protect their characters under trademark law after the copyrights in those characters expire need not be answered with a simple “yes” or “no,” but instead should be answered with a “yes” for some elements that comprise a character and a “no” for others. In Part Two, I offer a few practical steps that character owners can use to increase both the long-term value of their character rights and the likelihood that trademark law will be available to protect their characters after the copyrights in the works in which those characters first appear expire.

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*“[C]haracter owners should retain all trademark rights in the Identity Elements of their characters after the works in which those characters first appear expire, so long as the character owners continue to make trademark uses of those Identity Elements.”*

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## Part One: Protecting Identity Elements of Characters Upon Expiration of Copyright Elements of Characters

Characters can be viewed as being comprised of two basic categories of elements. One category includes those elements that, apart from the underlying literary works in which the characters appear, serve to identify those characters. These include: Character names; visual likenesses; and logos, slogans and other indicia associated with the characters (hereafter referred to as “Identity Elements”). Second, there are those elements that flesh out the characters, thereby giving them lives, personalities, backgrounds and substance. These elements include literary attributes such as personality traits, special powers or abilities, origins and background, charac-

ter development and plotlines associated with the characters (hereafter referred to as “Substance Elements”).<sup>2</sup> For example, the plaintiff in *Metro-Goldwyn-Mayer v. American Honda Motor Co., Inc.*<sup>3</sup> claimed the following personality traits, among others, were copyrightable aspects of the James Bond character: Cold-bloodedness; overt sexuality; love of martinis “shaken not stirred”; marksmanship; use of guns; physical strength and sophistication.<sup>4</sup> The premise of this article is that character owners should retain all trademark rights in the Identity Elements of their characters after the works in which those characters first appear expire, so long as the character owners continue to make trademark uses of those Identity Elements. However, the Substance Elements associated with those characters should enter the public domain and be free for subsequent authors to build upon. This distinction serves the goals of both trademark and copyright law. It fairly rewards character owners for their continued investment and efforts in exploiting their characters, and it benefits the public by enriching the public domain, while at the same time protecting society’s cultural gems and public expectations.

To understand this distinction, we must analyze: (1) The different uses of and protections afforded to characters as components of copyrighted works and as trademarks; (2) the different goals of copyright and trademark law; and (3) the tests for copyright infringement on the one hand and trademark infringement or dilution on the other.

## Protection Available to Characters

Characters are entitled to protection under both copyright and trademark and related doctrines, such as unfair competition law, so long as the characters meet the requirements applicable to the particular doctrine.

### • Copyright

Although characters are not specifically listed as subject matter of copyright in the Copyright Act,<sup>5</sup> courts have not challenged the premise that characters are indeed entitled to such protection. Instead, courts have applied different criteria for determining whether a character may be entitled to copyright protection.<sup>6</sup> Under the often-sited test, the *Nichols v. Universal Pictures Corp.* test, a character will be entitled to copyright protection if it is sufficiently delineated.<sup>7</sup> As Learned Hand stated in that case, “the less developed the char-

acters, the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly.<sup>8</sup> Under another commonly cited test, first articulated in *Warner Bros. Inc. v. Columbia Broadcasting System*, a literary character may be entitled to copyright protection if it constitutes the “story being told” rather than simply a “chess man in the game of telling the story.”<sup>9</sup> Other courts have applied elements from each of the foregoing tests, looking both at how developed a character is, as well as the character’s role in the work in which it appears. For example, in *Stallone v. Anderson*,<sup>10</sup> the court held that the characters from the first three films from the *Rocky* motion picture series were among “the most highly delineated characters in modern American cinema,”<sup>11</sup> and were so highly developed and central to the films that they were the stories being told.<sup>12</sup>

Courts have also applied the theory that a character will receive copyright protection if it is developed with enough specificity to constitute protectable expression.<sup>13</sup> Courts have long held that characters with graphic components such as cartoon or comic book characters are more readily protectable under copyright than purely literary characters because of their visual characteristics.<sup>14</sup> Indeed, courts have held that copying a character’s image without copying any of its personality traits or attributes may still constitute copyright infringement.<sup>15</sup>

#### • Trademark

Any word, name, symbol or device that is used to identify the source or origin of a product can qualify for trademark protection.<sup>16</sup> Thus, to the extent that any character indicia function to identify the source or origin of a product, such character indicia will be entitled to trademark protection.<sup>17</sup> This indicia may include, without limitation, character names and nicknames,<sup>18</sup> titles of series in which the characters appear,<sup>19</sup> illustrations of characters,<sup>20</sup> the characters’ physical appearances,<sup>21</sup> costumes,<sup>22</sup> related props or devices,<sup>23</sup> logos or symbols associated with a character such as the famous Superman S-Shield<sup>24</sup> or the Mickey Mouse ears, and slogans or expressions associated with a character such as “Hi-ho Silver Away!,”<sup>25</sup> “E.T. Phone Home”<sup>26</sup> and “What’s Up Doc?”<sup>27</sup> Less exact character elements such as physical abilities or personality traits, however, have been held to be outside the scope of trademark protection.<sup>28</sup> The products for which characters may serve as trademarks to identify their source or origin include literary works (such as books and films).<sup>29</sup> After all, “the purchaser of a book like the purchaser of a can of peas, has the right not to be misled as to the source of the product.”<sup>30</sup>

It is worth noting that not all characters used in literary or other works of entertainment have Identity Elements and merit protection under trademark or unfair competition laws. Courts have held that the title of a single book generally does not give rise to trademark rights in the title of that book.<sup>31</sup> Similarly, the names of characters appearing in that book would not be entitled to trademark protection merely as a consequence of being used in a single book.

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*“The goal of copyright is to promote the progress of the arts and consequently enrich the public.”*

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Trademark protection in character Identity Elements generally arises in one of two scenarios. First is where the character owner invests the time and money into using Identity Elements of its characters in the traditional trademark sense such as to identify a continuing series of stories or books, perhaps as a series title<sup>32</sup> or as cover illustrations.<sup>33</sup> The second scenario occurs where the Identity Elements become so associated with an entertainment property that they acquire secondary meaning, such that the consuming public would associate any third party’s use of those elements with the source or origin of the entertainment property from which those elements were derived.<sup>34</sup> For example, in *Warner Bros., Inc. v. Gay Toys, Inc.*, the Second Circuit Court of Appeals held that the General Lee automobile featured in the “Dukes of Hazzard” television show was protectable under section 43(a) of the Lanham Act, thereby entitling Warner to obtain an injunction against the sale of unauthorized toys based on the car.<sup>35</sup>

#### Goals of Copyright and Trademark

The goal of copyright is to promote the progress of the arts<sup>36</sup> and consequently enrich the public.<sup>37</sup> This is accomplished by giving creators an incentive to create by allowing them certain exclusive rights to exploit their creative endeavors for limited periods of time.<sup>38</sup> By limiting the duration of copyright,<sup>39</sup> the public’s interest in an ever-growing, rich public domain is balanced with the interests of creators. By affording copyright owners protection in their works, copyright law also benefits the public by encouraging other authors to come up with new original works for the public to enjoy, instead of avoiding “the drudgery of working up something fresh” by copying existing works.<sup>40</sup>

The goals of trademark law and its related unfair competition law include protecting “the purchasing public from confusing the product it desires to purchase

with similar product from a different source.”<sup>41</sup> Trademark law also gives trademark owners the incentive to invest in the establishment of brand names and marks, and to maintain strong levels of quality control over their products and services.<sup>42</sup> Trademark law can thus “contribute to a favorable climate for expression by complementing the economic incentive that copyright provides to create and disseminate artistic works.”<sup>43</sup> Unlike copyright, trademark rights may continue indefinitely so long as the trademark owners continue to use their marks as trademarks. However, under trademark law, if a trademark owner stops using a mark without intent to resume use within the reasonably foreseeable future, the mark will be deemed abandoned.<sup>44</sup> After three years, a rebuttable presumption will arise that the mark has been abandoned.<sup>45</sup> As Judge Nies noted in his concurring opinion in *In re D.C. Comics*,<sup>46</sup> there is a basic misconception that protecting an image of a character as a trademark would secure perpetual rights in the image.<sup>47</sup> It is not the recognition of a character image as a trademark that provides perpetual rights in that image. Rather, it is the character owner’s continued use of that image as a trademark that allows the image to receive trademark protection indefinitely. It is worth noting further that copyright continues for the duration of the copyright term regardless of whether the copyright owner continues to exploit his or her work. A copyright owner can therefore deny the public access to its fictional characters by letting its copyrighted work go out of print and by electing not to publish any new works featuring new uses of its fictional characters. In contrast, trademark law encourages trademark owners to continue to provide the public with uses of their characters.

## Infringement Tests

### • Copyright Infringement

Copyright infringement involves the unauthorized reproduction and use of a copyright owner’s protectable expression.<sup>48</sup> To establish copyright infringement, one must show access and copying.<sup>49</sup> A copyright owner may establish copying by demonstrating that an alleged infringing work is *substantially similar* to the owner’s copyrighted work.<sup>50</sup> To show substantial similarity, a plaintiff must show that “an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work.”<sup>51</sup> Showing substantial similarity in the “look and feel” of a copyrighted work may be enough to constitute infringement.<sup>52</sup>

### • Trademark Infringement

Trademark infringement involves the use of a mark in a way that is likely to confuse consumers as to the source or origin of a product.<sup>53</sup> Trademark dilution

involves the use of a mark that is the same or so similar to a mark already in use by another party that its use would dilute or weaken the distinctive value of the senior user’s mark, even without a likelihood of consumer confusion.<sup>54</sup> Even though a mark may be substantially similar to another mark from a copyright perspective and even have the same “look and feel,” that would not necessarily lead to the conclusion that the two marks are likely to be confused in the marketplace, or that one mark will dilute the distinctive value of the other mark.

### • Application of the Infringement Tests to Characters

Although certain character elements, particularly graphic depictions, can be both Substance Elements and Identity Elements, many Substance Elements such as personality traits, character development and mannerisms will not qualify as trademarks,<sup>55</sup> and many Identity Elements such as names and short slogans,<sup>56</sup> will not qualify as copyrightable expression. Generally, Substance Elements will be susceptible to copyright infringement claims, whereas Identity Elements will be susceptible to trademark infringement or dilution claims.

## Protection of Identity Elements Apart from Substance Elements

### No Support in the Law for Denying Trademark Rights Upon Copyright Expiration

Tying trademark rights in characters to the limited duration of copyright ignores the separate goals of copyright and trademark law, the different nature of property rights conferred by copyright and trademark<sup>57</sup> and the different tests for infringement. It also lacks support in the law, as courts have consistently noted that where two doctrines of intellectual property law address different interests, the fact that protection may not be available or may not have been secured under one doctrine does not negate the applicability of the other doctrine.<sup>58</sup>

### • Peter Rabbit and Wyatt Earp

Although the courts have gone out of their way to avoid the question of whether characters can be protected by trademark after copyright in the characters have expired,<sup>59</sup> they have had no trouble finding trademark protection available, even where no copyright claim has been brought.<sup>60</sup> In *Frederick Warne & Co. v. Book Sales, Inc.*,<sup>61</sup> for example, the court recognized that the protection of characters under copyright and trademark can coexist without posing preemption problems, and that the use of certain Beatrix Potter images of Peter Rabbit on the cover of a reprint of Peter Rabbit stories, the copyrights of which had expired, might infringe upon trademark rights in those images.<sup>62</sup>

In a particularly instructive case, *Wyatt Earp Enterprises, Inc. v. Sackman, Inc.*,<sup>63</sup> the court held that the plaintiff had established secondary meaning and hence trademark rights in the “Wyatt Earp” name, even though Wyatt Earp was a real person of historic significance.<sup>64</sup> The court found inescapable that the commercial value of the character name was attributable almost entirely to a television program produced by the plaintiff along with the plaintiff’s extensive licensing program, which “battered [the name] into the public consciousness.” This allowed the plaintiff to stop a licensee from continuing to sell and promote costumes as Wyatt Earp costumes after its license had expired.<sup>65</sup> Moreover, it recognized the protectability under trademark law of an Identity Element of a character, a name, notwithstanding the lack of any copyrightable interest in the character at issue.<sup>66</sup>

Before proceeding with an explanation as to why tying trademark rights to the term of copyright is unfair to trademark owners, inconsistent with the goals of copyright and trademark law and detrimental to the public interest, it is useful to illustrate how permitting trademark protection for Identity Elements in characters whose first appearances have entered the public domain would actually apply in several hypothetical scenarios based on actual cases.

#### • Superman

A good example to begin with is the Superman<sup>67</sup> origin story. Upon the expiration of the copyright in the story, the story for copyright purposes will enter the public domain. However, to the extent that trademark rights continue in the Identity Elements associated with the Superman character in the story, those elements will remain protectable under trademark law. Therefore, any third party could publish another story using elements that are substantially similar to the copyrightable Substance Elements of the Superman character. Thus, a new work can commence with alien parents sending their newborn baby from their home planet to earth; the child can be raised by farmers and grow up to discover that he has extraordinary super-human powers; he can take on the guise of a mild mannered reporter; fight crime in tights and a cape, and be smitten by a female reporter. Use of all of these elements would constitute copyright infringement if the origin story remained protected by copyright,<sup>68</sup> as there would be substantial similarity, but because the story would have entered the public domain, the new work would not amount to a copyright infringement. From a trademark perspective, however, there need not be any trademark infringement or dilution if the subsequent user refrained from using the Identity Elements of the character in its new work. That is, the new work could have used different names for the fictional characters, the fictional newspaper pub-

lisher and the fictional towns, a different costume for the hero and different logos and slogans in association with the hero.

Three actual cases that help further illuminate the consequences of protecting Identity Elements of characters under trademark law independent of the copyright protection available to the Substance Elements of those characters are *Universal City Studios, Inc. v. Film Ventures International, Inc.*,<sup>69</sup> *Metro-Goldwyn-Mayer, Inc. v. American Honda Motor Co.*,<sup>70</sup> and the very recent case, *Suntrust v. Houghton-Mifflin*.<sup>71</sup>

#### • Jaws

In *Universal*, the court held that the film, *The Great White*, infringed the copyrights in the films *Jaws* and *Jaws II*. Virtually all of the characters from the *Jaws* movies had counterparts in *The Great White* with substantially similar traits, backgrounds and aspects of their character development. In addition, the story, set and plot development of *The Great White* were substantially similar to *Jaws*. Although the plaintiff in *Universal* claimed that *The Great White* also violated the plaintiff’s trademark rights, the court did not address the trademark claims beyond citing the film’s originally planned title, “*The Last Jaws*,” as evidence that the defendant intended to infringe upon the plaintiff’s copyright.<sup>72</sup> Perhaps by changing the film title (analogous to an Identity Element as described in this article), the defendant felt that it could avoid any trademark infringement or dilution claim. Had the *Jaws* films been in the public domain under copyright, Universal may well have been unable to maintain any trademark infringement or dilution claim, even if trademark rights in Identity Elements from the *Jaws* films survived beyond the copyright term.

#### • James Bond

Similarly, in *MGM v. American Honda*, the court held that the use of various aspects of the James Bond character and elements associated with James Bond movies in a television commercial for Honda infringed the copyright in the James Bond character. Had the James Bond films been in the public domain, MGM may not have been able to stop the commercial from airing, because it may not have been able to establish any trademark infringement or dilution. Like the plaintiff in the *Jaws* case, MGM attempted claims for trademark infringement, dilution and unfair competition. However, the court disregarded such claims beyond noting that the defendant’s reference to the character in the commercial as “James Bob” during the production phase of the commercial evidenced an intent to infringe upon the plaintiff’s copyright and to trade off the goodwill established by the plaintiff.<sup>73</sup> As in *Universal*, the defendant here, by using only Substance Elements of

the Bond character rather than Identity Elements, may have successfully avoided a trademark claim, had the copyrights in the James Bond films expired.

- **Scarlett O'Hara**

Finally, in *Suntrust*, the court found that there existed enough substantial similarity between the characters and elements from the novel, *Gone With the Wind*, and the characters and elements in the novel, *The Wind Done Gone*, to warrant a fair use analysis rather than to find that there was no infringement.<sup>74</sup> Putting aside the copyright question, however, and even assuming that the copyright in *Gone With the Wind* had expired for the sake of this example, the question remains as to whether Suntrust could successfully maintain a trademark claim against the defendant. The author of *The Wind Done Gone* clearly used Substance Elements from *Gone With the Wind*. Many of the characters in her work had counterparts in *Gone With the Wind* with substantially similar physical appearances, character traits, backgrounds and interrelationships with other characters, as well as some verbatim dialogue.<sup>75</sup> However, did the author use any Identity Elements from *Gone With the Wind* in a manner that could lead to consumer confusion or in a manner that would dilute any famous trademarks? The plaintiff maintained that she had, alleging that the use of characters, settings, plot lines and other elements from *Gone With the Wind* in *The Wind Done Gone* falsely implied that the latter work was sponsored, endorsed or authorized by the plaintiff.<sup>76</sup> As with the courts in the *Universal* and *MGM* cases, however, the court in *Suntrust* declined to address the Lanham Act claim.<sup>77</sup>

Although people reading *The Wind Done Gone* familiar with *Gone with the Wind* would recognize the derivative nature of the book, a trademark infringement or unfair competition claim could succeed only if readers would be confused into thinking *The Wind Done Gone* was an official *Gone With the Wind* sequel or adaptation. The author's use of a title that arguably identified it as a work critical of *Gone With the Wind*, in addition to the use of different character names,<sup>78</sup> might reduce the likelihood of this happening. In any case, to the extent that the primary intent of the use of Identity Elements of characters from *Gone With the Wind*<sup>79</sup> in *The Wind Done Gone* was for parodic or critical purposes, rather than to create a false association with the source of *Gone With the Wind*, the defendant could assert a First Amendment defense.<sup>80</sup>

### **Fulfillment of Society Goals/Benefits**

A rule that would permit the publication of works like the hypothetical Superman rip-off story, *The Great White* movie, the Honda commercial and *The Wind Done Gone* novel after the copyrights of the works upon which they were each based had expired, but that

would prohibit the use therein of Identity Elements of the characters from the underlying works, would serve the goals of copyright and trademark law and benefit the public in the following ways:

- **Protects the Public Domain and Enriches Society's Body of Literature**

First, the application of this Substance/Identity distinction prevents character owners from using trademark laws to extend protection in the copyrightable aspects of their characters beyond the term of copyright. This ensures that the public will not be denied the right to use copyrightable subject matter that has entered the public domain as the foundation for new works. At the same time, however, it forces those who would use existing characters as the foundations for their own works to show some minimal creativity and add new elements to our culture and world of literature, thus furthering the number and variety of works generated for public consumption.

- **Encourages the Continued Use of Characters and Rewards Trademark Owners Fairly**

Second, by giving trademark owners the ability to stop third parties from using Identity Elements of the trademark owners' characters as the motivating factor for the sales of such third parties' works, the trademark owners are given the incentive to continue to invest in their franchise properties and publish new stories featuring their characters, further adding to the body of literature available to the public. This fairly rewards the trademark owners for their investments in their properties and protects the goodwill that they have built in those properties over the years, while at the same time preventing latter users from misappropriating sales revenues based on mistaken purchasing decisions by consumers.<sup>81</sup>

Of course, if at any time trademark owners cease using their trademark characters, the trademark rights in such characters will eventually be deemed abandoned.<sup>82</sup> At such time, other parties will be able to use those characters in their own works, and consequently keep those characters alive for the public to enjoy rather than let them fade into obscurity.<sup>83</sup> This arrangement best ensures that valuable characters will continue to be exploited for the benefit of the public. Copyright owners of characters that enter the public domain who also control trademark rights in those characters should be encouraged to keep exploiting their characters. If they stop, there is no assurance that other authors will continue their uses of those characters.

- **Protects Consumer Expectations and Prevents Misappropriation of Goodwill**

Third, the use by third parties of Identity Elements of characters from fictional works, the copyrights to

which have expired, either as the central elements of new fictional works or in the titles, packaging or promotion thereof, will likely confuse consumers and create erroneous impressions of association with the original owners of the characters.<sup>84</sup> Application of the Substance/Identity rule proposed herein protects consumers' expectations. Just as consumers buy any trademarked goods based on their expectations of the quality they associate with the applicable trademark or their assumption about the source or origin of the goods, the public consumes entertainment product based on trademarks associated with such product. It has the right to expect that such entertainment product will meet the standards and be of like quality to other product with which it is familiar, based on the use of character trademarks associated with the product. The law should not permit third parties to trade off of the goodwill of the trademark owners of Identity Elements of characters that have entered the public domain by allowing them to sell their own works based on consumer confusion.<sup>85</sup> Trademark law condemns the use of language in a way that deprives purchasers of their expectations and businesses of the goodwill which they have built up by providing satisfactory goods and services.<sup>86</sup>

It is important to note, however, that a party who publishes a work using public domain Substance Elements of characters whose Identity Elements remain protected by trademark may be able to make certain uses of the Identity Elements of the characters upon which those characters are based without encroaching upon the trademark rights in those characters. For example, referencing the Identity Elements of a character in comparative advertising might not offend the goals of trademark law.<sup>87</sup> By way of explanation, again assuming that the *Jaws* copyright had expired, but that the mark "*Jaws*" remained entitled to trademark protection, the producer of *The Great White* could, so long as it was not done in a manner that would cause consumer confusion by suggesting an affiliation or association between the source of *Jaws* and the source of *The Great White*, advise consumers in promotional literature that if they liked *Jaws*, they might like *The Great White*. In a sense, this would allow the latter users, to a limited extent, to trade off the goodwill of the trademarks associated with the underlying public domain works, but the trademark owners would still be protected, in that consumers would not be confused about the source or origin of the latter work. Indeed, in some cases, the comparison could actually highlight the fact that the characters from the underlying work are the real things, and the work making the comparison is a wannabe knockoff.

*Comedy III Productions v. New Line Cinema*<sup>88</sup> illustrates another use of Identity Elements in a new work that would not infringe upon the trademark owner's rights in those Identity Elements. In *Comedy III*, the

Ninth Circuit Court of Appeals held that use of a public domain Three Stooges film clip on a television screen in the background of a motion picture did not violate any trademark rights of the plaintiff, as there was no implication of endorsement or association between the motion picture and the trademark owner.<sup>89</sup> Similarly, incidental or minor references in new works to Identity Elements of characters from old works might not infringe the trademark rights in the pre-existing characters if the characters in the new works remain distinct from the pre-existing characters. For example, a new character based on the Substance Elements of the Superman character could be depicted as reading an old public domain Superman comic book or watching an old public domain Superman television program so long as there was no implication of endorsement or association between the new work and the trademark owner of the Superman character.

In addition, the use of Identity Elements of a character in a new literary work may constitute First Amendment protected expression if the primary intent of the use is for purposes of satire, parody or social commentary, rather than to create an incorrect association in order to confuse the public.<sup>90</sup>

#### • Safeguards the Integrity of Society's Cultural Gems for Future Generations

Finally, permitting character owners to protect the Identity Elements of their characters beyond the term of copyright allows the character owners to continue to maintain the high level of quality control that they have maintained over the use of those characters for many years. This in turn protects the integrity of the characters from tarnishment or other disparaging uses, and consequently, the characters can remain part of society's cultural gems for future generations to enjoy as much as their predecessors did.

