

Entertainment, Arts and Sports Law Journal



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



In This Issue

- Playola—New Tech, Familiar Deception
- Fixation on Flesh: Why Tattoos Should Not Garner Copyright Protection
- Street Art: Is Copyright for “Losers©™”
- When Do Copyright Claims Accrue?
- Contracts With Minors in New York and California
- Pro Bono Update

....and more

In The Arena: A Sports Law Handbook

*Co-sponsored by the New York State Bar Association and
the Entertainment, Arts and Sports Law Section*

As the world of professional athletics has become more competitive and the issues more complex, so has the need for more reliable representation in the field of sports law. Written by dozens of sports law attorneys and medical professionals, *In the Arena: A Sports Law Handbook* is a reflection of the multiple issues that face athletes and the attorneys who represent them. Included in this book are chapters on representing professional athletes, NCAA enforcement, advertising, sponsorship, intellectual property rights, doping, concussion-related issues, Title IX and dozens of useful appendices.

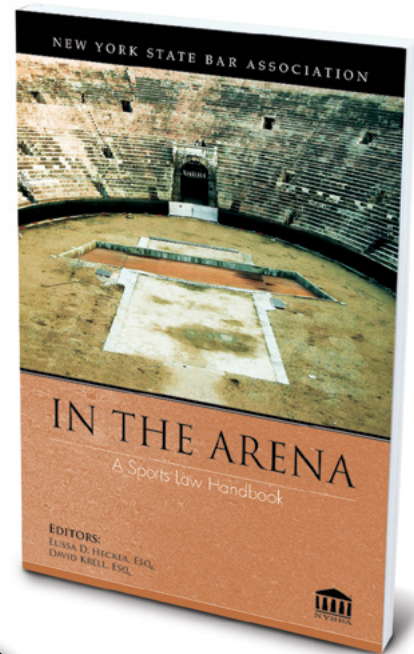


Table of Contents

Intellectual Property Rights and Endorsement Agreements
How Trademark Protection Intersects with the Athlete's Right of Publicity
Collective Bargaining in the Big Three
Agency Law
Sports, Torts and Criminal Law
Role of Advertising and Sponsorship in the Business of Sports
Doping in Sport: A Historical and Current Perspective
Athlete Concussion-Related Issues
Concussions—From a Neuropsychological and Medical Perspective
In-Arena Giveaways: Sweepstakes Law Basics and Compliance Issues
Navigating the NCAA Enforcement Process
Title IX
Mascots: Handle With Care
An Introduction to European Union Sports Law
Dental and Orofacial Safety



EDITORS

Elissa D. Hecker, Esq.
David Krell, Esq.

PRODUCT INFO AND PRICES

2013 | 539 pages
PN: 4002 (Print)
PN: 4002E (E-Book)

Non-Members \$80

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Table of Contents

	Page
Remarks from the Chair	4
Editor's Note.....	7
Pro Bono Update.....	8
Law Student Initiative Writing Contest	10
The Phil Cowan Memorial Scholarship Writing Competition.....	11
NYSBA Guidelines for Obtaining MCLE Credit for Writing.....	13
When Do Copyright Claims Accrue? (Jonathan Bloom)	14
Playola – New Technology, Familiar Deception (Scott Connolly)	19
Fixation on Flesh: Why Tattoos Should Not Garner Copyright Protection (John Mixon)	25
Street Art: Is Copyright for “Losers©™”? A Comparative Perspective on the French and American Legal Approach to Street Art..... (Louise Carron)	31
Sports and Entertainment Immigration: Immigrants? Who Needs ‘Em?! Oh, America, That’s Right (Michael Cataliotti)	38
2019 Annual Meeting Transcript	43
Entertainment Contracts with Minors in New York and California (Neville L. Johnson and Douglas L Johnson)	75
The Top 25 Greatest Law Songs of All Time..... (Judah S. Shapiro)	77
Krell’s Korner: Holy Copyright Audit, Batman!..... (David Krell)	80
The Entertainment, Arts and Sports Law Section Welcomes New Members	83
Section Committees and Chairpersons	85

Remarks from the Chair

Introduction

Welcome to 2019! As I enter the midpoint of my two-year term as Chair of the Entertainment, Arts and Sports Law (EASL) Section, I look back with pride to the accomplishments achieved—which were made possible by the hard work and dedication of EASL's Executive Committee, invaluable contributions of our CLE program planners and speakers, and, of course, participation by Section members like you. Thank you all!



As we all look forward and head into 2019—the 50th anniversary of *inter alia* the first Led Zeppelin album (remember LPs?), the first Boeing 747 jumbo jet flight, Apollo 11's Eagle moon landing, the Stonewall riots, installation of the first ATM (which was at Rockville Center on Long Island), the first message sent over Arpanet (forerunner of the Internet), the incorporation of Walmart, and the Jimi Hendrix concert I was at on New Year's Eve 1969 in the Fillmore East—I remain grateful for the opportunity to serve as EASL's Chair, and to continue working with an amazingly talented, collaborative and collegial group so focused on creating or enhancing professional and personal value for our fellow Section members and for the creative community at large.



2019 Annual Meeting

As those of you who personally attended it know, EASL's 2019 Annual Meeting held on January 15th at the Hilton in NYC (as part of NYSBA's Annual Meeting week) was a huge success, with several survey results going so far as to say "best ever." If you missed it, a transcript of EASL's program is included in this issue of the *EASL Journal*.

The transcript includes presentations from two CLE panels on underlying rights and adaptations—the first

focused on transactions, and the second on litigation (both of which were organized by Judith Bass and Anne Atkinson)—and from a third CLE panel on ethics for entertainment and other lawyers (which was organized by Ron Minkoff). Congratulations and thanks again to the organizers, the program planners who also helped, and of course the panelists!



Prior to the panels, Scott Connolly and John Mixon (two students at Saint John's Law School, a serendipitous occurrence) were also announced as winners of EASL's annual Phil Cowan Memorial Scholarship writing competition for law students (again co-sponsored by BMI). Each received a \$2,500 scholarship and free EASL membership for 2019. Both of Scott's and John's articles are also included in this issue of the *Journal*.

In addition, those present at our Annual Meeting were advised of a special discount made available to EASL members who might be interested in attending this year's South by Southwest (SxSW) program to be held from **March 8th through 17th** in Austin, Texas. EASL's Rosemarie Tully and Diane Krausz have also planned a special CLE program to take place at SxSW on March 14th.

Networking

Immediately following the conclusion of EASL's 2019 Annual Meeting, about 100 or so of us migrated over to Bill's Burger Bar in nearby Rockefeller Center for a fun networking cocktail reception (an open bar with premium liquor and tasty food), which for the second consecutive year was jointly sponsored by the Intellectual Property Section. A good time was had by all, and some valuable connections were made.

Upcoming Events

You may already know that the EASL and IP sections of NYSBA also collaborate from time to time on pro bono clinics—such as the recent one from **February 23rd**

at Hunter College in New York City, organized by Elissa Hecker for the Dance/NYC Symposium. EASL conducts many pro bono clinics, such as for visual artists and musicians. We would like to do more, but need your help.

EASL remains eager to work with members, other NYSBA Sections, law schools, and additional organizations on pro bono clinics, CLE programs, networking or social, and other events. We constantly seek to explore new ways to best serve not only our members but also the creative community and others, while we continue to present popular recurring and ad hoc CLE programs.

"We would also like to continue coupling networking opportunities with discounted tickets for small groups of EASL family and friends to attend live theatre, concert, and sports events. What's your pleasure?"

For example, this year's annual EASL/CTI Theatre Law program will take place on the evenings of **March 27th and 28th** at a new location in New York City, the Theatre Center (formerly known as the Snapple Entertainment Center). Plans are also underway *inter alia* for EASL's annual Spring Meeting (date TBD) and for our annual Music and Business Law Conference in November. EASL and its various committees are likewise planning additional programs and events.

We would also like to continue coupling networking opportunities with discounted tickets for small groups of EASL family and friends to attend live theatre, concert, and sports events. What's your pleasure? If you have any ideas or space available for any EASL program or event, please let me know.

Please also note that, because we are all members of a state-wide bar association, EASL welcomes suggestions for additional CLE and other programs or events to take place not only in Manhattan but also elsewhere across the Empire State. EASL's District Representatives have been encouraged to help members become more engaged and receive added value.

New Membership Initiatives

EASL already has several new membership initiatives underway. Among them are recently adopted Engagement Guidelines, which suggest ways how we all might better help recruit and retain members of our Section, foster engagement and more active participation by committee co-chairs and members, encourage law students and younger attorneys to become more involved in EASL

committees and other activities, and to enable a succession plan for future Section and NYSBA leaders.

These Guidelines include budgets and goals set for each EASL committee to hold four meetings, programs or events per year (e.g., CLE programs, breakfast or brown bag lunch meetings, telephone conference calls, social or networking events, etc.), with limits imposed for each committee chair to serve no more than three consecutive years (and thus provide additional opportunities for other EASL members to serve in leadership roles). We are also open to establishing one or more new committees if there is sufficient interest (e.g., at least 10 members).

Of course, establishing, leading or joining one of our committees are not the only ways for EASL members to become more actively engaged and to promote our mutual interests. As always, you are encouraged to become an engaged and active participant in any of a number of ways.

For example, you could write an article for the EASL Blog or *Journal*, join a committee, be involved with a Committee or Section CLE program or other event, or use our online community to ask or answer questions, seek or offer employment opportunities, share documents and more.

To paraphrase Rod Serling, your opportunities are limited only by the boundaries of your imagination. I ask that you please take action on the suggestions above for a growing and more engaged Section membership, including by physically attending one or more of our programs or events. For more info, please visit www.nysba.org/easl.

If you would like to become more involved in EASL, or if I could possibly help you or anyone you might refer, please contact me by e-mail (bskidelsky@mindspring.com) or by telephone (212) 832-4800. I hope to talk with you or see you soon, and thanks again for being one of EASL's approximately 1,500 members.

Best,

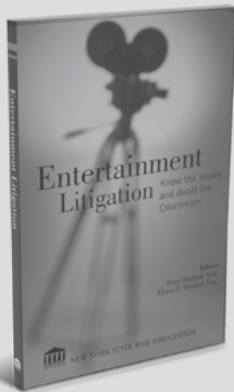
Barry

Barry Skidelsky, EASL's Chair, is a New York City-based attorney and consultant with a national practice. Having substantial experience in diverse corporate, transactional, litigation/ADR and regulatory matters, plus a background as a musician, radio broadcaster, bankruptcy trustee, FCC trustee, arbitrator and General Counsel, Barry most enjoys applying his expertise and interests by working with other lawyers, lenders, investors, owners, operators and creative talent who are involved with entertainment, digital media, telecommunications, and technology.

From the NYSBA Book Store



Entertainment Litigation



EDITORS

Peter Herbert, Esq.

Hinckley, Allen & Snyder LLP
Boston, MA

Elissa D. Hecker

Law Office of Elissa D. Hecker
Irvington, NY

PRODUCT INFO AND PRICES

2007 | 232 pp. | softbound

PN: 4087 (Print)

PN: 4087E (E-Book)

NYSBA Members	\$40
Non-members	\$60

\$5.95 shipping and handling within the continental U.S. The cost for shipping and handling outside the continental U.S. will be based on destination and added to your order. Prices do not include applicable sales tax.

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

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

Contents

1. Contracts Without an Obligation
2. Artist-Manager Conflicts
3. Artist-Dealer Relations: Representing the Visual Artist
4. Intellectual Property Overview: Right of Privacy / Publicity and the Lanham Act
5. Anatomy of a Copyright Infringement Claim
6. Digitalization of Libraries / Google Litigation
7. Accrual of Copyright Infringement Claims
8. The Safe Harbor Provisions of the Digital Millennium Copyright Act and "X".com
9. Trademarks for Artists and Entertainers
10. Internet: A Business Owner's Checklist for Avoiding Web Site Pitfalls
11. Internet Legal Issues
12. Litigating Domain Name Disputes
13. Alternative Dispute Resolution Appendices

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Editor's Note

I hope that by the time you read this, we will have thawed out from a bitterly cold Winter. Time for some Spring reading!

This issue is full of quality content. For those of you who were unable to attend the Annual Meeting, or those who did attend and want a refresher, this issue includes the transcript, in addition to the Phil Cowan Memorial Scholarship winning articles. We also have columns from our wonderful regulars who write about EASL-related issues.

Please feel free to email me with any comments or submissions you may have. For shorter, timely pieces, please send them to me for the EASL Blog. More substantive articles of the highest quality, related to the EASL fields, will always have a home in this *Journal*.

Enjoy reading!

Elissa

**The next *EASL Journal*
deadline is Friday,
May 3, 2019.**

Elissa D. Hecker practices in the fields of copyright, trademark and business law. Her clients encompass a large spectrum of the entertainment and corporate worlds.

In addition to her private practice, Elissa is also a Past Chair of the EASL Section, Co-Chair and creator of EASL's Pro Bono Committee, Editor of the EASL Blog, Co-Editor of *Entertainment Litigation, Counseling Content Providers in the Digital Age*, and *In the Arena*, Chair of the Board of Directors for Dance/NYC, a member and former Trustee of the Copyright Society of the U.S.A. (CSUSA), and Assistant Editor and a member of the Board of Editors for the *Journal of the CSUSA*. Elissa is a repeat Super Lawyer, Top 25 Westchester Lawyers, and recipient of the CSUSA's inaugural Excellent Service Award. She can be reached at (914) 478-0457, via email at eheckeresq@eheckeresq.com or through her website at www.eheckeresq.com.



Corrections

In the Winter issue, the date when the Music Modernization Act was passed should have read October 11th, not October 10th, in the article by Christopher J.P. Mitchell, "Blockchain Technology and the Music Modernization Act: A Match That Should Be Made."

In addition, the photograph of Ned Rosenthal accidentally appeared with Jeffrey Rosenthal's article. Here is Jeff's actual image.

Both of these corrections were immediately fixed in the electronic version of the Winter 2018 issue of the *EASL Journal*.



Jeffrey Rosenthal

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DO THE PUBLIC GOOD

VOLUNTEER FOR PRO BONO

Pro Bono Update

By Elissa D. Hecker, Carol Steinberg,
and Irina Tarsis
Pro Bono Steering Committee

Clinics

Our most recent Pro Bono Clinic took place on Sunday, February 23rd in conjunction with the IP Section, at Dance/NYC's Annual Symposium, held at Hunter College.

Thank you to the following volunteers who devoted their Saturday afternoon to helping pro bono clients:

Cheryl L. Davis
Carol S. Desmond
Lou Fasulo
Giuditta Giardini
George T. Gilbert



Elissa D. Hecker
JoniKay Johnson
Caroline Keegan
Kyle Koemm
Diane Krausz
Anne LaBarbera
Dana F. Nelson
Madeleine Nichols
Robert J. Reicher
Sophia Sofferman
Ashley Tan
Camille Turner
Christopher Wellington



Clinics

Elissa D. Hecker coordinates legal clinics with various organizations.

- heckeresq@heckeresq.com

Speakers Bureau

Carol Steinberg coordinates Speakers Bureau programs and events.

- elizabethcjs@gmail.com or www.carolsteinbergesq.com

Litigations

Irina Tarsis coordinates pro bono litigations.

- tarsis@gmail.com

We look forward to working with all of you, and to making pro bono resources available to every EASL member.



Law Student Initiative Writing Contest

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

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

Requirements

- **Eligibility:** Open to all full-time and part-time J.D. candidates who are EASL Section members. A law student wishing to submit an article to be considered for publication in the *EASL Journal* must first obtain a commitment from a practicing attorney (admitted five years or more, and preferably an EASL member) familiar with the topic to sponsor, supervise, or co-author the article. The role of sponsor, supervisor, or co-author shall be determined between the law student and practicing attorney, and must be acknowledged in the author's notes for the article. In the event the law student is unable to obtain such a commitment, he or she may reach out to Elissa D. Hecker, who will consider circulating the opportunity to the members of the EASL Executive Committee.
- **Form:** Include complete contact information; name, mailing address, law school, phone number and email address. There is no length requirement. Any notes must be in *Bluebook* endnote form. An author's blurb must also be included.
- **Deadline:** Submissions must be received by **Friday, May 3, 2019**.
- **Submissions:** Articles must be submitted via a Word email attachment to heckeresq@heckeresq.com.

Topics

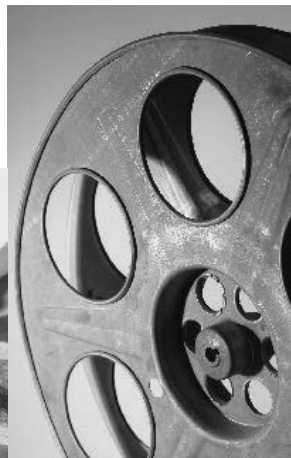
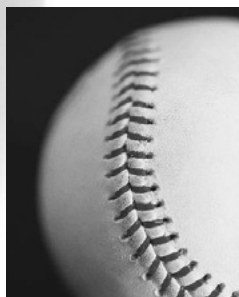
Each student may write on the subject matter of his/her choice, so long as it is unique to the entertainment, art and sports law fields.

Judging

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

Winning submissions will be published in the *EASL Journal*. All winners will receive complimentary memberships to the EASL Section for the following year. In addition, the winning entrants will be featured in the *EASL Journal* and on our website.

Phil Cowan Memorial Scholarship Writing Competition



Law students, take note of this publishing and scholarship opportunity: The Entertainment, Arts and Sports Law Section of the New York State Bar Association (EASL) has established the Phil Cowan Memorial Scholarship! Created in memory of Cowan, an esteemed entertainment lawyer and a former Chair of EASL, the Phil Cowan Memorial Scholarship fund offers *up to two awards of \$2,000 each on an annual basis* in Phil Cowan's memory to a law student who is committed to a practice concentrating in one or more areas of entertainment, art or sports law.

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

The Competition

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

The paper should be twelve to fifteen pages in length (including *Bluebook* form footnotes), double-spaced and submitted in Microsoft Word format. **PAPERS LONGER THAN 15 PAGES TOTAL WILL NOT BE CONSIDERED.** The cover page (*not* part of the page count) should contain the title of the paper, the student's name, school, class year, telephone number and email address. The first page of the actual paper should contain only the title at the top, immediately followed by the body of text. The name of the author or any other identifying information must not appear anywhere other than on the cover page. All papers should be submitted to designated faculty members of each respective law school. Each designated faculty member shall forward all submissions to his/her Scholarship Committee Liaison. The Liaison, in turn, shall forward all papers received by him/her to the three (3) Committee Co-Chairs

for distribution. The Committee will read the papers submitted and will select the Scholarship recipient(s).

Eligibility

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

Free Membership to EASL

All students submitting a paper for consideration, who are NYSBA members, will immediately and automatically be offered a free membership in EASL (with all the benefits of an EASL member) for a one-year period, commencing January 1st of the year following submission of the paper.

Yearly Deadlines

December 12th: Law School Faculty liaison submits all papers she/he receives to the EASL Scholarship Committee.

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

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

Submission

All papers should be submitted via email to Kristina Maldonado at kmaldonado@nysba.org no later than December 12th.

Prerogatives of EASL Scholarship Committee

The Scholarship Committee is composed of the current Chair of EASL and, on a rotating basis, former EASL Chairs who are still active in the Section, Section District Representatives, and any other interested member of the EASL Executive Committee. *Each winning paper will be published in the EASL Journal and will be made available to EASL members on the EASL website.*

The Scholarship Committee is willing to waive the right of first publication so that students may simultaneously submit their papers to law journals or other school publications. In addition, papers previously submitted and published in law journals or other school publications are also eligible for submission to The Scholarship Committee.

The Scholarship Committee reserves the right to submit all papers it receives to the *EASL Journal* for publication and the EASL Web site. The Scholarship Committee also reserves the right to award only one Scholarship or no Scholarship if it determines, in any given year that, respectively, only one paper, or no paper, is sufficiently meritorious. All rights of dissemination of the papers by EASL are non-exclusive.

Payment of Monies

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

About the New York State Bar Association/EASL

The New York State Bar Association is the official statewide organization of lawyers in New York and the largest voluntary state bar association in the nation. Founded in 1876, NYSBA programs and activities have continuously served the public and improved the justice system for more than 140 years.

The more than 1,500 members of the Entertainment, Arts and Sports Law Section of the NYSBA represent varied interests, including headline stories, matters debated in Congress, and issues ruled upon by the courts today. The EASL Section provides substantive case law, forums for discussion, debate and information-sharing, pro bono opportunities, and access to unique resources including its popular publication, the *EASL Journal*.



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**and click the link to follow us and stay
up to date on the latest news
from the Association and the
Entertainment, Arts and Sports Law Section**

NYSBA Guidelines for Obtaining MCLE Credit for Writing

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

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

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

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

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

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

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When Do Copyright Claims Accrue?

By Jonathan Bloom

I. Introduction

The Supreme Court on March 4th decided that statutory standing to sue for copyright infringement under § 411(a) of the Copyright Act (the Act) arises upon grant or denial of registration by the Copyright Office and not upon completion of an application.¹ Meanwhile, another threshold issue in copyright litigation has been the subject of recent rulings in the Second Circuit: When does a copyright claim accrue for purposes of applying the three-year statute of limitations? In *Petrella v. Metro-Goldwyn-Mayer, Inc.*² the Supreme Court stated in dictum that a copyright infringement claim “arises or accrues when an infringing act occurs.”³ Yet the Court noted in a footnote that it had “not passed” on the question—which that case did not squarely present—and it acknowledged that nine Courts of Appeal (which include the Second Circuit) had adopted a discovery rule, under which the limitations period starts when a diligent plaintiff discovers or should have discovered the injury on which the claim is based.⁴



In the absence of a contrary holding by the Supreme Court, the Second Circuit has continued to apply the discovery rule to both copyright ownership and copyright infringement claims.⁵ As the accrual triggers are different for ownership and infringement claims, properly characterizing the plaintiff’s claim is necessary to ascertaining whether it is timely. In addition, because the discovery rule requires the court to determine when a diligent plaintiff *should have* discovered the basis for its claim, counsel must be aware of the circumstances that have been held to put the plaintiff on notice of its claim.

A separate but related issue worth noting—one that is the subject of disagreement among district courts in the Second Circuit—is whether damages can be recovered for infringements that occurred more than three years before the suit was filed where the suit was nevertheless timely under the discovery rule. The debate centers on whether the Supreme Court’s statement in *Petrella* that damages are not recoverable outside the three-year window was dependent on the Court’s reference to infringement claims accruing upon injury, such that the Court (arguably) did not foreclose recovery of damages outside the three-year window where the claim is timely under the discovery rule. Although not the focus of this article, this significant issue concerning the scope of available damages awaits clarification by the Second Circuit and/or the Supreme Court.⁶

II. The Copyright Statute of Limitations

Section 507(b) of the Act provides that any civil action brought under the Act must be commenced “within three years after the claim accrued.”⁷ A copyright ownership claim accrues “only once” when “a reasonably diligent plaintiff would have been put on inquiry as to the existence of a right.”⁸ As the Ninth Circuit has stated that co-ownership claims, as distinct from infringement claims, accrue only once, when “plain and express repudiation of ownership is communicated to the claimant.”⁹ A copyright infringement claim, by contrast, “may be commenced within three years of any infringing act, regardless of any prior acts of infringement.”¹⁰ That is, each act of infringement triggers its own limitations period. As infringements can occur—and trigger new limitations periods—many years after an ownership claim has accrued, some plaintiffs try to characterize ownership claims as infringement claims, while defendants try to do the opposite. Copyright ownership is, of course, a necessary element of an infringement claim.¹¹ Thus, in infringement cases where ownership is also disputed, if the plaintiff’s ownership claim is time-barred, any related infringement claims are likewise time-barred.¹² In other words, the limitations period for the ownership claim governs. As the Second Circuit has stated: “Where. . . the ownership claim is time-barred, and ownership is the dispositive issue, any attendant infringement claims must fail.”¹³ Making the same point, the Sixth Circuit explained: “When claims for both infringement and ownership are alleged, the infringement claim is timely only if the corresponding ownership claim is also timely.”¹⁴ The Ninth Circuit, adopting the reasonings of the Second and Sixth Circuits, has held that an untimely ownership claim “will bar a claim for copyright infringement where the gravamen of the dispute is ownership, at least where...the parties are in a close relationship.”¹⁵ The court noted that “allowing infringement claims to establish ownership where a freestanding ownership claim would be time-barred would permit plaintiffs to skirt the statute of limitations for ownership claims” and would “allow plaintiffs who claim to be owners but who are time-barred from pursuing their ownership claims forthrightly, simply to restyle their claims as ‘infringement’ and proceed without restriction.”¹⁶ Whether the gravamen of the dispute is ownership or infringement is thus a threshold issue to which defendants should be attentive in evaluating early motion practice.

III. Ownership or Infringement?

The Second Circuit addressed this issue in *Kwan v. Schlein*.¹⁷ Kwan was hired to edit an instructional book written by Schlein. In 1998 Kwan petitioned the publisher, BRB, to be credited on the cover as a co-author, not as an editor, but the book was published in January 1999 listing her as editor, as did subsequent editions published

in December 1999, July 2002, and August 2004. BRB and Schlein jointly registered the copyright in January 1999, and Kwan received royalty checks beginning in May 1999 for her work as editor. In May 2002, BRB notified Kwan that because the book had been “completely re-written,” she would not be receiving any further royalties. Several years later, in 2005, Kwan sued BRB and Schlein for copyright infringement. BRB moved for summary judgment, which the district court granted on the ground that Kwan’s claims were time-barred because the “core issue” was ownership, and Kwan was aware by September 1999, when she cashed her first royalty check, that BRB and Schlein disputed her rights.

The Second Circuit affirmed. The court rejected Kwan’s argument that her claims as to the third and fourth editions of the book were timely because they were published less than three years before she filed suit. That would have been correct had the gravamen of her suit been infringement, but the court found that ownership “form[ed] the backbone of the ‘infringement’ claim at issue,” as the dispute “d[id] not involve the nature, extent or scope of copying.”¹⁸ Rather, it involved “who wrote [the book] in the first place.”¹⁹

The issue of properly characterizing the claim for statute of limitations purposes was raised more recently by the defendants in *PK Music Performance, Inc. v. Timberlake*²⁰ in an effort to push back the accrual date. The case involved the song *A New Day Is Here at Last (Day)*, which Perry Kibble wrote and registered, and J.C. Davis recorded, in 1969. On Kibble’s death, ownership of the song passed by operation of will to his sister, Janis McQuinton, who registered the assignment with the Copyright Office on February 6, 2003. In 2005, Davis released a remix of his 1969 recording, and the vinyl record stated that the music and lyrics were copyrighted by Davis. Meanwhile, on December 2, 2015, McQuinton, having no knowledge of Davis’ remix, assigned her ownership interest and any accrued claims to PK Music (PK), of which she was a principal. PK published the song on December 26, 2015, and registered the renewal copyright in the work with an effective date of January 11, 2016.

In December 2006 the defendants released the song *Damn Girl* by Justin Timberlake on his album *Futuresex/Lovesounds*. The album cover stated that it included a cover of *Day* and listed Davis as the writer and publisher of *Day*. A September 24, 2006 registration for *Damn Girl* indicated that it contained a sample of *Day*. A December 18, 2016 registration listed Davis as a copyright claimant. Timberlake allegedly performed the song at all stops on his concert tour, and the Madison Square Garden concert was the subject of an HBO special. The tour and album were both very successful, and the album won two Grammy awards, while the HBO special won an Emmy.

PK filed a copyright infringement suit in the Southern District of New York on February 18, 2016, alleging that McQuinton first discovered that *Damn Girl* sampled *Day*

in August 2015. The defendants moved to dismiss, arguing, *inter alia*, that repudiation of the plaintiff’s ownership by Davis in 2005, 2006, and 2007 transformed the infringement claims into ownership claims and that those claims were time-barred. The court (per Judge Broderick) disagreed on the ground that none of the defendants (which did not include Davis) asserted an ownership interest in *Day*, i.e., there was no ownership dispute between the parties.²¹ In any event, the court explained, an ownership claim by Davis would have been time-barred because Davis was on notice of Kibble’s ownership claim when he released a version of *Day* in 1969 that credited Kibble as the writer of the song.²² As discussed in Part VI below, the court went on to analyze whether PK’s infringement claims relating to the period prior to February 17, 2013—three years prior to suit—were time-barred.

Outside the Second Circuit, the same issue arose last year in *Webster v. Dean Guitars*,²³ where the court dismissed claims brought by Webster, an instrument designer who alleged that the estate of guitarist “Dimebag” Darrell Abbott and a guitar production company failed to pay him after continuing to sell guitars that infringed a design he had created for Abbott. (The design involved modifying a Dean-branded guitar to create a blue-and-white winged model, the “Dean from Hell,” with which Abbott became famous.) The court found that Webster knew as early as 2004 that Dean Guitars was selling allegedly infringing guitars and that Webster had had numerous talks with the owner of Dean Guitars in an effort to reach agreement on payment for his design contribution. Although Webster attempted to characterize his claims as infringement claims, which would have allowed him to sue for infringing acts within the prior three years, the court found that the dispute actually concerned ownership of the lightning storm graphic on the guitar and that the claims were, accordingly, time-barred.

IV. Does Adverse Registration Trigger an Ownership Claim?

In both *Kwan* (as a holding) and *PK Music* (in dictum) the courts opined that an ownership claim accrued when the plaintiff possessed specific evidence of an adverse assertion of ownership claim. Yet what if the only manifestation of an adverse claim is a copyright registration in the defendant’s name about which the plaintiff does not know? Does such public recording of apparent ownership rights constitute constructive notice sufficient to start the clock running on an ownership claim? The Second Circuit addressed this issue last year in *Wilson v. Dynatone*²⁴ and held that it does not.

The plaintiffs in *Wilson*, former members of the musical group Sly Slick & Wicked (the Group), claimed authorship and ownership of the renewal term copyrights in the musical composition and sound recording of the song *Sho’ Nuff* (the Song). The Song was written by plaintiff John Wilson, recorded by the Group in approximately April 1973, and registered with the Copyright Office on May 12,

1973, listing Wilson, Charles Still, and Terrance Stubbs—all members of the Group—as authors. Around June 28, 1973, People Records released the plaintiffs’ recording of *Sho’ Nuff* with Edward Perrell and James Brown listed as producers and Polydor (successor-in-interest to People and predecessor-in-interest to defendant UMG Recordings, Inc. (UMG)) listed as copyright owner of the recording. On or about June 26, 1973, Polydor registered a copyright in the sound recording, asserting authorship on the ground that it was a work made for hire. However, the plaintiffs claimed that they never executed written agreements with Perrell or with People containing a “work for hire” provision and never transferred their renewal term copyrights to Perrell or to People. On December 12, 2001, UMG registered a renewal term copyright in the sound recording.

On June 26, 1974, Chappell & Co. (predecessor-in-interest to defendant Unichappell Music, Inc. (Unichappell)) filed a copyright registration for the composition, listing the plaintiffs as the writers and Dynatone Publishing Co. as the claimant. On November 19, 2015, the plaintiffs filed a renewal registration asserting ownership of the composition for the renewal term.

On or about January 15, 2013, Justin Timberlake used a sample from *Sho’ Nuff* (with the plaintiffs’ vocal performances) in his single *Suit & Tie*. In June 2013 J. Cole released a single, *Chaining Day*, that also included a sample from the *Sho’ Nuff* master recording.

On January 6, 2016, the plaintiffs sued Dynatone, UMG, Unichappell, Pennell, BMI, and Anheuser-Busch in the Southern District of New York, alleging that they had collected royalties to which the plaintiffs were entitled from the sampling of the Song by Justin Timberlake and J. Cole during the renewal terms (for the composition and sound recording). The plaintiffs sought, *inter alia*, a declaration that they owned the renewal term copyrights pursuant to 17 U.S.C. § 304(a) and an award of earnings from exploitation of the composition and the sound recording during the prior three years.

After Perrell, BMI, and Anheuser-Busch settled, the remaining defendants moved to dismiss, and the district court dismissed the action as untimely on the ground that the plaintiffs were on notice that the defendants had repudiated their ownership claims in 1973 and/or 1974 during the initial copyright terms.²⁵ The court relied on its findings that: (1) the record label for the 1973 release credited Polydor as publisher of the musical composition and as copyright owner of the sound recording; (2) the defendants registered copyrights in the sound recording and musical composition in 1973 and 1974, respectively, identifying Polydor as owner and “Employer for Hire” of the sound recording; and (3) the plaintiffs did not receive royalties or an accounting of royalties.

On appeal, the plaintiffs challenged the dismissal of their claims to the renewal term copyrights in the composition and sound recording. The Second Circuit, in an opinion by Judge Pierre N. Leval, noted that it previously

had identified at least three types of events that can trigger accrual of an ownership claim: (1) public repudiation of the plaintiff’s ownership; (2) private repudiation; and (3) implicit repudiation by exploiting the copyright conspicuously without paying royalties.²⁶ The court pointed out that while the factual allegations on which the district court relied occurred during, and may have amounted to repudiation of ownership of, the original term, they did not repudiate ownership of the renewal term. Under § 304, the court stated, the plaintiffs, as authors of the composition and sound recording, were entitled to the renewal terms even if they abandoned their rights to the initial terms, as the renewal terms vested with them automatically.²⁷

The court next held that UMG’s registration of the renewal term with the Copyright Office did not amount to repudiation:

If mere registration of a copyright without more sufficed to trigger the accrual of an ownership claim, then rightful owners would be forced to maintain constant vigil over new registrations. Such a requirement would be vastly more burdensome than the obligations that “a reasonably diligent plaintiff” would undertake. . . . Authors would regularly lose their rights merely by virtue of failing to monitor.²⁸

As the sampling of the Song without paying royalties allegedly did not begin until on or about January 15, 2013, and the case was filed on January 6, 2016, the court held that it occurred within the three-year statute of limitations.²⁹ As for the June 26, 1973 “work for hire” registration by Polydor, the court noted that although, under § 304(a)(1)(B), an employer for hire becomes the author and owner of both the initial and renewal terms, the “mere act of registering an adverse claim . . . was not an effective repudiation,” and, construing the complaint in favor of the plaintiffs, they “did not have reasonable notice that the defendants had filed a registration *in the capacity of employer for hire*.”³⁰ The defendants “did not call to Plaintiffs’ attention that the registration of the sound recording claimed it was a work for hire.”³¹ Moreover, the registration covered only the sound recording and would not, in any event, have repudiated ownership of the renewal terms for the composition.³²

The defendants moved for reconsideration, citing § 205(c) of the Copyright Act, which provides that recordation of a document with the Copyright Office “gives all persons constructive notice of the facts stated in the recorded document.”³³ The Second Circuit again disagreed, noting that the Seventh, Third, and Sixth Circuits all have held that registration, without more, does not constitute accrual-triggering repudiation. Although the First Circuit in *Saenger Org. v. Nationwide Licensing Ins. Ass’n*³⁴ cited § 205(c) in reaching the opposite conclusion, it also relied on the fact that the defendant had actual knowledge of

the plaintiff's claim to sole authorship.³⁵ The court added that § 205 "does not state that ownership claims filed more than three years after an adverse registration are untimely, nor that a claim of ownership accrues upon an adverse registration."³⁶

V. Ownership Accrual Post-Dynatone

A few months after the Second Circuit's initial ruling in *Dynatone*, Southern District Judge Vernon Broderick, in *Cole v. Blackwell Fuller Music Publishing, LLC*,³⁷ assessed facts going beyond registration that, he found, did cause an ownership claim to accrue. The plaintiff, Cole, who was Bob Marley's road manager from 1973 to 1980, wrote the words and music to the songs *War* and *Natty Dread* (the Compositions) with Carlton Barnett and Rita Marley, respectively. Both were recorded by Bob Marley. The copyright in *Natty Dread* was registered in 1974, and the copyright in *War* was registered in 1976, both by Tuff Gong Music, a predecessor-in-interest of the defendants. Cole was led to believe that Tuff Gong had listed him as an author of the compositions on the registrations, but the registrations actually listed Tuff Gong as the author and stated that the compositions were works for hire. Cole was never employed by Tuff Gong and never assigned his rights to Tuff Gong.

Cole alleged that he was always acknowledged as the co-author of the Compositions. He also alleged that the made "numerous inquiries" to the defendants and their predecessors-in-interest concerning the status of royalties for the Compositions and was told they would consider his inquiries but never informed him that the Compositions were registered as works for hire. In 2002 he began receiving royalty statements from ASCAP for *Natty Dread*, even though he had never joined ASCAP. In a series of emails from July 2014 through September 2015 between Cole and the owners of defendant Blackwell, Cole tried to figure out why he was receiving such small royalty payments from ASCAP for the Compositions and other works.

In May 2016 Cole assigned half of his interest in *War* to the family of Emperor Haile Selassie of Ethiopia. In connection with preparing the assignment, he learned that he was not listed as author or owner on the registrations. On September 15, 2016, he commenced an action in the Southern District of New York against UMG Recordings, Inc., Island Records, Inc., and Tuff Gong, asserting claims for, *inter alia*, copyright ownership and copyright infringement. The defendants moved to dismiss on the grounds that the claims were time-barred. Cole argued that his claims were timely under the doctrine of equitable tolling and that they did not accrue until May 2016, when he became aware that the copyrights were not registered in his name.

The court held that because the defendants did not concede that Cole owned the copyrights in the Compositions—i.e., unlike in *PK Performance*, there was an ownership dispute between the parties—the relevant limitations

inquiry related to the ownership claim. As to when that claim accrued, the court held that Cole was on notice of his claim "at least as of the time he failed to receive royalties, despite the widespread distribution and exploitation of the Compositions."³⁸ Although under *Dynatone* copyright registration, on its own, is "not an effective repudiation," the registration of the Compositions "when considered together with Plaintiff's failure to receive royalties, despite the widespread distribution and exploitation of the Compositions" of which Cole was aware, put Cole on notice of his claim "at least as of the 1970s or 1980s," during which time Cole alleged that he was "always acknowledged as the co-author" of the Compositions.³⁹

The court noted that Cole did not receive any royalties until 2002 and that when he allegedly "got the proverbial 'run around' when he made inquiries," he "took no additional steps to ferret out the truth."⁴⁰ Moreover, the 2002 royalty statements from ASCAP "put Plaintiff on notice that he might be entitled to royalties for the nearly three decades preceding his initial receipt of payment in 2002 for *Natty Dread*."⁴¹ The court thus concluded that the plaintiff's ownership claims were time-barred and that his other claims, including for infringement, were also barred because they were predicated on copyright ownership.⁴²

As for Cole's equitable tolling argument, the court held that although Cole adequately alleged wrongful concealment of the fact that the registrations were not made in his name, he failed to allege that the concealment prevented discovery of his claims or that he exercised due diligence in pursuing discovery of his claim.⁴³ The emails with Blackwell had occurred 40 years after the copyrights were registered, and Cole's claimed belief that he would be treated fairly was not enough to demonstrate due diligence.⁴⁴

VI. Infringement Accrual Post-Dynatone

As noted above, the court in *PK Performance* rejected the defendants' attempt to shift accrual back in time by characterizing PK's infringement claims as ownership claims. As for when the infringement claims accrued, the defendants argued that PK should have known of the infringement by 2007 because of the success of Timberlake's album, tour, and HBO special. However, the court found no indication in the record that *Day* was ever played on the radio or that PK had had an opportunity to hear it. The court cited the absence of any authority requiring a diligent plaintiff to review all releases and concerts and award shows and to scour liner notes looking for infringements.⁴⁵ Moreover, none of the cited awards won by Timberlake were specifically for *Damn Girl*. "Simply because a person could have bought the Album or DVD, attended a concert on the Tour, or watched the HBO special does not mean that a reasonable person exercising due diligence . . . should have done any of those things."⁴⁶

Finally, the court held that the December 2016 registration was not notice of infringement because it made no mention of *Day*, while the September 2016 registration,

which did, was nevertheless insufficient. The court cited *Dynatone* for the proposition that registration is not “reasonable notice” to a copyright ownership claimant,⁴⁷ and it also cited cases standing for the related proposition that copyright owners “do not have a general duty to police their copyrights.”⁴⁸ The court therefore “decline[d] to find that McQuinton was on inquiry or constructive notice of her claims when Defendants registered the copyrights for *Damn Girl*.”⁴⁹

VII. Discussion

The Second Circuit’s rulings in *Dynatone* and the Southern District rulings in *Cole* and *PK Performance* reflect the important distinction between ownership and infringement claims in applying the Copyright Act’s three-year statute of limitations. These rulings also provide guidance as to the circumstances that will or will not cause each type of claim to accrue under a discovery rule. They show, perhaps counterintuitively, that even highly public actions, such as registering the copyright and releasing a best-selling, award-winning sound recording do not, without more, put a reasonably diligent plaintiff on inquiry notice of an infringement claim; the plaintiff is not charged with constructive knowledge of what is “out there.”

By contrast, the non-receipt of royalties over a long period of time or the receipt of royalties on terms inconsistent with the plaintiff’s claimed rights—information that the plaintiff does not have to seek out—triggers a duty of inquiry that sets the statute of limitations running on an ownership claim. Coupled with the fact that ownership claims are triggered only once and that a time-barred ownership claim precludes any associated infringement claims, counsel (whether for the plaintiff or for the defendant) must recognize ownership claims and pay close attention to their timeliness. This is also advisable because whereas even non-diligent infringement plaintiffs can potentially recover damages for any infringements committed within the three years prior to the filing of the action, time-barred ownership plaintiffs are out of luck.

Endnotes

1. *Fourth Estate Public. Ben. Corp. v. Wall-Street.com, LLC*, 2019 WL 005829 (U.S. Mar. 4, 2019) (“Registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright Office registers a copyright. Upon registration of the copyright, however, a copyright owner can recover for infringement that occurred both before and after registration.”)
2. 134 S. Ct. 1962 (2014).
3. *Id.* at 1969 (quotations omitted).
4. *Id.* at 1969 n.4.
5. *Psihoyos v. John Wiley & Sons, Inc.*, 748 F.3d 120, 124 (2d Cir. 2014).
6. See Jonathan Bloom and Dorian Simmons, Petrella’s *Inconsistent Impact on Copyright Damages*, Law360.com (Feb. 11, 2019).
7. 17 U.S.C. § 507(b).
8. *Kwan v. Schlein*, 634 F.3d 224, 228 (2d Cir. 2011) (quoting *Stone v. Williams*, 970 F.2d 1043, 1048 (2d Cir. 1992)).
9. *Seven Arts Filed Entm’t Ltd. v. Content Media Corp.*, 733 F.3d 1251, 1255 (9th Cir. 2013).

10. *Psihoyos*, 748 F.3d at 124.
11. *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 361 (1991).
12. *Kwan*, 634 F.3d at 229.
13. *Id.*; see also *Big East Entm’t, Inc. v. Zomba Enters., Inc.*, 453 F. Supp. 2d 788, 795 (S.D.N.Y. 2006), *aff’d on other grounds*, 259 F. App’x 413 (2d Cir. 2008) (“the statute of limitations cannot be defeated by portraying an action as one for infringement when copyright ownership rights are the true matter at issue”).
14. *Roger Miller Music, Inc. v. Sony/ATV Publ’g, LLC*, 477 F.3d 383, 389-90 (6th Cir. 2007).
15. *Seven Arts*, 753 F.3d at 1258. See also *White v. Broadus*, 748 F. App’x 131, 132 (9th Cir. 2019).
16. *Seven Arts*, 753 F.3d at 1255.
17. 634 F.3d 224.
18. *Id.* at 229.
19. *Id.*
20. No. 16-cv-1215 (VSB), 2018 WL 4759737 (S.D.N.Y. Sept. 30, 2018).
21. *Id.* at *6.
22. *Id.*
23. No. 8:17-cv-01795 (M.D. Fla. Nov. 30, 2018).
24. 892 F.3d 112 (2d Cir. 2018), on reconsideration, 2018 WL 5939694 (2d Cir. Nov. 14, 2018).
25. *Wilson v. Dynatone Publ’g Co.*, No. 16 Civ. 00104 (PAE), 2018 WL 1330336 (S.D.N.Y. Apr. 10, 2017).
26. 892 F.3d at 118 (citing *Gary Friedrich Enters., LLC v. Marvel Characters, Inc.*, 716 F.3d 302, 316 (2d Cir. 2013)).
27. *Id.*
28. *Id.* at 119.
29. *Id.*
30. *Id.*
31. *Id.* at 119-20.
32. *Id.* at 120. The court held that dismissal of the accounting claims as untimely was error for the same reasons, although it found no error in dismissal of those claims for lack of an alleged fiduciary duty.
33. *Id.*
34. 119 F.3d 55 (1st Cir. 1997).
35. 2018 WL 5939694, *1.
36. *Id.* at *2.
37. No. 16-cv-7014 (VSB) (S.D.N.Y. Sept. 28, 2018).
38. *Id.* at *5.
39. *Id.*
40. *Id.* at *5 n.8.
41. *Id.* at *6.
42. *Id.*
43. *Id.* at *7.
44. *Id.*
45. 2018 WL 4759737, *8.
46. *Id.*
47. *Id.*
48. *Id.*
49. *Id.*

Jonathan Bloom is counsel to Weil, Gotshal & Manges LLP.

Playola – New Technology, Familiar Deception

By Scott Connolly

INTRODUCTION

I'm paying those pay-
ola blues

No matter where I go
I never hear my record
on the radio

- Neil Young, "Payola
Blues"



In 1998, it was nearly impossible to avoid Semisonic's *Closing Time*.¹ The song, a catchy but fairly standard example of pop rock of the era, was nominated for the Best Rock Song award at the 41st Annual Grammy Awards² and was so ubiquitous that over a decade later, a popular music journalist penned a column deeming it the ideal song for films and other entertainment looking to evoke feelings of the time.³ Yet the success of the song is not only a result of memorable hooks and pleasing melodies. Semisonic's success can also be attributed to over \$1 million in "pay-for-play" money, or "payola"—payment in exchange for exposure through radio—that the band's record label had spent promoting the song.⁴ The omnipresence of *Closing Time* was the result of a major record label spending tremendous amounts of money to make the song a hit. This was not an anomaly. These practices are so common and significant to the breaking of artists that, in an op-ed piece for *The New York Times*, the drummer of Semisonic, Jacob Slichter, recalls a conversation in which a kingmaker in the music industry wondered "[h]ow will new bands get played?" in a world in which pay-for-play or payola was more heavily regulated.⁵ Power players in the music industry have controlled which artists audiences have heard for generations. One particular radio program director⁶ received \$100,000 in payments in exchange for access to his stations' playlists.⁷ Legendary crooner Tony Bennett, when asked about whether payola plays a role in the success of a song, replied, "Absolutely. It costs a lot of money to make something famous"—with the true, dispiriting reality being that it is often the artists themselves who end up footing the bill, whether they like it—or even realize it—or not.⁸

The practice of payola may seem like a relic of a bygone era when radio was the be-all, end-all of music distribution. Unfortunately, as listeners are increasingly exposed to music through digital sources such as Spotify,⁹ the pitfalls of payola have once again begun to rear their heads. Money remains the largest tastemaker in the music industry—even artists heralded for their "independent" nature, who have served as the protagonists of do-it-yourself triumph tales, can attribute their mainstream

success to major corporate campaigns to publicize their songs.¹⁰ As the Federal Communications Commission does not regulate digital music services,¹¹ payola rules do not apply to them. This is especially significant given the tremendous influence that digital exposure has—playlists on Spotify now rival or exceed the power of radio when it comes to breaking new songs and artists.¹² Spotify vigorously denies any impropriety in curating or promoting its playlists,¹³ but the potential for abuse remains.

Payola causes numerous problems. By allowing major record labels to control the airwaves, either via broadcast radio or digitally, the balance of power is shifted away from artists and into the hands of a very small number of entities.¹⁴ The incentive to create unique work that defies the status quo is diminished, as artists who do so are less likely to be able to make a living.¹⁵ Silencing artistic voices has a palpable impact on the development of art and, in turn, our country's culture.¹⁶ Payola can also have racial implications, as diverse artists may not have access to airwaves in the interest of making safe, familiar music to appeal to the widest consumer base. Indeed, the payola scandal that rocked American culture in the 1950s¹⁷ may have had roots in bigotry.¹⁸ To prevent the dilution of culture and to protect major corporations from dictating the future of music, the United States government must address the problems of pay-for-play in a new digital context. Part I of this article will briefly discuss the history of payola in the United States. Part II will provide a view of the current status of the music industry and the influence of digital music services, specifically the power of playlists—dynamic, constantly changing collections of songs, curated by either Spotify or a third-party user, to which other users can subscribe and conveniently discover music. Part III will discuss regulatory measures to help prevent the undue influence of money and power in the music industry, allowing the new frontier of music distribution to provide unprecedented opportunity for independent artists by correcting the failures of previous industry practices.

I. HISTORY OF PAYOLA

As much as we may view the arts as a meritocracy, that talent will push its way to the top, it is unfortunately rarely so.¹⁹ Commercial success is not connected with talent by default and many variables are factored into an artist's success. The largest obstacle is finding an audience. Those who control the airwaves and stages across the nation have the power to help make or break an artist by determining how much exposure audiences have to that artist's work—an arrangement that is ripe for abuse, which came to fruition in the form of payola. The policy of buying radio airtime was first addressed in the Communications Act of 1934, which requires disclosure

of sponsorship in exchange for airtime, and was later amended in 1960.²⁰

The commonplace nature of the practice, however, did not become a major scandal until the late 1950s. Alan Freed, radio pioneer and alleged source of the term “rock and roll,”²¹ is perhaps the most notorious case of payola in American history.²² Freed’s willingness to play rock and roll music helped him grow an audience and become incredibly influential,²³ but also led to controversy—he was accused of causing “juvenile delinquency,” and a television show he hosted on ABC was canceled after it featured Frankie Lyman dancing with a white girl.²⁴ Freed also caused friction with the bosses at one of his radio stations for accepting payola money, a practice that was widespread in the industry at the time²⁵—other big names, such as Dick Clark, were also accused.²⁶ In 1960, Freed was among eight individuals arrested for partaking in the practice, but due to his outspoken nature and prominence in the radio industry, Freed was seen by many as the face of payola.²⁷ He drank himself to death at age 43 in 1965.²⁸

As a result of the payola hearings of the early 1960s, Congress attempted to strengthen the Communications Act to prevent future abuses.²⁹ Unfortunately, these measures did little to prevent those with money and power from influencing radio playlists.³⁰ As recently as 2005, then-New York State Attorney General Eliot Spitzer cracked down on payola practices in the radio industry,³¹ with Sony BMG Music Entertainment, Warner Music Group, and Universal all paying multimillion-dollar fines.³² However, as the prominence of radio as the primary vehicle for music has declined, the focus of payola has shifted toward streaming music—the practice of “payola.”³³

II. THE CURRENT STATE OF PAY-FOR-PLAY

a. The Wave of Music Technology

The technology leaps of the late 20th and early 21st centuries created problems for the music industry. At the apex of album sales,³⁴ file-sharing services provided audiences with easy and convenient ways to consume music, cannibalizing the sales of record labels and forcing the industry to seek alternative forms of revenue.³⁵ The emergence of mp3 players and smartphones further revolutionized the means through which audiences enjoyed music, erasing the need for any physical media.³⁶ This new, digital-focused mentality of music fans was not lost on the tech world, and the early years of the 2010s saw an explosion of streaming and on-demand music services seeking to cash in on music fans’ new expectations,³⁷ including Spotify.³⁸

Streaming and on-demand services have since become the premier form of distributing music. The *Billboard* charts³⁹ have been forced to adapt to this change, now including streams as a criterion in the chart rank-

ings.⁴⁰ At this point, the power of Spotify is undeniable.⁴¹ Its playlists have become an essential element of the music industry, with their ease of use and prominent placement on the landing page of the Spotify app attracting enormous audiences.⁴² Spotify’s proprietary algorithms are designed to tailor playlists to allow the most broadly appealing music to reach the largest audience, making them an indispensable resource for users.⁴³ Playlists have subscribers in the millions, making access to them one of the most powerful tools in the music industry.⁴⁴ Almost half the time Spotify users spend on the service is spent listening to playlists.⁴⁵ In fact, Spotify encourages users to prioritize playlists over albums, driving listeners to its playlist page.⁴⁶ Playlists are almost guaranteed hit-makers, as the only way a song can make the cut is to have specific, proven-successful characteristics according to Spotify’s algorithms and data analysis.⁴⁷ Being considered for placement on a Spotify playlist can be a jetpack to new levels of success in the music industry.

“It is worth further noting that Spotify is actually owned in part by major record labels. It is hard to imagine how there could not be preferential treatment and undue influence favoring major label artists given such significant relationships with corporate music entities.”

b. Spotify’s Corporate Conflicts

At first glance, the destruction of the old system of distributing music would seem to be an opportunity for independent or lesser-known artists to find an audience based on artistic merit, rather than because of the influence of powerful gatekeepers.⁴⁸ This has not been the case. Spotify has shown a willingness to allow the highest bidders to receive the most exposure. In fact, Spotify has actually tested out a policy of selling space on its playlists as a means of directly monetizing the lists’ popularity.⁴⁹ Spotify was forced to address backlash from users who never opted in to receive “sponsored content”—music that major labels had propelled to the front of their feeds with money.⁵⁰ In another instance, upon release of Drake’s album *Scorpion*, the hip-hop artist’s music was added to playlists of all genres—including many which would otherwise never feature a hip-hop artist.⁵¹ Drake’s face was even featured in promotion of playlists where his music was not.⁵²

It is worth further noting that Spotify is actually owned in part by major record labels.⁵³ It is hard to imagine how there could *not* be preferential treatment and undue influence favoring major label artists, given such significant relationships with corporate music entities. Further, Spotify entered into a relationship with Merlin, a digital rights company, whose relationship with streaming radio service Pandora came under scrutiny for Pandora’s preferential treatment of Merlin-represented artists.⁵⁴

c. Third-Party Influencers

The problem does not begin and end with Spotify itself. In the current internet economy, “influencers” in the form of bloggers and social media stars are increasingly used to promote products or services, offering access to their massive amounts of online followers in exchange for payouts. It is estimated that \$60,000 is a standard fee for a positive video review of a product, with that number increasing for those who have larger followings.⁵⁵ This practice is so commonplace that services exist to connect brands with potential influencers.⁵⁶ The influencer economy certainly exists on streaming music services: Spotify users can see other users’ lists and subscribe to them, making real estate on playlists created by tastemakers incredibly valuable. Some user-curated playlists boast subscriber numbers comparable to those created and controlled by Spotify itself.