Returning once more to the Superman hypothetical, so long as consumers view any new work as one that is reminiscent of or even a rip-off of the Superman origin story, rather than as an actual Superman story, the character owner's trademark interests in the Superman character will remain intact. Consumers will continue to look to the character owner for the real thing when they want a Superman story, and the Superman character as one of society's cultural gems will not be diluted or tarnished by poor quality or disparaging depictions that consumers might mistakenly believe reflect the true nature of the character.<sup>91</sup>

## Part Two: Preparing for the Day When a Character Enters the Public Domain

In Part One of this article, it was suggested that Identity Elements of characters should remain protectable under trademark law, even after the copyrights

in the works in which those characters first appeared have expired, so long as the trademark owners continue to exploit the characters. This premise, however, is not at this point fully recognized as the law. As Mr. Hartnick points out, case law to date does not yield a judicial consensus “of whether trademark and unfair competition theories would protect a character beyond the term of copyright.”<sup>92</sup> Accordingly, character owners should not rely solely on the existence of trademark and unfair competition theories to protect their characters beyond the terms of the copyrights in the works in which those characters first appear. Below are some practical steps that character owners may wish to take in order to increase the long-term value of their characters, as well as the likelihood of their being able to use trademark and related laws to protect the characters after the copyrights in the works in which those characters first appeared have expired.

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*“[C]haracter owners should not rely solely on the existence of trademark and unfair competition theories to protect their characters beyond the terms of the copyrights in the works in which those characters first appear.”*

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- **Keep ‘Em Fresh and Up-to-Date**

As noted in the Amos and Andy case, *Silverman v. CBS*,<sup>93</sup> characters that continue to be exploited in new stories and media receive separate copyrights in each new story or media incarnation.<sup>94</sup> Thus, when the earliest appearances of any characters enter the public domain for copyright purposes, the subsequent derivative uses of those characters will remain protected by copyright, since each derivative work is entitled to its own term of copyright.<sup>95</sup> By continually using and building on one’s characters, it makes it more difficult for others to use those characters because of the difficulty of distinguishing elements, characteristics and traits solely as they have appeared in the earliest appearances of the characters, with those added later. This puts a greater burden on would-be users to avoid infringement. The risks of failing to make such a distinction may dissuade some parties from using another’s characters, even if copyrights in the earliest appearances of those characters have expired. Furthermore, by continually building on one’s characters and using them in new ways and in new stories, the characters remain fresh, current and relevant. By gradually changing the literary and visual characteristics of a character over time, a

character owner can keep whatever the then-current image of the character is as the *de facto* standard in the public consciousness. Uses of depictions of the same character that are at least 70 years old or older might well come across as stale or archaic to consumers, and pose little threat to a character owner’s ongoing franchise.

- **Maintain Recognition As the One True Source**

Second, since character owners know their characters better than anyone else, they can exploit their characters under the highest level of quality control and care, and therefore release the best quality works featuring the characters. The goal here for character owners is to continue to be recognized as the official or real source for entertainment product featuring their characters. The public should be conditioned to view any works from unrelated parties featuring a trademark owner’s characters as second-rate knockoffs. By remaining the looked-to source of entertainment product featuring one’s characters—even if there are some other products available using those characters—the public will continue to seek out the real or official product from the trademark owner. One need only look to the Walt Disney Company to see how successful a company can be in exploiting characters so successfully, that consumers might view product from third parties based on the same public domain characters used by Disney as inferior product, and an attempt to trade off the goodwill established by Disney.<sup>96</sup>

- **Make Trademark Uses of Numerous Elements of Your Characters**

Third, trademark owners should use as many aspects, elements and indicia of their characters as trademarks as can be reasonably justified. This includes use of the character name, images of the character, logos such as the famous Superman S-Shield, the Bat Logo, Mickey Mouse’s Ears and slogans associated with the character such as, “Faster than A Speeding Bullet” or “What’s Up Doc?” In addition to giving character-trademark owners an additional legal basis upon which they can protect their characters in the present, taking such action will also increase the likelihood of being able to use trademark and related laws to protect their characters when the first appearances of those characters enter the public domain. Even if courts ultimately decline to adopt the Substance/Identity rule so as to prevent the use of pre-existing characters in new fictional works, the establishment of Identity Elements as trademarks may still preclude others from using the trademark owners’ character-trademarks in the promotion and packaging of their new works beyond what is necessary to identify the works.<sup>97</sup>

## • Secure and Maintain Trademark Registrations

Finally, from a practical perspective, character owners should secure and maintain trademark registrations for their characters and trademark elements of such characters as comprehensively as commercially reasonable. This will enhance the remedies available from unauthorized uses of the characters,<sup>98</sup> lessen the burden of establishing causes of action<sup>99</sup> and, in some cases and in some countries, be a condition precedent to commencing legal action. Likewise, character owners should establish strong policing and enforcement policies, to ensure that their trademark rights are not lost by constructive abandonment.<sup>100</sup> Trademark owners should also secure domain names relevant to their character properties, not only to promote their characters, publications, media and official product, but to prevent unauthorized users of their characters from using such domain names to sell or offer product featuring the trademark owners' characters, both at the present time and in the future when the initial appearances of the characters enter the public domain.

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*"At some point, courts will have to stop avoiding the question of whether characters can be protected by trademark after the copyright in the character expires. When they do, the Substance/Identity rule set forth in this article should be adopted."*

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## Conclusion

At some point, courts will have to stop avoiding the question of whether characters can be protected by trademark after the copyright in the character expires. When they do, the Substance/Identity rule set forth in this article should be adopted. The adoption of this rule will promote the respective goals of copyright and trademark law and protect the public's dual interests in maintaining the integrity of its cultural gems and encouraging an ever-growing public domain. Authors interested in using public domain works featuring characters protected by trademark laws will be able to create substantially similar works including substantially similar characters, so long as the substantially similar characters do not use Identity Elements of the characters from the underlying works on which they are based, in a manner that will either likely confuse consumers or dilute the distinctive value of ongoing character trademarks. The Substance/Identity rule will inspire continued creativity and expansion of our society's body of culture and literature without undermin-

ing trademark principles. In addition, it will encourage trademark owners to continue to keep valuable characters alive for future generations to enjoy.<sup>101</sup>

In the meantime, character owners should take appropriate action, not only to increase the likelihood of being able to use trademark and unfair competition theories to protect the Identity Elements of their characters once the copyrights in the original appearances of those characters expire, but to make the value of their characters far transcend their original appearances. Therefore, when the copyrights in such original appearances do expire, the value of the characters to their owners as a continuing basis for new works will persist, supported by applicable copyright, trademark and unfair competitions laws.

## Endnotes

1. Alan Hartnick, *Trademark May Protect Characters No Longer in Copyright*, NYSBA Entertainment, Arts and Sports Law Journal, Vol. 12 No. 2, at 24.
2. These two categories of character elements are not mutually exclusive.
3. 900 F. Supp. 1287 (C.D. Cal. 1995).
4. *Id.* at 1296.
5. *See* 17 U.S.C. § 102.
6. *See, e.g., Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d. Cir. 1930), *cert. denied*, 282 U.S. 902 (1931); *Warner Bros. Inc. v. Columbia Broad. Sys.*, 216 F.2d 945 (9th Cir. 1954).
7. *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d. Cir. 1930), *cert. denied*, 282 U.S. 902 (1931).
8. 45 F.2d 121; *See also Suntrust v. Houghton Mifflin*, (11th Cir. 2001) ("[A]s . . . characters become more idiosyncratic, they at some point cross the line into 'expression' and are protected by copyright.").
9. 216 F.2d 945 (9th Cir. 1954) (Sam Spade).
10. 11 U.S.P.Q. 2d 1161 (C.D. Cal. 1989).
11. *Stallone v. Anderson*, 11 U.S.P.Q. 2d 1166.
12. *Id.* at 1167; *see also Universal City Studio v. Kamar Indus.*, 1982 Copyright Law Decisions (CCH) 17 (S.D. Tex. 1982) (E.T.).
13. *Metro-Goldwyn-Mayer, Inc. v. American Honda, Inc.*, 900 F. Supp. 1287 (C.D. Cal. 1995).
14. *Hill v. Whalen & Martell*, 220 F. 359 (S.D.N.Y. 1914) (Mutt and Jeff); *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978); *Sid & Marty Krofft Television Prods. V. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977); *Burroughs v. Metro Goldwyn-Mayer, Inc.*, 519 F. Supp. 388 (S.D.N.Y. 1981).
15. *See United Features Syndicate v. Sunrise Mold Co.*, 569 F. Supp. 1375 (S.D. Fla. 1983) (Peanuts characters).
16. 15 U.S.C. §§ 1051, 1052, 1127.
17. U.S. Copyright Office Circular 44 "Cartoons and Comic Strips" (June 1999); *see also Warner Bros. Inc. v. American Broad. Cos., Inc.*, 720 F.2d 231 (2d Cir. 1983); *Frederick Warne & Co. v. Book Sales, Inc.*, 481 F. Supp. 1191, 1195 (S.D.N.Y. 1979) ("a character may . . . serve to identify the creator thus meriting protection under theories of trademark or unfair competition.").
18. *See DC Comics, Inc. v. Filmation Associates.*, 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980) (Aquaman and Plastic Man); *see also Culliford v. CBS, Inc.*, 222 U.S.P.Q. (BNA) 497 (1984) (Smurfs).

19. See *infra* note 32.
20. *In re D.C. Comics*, 689 F.2d 1042 (C.C.P.A. 1982); *Frederick Warne*, 481 F. Supp. 1191 (S.D.N.Y. 1979).
21. *Ideal Toy Corp. v. Kenner Prods. Div.*, 443 F. Supp. 291 (S.D.N.Y. 1977) (“Star Wars” characters).
22. *Dallas Cowboy Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 2000 (2d Cir. 1979) (cheerleader outfits).
23. *Processed Plastic Co. v. Warner Communications, Inc.*, 675 F.2d 852 (7th Cir. 1982) (production of toy car based on car used in Dukes of Hazzard television show violated plaintiff’s trademark rights); see also *DC Comics, Inc. v. Powers*, 465 F. Supp. 843, 849 (S.D.N.Y. 1978) (protection afforded to name of fictional newspaper named “Daily Planet”).
24. U.S. Trademark Registration No. 73173809.
25. *Lone Ranger, Inc. v. Cox* 124 F.2d 650 (4th Cir. 1942).
26. *Universal City Studios v. Kamar Industries*, 1982 Copyright Law Decisions (CCH) 17 (S.D. Tex. 1982).
27. U.S. Trademark Registration No. 75844359.
28. *DC Comics, Inc. v. Filmation*, 486 F. Supp. at 1277.
29. *Warner Bros. Inc. v. American Broad. Companies*, at 246 (Superman).
30. *Charles Atlas, Ltd. V. DC Comics, Inc.*, 112 F. Supp. 330, 337 (S.D.N.Y. 2000) (quoting *Rogers v. Grimaldi*, 875 F.2d 994, 997-998 (2d Cir. 1989)).
31. *In re Cooper*, 254 F.2d 611 (C.C.P.A. 1958), *cert denied*, 358 U.S. 840 (1958).
32. “Hardy Boys” as mark for a series of fiction books. U.S. Trademark Registration No. 74270989.
33. *Frederick Warne.*, 481 F. Supp. at 1195.
34. See *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981).
35. *Id.*; see also *DC Comics Inc. v. Powers*, 465 F. Supp. 843 (S.D.N.Y. 1980) (court held that fictional newspaper, the “Daily Planet” had achieved secondary meaning); see also *DC Comics, Inc. v. Filmation*, 486 F. Supp. at 1277 (“where the product sold . . . is ‘entertainment’ . . . then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under § 43(a) because the ingredient can come to symbolize the plaintiff or its product in the public mind.”).
36. See U.S. Constitution, art. I, § 8, cl. 8.
37. See *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (“the ultimate aim is . . . to stimulate artistic creativity for the general public good.”).
38. *Mazer v. Stein*, 347 U.S. 201, 209 (1954).
39. 17 U.S.C. § 302.
40. *Dr. Seuss Enterprises v. Penguin Book U.S.A., Inc.*, 924 F. Supp. 1559 (S.D. Cal. 1996).
41. *Mechanical Plastics Corp. v. Titan Technologies, Inc.*, 823 F. Supp. 1137, 1143 (S.D.N.Y. 1993).
42. *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1429 (7th Cir. 1985), *cert. denied*, 475 U.S. 1147 (1986); *Truck Equip. Serv. Co. v. Freuhauf*, 536 F.2d 1210 (8th Cir. 1976), *cert. denied*, 429 U.S. 861 (1976).
43. *Silverman v. CBS, Inc.*, 870 F.2d 40, 48 (2d Cir. 1989), *cert. denied*, 492 U.S. 907 (1989).
44. *Id.*; see also *Major League Baseball Properties, Inc. v. Sed Non Olet Denarius, Ltd.*, 817 F. Supp. 1103 (S.D.N.Y. 1993).
45. 15 U.S.C. § 1127.
46. 689 F.2d. 1042 (C.C.P.A. 1982).
47. *Id.* at 1051.
48. See *Feist Publ’n’s, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991).
49. *Williams v. Crichton*, 84 F.3d 581, 587 (2d Cir. 1996).
50. *Id.*; see also *Herzog v. Castle Rock Entm’t*, 193 F.3d 1241, 1248 (11th Cir. 1999).
51. *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 829 (11th Cir. 1982).
52. *Sid & Marty Krofft Television Productions v. McDonald’s Corp.*, 562 F.2d 1157 (9th Cir. 1977); *DC Comics v. Crazy Eddie*, 205 U.S.P.Q. (BNA) 1177 (S.D.N.Y. 1979).
53. *Wyatt Earp Enterprises v. Sackman*, 157 F. Supp. 621, 626 (S.D.N.Y. 1958).
54. 15 U.S.C. § 1125(c); see generally *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117 (D. Mass. 1999); *Panavision Int’l., L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998).
55. *DC Comics, Inc. v. Filmation*, 486 F. Supp. at 1277.
56. Copyright Circular 34, <http://www.loc.gov/copyright/circs/circ34.html>.
57. *Frederick Warne*, 481 F. Supp. 1191; see also *DC Comics, Inc. v. Filmation*, 486 F. Supp. at 1277 (unfair competition claims arising from misuse of characters not preempted by the Copyright Act because such law protects rights “not equivalent” with any right granted by the Copyright Act.).
58. *Frederick Warne*, 481 F. Supp. at 1196 ; see also *Comedy Three Productions v. New Line Cinema*, 200 F.3d 593 (9th Cir. 2000); *Coca-Cola Co. v. Rodriguez Flavoring Syrups, Inc.*, 89 U.S.P.Q. 36 (Chief Examiner 1951) (rejected claim that Coca-Cola trademark entered public domain when copyright registration for bottle label expired).
59. See, e.g., *Frederick Warne*, 481 F. Supp. at 1197 n.3; *Silverman*, 870 F.2d 40 (2d Cir. 1989); cf. *Traffix Devices, Inc. v. Marketing Displays, Inc.*, U.S. (No. 99-1571 March 20, 2001) (Court expressly declined to rule on whether trade dress protection can provide protection for a product’s design that had been protected by an expired utility patent).
60. *In re D.C. Comics*, 689 F.2d 1042 (C.C.P.A. 1982).
61. 481 F. Supp. 1191 (S.D.N.Y. 1979).
62. *Frederick Warne*, 481 F. Supp. at 1195.
63. 157 F. Supp. 621 (S.D.N.Y. 1958).
64. *Id.*
65. It is notable in this case that the plaintiff did not pursue a copyright infringement cause of action.
66. The court noted that no elements from the television show were used to identify the costumes.
67. Superman and all related indicia are trademarks of DC Comics.
68. See *Detective Comics, Inc. v. Bruns Publ’n’s Inc.*, 111 F.2d 432 (2d Cir. 1940) (Wonderman held to infringe Superman); see also *National Periodical Publ’n’s, Inc. v. Fawcett Publ’n’s, Inc.*, 191 F.2d (2d Cir. 1951), *clarified*, 198 F.2d 927 (2d Cir. 1952).
69. 543 F. Supp. 1134 (C.D. Cal. 1982).
70. 900 F. Supp. 1287 (C.D. Cal. 1995).
71. *Suntrust*, D.C. Docket No. 01-00701-CV-CAP-1.
72. *Universal City Studios, Inc. v. Film Ventures Int’l, Inc.*, 543 F. Supp. 1134, 1141 (C.D. Cal. 1982).
73. *Metro-Goldwyn-Mayer, Inc.*, 900 F. Supp. 1287.
74. *Suntrust v. Houghton-Mifflin*, D.C. Docket No. 01-00701-CV-CAP-1.
75. *Id.*

76. *Suntrust v. Houghton Mifflin*, Civ. Action No. 1:01-CV-701-CAP (Apr. 9, 2001) (Second Claim of Plaintiff's Complaint).
77. *Id.*
78. Some of the character names had the same names as their counterparts.
79. Assuming such Identity Elements qualify for trademark protection.
80. *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 330; see *United We Stand America, Inc. v. United We Stand America New York, Inc.*, 128 F.3d 86 (2d Cir. 1994).
81. See generally Lee, Paul, *When Policies Collide: Why Continued Trademark Protection For Characters Out of Copyright is in the Public Interest*, Fordham University School of Law Independent Study (Spring 2000).
82. *Silverman*, 870 F.2d 40.
83. See *infra* note 101.
84. *Frederick Warne* 481 F. Supp. at 1195, (court enjoined use of imagery of Beatrix Potter's Peter Rabbit characters on cover and as corner art on a children's book including the text of Ms. Potter's stories that had entered the public domain); see Wyatt Earp case (court found that the text and layout of advertisements for the costumes were presented in a manner to convey the impression that the costumes were associated with the television show and that the use of the term "official" on the packaging and in advertisements for the costumes conveyed an erroneous association with the plaintiff).
85. See *Patten v. Superior Talking Pictures*, 8 F. Supp. 196 (S.D.N.Y. 1934) (the unauthorized use of the name of a fictional character, Frank Meriwell, from a series of more than 1,200 prose stories, as the name of a character in a film was held to be unfair competition).
86. *In re D.C. Comics, Inc.*, 689 F.2d. 1042, 1054 (CCPA 1982) (Nies, J. concurring).
87. See *Smith v. Chanel, Inc.*, 402 F.2d 562 (1968).
88. 200 F.3d 593 (9th Cir. 2000).
89. *Id.*, see also *Felix the Cat Prods., Inc. v. New Line Cinema Corp.*, 54 U.S.P.Q.2d (BNA) 1856 (C.D. Cal. 2000) (use of seven-second clip of "Poindexter" cartoon in movie *Pleasantville* did not infringe plaintiff's trademark rights since the character was not used to sell the movie, nor was the movie's financial success dependent on the character).
90. *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. at 337; see also *United We Stand America, Inc. v. United We Stand America New York, Inc.*, 128 F.3d 86 (2d Cir. 1994).
91. See *King v. Innovation Books*, 976 F.2d. 824 (2d Cir. 1992) (court recognized that the wrongful attribution of responsibility for a movie over which plaintiff has no control can cause plaintiff a loss of reputation with the public).
92. Alan Hartnick, *NYSBA Entertainment, Arts and Sports Law Journal*, Vol. 12 No. 2 at 24 (Summer 2001).
93. 870 F.2d 40.
94. *Id.*
95. 17 U.S.C. § 103.
96. See *Walt Disney Productions v. Good Times Publ'g*, 830 F. Supp. 762 (1993) (Disney brought an action against Good Times Publishing for trade dress infringement to stop Good Times from releasing its own videos of public domain stories, Pinocchio and Aladdin, to coincide with the Disney releases).
97. *Titan Sports, Inc. v. 3-G Productions*, 19 U.S.P.Q. 2d (BNA) 1867 (C.D. Cal. 1991).
98. Siegrun D. Kane, *Trademark Law: A Practitioner's Guide* pp. 79-81 (2d Ed.) (1991).
99. *Id.*, see also 15 U.S.C § 1057(b) (*prima facie* evidence of validity of registration, ownership of mark and exclusive right to use mark).
100. See *Defiance Button Machine Co. v. C & C Metal Prods. Corp.*, 759 F.2d 1053, 1059 (2d Cir. 1985), *cert. denied*, 474 U.S. 844 (1985).
101. See Note: *Rosencratz and Guildenstern are Dead, but are they Copyrightable?: Protection of Literary Characters with respect to Secondary Works*, *Rutgers Law Journal* (Spring 1999) (Citing John Locke, Matthew A. Kapan advances the proposition that if original authors refuse society's demands for more works, other authors should be allowed to continue where the original authors left off because otherwise the original authors' labors would go to waste and society would suffer.).

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**Lenny Forgiione, a student at Cardozo Law School, contributed to the preparation of this article.**

# Parody as Fair Use: Show Me the Funny (Part I)

By Jay Flemma

*This is Part I of a two-part article. Part II will address the specific questions that the author believes might be ripe for review by the U.S. Supreme Court.*

From the moment that the Supreme Court of the United States called the four factors which comprise the statutory considerations of the Fair Use Doctrine “the most troublesome in the whole law of copyright,”<sup>1</sup> attorneys, commentators and educators have likened interpreting and applying the four factors of the Fair Use Doctrine to being as daunting and frightening as a trek through the Burkettsville Woods of Maryland.<sup>2</sup> Many in the legal community derided the doctrine as “confusing,” “disorderly” and most commonly, “unpredictable.”<sup>3</sup> The interpretation of the doctrine has proven increasingly difficult, with its now prevalent use by defendants in infringement suits involved with file-sharing, instant, perfect copying and widespread distribution of intellectual property without payment of compensation to the copyright owner.

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Nevertheless, the doctrine is called Fair Use, not “Fear Use.” Despite the ambiguity some commentators attribute to the dicta in *Sony*, practitioners should also recognize the doctrine’s most salient asset: Its almost universal applicability. A doctrine that was once thought of as labyrinthine, it has been clarified by the analysis provided in recent file-sharing cases,<sup>4</sup> and fair use continues to prove itself a flexible and reliable standard which promotes the dual goals of copyright law by evenly analyzing and resolving the competing interests of both the creators and the public on the issues it addresses. Fair use has been used to balance the competing copyright interests in a myriad of instances—from creative intellectual expression to technological hardware. Some instances include audio/visual technologies,<sup>5</sup> musical compositions<sup>6</sup> and photographs of choreographed dance steps.<sup>7</sup>

Recently, fair use has been the centerpiece defense during the firestorm of controversy surrounding digital transfer of music by electronic means. It was the cornerstone of both MP3.com’s and Napster’s defenses against the Recording Industry Association of America and the music publishers’ respective lawsuits for

infringement and was therefore, intensely and thoroughly scrutinized, analyzed and ultimately rejected by the courts in those cases.

This article will focus on the specific fair use defense of parody, an important and widely used defense in entertainment cases. It will trace the history of the early discussions of the defense leading up to what was, at the time, the leading case in entertainment law, *Campbell v. Acuff-Rose Music, Inc.*

## Background: Fair Use as a Framework

Fair use is a balancing test designed to weigh the rights of authors and inventors to exploit their writings and discoveries against the right of the public to benefit from dissemination of the information or creative work. A mixed question of law and fact, it thoroughly and even-handedly explores the benefits afforded by the limited monopoly and the benefits enjoyed by allowing the copying or use by the general public, ultimately deciding whether to enforce the monopoly traditionally afforded to the author, or to limit it. While stimulation of creative thought through authorship (and its corresponding benefit to society) depends on protection of the creator’s monopoly, so too must society be able to benefit from reasonable limitation of the monopoly by permitting reasonable uses which promote further creativity. Therefore, for a use to be considered “fair,” it must serve the ultimate policy objective of stimulating creativity and promoting socially useful contributions without diminishing the incentives for such creativity.