Major labels have capitalized on this, shelling out thousands of dollars to third-party influencers for space on popular playlists.⁵⁷ Despite modifying its terms of service to make such “playola” practices against Spotify policy, and despite claims to the contrary,⁵⁸ Spotify remains susceptible to pay-for-play on influencer playlists, with a cottage industry popping up around the practice: there are now public relations companies providing playlist placement to artists.⁵⁹ Additionally, there are services that sell streams—providing fraudulent subscribers and streams to give the impression that a playlist has more influence than it actually does, or that an artist is more popular than it is.⁶⁰ Acquiring playlist placement is so important to major labels that, in 2015, Universal Music Group tapped the founder of DigMark, a service that markets music to third-party playlist curators, to head its Global Streaming Marketing division—and purchased stakes in his companies.⁶¹

III. REGULATING THE NEW FRONTIER

Pay-for-play practices stifle expression and silence contributions to our culture.⁶² Courts have long recognized the necessity of ensuring a balance in the channels of expression, opining that the regulation of radio airwaves is necessary as radio access “inherently is not available to all.”⁶³ While this sentiment was expressed regarding broadcast airwaves, the sentiment remains pertinent in the modern era, in which the influence of digital streaming services’ playlists continues to grow and continues to become more difficult to penetrate, with the literal cost of entry rising.⁶⁴

One measure that can be taken to minimize the impact of playola is to regulate third-party users’ acceptance of playola payments. To that end, the Federal Trade Commission (FTC) has already provided a foundation in the form of extensive guidelines that social influencers must follow when endorsing products.⁶⁵ As one example, “if there is a material connection between an endorser and an advertiser, that connection should be

clearly and conspicuously disclosed unless it’s already clear from the context of the communication.”⁶⁶ Such transparency about sponsored placement on playlists would defang much of the undue influence, as much of the appeal of music on popular third-party playlists can be attributed to the implicit endorsement of the music by a tastemaker in the eyes of subscribers.

That said, streaming services need to hold themselves accountable for ensuring transparency and preventing pay-for-play, as well. Spotify could do more to address the prominence of playola, both on its own playlists and those of third-party users. As a tech company on the vanguard of data-analysis, the company has developed algorithms capable of tailoring music to incredibly specific tastes and cross-referencing the performance of songs among audiences.⁶⁷ If Spotify algorithms are capable of mathematically calculating human tastes, certainly they can be employed to detect patterns in popular playlists indicating, for example, consistent placement of artists from particular record labels or clients of the same marketing agencies. Changing the terms of service⁶⁸ is insufficient without adequate enforcement; businesses that sell streams have devised methods to easily circumvent the minimal level of enforcement that Spotify employs.⁶⁹ The company has been vocal against playola, and has effectively shut down Spotlister, one of the most visible companies selling access to streams and playlists.⁷⁰ However, the fact that other major pay-for-play companies remain active calls into question the sincerity of Spotify’s intentions to crack down on the practice.⁷¹ To its credit, Spotify recently unveiled a feature designed to open playlist access to some independent artists called Playlist Consideration.⁷² To the extent that this service is utilized to its fullest potential and independent artists are given true consideration, this could provide a huge opportunity for independent artists. However, opening opportunities to more musicians does not address the playola that is already going on, and it does not offer any additional transparency to the overall methodology for how songs are generally considered to be featured by Spotify on its landing page or playlists. Spotify has an obligation to artists and to the economy of the music industry to prioritize legitimacy to the degree it does accruing streams.

Ultimately, however, Spotify is a business. While in an ideal world, the company would be transparent with its business practices and use its influence in the music industry to provide opportunities based on merit rather than finances, it is unrealistic to expect this. To address the problems created by playola, government agencies must intervene. Current payola laws⁷³ not only fail to address the problems of a digital music distribution model, they are incapable of even solving the problems of payola on radio airwaves.⁷⁴ The FTC regulates “native advertising,”⁷⁵ which it describes as “content that bears a similarity to the news, feature articles, product reviews, entertainment, and other material that surrounds it online.” Certainly, paid or otherwise influenced playlist

placement would be deceptively similar content that “surrounds” the entertainment content subscribers. The FTC’s guidelines declare that the “more a native ad is similar in format and topic to content on the publisher’s site, the more likely that a disclosure will be necessary to prevent deception.”⁷⁶ In the case of Spotify playlists, not only is placement of music similar, it is willfully indistinguishable by design. Accordingly, enforcement of native advertising regulation should require disclosure of financial relationships between and among record labels, independent promoters, streaming services, and third-party influencers—including disclosure of *any* indirect benefit received in exchange for *any* form of favorable placement on a service,⁷⁷ such as giveaways, exclusive releases, and artist performances.

Significant penalties should be attached to violations and should be thoroughly enforced by the FTC to ensure compliance.⁷⁸ With the billions of dollars involved in the music industry, there must be significant enough sanctions for violations that they will act as a deterrent. Even though Spotify does not technically violate the Payola laws, abuses like its incessant promotion of Drake’s *Scorpion* are farcical exploitations of the power of major labels’ budgets. Other artists, who certainly could have benefited from placement on playlists, were prevented from an opportunity to reach new or larger audiences. More importantly, consumers were deceived and misled by such a stunt, and their trust in the service undermined, while large corporations reaped massive benefits.⁷⁹

Some may argue that the current model of music distribution is ideal in that it is a pure representation of the free market, virtually untouched by regulation. Indeed, the history of payola regulation is convoluted and ineffective in many ways.⁸⁰ Unfortunately, allowing money to influence the channels of distributing art is an exponentially growing problem. While it may cost a few hundred or a few thousand dollars to purchase a spot on an influential playlist today, it logically follows that the stakes will continue to rise—as it did with radio payola⁸¹—and the practice will further exclude independent or lower-budget artists from competing. A free market approach to the music industry presumes that the primary value of music and music distribution is an economic one. Merely because large amounts of money can be made in the world of art or music does not mean that this should be the priority. Copyright law and artistic grants⁸² demonstrate that our country values art. Providing independent or lesser-known artists exposure based on the merit of their music, rather than the checks they cut to tastemakers, is essential for the health of American music.

CONCLUSION

Payola is a problem that affects not only individual artists, but our culture at large. Consolidating power disadvantages independent artists and those who create work that challenges the status quo. With new digital

distribution music comes new means of leveraging money and power for influence in the industry. To ensure a bright future for the arts and culture of the country, as well as allow artists of all kinds to be able to afford to pursue their work, we must be proactive in addressing and preventing undue influence from harming the world of music by enforcing this deceptive practice adequately.

Endnotes

1. “If you were between the ages of 13 and 24 in 1998 and at all engaged with pop culture, there’s a very good chance you can sing at least the chorus to Semisonic’s ‘Closing Time’ . . . for several months in the spring and summer of ‘98, ‘Closing Time’ was everywhere.” Steven Hyden, *We Are All ‘Closing Time’: Why Semisonic’s 1998 Hit Still Resonates*, Grantland (Nov. 30, 2011), available at <http://grantland.com/hollywood-prospectus/we-are-all-closing-time-why-semisonics-1998-hit-still-resonates/>.
2. *41st annual Grammy nominees*, CNN (Jan. 5, 1999 4:58 P.M.), available at <http://www.cnn.com/SHOWBIZ/Music/9901/05/grammy.cnn/list2.html>.
3. Hyden, *supra* note 1.
4. Jacob Slichter, *The Price of Fame*, The New York Times (July 29, 2005), available at <https://www.nytimes.com/2005/07/29/opinion/the-price-of-fame.html>.
5. *Id.*
6. Contrary to what one might expect, music playlists are generally curated by one individual, the program director, on behalf of a radio station as a whole, as opposed to each on-air disc jockey choosing the songs he or she plays.
7. See Brian Ross and Vic Walter, *Paying to Make It to the Top of the Charts*, ABC News (Feb. 16, 2006), available at <https://abcnews.go.com/Primetime/story?id=1628380&page=1>.
8. *Id.* See also Slichter, *supra* note 4, in which the drummer of Semisonic explains that, even after the band sold two million albums, it was not even close to paying off the radio promotion debt the label had racked up on behalf of the band.
9. While Spotify is not the only service for music consumers, an assessment of each service is beyond the scope of this article. Instead, it will focus largely on Spotify due to its massive subscriber base in the tens of millions.
10. The success of Macklemore and Ryan Lewis’s *The Heist* album in 2012 was seen as a victory for independent artists, with Macklemore speaking proudly of winning a Grammy without the support of a record label during his acceptance speech for Best Rap Album. Despite these proclamations, the album was actually promoted by a division of Warner Music Group. See Megan Buerger, *How Macklemore Tapped Major Label Muscle to Market an Indie Album*, Wall Street Journal (Jan. 28, 2014 2:00 P.M.), available at <https://blogs.wsj.com/speakeasy/2014/01/28/how-macklemore-tapped-major-label-muscle-to-market-an-indie-album/>.
11. Michael O’Rielly, *FCC Regulatory Free Arena*, Fed. Comm. Commission (June 1, 2018, 11:15 A.M.), available at <https://www.fcc.gov/news-events/blog/2018/06/01/fcc-regulatory-free-arena>.
12. See Austin Powell, *Inside the booming black market for Spotify playlists*, The Daily Dot (Mar. 17, 2018 (11:34 A.M.)), available at <https://www.dailydot.com/upstream/spotify-playlist-black-market/>. See also John Flynn, *Are Spotify playlists the new payola?*, Dancing Astronaut (Mar. 14, 2018), available at <https://dancingastronaut.com/2018/03/spotify-playlists-new-payola/>.
13. *Id.*
14. The consolidation in the radio industry caused by the Telecommunications Act of 1996, for example, is seen as having had a palpable negative impact on artists and audiences alike: “The bottom line is that consolidation is not just bad for musicians

- and other creative media artists. It's also bad for the American public, harming their music, culture, economy, and democracy." See Press Release, Future of Music Coalition, Radio Station Ownership Consolidation Shown to Harm Musicians and the Public, Says FMC Study (Dec. 13, 2006), available at <https://futureofmusic.org/press/press-releases/radio-station-ownership-consolidation-shown-harm-musicians-and-public-says-fmc->.
15. See generally Peter DiCola, *False Premises, False Promises*, Future of Music Coalition (Dec. 2006), at 82-113, available at <https://www.futureofmusic.org/sites/default/files/FMCRadiostudy06.pdf> (discussing certain genres of music being relegated to very small, niche stations as a result of programming power falling into the hands of a smaller number of powerful entities).
 16. Retired Rep. John Conyers, Jr. of Michigan has said about payola, "Allowing creativity to be stifled because of questionable commercial endeavors or legal gymnastics is just plain wrong." See Devin Kosar, *Payola—Can Pay-for-Play Be Practically Enforced?*, 23 ST. JOHN'S J. LEGAL COMMENT, 211.
 17. *Infra* Part I.
 18. The payola scandal launched when performance rights organization ASCAP accused competitor BMI of impropriety. ASCAP predominantly represented older, white artists, while BMI was associated with young, diverse artists. It has been theorized that the ruin of Alan Freed, whose ordeal will be discussed below, can be attributed in part to his relationships with black music and musicians. See Lydia Hutchinson, *Alan Freed and the Radio Payola Scandal*, Performing Songwriter (Aug. 20, 2015), available at <http://performingsongwriter.com/alan-freed-payola-scandal/>.
 19. Former president of Rykodisc and music marketing expert George Howard has opined that even the ability to earnestly find an audience on low-level formats like college radio has little connection with success: "merit-based radio play usually does not end with an artist's song actually being programmed and played." George Howard, *How to Get Your Song on Commercial Radio*, TuneCore (Sept. 15, 2011), available at <https://www.tunecore.com/blog/2011/09/how-to-get-your-song-on-commercial-radio.html>.
 20. 47 U.S.C. § 317; 47 U.S.C. § 507; 47 U.S.C. § 508.
 21. *Alan Freed*, Radio Hall of Fame, available at <http://www.radiohalloffame.com/alan-freed> (last visited Nov. 27, 2018).
 22. Hutchinson, *supra* note 18.
 23. Ben Fong-Torres, *Biography*, AlanFreed.com, available at <http://www.alanfreed.com/wp/biography/> (last visited Nov. 29, 2018).
 24. *Id.*
 25. *Id.*
 26. Hutchinson, *supra* note 18.
 27. *Id.* See also Fong-Torres, *supra* note 23.
 28. Fong-Torres, *supra* note 23.
 29. Hutchinson, *supra* note 18; *supra* note 20.
 30. Rather than pay radio stations directly, major labels instead hire independent agencies to shop songs around to radio stations and offer stations things like merchandise and giveaway contests—accomplishing the same goal of influencing playlists, but without the direct quid pro quo of payola. See Howard, *supra* note 19.
 31. Spitzer proclaimed that "contrary to listener expectations that songs are selected for air play based on artistic merit and popularity, air time is often determined by undisclosed payoffs to radio stations and their employees." Alex Mar, *Sony Ponies Up for Payola*, Rolling Stone (July 25, 2005, 4:00 A.M.), available at <https://www.rollingstone.com/music/music-news/sony-ponies-up-for-payola-94599/>.
 32. Nick Messitte, *How Payola Laws Keep Independent Artists Off Mainstream Radio*, Forbes (Nov. 30, 2014, 10:25 A.M.), available at <https://www.forbes.com/sites/nickmessitte/2014/11/30/how-payola-laws-keep-independent-artists-off-mainstream-radio/#66eb76ae519f>. It is worth noting that all three of these companies hold or held a percentage ownership in the streaming service Spotify, which will be discussed below. *Infra* Part II, Sec. b.
 33. Glenn Peoples, *How 'Playola' Is Infiltrating Streaming Services: Pay for Play Is 'Definitely Happening'*, Billboard (Aug. 19, 2015), available at <https://www.billboard.com/articles/business/6670475/playola-promotion-streaming-services>.
 34. Sales of physical albums peaked in 2000 and steadily declined thereafter. Caitlin Kenney, *Album Sales Hit Record Lows. Again.*, NPR (Aug. 26, 2010, 1:29 P.M.).
 35. Perhaps the most prominent approach to addressing the shifting musical economy is the "360 deal." See Tiffany Simmons-Rufus, *An Overview of the 360 Deal*, AM. BAR ASS'N (June 5, 2012), available at https://www.americanbar.org/groups/young_lawyers/publications/the_101_201_practice_series/an_overview_of_the_360_deal/.
 36. Kenney, *supra* note 34.
 37. Apple, which had revolutionized the consumption of music with the release of the iPod media player, launched the iTunes store in 2003, allowing listeners to easily purchase digital copies of music. Pandora's streaming radio service was unveiled in 2005. Along with the release of Spotify in 2008, the mid-2010s saw the birth of the purportedly artist-friendly Tidal and Apple's Spotify competitor Apple Music. Will Brewster, *Musicology: The history of music streaming*, Mixdown (Oct. 27, 2017), available at <http://www.mixdownmag.com.au/musicology-history-music-streaming>; Nathan Malone, *The unpredictable and dramatic story of Jay Z's Tidal, the music service trying to fight Apple and Spotify*, Business Insider (Aug. 12, 2016, 11:30 A.M.), available at <https://www.businessinsider.com/history-of-jay-zs-tidal-music-streaming-service-2016-8>; Kory Grow, *Apple Music: Everything You Need to Know*, Rolling Stone (June 30, 2015, 9:55 A.M.).
 38. Spotify was conceived in 2006 and launched in 2008 by Daniel Ek and Martin Lorentzon of Stockholm, Sweden. It was an attempt to capitalize on the piracy problems that the music industry was facing by offering a higher quality alternative to users of peer-to-peer services like Napster and LimeWire. *How Spotify came to be worth billions*, BBC (Mar. 1, 2018), available at <https://www.bbc.com/news/newsbeat-43240886>.
 39. Since the 1950s, the Billboard charts have offered "a road map of what tunes, musicians and genres Americans found interesting enough to consume en masse." Travis M. Andrews, *Billboard's charts used to be our barometer for music success. Are they meaningless in the streaming age?*, Washington Post (July 9, 2018), available at https://www.washingtonpost.com/news/arts-and-entertainment/wp/2018/07/05/billboards-charts-used-to-be-our-barometer-for-music-success-are-they-meaningless-in-the-streaming-age/?utm_term=.71f82e5949eb.
 40. *Billboard Finalizes Changes to How Streams Are Weighted for Billboard Hot 100 & Billboard 200*, Billboard (May 1, 2018), available at <https://www.billboard.com/articles/news/8427967/billboard-changes-streaming-weighting-hot-100-billboard-200>.
 41. Powell, *supra* note 12.
 42. Liz Pelly, *The Problem with Muzak*, The Baffler (Dec. 2017), available at <https://thebaffler.com/salvos/the-problem-with-muzak-pelly>.
 43. *Id.*
 44. David Pierce, *The Secret Hit-Making Power of the Spotify Playlist*, Wired (May 3, 2017, 7:30 A.M.), available at <https://www.wired.com/2017/05/secret-hit-making-power-spotify-playlist/>.
 45. *Id.*
 46. Liz Pelly, *Discover Weakly*, The Baffler (June 4, 2018), available at <https://thebaffler.com/latest/discover-weakly-pelly>.
 47. *Id.*
 48. Peoples, *supra* note 33.
 49. Daniel Sanchez, *Spotify Introduces a Brand New Feature: Payola*, Digital Music News (June 20, 2017), available at <https://www.digitalmusicnews.com/2017/06/20/spotify-introduces-payola/>.

- digitalmusicnews.com/2017/06/20/spotify-sponsored-songs-payola/.
50. Spotify's explanation for incorporating sponsored content from major label money, in part, said: "We are always testing new promotional tools that deliver the highest relevancy to our users." See *Spotify trials adding 'sponsored songs' to playlists*, BBC (June 20, 2017), available at <https://www.bbc.com/news/technology-40343385>.
 51. Michelle Castillo, *Sorry Drake, you can't hype your way into song of the summer*, CNBC (July 3, 2018, 3:07 P.M.), available at <https://www.cnbc.com/2018/07/03/drake-scorpion-spotify-apple-hype-overload.html>.
 52. *Id.* Some fans were perturbed to the point of requesting a refund from Spotify for this aggressive form of marketing. See Mark Savage, *Spotify users demand refunds over Drake promotion*, BBC (July 2, 2018), available at <https://www.bbc.com/news/entertainment-arts-44695062>.
 53. Sony, Warner, and Universal have all either owned or currently own percentages of Spotify. See Shirley Halperin, *Sony Music's \$750 Million Spotify 'Windfall' Leaves Some Lingering Questions*, Variety (Aug. 20, 2018, 4:00 P.M.), available at <https://variety.com/2018/digital/news/sony-music-750-million-spotify-artists-labels-share-questions-1202909498/>.
 54. See Riley Fitzgerald, *The Payola Blues: New Technology, Same Old Tune?*, Happy Mag (Nov. 21, 2017), available at <https://hnhhappy.com/the-payola-blues-new-technology-same-old-tune/>. See also *Morning Edition: Pandora's New Deal: Different Pay, Different Play*, NPR (Nov. 26, 2014, 5:13 A.M.), available at <https://www.npr.org/2014/11/26/366339553/pandoras-new-deal-different-pay-different-play> (offering a summary of the Pandora relationship with Merlin).
 55. Paris Martineau, *Inside the Pricey War to Influence Your Instagram Feed*, Wired (Nov. 11, 2018, 7:00 A.M.), available at <https://www.wired.com/story/pricy-war-influence-your-instagram-feed/>.
 56. *Id.*
 57. Peoples, *supra* note 33.
 58. *Id.*
 59. *Id.* One individual who markets music to playlists claimed, "I've had some curators who run multiple playlists offer me monthly retainers to be in their playlists for a certain amount of time." *Id.*
 60. See Lasse Cato and Alfred Maddox, *It's Actually Pretty Easy to 'Hack' the Digital Music Industry*, Noisey (Dec. 5, 2017, 5:30 A.M.), available at https://noisey.vice.com/en_uk/article/j5dqdx/streamify-spotify-buying-streams-clckba1t-digital-music (in which Vice Media sub-site Noisey Denmark demonstrates the ease of fraudulent streaming by using a service called Streamify to purchase millions of streams for a fake, intentionally bad artist. Spotify's response is that there are "multiple fraud detection measures in place," but ultimately these did not prevent Noisey's song from accruing 10,000 fake streams.).
 61. Glenn Peoples, *Universal Music Group Makes Playlist Power Move, Hires Industry Veteran Jay Frank*, Billboard (Aug. 5, 2015), available at <https://www.billboard.com/articles/business/6655949/universal-music-group-makes-playlist-power-move-hires-industry-veteran-jay>.
 62. Kosar, *supra* note 16 at 249 ("Payola has been one of the largest tools to keep voices off the air.").
 63. *Loveday v. F.C.C.*, 707 F.2d 1443, 1458 (D.C. Cir. 1983) (quoting *National Broadcasting Co. v. United States*, 319 U.S. 190, 226, 63 S.Ct. 997, 1014 (1943)).
 64. See generally Powell, *supra* note 12, which discusses the evolution and escalation of the "remixed" system of payola.
 65. See 16 C.F.R. 255. See also Lesley Fair, *Influencers, are your #materialconnection #disclosures #clearandconspicuous?*, FED. TRADE COMMISSION (Apr. 19, 2017, 11:13 A.M.), available at <https://www.ftc.gov/news-events/blogs/business-blog/2017/04/influencers-are-your-materialconnection-disclosures>. See generally Martineau, *supra* note 55 (offering an overview of the significance of the economy of influencers).
 66. See Fair, *supra* note 65.
 67. See Pelly, *supra* note 42.
 68. Peoples, *supra* note 33.
 69. See Cato, *supra* note 60 (in which an email demonstrates Streamify explaining the proper timeline to roll out fake streams in order to prevent Spotify from detecting fraud).
 70. Daniel Sanchez, *Is Spotify Pay-for-Play? 'SpotLister' Busted for Selling Playlist Slots for \$2,000+ Each*, Digital Music News (Mar. 19, 2018), available at <https://www.digitalmusicnews.com/2018/03/19/spotify-spotlister-busted/>. It is worth noting, however, that the owners of Spotlister directed customers to a different, similar service called Jamlister that they had founded at the time of Spotlister's demise. *Id.*
 71. At the time of writing, Streamify, the service used by Noisey writers to attain streams for a fake song, remains active. See Cato *supra* note 60.
 72. Daniel Sanchez, *Will Spotify's New 'Playlist Consideration' Feature Kill Playlist Payola Companies?*, Digital Music News (July 19, 2018), available at <https://www.digitalmusicnews.com/2018/07/19/spotify-playlist-consideration-payola/>.
 73. *Payola Rules*, FED. COMM. COMMISSION (Dec. 8, 2017), available at <https://www.fcc.gov/consumers/guides/fccs-payola-rules>.
 74. See Kristen Lee Repynneck, *The Ghost of Alan Freed: An Analysis of the Merit and Purpose of Anti-Payola Laws in Today's Music Industry*, 51 VILL. L. REV. 695, 707 (2006) (in which the numerous statutory loopholes in current payola law are discussed). See generally Messitte, *supra* note 32 (discussing the failures of payola laws to prevent major companies from effectively continuing the practice).
 75. *Native Advertising: A Guide for Businesses*, FED. TRADE COMMISSION (Dec. 2015), available at <https://www.ftc.gov/tips-advice/business-center/guidance/native-advertising-guide-businesses>.
 76. *Id.*
 77. This should include not only playlist placement, but the highlighting of artists on a landing page within the service, for example.
 78. One criticism of the current payola laws is that they have seldom been enforced. When they have been, they have been, as described by Jeff Cohen of Fairness and Accuracy in Reporting, "a weak slap on the wrist from a feeble commission that is no match for Clear Channel or any of the other big radio conglomerates." See Chuck Philips, *Clear Channel Fined Just \$8,000 by FCC for Payola Violation*, The Los Angeles Times (Oct. 20, 2000), available at <http://articles.latimes.com/2000/oct/20/business/fi-39236>.
 79. Paul Resnikoff, *Thank You Spotify for Stuffing Drake Down My Throat*, Digital Music News (July 2, 2018), available at <https://www.digitalmusicnews.com/2018/07/02/spotify-drake-stuffing-throat-backlash/>.
 80. See Repynneck, *supra* note 74.
 81. See Kosar, *supra* note 16 at 231-233 (discussing how radio payola amounts escalated over time).
 82. See *About the NEA*, NAT. ENDOWMENT FOR THE ARTS, <https://www.arts.gov/> (last visited Nov. 30, 2018).

Scott Connolly is an evening student at St. John's University School of Law. After an eight-year career in broadcasting, he decided to pursue a career in entertainment law, and currently works full-time in the Business and Legal department at MLB Network. A native of New York's Hudson Valley, he currently lives in New York City.

Fixation on Flesh: Why Tattoos Should Not Garner Copyright Protection

By John Mixon

INTRODUCTION

In a world where technology is advancing at a staggering rate,¹ intellectual property is becoming an ever more important area of legal practice.² This is especially evident when it comes to copyright law, as new technology has provided innovative ways for individuals to express themselves.³ As technology has evolved and individuals have innovated new methods of expressing themselves, Congress has stepped in to ensure that such expressions are explicitly afforded sufficient copyright protection.⁴ However, one method of expression in particular that has been around for centuries,⁵ yet still has not received explicit protection by copyright laws in the United States, is human tattoos.⁶



Historically, there has been a social stigma surrounding permanent tattoos, which is a potential explanation for the lack of copyright protection for the form of body art up to this point.⁷ Nonetheless, tattoos have become a very prominent form of expression and the social stigma that has historically surrounded them is no longer a concern for many people.⁸ As a result of the rise in popularity of tattoos, many have posited that they should be protected by copyright laws.⁹

Indeed, since the turn of the 21st century, there have been a handful of lawsuits filed by tattoo artists (tattooists) asserting copyright infringement of the artwork that they tattooed onto other individuals.¹⁰ In most of these cases, the tattoo in question was etched into the skin of a celebrity, and the celebrity subsequently entered into a business agreement allowing a company to exploit the celebrity's likeness.¹¹ As the celebrity's likeness includes his or her tattoos the company using the celebrity's likeness displayed the tattoo in some form or another.¹² As a result, the tattooists in these cases have sued the companies using the celebrities' likenesses for copyright infringement of the tattooed art.¹³

Examples of some of the more notorious cases addressing this issue include *Reed v. Nike, Inc.*, which revolved around a Nike advertisement featuring professional basketball player Rasheed Wallace;¹⁴ *Whitmill v. Warner Bros. Entertainment Inc.*, which focused on the use of Mike Tyson's famous tribal tattoo in the movie *The Hangover Part II*;¹⁵ and *Solid Oak Sketches, LLC v. 2K Games, Inc.*, which is still ongoing and is centered around the depiction

of the tattoos of several professional basketball players, including LeBron James, in the NBA 2K video game series.¹⁶ Due to the fact that these cases have involved high profile celebrities and athletes, there have been a large amount of attention and speculation about whether tattoos as depicted on human flesh can garner copyright protection.¹⁷ Unfortunately for legal scholars, however, no court has ever decided the issue, as all cases surrounding the issue have either settled or remain ongoing.¹⁸

Due to the lack of legal precedent addressing this issue, this article will seek to establish that tattoos cannot be protected under the United States' current copyright laws. Part I will give an overview of the relevant facts of the three aforementioned cases. Part II will discuss the relevant copyright laws and argue why tattoos do not fit under them. Part III will discuss the policy implications that would result from affording tattoos copyright protection.

I. Unresolved Issue of First Impression: Do Tattooed Individuals Have the Right to Market Themselves?

Perhaps it is no coincidence that three of the most notorious instances of tattooists filing lawsuits for copyright infringement of their tattoos have involved athletes with celebrity status.¹⁹ After all, athletes have a national audience, are often pursued by large companies to be the faces of advertising campaigns, and tattoos are highly prevalent among athletes.²⁰ Nonetheless, copyright laws do not take celebrity status into consideration, and thus affording copyright protection to tattooists for artwork that is tattooed on an individual could have widespread implications, regardless of the fame or notoriety of the individual receiving the tattoo. Thus, in analyzing this issue, it is helpful to look at the facts surrounding some previous cases to understand from what situations a tattoo infringement lawsuit is likely to arise.

A. 2005: *Reed v. Nike, Inc.*

The first of the three most well-known tattoo copyright infringement lawsuits this century is *Reed v. Nike, Inc.*²¹ In that case, National Basketball Association (NBA) player Rasheed Wallace met with the plaintiff, Matthew Reed, to discuss a tattoo that Wallace hoped to get on his arm.²² After discussing the details that Wallace wanted the tattoo to have, Reed drew up several sketches and after changes were proposed by Wallace, Reed presented a final sketch that suited Wallace.²³ Reed then created the tattoo stencil and completed the application of the tattoo to Wallace over a three-session period.²⁴

In exchange for the tattoo, Wallace paid Reed \$450, which, although Reed thought the fee was low for that tattoo, he “believed that he and his business would receive exposure as a result of the tattoo being on an NBA player.”²⁵ Despite being well aware of the national spotlight that the tattoo would garner as a result of Wallace being an NBA player, there was never any discussion between the two parties regarding copyright ownership over the artwork.²⁶

Upon completing the tattoo, Reed recalled seeing the tattoo on television while watching Wallace play in games for the Portland Trailblazers on several occasions.²⁷ Fast forward several years to 2004, and Wallace entered into an agreement with Nike to do a commercial, which involved a close up view of the tattoo and an explanation by Wallace of its meaning.²⁸ Upon discovering the commercial, Reed filed suit against Nike, Wallace, and Weiden+Kennedy, a company that partnered with Nike in relation to the commercial, for copyright infringement.²⁹

Despite the filing of the lawsuit, the application of copyright law to these facts is unclear, as the parties to the suit ultimately reached a settlement agreement.³⁰ Nonetheless, the litigation did provide an insight into how tattooists view the work that they do. Additionally, it showed that when tattooed individuals commercialize their likeness through television commercials and other media featuring the tattoos, they may be opening themselves and the companies doing the advertising up to copyright infringement suits.

B. 2011: *Whitmill v. Warner Bros. Entertainment Inc.*

Merely six years after *Reed* settled, another high-profile tattoo copyright infringement case arose.³¹ This time the lawsuit involved tattoo artist Victor Whitmill, who sued for infringement of his design of the famous tribal tattoo that is on former heavyweight champion boxer Mike Tyson’s face.³² However, unlike Wallace and Reed, Whitmill and Tyson agreed that Whitmill would own the copyright of Tyson’s tattoo.³³

In 2009, Warner Bros. released the comedy film *The Hangover*, which featured Mike Tyson as himself in a small cameo role.³⁴ Subsequently, Warner Bros. released the sequel, *The Hangover Part II* in 2011, which not only featured Mike Tyson again, but also featured one of the characters from the first movie waking up hung over with a tattoo identical to Tyson’s.³⁵ In advertising the sequel, Warner Bros. prominently featured the replica tattoo in the movie posters and other promotional materials.³⁶ Since Whitmill had “never consented to, the use, reproduction, or creation of a derivative work based on his Original Tattoo,” he sued Warner Bros. for copyright infringement.³⁷

In response, Warner Bros. argued, *inter alia*, that Whitmill did not own a valid copyright in the tattoo because human skin as a tangible medium would yield absurd results and does not fit within the definitions of the current copyright laws.³⁸ However, the merits of the case were not reached by the court, as the parties settled.³⁹ As a result, it is unclear how the court would have treated Warner Bros.’ arguments and decide the issue.⁴⁰ Notwithstanding the settlement, this case showed that tattooists are of the opinion that any unauthorized recreation of a tattoo for which they have a copyright will abridge their copyright protections, even if the re-creation is affixed to the flesh of another human being.

C. 2016: *Solid Oak Sketches, LLC v. 2K Games, Inc.*

A short five years after *Whitmill* was filed, a company called Solid Oak Sketches (Oak) filed suit against 2K Games, Inc. (2K) and Take-Two Interactive Software, Inc. (Take-Two) for infringing on several tattoos for which Oak held licenses.⁴¹ The licenses pertained to several different tattoo designs that were designed by several different tattooists, each of whom granted Oak licenses for their respective tattoos.⁴²

Take-Two is a major video game developer and publisher that wholly owns 2K, which is a video game publisher that produces the annual NBA 2K video game series.⁴³ Each year, the NBA 2K game improves its graphics, and with this improvement has come increasingly realistic depictions of the actual NBA players whom the game seeks to portray.⁴⁴ To make the game as realistic as possible, 2K has even depicted the players with accurate recreations of their tattoos.⁴⁵

As a result of such recreations, however, Oak has claimed that Take-Two and 2K have infringed on the copyrights of the tattoos that were licensed to them, which include the tattoos of LeBron James, Kobe Bryant, Kenyon Martin, DeAndre Jordan, and Eric Bledsoe.⁴⁶ In response, 2K and Take-Two have posited several arguments in opposition to Oak’s claim, one of which cites to public policy concerns that would result from allowing copyrights for tattoos.⁴⁷ While this lawsuit is still ongoing, it appears optimistic that the issue as to the copyrightability of tattoos may be determined.⁴⁸ Nonetheless, until that answer comes, we are left speculating as to what kind of protections tattoos may actually garner.

II. Tattoos Do Not Fit Under Current Copyright Laws

Under 17 U.S.C. § 102(a), a work will garner copyright protection if it is an “original work[] of authorship fixed in any tangible medium of expression . . . from which [it] can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.”⁴⁹ A work is considered “original” if it “was independently created by the author and it possesses at least some minimal degree of creativity.”⁵⁰

Moreover, 17 U.S.C. § 102(a) stipulates that a work of authorship may fit into one of eight categories, one of which consists of “pictorial, graphic, and sculptural works.”⁵¹ This category of works is defined to include “two-dimensional and three dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans.”⁵² Such a work will be considered “fixed in a tangible medium of expression” if its “embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”⁵³

In applying this legal framework to tattoos, it is certainly clear that tattoos fit into the “pictorial, graphic, and sculptural works” category of works of authorship, as tattoos are two-dimensional and could be described as either graphic art⁵⁴ or an art reproduction, in the case of a tattoo that was first designed on something other than the skin.⁵⁵ It is also certainly clear that a tattooist’s artwork can be an original work of authorship, as many tattooists will often discuss tattoo ideas with clients and independently draw sketches that creatively express such ideas.⁵⁶

This exact scenario was on display in *Reed*, wherein Wallace met with Reed to discuss his “Egyptian Family” tattoo idea and after several sketches and adjustments Reed created the final version of the tattoo design.⁵⁷ Admittedly, such a tattoo *design* can be copyrighted, as tattoo designs are original works of authorship and they are usually embodied on some form of paper or digital medium.⁵⁸ However, when a tattooist’s original work of authorship is subsequently transferred onto human flesh, it fails to satisfy the requirement that the work be “fixed in a tangible medium,” and thus tattoos are not copyrightable.

Although not directly applicable, *Kelley v. Chicago Park District* is instructive by analogy in illustrating why tattoos do not satisfy the fixation requirement of copyright law.⁵⁹ In that case, an artist named Chapman Kelley, with the permission of the Chicago Park District, installed a public display of wildflowers in downtown Chicago.⁶⁰ This display featured a large variety of different colored wildflowers arranged in a pattern as designed by Kelley and was “promoted as living art.”⁶¹ When the flowers finally bloomed and the public was able to see the display, Kelley’s work received widespread acclaim.⁶² Unfortunately for Kelley, however, over the years the display became difficult to maintain and the Chicago Park District reduced its size to make it more manageable.⁶³ As a result of the modification, Kelley filed suit against the Chicago Park District, claiming that it violated his moral rights in his work.⁶⁴

In resolving this issue, the United States Court of Appeals for the Seventh Circuit’s main focus was on both the authorship and fixation requirements.⁶⁵ In analyzing

these requirements, the court readily acknowledged that in the case of gardens, it is indeed a human author who “determines the initial arrangement of the plants in a garden.”⁶⁶ However, the court then elaborated, “[t]o the extent that seeds . . . can be considered a ‘medium of expression,’ they originate in nature, and natural forces . . . determine their form, growth, and appearance.”⁶⁷ Ultimately, the court deemed that “[a]lthough [seeds] are tangible and can be perceived for more than a transitory duration,” they are not “stable or permanent enough” to satisfy the fixation requirement, because a garden’s appearance is inherently variable so the moment of fixation is unascertainable.⁶⁸ As a result, the court deemed that Kelley’s wildflower display was not copyrightable.⁶⁹

Despite the fact that *Kelley* addresses the copyrightability of flower gardens as opposed to tattoos, there are similarities between gardens and tattoos in the context of copyright fixation that make the *Kelley* court’s rationale applicable to tattoos by analogy. As with the arrangement of plants in a garden, the “human author” of tattoos “determines the initial arrangement” of the ink in a tattoo. However, also much like gardens, “[t]o the extent that” skin is a medium of expression, it “originate[s] in nature, and [to an extent] natural forces [can] determine [the] form, growth, and appearance” of tattoos on the skin.⁷⁰

When a tattooist gives an individual a tattoo, the way that the tattoo image is able to stay formed in the skin is complicated.⁷¹ The ink is supposed to stay in the dermis, which is the deeper layer of the skin, but not all of the ink stays in that deeper layer.⁷² Furthermore, the ink that does actually stay in the dermis takes about two to four weeks to settle, and even then the ink does not completely settle into that deeper layer.⁷³ Throughout the entire life of the tattooed individual, his or her body attacks the tattoo by sending cells called macrophages to the site of the tattoo to “eat” the ink while other cells absorb the ink.⁷⁴ As the individual’s body attacks the ink throughout his or her life, the tattoo slowly fades and all of the ink never technically settles.⁷⁵

Moreover, this slow fading process caused by the body’s immune system has the potential to speed up from exposure to the sun.⁷⁶ In addition to sun exposure tattoos are also at the mercy of weight gain and loss, as well as age, both of which can cause distortion of the tattoo’s appearance by stretching or shrinking it.⁷⁷ Finally, there is no guarantee that the skin will even accept the tattoo ink that is deposited in the body, as sometimes the body rejects certain chemicals as being harmful, which can cause the tattooed skin to form raised bumps and even mandate the removal of the tattoo.⁷⁸

As a result of these natural processes that can influence tattoos on human flesh, it is difficult to pinpoint the exact moment that fixation to the skin has occurred, and the appearance of tattoos is “too inherently variable to supply a baseline for determining questions of copyright creation and infringement.”⁷⁹ Although some might ar-

gue that when an individual receives a tattoo, the tattoo can be “perceived for more than a transitory duration,” the natural processes that influence tattoo ink cause tattoos to not be “stable or permanent enough to be called ‘fixed’” for copyright purposes.⁸⁰

III. Providing Copyright Protection for Tattoos Is Against Public Policy

In addition to the fact that tattoos cannot be considered “fixed in a tangible medium,” tattoos should not be given copyright protection because doing so would also implicate several public policy concerns. One such concern is that extending copyright protection to tattoos would cause individuals to forfeit economic opportunities. For example, in *Solid Oak Sketches v. 2K Games*, Solid Oak sued 2K for recreating and displaying the tattoos of several NBA stars, such as LeBron James.⁸¹ Allowing Solid Oak to prevail on its copyright infringement suit would put 2K Games, James, and other NBA stars on notice that display of these tattoos could open them up to liability for copyright infringement. As a result, 2K Games and other corporations might choose not to enter into business agreements with James and other stars, and the athletes might think twice before entering into agreements that feature their tattoos.

This scenario could affect corporations and tattooed individuals outside the sports and entertainment world as well, and in turn would result in various corporations and tattooed individuals forfeiting economic opportunities. For example, while tattoos are becoming more commonplace and accepted within society, there is still somewhat of a stigma surrounding them in the workplace.⁸² As a result, some people may choose to have regrettable tattoos from their youth removed, as was done by actor Mark Wahlberg.⁸³ However, due to the protection against destruction of visual art, if tattoos are copyrightable, individuals may have to forgo a job opportunity if their tattoo artists are stubborn enough.⁸⁴

More important than the freedom to contract implication is that allowing copyright protection to tattoos would lead to “thousands of standalone copyrights”⁸⁵ and potentially flood the courts with infringement claims. This concern is best illustrated by the court’s reasoning in *Garcia v. Google*, where it discussed the copyrightability of individual scenes.⁸⁶ In that case, the plaintiff was an actor who claimed that her performances in select scenes of a film were copyrightable separately from the film as a whole.⁸⁷ In holding that the plaintiff was not likely to succeed on the copyright claim, the court discussed the burden that would follow from providing copyright protection and stated “[u]ntangling the complex, difficult-to-access, and often phantom chain of title to tens, hundreds, or even thousands of standalone copyrights is a task that could tie the distribution chain in knots.”⁸⁸

Likewise, applying this logic to tattoos, it is clear that incorporating various tattooed individuals into a different copyrightable works “would pose a huge burden if each of the thousands of [tattooed individuals] could [trigger] an independent copyright [claim by tattooists].”⁸⁹ As a result, copyright protection for tattoos would have the potential to open the floodgates for infringement litigation and implicate the public policy concern for judicial economy.⁹⁰

CONCLUSION

Based on the foregoing, it is clear that tattoos do not fall under the copyrightable subject matter that Congress envisioned when implementing the current copyright system. Much like the wildflower display in *Kelley*, tattoos are not sufficiently “fixed” on human skin to satisfy the copyright requirements. Furthermore, allowing copyright protection for tattoos would implicate several public policy concerns, including freedom of contract and judicial economy. As a result, when a court is finally presented with the opportunity to reach a decision on the copyrightability of tattoos, it should decline to extend copyright protection.

Endnotes

1. See *In the age of disruptive innovation, adaptability is what matters most*, The Globe and Mail (Mar. 29, 2018), available at <https://www.theglobeandmail.com/report-on-business/small-business/sb-managing/in-the-age-of-disruptive-innovation-adaptability-is-what-matters-most/article24369582/> (“We live in a period of staggering technological change.”); Ryan Barton, *Technology’s Explosion: The exponential growth rate*, Mainstay Technologies (Jan. 22, 2013), available at <https://www.mstech.com/technologys-explosion-the-exponential-growth-rate/> (“Technology is innovating and expanding at an exponential rate.”).
2. See *GlobeRanger Corporation v. Software AG United States of America, Inc.*, 836 F.3d 477, 484 (5th Cir. 2016) (noting the increasing importance of intellectual property); the Honorable Kathleen M. O’Malley, *Interesting Times at the Federal Circuit*, 63 AM. U. L. REV. 949, 956 (2014) (noting that the increasing importance of intellectual property law is underscored by the Supreme Court’s recently increased interest in the area).
3. See Peter S. Menell, *Envisioning Copyright Law’s Digital Future*, 46 N.Y.L. SCH. L. REV. 63, 177 (“The rate and direction of technological innovation in content storage reproduction, distribution, and encryption will significantly affect the path of copyright law.”); I. Trotter Hardy, *Copyright and “New-Use” Technologies*, 23 NOVA L. REV. 659, 662 (1999) (discussing how new technologies provide new forms of expression that raise copyright questions).
4. See Benjamin W. Rudd, *Notable Dates in American Copyright 1783-1969*, 28 THE Q. J. OF THE LIBR. OF CONG. 137, 139, 141 (1971), available at <https://copyright.gov/history/dates.pdf> (noting, *inter alia*, Congressional enactment to extend copyright laws to photographs in 1865 and motion pictures in 1912); Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998).
5. Kelly-Ann Weimar, *A Picture Is Worth a Thousand Words: Tattoos and Tattooing Under the First Amendment*, 7 ARIZ. SUMMIT L. REV. 719, 721-25 (2014) (tracing the history of tattoos back to ancient times).

6. See Matthew Beasley, *Who Owns Your Skin: Intellectual Property Law and Norms Among Tattoo Artists*, 85 S. CAL. L. REV. 1137, 1151 (2012) (“[T]raditional copyright remedies are difficult to apply to tattooing.”); Yolanda M. King, *The Enforcement Challenges for Tattoo Copyrights*, 22 J. Intell. Prop. L. 29 (2014) (discussing whether copyright law applies to tattoos and the challenges associated with enforcing copyright rights in tattoos).
7. See David M. Cummings, *Creative Expression and the Human Canvas: An Examination of Tattoos as a Copyrightable Art Form*, 2013 U. ILL. L. REV. 279, 307 (2013) (discussing how the negative stigma that has traditionally surrounded tattoos has caused tattoos to not be viewed as a legitimate art form).
8. *Id.* (“[I]t appears that the trend is toward acceptance of tattoos as a legitimate art form with growing support from society as a whole.”). See also Adrienne Green, *Watching Tattoos Go From Rebellious to Mainstream*, *The Atlantic* (Oct. 12, 2016), available at <https://www.theatlantic.com/business/archive/2016/10/tattoos-shifting-identity/503693/> (discussing the growing prominence of tattoos and noting that “nearly 40 percent of [Millennials] have one”).
9. See Cummings, *supra* note 7, at 307 (“[C]urrent treatment of tattoos as a whole still overwhelmingly lends itself to the conclusion that tattoos deserve recognition as “useful Art” within the meaning of the Constitution.”); King, *supra* note 6, at 161 (making the case that tattoos should be protected under copyright law).
10. See Bonnie Eslinger, *WWE, Take-Two Slammed for Wrestler’s Tattoos in Game*, Law360 (Apr. 18, 2018, 2:48 PM), available at <https://www.law360.com/articles/1034642/wwe-take-two-slammed-for-wrestler-s-tattoos-in-game>; Zachary Zaggar, ‘NBA 2K16’ Maker Hit With IP Suit Over Tattoos In Game, Law360 (Feb. 1, 2016, 9:41 PM), available at <https://www.law360.com/articles/753397>; Pete Brush, *Tyson Tattoo Guru Sues Warner Bros. Over ‘Hangover 2’*, Law360 (Apr. 29, 2011, 6:14 PM), available at <https://www.law360.com/articles/242391>; *Artist sues Wallace over use of tattoo*, ESPN (Feb. 16, 2005), available at <http://www.espn.com/espn/sportsbusiness/news/story?id=1992812>.
11. See Eslinger, *supra* note 10; Zaggar, *supra* note 10; Django Gold, *Tattoo Artist Says THQ Used Copyrights Ink in UFC Games*, Law360 (Nov. 20, 2012 3:32 PM), available at <https://www.law360.com/articles/395416/tattoo-artist-says-thq-used-copyrighted-ink-in-ufc-games>; *Artist sues Wallace over use of tattoo*, *supra* note 10.
12. See Eslinger, *supra* note 10; Zaggar, *supra* note 10; Gold, *supra* note 11; *Artist sues Wallace over use of tattoo*, *supra* note 10.
13. See Eslinger, *supra* note 10; Zaggar, *supra* note 10; Gold, *supra* note 11; *Artist sues Wallace over use of tattoo*, *supra* note 10.
14. Complaint, *Reed v. Nike, Inc.*, No. 3:05-CV-00198 (D. Or. Feb. 10, 2005).
15. Complaint, *Whitmill v. Warner Bros. Entertainment Inc.*, No. 4:11-cv-752 (E.D. Mo. Apr. 28, 2011).
16. Complaint, *Solid Oak Sketches, LLC v. 2K Games, Inc.*, No. 1:16-cv-00724 (S.D.N.Y. Feb. 1, 2016).
17. See Katie Scholz, *Copyright and Tattoos: Who owns your ink?*, IPWatchdog (July 26, 2018), available at <https://www.ipwatchdog.com/2018/07/26/copyright-tattoos-who-owns-your-ink/id=99500/>; Darren Heitner, *Questions Concerning Copyright of Athlete Tattoos Has Companies Scrambling*, *Forbes* (Aug. 14, 2013, 8:01 AM), available at <https://www.forbes.com/sites/darrenheitner/2013/08/14/questions-concerning-copyright-of-athlete-tattoos-has-companies-scrambling/>; Lauren Etter, *Tattoo artists are asserting their copyright claims*, ABA J. (Jan. 2014), available at http://www.abajournal.com/magazine/article/tattoo_artists_are_asserting_their_copyright_claims/.
18. See Scholz, *supra* note 17 (“Unfortunately, there are no cases to date that definitively answer the questions around copyright infringement and tattoos.”).
19. Complaint, *Solid Oak Sketches, LLC v. 2K Games, Inc.*, No. 1:16-cv-00724 (S.D.N.Y. Feb. 1, 2016); Complaint, *Whitmill v. Warner Bros. Entertainment Inc.*, No. 4:11-cv-752 (E.D. Mo. Apr. 28, 2011); Complaint, *Reed v. Nike, Inc.*, No. 3:05-CV-00198 (D. Or. Feb. 10, 2005).
20. Rachel Arthur, *The Marketing Power of Sports’ Stars*, *The New York Times* (Apr. 4, 2016), available at <https://www.nytimes.com/2016/04/05/fashion/sports-athletes-marketing.html> (discussing the prevalence of the use of athletes for marketing campaigns); Gretchen Reynolds, *How Tattoos Might Affect Your Workout*, *The New York Times* (July 26, 2017), available at <https://www.nytimes.com/2017/07/26/well/move/how-tattoos-might-affect-your-workout.html> (“[T]attoos are popular with athletes. By some estimates, at least half of male collegiate and professional basketball players have tattoos that cover much of their chest and arms. The incidence seems to be high among football and soccer players and many other athletes as well.”).
21. *Reed v. Nike, Inc.*, No. 3:05-CV-00198 (D. Or. Feb. 10, 2005).
22. Complaint at 3, *Reed v. Nike, Inc.*, No. 3:05-CV-00198 (D. Or. Feb. 10, 2005).
23. *Id.*
24. *Id.*
25. *Id.* at 4.
26. *Id.* at 3.
27. *Id.* at 4.
28. *Id.*
29. *Id.* 4-6.
30. Order of Dismissal, *Reed v. Nike, Inc.*, No. 3:05-CV-00198 (D. Or. Feb. 10, 2005).
31. *Whitmill v. Warner Bros. Entertainment Inc.*, No. 4:11-cv-752 (E.D. Mo. Apr. 28, 2011).
32. Verified Complaint for Injunctive and Other Relief (hereinafter “Complaint”) at 1, *Whitmill v. Warner Bros. Entertainment Inc.*, No. 4:11-cv-752 (E.D. Mo. Apr. 28, 2011).
33. *Id.*
34. See Peter Travers, *Hot Movie Cameo: Mike Tyson*, *Rolling Stone* (June 3, 2009, 8:36 PM), available at <https://www.rollingstone.com/movies/movie-news/hot-movie-cameo-mike-tyson-113419/>; *The Hangover*, IMDB, available at https://www.imdb.com/title/tt119646/?ref_=ttfc_fc_tt (last visited Oct. 23, 2018).
35. Noam Cohen, *On Tyson’s Face, It’s Art. On Film, a Legal Issue*, *The New York Times* (May 20, 2011), available at <https://www.nytimes.com/2011/05/21/business/media/21tattoo.html>.
36. Complaint at 4-5, *Whitmill v. Warner Bros. Entertainment Inc.*, No. 4:11-cv-752 (E.D. Mo. Apr. 28, 2011).
37. *Id.* at 6-7.
38. Warner Bros.’ Memorandum in Opposition to Plaintiff’s Motion for Preliminary Injunction (hereinafter “Warner Bros Opp.”) at 13-18, *Whitmill v. Warner Bros. Entertainment Inc.*, No. 4:11-cv-752 (E.D. Mo. Apr. 28, 2011).
39. See Order of Dismissal, *Whitmill v. Warner Bros. Entertainment Inc.*, No. 4:11-cv-752 (E.D. Mo. Apr. 28, 2011); Sean Livesey, *Skin Is In: Narrow Copyright Protection of Tattoos Featured in Video Games*, RICH. J. L. & TECH. (Nov. 26, 2016), available at <https://jolt.richmond.edu/2016/11/26/skin-is-in-narrow-copyright-protection-of-tattoos-featured-in-video-games/>.
40. See Livesey, *supra* note 39.
41. Second Amended Complaint at 1, 7-8, *Solid Oak Sketches, LLC v. 2K Games, Inc.*, No. 1:16-cv-00724 (S.D.N.Y. Feb. 1, 2016).
42. *Id.* at 7-8.
43. *Id.* at 2-4.
44. See Ryan Nagelhout, *NBA 2K18’s Graphics Upgrade Over 2K17 is Pretty Remarkable Side By Side*, *Uproxx* (Aug. 4, 2017), available at <https://uproxx.com/dimemag/nba-2k18-graphics-comparison->

- nba-2k17/ ("The point of a yearly video game is for it to get better with each edition. The game modes, the game physics and—perhaps most importantly—the graphics should always get better as the years go by."); Brian Tong, *How NBA 2K18 got its insane next-gen graphics*, CNET (Aug. 8, 2017, 8:01 AM), available at <https://www.cnet.com/news/how-nba-2k18-got-its-insane-next-gen-graphics/>.
45. See Second Amended Complaint at 3-4, *Solid Oak Sketches, LLC v. 2K Games, Inc.*, No. 1:16-cv-00724 (S.D.N.Y. Feb. 1, 2016).
 46. *Id.* at 1, 5-7.
 47. Memorandum of Law in Support of Defendants-Counterclaimants 2K Games, Inc. and Take-Two Interactive Software, Inc.'s Motion for Summary Judgment (hereinafter "2K's MSJ") at 22, *Solid Oak Sketches, LLC v. 2K Games, Inc.*, No. 1:16-cv-00724 (S.D.N.Y. Feb. 1, 2016).
 48. See Jonathan Stempel, *Lawsuit over LeBron James, NBA stars' tattoos in video games can proceed*, Reuters (Mar. 30, 2018, 2:42 PM), available at <https://ca.reuters.com/article/sportsNews/idCAKBN1H61MZ-OCASP> ("A federal judge on Friday rejected a request by the maker of the popular NBA 2K video game series to dismiss a lawsuit over its depiction in the games of tattoos belonging to LeBron James and other [NBA] stars.").
 49. 17 U.S.C. § 102(a).
 50. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340 (1991).
 51. 17 U.S.C. § 102(a)(5).
 52. 17 U.S.C. 101.
 53. *Id.*
 54. *Graphic Arts*, MERRIAM-WEBSTER'S ONLINE DICTIONARY, 2018, <https://www.merriam-webster.com/dictionary/graphic%20arts> ("[T]he fine and applied arts of representation, decoration, and writing or printing on flat surfaces together with the techniques and crafts associated with them.").
 55. 17 U.S.C. § 101.
 56. Guen Douglas, *Guen Douglas: The Process of Getting A Custom Tattoo*, Tattoo Artist Mag. (Sep. 22, 2011), available at <http://tattooartistmagazineblog.com/2011/09/22/guen-douglas-tattoos-process-of-getting-a-custom-tattoo-artist-magazine-blog/> (discussing the process of designing a custom tattoo).
 57. Complaint at 3, *Reed v. Nike, Inc.*, No. 3:05-CV-00198 (D. Or. Feb. 10, 2005).
 58. See *id.* at 4 ("Mr. Reed has been issued Copyright Registration Number VA 1-265-074 for the Egyptian Family Pencil Drawing that was the basis for the tattoo applied to Mr. Wallace's arm.").
 59. See 635 F.3d 290 (7th Cir. 2011).
 60. *Id.* at 291.
 61. *Id.* at 291, 293 (noting that Kelley selected "between 48 and 60 species of self-sustaining wildflowers" and "designed the initial placement of the wildflowers so they would blossom sequentially, changing colors throughout the growing season and increasing in brightness towards the center of each ellipse").
 62. *Id.* at 293.
 63. *Id.* at 294-95.
 64. *Id.* at 295.
 65. *Id.* at 303 ("The real impediment to copyright here is not that Wildflower Works fails the test for originality but that a living garden lacks the kind of authorship and stable fixation normally required to support copyright.").
 66. *Id.* at 304.
 67. *Id.*
 68. *Id.* at 305.
 69. *Id.* at 306.
 70. *Id.* at 304.
 71. Andrew Griffin, *Tattoos stay so long in the skin because the body thinks that it is under attack*, The Independent (Apr. 4, 2016, 10:00 PM), available at <https://www.independent.co.uk/news/science/tattoos-permanent-why-how-last-forever-ink-body-best-forever-a6967296.html>.
 72. *Id.*
 73. *Id.*
 74. *Id.*
 75. *Id.*
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John Mixon is a 2L at St. John's University School of Law where he is a member of the *St. John's Law Review*. He is also currently a Legal Extern at Start Small Think Big, Inc. After law school, John hopes to practice as an intellectual property litigator with a focus on trademarks and copyrights in particular. He earned his B.S., magna cum laude, in both Community Health and Business Economics from SUNY Cortland in 2016.