One critical purpose of fair use is to avoid the stifling of creative thought through rigid adherence to copyright protection, even where that creativity looks backward to borrow from and criticize an earlier work, rather than forward and produces an original work which is wholly new.<sup>8</sup> As Justice Pierre N. Laval noted, “important areas of intellectual activity are explicitly referential. Philosophy, criticism, history and even the natural sciences require continuous reexamination of yesterday’s theses.”<sup>9</sup> Cognizant of this necessity, as a common theme, decisions appear to favor protection of (1) transformative value or an equivalent social benefit through commentary; (2) situations of minimal market harm possibility to an original work; and (3) good faith and fair dealing. If an unlicensed, commercial use is devoid of these elements, a court is likely to reject a defense of fair use. Fair use is an affirmative defense to

a claim of infringement; thus, the defendant has the burden of proof as to establishing the privilege.

Finally, like all great legal doctrines, common sense, pragmatism and simplicity are embraced. As entertainment practitioner Jay M. Fialkov concisely summarized, “the ultimate central inquiry is usually whether the user took just enough of the original work to merely reference it in making a new work, or did they steal the whole thing.”<sup>10</sup>

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*“True parody is the quintessential example of transformative value as it provides social commentary, humor, criticism or any combination of these virtues.”*

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True parody is the quintessential example of transformative value as it provides social commentary, humor, criticism or any combination of these virtues. As such, courts are liberal in allowing colorable claims of parody to pass muster under the fair use test. A true parody will likely, but not always be afforded protection, even despite a substantial taking from the original and the fact that the new work is being exploited for commercial gain. Though all four factors are important in the individual analysis, the threshold question is whether or not a new work based on an original contains enough transformative value to actually constitute a parody.

## The Roots of the Doctrine

The first American recognition of protection of intellectual property rights is found in the Constitution of the United States. Recognizing the need to stimulate and reward intellectual creativity, Congress granted the intellectual property protections set forth in article I, section 8, clause 8, in order to, “promote the Progress of Science and useful Arts by securing for a limited Time to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>11</sup>

The passage of 225 years has done nothing to erode this broad, yet elastic language. As the means of disseminating “writings” has evolved with technological advances over the last two centuries, the definition of writings has also broadened as well to encompass marvels never envisioned by the founding fathers. In an age where one ambiguous word in a clause can ruin an entire document, the definition of “writings” has proven remarkably versatile.

Despite offering a monopoly to authors and inventors to exploit the fruits of their creativity, such a monopoly is limited. It must be balanced appropriately against the public’s right to benefit from the dissemination of the information. Indeed, there are times when strict enforcement of an artist’s or author’s monopoly on his work or writing would inhibit the creativity or progress that copyright laws intended to promote. Therefore, copyright law does not always require a license or other type of permission to allow use of another’s intellectual property. There are four general ways to avoid the licensing requirement:

- (1) Obtain permission;
- (2) purchase the copyright outright;
- (3) create original intellectual property for one’s self; or
- (4) legal privilege, of which there are two types—one may use another’s intellectual property if it is either (a) in the public domain or (b) a fair use.

There are five general contexts in which fair use most commonly arises:

- (1) Photocopying;
- (2) criticism, commentary and news reporting;
- (3) parody, satire or burlesque;
- (4) the use of lines in a book; and
- (5) a few bars of music in a recording or audio/visual work.<sup>12</sup>

The doctrine is codified in U.S.C. § 107:

### Section 107. Limitations on Exclusive Rights: Fair Use.

the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research is not an infringement of copyright. In determining whether the use made of a work in a particular case is a fair use, the factors to be considered shall include:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation of the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>13</sup>

Congress also provided commentaries in a House Report for further guidance, stating that the variety of circumstances that can arise in particular cases precludes the formulation of exact rules. “Courts must be free to adapt the doctrine to particular situations on a case-by-case basis.”<sup>14</sup> Although the doctrine requires such an analysis, and although the Copyright Statute asserts that the four factors are not exclusive, they are frequently sufficient for any analysis, whether the subject of inquiry is technological hardware or creative expression. Nevertheless, the factors were not meant to be a scorecard which tallies like points. Instead, they are meant to promote examination of the facts from several different viewpoints—economic, pragmatic, cultural, equitable—and determine, *in toto*, whether the use promotes the dual goals of copyright or frustrates them.

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*“[I]f a commentary has no critical bearing on the substance or style of the original composition and the alleged infringer merely uses it to avoid the drudgery involved in producing an original piece, the claim to fairness in borrowing from another’s work diminishes accordingly.”*

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## Parody

Parody is generally afforded broad protection as fair use due to its beneficial effect on society’s intellectual growth. It offers commentary on arts, literature, politics and aspects of ordinary life. In *Berlin v. E.C. Publications, Inc.*,<sup>15</sup> the Second Circuit stated that parody, as a mirror to society, is a form of social commentary. Whether it provides biting analysis or merely a good laugh, it is a critical stimulus to both creative and critical thought. “[W]e believe that parody and satire are deserving of substantial freedom—both as entertainment and as a form of social and literary criticism . . . it is clear that the parody has neither the intent nor the effect of fulfilling the original, and where the parodist does not appropriate a greater amount of the original work that is necessary to ‘recall or conjure up’ the object of a satire, a finding of infringement would be improper.”<sup>16</sup>

## To Be a Parody or Not to Be a Parody: That Is the Question

The heart of any parodist’s claim, to quote from existing material, is the use of some elements of a prior author’s composition to create a new piece that, at least in part, makes commentary on the earlier work. Nevertheless, not all takings from earlier works can result in a claim of fair use through parody. Rather, if a commentary has no critical bearing on the substance or style of the original composition and the alleged infringer merely uses it to avoid the drudgery involved in producing an original piece, the claim to fairness in borrowing from another’s work diminishes accordingly. Where a use of a protected work fails to add any new insight or commentary, the right to claim fair use may vanish altogether. The initial question is whether or not a new work based on another original contains enough transformative value to actually be a parody. Perhaps the best way to start to define what a parody is, is to lay out some parameters as to what it is not. Two classic examples of this are *MCA v. Wilson*<sup>17</sup> and *Walt Disney Productions v. Mature Pictures*.<sup>18</sup>

### MCA and Disney

Welcome to the reddest of the law’s red-light districts. The facts of these cases depict instances of honky-tonk raunchiness at its most unapologetically risqué. In *MCA v. Wilson*, a pornographic play entitled “Let My People Come” was performed at a cabaret in Greenwich Village.<sup>19</sup> The Second Circuit noted that many reviewers who saw this play described it as an “erotic nude show”<sup>20</sup> with “sex content raunchy enough to satisfy the most jaded porno palate.”<sup>21</sup> One of the musical numbers was a rewrite of the lyrics of a ‘40s classic song, “Boogie Woogie Bugle Boy of Company B,” colorfully and alliteratively entitled “Cunnilingus Champion of Company C.”

The defendants claimed fair use through parody, stating that they intended the song to be a commentary on the morals and music of the 1940s. The court stated that while a permissible parody need not be directed solely at the copyrighted song, but may also reflect on life in general, “we are not prepared to hold that a commercial composer can plagiarize a competitor’s copyrighted song, substitute dirty lyrics of his own, perform it for commercial gain, and then escape liability by calling the end result a parody or satire on the mores of society.”<sup>22</sup>

One particular fact was central in influencing the court’s decision: At the time when the defendants’ song was written, it had not been intended to be a parody, nor had the defendants claimed that they were making a fair use of the plaintiff’s song. When the action was initiated, they merely denied the plaintiff’s allegations

that “Cunnilingus Champion of Company C” was substantially copied from the plaintiff’s work.<sup>23</sup> It was only after litigation began that the defendants formulated the legal theory to claim that it was a parody. The court found that this excuse was merely a pretext to avoid liability. Thus, the fair use defense did not insulate the play from liability for infringement.

*Disney v. Mature Pictures* had a similar set of facts. There, the pornographic movie *The Happy Hooker* featured the theme song from children’s show “The Mickey Mouse Club.” The theme song was played repeatedly while five naked men wearing Mickey Mouse ears engaged in various sexual acts with a woman. The original song was only two to three minutes long, but the song was repeated over and over again in a loop during the film for approximately six minutes. In the court’s view, this repetition (three times the original length), was more than enough to conjure up the original and, instead, constituted an excessive taking.<sup>24</sup> Once again, the claim of fair use failed. Further, like *MCA v. Wilson*, it was reasonable for the court to conclude that merely taking a song and playing it during a pornographic encounter did not have enough transformative value or social commentary to create a parody.<sup>25</sup> Indeed, there is no transformative value where one merely appropriates an entire work and places it in a context different from that in which it was originally featured.

### **Elsmere and Fisher**

Now let us turn to the identification and analysis of works which properly were regarded as parody. Where the Second Circuit held in *Berlin v. E.C. Publications, Inc.* that proper parodies are deserving of substantial freedom, this doctrine was expanded in *Elsmere Music, Inc. v. National Broadcasting Company*.<sup>26</sup> In *Elsmere*, a popular skit-based variety show, “Saturday Night Live,” portrayed the city fathers of Sodom and Gomorrah discussing an idea to improve their city’s image. The skit ended with the actors singing “I Love Sodom” to the tune of “I Love New York,” lampooning the highly successful and popular advertising jingle for New York State’s tourism industry. The court held that, “in today’s world of often unrelieved solemnity, copyright laws should be hospitable to the humor of parody.”<sup>27</sup> The court added that parody frequently needs to be more than a fleeting evocation of an original in order to make its humorous point.<sup>28</sup> Extensive use (and in the court’s eyes even more than just extensive use), would be permissible, provided that the parody built upon the original, and then contributed something new for either humorous effect or social commentary.<sup>29</sup>

The issue of amount and substantiality was clarified in *Fisher v. Dees*,<sup>30</sup> where a popular DJ, Rick Dees, copied the first six bars of an original song’s 38 bars of

music in order to conjure up the original and provide comic relief through colorful lyrics. The parody ran for 29 seconds of an approximately 40 minutes worth of material on Dees’ album, taking roughly 16 measures of Fisher’s music.<sup>31</sup> The court rejected prior cases which held that taking any amount greater than what was necessary to conjure up the original was an infringement. Instead, the court analyzed both qualitative and quantitative taking. Quantitatively, the amount purloined from the original work was minuscule when weighed against the length of the original piece. The court then listed three considerations in determining whether a taking was excessive: (1) The degree of public recognition of the original; (2) the ease of conjuring up the original work in the chosen medium; and (3) the focus of the parody.

The court observed that, when music is involved, there was a special need for accuracy and precision, as a song is difficult to parody effectively without exact or near exact copying. “Though the license to copy is not limitless, a parody that accomplishes its purpose in taking on no more than is necessary to reasonably accomplish the product purpose is fair use.”<sup>32</sup> Despite qualitatively appropriating the “heart” of the earlier work, the court ruled that there was sufficient transformative value in Dees’ new work. The new work expanded on the original by providing a humorous commentary while still possessing enough originality to be its own work, and not just merely an instance of stealing the original to avoid the drudgery of creating a new piece.

Finally, the court also analyzed the fourth factor, the economic effect of the new work on the original. It erroneously (as we will see) cited the U.S. Supreme Court in *Sony* that, “every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright.”<sup>33</sup> The court ruled that a defendant can rebut the “presumption” by demonstrating that the parody does not unfairly diminish the economic value of the original. Nevertheless, a parody taken too far could destroy the commercial and artistic value of the original if it exceeds any of the remaining three factors to such an extent that it is not merely biting criticism which suppresses demand for the original, but is, instead, an unfair appropriation that usurps the demand for the original. “Infringement occurs when a parody supplants the original and markets the original it is aimed at, or in which the original is, or has reasonable potential to become, commercially viable.”<sup>34</sup> Believing that consumers who desired romantic, nostalgic ballads such as the original song would not be interested in purchasing the parody version by Dees, the court ruled that the parody did not adversely affect the economic value of the original.

### **Campbell v. Acuff-Rose Music, Inc.**

In *Campbell v. Acuff-Rose Music, Inc.*,<sup>35</sup> music publisher Acuff-Rose brought suit against rap artist Luther Campbell and his group “2 Live Crew” regarding their allegedly parodic version of “Oh Pretty Woman” by Roy Orbison and Bill Dees. Where the original had been a wholesome love song, the alleged parody contained colorful, and to some, offensive lyrics. Prior to its release, even though he claimed that the song was a parody, Campbell sought Acuff-Rose’s permission to publicly release the song based on the original. Acuff-Rose denied the request. In addition to not obtaining either a compulsory or mechanical license, Campbell manufactured and distributed his version and made no royalty payments to the music publisher. He continued to claim parody as fair use. The album sold over 250,000 copies. Although the district court found that Campbell’s recording was a fair use, the Sixth Circuit Court of Appeals reversed. Relying on dictum in *Sony*, it held that any commercial use of another’s work prohibited the applicability of a defense of fair use and instead constituted infringement.

In a unanimous opinion written by Justice Souter, the Supreme Court of the United States overturned the Sixth Circuit. The Court rejected the notion that a commercial use via parody is presumptively unfair and held that in a proper analysis of fair use, while commercial purpose is relevant, it is not dispositive. An uncensored commercial use of copyrighted material may still be fair use.<sup>36</sup> The Court also ruled that the lower court erred in holding that 2 Live Crew unnecessarily copied excessively from “Oh Pretty Woman.”<sup>37</sup> The Court remanded the case to the trial court for a determination of whether or not Luther Campbell excessively copied elements of the original song and required an analysis of whether or not Two Live Crew’s version harmed the potential market, derivative or otherwise, for the original version of “Oh Pretty Woman.”<sup>38</sup> The case was ultimately settled.

Justice Souter noted that the very nature of fair use precludes its rigid application of bright line rules.<sup>39</sup> Instead, the four factors must be addressed collectively—not weighed in isolation—and must be analyzed in light of what type of copyrighted work is at issue.<sup>40</sup> Of particular import, the Sixth Circuit relied on *Sony*, a case which involved a new technology, and which resulted in a fair-use analysis that required giving different weight to the individual factors than would an analysis of an individual song. For example, where the third factor, the totality of the taking, would all but be obviated in the instance of analyzing a new technology such as a VCR or file sharing, when used to analyze a parody, the third factor is weighed more heavily in order to determine whether or not there is excessive taking.<sup>41</sup>

First, the Court focused on the amount of the transformation effectuated by the work that was claimed to be a parody. “The threshold question . . . is whether parodic character may be reasonably perceived.”<sup>42</sup> The Court affirmed that not every humorous rendition of a previous work qualifies as a parody. The parody must target the original underlying work and not merely use that work as a vehicle. The Court then opined that parody has an obvious claim to transformative value as it provides social benefit by shedding light on an earlier work and, in the process, creates a new one.<sup>43</sup> If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition and the alleged infringer merely uses it to get attention or to avoid creating something new, the claim to fairness in borrowing from another’s work diminishes accordingly, if it does not vanish, and other factors like the extent of its commerciality, loom larger. While parodic use is not presumptively fair use, despite the shocking lyrics, here the Supreme Court agreed with the District Court that the new work did comment on and criticize the original by deridingly demonstrating how bland and banal the original seemed to the author.<sup>44</sup>

This point is critical. All three courts: The Supreme Court, the Sixth Circuit and the District Court opined that there was at least some commentary on the original. Nevertheless, upon finding that, they did not take the next step of evaluating its quality. The threshold question is whether a parodic character may be reasonably perceived. The only further judgment the court may pass, according to the Supreme Court, is whether the parodic element is slight or great and whether the copying is small or extensive in relation to the parodic element or the taking of the original.<sup>45</sup> Therefore, factors three and four do not utterly vanish upon a claim of parody. The Court of Appeals erred in cutting short the inquiry into Two Live Crew’s fair use claim by confining the treatment of the first factor essentially to one relevant fact, the commercial nature of the use. The court overinflated the significance of the fact by applying a presumption ostensibly culled from *Sony* that every commercial use of copyrighted material is presumptively unfair.<sup>46</sup> The commercial or nonprofit purpose of the work is only one element of the first factor and must be weighed in accordance with the transformative value.

The second factor, the nature of the copyrighted work, is intended to demonstrate that some works are closer to the core of intended copyright protection than others. Since the original song was a creative expression for public dissemination intended to reap economic benefits of the originator, this factor weighed in favor of protection and, therefore, in favor of the original writer. Nevertheless, the Court recognized that this particular factor was not dispositively helpful in the analysis

regarding parodies, since parodies almost invariably copy publicly known expressive works.

The third factor, the amount and substantiality of the portion taken in relation to the copyrighted work as a whole, “turns to the persuasiveness of the parodist’s justification for the particular copying done. And the inquiry will harken back to the first of the statutory factors.”<sup>47</sup> The Court also noted that this factor may weigh differently depending on the action at bar. When analyzing a new technology such as a VCR or file sharing, the importance of this factor diminishes, as there is no point to taking anything less than the entirety of the original. However, in analyzing parody, the weight of this factor increases accordingly and is appropriately weighed against both the first and fourth factors.

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*“Creators of imaginative works are unlikely to license critical reviews or lampoons of their originals. Therefore, there is no protectable derivative market for criticism.”*

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Even substantial quotations may qualify as a fair use, where no more was taken than necessary, both qualitatively and quantitatively. In *Campbell*, the Court made the critical finding that a parodist must take essentially the heart of the original in order to conjure up the original to the audience for which the parody was intended. “Parody humor, or, in any event, its comment necessarily springs from recognizable illusion to its object through distorted imitation.”<sup>48</sup> Indeed, if Two Live Crew had copied a significantly less memorable part of the original, it would be difficult to see how the parodic character could be perceived. Nevertheless, context is everything, as the Court stated, and the question of fairness asks what else the parodist did besides purloin the heart of the original. The Court found that Two Live Crew not only copied the first line of the original but also copied the bass line, then repeated it. While the Court held that no more than was necessary was taken with regard to the lyrics, repetition of the bass line may have constituted excessive copying, and the case was remanded to permit evaluation of the amount taken in light of the song’s parodic purpose and character.

Finally, the fourth factor, the effect of the use upon a potential market for the original, requires the Court to consider the extent of market harm and whether unrestricted widespread conduct of the sort engaged by the defendant would have a financially adverse impact on the potential market for the original. The inquiry must

take into account not only harm to the original, but also harm to the market for derivative works.<sup>49</sup> The Court held that no presumption or inference of market harm that may find support in *Sony* was applicable in a case involving something other than mere duplication for commercial purposes. The Court again highlighted the distinction between technology cases and cases involving copying. In *Sony*, such wholesale copying clearly superseded the original and served as a market replacement for the original, rather than an alternative. However, where the second use is transformative, market harm may not be so readily inferred.<sup>50</sup> The parody and the original may serve different market functions. While the Court did not suggest that a parody may not harm the market for the original, nevertheless even a lethal parody, one which destroys the market for the original, does not produce a harm cognizable under the copyright act, since parody may quite legitimately aim at garroting the original. “Biting criticism merely suppresses demand and copyright infringement usurps it.”<sup>51</sup>

Creators of imaginative works are unlikely to license critical reviews or lampoons of their originals. Therefore, there is no protectable derivative market for criticism.<sup>52</sup> The law must look beyond the criticism to the other elements and, indeed, it is those other elements that provide the balance in determining what is a fair use. While a copyright owner has the exclusive right to authorize derivative works, if there is no chance that the copyright owner will enter into the derivative area, it is possible that the claim to those derivative areas would frustrate the purposes of copyright law and the doctrine of fair use. Since copyright owners are unlikely to license at any price derivative works that criticize their original creations, the Supreme Court justifiably held that there was no protectable derivative market for criticism. Therefore, the Court held that while Two Live Crew’s parody could not usurp a non-existent derivative market, there is a protectable market for derivative works that possess characteristics beyond mere parodic criticism.<sup>53</sup> As there was no evidence with regard to any potential harm to the original in the record, the case had to be remanded for expert testimony in that regard as well. Nevertheless, the Court did not go so far as to say that even if the copyright owner did not intend to enter into the derivative area, that area is protected.

## Endnotes

1. *SONY Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).
2. Referring to *The Blair Witch Project*, a popular modern American horror film.
3. Lloyd L. Weinrib, “Toward A Fair Use Standard,” 103 Harv. L. Rev. 1137 (1990).

4. *UMG Recordings, Inc., et al., v. MP3.com*, 92 F. Supp. 2d 349 (S.D.N.Y. 2000), 2000 Lexis 5761 (May 4, 2000); *A&M Records v. Napster, Inc.*, 114 F. Supp. 2d 896 (N.D. Cal. 2000), *aff'd in pertinent part*, 2001 U.S. App. LEXIS 1941 (9th Cir. Feb. 12, 2001).
5. *Id.*
6. *Campbell v. Acuff-Rose*, 510 U.S. 569 (1994). In successfully adapting to new innovations in technology, copyright has been the legal mechanism that has facilitated change and encouraged creative, progressive advancements in civilization.
7. *Horgan v. MacMillan, Inc.*, 789 F.2d 157 (2d Cir. 1986).
8. Some of the world's greatest masterpieces borrowed heavily from works that came before.
9. Pierre N. Laval, *Toward a Fair Use Standard*, 103 Harv. L. Rev., p. 1109 (March 1990).
10. Interview with Attorney Fialkov, Boston, Mass., July 1995.
11. U.S. Const., art. I, § 8, cl. 8.
12. *Kohn on Music Licensing*, p. 1360.
13. 17 U.S.C. § 107 (emphasis added). Prior to 1976, the doctrine of fair use had been solely a product of court decisions ruling in individual civil actions. Nevertheless, Congress found it important enough to provide guidelines in the form of a statute on the parameters of the Fair Use Doctrine and its resulting limitations on exclusive rights.
14. 1976 H.R. Rep. No. 94-1476 at 65, 66.
15. 329 F.2d 57 (2d Cir. 1964).
16. *Id.* at 58.
17. 677 F.2d 180 (2d Cir. 1981).
18. 389 F. Supp. 1397 (S.D.N.Y. 1975).
19. *Id.* at 181. The Second Circuit noted that many reviewers who saw this play described it as an "erotic nude show" with "sex content raunchy enough to satisfy the most jaded porno palate."
20. *Id.*
21. *Id.*
22. *Id.* at 182.
23. It was only after litigation began that the defendants formulated the idea to claim it was a parody. The Court found that this excuse was merely a pretext to avoid liability.
24. *See Disney*, 389 F. Supp. at 1401 (S.D.N.Y. 1975).
25. *See Id.* at 1400.
26. 623 F.2d 252 (2d Cir. 1980).
27. *Id.* at 741.
28. *Id.* at 435.
29. *Id.*
30. 794 F.2d at 432 (9th Cir. 1986).
31. *Id.* at 434. Further, Dees requested permission from Fisher to use the original work prior to releasing the parody but was denied. The Ninth Circuit noted that since very few authors would welcome a parody of their work, requests were likely to be denied. As such, a denied request does not necessarily result in copyright infringement where the author publishes anyway, after his request was rebuffed.
32. *Kohn on Music Licensing*, p. 1371.
33. *Id.* citing *SONY v. Universal City Studios, Inc.*, 467 U.S. 417 (1984); *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985).
34. *Sony*, 467 U.S. at 438.
35. 510 U.S. 569 (1994). As the landmark case involving music and parody, it has been cited as authority over 581 times in reported decisions and articles as of this writing.
36. *Id.* at 594.
37. *Id.*
38. *Id.*
39. *Id.* at 578.
40. *Id.*
41. *Id.* at 586-87. In the case of file sharing or a new technology, any taking other than a total taking would obviate the issue completely as the copier would be left with an incomplete product.
42. *Id.* at 582. One will note that the parodic element could not be reasonably perceived in either *Disney v. Mature Pictures* or *MCA v. Wilson*, as there was little or no transformation of the original work.
43. *See Id.* at 579; *Fisher v. Dees*, 794 F.2d 432 (9th Cir. 1986); *Elsmere Music, Inc. v. NBC National Broad. Co.*, 482 F. Supp. 741 (S.D.N.Y.), *aff'd*, 623 F.2d 252 (2d Cir. 1980).
44. *Campbell*, 510 U.S. at 581.
45. *Id.* at 581.
46. *See Id.* at 584.
47. *Id.* at 586. It is important to note as well that the First Amendment analysis may be made under the factor. The essential question to be asked is "Whose work is this anyway?" "Is it your work, Mr. Parodist, or is it really someone else's work from which you borrowed too much?" There can be no claim to free speech if the speech is, in fact, stolen.
48. *Id.* at 588 (citing *Elsmere Music*, 623 F.2d at 253 and *Fisher*, 794 F.2d at 438-39).
49. *Id.* at 590; *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 568 (1985).
50. *Campbell*, 510 U.S. at 591.
51. *Id.* at 592; *Fisher v. Dees*, 794 F.2d at 438.
52. *See Campbell*, 510 U.S. at 592.
53. Some commentators have held that there were actually four markets for exploitation regarding "Oh Pretty Woman." First, there was the market for the original. Second, there was the market for pure parody, rap versions. Third, there was a market for non-parody rap versions. Fourth, there was a market for non-rap parody versions. While the first two markets are held not to be susceptible to actionable interference by parody, the market for a non-parody rap version was protectable under copyright law.