Street Art: Is Copyright for “Losers©™”?

A Comparative Perspective on the French and American Legal Approach to Street Art

By Louise Carron

Introduction

“Copyright is for Losers©™” was spray-painted by the (in)famous street artist working under the name of Banksy. Street Art is the latest artistic movement that fascinates the masses. Graffiti was born millennia ago, with the earliest examples on the walls of the Lascaux Caves in France, in Pompeii or in Ancient Egypt. More recently, it stemmed from a desire to express oneself on the walls of urban neighborhoods, like New York in the 1970s. Graffiti art is usually confused with Street Art, but the “tag,” the artist’s signature, must be distinguished from the “graffiti,” a term originally given by authorities to encapsulate the vandalous act of writing on a wall. Today, “graffiti” often refers to unauthorized artworks that are word-based, and which encapsulate tags, throw-ups (bubble letter works, consisting of one color for the outline and another for the fill), stencils, sticker art, and wheat-paste art.



It is almost impossible to make a complete typology of Street Art, which from a legal perspective is defined as an art that is public, ephemeral, and free: “public,” because it is an art made by the people for the people, is inspired by local culture, and speaks to local communities; “ephemeral,” because the artists act in full knowledge and expectation that their works will be destroyed by the elements, public authorities or passersby; and “free,” because the artists do not expect any financial reward. Rather, they view their works as gifts to the public. Today, the visual aesthetics of Street Art interest not only gallery owners and auction houses, but also photographers, advertisers, publishers, and tourists. Conversely, against this rise of a new form of artistic expression, modern-day legal systems view Street Art as vandalism. Usually punished under criminal statutes, it is perceived as the infringement upon the monopoly granted to property owners, i.e., the sacrosanct right to peacefully use one’s property without the interference of others. For street artists, however, it is an act of creation.

“Against this backdrop, it is curious that modern-day graffiti has been so hastily condemned as vandalism when history has viewed it as a form of artistic expression and a part of society’s cultural capital.”¹ Street Art was and is still used as an avenue to express discontent, but it must thrive in an illegal context, which is evident from

the numerous unauthorized reproductions or sale of graffiti and murals in books, marketing campaigns, films or even on clothes. Most infringers defend their actions with the argument that the artwork was illegally created and available in public spaces, and therefore the artist waived any kind of right as an author, making the piece free to reproduce. However, this is supported neither by copyright law nor moral rights theory in either France or the United States.

Although they have different approaches as to the reasons to award copyright protection to works of art, both legal systems grant the street artist with a variety of rights in works. France—a pioneer in terms of granting copyright protections to authors—perceives works as the extension or mirror of the author’s personality, under a “social” approach to protect the fruit of the artist’s labor.² By contrast, the United States views copyright as a way to “promote the Progress of Science and the useful Arts.”³ This distinction is visible when it comes to moral rights: the French social approach requires that the author and the work be protected simultaneously against attacks by others, in perpetuity, whereas the United States economic approach is purely utilitarian, to incentivize creation and investment.⁴ American visual artists had to wait until 1990 to be specifically awarded moral rights, albeit far more limited and less protective than the French Intellectual Property Code.⁵

Given the circumstances, it is not surprising that street artists have had difficulty seeking copyright protection for their works, considering the constant obstacles they face in theory and in practice, including others using their works for advertising purposes, painting over them, or removing the works to donate or sell them for profit. This article therefore analyzes Street Art as it is addressed today under French and United States laws in order to assess whether the creators of illegal works, i.e., those who create without the authorization of the property owner, can still claim rights over their artworks. Doctrinal debates also argue over the need for a *sui generis* status to fill this legal loophole: would this be possible and, if so, would it be advisable?

I. Street Art’s Uncertain Legal Status

The current legal context applicable to Street Art appears unsuitable. On the one hand, it is an act of destruction punishable by law; on the other hand, it is an act of creation protectable under copyright law.

A. An Act of Destruction Punishable by Law

1. Street Art and Criminal Law

Most Street Art is still illegal in the eyes of the law, as it qualifies as vandalism, or the voluntary deterioration of public or private property—except in the case of an agreement between the owner of a building and an artist.

In France, article 322-1 of the Criminal Code specifically defines degradation of property as a misdemeanor. The extent of the damage and the medium are important elements of the infraction, along with aggravating circumstances when the property is a cultural property or historical site.⁶ As this is a question of fact, a French court may look at different factors to assess the damage, including the medium used by the artist, to lower the penalty, especially if the act is reversible and made to disappear.⁷ By contrast, New York law defines vandalism by the dollar amount of the damage caused to another's property,⁸ which is an easier task for the court, as it only has to follow the thresholds provided by the law, without having to assess the extent of the damage to the property.

In the United States, the right to property is a fundamental right, and harm to private property is punished under state law. What distinguishes the different states is the way in which they seek to prevent Street Art: some cities, such as San Francisco, have a very strict no-graffiti policy,⁹ some restrict the sale of aerosols to minors, and others require the property owners to undertake the costs of erasing or taking down Street Art, regardless of whether they find aesthetic or commercial value to the works.

2. Street Art and Property Law

In civil law, Street Art raises two issues. On the one hand, under general property law, a trespasser cannot reclaim a fixture attached to the property.¹⁰ Therefore, it seems that the street artist cannot be considered the owner of a physical work created on a medium owned by another. On the other hand, does the owner of the walls make that person the owner of the work as well? Therefore, who owns Street Art?¹¹ Despite philosophical differences concerning the types of property rights in France, where there is one absolute and undivided property right, and in the United States, where there is a "bundle" of property rights that can strain one piece of land,¹²—there are three similar mechanisms to claim ownership of the piece: (a) abandonment, (b) gift, and (c) accession.

a. **Abandonment.** Abandoned property, as opposed to lost or mislaid property, is "voluntarily forsaken by its owner."¹³ It belongs to the one who occupies it. Lost property is defined as property that has been "involuntarily parted with through neglect, carelessness, or inadvertence,"¹⁴ and still belongs to the owner. A piece of Street Art cannot be classified as lost, because the artist voluntarily created it on another's property and left it there in full awareness of his or her actions. As defined in American law, abandonment requires a unilateral intent

to transfer the property to an indifferent recipient.¹⁵ Such intent cannot be inferred from the work itself, and the finder will have to prove that the artist effectively intended to abandon the work and never reclaim it.¹⁶ It should also be noted that "mere nonuse or lapse of time does not, in itself, constitute abandonment."¹⁷

b. **Inter vivos gift.** Street Art may be classified as an *inter vivos* gift to the proprietor, or to the public. However, both French and American law require that the donor effectively delivers the gift to another living person, who then accepts it.¹⁸ In the case of Street Art, aside from works created by commission or request, most pieces are created without a determined donee, and without the effective acceptance by the latter. Therefore, most Street Art cannot be treated as a gift.

c. **Accession.** The mechanism of accession is "the acquisition of title to personal property by its conversion into an entirely different thing by labor bestowed on it or by its incorporation into a union with other property."¹⁹ In France, the theory of incorporation finds two applications: (1) when two movable things are attached, the degree of control over the whole depends on the degree of attachment;²⁰ (2) when a movable thing is attached to an immovable thing (e.g. a building), the owner of the land becomes owner of the whole.²¹ By contrast, American law does not care about the medium where the property is affixed, rather, it focuses on the manner of fixation. If the accessory cannot be "identified and severed without injury to the original property,"²² the owner of the principal becomes the owner of the whole. Applied to Street Art, accession is the mechanism most likely to favor the owner of the property onto which the piece was affixed. This was adopted in the British case of *The Creative Foundation v. Dreamland Leisure Ltd.* to say that "Art Buff," a piece by Banksy, belonged to the landlord, and not the tenant of the building, the latter of whom had removed a section of the wall on which the mural was painted and arranged for it to be shipped to New York to be sold.²³

However, very few street artists assert property of the physical work, because it is created for the community or the public. Others circumvent the problem by using methods that prevent the work from being "affixed" to another's property: in particular, Reverse Graffiti or "clean-tagging" is a technique where the artist removes dirt from a wall or from the ground to create something without using paint or paste. Nonetheless, artists may also claim the intellectual property in their works.

B. An Act of Creation: the Copyrightability of Street Art

Comparing the conditions for copyright protection in France and the United States reveals that Street Art should be eligible in copyright protection. Since the harmonization started by the Berne Convention,²⁴ substantial conditions require the work or "*oeuvre*" to be (1) original and (2) fixed. In both France and the United States, copyright is

affixed to the work from the point of creation without any formalities required,²⁵ but in the U.S. it must be registered with the Copyright Office before the copyright owner can bring a lawsuit and be entitled to statutory damages and legal fees.²⁶ This is one element that distinguishes France and the United States, in that American artists face extra steps before being entitled to enforce their rights.

1. Original Works

Originality, although mentioned in the law, is a notion defined by the courts in both France and the United States.²⁷ In France, it traditionally means that the work carries the personality of the author. In the United States, originality “is a very low bar for the author to hurdle.”²⁸ “Original” is understood as originating from the author, as an independent creation, i.e., not copied, which presents a minimal degree of creativity.²⁹ As applied to the visual arts, originality requires that the work depict more than the stereotypes of an artistic genre—at least according to France case law.³⁰ This is a factual matter: some simple “tags” may not be original enough, especially when they only consist of one word or surname, but the line is fairly easy to cross.

“Art and law are often viewed as incompatible: one celebrates creativity, the rebellious act, revolution, whereas the other prefers that which fits into predetermined definitions, which respects the rules and conventions.”

2. Fixed works

A work is fixed when it is more than a simple idea.³¹ It must exist in a tangible medium of expression so as to be perceived, reproduced, or communicated. The ephemeral aspect of Street Art has no impact on its copyrightability: as long as it is affixed to a wall or any other medium, this is enough to be “fixed” in the copyright sense. We can compare the Ninth Circuit case where a garden was not considered to be a fixed tangible medium,³² as opposed to the *5Pointz* case, where more than the 40 pieces were protected even though they were not intended to last, as most were meant to be covered by other artists in the future. As they existed in a “more than a transient” medium, however, they were not ephemeral.³³ This is a factual question that rests within the power of the court, which will ultimately assess the artistic medium used by the artists.

3. Illegality

Not all Street Art can qualify as “works,” but for those that do, the plain text of the law does not make the legality of the creation a pre-requisite for copyright protection. It is noteworthy that, unlike trademarks,³⁴ copyright in France and the United States are not preceded by illegality or immorality. Under the doctrine of *ex*

turpi causa non oritur actio (no action arises out of an immoral act), courts might be reluctant to award copyright protection to pieces resulting from vandalism, because the artist acted with the *mens rea* for the mischief. However, in 1999 the French criminal court held that a pornographic film fell under the scope of copyright protection;³⁵ similar cases were heard in the Fifth and Ninth Circuits of the United States. It would seem logical to apply the same rationale to Street Art: where, from the point of view of *mores*, pornography is an indecent practice, Street Art may be perceived as similarly unlawful. Nonetheless, those who engage in it may find it proper, and the illegality or immorality of the performance should not prevent them from claiming copyright protection.³⁶ Recent cases revolving around Street Art accentuate the legal void without addressing it. Thus, the issue arises whether a unique status for Street Art should and could be implemented.

II. Pros and Cons of Creating a Specific Status for Street Art

What makes this void so complicated to fill? “Unfortunately, art and artists have no special prerogatives from the perspective of law and law enforcement, which emanates from that portion of social consciousness that for the most part is insensible to aesthetic values.”³⁷

Art and law are often viewed as incompatible: one celebrates creativity, the rebellious act, revolution, whereas the other prefers that which fits into predetermined definitions, which respects the rules and conventions.³⁸ Art philosophers observe a recent phenomenon under the name of “artification,” the process by which “people do or make things that gradually come to be defined as works of art.”³⁹ Similarly, Street Art evolved into a socially acceptable, critically acclaimed, and attractive leisure: street artists want to be famous, collectors want to own a Banksy, individuals want to discover new pieces. Given this recent acclaim, we are confronted with whether legal thinkers could and should work on the creation of a *sui generis* status for Street Art.

A. Pros: The Impossible Exercise of Copyright in Street Art

If a work of Street Art is found to be original and fixed, the street artist could claim rights in his or her works, which would limit the physical property owner in the use of the property, akin to an easement imposed by law. The exercise of such rights is hindered by factual complications, which only accentuates the need for a legal framework. This section will be devoted to laying out why Street Art should be awarded a specific protection.

1. Street Artists’ Rights in Theory

In theory, street artists are awarded two kinds of rights that the artist can assert: (a) patrimonial (or economic) rights and (b) moral rights.

a. **Patrimonial rights.** Patrimonial rights over an original work of authorship include the reproduction⁴⁰ and distribution rights.⁴¹

Street artists have the right to authorize the reproduction of their works. Artists are often appreciative when their works are photographed by passersby and amateurs, but not in cases of commercial appropriation.

The distribution right may be relevant for those whose works are stolen and sold on the art market, like Banksy. The right gives the author the prerogative to decide if and how his or her work should enter the market. “Illegal” Street Art is not made to be sold, therefore those who steal works and sell them infringe upon the author’s distribution right. Additionally, in Common Law countries, the sale of stolen property is void *ab initio*;⁴² this is not the case in France, where only the buyer can choose to rescind the sale.⁴³

A special mention to the *droit de suite* should be made here. The right to resale royalties originated as a purely French notion,⁴⁴ which then became a European right,⁴⁵ but not one recognized under federal protection in the U.S. It grants the artist with the right to a percentage of the proceeds of the resale of his or her work on the art market. Until recently, California was the only state with a similar right,⁴⁶ but the Ninth Circuit basically reduced it to nothing in July 2018.⁴⁷ As applied to Street Art, which represents a growing part of the art market,⁴⁸ this means that street artists cannot claim any royalties when their art is taken down from their original locations and subsequently sold in the U.S. Although bad for artists, this is beneficial to dealers and auction houses.

b. **Moral rights.** French *droit moral* are inherent to the status of author and last in perpetuity; in the United States, the federal Visual Artists’ Rights Act (VARA) awards some moral rights to visual artists, which are far more limited in time and in scope.⁴⁹

They first include the right of attribution or authorship, which allows the author to claim the paternity of a work, to use a pseudonym, or to remain anonymous.⁵⁰ Street artists can invoke such a right whenever anybody reproduces or reuses the work. In the United States, it also includes the right to refuse to be associated with the work when it has been modified or mutilated in a manner prejudicial to the author’s honor or reputation.⁵¹

Another moral right is the right of integrity, i.e., the right against destruction of one’s work.⁵² In the United States, there is an additional condition: the work must achieve the status of “work of recognized stature,” which is a question of facts, testimonies, and perception by the community of artists, professionals, and connoisseurs. In this case, the artist must be given a 90-day notice prior to the destruction of his or her work.⁵³ It should be noted that modification of a visual work of art through the passage of time or the inherent nature of the material is not

sufficient to claim the right of integrity: applied to Street Art, which is supposed to be ephemeral, only a willful, deliberate conduct to distort, mutilate or otherwise modify the piece would be actionable. The *5Pointz* case recently clarified the scope of this right as applied to Street Art: the property owner of a building that was turned into a gigantic “Street Art Mecca” in Queens, New York, had whitewashed the structure without proper prior notice to the artists, who had been allowed to use the walls as a medium for 20 years. The artists claimed that the white washing was willful and deliberate. The federal court for the Southern District of New York awarded the artists \$6.5 million in statutory damages, and in relying on experts, and deciding that despite their temporary aspect, ruled that 45 out of 49 works had become works of recognized stature, which is currently on appeal.⁵⁴ Although these were authorized and curated works, this was a great win for street artists, whose art is finally becoming recognized as such.⁵⁵ However, this decision may discourage property owners to lend walls to the artistic community, in fear that they may never regain full ownership, which was the artists’ claim in the *5Pointz* case.

2. Street Artists’ Rights in Practice

In reality, however, street artists are facing complications to claim copyright in their works through the framework mentioned above.

a. **Practical complications.** This is first due to a lack of laws and cases directly applicable to their situation. Many cases are settled, and artists are not always capable of going before a judge to claim their rights. In a case against H&M, a Los Angeles street artist tagging under the name of Revok sought to prevent the fast-fashion giant from using one of his works in Brooklyn, New York as a background for an online marketing campaign, to which H&M responded with a lawsuit.⁵⁶ It argued that the artist acted with full awareness of its illegality, and therefore waived any right in his work. After the outrage from the artistic community, the case ended with an apology from H&M’s CEO. Other artists constantly face such problems, but do not have the financial or material resources to bring the case before a court. Instead, they often utilize social media as a platform for their causes and rely especially on help from the artistic community to respond first. Furthermore, by going before a judge, they risk being sued for vandalism, malicious mischief or trespass, and may also have to reveal their real identities.

b. **Legal complications.** Second, moral rights are not necessarily adapted to Street Art: the right of integrity implies that the artist is allowed to take down his or her work before it is destroyed. However, what if the art cannot be removed without damage? This was invoked by the owner of 5Pointz, and it could have been resolved in his favor had he been more respectful of the artists. In *English v. BFC*,⁵⁷ the court refused to prevent the destruction of a community garden where street artists had illegally created a mural. The artists sought to invoke

the right of integrity, but the court declined to create a precedent where unsanctioned Street Art could block the destruction of the property to which it is affixed. However, the court later narrowed the rule to works that cannot be removed without damage.⁵⁸ Removability will depend on the technique used by the artist; in any case, VARA does not afford an artist with the right to “insist that his art be preserved or maintained in its original location or context.”⁵⁹ In France, this question has never been clearly addressed.

In view of the above, French and American artists have very few legal protections against theft, destruction, or misappropriation of their works. However, there is another argument to be made that Street Art also should not be confined within the rigid boundaries of the law.

B. Cons: The Institutionalization of Street Art

Taking a step back to look at the bigger picture, the question rises as to whether Street Art should be granted a *sui generis* protection. For example, Street Art may already fall within the scope of freedom of speech and institutionalizing the movement may not be sensible.

1. Street Art and Freedom of Artistic Expression

Freedom of speech was consecrated in Europe, France, and the United States, and all proclaim the principle that those who create and speak are participating in the marketplace of ideas that is indispensable to a democratic society.⁶⁰ As long as Street Art falls within the boundaries of accepted speech, it should be protected. Unfortunately, most restrictions around Street Art are content-neutral and subject to intermediate scrutiny, in that they restrict the time, place, and manner of expression; in *Members of City Council v. Taxpayers*,⁶¹ the United States Supreme Court ruled that a local ordinance forbidding commercial street signs on public streets was substantially related to the city’s interest in avoiding visual clutter. As applied to Street Art, there might be enough to argue that private owners have the right to keep uncommissioned art on their property, and that the Supreme Court ruling conflicts with such right.⁶² In practice, state laws restricting Street Art are sometimes viewed as overly broad and “create an impediment to artistic freedoms and unduly criminally punishes the artist.”⁶³ In France, freedom of speech focuses on the message within: a graffiti or tag with an abusive, defamatory, xenophobic or pornographic content is punishable by criminal law;⁶⁴ other offenses that require a writing may be constituted by a graffiti, including threats,⁶⁵ insults⁶⁶ or incitement to hate.⁶⁷

2. Judicialization of Street Art

Defined as “the ever-accelerating reliance on courts and judicial means for addressing core moral predicaments, public policy questions, and political controversies,”⁶⁸ this author believes that the judicialization of Street Art should not be encouraged. Defenders of the “Negative Space” theory of Intellectual Property (IP)

believe that Street Art is thriving in a world with limited norms and should stay that way.⁶⁹ In the words of Elizabeth Rosenblatt, a low-IP treatment is particularly adapted to an activity “(1) when creation is driven by rewards not reliant on exclusivity; (2) when exclusivity would harm further creation; (3) when there is high public or creator interest in free access without harm to creativity; and (4) when creators prefer to reinvest scarce resources in further creation than in protection or enforcement of intellectual property, i.e., when there is a higher cost of protecting or enforcing exclusivity than benefit to pursuing infringers.”⁷⁰ Street Art is well suited in such a low-IP environment, in view of its public and non-exclusive aspects.

Street Art is first and foremost an ephemeral creation. Encouraging the protection of a work bound to disappear seems illogical. Artists act in full knowledge of the risks of its evaporation; those who want to save graffiti from destruction, as admirable their intention might be, is negating the work’s essence and the artist’s intentions.⁷¹ While some artists may want their art to be preserved for future generations, all of them act in full awareness that the work will probably be destroyed. As it is quasi-impossible to assume all street artists’ intentions, it should not be necessarily inferred that they wish that their art end up in a gallery, museum or private collection.

Second, and stemming from the first point, Street Art is supposed to be a public creation. However, we can now observe a shift from the streets to the galleries; uncommissioned pieces are sometimes found at auction or in museums, and a growing number of street artists are organizing their own exhibits.⁷² Creating a *sui generis* status would only accelerate the institutionalization of the movement, which is denounced by a majority of artists and purists. Some would rather destroy their works than let the public capitalize on them.⁷³ Street Art is highly site-specific, akin to Richard Serra’s *Tilted Arc*:⁷⁴ the artist chose an exact location because passersby would be able to see the piece and interact with it. Confining Street Art to legal checkboxes and behind doors should not be encouraged. It is art made for the *streets*, not for the walls of a museum.

Third, the Street Art community has been acting outside the traditional boundaries of the law: the judicialization of Street Art could annihilate the thrill and dangerousness of the creative process. While some artists happily work on commission, thereby receiving pay for their works and acting within the law, others would rather destroy their works than see them appear on the traditional art market. In less drastic methods, some refuse to sign or authenticate their works, which makes it harder for museums or galleries to accept them. Such is the case for Pest Control, Banksy’s certification board, which refuses to authenticate Street Art pieces because the art was not created for commercial purposes. The community of street artists is a self-regulated community, with real col-

laboration among members. Art is a world where inspiration comes from others; a strict legal regime would only impede artistic expression and the freedom to create.

Conclusion

In spite of possible sanctions, Street Art is stronger than ever; it disrupts preconceived aesthetic norms and wreaks havoc on the straightforward application of the law. “Economic incentives are not necessary to motivate the creation [...]. The evidence of this is on the streets, where street art continues to flourish in a norms-based, low-IP world.”⁷⁵ Artists use new ways of creating and maintaining their reputation, and of protecting their rights, mainly through social networks, such as Instagram.

The aforementioned issues regarding Street Art underline the need for adapting the law to contemporary social changes and artistic value, but it is not clear that the creation of a specific status for Street Art could solve those problems. A specific status is likely to assess the aesthetic merits of a creation and of the artist. However, this assessment should not be the role of a court. In *5Pointz* the court relied on the testimonies of members of the artistic community and experts to determine whether each work has attained the necessary “recognized stature” under VARA. However, it must be careful not to evaluate the artistic value of the work.

The legal vacuum surrounding Street Art may be filled by distinguishing between intrinsic and extrinsic legality: if the message of the work is illegal, e.g., inciting to violence or hate, pornographic, or defamatory, this could be an obstacle to copyright; however, the fact that it is created illegally should not prevent the work from being protected, but would grant the artist with restricted rights in his or her work. Another approach could be the categorization of Street Art as an artistic collective good, where no one could keep it or sell it, and over which the author would not have any right (including copyright). This, however, would deprive the artist of any right in his or her intellectual creation, which would therefore set Street Art outside the scope of copyrightability. In any circumstance, it is essential to protect freedom of artistic expression, and in particular to give property owners the choice to keep the Street Art piece. Whether France and the United States are ready to implement such individualistic rights will depend upon the willingness of street artists and property owners to cooperate.

Endnotes

1. B. Elias, *Street Art: The Everlasting Divide Between Graffiti Art and Intellectual Property Protection*, 7 No. 5 *Landslide* 48, 48 (2015).
2. French Intellectual Property Code, art. L. 111-1.
3. U.S. CONST., Art. 1, Sec. 8.
4. See D. Hunter, *Intellectual Property*, Oxford University Press, 2012, pp. 16-17.
5. Visual Artists’ Rights Act, 17 U.S.C. § 106A (2018).
6. French Criminal Code, art. 322-1 to 322-3-1.
7. Lower criminal court of Paris, *SNCF v. Monsieur Chat* (October 13, 2016).
8. N.Y. PENAL LAW § 145.00-12.
9. San Francisco Public Works Code, art. 23.
10. 1 AM JUR 2D Accession and Confusion § 5, 502.
11. See, e.g., P. Salib, *The Law of Banksy: Who Owns Street Art?*, 82 U. CHI. L. REV. 2293 (2015).
12. 63C AM. JUR. 2D Property § 1. The “bundle” of property rights refers to the Common Law perception of property as a partition of various entitlements that can be separated and assembled, including the right of possession, control, exclusion, enjoyment, and disposition, as opposed to the Civil Law definition of property, which is unitarian, where property equals full ownership.
13. 1 AM. JUR. 2D Abandoned, Lost, and Unclaimed Property § 4. See also, French Civil Code, art. 539 and 713.
14. *Id.* at § 13.
15. P. Salib, *The Law of Banksy: Who Owns Street Art?*, 82 U. CHI. L. REV. 2293 (2015).
16. See French High Court, (May 10, 2005), no. 04-85.349, Bull. crim. no. 145, p. 526: the fact that a letter was torn apart and thrown away was insufficient to prove the owner’s intention to abandon the letter.
17. 1 AM. JUR. 2D Abandoned, Lost, and Unclaimed Property § 10.
18. 38 AM. JUR. 2D Gifts § 6; French Civil Code, art. 894.
19. 1 AM. JUR. 2D Accession and Confusion § 1.
20. French Civil Code, art. 564.
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Louise Carron is the Executive Director of the Center for Art Law. A young LL.M graduate from the Benjamin N. Cardozo School of Law (Class of 2018), she holds two French master's degrees in Business Law and Comparative Law from the Université Paris Nanterre, where she recently defended her thesis on the comparative legal approach to Street Art in France and the United States. She recently passed the New York bar exam and intends to keep conducting research in art law.

SPORTS AND ENTERTAINMENT IMMIGRATION: Immigrants? Who Needs 'Em?! Oh, America, That's Right

By Michael Cataliotti

The previous two years (2017 and 2018) under the current administration have certainly been interesting: We learned about travel bans, heightened scrutiny under “extreme vetting,” the value of “Buying American and Hiring American,” and, of course, how this all played out when seeking a visa for an employee, athlete, entertainer, and the like. The results were not good—see, Requests for Evidence (RFEs)—but nonetheless, we carry on!



In this installment of Sports and Entertainment Immigration, we will look at one particular statement that tells us much about the present administration's position regarding immigration, relate that statement to some proposed policy changes, touch upon some trends that we have seen over the preceding months, and guess what is in store for 2019.

A Quote, a Proposed Rule, and a Whole Lot of Smoke

We are looking at this particular quote by Secretary of Homeland Security, Kirstjen Nielsen, to Reuters, because it seems innocuous, is misleading, and is about a policy that has impacted many of our clients (even not already implemented):

Under long-standing federal law, those seeking to immigrate to the United States must show they can support themselves financially. This proposed rule will implement a law passed by Congress intended to promote immigrant self-sufficiency and protect finite resources by ensuring that they are not likely to become burdens on American taxpayers.¹

Et tu, Kirstjen? Let us parse this for a moment:

Under long-standing federal law, those seeking to immigrate to the United States must show they can support themselves financially.

While this is true, not all individuals must demonstrate self-support, because it is typically considered inherent to their petitions. For instance, individuals seeking a

green card through either EB-1A (Extraordinary Ability/ies), or EB-2 National Interest Waiver (NIW) categories have not been required to demonstrate that they will not become a “public charge.” They need only demonstrate that they and/or their work is widely recognized, highly regarded, and, in the case of an NIW, beneficial to the American community at large.^{2,3} Nonetheless, the point of this is to demonstrate that not all individuals “seeking to immigrate to the United States must show they can support themselves financially,” particularly in the manner by which Secretary Nielsen is eluding.

We have already seen that interviews are being required for all green card applicants, whether through EB-1A or otherwise. What was a rare occasion—an employment-based applicant being scheduled for an interview regarding his or her application for a green card—has now become commonplace. We will have to wait to see if U.S. Citizenship and Immigration Services (USCIS) begins requiring all green card applicants to submit affidavits of support (see below) or other proof of self-sustainability.

These situations aside, in the event that one family member is petitioning for (i.e., sponsoring) another family member to become a permanent resident (a green card holder), then the petitioning individual must demonstrate that he or she is able to support his or her relative (i.e., spouse, child, and so on). This is known as “family-based” immigration and something we do not typically focus on here. However, it is worth noting an example: if a U.S. citizen wife sponsors her foreign-born spouse to receive a green card, the U.S. citizen wife will need to complete and sign an “Affidavit of Support” demonstrating that she has the requisite level of earnings and/or assets to support her spouse. If she does not, she will need a co-affiant. If this is not enough, and there is no demonstration that her spouse can be supported financially, her spouse may be deemed a “public charge.”⁴ A “public charge” has been defined as someone who is “primarily dependent on the government for subsistence.”⁵ Additionally, individuals seeking protection as refugees or asylees are exempt from public charge determinations. All of this is, indeed, long-standing law and policy that has (arguably) been rather effective over the years.

If this is long-standing law and policy, then what about the rest of Secretary Nielsen's statement? Spoiler alert: It is all downhill from here.

“This proposed rule will implement a law passed by Congress intended to promote immigrant self-sufficiency and protect finite resources by ensuring that they are not likely to become burdens on American taxpayers.” This sounds reasonable enough, except that (i) this is a pro-

posed rule *change*, and (ii) the definition of “public charge” and the policy implementing it has been effective, at least arguably, for nearly two decades.

First, the Department of Homeland Security (DHS) is not proposing a rule that implements a law (or in this case, *part* of a law) for the first time: the law in question is the Immigration and Nationality Act (INA), and requires a “public charge” determination.⁶ Subsequent law was passed modifying the notion of a public charge, and because the results were unclear and not desired by some in the Clinton administration, further policy guidance was issued to clarify the method of determining whether an individual is a “public charge.” That policy and rule has been followed for decades and been widely accepted as functional.

What DHS is doing here is proposing a new rule that changes long-standing policy, and the changes are significant. If an individual who is not a U.S. citizen has used a public benefit, other than those listed below, and is seeking a visa, green card or re-entry to the United States, an immigration services officer or border patrol agent may (and is supposed to) weigh that use against her.

One major concern that many practitioners have been hearing is whether buying health insurance on one of the exchanges will create an issue when they want to renew their visas or apply for green cards. The answer is that it *should not* negatively impact their future petitions or applications. Unfortunately, the new rule still has some ambiguity in it, and as such, whether receipt of a subsidy when purchasing health insurance under the Affordable Care Act (ACA) is unclear: some say not at all, others say absolutely. I say, “maybe,” while leaning toward “likely,” because of the hardline posture this administration has taken and continues to take with respect to all forms of immigration. Remember: there is room here for an individual officer reviewing the application or petition to make a determination.

These points aside, the question ultimately becomes, how does this impact sports and entertainment? Well, in several ways: if a client is producing a play, film, television show, live-performance act, sporting event or the like, it is highly likely that someone on staff or associated with the production will either have a visa for him or herself, or be associated with someone who does.

Second, as we discussed earlier, there is already a policy in place to address the question of self-sufficiency or becoming a “public charge.”⁷ Why the change? Well, with answers like Secretary Nielsen’s, we do not know. However, we do know that a revised version of the proposed rule change indicates that an individual or sponsor may be required to put up \$10,000 in order to enter or stay in the United States,⁸ and expands the definition of “public charge” to include anyone who receives public benefits *even if they are allowed to receive them.*⁹

Taking this proposed rule change, in conjunction with the policy initiatives set forth by USCIS head L. Francis Cissna¹⁰ and President Trump’s continued remarks that “big changes” are coming to at least one visa category,¹¹ it appears that the administration is creating a merit-based system of immigration (i.e., comprehensive immigration reform) without Congress.

What does all of this mean for us? It is clearer than ever that this administration is going to continue expanding its reach of policy changes with or without Congress, meaning that it can impact us and our clients at any time. For example: the idea of the “starving artist” is widely known and accepted. This applies not just to the visual arts, but live performance, theatre, dance, and the like. Should we assume that our clients will now face additional scrutiny to enter or remain in the United States? What will this do to the talent pool in places like New York, Miami, Chicago, Los Angeles, Atlanta, and elsewhere? How widely will the proposed rule change be used? Will there be consistency in its application? What sort of training and/or guidance will be provided by DHS to its employees who adjudicate petitions or applications for visas, and screen people at the border?

We do not yet know. We will simply put a pin in that at this time, but be mindful of these questions going forward.

Statistics, Industries, Trends!

Now, for some context, let us look at some of the statistics about foreign-born individuals in various sports, arts, and entertainment sectors, as well as business in general.

Sports

- In Major League Baseball (MLB), as of March 30, 2018, we know that “Opening Day rosters feature 254 players born outside the U.S.” or “29.0 percent of players [in the MLB were] born outside the U.S., spanning [...] 21 countries and territories.”¹²
- In basketball, according to the ESPN, the National Basketball Association (NBA) indicated that “[o]pening night rosters for the 2017-18 NBA season will feature 108 international players from a record 42 countries and territories.”¹³
- In hockey, the National Hockey League (NHL) players statistics indicates that 72.9% of active players are nationals of 16 countries other than the United States.¹⁴
- At the collegiate level, the NCAA reports that “there are over 20,000 international student-athletes enrolled and competing at NCAA schools.”¹⁵ This is a modest percentage of the total number of student athletes (some 480,000);¹⁶ however, the data vary significantly from one sport to the next.¹⁷ For exam-

ple, in tennis, 62% of first-year (2016-17) male tennis players were international students, along with 59% of female tennis players; in hockey, the numbers are lower, but still significant at 39% and 42% for men and women, respectively; in soccer, the percentages are significantly different between genders with 34% of men and only 10% of women; golf, as well, has a noticeable gap with 21% of male golfers being international students, compared to 31% of female golfers.¹⁸ The numbers go on to cover 15 other sports, but these are the top three for men and/or women.¹⁹

Entertainment

Interestingly enough, in film, television, and other industries, there appears to be little data covering the participation of international individuals. There is certainly nothing like the information we have from the folks at the NCAA or as set forth by MLB, the NBA or NHL. Nonetheless, many actors in film and television are foreign-born individuals. We can rattle off some names—Idris Elba, Charlie Hunnam, Sasha Baron Cohen, Tom Hardy, Andrew Lincoln, Lauren Cohan, David Morrissey, Lennie James, Alicia Vikander, Lea Seydoux, Gugu Mbatha-Raw, Rebecca Ferguson, Cara Delevigne, Kit Harrington, and so on—of individuals who have appeared in a wide range of films and television series.

If we look at music, there is also a vast range of international singers and songwriters who come through or have a base of operations within the U.S. Without official or definitive data on the subject, these include: Mumford & Sons, Shakira, Ed Sheeran, Kylie Minogue, Rihanna, Justin Bieber, In Flames, Wyclef Jean, Celine Dion, Drake, Adele, Children of Bodom, Lacuna Coil, Hans Zimmer, Klaus Badelt, Alexandre Desplat, and so on.

The point of all of this is simple: immigrants (including non-immigrants, as odd as that may be) are significant members of our industries. The present administration's policies may very well hamper the ingenuity available to Americans by creating barriers, whether obvious or not, to their admission and continued stay in the U.S.

Trends: Still Lots of RFEs and Lots of Pushback

Ultimately, what we see on the ground is a consistently contentious and curious array of pushback by immigration services officers who are reviewing and evaluating petitions. Some are flying through, others are not. Most are receiving RFEs, but there are a handful who are not (those are the rarities).

Take, for instance, the case of A. Artist. A. Artist is an individual whose work is known worldwide, regularly sells for mid-and-upper five figures, organizes numerous installations around the world, frequently curates shows at prominent galleries, and is sought out as a lecturer. A. Artist has had a visa for six years (there was one renewal in there). When A. Artist recently submitted his material

to renew his visa, the reviewing officer decided that it was time to take issue with A. Artist's credentials. The reviewing officer said—and I am paraphrasing here—"I know you have received this same visa twice previously, but I do not care. Prove to me that you deserved the visa in the first place, because you do not appear to satisfy any of the requirements for the visa classification you seek."

Another instance is the case of the physicist, Nu Tron, whose work is known worldwide, published in the most exclusive journals, who is sought after as a lecturer and speaker worldwide, as well as a peer-reviewer for those same journals and who, both individually and as part of the research team, has been interviewed for leading scientific publications. A reviewing officer looked at Nu's materials and said—again, paraphrasing—"You clearly published articles (there are in excess of 50), but I do not believe that you served as a peer reviewer, even though you submitted the request by the publication for you to review a submitted paper, as well as the review itself."

In another example, we can use N. Journalist. N. Journalist has managed radio and video productions for international organizations, been a senior video producer at major publications, been nominated for and received international awards, and collaborated with the top media outlets and publishers in the U.S. and elsewhere. In N.'s case, the reviewing officer took a look at the materials and said—yes, paraphrasing—"It is clear that you have received national and/or international recognition for your work by major media, as well as significant recognition from industry insiders; however, it does not appear that you were ever a leading member of a production that was distinguished, nor were you ever a critical member of any distinguished organization. In fact, that world-renowned university that needed your services and explained to me how important it was, it just does not seem to be distinguished. In fact, that publication, the one that has one of the highest circulations on the internet and also explained to me how important your work was for the success of its work, it is not clear to me whether that organization is distinguished."

These do not appear to be isolated instances, but are popping up widely. Unexpectedly, however, we have seen pockets of time where a wide-range of petitions will proceed easily, without issue, although these appear to be anomalies.

Nonetheless, expect the problems to continue and the issues to persist. Plan accordingly with clients who have to organize their productions and funding. If they are relying on visas to come through quickly, the odds are not great.

Looking into 2019

I would expect some noticeable changes to the H-1B visa, considering the comments from Trump²⁰ and the policy initiatives put in place by L. Francis Cissna, the head of USCIS.²¹ I would also expect to see a continued attempt to

clamp down on all forms of immigration—illegal, humanitarian, family-based, and employment-based—though uniquely, in the realm of approvals and denials, the one category that appears to have increased in approvals is EB-5 (better known as, the Immigrant Investor Visa or a way to place \$500,000/\$1,000,000 into a project, create 10 jobs, and obtain a green card). I do not have any fundamental basis for why this is so. However, it is interesting that the majority of projects immigrant investors pursue are in real estate.

We also do not seem to have any indication of a softening or return to the 2015-days of immigration, and so, with immigration as a major topic of discussion politically, Trump in the Oval Office, Stephen Miller by his side, Secretary Nielsen heading DHS, L. Francis Cissna overseeing USCIS, and Mike Pompeo overseeing the Department of State (which issues visas abroad at U.S. Embassies and consulates), there is no reason to think that things will get easier any time soon.

Conclusion

Of course, no matter how ominous the projections are, we continue pushing forward, presenting the most persuasive arguments that we can to immigration officers by staying abreast of the issues, trends, policies, and rules. To recap: (1) Be cautious to accept statements about immigration from this administration; they are frequently off in some ways; (2) immigration petitions and applications are being scrutinized in ways that are confusing and confounding, so be prepared to refile, appeal, and take the case to court if need be; (3) because of this heightened scrutiny, be overly conservative with time estimates; (4) the trend towards increased difficulty with USCIS does not have any signs of slowing; and (5) we will likely see some new policies and procedures come about in 2019 that will be unpleasant, but as always, we will continue bringing foreign talent to America.

Endnotes

1. <https://www.reuters.com/article/us-usa-immigration-benefits/trump-administration-moves-to-restrict-immigrants-who-use-public-benefits-idUSKCN1M20YP>.
2. A foreign national who passes the three-prong test in *Matter of Dhanasar*, 26 I&N Dec. 884 (AAO 2016), decision, which is: (i) that the proposed endeavor is of substantial merit and national importance; (ii) the foreign national is well positioned to advance the proposed endeavor; and (iii) that it is in America's interests (i.e., "national interest") to waive the requirements of a job offer and labor certification. <https://www.justice.gov/eoir/page/file/920996/download>.
3. For those of you who are curious, the full test of "national interest" is contained herein: Yes, it is... "Very legal & very cool." https://www.washingtonpost.com/politics/very-legal-and-very-cool-trump-dismisses-criticism-of-his-2016-business-project-in-russia/2018/11/30/76ee9552-f488-11e8-80d0-f7e1948d55f4_story.html?noredirect=on&utm_term=.0eb143bf3d0f.
4. <https://www.uscis.gov/ilink/docView/SLB/HTML/SLB/act.html>.
5. <https://www.uscis.gov/ilink/docView/SLB/HTML/SLB/act.html>; and the <https://www.vox.com/2016/4/28/11515132/iirira-clinton-immigration>; which was then clarified through policy memoranda and "field guidance" as to how to determine a public charge, <https://www.uscis.gov/ilink/docView/AFM/HTML/AFM/0-0-0-1.html>.

6. <https://www.uscis.gov/ilink/docView/SLB/HTML/SLB/act.html>; as well as the 1996 Illegal Immigration reform and Immigration responsibility Act, https://www.law.cornell.edu/wex/illegal_immigration_reform_and_immigration_responsibility_act, which was then clarified through policy memoranda and "field guidance" issued via the adjudicator's field manual, <https://www.uscis.gov/ilink/docView/AFM/HTML/AFM/0-0-0-1.html>.
7. <https://www.uscis.gov/ilink/docView/SLB/HTML/SLB/act.html>.
8. <https://www.federalregister.gov/documents/2018/10/10/2018-21106/inadmissibility-on-public-charge-grounds>; <https://www.vox.com/2018/9/24/17892350/public-charge-immigration-food-stamps-medicaid-trump-comments>.
9. <https://www.federalregister.gov/documents/2018/10/10/2018-21106/inadmissibility-on-public-charge-grounds>.
10. <https://www.judiciary.senate.gov/imo/media/doc/2018-04-04%20USCIS%20to%20CEG%20-%20Buy%20America,%20Hire%20America%20update.pdf>.
11. <https://www.usatoday.com/story/news/politics/2019/01/11/donald-trump-signals-visa-rule-changes-h-1-b-workers-u-s/2545970002/>.
12. <https://www.mlb.com/news/opening-day-rosters-feature-254-players-born-outside-the-us/c-270131918>.
13. http://www.espn.com/nba/story/_/id/21049141/opening-night-nba-rosters-feature-international-players-record-42-countries.
14. <https://www.quanthockey.com/nhl/nationality-totals/active-nhl-players-career-stats.html> Take note that the data here is derived from NHL reported information.
15. <http://www.ncaa.org/about/resources/research/international-student-athlete-participation>.
16. <https://www.marketwatch.com/story/these-are-the-sports-where-foreigners-get-the-most-us-athletic-scholarships-2017-05-11>.
17. http://www.ncaa.org/sites/default/files/2018RES_International_SA_charts_Sept2018_final_20180919.pdf.
18. *Id.*
19. *Id.*
20. <https://www.cbsnews.com/news/trump-h1b-visa-tweet-president-trump-floats-path-to-citizenship-for-h-1b-visa-holders-today/> There already is a path in place, (EB-2, EB-3, and eventually citizenship), so it is unclear what he is referring to here.
21. <https://www.politico.com/magazine/story/2018/09/20/uscis-director-lee-francis-cissna-profile-220141>.

Michael Cataliotti is a Partner in Fisher Cataliotti P.C., a law firm concentrating on business immigration and international corporate transactions. His clientele includes individuals and entities from such industries as sports, music, fashion, film, television, art, theatre, new media, and technology. Michael is a faculty member at Lawline CLE; a frequent speaker on the topics of corporate transactions, sports and entertainment immigration, and entrepreneurship; a member of the American Immigration Lawyers Association (AILA) where he is an active participant on several committees (currently serving as Co-Chair of the AILANY Media Committee); a member of the Legal Committee of Dance/NYC; and was most recently recognized as one of Super Lawyers' "Rising Stars" in 2018.

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Ronald C. Minkoff, Esq.
Frankfurt Kurnit Klein & Selz PC

JUDITH BRESLER: Good morning. As many of you know, the Phil Cowan Memorial Scholarship has been in effect since 2005. It was established in memory of Phil Cowan, who was an esteemed entertainment lawyer, and he was a former Chair of EASL, who had died precipitously of brain cancer.

With our partner, in absentia, BMI, we had been awarding two \$2,500 scholarships each year to students either at a law school based in New York State or Rutgers or Seton Hall University in New Jersey, or any of up to 10 additional law schools throughout the United States that were selected by BMI on a rotating basis.

Students at the eligible schools must submit for our review a paper addressing an issue in the area of entertainment, art, sports or copyright law, all topics that were dear to Phil's heart. We do have a limit of five submissions per school, and as it happens on occasion with our anonymous reviews, both winners this year came from Saint John's University School of Law.

I am now going to introduce my co-chair, Christine-Marie Lauture, who will make the first award presentation.

CHRISTINE-MARIE LAUTURE: Good afternoon. Our first recipient is John Mixon. John Mixon is a 2L at St. John's University School of Law, where he is a member of the *Saint John's Law Review*. He is also currently a legal extern at Start Small Think Big Inc. I also was a fellow there. He also graduated magna cum laude in both Community Health and Business Economics from SUNY Cortland in 2016.

After law school, John will choose the practice of an intellectual property litigator with a focus on trademarks and copyrights in particular. Is John here? Congratulations, John.

MS. BRESLER: I will introduce the second winner. The second winner is Scott Connolly, also from Saint

John's. Scott Connolly is an evening student at Saint John's University School of Law. After an eight-year career in broadcasting, he decided to pursue a career in entertainment law, and currently works full time in the business and legal department of MLB Network. A native of New York's Hudson Valley, he currently lives in New York City. Scott, are you here? Great, come on up. Congratulations. I should add that the papers were particularly good this year, and you will all be able to read them in the Spring issue of the *EASL Journal*.¹ Thank you.

BARRY SKIDELSKY: Thank you, ladies and gentlemen. I now have supplemental details about South by Southwest. The dates are March 8th to 17th, the whole thing. EASL members' discounts are a third off their rates. There will be an email going out about it, but if you want to jump the gun and find out further details at the meeting today, at the reception after, by email, and definitely on the website, you can reach out to Diane Krausz and Rosemary Tully, and the CLE panel that they are putting together concerns independent films and digital distribution. The date for that particular CLE is March 13th. I also want to remind you that we just concluded the 30th Anniversary year of EASL's inception, founded in 1988. Marc Jacobson gets a special shout out over there. Unbelievable to me he is still actively involved with the EASL Executive Committee. We all stand on the shoulders of somebody. We all get by with a little help from our friends and any other cliché. For those of you who did not pick one up, you get a lovely 30th Anniversary EASL mug. We want to thank you again and turn now to the CLE portion of our program.

There are essentially two parts to today. One part is about underlying rights and adaptations. The other part is ethics for entertainment and other lawyers. The ethics part was spearheaded by Ron Minkoff, and the underlying rights, which will come first, was spearheaded by our own Judy Bass. So Judy, if you and your panelists for the first portion, will come up. Thank you all again.

PART ONE: LICENSING UNDERLYING RIGHTS—OPTION AND ADAPTATION DEAL-MAKING IN DIFFERENT MEDIA

Panelists:

Judith B. Bass, Esq., Law Offices of Judith B. Bass | Jason P. Baruch, Esq., Sendroff & Baruch, LLP
Cheryl L. Davis, Esq., Brooks & Distler | Adrienne Fields, Esq., General Counsel, The Authors Guild
Donovan A. Rodriques, Esq., Rodriques Law, PLLC

JUDITH BASS: Hi. I'm Judy Bass. I'm excited to finally be doing this program. Everybody here has put in a lot of work and I want to welcome you. Thank you for coming. I think this is going to be a very interesting and illuminating program. Of course, you'll decide at the end.

Anyway, the reason why I wanted to do this program goes back to my interest in underlying rights, which dates back to when Andrew Lloyd Weber created the musical, *Cats*, in 1982. In high school, we had read T.S. Eliot's "Old Possum's Book of Practical Cats." I don't know if any of you had, but I was pretty amazed at how a book of poems could become a musical.

Anyway, fast forward now to this year, when we have an impressive incredible stage adaptation going on, which is "To Kill a Mockingbird." You'll hear a lot more about that later. I want to give you a little bit of an introduction, because in some ways, that is also the reason we are doing this panel. Harper Lee wrote the novel 58 years ago. It sold 40 million copies. It became a classic movie. But when Scott Rudin announced the Broadway production, he first had to overcome a challenge by the estate of Harper Lee to the script of the play as written by Aaron Sorkin. The estate filed suit in March 2018, claiming that Sorkin's adaptation deviated too much from the novel and violated the contract. You'll hear more about that later. The *New York Times* also ran an article a week later asking seven lawyers to comment on the fight and predict what was going to happen. We have one of those lawyers who commented here, and we'll introduce her later.

It has been really interesting. Aaron Sorkin himself has made the rounds of all the talk shows, and *60 Minutes*, the *New Yorker Radio Hour*, *New York Magazine*, speaking about the creative process of adaptation. And I think it's really an insight into how things like this happen and how they get made. In particular, in the *60 Minutes* interview, I just want to read a quote that he said, because I think it is a good foundation for what we're doing. After all, it is about the creative artists that we are working with. He said:

It's impossible to turn a book into a movie or play without altering the material and making changes to a masterpiece is always risky business. There is no event in the play that does not occur in the book. I have not added new things.

But those events, we are taking another look at them. It's going to be a new look at familiar material. We are not going to pretend that 68 years have not gone by since the publication of the novel. The Shubert Theatre is not a museum. This should not be an homage. It will be an exhilarating night in the theater.

With that as a background, in our program this afternoon, we have an incredible group of attorneys who have a vast array of experience in making the deals that are involved in optioning and adapting a vast array of creative works, and also in litigating the cases that have followed involving both option deals, where licenses of underlying works have happened, and where there were also complainants that say that permission should have been obtained.

There are two panels. This first one is the transactional panel. The second one will be focused on litigation. I'll introduce the panelists briefly. I have to my right Cheryl Davis, who is general counsel of the Authors Guild, and Marsha Brooks and Jason Baruch, two top theater lawyers who have worked on some of the most high profile Broadway productions. Also on my right is Donovan Rodriques, a lawyer, who before taking the bar exam was also a producer for film and television, and Adrienne Fields, who is a representative of the Artists' Rights Society and who is expert in representing artists and estates and licensing artwork. In the second panel, we have Sarah Schacter, who is one of the attorneys who worked on the "To Kill a Mockingbird" litigation. We also have David Korzenik and Ned Rosenthal, both of whom have been involved directly in some of the most important cases involving fair use and right of publicity. And the moderator of the second panel, Tom Ferber, is directly experienced in this subject matter and has provided an excellent summary of the cases in the materials that you should all refer to.

The format for both of these panels is that we are going to have directed questions to the panelists, and we will hopefully have some time for audience questions at the end. But this is a very big topic, and I apologize in advance, we are not possibly going to cover everything. We could have done a full day just on this, for sure. But just before we formally start, I want to thank my planning committee, consisting of Anne Atkinson, Anne La-

Barbera, Cheryl Davis, Joan Faier, Carol Steinberg, and also NYSBA EASL Section Liaison Kristina Maldonado, for their assistance and, in particular, Anne Atkinson, who took the lead on organizing the second panel. I also want to thank the Dramatists Guild, the Center for Art Law for letting us use their materials, and thank you to EASL's Kristina Maldonado, wherever you are, for putting them together.

Let's get to the heart of the program. I would like to ask one of the panelists, what exactly is an underlying work? Marsha.

MARSHA BROOKS: Welcome to Underlying Works Are Us—Judy's two panels, and she has done a brilliant job in putting these together, the transactional and the litigation part. It's either the before and after, or the after and before, depending on how you look at it, so bear that in mind. Because when we are working in this area, we do bear that in mind.

An underlying work is a form of intellectual property that is adapted or transformed into a new derivative work. It's as simple as that. These so-called underlying works include, among others, magazine articles, short stories, films, screenplays, dramatic plays, poems, as Judy said, like "Cats," life stories, artworks, musical compositions, comic strips, podcasts and video games among others. The examples are plentiful. There is a separate list of adapted screenplays in the materials. For these purposes, for the most part, I'm only going to mention the underlying works that you will recognize in connection with well-known dramatic plays and stage musicals, which you may not have thought of.