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# A Brief History and Then, the Future of Trademarks

By Alan J. Hartnick

Not too long ago, I attended a meeting of trademark lawyers, and was amazed that so few knew the history behind trademark law. This article will therefore look back to the source of trademark law and then make forecasts for the future. The use of trademarks in e-commerce and as speech has intensified. Business reputation and goodwill as symbolized by trademarks appear to be adapting to cyberspace.

## The Past

The law on this subject may be traced back far further than the 19th century, when the industrial revolution caused a surge in the development in this area on both sides of the Atlantic. The law of trademarks and unfair competition had its roots in the common law action of deceit. The gravamen of the original tort was the fraudulent marketing of goods through imitation of another's trademark. Today, source confusion, inherent or acquired, and the likelihood of confusion, remain the dominant issues. But when did it begin?

The foremost trademark historian, Frank I. Schechter, who argued that the usage and regulation of trademarks by medieval and renaissance guilds established the antiquity of trademark law in England and throughout Europe, nevertheless stated that most commentators assign the origin of the common law protection of trademarks to the early 19th century.<sup>1</sup> *Sykes v. Sykes*, decided in 1824,<sup>2</sup> was considered the first reported case to squarely involve the protection of trademarks by an English common law court.

However, there would be little to write about if that were all. Professors Pattishall, Hilliard and Welch wrote that:

The recorded development of this area of the law is surprisingly recent. What was believed to be the first written reference to a trademark case had been described as 'an irrelevant reminiscent dictum' appearing in a non-trademark case decision entitled *Southern v. How*, Popham 143, 79 Eng. Reprint 1243, first reported in 1656. English courts ever since have relied upon *Southern v. How* for their jurisdiction to prevent trademark piracy.<sup>3</sup>

The conflicting accounts of *Southern* do not provide a precedent for the foundation of trademark law. "An irrelevant dictum" does not trace origin. Is it possible

that trademark infringement and unfair competition were a violation of English common law before the 17th century? Is it possible in Elizabethan times that the decline of the guilds, the escalation of the powers of the general government and the growing English economy converged so as to remove the regulation of trademarks from the guild jurisprudence to the common law courts? *Southern* does not help us.

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*"The law of trademarks and unfair competition had its roots in the common law action of deceit. The gravamen of the original tort was the fraudulent marketing of goods through imitation of another's trademark."*

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In a brilliant essay, upon which part of this article is based, Keith M. Stolte analyzes the "lost" case which is referred to in *Southern*, which included a very brief, ambiguous account of an unnamed prior action. The missing link, the unnamed prior action, is *Sandforth's Case* decided in 1584 and not found until the late 1970s. The most respected legal historian, Professor J.H. Baker, discovered and translated *Sandforth's Case*,<sup>4</sup> which was heard during the middle of Queen Elizabeth's reign. In *Sandforth*, the plaintiff cloth maker was held to have a cause of action against defendant's "deceitful mark[ing]" of its cloths with plaintiff's mark and design.

Stolte wrote:

*Sandforth's Case* is the bridge sought by legal scholars, between trademark regulations by the medieval England trade guilds and the birth of modern trademark jurisprudence in the Common Law Courts of the nineteenth century.

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The plaintiff's attorney seems to have framed the issues and facts in the complaint of *Sandforth's Case* in a manner that is remarkably modern. . . . Can it be a mere coincidence that a practitioner of the mid-Elizabethan age had the tools and presence of mind to draft a

complaint that, if the pleaded facts were found to be true, would sail to a summary judgment, complete with a grant of increased damages, attorney's fees and costs? While this question calls for wild and unnecessary speculation, it highlights the possibility that actions of the sort found in *Sandforth's Case*, may not have been uncommon during the sixteenth century, and that the plaintiff's attorney may have had doctrinal resources at hand to assist him in drafting his complaint.<sup>5</sup>

The *Sandforth* decision recognized the damage sustained by the senior user and declared that relief was available under the common law. Therefore, the origins of the common law of trademarks can be assigned to the 16th century and not, as historically argued, the 19th.

The 16th century court, to quote Stolte:

recognized that the prevailing economic and commercial realities of the realm required the promulgation or expansion of the common law to protect merchants against trademark piracy and unfair methods of competition in the marketplace. Anticipating the substantial development of the law during the Industrial Revolution 250 years later, the courts of the Elizabethan era witnessed extraordinary economic and commercial growth throughout England and probably had little alternative but to fashion the common law to meet the exigencies of the times.<sup>6</sup>

The principles of trademark law are part of common sense and are not complicated: No one can represent his goods or services as that of another. Judge Learned Hand's famous statement in *Yale Electric* tells it all:

The law of unfair trade comes down very nearly to this—as judges have repeated again and again—that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and the Prophets on the subject, though it assumes many guises.<sup>7</sup>

To end our brief historical survey on an intriguing note: A notation in the court records of Fairfax County,

Virginia, discloses that in 1772, George Washington, a resident of the county and then only a farmer and businessman, went to the court to record a trademark for his flour which he proposed to name simply: G. Washington.<sup>8</sup>

Who would have thought that the father of our country was interested in trademark law?

## The Future

In an informational society, lawyers and business people are relying on expanding interpretations of traditional intellectual property law in order to establish enhanced protection for products and services. The major prediction for trademark law is that there will be *one* trademark worldwide, with simplified national territorial registration, and that trademarks will be more like a property right, owned in gross, rather than merely as source identification.

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Conceptually, trademarks do not exist without goodwill. Trademarks are not property, but are an expression of goodwill, and cannot be assigned without the business in which they were associated. If trademarks become property, they should be assignable in gross. I suggest that trademarks are becoming more like property, rather than merely adjuncts to goodwill.

The keys to the immediate future are trade dress, dilution, domain names, cybersquatting and trademarks as speech.

## Trade Dress

Efforts for more than 50 years to pass a design protection law have failed in the United States. Since the United States does not have a design protection law that protects designs for a limited period, courts have relied on trade dress trademark doctrine to extend *perpetual* protection for some designs—under the arguably fictitious theory that they indicate source of origin. The Supreme Court, in *Wal-Mart Stores, Inc.*,<sup>9</sup> has tried to rein in this judge-made doctrine by requiring secondary

meaning as far as product design is concerned, holding that design, like color, cannot be “inherently distinctive” in the trademark sense. The test continues to be inherent distinctiveness, however, for product packaging trade dress, as opposed to product design trade dress. A design protection law would have a limited duration and would not create a new monopoly. It would have been simpler to have such an industrial property law. Without a design protection law, our judge-made design law through trade dress constitutes the most protectionist design law in the world.<sup>10</sup>

## Dilution

The concept of trademark “dilution,” as distinct from “infringement,” is to prevent the whittling away or blurring of trademarks. The rub with “dilution” is that it appears to create trademark property rights in suitably “unique” marks, irrespective of confusion or competition. Therefore, in *Ringling Bros.*, a leading case,<sup>11</sup> the court, in applying the new federal Dilution Act,<sup>12</sup> stringently interpreted “dilution” to mean: “(1) A sufficient similarity between the junior and senior marks to evoke an ‘instructive mental association’ of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark’s selling power expressed as ‘its capacity to identify and distinguish cause and services.’”

My prediction is that the Fourth Circuit’s interpretation, trying to limit dilution, will be “more honour’d in the breach than the observance.”<sup>13</sup> I believe that we will be surprised as to how many famous marks there will be.

If famous marks are protected irrespective of confusion or competition, trademarks, like patents and copyright, become property and not mere expressions of goodwill. The touchstone of trademark is no longer a limited right to prevent confusion.

## Domain Names

Trademarks can be used as domain names, or Internet addresses. Under most countries’ trademark laws, different companies may own the same or similar trademarks for different products and in different geographic areas. However, only one may own a domain name.

Cybersquatting, which involves the registration of well-known trademarks by a non-trademark owner, has been declared illegal by the Anti-Cybersquatting Consumer Protection Act.<sup>14</sup> Under the new Act, the court must first determine if the mark is “distinctive” or “famous.” Distinctiveness refers to inherent qualities of a mark, and is a completely different concept than

fame. A mark may be distinctive before it has been used, when its fame is nonexistent.<sup>15</sup>

The blurring of “distinctive” and “famous” may lessen the standard and proof of fame, and may make dilution easier to prove. Cases are accumulating concerning the use of trademarks in the texts of Web sites and as metatags. There are presently nonjudicial methods to resolve disputes between trademark holders and domain name registrants. At this time, the four approved dispute-resolution service providers are: The World Intellectual Property Organization, The National Arbitration Forum, the Disputes.org/eResolution Consortium and the CPR Institute for Dispute Resolution. The decisions in most cases seem to favor trademark owners.

## First Amendment Considerations

Trademarks have entered ordinary language. Since there is a trend granting trademarks absolute property rights, then there must be a counter-trend, limiting the monopoly power of a trademark, by either the fair use provision of the Lanham Act,<sup>16</sup> or the First Amendment. Courts increasingly refuse to enjoin the noncommercial use of a trademark by a defendant in a protected form of expression.<sup>17</sup> As an example, the “Barbie Girl” song achieves First Amendment protection.<sup>18</sup>

One unintended success of trademarks is that they have entered speech. The future may bring many cases in which the trademark owner’s interest may take second place to public access.

## International

There are advantages for obtaining other national or regional registrations. For important marks, there should be a registration in every country. The new international trademark treaty, the Madrid Protocol, does not harmonize the national trademark laws of signatory states. It is a procedural vehicle for more efficient international registration through the registries of signatory states. It is different from regional registrations such as the EU’s Community Trademark system, in which one registration serves 15 countries. Notwithstanding the effect of the Internet, it is unlikely in the near future that there will be a supernational trademark registration for all countries in the world. Trademarks, like copyrights, remain territorial. For example, the nations forming the EU system still maintain national registries alongside the EU system.

International agreements tend to harmonize local trademark laws. For example, some civil law countries, such as France (where historically trademark protection

was obtained through filing without official examination for confusing similarity to prior registrations), have now adopted, at least on paper, examination procedures. Conversely, many countries which formerly examined applications and refused those applications which an examiner found to conflict with prior rights, now simply alert the applicant to the potential conflict, but have no basis for refusing the application on this basis alone. The EU has adopted this latter model. Such a model is in line with the spirit of free trade, but shifts a significant portion of the burden for enforcement from governments to the established trademark owner. The proprietor of an “international” trademark must be vigilant, and private watch services to look for overseas infringements become mandatory.

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*“In my view, it is easier to win a trademark case than a copyright case.”*

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## Conclusion

When I was a young lawyer, trademark law was a marketing tool for products, whereas copyright law dealt with literary and music property. Software, computers and e-commerce have changed the importance of intellectual property law.

U.S. core copyright industries have achieved more foreign sales and exports than agriculture, automobiles and auto parts and the aircraft industry. Technology is behind this growth. The Internet has enormous consequences as to ownership and control of *content*, which is the new buzzword for literary property. Trademark and the expansive interpretation of section 43(a) play a leading role in the new economy. In my view, it is easier to win a trademark case than a copyright case.

A happy note for lawyers: The importance of intellectual property law explains why so many law firms have or will have IP departments!

## Endnotes

1. Schechter, *The Historical Foundations of the Law Relating to Trade-marks* n.1, at 11 (1925).
2. 107 Eng. Rep. 834 (K.B. 1824). See *Snowden v. Noah*, Hopk. Ch. 347 (N.Y. Ch. 1825) for the first American trademark case.
3. *Trademark and Unfair Competition*, at 101 (3d ed.) (Matthew Bender 1998).
4. *Sandforth's Case*, Cory's Entries, BL MS, Hargrave 123, fo. 168; reprinted in Baker & Milsom, *Sources of English History—Private Law to 1750*, p. 615-18 (1986).
5. Stolte, *How Early Did Anglo-American Trademark Law Begin? An Answer To Schechter's Conundrum*, Fordham Intell. Prop. Media & Ent. L. J. Vol. VIII, No. 2 at 505 (1998).
6. *Id.* at 541.
7. *Yale Electric Corp. v. Robertson*, 26 F.2d 972, 973-974 (2d Cir. 1928).
8. *Trademark and Unfair Competition*, *supra* n.3 at 1.01.
9. *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 120 S. Ct. 1339 (2000).
10. Reichman, *Past and Current Trends in the Evolution of Design Protection Law—A Comment*, Fordham Intell. Prop. Media & Ent. L. J. Vol. IV, No. 1 at 392 (1993).
11. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah*, 170 F.3d 449 (4th Cir. 1999).
12. 15 U.S.C. § 1125(c)(1).
13. The circuit courts are divided as to whether proof of actual dilution is required. The 5th Circuit agreed with the 4th Circuit, but the 2d and 7th do not. Compare *Westchester Media v. PRL USA Holdings*, 214 F.3d 658 (5th Cir. 2000) with *Nabisco v. PF Brands*, 191 F.3d 208 (2d Cir. 1999).
14. 15 U.S.C. § 1125(d)(1)(A).
15. *Sporty's Farm v. Sportsman's Market, Inc.*, 202 F.3d 489 (2d Cir. 2000).
16. 15 U.S.C. § 1115(b)(4).
17. *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302 (9th Cir. 1992).
18. *Mattel Inc. v. MCA Records, Inc.*, 46 U.S.P.Q. 1407 (C.D. Cal. 1998).

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# ***Itar-Tass* Revisited: Should U.S. Courts Apply Foreign Copyright Law?**

By David Z. Petty

In 1998 the Second Circuit intrepidly entered and altered the increasingly interlocking worlds of copyright and international law with its decision in *Itar-Tass Russian News Agency v. Russian Kurier*.<sup>1</sup> The case involved a New York-based Russian-language newspaper (*Kurier*) that copied about 500 articles from Russian periodicals.<sup>2</sup> The plaintiffs, a collection of Russian magazine and newspaper publishers and a Russian wire service, brought suit against *Kurier* for copyright infringement in the Federal District Court for the Southern District of New York.<sup>3</sup> The defendants did not deny copying the articles without the permission of the plaintiffs.<sup>4</sup> In issuing a preliminary injunction, Judge Koeltl noted that the copied works fell within the parameters of the Berne Convention, and that the plaintiffs' rights were "entitled to protection under the Russian Copyright Law."<sup>5</sup> At the same time, Judge Koeltl acknowledged the controversy over what constituted a "work as a whole" under Russian law.<sup>6</sup>

At trial, both sides produced experts to help the court determine whether Russian law gave publishers a right to a work, similar to the American work-for-hire doctrine.<sup>7</sup> The plaintiffs' expert testified that Russian copyright law gave the newspapers rights to the articles themselves, as well as the publication as a whole, while the defendants' expert stated that under Russian law the articles belonged exclusively to the authors.<sup>8</sup> Judge Koeltl decided in favor of the plaintiffs' expert and awarded damages to the plaintiffs.<sup>9</sup>

On appeal, the Second Circuit decided that the threshold issue of choice of law had to be decided, before Russian law could be applied, to determine ownership of the copyrights in the articles.<sup>10</sup> The court found that neither the Copyright Act nor the Berne Convention (and its implementing legislation, the Berne Convention Implementation Act or BCIA) provided an adequate source of law for selecting a conflicts rule.<sup>11</sup> Therefore, the court decided to "fill the interstices of the Act by developing federal common law on the conflicts issue."<sup>12</sup> In performing its conflict of law analysis based on the Restatement (Second) of Conflict of Laws, the court declared that the choice of law was not necessarily the same for all issues.<sup>13</sup> The court was then free to find that the ownership element of the case should be decided under Russian law, since "the interests of the parties in property are determined by the law of the state with 'the most significant relationship' to the property and the parties."<sup>14</sup> Alternatively, the court

used the conflicts principle of *lex loci delicti* to find that the infringement issue should be determined by U.S. copyright law.<sup>15</sup> Ultimately, the court decided that under Russian copyright law, the publishers only owned a right to the overall publication, and not the articles themselves.<sup>16</sup>

The *Itar-Tass* case is significant for two reasons. First, the court broke new ground by implementing a conflict of law analysis when it decided to apply foreign law to the ownership issue of a copyright infringement claim in federal court. While U.S. courts have applied foreign law in other areas in the past, they generally have not incorporated it into the ownership element of a U.S. copyright infringement claim. This new-found approach to reconciling copyright law and international law has since been seized upon in subsequent cases, and may create many more problems than it purports to erase.<sup>17</sup> Secondly, this decision has the potential to greatly affect the rights of not just U.S. authors and employers, but those involved in creating copyrighted works around the world. Ownership rights can vary from nation to nation, and applying the ownership laws of other nations could result in decisions by U.S. courts that run contrary to U.S. public policy and the expectations of domestic and foreign authors and employers alike. These two underlying concerns will be explored in the context of the impact of the *Itar-Tass* decision regarding precedent, U.S. treaty obligations and national and international public policy issues.

## **The Case Law Prior to *Itar-Tass***

The Second Circuit in *Itar-Tass* took a rather novel route to determine the necessity of using foreign copyright law to determine ownership. By reviewing and incorporating conflict of law principles, the Berne Convention and the 1976 Copyright Act, the Second Circuit was able to develop a credible, if not controversial and incorrect analysis for approaching copyright cases involving litigants from other nations. The Second Circuit's creative approach was the result of a paucity of conflict of law analysis in international copyright suits involving works created by employees of foreign corporations. The court contrasted several prior decisions that applied the U.S. work-for-hire doctrine against several other decisions that applied foreign laws to determine ownership.<sup>18</sup> In neither group of cases did these courts even consider a conflicts analysis.<sup>19</sup> The Second Circuit seemed rightfully surprised that the decisions

could so nonchalantly determine which nation's law to apply, without some kind of discussion of conflicts and international law.

Despite *Itar-Tass's* innovative and erudite approach, however, there remains doubt as to whether *stare decisis*, the Berne Convention and the Copyright Act of 1976 even allow for such a conflict of law balancing test. One may contend that these instruments preclude the application of foreign laws to U.S. copyright infringement suits, thus making a conflict of laws analysis irrelevant. A cursory review of U.S. international copyright case law will help determine the validity of any criticism.

While foreign laws have been applied by U.S. courts (both state and federal) in many areas of law before,<sup>20</sup> copyright law, both domestically and internationally, has a history of territoriality, and many U.S. cases prior to *Itar-Tass* supported this restraint. In fact, the one case that the *Itar-Tass* court cites to support its interpretation of the Berne Convention that allows for application of foreign law admits that, "[a]lthough the need to apply foreign law is not in itself reason to dismiss a case for *forum non conveniens*, the need to apply foreign law to this case militates in favor of dismissal."<sup>21</sup> Surprisingly, the *Itar-Tass* court failed to mention two of the more controlling cases of international copyright analysis, *Subafilms, Ltd. v. MGM-Pathe Communications Co.*<sup>22</sup> and *Creative Technology, Ltd. v. Aztech Systems PTE, Ltd.*<sup>23</sup>

In *Subafilms*, the Ninth Circuit found that domestic authorization of extraterritorial acts of infringement could not be adjudicated in U.S. courts under the Copyright Act.<sup>24</sup> While the bulk of the analysis was devoted to demonstrating that the U.S. Copyright Act was not extraterritorial, the court also acknowledged that copyright law in general is not extraterritorial.<sup>25</sup> This latter declaration would seem to squarely address *Itar-Tass's* desire to bring foreign copyright law into U.S. courts. *Subafilms* accepted that U.S. courts theoretically could recognize foreign claims, but also was quick to point out the lack of precedent for such a practice and the difficulty in its application.<sup>26</sup> Furthermore, to back up its contention that the Copyright Act is not extraterritorial, the Ninth Circuit cited the well-worn maxim that "[t]he copyright laws of one country have no extraterritorial operation, unless otherwise provided."<sup>27</sup> The Berne Convention<sup>28</sup> would be the controlling instrument that would "otherwise provide," and the Convention requires each member to abide by the principle of national treatment.<sup>29</sup> The *Subafilms* court explained national treatment with an example: "A work of an American national first generated in America will receive the same protection in a foreign nation as that country accords to the works of its own nationals."<sup>30</sup> The court went on to declare that "it is commonly acknowledged that the *national treatment principle impli-*

*cates a rule of territoriality*" (emphasis added).<sup>31</sup> The *Subafilms* ruling should have presented an obstacle to arriving at a decision like *Itar-Tass*, yet the Second Circuit apparently felt no need to even note such a strong condemnation of extraterritoriality. Of course, the language of *Subafilms* could have been shrugged off as dicta from a circuit 3,000 miles away, but the issues raised by this case were too significant for the Second Circuit to have dismissed them outright while constructing a novel judicial methodology.

*Creative Technology* built on *Subafilms's* approach to national treatment and extraterritoriality of copyright law. The Ninth Circuit found that national treatment and territoriality as found in copyright law are choice of law principles that do not keep a U.S. court from dismissing a suit for *forum non conveniens* purposes.<sup>32</sup> In determining that national treatment does not require U.S. courts to provide a forum for a foreign plaintiff suing a foreign defendant for infringement occurring within the United States, the Ninth Circuit noted that "the principle of national treatment implicates a rule of territoriality."<sup>33</sup> Strangely, the court went on to note that its interpretation of territoriality requires using the copyright law of the state in which the infringement occurred,<sup>34</sup> but also assumed the "potential" of domestic courts to hear actions under foreign copyright law.<sup>35</sup> Under *Creative's* reasoning, therefore, Kurier could have theoretically brought its suit in a Russian court which could have applied U.S. copyright law, but the Second Circuit (or any other U.S. court) could have only applied U.S. law in such a proceeding because the infringement occurred within the United States. This apparent discrepancy seems to flow against the strong language of territoriality in *Subafilms*. While the *Creative* precedent would not have necessarily opened up the door for the Second Circuit to apply Russian concepts of copyright ownership, the Second Circuit could definitely have used the inconsistency in *Creative's* definition of territoriality to bolster its argument that a conflict of laws analysis is the more consistent way to determine when one country should use another's copyright principles.