Stage musicals based on a book: "Wicked", "South Pacific", "Be More Chill", "A Gentleman's Guide to Love and Murder". And that's particularly interesting, because there was a famous Alec Guinness movie called *Kind Hearts and Coronets* and the playwrights went out of their way to base their musical on the novel and the film company sued and the playwrights won. And there was a line item in the production budget for the musical that had reimbursement of legal fees to these authors. "The Bridges of Madison County", even though there was a book and a movie, it was based on the book. "The Phantom of the Opera"—trick question, public domain. "Les Misérables", public domain.

Dramatic plays based on a book: Most famously, "To Kill A Mockingbird." Dramatic plays based on a short novella: "Rear Window."

Stage musical based on a dramatic play: "Chicago", which is based on a stage play of the same name by Maurine Dallas Watkins. "Cabaret", based on John Van Druten's "I Am A Camera" adapted from a short novel "Goodbye To Berlin," by Christopher Isherwood.

Stage musicals based on a book and film: "Mary Poppins," the stories of P.L. Travers and a Disney film.

Now based on motion pictures, with respect to dramatic plays: "Network", a screenplay by Paddy Chayefsky and currently running on Broadway. Musicals: "Mean Girls", "Kinky Boots", "Waitress", "School of Rock", "Pretty Woman The Musical", "Little Shop of Horrors", which was based on a Roger Corman film. "A Little Night Music", which was based on Ingmar Bergman's *Smiles of a Summer Night*. You will never look at Bergman's films the same again.

Animated feature film musicals: Of course, "Frozen" and "The Lion King."

Poems: "Cats" is in a singular category, once again.

Short story: "Fiddler on the Roof", a short story by Sholom Aleichem, of course. Magazine articles: "Saturday Night Fever," based on "Tribal Rights of the New Saturday Night," which was first a film, of course, and then a musical.

Comic strips: "Annie", "Spiderman", "Superman."

Life story musicals: "A Chorus Line", "Come From Away", "Beautiful" by Carole King, that's a music and a life story rights deal.

"The Cher Show", life story rights. "Jersey Boys", music and life story rights.

Dramatic play based on a life story: "The Ferryman", which is currently running on Broadway. You will not find any credit, but if you look up the article in the *New York Times* Sunday section, you will see that Jez Butterworth wrote this play based on his significant other's family story.

Musical compositions: "Mamma Mia", "Beautiful", "Jersey Boys", "Smokey Joe's Café."

A dramatic play based on art or an artist: "Red" by John Logan, which is about Mark Rothko. They reproduce the artworks on Stage.

The full cycle, that is, stage musicals that began as a film became musical stage plays and then became musical motion pictures: "Hairspray", "The Producers" and "Little Shop of Horrors."

MS. BASS: Some of us have already been working on some really interesting kinds of underlying deals. I have been involved in one of the podcast adaptations that is now on television. There has been a comic deal that turned into a Broadway show.

JASON BARUCH: "Beautiful", "The Cher Show", "The Band's Visit", which is based on an Israeli film, *Network*. The most interesting one, which combined a lot of these different elements, which just closed, was "The Lifespan of a Fact." I don't know if anyone saw that. That was a play based on a book that was based on an article that was based on the lives of these writers and originally about a boy who committed suicide in Las Vegas, and it

was an essay that was written. We had underlying rights issues straight down the line in multiple different sources. It was a really interesting and unique circumstance where there were four completely different underlying rights involved in one show and no music.

MS. BASS: Cheryl, you yourself are a TV writer, a playwright, member of the Writers Guild, the Dramatists Guild, the Authors Guild. We'd call that the "guild trifecta." Can you tell us a little bit about the major concerns that authors of literary works have when their work is optioned for film, television or live theater?

CHERYL DAVIS: Sure. One of the most basic concerns authors of any kind have is getting compensated for their work and getting compensated adequately for their work. Authors are very concerned about the option fee, the licensing fees, the royalties they may have received from the adaptations. However, putting my authorial hat on for a moment, authors may also be concerned about creative control. Creative control is not as touchy-feely as it may sound. Yes, it's on a purely emotional artistic level: "These are my babies, I want to protect them." However, as a business person, authors have a brand. Their source of income is based on how the value of their work is perceived. If someone does an adaptation that doesn't necessarily jive with the work or potentially ruins the market for the author's work going forward, that would be a problem. Authors, in addition to being concerned about compensation upfront, are also concerned about potential income going forward. That's the reason why they want to have some level of involvement. I used the term "creative control." Producers object to that, but usually authors want to have some say. This is their income and this is their baby.

MS. BASS: Adrienne, you have particular expertise in the use of artwork. Maybe you could tell us a little bit about how artwork is used in a film.

ADRIENNE FIELDS: We're going to look at a clip first. The clip that we're about to see is a film about Peggy Guggenheim and the Venice Biennale. In this film, the works of art are essential to the story. (Video clip being played).

MS. BASS: Adrienne, are you saying that's not all fair use? You have to do some licensing? Do you want to tell us about what the concerns are of the artist when art is an underlying work and what the artists and estates care about?

MS. FIELDS: Artwork is used to help tell a story. Artwork may be used in documentary films. It may also be used in a major motion picture film about an artist. Think of the Pollock movie with Ed Harris or the Frida film with Salma Hayek. These are major motion pictures about artists and art. Art is also licensed for the background of a film. It's used to show a sense of prestige or era or time and place or simply culture. Art is also refer-

ence in the action or dialog of a film. Artists and estates have very different interests, but they usually agree on the following points: 1) the perception of the art and artists in the film or television program or theatrical production, 2) the right to approve of images and uses of art, 3) licensing fees, compensation for the use of their art, 4) credits, in the end credits, typically.

MS. BASS: One of the themes here is talking about the differences between theater deals, when we're talking about underlying works, and film and television deals, which maybe more of you are familiar with. Could one of you talk about why theater deals are so different?

MR. BARUCH: One observation when we talk about licensing of artworks for major motion pictures or television shows, I think theater works differently than film and television largely because it's ephemeral. It's something that can, theoretically, be changed along the way. It's not like a film. Once it's out, it's out there. It goes through a long development process. There are readings and workshops and developmental productions and regional theater productions. I think the cost benefit analysis of, I want to put a Rothko in my show, do I need to clear the rights? There may be issues. Well, maybe you take a chance at the regional level where the stakes are a little smaller before you go to a Broadway production. If there is a problem, you can take it out and put something else in there. There is an opportunity to fix things along the way in a way there aren't when you are licensing underlying rights for a film or television property.

MS. BASS: Being mindful of time, we're going to talk about some of the principal elements of an option deal. Donovan, you worked as a producer at one point. Could you talk about the typical amount of time that a producer needs or requests in trying to do a film television deal and also able to get renewals of the time period?

DONOVAN RODRIQUES: Typically, the producer wants as much time as possible. It's in the interest of the owner or the author to sell the material outright so that they can get paid up front. There is usually this conflict between the rights owner and the producer from the start. Typically, option periods range from three months to 18 months. It could be more. It depends on the relationship between the producer and the author. It also depends on the author. If it's a bestselling author or bestselling book, if it's a unique type of material, if it's a low budget film or a big budget film, these are the different considerations or different things that could affect how long the option period is. But it's normally between three months and 18 months. Obviously, if the underlying work is unique, that will require a lot of research, a lot of time during the development and the writing phase, the producer will need more time. If it's pretty straightforward, then the writer will not need as much time in order to undertake development work to get a screenplay writ-

ten and revised and also to do fundraising for financing as well.

MS. BASS: How about in theater?

MS. BROOKS: The main difference when you are acquiring rights for film or television and acquiring rights for theater from an underlying rights owner is that ultimately the arrangement between the producer of a commercial theater production and of a film production is that in the theater, it is a license with the writers. Ultimately the playwrights, they are the copyright owners of the play or musical, with very rare exceptions. It is a license. That's why you don't have any option purchase. Similarly, with the underlying rights owners, you have an option and they proceed along the same path with the authors in terms of how they get paid royalties and so forth. You have to be very concerned about what your timing is. We don't have shopping agreements in the theater. They have shopping agreements in film and television where you have three months, six months. When you option your work, you have to make sure that the client can afford to pay the option payments and the timing will be enough. In most cases, the producer needs the option for the underlying rights because you need to be able to say, I have this property. You may not need a treatment of a musical or a treatment of a dramatic play in order to get the underlying rights and be able to go from there in terms of getting funding and so forth. But normally you do need the title, which is what the underlying rights bring. As I read all of those other titles, as you could see, they were very high-profile. People get it immediately. What is it you're trying to do? It also helps getting the right authors to do that. It's an option license. Musicals take longer than straight plays and the option periods are 12 months, 18 months, 24 months, renewable. If they don't know you or if you don't have much of a track record, they will require progress to production, which means you can pay the money but that's not enough, because they are only making money in the theater when the show is up and they are receiving royalties.

MR. BARUCH: There isn't much money up front with the theater and more money in the year after. The option payments tend to be smaller in the film industry, the progress to milestones, the studio might give you the rights to their property but within 12 months, you have to have a lyricist, composer, and book writer hired, and possibly a first draft of the script. By year two, you have to have a director on board and an Equity reading or workshop in front of an invited audience. By year three, you have to have a regional production scheduled or completed. Ideally, projects like musicals can take four to eight years, sometimes longer to gestate and go through that process. You need to make sure you have enough time and are capable of meeting those milestones. More often than not, in my experience, producers have to go back and get extensions on their underlying rights. If

they're fairly well along and they have a good relationship with the underlying rights owner, very often they will be able to extend for additional years after that.

MS. BROOKS: If the underlying rights owner has any approval rights along the way, approval rights for the playwright, lyricist, composer, approval of the director, approval of the treatment, etc., then you have to factor that in in terms of your timing.

MS. BASS: Donovan, what about in film and television is applicable, not applicable? How does that work?

MR. RODRIQUES: Quite applicable. The contract might require that in order for the option to be renewed, the producer must be making some progress to production. One example, if a named talent is attached on a pay-or-play basis, that would allow the producer to be able to renew the option. For each renewal of the option, there is an option fee. The first option, there is an option fee attached and for each subsequent renewal of the option, a producer will have to pay an owner an additional fee.

MS. BASS: I was going to ask Cheryl if there was any range in terms of option payments or what's acceptable to authors.

MS. DAVIS: We're seeing also, as Marsha mentioned, a fair amount of shopping agreements come around as well that authors are asking us to review, which requires less of an initial payment as an option payment. In terms of option agreements, we are seeing about 10% of the ultimate purchase price paid as an option fee. When you talk about the purchase price of a work, in film and TV, the writer does not own the copyright and the work. When you're talking about the purchase price, you're talking about essentially—we're looking at the ultimate production budget of a film. We look at that to determine what the purchase price of the underlying rights is that you're licensing. If you're looking at a Netflix or a large-budget piece, you're looking at a higher option payment and a larger purchase price. In terms of the total option fee, we usually see around two, 2.5% as an option payment. Sometimes 1% will come by and we'll advise the authors that that's a little low. But again, you look at the production budget and try to determine what is a reasonable amount for the underlying rights holding or author to be paid as part as the option fee.

MS. BASS: Is that the purchase price, Donovan?

MR. RODRIQUES: The purchase price can be a fixed amount or a percentage of the approved budget. Obviously, during the development period, the producer would have written a screenplay or commissioned a screenplay to be written based on the underlying material and then developed a budget, so we would know what the budget is. However, the purchase price would have been determined prior to that in terms of what percentage. As a producer and representing producer, I

insist that there be a ceiling on the purchase price. A ceiling means the maximum amount that the producer will ultimately pay when the purchase price is based on a percentage of the budget. Obviously, the owner is going to want there to be a floor, the minimum amount they will pay. So the contract would say 2.5% of the approved budget with a floor of \$30,000 and a ceiling of \$1,000,000. If you have a \$50,000,000 budget, I don't know how much 3% of that is, it sounds like \$3.1 million, you don't want to pay more than \$1,000,000 for the option.

MS. BASS: How does it work if you're optioning a property for all audio visual productions, so it's not clear if it's going to be first a film or television? Let's say you do a film first. How do you get paid if it then becomes a television series?

MR. RODRIQUES: The purchase agreement, if it's a feature motion picture, a theatrical release, then the purchase price would, say, be \$100,000. If it will be a mini-series, then the purchase price will be something else. If it's going to be a television series, then it will set out a list of royalty payments that would be paid to the owner based on the length of each episode on a per episode basis. If there is going to be a sequel or a remake, that's usually half or one-third of the original purchase price for sequels and remakes.

MS. BASS: For theater, we don't have a purchase price. Do you want to explain to us what it is instead?

MS. BROOKS: The only clarifying factor I want to mention between film and theater again are the option parts. All of these options periods are elective. In the theater agreements, we always put in that the producer is not obligated to produce the play. All the option payments that the theater producer pays to the underlying rights owner are nonreturnable and they are usually recoupable against the underlying rights owner's royalties. In the film business, you have your option periods running and whether you elect to renew it or not, as long as you are in an option period, you're fine. However, you can't renew an option to avoid paying the purchase price if you have commenced principal photography.

You have to pay on commencement of principal photography as long as you are holding the rights, provided same is set forth in the agreement. In the theater, by the time the option period ends, you have to produce that show in a specific type of venue. I mean first class or second class. If Broadway is the end game here and that's what you're required to do, then that's where you have to do it. If it's Broadway or West End, it has to be one of those first class theaters, and if not, you lose your rights. The payments after that are royalties. They are usually first measured in gross weekly box office receipts and after that, if the producers decide to use a royalty pool, it's called net operating profits.

MR. BARUCH: Net operating profits, there are some defined qualifying production at which point the producer has deemed to have exercised his or her right. There is no purchase price. You exercise the option in the theater world by presenting the qualifying production. If you don't present the qualifying production within the option period, as it may be extended, then the rights will revert back to the underlying rights owner. If you do present the qualifying production, we can get into the concept of merger. At that point, the underlying rights have become bound with the work that's created by the musical composer, lyricist, and book writer and can be exploited for the duration of copyright by the producer and/or the authors of the play, depending on who holds the rights at that time on an exclusive basis. We can talk a little bit later about de-merger, which is, at some point the rights that are granted by the underlying rights owner may become nonexclusive. If they fail to receive some minimum amount of income each year and the play is just sitting there not really generating any income, sometimes the underlying rights owner and studios in particular will negotiate the ability to re-license those stage rights to somebody else who can make a go of it on a non-exclusive basis. That's a big difference between how it works in theater and how it works in film.

MS. BASS: What does the underlying rights owner share? Is it an incentive that he or she is entitled to?

MS. BROOKS: It's a negotiated percentage. If you think about Broadway, the Dramatist Guild's minimum royalty for an Approved Production Contract for Musical Plays for bookwriter, composer and lyricist, they would each get 1.5% of the gross weekly box office receipts rising to 2% of the gross after recoupment of production costs. You take that 2% for book, music and lyricist and it's 6% of the gross. You like to keep the underlying rights owner within that framework assuming they are worthy of 2% of the post-recoupment royalty that the authors get.

MR. BARUCH: We're treating them like a fourth element. There is book, music and lyrics. They are usually created equally. We're going to add a fourth element, the underlying rights. It doesn't always have to work that way. That's the way the majority of the underlying rights deals are structured.

MS. BROOKS: That's what we aim for.

MS. BASS: In film and television, back ends, share of net proceeds, does it matter that it's net receipts, should lawyers bother to try to negotiate these awful studio definitions or just give up?

MR. RODRIQUES: If you're up against a studio, you might not be able to change their definition of net receipts. But the owner, in addition to the purchase price, would require a contingent fee. The contingent fee or

back end, which is usually around two to 5% of the net profits.

Very rarely will an owner get back end off of the gross. Net profits are usually defined. However, it's hard to say at the beginning how net profits will be defined down the line, because once the producer starts production or before production, there will be a number of other contracts and other profit participants, and they will also have their requirements for what their back end will be. The contract with the owner usually stipulates that the net profits should be defined on the same basis as the producer's net profits.

MR. BARUCH: That raises another key difference. When they talk about net profits in the film and television world, it's somewhat illusory most of the time. Most of the money that an underlying rights owner is going to get is up front and they shouldn't have a realistic expectation of receiving a lot at the end.

With underlying rights in the theater industry, the money up front is not that great, but the money that comes in, the royalties based on gross box office or net operating profits, is real. They might also negotiate net profits, which is a point at which production recoups its production cost, which is real and fairly well documented, and not an illusion. They may also be participating in merchandising, cast album royalties. There are a lot of different income streams that an underlying rights owner will share. After the producer's rights have expired in the theater world, the rights are now going to be exploited by the dramatist, the composer, lyricist, book writer or playwright. They are going to exploit those rights and the underlying rights owner is going to share forever in whatever income that author or those authors receive. It's a totally different business model than the film world and people in the film world don't necessarily always understand our business. They are mortified that people pay so little up front and owners retain ownership of their copyright and their work. These are concepts that are foreign in the film world that I have to explain over and over again to people in that world.

MS. BASS: Adrienne, how about for an artwork option? Is it a flat fee, back end, shared?

MS. FIELDS: Artists across the board prefer flat fees and we prefer it too for practical reasons, also to avoid the illusory fees that Jason pointed out. Sometimes we're approached by an independent filmmaker or small documentary filmmaker that just doesn't have the budget together yet. And so if an artist is supportive of a project, we try to support the project as well, so we might make special arrangements.

For example, we might forgo a fee until a film is picked up for distribution or work it out in some way. I have seen back end royalties on very rare occasions. It's usually when an artist plays an active role in the produc-

tion- if the artist is interviewed and works, really works on the production, but it's very unusual.

MS. BASS: In the interest of time, we're going to move on to rights granted. We didn't get to talk about setup fees and Production bonuses, but they are obviously another thing to talk about. Grant of rights. Donovan, do you want to talk about what kind of rights a film/television producer will look for? Everything, right? Is that the answer?

MR. RODRIQUES: Of course. A producer wants all right, title, and interest in the underlying work. They don't always get it, especially if the underlying work is a hot piece of property or the writer is famous. Then the producer ends up only getting the motion picture rights, which is the right to develop and produce film and/or television production. However, if you're getting limited rights, be careful, as a producer, to get some limited radio rights and publication rights so that you will be able to advertise and promote the picture once it's made.

MS. BASS: How about in the theater? In the theater, you're asking for rights for a specific play or musical. What comes with that?

MS. BROOKS: It's the right to live another day, basically. If you develop and produce the work, as Jason said before, in the qualifying production, which would be Broadway, West End, or if it's Off-Broadway or, what we call, second class commercial productions, if you do that and you continue to present for a certain number of performances, then there are two separate lines of what we call "vesting." One line of vesting is the right to share in subsidiary rights. The other is to continue to present the play or musical and also to extend that to other territories. It's normally limited geographically to, initially, the North American territory, and then you earn the right with various options and time periods and option payments and so forth and so on from there.

MR. BARUCH: You want to acquire all the rights specific to the musical and play you're trying to create and all rights that are ancillary and subsidiary to those rights. You want a cast album; you want merchandising rights. You want the right to create an audio-visual adaptation, if you can get it. You're not always going to be able to get that. If the underlying property itself is a motion picture, you may not be able to get that. You want to get, obviously, the right to advertise, promote. The right to publish the work. Live capture is much more prevalent now than it was a few decades ago. You want the right to bring in eight cameras and do a live capture that can be found on Netflix. These are other means of distributing theatrical works. It might not be seen by a limited number of people for a limited period of time just by the nature of the business. Those are the rights that you want to try to capture upfront when you're negotiating an underlying rights deal.

If you're negotiating a rights deal for a music catalog, you may also want to negotiate some holdbacks that will prevent the publisher from licensing more than X number of songs for another musical, which might be deemed competitive. If you're negotiating a life rights agreement for somebody famous, you might want to have a hold back that will preclude them from licensing another project that might be competitive. Those are the types of things that you want to acquire for yourself and the type of things you want to hold back, if you can.

MS. BROOKS: Sometimes you don't get all of the rights all of the time. And then you, as the attorney, have to work with your client on a practical basis. It's like the song lyric: "You can't always get what you want... but ... you get what you need."²

MS. BASS: Jason, what about if the underlying work is a musical composition? What kind of rights do you have to get in that respect, beside the life story, maybe?

MR. BARUCH: A musical based on someone's life? I've done catalog musicals such as "Rock of Ages," which, obviously, isn't a life rights situation where you're, basically, acquiring the rights from the publishers on a nonexclusive basis. They are not going to grant a right to a very famous catalog for you to use forever, but we can negotiate some holdbacks. If it's the catalog of one famous artist and it's a musical about that famous artist, "The Cher Show", "Jersey Boys", in those situations, you want to make sure, again, that they are not going to license a competing stage production, they are going to hold back and reserve rights. They want to be able to do documentaries or featured films about themselves, the publishers are not going to give away music on an exclusive basis. It's very famous music. But they will agree to a certain holdback. Like I said, if there are more than three or four songs from a certain catalog that are in the musical, they will refrain from licensing those songs together to another stage producer. Those are the type of things you can hope to get from a publisher. Publishers are getting a lot savvier and tougher on what they give away and how much they are asking for it. They are asking for more in terms of royalties. They are being very limited on things like amortization, which is something that we like to use in our business. They are beginning to challenge royalty pools, which is when you pay on the net operating profits. They are asking for net profits in addition to their royalties very consistently. It's tough. They know people aren't necessarily coming to these musicals for the book, or at least that's their position. They are coming for the very, very famous music. If you're going to "Motown" or "Ain't Too Proud," largely it's because you know the catalog. It's very famous. It's a built-in brand and they capitalize that. The same way that movie studios know when they have a very famous movie that's being adapted, that people are coming because they love the movie.

MS. BASS: What if you're acquiring rights to use a screenplay, does that complicate things? And if the screenwriter is a WGA member. Can you talk about what?

MS. DAVIS: Here comes part of the Guild trifecta. I'm going to talk about the WGA, which I am a proud member, although I do not work for them. Essentially, the key thing you need to remember about a screenwriter is that TV and film writers are in general matters employees of a producer or production company. Those entities own the copyright and the work, and the TV and film writer are employees and their rights are subject to the WGA's collective bargaining agreement. When you are a screenwriter, you actually have, under the WGA agreement, what they call our separated rights, which are reserved rights. You have the right to publish your script and you have the right to novelize. You also have dramatic rights, which is a separated right under the WGA. You may have the right to license your screenplay for a commercial adaptation. Those are a couple of things that are keys here. If the screen artist is a WGA member, then you've got those included into your agreement, your separated rights. If you're writing a screenplay based upon a novel that you wrote, odds are when you are entering into the agreement with a producer, that you would have taken that into consideration and said, "I will retain all rights in my continuing story going forward so that I can then authorize my right to adapt my novel into a musical without consulting anybody."

MS. BASS: If the screenwriter develops something new based on an adaptive work, then that screenwriter, if they're a WGA member, has some rights going forward. So it's a real complication. Of course, it's to protect the writer, that's a good thing, vis a vis the studios. How about some of the other ancillary rights? Donovan, does the producer always acquire merchandising rights for film and television, or is it only for certain kinds of films?

MR. RODRIQUES: Usually, certain kinds of films. Obviously, if the underlying work is a comic book, the producer wants merchandising rights, because merchandising would be an important revenue stream. Selling toys, action figures, video games. If it's a family film, you want merchandising rights. If it's a drama, maybe not so much, because I don't really know how you would be selling t-shirts or toys from a sad story like that. Merchandising rights are extremely important to a producer as an ancillary right. I would just like to jump back to rights, because as a film and television producer, how long you have the rights for is extremely important. When you are negotiating a contract, you want to make, whatever rights you're getting, you have them exclusively in perpetuity throughout the universe. Contracts used to say "throughout the world," but now that we have space travel, which is a reality and broadcasts from space, we want the rights through the universe because we don't want to be able to have a production here on

Earth and a Martian is doing the same thing simultaneously. (Laughter)

MR. BARUCH: This is why we went to law school.

MS. FIELDS: Conversely, we have authors bring agreements to us from producers and we always, always, always tell them make sure you have an out. Make sure you have a deadline on your option. We have had situations where people have not been able to get out of their option agreements and producers just sat on the rights and the author was not able to license them to somebody else. We want to make sure that there is a clear point at which, if the producer has not done something, the author does have the right to continue and exploit the work in another fashion.

MS. BASS: And that the producer has the capability. When they first come to you, it's really important to vet the producer and make sure they have the capability to make this happen. Just because they want to do it doesn't mean they are able to or have the connections or the finances and all of that.

MR. BARUCH: Can I jump back to one thing? Regarding separated rights, where the screenwriter reserves dramatic rights, I think it's a little source of confusion for some people. Because a lot of screenwriters think that they can go make a deal for a stage adaptation without having the studio involved. They don't understand the studio still holds a lot of the important rights that any commercial producer is going to need, including the right to use the title, they have exclusive audio and visual rights, merchandising rights. They still have the right to invest in the production. As a practical matter, most commercial producers, at least for a Broadway production, aren't going to be satisfied with making a deal with the screenwriter of a motion picture thinking they can go around the studio. A lot of my clients who are screenwriters think that they hold these rights. And a lot of my clients who are producers of theater, say, "No problem, I'll just go to the screenwriter because they have this reserved right under the WGA Article 16 and they can make this deal on their own." And my answer to them is, sorry it doesn't work that way. One of my clients said they spoke to someone at the WGA, and the person at the WGA said, as long as they don't use the title of the motion picture, you can go license whatever you want. I don't think that's necessarily correct advice. I don't know what the WGA advises in that situation, but there is a difference of opinion, I think, between what the WGA is advising their clients or maybe the client was just interpreting what he wanted to hear from the person he spoke to at the WGA. You have to be mindful of the specific provisions of the WGA, which weren't really written by theater people, so they weren't really written with a firm understanding of what theatrical production is. In my opinion, they could use a refresher.

MS. BROOKS: When Jason talked about audiovisual rights and also that the stage producer would not have the right to advertise in audiovisual media because that wasn't reserved by the authors, that's another problem.

MS. BASS: We're trying to get to everything here. Could you explain what subsidiary rights are in the theater world? That's a whole separate concept that's an important part of the grant.

MS. BROOKS: When you talk about separated rights for the screenwriter, I just wanted to say in passing, what happens in the theater if these projects don't work out? What ends up reverting back to the underlying rights owner and what ends up happening with the work that the dramatists have done? In musicals for example, almost always the book writer is out of luck in terms of reversion of rights. The book of the musical is usually so identifiably based on the underlying work that the bookwriter's book is not usable for other purposes. The lyricist would be able to reuse lyrics that were not related to certain specific names and characters, situations or incidents that are specifically identifiable. This is always included in the contract with the dramatists. The composer fares the best with the musical component.

MR. BARUCH: In a nutshell, after the commercial producer's rights have expired, everything after that, putting it in its simplest form, would be considered subsidiary rights, the ability to make a stock and amateur disposition. There are companies that license stock and amateur rights to the community theaters, regional theaters, schools, synagogues, churches, army bases. It's a huge business and that is considered a subsidiary rights deal.

MS. BASS: Who controls it?