Another important case conspicuously absent from *Itar-Tass's* analysis was the groundbreaking decision of *London Film Productions Ltd. v. Intercontinental Communications, Inc.*<sup>36</sup> Here, a British plaintiff sued an American company for infringement of the plaintiff's copyrights in at least six South American countries.<sup>37</sup> The American defendant moved to dismiss on the ground of *forum non conveniens*.<sup>38</sup> The court denied the motion, even though the case would have involved the construction of several foreign nations' laws.<sup>39</sup>

*London Film* is significant because a federal district court authorized the application of foreign laws of other countries, even when the infringement did not occur in

the United States. In this sense, *London Film* went far beyond *Itar-Tass* because it endorsed applying foreign copyright infringement law, not just copyright ownership law. Certainly this decision eviscerated any theory of territoriality associated with copyright law, because it countenanced the application of foreign infringement law beyond the boundaries of the locale of the conduct. However, *London Film* has been greatly criticized<sup>40</sup> and other courts have not followed its rule.<sup>41</sup> Its anomalous character and pre-Berne status<sup>42</sup> make it a weak basis for the *Itar-Tass* approach to territoriality, and it certainly offers no precedent for a conflict of law analysis.

One final case to promulgate a territorial view of copyright law was *Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*<sup>43</sup> There, a Japanese company created a toy design, which Japanese copyright law did not protect.<sup>44</sup> The company assigned the rights to the design to the plaintiff, an American toy company.<sup>45</sup> The defendant, another American toy company, copied the design in Asia and sold the copies in the United States. In his decision, Judge Friendly found that U.S. copyright law protected the design under 17 U.S.C. § 104(b)(2), which protects a work if "the work is published . . . in a foreign nation that, on the date of first publication, is a party to the Universal Copyright Convention."<sup>46</sup> Despite criticism that section 104(b)(2) provides standing, not substantive rights,<sup>47</sup> Judge Friendly essentially declared that a copyright could exist under U.S. law while having no protection in the country of origin. Thus, the analysis from *Hasbro* suggests that copyright law is territorial in that copyright protection develops independently within each nation's borders, rather than spawning forth only from the copyright law of the nation of origin.

Perhaps because no previous cases presented the same fact pattern as *Itar-Tass*, the Second Circuit believed that it could freely construct an analysis that permitted it to apply foreign law to infringement cases involving foreign copyrights. However, most of the case law that dealt with international copyright choice of law issues would seem to dictate against such a novel conflict of law analysis. The Second Circuit's omission of so many apparently relevant precedents<sup>48</sup> underscores the traditional lack of support for an extraterritorial approach to copyright law, both in the United States and other nations. Still, some of these cases acknowledged the theoretical possibility of applying foreign copyright law,<sup>49</sup> and some of them mentioned that the application of a foreign law is not dispositive in a finding of *forum non conveniens*.<sup>50</sup> Therefore, the Second Circuit appears to have had room to use these cases as a potential buttress for its argument in that they theoretically permitted a conflicts analysis that would have resulted in the application of foreign law. In the end, the apparent schizophrenia of the case law on the

potential of interpreting foreign copyright law seems to lead to the conclusion of a presumption of territoriality in copyright law that can be overcome by only the most compelling copyright ownership interests. That being said, the facts of *Itar-Tass* do not appear to present such an interest, and the Second Circuit probably went too far in fashioning an entirely new analysis that endorsed using Russian copyright law in U.S. courts.

## The Berne Convention's Role in U.S. Copyright Law

In *Itar-Tass*, after determining that the Berne Convention and the Copyright Act could not provide a choice of law rule, the Second Circuit developed a conflict of law analysis based on the Restatement Second. While such a reading may be correct in regards to the Copyright Act, the court's offhand dismissal of the Berne Convention as a source of law can be described as nothing less than shortsighted. The court justified excluding the Convention as a basis for legal analysis by essentially stating that its non-self-executing status rendered it inapplicable. The court cited several provisions from the BCIA to support this contention, such as section 104(a)(3)<sup>51</sup> which states:

No right or interest in a work eligible for protection under this title may be claimed by virtue of, or in reliance upon; the provisions of the Berne Convention, or the adherence of the United States thereto. Any rights in a work eligible for protection under this title that derive from this title, other Federal or state statutes, or the common law, shall not be expanded or reduced by virtue of, or reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto.<sup>52</sup>

The court presented this language<sup>53</sup> (without further explanation) to rationalize the creation of a federal common law of conflicts analysis that is not subject to possible choice of law constraints found in the Convention. Such a cursory disregard for the Convention without explanation was troubling enough, but the court ended up using the Convention as part of its conflicts analysis, anyway.<sup>54</sup> Though section 4(a)(3) of the BCIA would appear to preclude using the Berne Convention as the basis for any legal decision, the Second Circuit in reality could have easily justified using the Convention as the basis for its analysis.

First, the silence of the 1976 Act on foreign copyright ownership considerations creates an inference that the Convention may be used in such situations. After

all, if the 1976 Act is silent on such issues, it would make sense that Congress implied that courts could indeed look to a multilateral treaty (which the United States purports to adhere to) covering international copyright issues instead of creating a federal common law. At the very least, looking to the Convention is no less reasonable than boldly creating federal common law.

Secondly, congressional reluctance to give the Convention any authority relates back to the age-old Anglo-American resistance to recognizing moral rights. The Convention contains minimum provisions to protect an author's moral rights,<sup>55</sup> and Congress did not want to recognize such rights in U.S. copyright law. Therefore, the BCIA did not allow for any change in the United States' protection of moral rights, and Congress clearly limited any application of the Convention itself to U.S. copyright law in order to prevent the creation of any moral rights in U.S. copyright law.<sup>56</sup> Thus, since Congress probably placed restrictions on using the Convention in order to foil an expansion of moral rights within U.S. courts,<sup>57</sup> it would seem permissible to utilize the Convention in situations where moral rights would not be implicated.<sup>58</sup>

Finally, the Second Circuit could have looked directly to the Convention for a choice of law rule without offending the BCIA through the use of a long-standing construction of international law. The Berne Convention is a non-self-executing treaty; once the treaty was ratified, it did not immediately enter U.S. law. Instead, the treaty had to be implemented into U.S. law by Congress, which was done through the BCIA. However, the fact that a treaty is non-self-executing does not necessarily mean that it carries no weight in U.S. courts. According to the *Charming Betsy* canon of construction, courts must try to construe federal statutes, where reasonably possible, in a way that avoids conflict with international law.<sup>59</sup> The Berne Convention is a treaty that creates international law, and U.S. courts should always try to interpret the BCIA in a way that will not offend this treaty. By skipping over the Convention to create a federal common law, the Second Circuit came perilously close to offending the national treatment requirement of the Convention. A more reasonable approach would have been for the court to construe the stern language of the BCIA as limiting the Convention in instances where it would conflict with U.S. copyright law. However, in other areas where the 1976 Act is silent, such as foreign copyright ownership, certainly a court would be adhering to *Charming Betsy* (while not offending the BCIA) by using the Convention's national treatment language to determine the ownership rights.

Had the Second Circuit taken the time to notice that it could have used the Berne Convention for the basis of its decision, it would not have been required to create

federal common law based on a fact-specific conflicts analysis. Rather, the court could have proceeded to use the Convention's national treatment provision, which better comports with the values of copyright law by producing more consistent and predictable results for determining copyright ownership.

## Applying National Treatment to International Copyright Issues

Assuming that a federal court could look to the Berne Convention itself to determine what law to apply to find copyright ownership,<sup>60</sup> the court would discover that the Convention requires all countries to examine international copyright issues under the lens of national treatment. The Convention captures this tool of international law in the following language:

Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws to now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention.<sup>61</sup>

Nimmer sums up this somewhat confusing explanation of national treatment by describing it as protection for the author who is a "national of one of the member states of Berne . . . in each other member state as such other state accords to its own nationals."<sup>62</sup> To better understand this tenet of international law and its value of equal treatment, one must briefly explore its historical role.

## A History of National Treatment

As modern national copyright law developed in Europe in the 19th century, it was heavily influenced by two legal philosophies. The continental legal systems embraced a natural law approach to copyright which allowed an author to assign his economic rights in a work but never his moral rights.<sup>63</sup> On the other hand, the English (and later American) legal system took a positivist approach to law.<sup>64</sup> Thus statutes defined copyrights as economic rights which an author could always assign in full. The natural law view suggested that certain aspects of a copyright are universal and cannot be constricted by statutes or borders.<sup>65</sup> The positivist view suggested that copyrights are not natural rights, but are granted by a state and thus are limited to within the state's borders.<sup>66</sup> The continental view was extraterritorial and the British view was territorial.

Along the same lines of a territoriality concept of copyrights comes the multiplicity/singular dichotomy of copyright law. The continental view assumes a single

copyright in the country of origin upon creation of the work, which is not bound or controlled by national laws. The British theory assumes a multiplicity of copyrights for the same work. Each nation grants a unique and new copyright to a work contained within the nation's borders. When interpreting international copyright law, a tribunal often must decide whether its legal philosophy recognizes multiple copyrights or one copyright. If multiple copyrights exist, courts should apply the law of the forum, since copyrights are created by the forum.<sup>67</sup> If a court believes in the concept of a single copyright, there is more room to justify applying only the law of the country of origin to the issue of ownership.<sup>68</sup>

The first international copyright treaties were bilateral. They proved difficult to apply because they required domestic courts to interpret other nations' laws.<sup>69</sup> Therefore, European nations decided to create the multilateral Berne Convention, which would use the principle of national treatment to require nations to grant foreign authors the same legal treatment that they granted to their own citizens.<sup>70</sup> National treatment eliminated the difficulty found in bilateral treaties of courts having to interpret foreign copyright law because the courts only had to apply their own law to foreign authors.<sup>71</sup> National treatment also became the compromise between the positivist and natural views of copyright law because each Berne member may continue to employ its individual legal traditions, as long as it applies them equally and meets certain Berne minimum requirements.<sup>72</sup>

The history of international copyright treaties would seem to weigh in favor of an interpretation of national treatment which requires the application of domestic law to all aspects of an infringement claim, not just the copying aspects. By applying U.S. law to all the elements of an infringement case, a court avoids the frustrations that come with interpreting foreign law, and maintains the U.S. positivist tradition without being subjected to the legal philosophies of a different nation. At the same time, this nationalistic approach does not offend natural law countries, as they are free to apply only their own law to copyright ownership issues that arise under infringement claims within their borders.

National treatment was the cornerstone of the Berne Convention, a multilateral treaty created in order to assuage the difficulties of applying foreign law without forcing one legal view upon the entire copyright community. These same concerns are relevant today in the context of interpreting and applying Russian copyright law to decide copyright ownership. Therefore, the national treatment principle should have led the Second Circuit to apply U.S. copyright law to all the elements of an infringement claim, regardless of whether the

court based its decision entirely on the Berne Convention or whether it only used national treatment considerations in a conflicts analysis.

Additionally, a strict interpretation of national treatment would appear to be more consistent with the traditionally territorial nature of copyright laws. In addressing national treatment rights in Article 5(2), the Convention provides that "the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed."<sup>73</sup> This language seems to place strict emphasis on the territoriality of copyright laws in their application to each foreign author. The Convention thus resists any interpretation that would allow foreign copyright laws to govern any element of a U.S. infringement claim.

## Criticisms of a Strict Interpretation of National Treatment

Some commentators have found that neither history nor the Convention precludes a looser interpretation of national treatment that would permit using foreign law to decide ownership issues. Professor Patry has written extensively on the merits of applying foreign law to determine ownership. He suggests that national treatment is not a choice of law provision,<sup>74</sup> rather, "it requires only that the same rules apply, not that any particular law govern."<sup>75</sup> Patry supports his argument by noting that the national treatment section of the Convention does not address issues of ownership. Article 5(2) states that the law of the country where infringement occurs defines the extent of protection and the possible remedies, but does not mention anything about determining authorship.<sup>76</sup> Patry also cites Professor Ricketson who states:

[W]here a provision of national law lies entirely outside these [boundaries of national treatment], it cannot be the subject of any requirement to accord national treatment: there can be no automatic claim made to the law of the country where protection is claimed. A good example here might be the rules of national law relating to ownership and exploitation of literary and artistic works. None of these matters is covered by the Convention, except for Article 14ter which deals very incompletely with rights in cinematographic works.<sup>77</sup>

Thus Patry bases his view on a substantive rights/ownership rights dichotomy and suggests that the latter is not intended coverage by the national treatment language of the Convention. While Patry's interpretation is not unreasonable, it certainly cannot be said

to carry any more weight than a construction that would require the same approach to ownership and exploitation rights. With all things being equal, the historical and policy considerations should then shift the balance against Patry's position.

As the Second Circuit noted in *Itar-Tass*, Article 14bis(2)(a) provides language that only adds to the interpretation debate concerning the Berne Convention and applicable ownership law. Article 14bis states that "[o]wnership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed."<sup>78</sup> The court noted that such curious language could have three possible constructions to aid interpretation of national treatment. First, the provision could carry a "negative implication," that for any other works covered by the Convention, ownership is not determined by the legislation in the country where protection is claimed. This provision indicates that this is not the Convention standard, because if it were, it would not have to be so clearly spelled out. Secondly, the provision may be explained as simply an "explicit assertion" for films of a standard that is already in existence. Third, the provision for films possibly was not meant to imply anything at all about other works. The Second Circuit decided to accept the third construction so as to prevent Article 14bis from having any effect on the court's analysis of the Convention's stand on ownership issues. The court was probably correct, in that language that is not patently obvious and helpful to an interpretation generally should not be persuasive. Any of the three interpretations appear to be reasonable, and at least two critics of the application of national treatment to ownership agree with this neutral interpretation.<sup>79</sup> Still, Article 14bis is relevant for acknowledging the debate over copyright ownership in international law; unfortunately, it offers little guidance for Convention members.

Critics of the strict view of national treatment also claim that the minimum protections inserted into the Berne Convention militate against territoriality in interpreting international copyright law. Article 5(1) grants protection to foreign authors in the form of the same laws a country uses to protect its own authors, as well as "the rights specially granted by this Convention."<sup>80</sup> While commentators debate as to what sections fall into this category,<sup>81</sup> everyone seems to acknowledge that the Convention does guarantee some minimum rights to all foreign authors, even if the forum country does not provide those same rights to its own authors under its own laws. Because these minimum requirements set standards that all countries must apply, regardless of whether the standards conflict with domestic law and regardless of whether the standards compel a country to treat foreign and national authors differently, some think that the Convention abandons any territorial

approach to copyright. Since countries can be forced to apply international law instead of their own laws, the Convention theoretically permits, if not endorses, applying foreign law to ownership issues.

However, it may be a bit hasty to assume a loss of territoriality upon agreement to international standards. All treaties impose obligations on the parties. Though the Berne Convention does establish political obligations on signatories, it also is a Convention based on *preserving* the domestic, territorial aspects of copyright law.<sup>82</sup> The whole concept of national treatment is based on the idea that members of the Berne Convention should be free to apply their own copyright laws and legal theories. Like all treaties, the Convention is a compromise, and the concession by signatories of certain national rights should not be interpreted as a harbinger for abandoning those national rights that are retained.

Critics may also claim that a strict interpretation of national treatment theoretically provides nationals of certain countries greater rights than they would ordinarily have, while limiting the rights of nationals from other countries. For example, under a strict application of national treatment to copyright ownership, a French author suing for infringement in the United States would lose copyright protection he would ordinarily have under French law, because American law recognizes a work-for-hire doctrine while French law does not.<sup>83</sup> Alternatively, an American author suing for infringement in France would have his ownership rights expanded by the application of French law to copyright ownership because his copyright would not be affected by the American work-for-hire doctrine. Under a looser interpretation of national treatment, each author, presumably, would be bound by the copyright ownership laws of his homeland,<sup>84</sup> and thus no one would have rights expanded or limited because of the different legal philosophies of the countries where the infringement occurred.

While this latter and looser approach on its face appears to be more in-tune with the spirit of equal protection found in national treatment, it suffers from its own inconsistencies. First, it dilutes the great compromise between natural law and positive law countries by forcing them to interpret and apply each other's laws. Subjecting a Frenchman to English copyright law and vice versa was one of the burdens accepted in order to respect and maintain independent legal traditions.

Secondly, there is no guarantee that an author will have the ownership laws of his own land applied. If a Frenchman writes his work in France but publishes it in England and then sues for infringement in an English court, he may very well still be subjected to English ownership law under the permissive view of national treatment as was advocated by the Second Circuit.

Third, the argument that a strict interpretation of national treatment expands the rights of authors from positive law countries in natural law countries, while limiting the rights of authors from natural law countries in positive law countries, carries little weight because the Berne Convention itself limits and expands rights by its minimum protection requirements. Many provisions of the Convention forced member countries to provide protection to foreign authors that they may not have offered to their own authors. In addition, if an author from a country that granted copyright protection below the minimums provided by the Convention sued for infringement in another member country, the other member country would still be required to provide the author with the Convention's minimum protections. Therefore, the author's rights would be expanded by the Convention outside of the national treatment requirements. Alternatively, the Convention limits rights in cinematographic works by providing in Article 14bis(2)(a) that ownership can only be determined by the law of the country where infringement is claimed, so a Frenchman suing in America for a film infringement would have his French-based ownership rights limited by the work-for-hire doctrine.

Finally, a loose interpretation of national treatment in regards to copyright ownership creates its own anomalies that conflict with a concept of equality among foreign and domestic authors. If the base value of national treatment is for a nation to treat foreign authors in the same manner as domestic authors under the law, a liberal interpretation of national treatment that separates the ownership issue from the subject matter and copying issues runs afoul of the Berne Convention. An American court that evaluates a French author's ownership rights in a work under French law does not treat the French author the same way that it would treat an American author in evaluating his ownership rights. The French author has greater ownership protection than the American author because of the French prohibition of the work-for-hire doctrine. Therefore, the Second Circuit's application of foreign law to the ownership element creates a situation where foreign authors possibly possess different or even greater copyright protection than American authors. On the other hand, the application of domestic law to all elements of a copyright infringement claim places foreign and domestic authors on equal footing before the law. While neither interpretation of national treatment is perfect, the defects in the Second Circuit's interpretation far exceed any anomalies found in a uniform application of domestic copyright law to all elements of an infringement claim.

The Second Circuit clearly misinterpreted the requirements of national treatment in the *Itar-Tass* decision. While the court only gave national treatment a passing glance in its convoluted conflict of law analysis,

the evaluation of national treatment that the court did provide was shortsighted and contrary to the traditional interpretation. Had the court correctly applied national treatment to the ownership issue in *Itar-Tass*, American copyright law would have been the governing law in the decision of the ownership of the newspaper articles. This conclusion would hold true regardless of whether the court based its decision entirely on the Convention, or whether it only "look[ed] to the Berne Convention itself as guidance in development of federal common law on the conflicts issue."<sup>85</sup>

## Policy Reasons for U.S. Courts to Apply Only U.S. Law to Copyright Ownership

### Issue

As if a precedent of territoriality and national treatment did not provide the Second Circuit with enough reasons to decide the Russian news agency's ownership under American law, a number of public policy reasons compelled such a result as well.

The first and most obvious reason to avoid using foreign law can be drawn from the *Itar-Tass* case history. Upon listening to both sides' experts explain Russian copyright law, the district court determined that the plaintiffs' expert presented the correct interpretation and decided that the plaintiffs in fact owned the articles. Since determining that foreign law is an issue of law,<sup>86</sup> the Second Circuit reviewed the conflicting interpretations of Russian law from the district court's decision and found in favor of the defendants' interpretation. While a circuit court's overturning of a district court's decision on an issue of law is hardly novel or surprising, in this particular case such a lack of uniformity in interpretation erodes the credibility of the Second Circuit's groundbreaking decision. The difficulty of U.S. courts in correctly interpreting and applying foreign law is a legitimate concern, and has traditionally been a significant factor in *forum non conveniens* analysis.<sup>87</sup> *Itar-Tass* only encourages further expansion by U.S. courts into the "bramble bush" of foreign law. Such a trend adds yet another burden of expense and paperwork upon an already overwhelmed U.S. court system. While foreign law inevitably invades the U.S. legal system on occasion, the fact that U.S. courts are technically capable of applying foreign law does not mean that courts like the Second Circuit should not try to avoid such entanglements whenever possible.

In his criticism of *Itar-Tass*, Nimmer touches on many of the difficult questions that confront a court that wishes to apply foreign copyright law: Should Russian law be applied as determined by experts?<sup>88</sup> Should a U.S. court try to predict what the highest Russian court would decide?<sup>89</sup> If Russian courts subsequently make a decision on the ownership issue found

in *Itar-Tass*, are U.S. district courts to follow the *Itar-Tass* decision in the tradition of *stare decisis*, or look to the Russian courts' more recent interpretations of their own copyright law?<sup>90</sup> Should any decisions by Russian courts be ignored because they stem from a civil law system that does not follow *stare decisis*?<sup>91</sup> These legitimate questions complicate the new analysis that the Second Circuit introduced in *Itar-Tass*, and leave international copyright issues no more predictable than before.

The Second Circuit's conflict of law analysis also does not seem to ameliorate the inconsistency of copyright ownership laws among nations. Just because the Second Circuit introduced this new system of determining copyright ownership based on a country's "significant relationship" to the copyright, does not mean that other nations will follow by implementing their own conflicts tests. If predictability and consistency are goals of the Convention,<sup>92</sup> they are not furthered by a new test created by one court of appeals in one member nation. There is no reason to believe that the courts of Germany, France, Thailand, Russia or any other nation will adopt the same conflicts test that will result in every international copyright claim based on the same copyright having the ownership evaluated under the same single nation's law. In other words, if *Itar-Tass* had made similar infringement claims in Germany, France and Thailand, there would have been no guarantee that these countries' courts have applied a similar conflicts test that would have resulted in Russian law as determining the ownership issue. All three countries may have applied their own copyright laws to the ownership issue, and thus the predictability and consistency of having Russia's law apply in all suits concerning the ownership of the same copyright would be lost.

Even if all other Berne members' courts did adopt the Second Circuit's conflict analysis, there is no guarantee that all courts would find the same country as having the most significant relationship to the disputed copyright. For example, suppose a French author wrote an article in the United States that was published in Canada. The author then sued for infringement in Israel and Algeria. The Israeli and Algerian courts hearing the suits could reasonably come up with a number of different countries (including their own) that have a "most significant relationship" to the copyright, despite the fact that both courts would be using the same conflicts analysis. Such a result would appear to do little to enhance the predictability and consistency of international copyright decisions.

While a strict application of the copyright law of the country of infringement to the issue of ownership means a different legal approach to ownership in each suit in a different country, at least plaintiffs can

approach these suits with a pretty good idea of which party owns the copyright based on the forum country's laws. With the Second Circuit's decision, a plaintiff cannot even be sure going into a claim which country's law applies to the ownership issue. The plaintiff truly is at the mercy of the court's conflicts balancing, as opposed to having some certainty that comes with knowing that American copyright law will decide ownership in an American court.

Some commentators who favor the results of *Itar-Tass* believe that the hassles, which may come with applying foreign copyright law in U.S. courts, are overstated. Graeme Austin notes that domestic courts often apply foreign law, and that "[i]n countless other contexts, application of foreign law has not intimidated American judges."<sup>93</sup> Austin also contends that American courts should not fear misapplication of foreign law because such a risk does not create a basis for refusing to recognize a foreign judgment. He cites the Restatement to support his claim: "A judgment will be recognized and enforced in other states even though an error of fact or law was made in the proceedings before judgment."<sup>94</sup>

Assuming that Austin is correct in his interpretation of the Restatement, he still does not explain why U.S. courts *should* apply foreign law instead of U.S. law. He only shows that U.S. courts *are competent* to apply foreign law. First, Austin concedes in a footnote that while domestic courts should be able to apply the many increasingly homogenized aspects of foreign copyright law, such law "might be less easy to apply in contexts where there remains considerable variation, such as ownership rights."<sup>95</sup> Secondly, as a practical matter, misapplication of foreign law has the potential to sour U.S. relations with the nation whose laws are in question, especially if one of the losing litigants is from that nation. At least if U.S. courts consistently only apply U.S. copyright law, foreign nations who may have an interest in a lawsuit will know what to expect, and will be at liberty to apply their own laws when their courts hear infringement suits.

While many commentators have trumpeted the *Itar-Tass* decision as a fair interpretation of national treatment and as a model of reliability for other domestic and foreign courts to follow, several policy problems remain with the Second Circuit's idyllic vision of international copyright ownership. The interpretive pitfalls of U.S. courts applying foreign law are only compounded by the potential effects of misapplication and the lack of consistency by other nations' courts in determining the correct nation's copyright laws to apply to the element of ownership. A strict application of U.S. law may seem to smack of inequity and isolationism to some, but it actually results in an acceptable stalemate where each country can apply its own copyright law,

and where potential litigants can rely on those laws going into an infringement claim.

## Conclusion

The Second Circuit decision in *Itar-Tass* represented a radical departure from the traditional approach to copyright infringement claims involving foreign copyrights. Traditionally, U.S. courts did not venture into the waters of foreign copyright laws. Though there certainly is precedent for U.S. courts applying foreign laws, copyright law has long been considered territorial in its application. The Second Circuit brazenly disregarded precedent and developed its own federal common law conflicts test that sidesteps the Berne Convention and places all power to choose applicable copyright ownership law at the discretion of judges. Had the court examined the Convention and given more than lip service to the principle of national treatment, it might have realized that historically, national treatment required the use of domestic law for all issues of a copyright infringement suit. Furthermore, *Itar-Tass* contains almost no evaluation of the public policy effects that could result from U.S. courts interpreting foreign law. When a court creates new law that could drastically affect the rights of both domestic and foreign authors, perhaps it should take a little more time to thoroughly explore its decision. Had the Second Circuit done so, it would have realized that the *Itar-Tass* decision is at odds with precedent, the Berne Convention, the international law principle of national treatment and common sense public policy.

## Endnotes

1. 153 F.3d 82.
2. *Id.* at 84.
3. *Itar-Tass Russian News Agency v. Russian Kurier*, 1997 WL 109481 (S.D.N.Y.).
4. *Id.* at 1.
5. *Id.* at 10.
6. *Id.* at 9.
7. *Id.*
8. *Id.*
9. *Id.*
10. *Itar-Tass*, 153 F.3d at 88.
11. *Id.* at 90.
12. *Id.*
13. *Id.* A plaintiff must establish the following elements for a copyright infringement claim under the Copyright Act of 1976: (1) Ownership of a valid copyright and (2) copying. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991).
14. *Itar-Tass*, 153 F.3d at 90.
15. *Id.* at 91.
16. *Id.* at 92.
17. *See Bridgeman Art Library, Ltd. v. Corel Corp.*, 25 F. Supp. 2d 421 (S.D.N.Y. 1998).
18. *Itar-Tass*, 153 F.3d at 88-89.
19. *Id.* at 88-89. For example, the Second Circuit listed *Dae Han Video Productions, Inc. v. Kuk Dong Oriental Food, Inc.*, 19 U.S.P.Q.2d 1294 (D.Md. 1990), which applied U.S. law to determine if scripts written abroad by Korean writers for Korean networks were works for hire without even considering the role of Korean copyright law. Alternatively, the Second Circuit also mentioned *Greenwich Film Productions, S.A. v. DRG Records, Inc.*, 1992 WL 279357, 3 (S.D.N.Y.) which notes in dictum that using French law to determine ownership "is not without some legal support," but in the same breath also recognized that such an allowance conflicts with *Dae Han Video*. *Greenwich* hardly makes an overwhelming endorsement of using foreign law in copyright cases. The Second Circuit thus aims to resolve such confusion and lack of concern for international issues by introducing the conflicts analysis.
20. In *Zschernig v. Miller*, 389 U.S. 429, 461-62 (1968), a concurring Justice Harlan noted that an Oregon state statute should not be struck down simply because it would require state courts to administer and interpret foreign law. Harlan then proceeded to list some areas of law where state courts have interpreted and applied foreign law, including the area of choice of law. Similarly, the First Circuit noted in *Mercier v. Sheraton Int'l, Inc.*, 981 F.2d 134, 1357 (1st Cir. 1992) that using foreign law is "a chore federal courts must often perform."
21. *Murray v. British Broad. Corp.*, 906 F. Supp. 858, 865 (S.D.N.Y. 1995). *Itar-Tass's* best precedent is hardly a compelling recommendation of a more liberal approach to the application of foreign law.
22. 24 F.3d 1088 (9th Cir. 1994).
23. 61 F.3d 696 (9th Cir. 1995).
24. *Subafilms*, 24 F.3d at 1099.
25. *Id.* at 1095.
26. *Id.* at n.10.
27. *Id.* at 1096.
28. Both Russia and the United States are members of the Berne Convention and thus bound by its provisions. *Itar-Tass*, 153 F.3d at 85.
29. Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, art. 5(1), 828 U.N.T.S. 221 (Paris revision, July 24, 1971) (hereinafter "Berne Convention").
30. *Subafilms*, 24 F.3d at 1097.
31. *Id.*
32. *Creative Tech.*, 61 F.3d at 701.
33. *Id.*
34. *Id.*
35. *Id.* at 702.
36. 580 F. Supp. 47 (S.D.N.Y. 1984).
37. *Id.* at 48.
38. *Id.*
39. *Id.* at 50.
40. Professor Nimmer argues that if other courts were to follow *London Film*, "the result would be to allow American authors to file suit in U.S. courts for acts of infringement occurring abroad; it would also mean that foreign authors could sue unauthorized exploiters of their works in American courts for acts occurring abroad that constitute infringements of foreign copyright laws, possibly even if such acts, had they occurred in the United

- States, would not be infringing.” 4 *Nimmer* § 17.03 at 17-24 to 17-24.1. *Nimmer*’s latter concern relates well to the ownership issue present in *Itar-Tass*. For example, if a conflicts balancing test weighed in favor of applying French copyright law to the ownership issue of a U.S. infringement case and thus dismissed a work-for-hire basis for ownership, a French author could end up having more rights than his/her U.S. counterpart who owns a copyright under U.S. law, and is thus subjected to the work-for-hire doctrine. Essentially, *Nimmer*’s criticism is firmly grounded in a territorial approach to copyright law. All of his examples reveal how U.S. courts could become the center of international copyright litigation, forcing domestic courts to interpret and apply all other nations’ copyright laws (some of which drastically differ from U.S. law) in cases that have only attenuated connections to the United States.
41. In *ITSI T.V. Productions, Inc. v. California Auth. of Racing Fairs*, 785 F. Supp. 854 (E.D.Cal. 1992), the court refused to allow the plaintiff to amend its complaint to state a cause of action under Mexican copyright law for infringement committed in Mexico. In refusing to follow *London Film*, the court stated that “American courts should be reluctant to enter the bramble bush of ascertaining and applying foreign law without an urgent reason to do so.” *Id.* at 866. The court further expressed a territorial approach to copyright law by noting the “extreme hardship” of applying Mexican law. *Id.* at 867.
  42. The United States is a member of a multi-lateral treaty called the Universal Copyright Convention, which had national treatment language very similar to that found in the Berne Convention. The *London Film* court alluded to this concern in a footnote, but offered no thoughtful analysis of how national treatment permitted a domestic court to use Chilean law to determine whether an American company has infringed upon a British copyright. *London Film*, 580 F. Supp. at 50, n.5. Rather, the court just assumed that in any instance, the concept of national treatment permitted application of foreign copyright law. At least *Itar-Tass* only used national treatment considerations to justify using foreign law to determine copyright ownership.
  43. 780 F.2d 189 (2d Cir. 1985).
  44. *Id.* at 191.
  45. *Id.*
  46. *Id.* at 193.
  47. William Patry, *Choice of Law and International Copyright*, 48 Am. J. Comp. L. 383, 398 (2000).
  48. With the exception of *Murray*, which the court cites not for its permissive attitude towards applying foreign law in determining *forum non conveniens*, but for its explanation of national treatment as ensuring “that the substantive law of the country in which infringement is alleged will govern a claim, even if the law of that country differs from the law of the country in which the work was created.” *Murray*, 906 F. Supp. at 862. Such an explanation does not seem to offer much support to the Second Circuit’s decision to use Russian copyright law to determine copyright ownership. Indeed, the Second Circuit does not even cite its review of *Murray* in *Murray v. British Broad. Corp.*, 81 F.3d 287 (2d Cir. 1996). In that case, the Second Circuit seems to preclude using Russian copyright law for any element of an infringement claim when it states that national treatment is “a choice-of-law rule mandating that the applicable law be the copyright law of the country in which the infringement occurred, not that of the country of which the author is a citizen or in which the work was first published.” *Murray*, 81 F.3d at 290.
  49. See *Creative Tech., Ltd. v. Aztech System PTE, Ltd.*, 61 F.3d 696, 702 (9th Cir. 1995); *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1095 (9th Cir. 1994); *Greenwich Film Productions, S.A. v. DRG Records, Inc.*, 1992 WL 279357, 2 (S.D.N.Y.).
  50. See *Frink Am., Inc. v. Champion Road Mach. Ltd.*, 961 F. Supp. 398, 404 (N.D.N.Y. 1997); *London Film Productions Ltd. v. Intercontinental Communications, Inc.*, 580 F. Supp. 47, 50 (S.D.N.Y. 1984).
  51. *Itar-Tass*, 153 F.3d at 90.
  52. Berne Convention Implementation Act, Sec. 104(a)(3), 17 U.S.C. § 101 (1988) [hereinafter BCIA].
  53. The court also cited other “pertinent provisions.” Section 2(2) states: “The obligations of the United States under the Berne Convention may be performed only pursuant to appropriate domestic law.” Section 3(a)(2) states: “The provisions of the Berne Convention . . . shall not be enforceable in any action brought pursuant to the provisions of the Berne Convention itself.” Section 3(b)(1) states: “The provisions of the Berne Convention . . . do not expand or reduce the right of any author of a work, whether claimed under Federal, State, or the common law . . . to claim authorship of the work.” *Itar-Tass*, 153 F.3d at 90. These provisions certainly display a congressional reluctance to fully embrace all aspects of the Convention, but alone cannot support a complete disregard for the requirements of a multilateral treaty. In fact, the court was so casual about the illegitimacy of the Convention that it did not even bother anywhere in the opinion to mention that the treaty is not self-executing.
  54. “To whatever extent we look to the Berne Convention itself as guidance in the development of federal common law on the conflicts issue, we find nothing to alter our conclusion. The Convention does not purport to settle issues of ownership.” *Itar-Tass*, 153 F.3d 90-91. Of course, the Second Circuit could make the argument that just because it could not base its decision on any provision of the Convention, did not mean that it could not look to the provisions of the Convention for guidance in making a federal common law conflict of law analysis. However, if one can interpret the strong language of section 4(a)(3) to mean that the U.S. courts cannot base domestic copyright decisions on the Berne Convention, certainly one could argue that section 4(a)(3) gravitates equally strongly against using Russian law at all under the 1976 Copyright Act.
  55. Berne Convention, *supra* note 29, art. 6bis. “Independently of the author’s economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.”
  56. Binyomin Kaplan, *Determining Ownership of Foreign Copyright: A Three-Tier Proposal*, 21 Cardozo L. Rev. 2045, 2057 (2000) (citing S. Rep. No. 100-352, at 11. “As stated above, the committee has concluded that the ‘moral rights’ obligations of the United States under the Berne Convention are satisfied by certain rights provided for in a variety of federal and state laws. The purposes of Section 6 is to make clear that the scope of federal preemption under Title 17, United States Code, remains unaffected by this Act, and will be neither expanded nor reduced by U.S. adherence to Berne or the satisfaction of U.S. obligations thereunder.”).
  57. This theory is further supported by the fact that Congress used the BCIA to change some very significant aspects of the 1976 Copyright Act in order to comply with the Convention, but still would not recognize the Convention itself. For example, the BCIA completely revamped the 1976 Act’s requirements for recordation (section 5), notice (section 7) and registration (section 9), so congressional restriction of the Convention cannot be predicated on jealously protecting these traditional bars to U.S. membership in the Convention. Since moral rights represent the one area of the Berne Convention that the United States did not radically alter its copyright law to accommodate, one can reasonably infer that Congress only bars access by U.S. courts to the Convention as a legal vehicle in order to prevent moral rights claims in U.S. courts.

58. Kaplan, *supra* note 56, at 2058.
59. *Murray v. The Schooner Charming Betsy*, 6 U.S. 64, 118 (1804) (stating that “an act of Congress ought never to be construed to violate the laws of nations, if any other possible construction remains.”).
60. Which the Second Circuit appears to do in dicta from its decision in *Murray v. British Broad. Corp.*, 81 F.3d 287, 290 (2d Cir. 1996).
61. Berne Convention, *supra* note 29, art. 5(1).
62. 4 *Nimmer* § 17.05, at 17-37.
63. David E. Miller, *Finding a Conflicts Issue in International Copyright Litigation: Did the Second Circuit Misinterpret the Berne Convention in Itar-Tass?*, 8 Cardozo J. Int’l & Comp. L. 239, 249 (2000).
64. *Id.*
65. *Id.*
66. *Id.*
67. Patry, *supra* note 47, at 392.
68. *Id.*
69. Miller, *supra* note 63, at 249.
70. *Id.*
71. *Id.*
72. Patry, *supra* note 47, at 470, n.96. “The national treatment requirement is contained in Article 5(1) of the Berne Convention, which specifies that authors shall enjoy the rights that the law of the forum provides to its own authors, as well the rights specially granted by this Convention.”
73. Berne Convention, *supra* note 29, art. 5(2).
74. Whether national treatment serves as a choice of law doctrine is debatable and beyond the scope of this article. Nimmer seems to think that it is, while Patry clearly disagrees. The Second Circuit itself seems unsure of the issue, having noted in dicta in *Murray* that national treatment is a choice of law and then explicitly stating in *Itar-Tass* that it is not.
75. Patry, *supra* note 47, at 406. *See also*, *Itar-Tass*, 153 F.3d at 89, n.8, (citing Prof. Patry’s Amicus Brief).
76. *Id.* at 408.
77. *Id.* (citing Sam Ricketson, *The Berne Convention for the Protection and Literary and Artistic Works 1886-1986*, at 209 (1987)).
78. Berne Convention, *supra* note 29, art. 14bis (2)(a).
79. *See* Kaplan, *supra* note 56, at 2086 n.91; Jane C. Ginsburg, *Ownership of Electronic Rights and the Private International Law of Copyright*, 22 Colum.-VLA J.L. & Arts 165, 169 n.17 (1998); Brief for Amicus Curiae by Professor William Patry at 5, *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998) (No. 97-7498).
80. Berne Convention, *supra* n.29, art. 5(1).
81. For example, Ricketson says that art. 5(1) refers to articles 6bis, 8, 9, 11bis, 11ter, 12, 13, 14 and 14ter, Ricketson, *supra* note 77, at 200; while Ginsburg says art. 5(1) refers to sections in articles 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, and 16, Ginsburg, *supra* note 79, at 168.
82. Graeme Austin, *Domestic Laws and Foreign Rights: Choice of Law in Transnational Copyright Infringement Litigation*, 23 Colum.-VLAJL & Arts 1, 35 n.98 (1999).
83. *See* 17 U.S.C. § 101 (“A ‘work made for hire’ is a work prepared by an employee within the scope of his or her employment.”). *See* 17 U.S.C. § 201(b) (“In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.”). *See also* Andre Lucas, France, in “International Copyright Law and Practice § 4[1][b][I]” (Paul Edward Geller & Melville B. Nimmer eds. 1998) (“[I]t is a dominant principle of French copyright law that only a natural person may be an author. This principle altogether precludes the existence under French law of works for hire, for which authorship as such may be fictively attributed to an employer.”).
84. Using the Second Circuit’s conflict of law analysis, a court would look to the copyright ownership law of the nation with the “most significant relationship” to the intellectual property and the parties. *Itar-Tass*, 153 F.3d at 90. Therefore, a Frenchman who wrote and published a work in France suing for infringement in England probably would be subject to French ownership law. However, a Frenchman who wrote and published the same work in Germany could very well be subject to German ownership laws.
85. *Itar-Tass*, 153 F.3d at 91.
86. *Id.* at 92.
87. *Murray v. British Broad. Corp.*, 906 F. Supp. 858, 865 (S.D.N.Y. 1995).
88. 4 *Nimmer* § 17.05 at 17-40.1.
89. *Id.*
90. *Id.*
91. *Id.*
92. “The countries of the Union, being equally animated by the desire to protect, in as effective and uniform a manner as possible, the rights of authors in their literary and artistic works . . . Have resolved to revise the Act,” Berne Convention, *supra* note 29, Preamble.
93. Austin, *supra* note 82, at 20.
94. Austin, *supra* note 82, at n.196 (citing Restatement (Second) Conflict of Laws § 106).
95. Austin, *supra* note 82, at n.199.

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# Negotiating a License for Use of Music in a National Television Campaign

By Steve Gordon

We are all familiar by now with the use of pop music in national television commercials, such as the Rolling Stone's "Start Me Up" for Microsoft. Due in part to the success of these campaigns, popular songs are being licensed for TV spots with increasing frequency. This practice has become so common, that any attorney working in the music or television businesses may at some time be called upon to negotiate a license for the use of music for a commercial sponsor. This article addresses the financial parameters of such negotiations, key deal points and practical tips for negotiating the best possible deal for clients in the field of advertising.

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*"The bottom line is that the more popular the song, the more it will be in demand for commercial use, and the higher the demand, the higher the royalty price."*

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## The Song

The most important element in negotiating the fee for which music may be licensed in a television campaign is the song itself.

### Contemporary Mega Hits

As one may expect, the highest quotes, or fees charged, are for contemporary mega hits. There may be little room for negotiation here, because once a song is licensed, its value to another sponsor is radically reduced. Therefore, the copyright owner, who is usually either the publisher and/or the writer, may hold out for the highest royalty price, assuming that the writer is even willing to license the song for a commercial use. The only meaningful leverage is to solicit lower quotes for comparable songs. In any event, the going rate for such "hot" songs may be seven figures and higher.

### Catalog Songs

A client may be willing to settle for a work that may be recognizable but not currently "hot." Of course one can expect to pay less for a catalog song than for a contemporary smash hit, but a routine call to a publisher asking for the "standard fee" for use of such a song in a national television campaign may well precipitate a response such as: "We will not license any song in our

catalogue for less than \$150,000 to \$250,000 for a one-year period" (a typical term for a license of music for a television campaign, which is discussed below). A classic hit, such as "Strangers in the Night," or a recent rock hit, such as "Wicked Game" (currently being used in a television campaign by Jaguar), may garner prices well beyond the "standard" range. The bottom line is that the more popular the song, the more it will be in demand for commercial use, and the higher the demand, the higher the royalty price. On the other hand, there are many songs in the catalogs of major and smaller publishers alike that, although recognizable when originally released, have neither received significant television or radio airplay nor been used in movies or commercials for some time. The fee for such songs, which are of proven quality and which may work perfectly for a client's product, may well be negotiated lower than the standard range. The bottom line is that an offer, even if less than the publisher's standard, is better than no money at all. A publisher may also be hopeful that the advertising campaign will rekindle interest in its song. For instance, the GAP's use of K.C. and the Sunshine Band's "Get Down Tonight" revived catalog sales for the band's records. In addition, the tips that appear in the last section of this article may be helpful in getting the lowest possible rates for songs in this category.

There are also certain sections of a publisher's catalog composed of jazz, New Age and R&B songs that are catchy, but which have never had any real commercial success. The publisher may be eager to make a deal for these underutilized songs. Although the songs never received a great deal of public play and would not be recognizable to the consumer, they may fit the spirit and texture of an advertising campaign quite well. These songs may be secured for substantially less than the standard range. However, one can still expect to pay more taking this approach than by going to a stock music or "jingle" house and licensing or commissioning a work specifically for a commercial.

### Baby Band

Publishers also represent songs by unknown artists. They may want to use a national advertising campaign to gain exposure for such baby bands (just as they may wish to gain exposure for older songs that have not been popular for years). If this is the case, one has a reasonable chance to negotiate a deal well below the standard range.

## Other Criteria

In addition to the identity of the song itself, there are several factors that will be key ingredients in the quote provided by the publisher. As in any negotiation, the initial quote will probably start on the high end. If any of these factors favor the advertiser, however, they may be used to reduce the initial quote.

## Manner of Use

If one only needs a song to play in the background while, for instance, a spokesman is making a pitch, one can argue for a reduced rate. In addition, sometimes the lyrics to a song are not needed. Since, in effect, one is only using half of the song, one may be able to negotiate a reduced rate. However, it cannot be expected that a publisher will reduce a quote 50 percent.

## Branding

Publishers may start off with a quote that includes the concept that an advertiser will use no music other than the licensed song to promote the product or services. This is sometimes referred to as "branding." If an advertiser will actually use different music for different commercials, this should be emphasized as a possible way of reducing the fee.

## Radio and Other Media

A publisher will often demand an extra 5 percent to 15 percent for use of a song in radio spots. This charge is usually negotiated as an option to run concurrently with the television advertisement. However, for obscure, catalog or baby band songs, it may be possible to include radio without an additional charge. This may provide the song with some much-needed publicity and public performance income. (See the conversation of public performance income in the first Practical Tip at the end of the article). This may be used as leverage to get as many media as possible (such as theatrical use preceding movies) without an extra charge. Securing Internet rights however, particularly when one is not willing to pay additional fees, may be difficult. Publishers are concerned about piracy when their music is used over the Internet.

## Territory

The quotes above assume that the territory for an advertising campaign is limited to the United States, its possessions and territories. Of course, one can dramatically reduce the initial fee where an advertisement is targeting a specific geographic market. For example, a very low fee may be negotiated for use in just one or two states. Sometimes, an advertiser may wish to start a commercial in a specific city or state, and if the commercial proves to be successful with viewers, expand the commercial to the entire country. In that case, one

may structure an option for the entire United States for a one-year period after the initial limited run.

Publishers will generally try to negotiate an additional 10 percent to 20 percent charge for the use of commercials in Canada. If a song is less than a mega hit or classic gem, it may be possible to negotiate Canadian rights into the basic fee, or at least reduce the standard increase.

## Options for Extending the Term

The quotes referred above are also based on the assumption of a one-year license. This gives an advertiser time to roll out its campaign and generate momentum. Of course, those fees may be negotiated down for a shorter period. Options generally cost 5 percent to 15 percent for each additional period. For instance, if the fee is \$10,000 for a 13-week period, a publisher may ask for \$11,000 to exercise an option for the next 13 weeks. This may be avoided by making the term six months by paying \$20,000 up front.

## Master vs. Re-recording

Occasionally, the publisher will also control the master right, or the right to the recording of a song. In that case, it may be possible to include the master right in the original fee. If not, one may expect that the owner of the master, which is usually a record company, will insist on a fee equal to that of the songwriter. Use of the master can be avoided by re-recording the song.

## Practical Tips

**Note that publishers are paid twice:** The publisher, and the writers it represents, will get paid twice if an advertiser uses a song; first by the advertiser and then by the publisher's performing rights society (ASCAP, BMI or SESAC). The societies pay the publisher and writer based on public performances of the songs on television and radio, as well as in other public venues. The income generated by these performances can be substantial when the commercials appear on network television and in television syndication. If a publisher does not license the song, it has much more to lose, so it is important to reaffirm what it has to gain by negotiating a deal.

**Give them a budget:** Some publishers will work with you if you let them know how much your client is willing to spend. As discussed above, ask a publisher for a standard range for a catalog song and the publisher will start with \$150,000 and up. If you suggest \$50,000, the publisher may suggest songs that are in your client's price range. In fact, the publisher may give you CDs containing those songs, which you can then bring back to your client for review.

**Consult the experts:** There are music clearance agencies that are very experienced in negotiating these deals. You may wish to avail yourself of that expertise. A list of such agents may be found by contacting an organization of clearance professions such as CLEAR ([www.clearinc.org](http://www.clearinc.org)).

**Approach the writer:** If you know the writers or composers, it may be better to first approach them. Writers may be more eager to make a deal for a song than publishers who represent many other writers whose work may bring in higher fees. In certain cases, the writer may be able to make a deal without the publisher's consent, but if the publisher is the exclusive agent for making the deal, the writer may be your advocate for a reasonable rate.

**Don't focus on the number of spots, unless your client is only producing one:** The publisher may ask for more money if it knows that your client wishes to make more than one commercial containing the publisher's song. To give your client the greatest leverage, you may try to avoid the issue and hope that the license provided by the publisher will grant your client the right to

use the song in "television advertising spots" without limiting the number of ads. If you focus the publisher on the notion that your client wants to make more than a dozen spots using the publisher's song, the publisher may ask for more money. Of course, more sophisticated publishers will bring up this point during the course of negotiations. If your client only wishes to use the music in one spot, however, it is to your advantage to emphasize that in an attempt to reduce the fee.

**Consider using stock music or a jingle house:** If your client is not looking for a recognizable song, you may be better off not approaching a music publisher at all. There are many stock music or jingle houses which may be able to provide music composed on a work-for-hire basis that will work for your commercial. They are also more likely to control the masters as well.

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# When Money Kills: An Overview of the Status of Internet Gambling After September 11, 2001

By David S. Levine

In the wake of September 11 and the horrific acts that both shocked our conception of the world and reminded U.S. citizens of our role in helping to maintain global stability, there has been a flurry of activity aimed at curtailing the efforts of terrorists and their ilk. While there has been much media coverage of the high profile bombing in Afghanistan and similarly loud diplomatic efforts to maintain a "coalition" of countries arrayed against terrorism, there has been less coverage of the other aspects of the "war" to which our elected leaders have often referred. One such comparatively hidden battleground is the financial front and one such obscured enemy is the scourge of international money laundering—the efforts by criminals to hide the origins of their funds. Within this broad evil, law enforcement and other entities have identified a possible medium for this nefarious activity: Web sites that operate as virtual casinos.

As if the young (but hardly fledgling) Internet gambling world did not have enough opposition prior to September 11 from those opposed to it on moral and societal grounds, since September 11, Internet gambling has been identified as a possible venue for money launderers looking to finance terrorist acts. As stated recently by an opponent of Internet gambling, Congressman Michael G. Oxley (R-OH) of the House Financial Services Committee, in the context of the Financial Anti-Terrorism Act of 2001 (FATA): "The money laundering vulnerabilities of illegal Internet gambling operations are akin to those of offshore banks and must be addressed if we are to produce effective, comprehensive legislation."<sup>1</sup> Congressman John LaFalce (D-NY), another opponent of Internet gambling, recently called on Attorney General John Ashcroft to "pursue illegal Internet gambling much more aggressively in the future," citing information recently gleaned by Congress from the Federal Bureau of Investigation that it is "being used to launder clean money for dirty purposes and dirty money for transparent cosmetic purposes."<sup>2</sup>

The concern about money laundering by way of Internet casinos is nothing new, as the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("FinCEN") authored an extensive report in 2000 entitled, "A Survey of Electronic Cash, Electronic Banking, and Internet Gaming." The survey indicated that Internet casinos were a risk for money laundering based upon "the fact that brick-and-mortar casinos have been used for illegal activities in the past," and the preponderance of Internet gambling Web sites hosted in jurisdictions where Internet gambling is legally permitted but

not subject to regulatory oversight.<sup>3</sup> A similar conclusion was reached this past February by the Organization for Economic Co-operation and Development's Financial Action Task Force on Money Laundering (FATF). In an extensive report entitled "Report on Money Laundering Typologies 2000-2001," the FATF identified Internet gambling as an "ideal web-based 'service' to serve as a cover for a money-laundering scheme through the net."<sup>4</sup> While questioning whether anti-money laundering laws could or should be used in a fight against international terrorism,<sup>5</sup> the report clearly identified several ways in which Internet gambling sites might be used. Of note is that on their face, federal money laundering statutes<sup>6</sup> could be violated when a "defendant conduct[s] or attempts to conduct a financial transaction involving the proceeds of an illegal activity."<sup>7</sup> Thus, efforts to regulate Internet gambling from now into the foreseeable future may very well be considered partly through the prism of the danger of money laundering in the "war" on international terrorism.

## The Law

The legal problems that Internet gambling sites face are formidable without the badge of aiding and abetting terrorism. It is beyond dispute that the federal government has the power to regulate gambling activity that affects the flow of interstate or foreign commerce, including that between the United States and a foreign location.<sup>8</sup> This power has real meaning and effect, for while there are no laws written specifically addressing Internet gambling, there appear to be at least six federal statutes (aside from the aforementioned money laundering statutes) that may have direct applicability to Internet gambling: (1) The Travel Act<sup>9</sup> ("Travel Act"); (2) the Interstate Transportation of Wagering Paraphernalia Act<sup>10</sup> ("Paraphernalia Act"); (3) the Wire Act<sup>11</sup> ("Wire Act"); (4) Transportation of Gambling Devices<sup>12</sup> ("Johnson Act"); (5) Illegal Gambling Businesses;<sup>13</sup> and (6) Racketeering Influenced and Corrupt Organizations<sup>14</sup> ("RICO"). Throw in the risk that the operators of gambling sites, either knowingly or unwittingly, could serve as the middlemen for terrorists seeking to finance their next murderous act, and there is an industry holding a fairly weak hand.

## The Travel Act

The Travel Act prohibits using "any facility in interstate or foreign commerce . . . with the intent to . . . carry on or facilitate the promotion, management, establishment, or carrying on of any unlawful activity." "Unlawful

activity” is defined as “any business enterprise involving gambling.”<sup>15</sup> Additionally, “broad liberal meaning and interpretation” has been applied to the Travel Act, which would allow its application to the Internet.<sup>16</sup> Furthermore, actions or facts that may appear “incidental” or “tangential” to the primary violation of the Travel Act are subject to liability.<sup>17</sup> Finally, the Travel Act covers “those who travel in interstate commerce or use interstate facilities with the intent to promote . . . an unlawful activity.”<sup>18</sup> Because a person “must engage in the substantive offense following the involvement of interstate commerce” to violate the Travel Act,<sup>19</sup> the Travel Act could theoretically be used to pursue entities behind the Web sites, such as software manufacturers and Web-hosting companies.

## The Paraphernalia Act

The Paraphernalia Act prohibits “whoever . . . knowingly carries or sends in interstate or foreign commerce” any “paraphernalia” or “other device” to be “used . . . or adapted, devised, or designed for use in . . . a numbers, policy, bolita or similar game . . .”<sup>20</sup> In *U.S. v. Mendelsohn*,<sup>21</sup> the court found that a computer disk shipped in interstate commerce and containing a program designed to keep gambling records was a “device” within the meaning of the Paraphernalia Act. Again, even “incidental” acts can subject the offender to liability,<sup>22</sup> and specific intent to violate the law is not required.<sup>23</sup> Thus, the Paraphernalia Act is similarly arrayed to be a potential weapon for law enforcement.

## The Wire Act

The Wire Act is arguably the most relevant statute to Internet gambling, and has been the main subject of the few relevant criminal court actions to date. The Wire Act states that:

[W]hoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers . . . or for information assisting in the placing of bets or wagers . . . shall be fined under this title or imprisoned not more than two years or both.<sup>24</sup>

A “wire communication facility” is broadly defined under the Wire Act as any form of instrumentality or service “used or useful in the transmission of writings, signs, pictures, and sounds of all kinds by aid of wire, cable, or other like connection between the points of origin and reception of such transmission.”<sup>25</sup> As stated by one commentator: “In the online betting context, the literal language of section 1084 condemns all Internet transmissions to the United States of digitized bits of informa-

tion that create the virtual gambling site on a user’s computer screen.”<sup>26</sup>

It is fairly clear that the Wire Act may be used to prosecute communications between the United States and foreign jurisdictions where gambling is legal.<sup>27</sup> Furthermore, the Wire Act was used as the basis for the most famous and successful prosecution to date of an individual involved in Internet gambling.<sup>28</sup> Recently affirmed by the Second Circuit, in *U.S. v. Cohen*, Jay Cohen, operator of the Antigua-based World Sports Exchange, was sentenced to 21 months imprisonment and a \$5,000 fine in the Southern District of New York for violation of the Wire Act. Operating a sports betting business that solicited bets and wagers from U.S. citizens, Cohen was found to have violated the Wire Act by operating via the Internet. Furthermore, in *World Interactive Gaming Corp.*,<sup>29</sup> a Delaware corporation and its wholly owned Antiguan subsidiary corporation which operated a gambling Web site and developed gambling software, ran afoul of the Wire Act, the Travel Act and the Paraphernalia Act by operating an Antiguan-licensed gambling Web site to which New York residents had easy access. In *U.S. v. Ross*,<sup>30</sup> the Southern District of New York also upheld an indictment of a Curacao sports betting Web site operator under the Wire Act. Therefore, there is little doubt that under the Wire Act, Internet gambling Web sites—regardless of their host countries—operate at their own peril.

## The Johnson Act

Of more questionable, but still possible, application to some Internet gambling actors is the Johnson Act, which makes it unlawful to knowingly “transport any gambling device to any place in a State or a possession of the United States from any place outside such state or possession,” except in states that have exempted themselves from the Johnson Act and vessels.<sup>31</sup> Based upon *Mendelsohn*,<sup>32</sup> it could be argued that gambling software or other instrumentalities of a gambling Web site is a “device.” However, the statute defines gambling devices in the context of a “machine or mechanical device,” and the “device” may require physical elements to fall under the definition.<sup>33</sup> It remains to be seen whether the courts would expand the definition to include gambling software.

## Illegal Gambling Businesses

Additionally, it is worth noting some other statutes that may apply, depending on the facts. First, 18 U.S.C. § 1955 prohibits conducting, financing, managing, supervising, directing or owning “all or part of an illegal gambling business.” An “illegal gambling business” is generally defined as (1) violative of state or local law, (2) involving five or more people and (3) is in continuous operation for more than 30 days or has gross revenue of

\$2,000 in a single day.<sup>34</sup> The statute has been applied to a Caribbean sports wagering operation that may have accepted bets from Texas residents.<sup>35</sup>

## RICO

Moreover, RICO may be implicated, especially as violations of the Wire Act, Travel Act and Paraphernalia Act, among others, may constitute predicate acts for "racketeering activity."<sup>36</sup> Depending on the nature of the behavior, if RICO is implicated, the penalties are severe.

Overall therefore, even without specific legislation addressing Internet gambling, the legality of Internet gaming is very much in doubt.

## Jurisdiction

Beyond the question of legality is the fundamental question of whether the United States can acquire jurisdiction over foreign entities. The United States has not been averse to exercising its jurisdiction over foreign criminal defendants where their activities cause harm in the United States and where the statute(s) under which charges are made either explicitly or implicitly incorporate extraterritorial jurisdiction.<sup>37</sup>

However, the question of enforcement is more difficult. This is particularly so as actually levying or collecting a judgment against a foreign defendant, or, in fact, bringing a defendant into the United States from afar, requires cooperation from a foreign government or similar entity. The nature of the relationship of the host country to the United States may determine how quickly, or even whether, a judgment could be enforced. However, in the wake of September 11 and the United States' efforts to build a military and diplomatic "coalition" against terrorism, a neutral, or even heretofore hostile state's cooperation with the United States in its efforts to curtail terrorism-related money laundering is perhaps more conceivable. Nonetheless, in addition to the fact that there is no law currently on the books written with Internet gaming in mind, the issue of jurisdiction has impelled some members of Congress to author legislation designed to prohibit or curtail Internet gaming.

## Legislative Efforts

The two most active bills have both, as of this writing (early November), not become law. Designed to bring federal law up-to-date, the Internet Gambling Prohibition Act (IGPA), introduced in several forms since 1995 by Senator Jon Kyl (R-AZ), purported to prohibit online gaming in its entirety, and enacted stiff penalties that include imprisonment and fines. In sum, people engaged in a "gambling business," as defined, would have been prohibited from using the Internet to place, receive, or

otherwise make a bet or wager, or send, receive, or invite information assisting in the placing of a bet or wager. IGPA attacked Internet gaming not by targeting gamblers themselves (although some have argued that it could have been applied to them); rather, it forced Internet service providers (ISPs) to monitor and shut down sites that offered Internet gambling. Moreover, through various definitional sections, it appeared to cast a wide net to potentially attack not only ISPs, but also silent financiers of Internet gaming and other actors tangentially related to Internet gaming Web sites. IGPA passed the Senate in late 1999, but failed to pass the House. On November 1, 2001, IGPA was reintroduced in the House in a different form as the "Combating Illegal Gambling Reform and Modernization Act" by Rep. Bob Goodlatte (R-VA). Based upon IGPA, H.R. 3215 was an arguably stronger bill, as it specifically amended the Wire Act to encompass the Internet, addressed extra-jurisdictional enforcement issues related to offshore gambling Web sites and attacked the involvement of financial institutions in illegal Internet gambling. Furthermore, ISPs were no longer a primary focus of the legislation. Its status as of this writing was uncertain, but the intense focus on illegal activity that aids money laundering would suggest that H.R. 3215 will eventually pass, even if not in its current form.

The second major piece of legislation has specifically targeted financial institutions that would process gambling payments and other fund transfers over the Internet. This legislation was introduced in stand-alone form by Congressman Jim Leach (R-IA) as H.R. 556, and recently considered as part of FATA. As it briefly appeared when FATA was reported out of the House Financial Services Committee, H.R. 556 now prohibits, among other acts, all electronic fund transfer or funds transmitted by or through a money transmitting business relating to Internet gambling. Now known as the "Unlawful Internet Gambling Funding Prohibition Act," its criminal penalties include injunctions, fines and imprisonment up to five years. H.R. 556's provisions also address issues of foreign jurisdiction and cooperation and forfeiture. After extensive lobbying efforts by financial institutions and the Internet gambling industry itself, and apparent opposition to the language from the Bush administration,<sup>38</sup> these provisions were pulled from the version of FATA that was passed by the House and referred to the Senate. However, the stand-alone H.R. 556—with an exemption for ISPs—was reported out of the House Financial Services Committee on October 31, 2001, on a vote of 34 to 18, and was then sent to the House Judiciary Committee. Thus, despite the victory by the Internet gambling interests in the FATA battle, as of this writing, the legislative arena remains a battleground in play, as it appears that the "war" on terrorism has given the opponents of Internet gambling a major boost—both in votes and confidence.

## Conclusion

Internet gaming will continue to be a lightning rod for law enforcement and policy-makers as they confront the widespread desire for its regulation and the larger war against terrorism. Members of Congress, decrying the deletion of anti-Internet gambling legislation from FATA under pressure from lobbying interests,<sup>39</sup> indicated that they will bring the legislation to the floor separately and are as H.R. 556.<sup>40</sup> IGPA, in its new form, is also being pushed to the forefront. Furthermore, the spotlight will remain on Internet gambling so long as there are Internet gamblers. In 1999, the New York State Attorney General created an "Internet Bureau" to monitor and prosecute Internet gambling cases.<sup>41</sup> In New Jersey, the state Attorney General is reported to be suing eight Internet gaming sites for violating New Jersey law by accepting wagers from New Jersey residents.<sup>42</sup> Undoubtedly, other states will continue to attempt such prosecutions (if they do not legalize Internet gambling themselves).

Ultimately, the legality of Internet gaming will remain in severe doubt so long as there are no laws directly regulating it and several already being used against it and, on the macro level, terrorism remains at the forefront of our federal government's focus. As stated by Treasury Secretary Paul H. O'Neill in recent committee hearings on FATA, "This hunt is not about money. It is about money that kills."<sup>43</sup> So long as the United States hunts "money that kills," Internet gaming will remain a risky business.

## Endnotes

1. See *Full Committee Markup, H.R. 3004, the FATA of 2001*, 107th Cong. (Oct. 11, 2001) (opening statement of Chairman Michael G. Oxley), at <http://www.house.gov/financialservices/100301ox.pdf>.
2. Cong. Rec. H.6937 (Oct. 17, 2001) (statement of Rep. LaFalce), at <http://thomas.loc.gov>.
3. See *Id.* at 13.
4. *Id.* at 6.
5. See *Id.* at 20.
6. 18 U.S.C. §§ 1956, 1957.
7. *U.S. v. Truesdale*, 152 F.2d 443, 449 (5th Cir. 1998) (citing 18 U.S.C. § 1956).
8. See *People v. World Interactive Gaming Corp.*, 185 Misc. 2d 852, 714 N.Y.S.2d 844, 862-863 (Sup. Ct., N.Y. Co. 2000).
9. 18 U.S.C. § 1952.
10. 18 U.S.C. § 1953.
11. 18 U.S.C. § 1084.
12. 15 U.S.C. § 1171-1178.
13. 18 U.S.C. § 1955.
14. 18 U.S.C. § 1961-68.
15. 18 U.S.C. § 1952.
16. See *United States v. Smith*, 209 F. Supp. 907, 916 (E.D. Ill. 1962).
17. See *U.S. v. Marquez*, 424 F.2d 236, 240 (2d Cir.) (The court rejects the notion that the defendant's out-of-state residence was "incidental" to conspiracy for purposes of jurisdiction, as there was "sufficient federal criminal behavior in the travel" of the defendant between states while carrying gambling "slips" to warrant coverage under Travel Act), *cert. den.*, 400 U.S. 828 (1970); *U.S. v. Falcon*, 766 F.2d 1469, 1478 n.4 (10th Cir. 1985) (Travel between states was found to be more than "tangential" to violation since the travel aided the violation and "the conduct at the end of the travel need not be unlawful in itself.").
18. *U.S. v. Villano*, 529 F.2d 1046, 1055 (10th Cir.), *cert. denied*, 426 U.S. 953 (1976).
19. *U.S. v. Le Faivre*, 507 F.2d 1288, 1291 (4th Cir. 1974), *cert. denied*, 420 U.S. 1004 (1975).
20. 18 U.S.C. § 1953.
21. 896 F.2d 1183, 1187 (9th Cir. 1989).
22. See *Marquez*, *supra* note 17.
23. *Mendelsohn*, 896 F.2d at 1188.
24. 18 U.S.C. § 1084(a).
25. 18 U.S.C. § 1081.
26. Bruce P. Keller, *The Game's the Same: Why Gambling in Cyberspace Violates Federal Law*, 108 Yale L.J. 1569, 1582 (1999).
27. *United States v. Blair*, 54 F.3d 639 (10th Cir.) (holding liable a U.S. citizen operating a sports betting phone number accepting U.S. bets while operating from the Dominican Republic), *cert. denied*, 516 U.S. 833 (1995).
28. See 260 F.3d 68 (2d Cir. 2001).
29. *People v. World Interactive Gaming Corp.*, 185 Misc. 2d 852, 714 N.Y.S.2d 844 (Sup. Ct., N.Y. Co. 2000).
30. 1999 U.S. Dist. LEXIS 22351, \*24 (S.D.N.Y. Sept. 20, 1999).
31. 15 U.S.C. § 1172.
32. 896 F.2d 1183 (9th Cir. 1989).
33. See *United States v. Two-Hundred-Ninety-Four Various Gambling Devices*, 731 F. Supp. 1246 (W.D. Pa. 1990).
34. 18 U.S.C. § 1955(b).
35. See *U.S. v. Truesdale*, 152 F.2d 443 (5th Cir. 1998).
36. 18 U.S.C. § 1961(1)(B).
37. See *U.S. v. Noriega*, 746 F. Supp. 1506, 1512-13 (S.D. Fla. 1990) (Panama citizen defendant operating drug enterprise directed at United States brings Panama defendant under U.S. jurisdiction); *U.S. v. Moncini*, 882 F.2d 401, 404 (9th Cir. 1989) (Italian citizen mailing child pornography to US brings Italian defendant under U.S. jurisdiction); see also *United States v. Baker*, 609 F.2d 134, 136-38 (5th Cir. 1980); *Strassheim v. Daily*, 221 U.S. 280 (1911).
38. *Supra* note iii.
39. See Cong. Rec. H.6938 (Oct. 17, 2001) (statement of Rep. Leach), at <http://thomas.loc.gov>.
40. See *supra* note iii.
41. *Spitzer Wins Precedent-Setting Internet Casino Gambling Case*, at [http://www.oag.state.ny.us/press/1999/jul/jul26a\\_99.html](http://www.oag.state.ny.us/press/1999/jul/jul26a_99.html).
42. Fred Faust, *Sportingbet.com Says New Jersey Lacks Jurisdiction*, Rolling Good Times Online (Oct. 23, 2001), at <http://www.rgtonline.com>.
43. *Statement of Paul H. O'Neill, Secretary of the Treasury, Before The House Committee on Financial Services*, Oct. 3, 2001, at <http://www.house.gov/financialservices/100301on.pdf>.

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**This area of law is fluid and changing daily; thus, the information contained in this article was accurate as of November, 2001.**

# International Trademarking Under the Madrid Protocol: Efficiency Gains, But Not One-Stop Shopping

By Allison N. Engel, Dana J. Rosen and Lesley Szanto Friedman

*Registering and managing a trademark internationally can be costly and time-consuming. Under the Madrid Protocol, which the United States is expected to ratify in 2002, parties may obtain and maintain international trademark protection more simply and cheaply. However, the Protocol is not a cure-all, and owners are likely to continue having to maintain correspondence with national trademark offices. In certain instances, U.S. companies will receive broader protection abroad by continuing to pursue separate national applications.*

America's expected accession to the Protocol Relating to the Madrid Agreement (the "Madrid Protocol" or the "Protocol") by 2002<sup>1</sup> may prove convenient to U.S. companies maintaining international trademark portfolios. Under the Protocol, U.S. companies soon will have long-awaited access to a system of international registration of trademarks, making it possible for a trademark owner to obtain protection for a mark in many countries by filing a single application with the International Bureau of the World Intellectual Property Organization ("WIPO"). Seventy countries presently participate in the Madrid system, including major U.S. trading partners Japan, Germany, China, Russia and the United Kingdom. At present, U.S. trademark owners must file multiple national applications with disparate requirements. Numerous and complicated filings are just the beginning of the headaches and expense under the present system. Managing internationally registered trademarks may be even worse. The Madrid Protocol purports to fix all of that because it centralizes renewal and recordation capabilities.

However, the Protocol's vaunted "one-stop shopping" for trademark owners has been greatly overstated. The Protocol has significant limitations that, in many instances, will still require U.S. companies to retain local trademark counsel and correspond with national trademark offices, notwithstanding having filed an international registration with the International Bureau. These limitations arise particularly acutely in the areas of refusals and maintenance.

Moreover, in some situations, the present system of pursuing individual national registrations will be the better choice for ensuring that owners receive the maximum protection and flexibility. Specifically, companies may be better served under the current system of national registrations if:

- They could have received broader protection abroad by pursuing separate national applications;
- they foresee the possibility of assigning the marks to a person not connected with a Madrid signatory

country, and who is therefore prohibited from holding an International Registration;

- their marks are in block letters; or
- their marks involve translations of a home country word mark.

Finally, the new system is expected to invite a flood of Protocol applications at the United States' Patent and Trademark Office ("USPTO"). The USPTO assures that it is prepared for the increased volume, but fallout from this systemic change cannot help but create additional burdens for U.S. companies in searching, clearing and defending marks at home. Attorneys representing trademark-rich clients, such as entertainment and multimedia companies, should take account of these considerations and plan accordingly, as the United States accedes to the Protocol.

## Madrid Creates a Centralized System of International Registration

An applicant may obtain an international registration under the Madrid Protocol ("International Registration") through a centralized filing system administered by WIPO. International Registration provides a level of protection equivalent to a bundle of national registrations. Only persons having a prescribed level of connection with a member of the Madrid Union—comprised of nations that are party to the Madrid Agreement,<sup>2</sup> the Madrid Protocol or both—may file an application for International Registration. In addition, the applicant must already have applied for registration in the trademark office of such member—its "Office of Origin." Persons from countries, such as the United States, that have acceded only to the Protocol but not the Madrid Agreement may use the International Registration to gain protection only within those other countries that also have ratified the Protocol.

Applicants for International Registration must present their applications to WIPO's International Bureau through the Office of Origin. The application must contain a reproduction of the mark and a list of goods and services for which protection is sought (both of which must be identical with that in the basic registration with the Office of Origin). Additionally, at the time that the application for International Registration is submitted, applicants must designate the other member nations of the Madrid Union in which registration is being sought. The list may be modified later to correspond with changing business needs. Applications are subject to the payment of one set of fees to WIPO (in one currency, Swiss francs) which will

not be greater than the amount that would be payable for the registration of the mark in the trademark offices of each of the designated nations, if pursued independently.

The International Bureau will then determine whether the application for International Registration complies in form with the applicable regulations under the Madrid Protocol published by WIPO. If approved, the mark is recorded in the International Register and published in the *WIPO Gazette of International Marks*. The International Bureau then notifies the trademark office of each of the nations designated by the applicant. Each nation has the opportunity, within a specified period (usually between 12 and 18 months) to refuse protection of the mark within its territory, based upon the provisions of its own substantive national trademark law. If protection is not refused, the level of protection granted to an International Registration in any designated country will be the same as if it had been independently registered through that country's national office. Refusal by one country does not invalidate the International Registration with respect to other countries. Refusals, if applicable, are recorded in the International Register and published in the *Gazette*. Trademark owners may appeal a refusal but they must do so through direct correspondence with the relevant national trademark office.<sup>3</sup>

International Registrations are effective for a term of up to ten years. Renewals are handled centrally through the International Bureau, and may be made with respect to either some or all of the designated countries. Changes in ownership, changes in the name or address of the holder and assignments are also handled through a single procedural step with the International Bureau.

Most U.S. companies taking advantage of the Madrid Protocol will use registrations or applications at the USPTO from which to launch international applications. This procedure will greatly simplify the process of obtaining protection for a mark in a large number of territories. The applicant for an International Registration need only transfer the information from the USPTO application or registration into the form required by the WIPO regulations (and may do so in English), and the International Bureau will forward the application to the designated countries.

On the surface, these procedures deceptively appear to eliminate the need to hire local counsel in order to register trademarks abroad in Protocol countries. The reality, however, is different.

## **The Madrid System Does Not Eliminate Interactions with National Trademark Offices**

Despite its centralizing role, the Madrid system is actually an international system of "national-style" protection. National trademark offices still play a significant role in determining the level of protection that an International

Registration will receive within its territory. The International Bureau functions as a processing center and go-between among trademark owners and national trademark offices, rather than as an advocate for the particular International Registration. Consequently, applicants for International Registrations should be aware that there are many issues affecting protection that cannot be addressed through the International Bureau, and that direct correspondence with various national trademark offices is likely to continue under the Madrid Protocol despite the centralized filing scheme.

For example, upon refusal of an International Registration by a designated nation, the International Bureau ceases to be involved with the registration with respect to that country. Trademark owners must step in to handle procedures subsequent to refusal, such as review or appeal, directly with national trademark offices.

Moreover, even under the Protocol, member nations are permitted to impose additional application requirements beyond the paperwork forwarded by the International Bureau (such as the requirement of proof of incorporation or other documentation). Thus, merely filing with the International Bureau may not be the only element of the process.

National trademark offices also retain a role with respect to maintaining marks. While International Registrations may be renewed centrally with respect to all of the designated countries or only to some of them, they may not be renewed with respect to only some of the goods and services originally recorded in the International Register. Thus, if the trademark owner wishes at the time of renewal to reduce the enumerated goods and services from the International Registration, the owner must separately request cancellation from each of the countries involved. Additionally, while countries cannot require proof of use as a condition for renewal of the International Registration, each may still impose its own requirements regarding maintenance of the mark in its country. One familiar example is the United States' requirement that an affidavit of use be filed between the fifth and sixth year of the registration to avoid cancellation. As each nation can impose its own requirements with respect to maintenance of a mark, trademark counsel must become familiar with procedures in each country in order to avoid cancellation within those territories. Furthermore, since the country of the Office of Origin may not be "designated" in an application for International Registration, any maintenance issues with respect to the country of the Office of Origin must be handled separately from the record-keeping done through the International Bureau.

Although many subsequent activities affecting trademark registrations may be handled centrally through the International Bureau, there are a number of exceptions. For example, licenses and assignments may not be valid in certain countries, even where the International Bureau's

filing requirements are complied with, if national requirements are not also taken into consideration. Some countries, including the United States, do not permit assignments without the accompanying goodwill. If international registrations are assigned without goodwill, that assignment will likely not be valid within such territories. Licenses, too, require attention to local formalities. In some countries, enforcement of licensing arrangements depends on recordation. The International Bureau does not have a recordation system for licenses, and therefore holders of International Registrations will have to handle such recordations independently on a national basis.

## **Certain Trademarks Are Ill-Suited to International Registration**

Despite its advantages, registration under the Madrid system does not necessarily provide the broadest and most cost-effective protection for all trademarks.

The Madrid system requires that the mark applied for in the international application be identical to that in the basic application or registration. In addition, any indications, such as a description of the mark, and the goods and services designated in the international application, must be the same as in the basic application or registration. The USPTO requires a fairly detailed specification with respect to goods and services, and the U.S. national application process often results in a dramatic narrowing of the description of goods for which protection is claimed. For this reason, U.S. companies (which are likely to use the USPTO application as their basic application) often will be bound to a narrow description of goods and services in their application for International Registration. Unfortunately, the Madrid system does not allow the international applicant to expand the description of goods and services. Therefore, U.S. companies may find that they could have received broader protection abroad by pursuing separate national applications, because many nations permit trademark applicants to seek registration for broad categories of goods even though the mark may only be used on a single narrow product line.

Trademark owners contemplating registration under the Madrid system should also consider the likely identity of any future assignees. While assignments may be handled centrally through the International Bureau, only certain parties are eligible to be assignees of International Registrations. A person who does not have a connection with a country which is party to the Madrid Protocol or the Madrid Agreement is prohibited from being recorded as the holder of an International Registration. Additionally, depending on whether a particular country has signed onto the Agreement, the Protocol, or both, assignments may only be made to a particular subset of the countries in the Madrid Union. Thus, future transfers of International Registrations are limited and applicants should evaluate whether this may hinder their plans.

Moreover, certain types of marks are particularly ill-suited for International Registration because the process does not permit modifications in the application to fit local peculiarities in trademark law. For instance, in some jurisdictions, descriptive marks must have acquired secondary meaning or distinctiveness to be entitled to registration. Use of the Madrid system will be less attractive to owners of such trademarks since national level appeals will likely be required anyway. Another type of mark not amenable to international registration is a mark in block letters. While block letters afford the broadest type of protection under U.S. law, allowing the word mark to appear in many different formats and still be protected, they are not interpreted similarly abroad. In some countries, protection may be limited to the block letter format as it appears on the International Registration, and in the worst case scenario, block letter marks may not be protected at all on the grounds that they lack distinctiveness. Additionally, translations of a home-country word mark will not be protected through an International Registration. Under the Madrid Protocol, protection is granted to the mark exactly as it appears in the specification forwarded by the Office of Origin, with no variations.

Another factor for trademark owners to consider is the Community Trademark system. The European Union is not currently a member of the Madrid Protocol, so that protection of a Community Trademark currently can be achieved only through a separate application to the European Community.<sup>4</sup>

## **The Madrid Protocol Will Increase Some Burdens on U.S. Filers and the USPTO**

Searching and clearing marks, as well as defending marks, may be complicated by U.S. accession to the Madrid Protocol. Once the United States ratifies the Protocol, it can be expected that many existing owners of international registrations will add the United States as a designated country, inundating the USPTO with Protocol applications. Although the USPTO contends that it is fully prepared to handle the expected volume, there will be a greatly increased number of marks published for opposition that U.S. trademark owners will have to review in order to make sure the USPTO has not failed to consider some existing U.S. trademark owner's prior right. Because of the "national-style" of protection under the Protocol, giving each country the ability to approve or refuse registration, there is no centralized system for opposing marks. As discussed above, opposition takes place at the national level, and a successful opposition in one country does not invalidate the International Registration with respect to all countries. Therefore, trademark owners looking to oppose International Registrations will have to do so at each national trademark office. Finally, there is no centralized method for defending against infringement suits. If a third party claims that an International Registration infringes its rights in various countries, the holder of that

International Registration may be hauled into court in each of those countries to defend that mark. The more countries the holder designates, then, the more countries it may have to visit to respond to third-party complaints.

Moreover, it will be more difficult for U.S. companies to clear new marks, as the chances will increase that desirable marks will already have been claimed. Additionally, U.S. companies will need to search International Registrations in researching new marks. The sheer number of marks requiring review and investigation under the Madrid system, along with increased blackout periods (the time period between priority dates and when a mark first becomes "searchable"), will increase uncertainty. The increased volume of marks to search will certainly increase the burden of information gathering and processing.

## Conclusion

United States' accession to the Madrid Protocol will greatly benefit some, but not all, U.S. trademark owners. Practitioners should advise their clients that even after accession, U.S. companies remain free to pursue separate national applications, and that in certain circumstances, this will be in their better interest. Trademark owners and applicants are urged carefully to examine the type of trademark and its desired use in determining whether the international registration system will be advantageous.

U.S. companies should also be made aware that, contrary to much of the hype surrounding ratification of the Madrid Protocol, International Registration may, but in many cases will not, save money. There may be cost savings associated with not having to retain local counsel and translate applications in a wide number of countries. However, local representation will become necessary if a refusal is announced or if another party objects to the application or claims that the International Registration violates its rights. It will still be advisable to retain local counsel even if registration proceeds smoothly, in order to comply with various national maintenance procedures and to avoid cancellation of the registration. Local counsel may even remain necessary prior to initiation of an International Registration, both for searching purposes and also to determine whether the potential mark is a good candidate for such procedures.

Beneath the surface of central registration, the Madrid Protocol still shows great deference to territorial trademark laws. For this reason, U.S. companies will find the Madrid Protocol an aid, but not a cure, to some of the difficulties of multinational trademark registration. For the right type of marks, and if few refusals are encountered, protection through the international system will be broad

and the cost-savings will be considerable. On the other hand, if the mark is not amenable to protection in all countries or if many objections are raised, the applicant will find itself in much the same position as under the old system, forced to correspond with and be counseled on the laws of various national trademark offices.

*For more information about the Madrid system of international registration, please consult WIPO's Web site at [www.wipo.int/madrid/en/index.html](http://www.wipo.int/madrid/en/index.html), including forms for International Registration, the text of the Protocol, Agreement and Regulations and the searchable databases ROMARIN and MADRID EXPRESS related to outstanding and pending International Registrations.*

## Endnotes

- 1 The Madrid Implementation Act, S. 407 (related bill H.R. 741) has been reported to the Senate and was placed on the Senate Legislative Calendar under the General Orders Calendar No. 101 on July 25, 2001.
- 2 The Madrid Agreement Concerning the International Registration of Marks (the "Madrid Agreement") is the original treaty establishing the Madrid Union. The United States rejected the Madrid Agreement.
- 3 The Madrid Protocol differs from the Madrid Agreement in an important respect. Under the Madrid Agreement, if the basic registration fails, there is no valid International Registration, and trademark owners would have to seek national registrations from scratch, with no priority in terms of filing date. Under the Protocol however, if the basic application fails within the first five years, applicants for International Registrations may "transform" that application into separate national applications. This "transformation" process is beneficial because any "transformed" national registration that is filed within three months of a refusal of the International Registration and that is eventually accepted will be treated as if it had been filed on the date of the application for International Registration.
- 4 Article 1 of the Protocol permits organizations to become members, however, so if the European Union does eventually join the Protocol, holders of International Registrations will be able to choose the European Union as a designee and obtain protection under the Community Trademark system.

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# The Secondary Effects Doctrine: From Footnote to Expanding Threat

By Paul McMasters

On March 29, 2000, the Supreme Court upheld an Erie, Pennsylvania, ordinance banning nude dancing. Immediately, Erie officials were swamped with calls and letters from government officials across the nation, who wanted copies of the law that had passed constitutional muster. During the next few months, more than 20 states seeking ways to regulate or ban adult businesses took up legislation modeled after the Erie ordinance.

Through its decision in *City of Erie v. Pap's A.M.*,<sup>1</sup> the Court had dramatically increased the scope and reach of the secondary effects doctrine. Until then, the doctrine had been used to regulate expressive conduct, not to ban it outright. Further, implicit in *Pap's* was the possibility that so-called indecent speech—especially speech in entertainment and the arts—was vulnerable to a secondary effects-type approach to regulation or even banning. The impact of *Pap's* has yet to be fully felt, but two cases docketed for the Court's current term could further broaden the authority of government officials to suppress speech on the basis of its alleged effects.

*City of Los Angeles v. Alameda Books*,<sup>2</sup> which was scheduled for argument on December 4, is a traditional secondary effects case. At issue is a zoning ordinance prohibiting the operation of an adult bookstore and an adult arcade in the same building. The businesses claim that the law is constitutionally suspect because the city did not conduct a study of the alleged negative effects for the combined operation. Instead, it relied on judicially approved statutory precedent from other jurisdictions.

The second case, *Ashcroft v. The Free Speech Coalition*,<sup>3</sup> promises to dress up the secondary effects approach for the electronic future. The case, which was scheduled for argument on October 30, will determine the constitutionality of the Child Pornography Prevention Act of 1996. The law targets computer-generated images and altered photographs of minors appearing to be engaged in sexual activity. The ACLU contends in an *amicus* brief that the law impacts speech as varied in type as films, photographs, digital creations, morphing, videos, computer games, drawings, cartoons, paintings, sculpture and anatomically correct dolls.

In the shadow of *Pap's*, these current cases have the potential for grave new consequences for all speech.

## Secondary Effects Doctrine

Since 1976, when the secondary effects doctrine appeared as a footnote in *Young v. American Mini Theatres*,<sup>4</sup> government officials have been emboldened in their attempts to push certain kinds of expression, not just to the geographic fringes of their communities, but to the outer reaches of First Amendment protection. From the outset, First Amendment advocates have been alarmed by this rationale for suppressing otherwise protected speech. Even adult speech, as Justice White noted in *Barnes v. Glen Theater*,<sup>5</sup> conveys "thoughts, ideas and emotions."

Nevertheless, the doctrine allows government officials to regulate speech based on highly suspect, even arbitrary "secondary effects." Typically, the secondary effects doctrine has been applied to zone adult businesses that engage in nude dancing. While the test has until now been confined to content-neutral laws regulating expressive conduct, once that determination is made, the judicial scrutiny is substantially diminished. The courts extend great deference to the assertions of federal, state and local officials as to the alleged secondary effects and the link to the targeted First Amendment activity.

Besides *Young* and *Pap's*, other significant cases involving secondary effects include:

- *Renton v. Playtime Theaters* (1986),<sup>6</sup> in which the Court upheld an ordinance that prohibited adult motion picture theaters from locating within 1,000 feet of residential zones, churches, schools or parks. The decision allowed Renton, Washington, officials to rely on the experiences of nearby Seattle as evidence of the alleged secondary effects of the adult businesses.
- *Boos v. Barry* (1998),<sup>7</sup> which rejected the application of secondary effects in a Washington, D.C., ordinance banning displays of signs

within 500 feet of a foreign embassy that might create “public odium” or “public disrepute” for foreign officials. Three justices—Sandra Day O’Connor, John Paul Stevens, and Antonin Scalia—invoked the secondary effects doctrine to help justify the result in the case.

- *Barnes v. Glen Theater* (1991),<sup>8</sup> upheld secondary effects as a justification for an Indiana law requiring G-string and pasties on nude dancers. In dissent, Justice Stevens wrote that to “believe that the mandatory addition of pasties and a G-string will have any kind of noticeable impact on secondary effects requires nothing short of a titanic surrender to the implausible.”

Based on that jurisprudence, the secondary effects approach (or variations of the approach) stands to be employed in a number of ways against a wide spectrum of expressive activity other than sexual speech. The targets of choice include violence in the media, hate speech, discriminatory speech, religious speech, political dissent, artistic speech, musical speech and speech involving alleged threats or incitement.

David L. Hudson, Jr., who has written one of the more authoritative accounts of the secondary effects doctrine,<sup>9</sup> provides a fascinating inventory of effects cited as reasons for speech regulation. They include criminal activity, residential privacy, visual clutter, traffic safety and congestion, noise, security, appearances of impropriety, business district vitality, identification of unfit judges, panhandling, gambling, congestion and confusion at election polls, sexual arousal, cable channel signal bleed and harm to children. Given how the test operates, the mere mention of such “effects” in the preamble of a local law may be enough to satisfy the highly deferential standard in *Pap’s*.

Indeed, the secondary effects doctrine has expanded a great deal since its humble beginnings. In *Young*, the theory appeared as a footnote in the zoning regulation of expressive conduct. In *Renton*, it was a zoning regulation of expressive conduct as a full-fledged doctrine. In *Pap’s*, it became a regulation that moved beyond zoning to an outright ban of expressive conduct.

In addition, First Amendment scholar Robert O’Neil alerts us to a little-noted but significant elaboration of the doctrine in the 1997 *ACLU v. Reno*<sup>10</sup> ruling. “Those of us in the First Amendment community should have been much more concerned

than we were at the time by the separate opinion written by Justice O’Connor (author of the *Pap’s* plurality opinion) and joined by Chief Justice William Rehnquist,” O’Neil said in an interview. “What they did was in effect to indicate their receptiveness to a secondary effects kind of zoning argument with respect to electronic and digital communication. Though somewhat ridiculed at the time, that view was allowed to go largely unchallenged because everyone was so delighted by the opinion handed down for the majority by Justice Stevens.”

Now, that view looms ominously as the Court takes up the *Free Speech Coalition* case.

## Zoning Speech in a Digital Medium

Federal courts in the First, Fourth, Fifth and Eleventh circuits have upheld the constitutionality of the Child Pornography Prevention Act, but the Ninth Circuit has declared the law constitutionally infirm. The court held that the law was not content-neutral, that it was vague and overbroad and that it failed to demonstrate a compelling government interest because “no human being” was being depicted and that material was “entirely the product of the mind.”

Two provisions of the law were struck down: the prohibition of visual depictions of sexually explicit conduct of someone who “appears to be a minor” or material that is advertised or promoted in a way that “conveys the impression” of a minor engaged in sexually explicit conduct.

The law calls for a dramatic shift in the jurisprudence flowing from the Court’s rulings in *New York v. Ferber* (1982)<sup>11</sup> and *Osborne v. Ohio* (1990),<sup>12</sup> which concerned the prevention of real harm to real children. According to First Amendment scholar Ronald K.L. Collins, in the Court’s consideration of *Free Speech Coalition*, the danger lies in the potential for creation of a new exception to First Amendment, namely virtual depictions of criminal activity. If such an exception is created, then the argument for justification can be based on the alleged effects of the virtual porn. “In that new context,” says Collins, “for the first time in history, pure speech could be banned as an indirect result of the secondary effects doctrine fashioned in *Pap’s*. Essentially, the Court then would be applying a test that originated in expressive conduct zoning regulation in order to ban pure speech.”

In addition, the position of the Justice Department in 1997 must be kept in mind. In its defense of

the Communications Decency Act in *Reno*, the Justice Department wrote, "The primary effect of constitutionally protected adult-to-adult communication . . . is on adults. The harm to children is a secondary, spillover effect of that constitutionally protected adult-to-adult expression."

Even though there is ample ground for the Court to rule against the government in *Free Speech Coalition* on the grounds of vagueness and overbreadth, those words and the virtual specter of the secondary effects theory no doubt will haunt the Court's deliberations in this crucial case.

## Conclusion

First Amendment attorney Robert Corn-Revere describes the secondary effects doctrine as:

[T]he Trojan horse that allows regulation where none has been permitted. Those who advocate speech restrictions always try to apply the least vigorous level of scrutiny that they can. As a result, they have attempted to apply the secondary effects analysis for zoning cases to those involving the direct regulation of speech, the most recent examples being *Reno v. ACLU* and *Playboy*. In both of those cases, the Court emphatically said that the secondary effects analysis does not lower the level of scrutiny in attempts to regulate speech content.

Yet the threat is quite real, even in the virtual world.

As a rationale for regulating or banning certain kinds of speech, the secondary effects doctrine is seriously flawed. Those infirmities extend to legal analyses that find their origins in that doctrine. The secondary effects approach pretends that the effects of speech first can be positively identified and then rationally categorized into low-value and high-value forms of the protected and the less protected. It allows content-based attempts to suppress speech to be analyzed as content-neutral. It allows government officials to merely assert alleged effects rather than demonstrate them. It opens up the back door to prior restraint. More importantly, the secondary effects doctrine has proved a useful tool for those intent on regulating, suppressing or punishing

speech that they do not like, no matter what the speech, no matter what the reason.

Basically, the secondary effects doctrine is the heckler's veto writ sideways. Just as the heckler's veto doctrine silenced speech in the name of the alleged effects on the crowd, so too the secondary effects doctrine stands to silence speech in the name of the alleged effects on the community. From streets and parks to dance halls and embassy sidewalks to real and virtual worlds, the goal is the same: Suppression of disfavored expression.

As the Court takes up new cases invoking this doctrine directly or indirectly, the question becomes whether it will be able to overcome a demonstrated distaste for certain kinds of sexual expression, and recognize that the secondary effects approach is a dangerous rationale for censorship of so-called indecent speech, because it has a distressing tendency to gather up all kinds of other speech as well.

In the name of protecting society from the alleged bad effects of bad speech, the doctrine would gradually peel away protections for all sorts of speech—even vital speech. As more and more speakers are targeted, the body of protected speech and speakers will dwindle and public discourse, artistic speech and entertainment will be rendered bland and meaningless, resulting in speech that has no effect at all.

## Endnotes

1. 526 U.S. 1111 (1999).
2. 121 S. Ct. 1223 (2001).
3. 121 S. Ct. 1732 (2001).
4. 427 U.S. 50 (1976).
5. 501 U.S. 560 (1991).
6. 475 U.S. 41 (1986).
7. 485 U.S. 312 (1988).
8. 501 U.S. 560 (1991).
9. *Washburn Law Journal*, Vol. 37, No. 1 (Fall 1997).
10. 521 U.S. 844 (1997).
11. 456 U.S. 942 (1982).
12. 1990 Ohio App. LEXIS 2555 (Ohio Ct. App. June 22, 1990).

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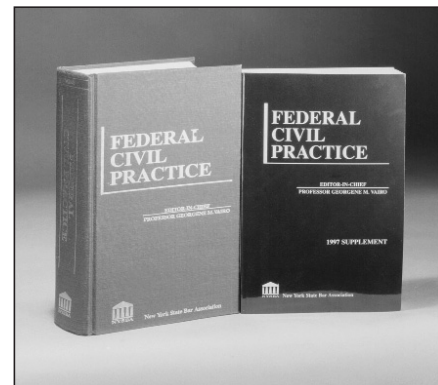
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