MR. BARUCH: The dramatist typically controls that. That may vary depending on the deal. On something like "Rock of Ages", it was jointly controlled by the producer and the authors. There were no authors. There was one author, Chris D'Arienzo, who wrote the book, and then there were music publishers who were completely wrangled by the producer. And the producer took the position, since they basically acquired two out of the three elements of this from the authors, but they were basically acting as a joint author for that case, so they jointly controlled the disposition. But normally, it's the authors. Audiovisual adaptations are typically reserved to the dramatists, although producers will always try to negotiate right of first refusal or some option to acquire audiovisual adaptation rights. Those are the rights. Future merchandise and cast albums can be thrown into that pot as well.

MS. BROOKS: Stage production all over the world usually also is controlled by authors. In the contract, it has some restrictive time periods as to when the authors can make these deals.

MS. BASS: What if you've acquired artwork? Who owns those once the production is over?

MS. FIELDS: The rights are handled differently than these other underlying rights. They are typically nonexclusive licenses for specific productions. Artwork is either shot on location, for example, public works, like, Robert Graham's monument to Joe Louis, which is known as "The Fist" of Detroit or Anish Kapoor's "Cloud Gate," known as the Chicago Bean, or here in New York, Tony Rosenthal's "Alamo," known as The Cube. These are all works of art that are shot commonly for use in motion pictures, television programs, so they are licensed very often. Another way that art is used in these productions is in replica form. What happens is the production company will license the use of a replica and at the end of the production, the replica is destroyed or returned. We have this requirement because we are trying to prevent those replicas from entering into the market or being used without permission. And this has happened in the past.

MS. BASS: We talked a little bit about who owns the copyright. I think we're going to turn to reserved rights. Cheryl, what rights are typically reserved by an underlying rights owner in a film-television deal? What do you want to hold onto?

MS. DAVIS: What authors want to hold onto is the right to keep writing. They want to have the right to continue writing a series of books. They want to have the right to do prequels, sequels. Those things are usually spelled out in a film or TV production underlying rights agreement. What producers might want out of that as well is they might want a first right of refusal to option the adaptation right to sequels to your book, prequels to your book, etc. Also as a practical matter, we advise authors to make sure, if their book is in print, to make sure that there are plenty of copies of the book available to be sold when the film or TV or dramatic adaptation comes out, because there is going to be a market for those. What often happens is a producer may want a tie-in, to be able to reissue the book. Then you're going to have to deal with the publisher and the publisher's rights to reissue the book with the movie marketings on it. In that case, then the publisher or the author may have to go back to the producer and license the right to use the logos and artworks and the photographs. Those are the kinds of things that you are going to want to have nailed down before you enter into these agreements.

MS. BASS: What about if you're the author of a book series that has characters and the movie producer is creating new characters? Who gets the right to control those characters for further uses in publishing or in merchandising? Is it always a fight?

MS. DAVIS: It's not just one way. You want to retain the right to take the new characters and be able to use them in the books you write going forward. That's

going to be something that you come to an agreement with the producer about. The producer is going to say, if you're going to use this character going forward, then if somebody else does a movie featuring that character, we would want first dibs on that movie, maybe we want to get a royalty, some sort of arrangement like that. As an author, you're going to want to maintain the rights over the characters, even the derivative characters based on your work. If you're a comic book artist or somebody who has a specific need to control very specifically how your character is seen, you're going to want some level of approval rights. Essentially, you're going to have approval of the colors of the costumes or the way the character is configured on screen. If you are an author, you may want to get a job consulting with this show. Some producers, if you're a novelist, are probably not going to want to give approval rights. If it's based on a nonfiction book or something in which you have an area of expertise, the author may be able to license their rights as a consultant on the screenplay. We've something where the producer will say, option the rights to adapt your work and by the way, you should be on hand to consult should we need you. No. You have the right to be compensated for that.

MS. BASS: You get a consulting producer deal with a line in the budget. That's the best way to do it. Even if it's a small line, at least it's in the budget. How about in the theater, how does it work in terms of reserved rights?

MS. BROOKS: It depends on what kind of underlying property you have. For books or short stories, obviously, publication rights. For motion pictures, the right to exhibit the motion pictures with certain restrictions and publication, as well as the screenplay, etc. Comic book characters, printing publication rights, certain merchandise rights, animated motion pictures rights. I once had a comic strip deal totally fall apart because they could not agree on the disposition of the merchandise.

MR. BARUCH: All rights that are not expressly granted to the producer are reserved to the underlying rights owner. We discussed all of the rights that a producer would want. Everything that is not on that list is the authors'. That would include the right to continue exploiting their current property and derivatives of that current property. Possibly, they may have given away musical stage rights but they may still have the right to license dramatic play rights under certain circumstances.

MR. RODRIQUES: A producer will want to have the right to make changes, rearrange the story, to change certain plot elements, to cast a Caucasian in place of an Asian person. It's very important for the producer to have the right to make material changes to the material in order to make it commercially viable.

MR. BARUCH: That might be an issue for certain underlying rights owners. Studios are going to tell you, we have \$200 million invested in this brand. We have to

protect the brand. We need to make sure that the adaptation is true to the spirit and the story of the original material. If it's based on an underlying life story, you can be sure that the life story, if they are living, then, if they are deceased, their estate, are really going to get in your face about how this person is depicted and possibly who is going to be playing them on stage. There is a level of intrusiveness that will vary depending on the underlying property, the perceived value of the underlying property and who the owner of the underlying property is.

MS. BROOKS: If the underlying rights owner has all of these approvals over the material that's being developed, how much money is the producer going to have to spend on his or her own dime before he has something to show to investors?

MR. BARUCH: How are you going to find a playwright who is willing to do this work with all of this intrusiveness in their creative process?

MS. BASS: That's a good segue into approvals, which is a really interesting area to talk about. Film and television, you don't get a lot of approvals. The producers get all kinds of rights to do alterations, change your life story, fictionalize it, all of that. How does it work with artwork?

MS. FIELDS: The scope of the review really depends on how prominently the artwork is used in the production. Generally, artists acquire the right to approve the script of a play or a scene in which the art is used, images or replicas of the works of art. Footage may be reviewed and credits may be reviewed and the placement of the work may be reviewed. Sometimes we receive diagrams of theaters to show how the works will be displayed on set. There are also some questions that arise and there are different concerns of different artists and estates that become apparent in discussing approvals. Some artists require a replica to be a close high quality copy of the original work and they want to make sure that the color matching is accurate and the sizing is accurate and they want the replica to look like the real thing. Other artists take a position on this and they want the replica to slightly vary in size or dimension and they will require, for example, for a canvas painting to be reproduced on a vinyl-like material to avoid any confusion should the replicas end up in the market, which the contracts would not allow for. One interesting experience that I had in terms of approvals is with regard to the play "Red", about the life of Mark Rothko, that Marsha mentioned earlier. The play opened at the Donmar Theater in London. It had a successful run and then it came to New York and it had a Broadway run. The works of art were displayed on set. They were created by a highly talented team of set designers. However, the show took on a new life and the dramatist's play service would be licensing the script so that regional and nonprofessional productions would be putting on their own runs of the show. But, of course, they wouldn't have access or the budget

or the time to produce these high-quality replicas for approval. Understanding the art was essential to the play, we discussed ways of making the artwork available to these smaller productions so that they could have a nice run of the show. So we entered into an agreement that allowed for the artwork to be licensed with the script provided that the artwork could only be seen partially obscured at side angles. Through this flexibility, regional university shows and other productions would be able to include works of art that replicate the Mark Rothko originals at their own small shows.

MS. BASS: I think that's really interesting to know. I borrowed a slide here that's from Sarah Schacter's presentation that you'll have at the very next panel.. This is the approval language that was in the Rudin, "To Kill a Mockingbird", contract. Marsha or Jason, do you want to talk about that and what kind of approvals are typical in theater?

MS. BROOKS: I actually brought one that I have that is current. One of the lawyers for one of the dramatists complimented me on this. "The underlying rights owner," who was iconic, "the general outline of the book of the musical and the book of the musical," this was the good part, "but for only purposes of insuring that there are no material unapproved deviations from the outline which would adversely impact the legacy of the person involved," the iconic figure and associates' goodwill. I thought we had dodged a bullet. When the client engages one of the writers, who is one of the very most esteemed writers on Broadway, that writer said, that's not good enough for me. The lawyer said, you did very well. What ended up happening was the producer and the writer made a presentation, I never had this before, to the underlying rights owner and ultimately prevailed with a different presentation to get a sign-off in effect. The particular author was concerned that people change at these various institutions who are the keepers of the flame in this case. And how do you know if somebody else isn't going to come along and take a different point of view, even with that pretty good language?

MR. BARUCH: I think Scott would agree today that he would not agree to that language. I actually had a conversation with him after this because he was trying to acquire a life rights deal from me for my client and I was trying to include language similar to this. He's like, that cost me hundreds and hundreds of thousands of dollars and years of my life. It's not worth it. I would rather move on than give the underlying rights owner this much control of the creative path of the play. From a producer's perspective, you want to get rights as free and clear of any approval obligations as possible and it's just a negotiation. You have to think not only about yourself, but your creative team will not be happy to have these restrictions. I'm sure Sorkin was not happy to have to be making changes because the estate did not feel like it was true in some way to the spirit of the underlying-

ing property. That is the major red lights flaring warning sign there for anyone who is about to spend millions and millions of dollars to develop and produce a show. At the same time, when you're dealing with very, very famous properties or very, very famous people, you're going to have to submit yourself to a certain amount of oversight that is anathema to what you want. Some producers embrace that and they bring in the underlying rights owner, they invite them to all of the readings and the workshops and get their input every step of the way. Some producers value that and want that. Some of them demand it as part of the acquisition of rights in the first place, that ongoing consultation. But, it's a hazard. You guys can talk about that at the next panel.

MS. BASS: In a jukebox-type musical, or you're doing "Beautiful," does Carole King get approvals?

MR. BARUCH: Sure.

MS. BASS: She didn't go to opening night, though.

MR. BARUCH: Barry Mann and Cynthia Weil had pretty much left oversight and approval rights to Carole King, even though it was largely about their lives too. Gerry Goffin wasn't really in a position to provide his input any way. In "The Cher Show", you can be very sure that Cher is going to have a say in everything that goes there. As a practical matter, sometimes you're so far along that they just sort of have to play along and you should never be in a position where you have to pull something or close the show. But sometimes you might get to the point where you have to get to a reading. You can spend hundreds of thousands of dollars and they'll have approval of the first invited performance of this and if they don't like it, they can pull the plug. Sometimes you have to take that chance as a producer. That's just the cost of dealing with famous properties or famous people and particularly living famous people.

MS. BASS: I think you made the point before that theater is ephemeral. Something can actually be changed.

MR. BARUCH: Changes are constantly being made. In "Beautiful", Neil Sedaka wasn't happy with a scene he was in. It was a five-second scene. They changed it. Problem solved. That's nothing you can do in the film world and that's what makes theater a little bit unique.

MS. BASS: Quickly, can we ask for meaningful consultations? Would you as producer go for that? You let them sit there, look at some early cuts of the film.

MR. RODRIQUES: Certainly not the cuts of the film. But as a producer, you also want to get unlimited rights to make changes to the production. The most you'd want to give away is the right of the underlying rights owner to have consultation. They may add meaningful consultation to make sure that you actually consult with them. In film, it's very expensive. It's time sensitive. Particularly, if you're dealing with a new author, a new writer,

you really don't want to have a legal obligation to give them right to approve your work. If you're dealing with a bestselling author or Stephen King perhaps, because you know he is a good writer and he is reasonable. But as a producer, you want to make sure that you, because of large sums of money at stake in a short period of time, you want to make sure that you don't give too much approval to other parties other than the production.

MR. BARUCH: Similarly in theater, since things are changing on the fly, you want to make sure, to the extent there are approval rights, that they have to be exercised in a timely fashion. And usually, we have provisions that say they have three days to furnish their approval and if they don't furnish their approval in that three-day period, it will be deemed approved, or maybe it's 24 hours if you're in the middle of rehearsals. The worst case scenario for a producer is when the underlying rights owner insists that if they don't approve within that period of time, then it's deemed disapproved. For that, I will also say never. We can't get a show produced if the failure to respond is deemed a disapproval because, frankly, a lot of the time we never get responses back for requests for approval. That's one thing I would be very, very careful about in negotiating on behalf of producers. If there are approvals, fine. Make sure they are exercised reasonably, if possible, and make sure they are exercised in a timely fashion. If they are not exercised at all, there is some default mechanism for allowing you to move forward.

MS. BASS: In my experience in film and television, when you're representing a children's book series author or publisher, sometimes you can get some kind of look at the characters, the way they are designed. In the comic book world, there are character integrity type clauses. They are not exactly approval rights, but they are, sort of, like the Aaron Sorkin clause, that they have to be true of the spirit of the underlying work.

MS. DAVIS: It's going back again to the value of the author's brand and their work going forward.

MS. BASS: How do we get out of these deals? Donovan, what are the typical reversions, turnarounds?

MR. RODRIQUES: There is a reversion, meaning the rights go back to the author.

MS. BASS: How do you get out of in perpetuity?

MR. RODRIQUES: In perpetuity kicks in once you have exercised the option. You have now purchased the rights. Before you have purchased the right, there is a right to reversion. During the option period, you can exercise the option by paying the purchase price. There is no right of reversion then. If you don't pay the purchase price and the option period expires, the work reverts back to the underlying rights owner subject, of course, to option renewals. Also, if you enter into principal photography, that will automatically trigger a payment of the purchase price. If you have exercised the option or

by paying the purchase price or by commencing principal photography, you can have a turnaround right. If principal photography is not completed within a certain amount of time or if the budget is below a certain amount, or in a lot of cases, very common in Hollywood is if you purchase a property and put it on the shelf for 10 years. As an underlying rights owner, you would want to have a turnaround clause where if the production isn't completed within certain years, for example, that all rights will come back to the underlying rights owner so they can send them elsewhere.

MS. BASS: And the WGA also provides for turnaround for WGA writers under conditions that are not the greatest. To negotiate turnaround rights with the studio is one of the frustrating things I have had to try to do, because you have to pay them back for everything they did. Theater, how about that? Is there reversion, something called de-merging?

MR. BARUCH: Reversion, if you don't produce the qualifying production within the option period, all of the rights revert back to the underlying rights owner. If you do present the adaptive play within the option period, then we have that concept of merger, where the rights are merged exclusively for the duration of copyright of the play. As I mentioned before, there are circumstances in which a de-merger or nonexclusive merger can be triggered if the property isn't generating a certain amount of income for the underlying rights owner. If they fail to receive \$50,000 in a three-year period, the rights might become nonexclusive at that point and the underlying right owner can relicense the underlying rights on a nonexclusive basis. There is no full reversion. Some of the studios have experimented with requests for total demerger, total termination of a license. When they license a very famous property to a producer, if there is no certain amount of income generated in a certain period of time, they have asked for the right to end the license, which is not feasible from a producer's perspective. The show might be already licensed in stock and amateur, it might be out there all over the place. What the studios try to do is say, we want to terminate those rights because it's no value for us to be able to license non-exclusively for us. No new producer is going to want to take this property as long as there are other things out

there. We want to capture these rights exclusively. We will pay you, the old producer, a percentage royalty for your troubles to compensate you for this pulling away of your rights. They have abandoned that. Producers have resisted full demerger and I think studios don't really ask for that very much anymore.

MS. BROOKS: Another reason that wouldn't work is because of the author. They are carrying on, after the producer's rights revert, the authors have a copyright in the work and they have the right to keep going. Whether or not the producer has the right to share in the subsidiary rights going forward, that's fine. They are not in control. They would have a very hard time engaging any author to write that work if the author saw that the producer could come in and take the work right back.

MS. BASS: I think we have officially ran out of the amount of time that we had. We are going to have to stop. We didn't get to cover everything. We would talk for another couple of hours, I'm sure. I would like to say we would open for questions if somebody has a burning question. If not, send me an e-mail or Jason or Marsha.

THE AUDIENCE: When there are multiple underlying rights owners involved, I'm curious in that situation, do you find that the total compensation to all of those owners are selectively—do they split up the standard underlying rights share?

MR. BARUCH: That would certainly be the goal from the producer's perspective to squeeze all of the underlying rights owners into one share. So in the separated rights situation where you're negotiating with both the studio and the screenwriter, typically, they would split equally that underlying rights share. When I was working with Doug Wright on "Hands on a Hardbody," there was the documentary and then there were the contestants in the show who were in the show who all shared in one pot. The economics of the business is such that I don't think a producer would want to be in a position that they would have to pay the full share to each of the underlying rights owners.

MS. BASS: Thank you to my panelists and to the audience for listening to us.

(Whereupon, a recess was taken at this time.)

PART TWO: UNDERLYING RIGHTS DISPUTES IN THE COURTS

Panelists:

Anne Atkinson, Esq., Pryor Cashman LLP | Tom Ferber, Esq., Pryor Cashman LLP
David Korzenik, Esq., Miller Korzenik Sommers Rayman LLP
Edward H. Rosenthal, Esq., Frankfurt Kurnit Klein & Selk PC | Sarah Schacter, Esq., Loeb & Loeb, LLP

ANNE ATKINSON: I'm Anne Atkinson. I'm going to quickly introduce the panel here. Tom Ferber, the moderator, from my firm Pryor Cashman. Tom has been involved in some of the seminal cases, including *Rogers v. Grimaldi*,³ as had David Korzenik. He was involved in the "Jersey Boys" cases, among others. I'm sorry, I didn't say your firm name, David. It is Miller Korzenik Sommers Rayman. Next is Ned Rosenthal of Frankfurt Kurnit Klein & Selz. He represents the Authors Guild. Finally, but not last, Sarah Schacter, an associate at Loeb & Loeb, who is going to start us off, after Tom makes a brief instruction, on the "To Kill a Mockingbird" case.

TOM FERBER: I'll refer you to the online materials. There is an outline with short summaries of a lot of cases that we will discuss today. It's not a comprehensive outline, but it will give you an idea of how some of the cases go, and how others go the polar opposite. Underlying rights cases are usually disputes where there was no license for the underlying work. Every now and then, you have one where even though there has been a license for the underlying work at issue, disputes still arise. Sarah was involved in one of the really big ones that's gotten a lot of press in the last year, and that's involving the Broadway play version of "To Kill a Mockingbird." I'm going to turn to Sarah to explain how even though there was an agreement, things went awry.

SARAH SCHACTER: I'm going to pull up my PowerPoint here. As you have heard a little bit already, Loeb & Loeb represented the producer of the adaptation of "To Kill a Mockingbird," which is Rudinplay Inc., Scott Rudin's company. Scott Rudin is a very prolific film and theater producer. I guess we'd would like to use this case to set up our discussion. As Judy and Tom have mentioned, this case is an example of a dispute arising out of an authorized use of underlying content as opposed to no license at all. The central issue in the case was the extent of the right of the author, Harper Lee, and/or her estate or her heirs, to control the content of the adaptation. The story begins back in June 2015 when, after a long negotiation, Harper Lee granted Rudinplay an option to acquire worldwide stage rights for "To Kill a Mockingbird." Just so everyone is aware, this is all part of public record, everything I'm going to discuss. The agreement was a short-form agreement contemplating a longer form agreement that was not entered into, which is something that happens more often than you would think. It was a highly negotiated agreement for a very unique literary property. The agreement defines the term "play" as the live stage play and not the script. That's a term that takes

on some significance as the case moves forward. The dispute centered around Paragraph 12, which you have seen before, the approvals paragraph. It provided that Lee has the expressed approval to approve choices of playwright and upon that approval, Rudinplay obtained a sole and exclusive option to acquire the rights.

I also wanted to note that the agreement had a choice of law clause but no venue clause, which also became significant. The eventual dispute centered around Paragraph 12, which is the approval paragraph. First, the paragraph provides that the author shall have the right to review the script of the play, to make comments which will be considered in good faith by the playwright. Next, and this is the key language, "the play shall not derogate or depart in any manner from the spirit of the novel nor alter its characters." Finally, "if the author believes that it does so derogate or depart, the producer will be given notice and given an opportunity to discuss resolutions of those concerns." A lot of interesting questions raised by that. The first and most obvious would be, what is it to "derogate or depart from the spirit of the novel" and "who is the final decision making" as to what "derogates or departs from the spirit of the novel," because that language isn't specific as to that. Another sort of interesting issue is, can Harper Lee pass along to her heirs what seems to be a personal right to say what she believed "derogates or departs" from her work? That's sort of an interesting issue and a very open issue. Another interesting issue would be, under what circumstances is the obligation to provide the producer with an opportunity to discuss the resolutions, when is that satisfied?

November 2015, Harper Lee personally approved the choice of Aaron Sorkin, who is a well-known, well-regarded writer. Not someone that one would hire if the goal was to simply take the novel and transcribe it onto the stage. Shortly after that, Harper Lee passed away and Tonja Carter, who was a lawyer in the law firm of Harper Lee's sister, Alice, who previously handled Harper Lee's affairs, began acting as the personal representative of Lee's estate. Carter is best known for her involvement in the publication of Lee's novel, which was *Go Set a Watchman*, the second novel. Some characterize that as an earlier version of *To Kill a Mockingbird*, but it takes place later in time in which Atticus is racist. Sorkin is drafting the script throughout 2016, 2017. In August 2017, Rudinplay sent a draft script of the play to the estate. About a month later, Ms. Carter made a minor comment about the script on a phone call with Rudin. A few months after that, an updated script was sent. This is the sort of pro-

cess that these things usually take. A few days later, Mr. Rudin met Ms. Carter in person and they raised some additional objections to the script. March 5, 2018, the estate sends this letter to Rudinplay, raising a very large number of additional objections to the script, including claiming that several characters had been altered, specifically Atticus. Here are some examples to the tone of those objections: What Atticus would have done or what he would not have done.

Rudinplay members responded with a letter expressing eagerness to discuss these issues and resolve them, but noting that a live stage place that was discussed earlier has certain limitations and differences from a movie or television. And there are some limitations as to how that work can be adapted for the stage. The letter also noted that Aaron Sorkin would hardly be needed to write a play if the intention was to transcribe it. Lee's estate sues Rudinplay in the District Court for the Southern District of Alabama. There were some concerns about litigating in a venue where the estate would have a home-court advantage before a jury in Alabama on Aaron Sorkin's adaptation of the famous novel. It also wasn't clear that a court in Alabama would have personal jurisdiction over Rudinplay, which is a New York-based company. A few weeks later, there was an Amended Complaint, limiting down the complaints a little bit further. The focus was now on the proceedings against Tom Robinson, who is the African-American man who is falsely accused of rape in the novel, and also the character of Atticus Finch. April 9th, Rudinplay moved to dismiss for lack of jurisdiction. The procedural issues were big in this case. There are some interesting practice pointers that can be learned from how this case panned out.

Shortly thereafter, Rudinplay filed an action in the District Court of the Southern District of New York pursuant to Rule 57 for declaratory judgment. Rule 57, which provides the basis for seeking emergency relief. Rudinplay had to show there was a need for the relief and it would suffer prejudice without the relief. We argued that this is a major production already in development, the cloud of litigation is making it very difficult to capitalize the show, which is done on a rolling basis in theater. That can happen up and until beyond the first preview of the show. That was important. Tickets can't go on sale. Rudinplay also had to deal with one of the owners of the 41 Broadway theaters. There are only 41. If you lose your theater, you're not getting another theater in the near future. Most interestingly, we argued that because "play" is defined in the agreement as a live stage adaptation and not just the script, that resolution of the declaratory judgment action would require the court to view the stage play, not just read the words on the page, and offered to stage the play in the federal court. That was based on the definition of "play" in the agreement. Perhaps another practice pointer there, is to think about your defined terms.

We had an order to show cause hearing before the judge here in New York. That was Judge Torres. She concluded the threshold issues. You may be familiar with the First Filed Rule or Prior Pending Action Doctrine, which ordinarily, the first venue in which a case is filed is where it's going to be litigated, unless certain factors are present. There was a threshold question of which court would hear the question of who decided the First Filed Rule. She said that's the Alabama court, but regardless, I'm not going to dismiss, I'm not going to stay this case pending the decision for a few different reasons.

First of all, she found out Rudinplay had been compelling me for a speedy resolution of the case due to the factors we mentioned. She recognized that Rudinplay raised those significant personal jurisdiction issues and set trial for 35 days to litigate the whole dispute. A few days later, the Alabama court denied Rudinplay's motion to dismiss, but granted the motion for transfer for a number of reasons. I think again, the most interesting objection was Judge Steele, the judge in Alabama, that deciding whether the play deviates or departs from the novel may require the finder of fact to view to stage play itself. The character of Atticus Finch is not just words on a page. There's tone of voice, body language, demeanor, etc. He also concluded it would be cost prohibitive, massively inconvenient and in all likelihood logistically impossible to stage the play in Alabama. The play opened pretty recently in the Shubert Theater. Sources are now reporting that it's actually the highest grossing play on Broadway of all time, so that's good. I'm going to turn it back to Tom.

MR. FERBER: The judge talked about the character of Atticus Finch, for the purpose of the play is not just words on a page. Atticus Finch, he is not a real character. As far as the copyrighted character is concerned, he consists of only words on a page. How can the lawyer for the estate, especially after the passing of Harper Lee, make arguments based on what Atticus Finch would never have said?

MS. SCHACTER: That raised some eyebrows among us as well. It's, sort of, a satiric sense of what a fictional character would or would not have done and who gets to decide what that is. It raised a lot of issues for sure.

MR. FERBER: That's what I would attack in the first place. To the extent she would have said, either she can read a dead person's mind or Harper Lee told me what she wanted, I think that would have been hearsay.

MS. SCHACTER: Right. There are levels of removal from not only Harper Lee herself but from the character Atticus Finch, who is not a real person.

DAVID KORZENIK: Where would the evidence have come from?

MR. FERBER: Even though they are few and far between, David was involved in other cases that involved a

situation in which certain underlying rights were licensed but there came a conflict in the “Jersey Boys” case between rights that were licensed and issues about rights that hadn’t been licensed. Can you tell us about that?

MR. KORZENIK: My answer there ties into my minor objection to the title of our panel. Sometimes rights aren’t underlying. They are out-of-the-blue claims. That’s what we’re really dealing with here. Keep in mind that when people write plays that are about historical events, about people, when they write even fictional work, historical fiction, fiction that is set in a particular time, they do research. They do research of a lot of ancillary materials in order to understand the character of the things that they are writing about. That means that they have access to a lot of material. You can call them underlying material. It’s a lot of material that can become the basis of a claim, and that’s what really happened here in “Jersey Boys.” Even though the writers had a standard life story rights agreement with Tommy DeVito, one of The Four Seasons, one that was standard and a very classic life story rights agreements, but because he had clearance from that, in other words, Tommy DeVito gave us the life story rights agreement. That means he couldn’t sue us for anything, not for derogation, not for copyright infringement, not for any cause of action that could arise. The question was, it turned out that he had written an autobiography that was unpublished that at some point, he gave to the writers and that was among the various research materials that they had available to them. You would think that the co-author’s release would be binding on the ghost writer. The court actually treated it that way.⁴ On appeal, the court treated that classic life story rights release as if it was a sale of the co-ownership rights to the production. Therefore, we had a new co-author, a new co-owner and a new partner that we never knew about.

I’ll just close the point with an interesting note that Frankie Valli, at the time they signed that agreement with DeVito, had never seen or heard or known about that autobiography. The first time they actually ever saw it was at the deposition in our case. Ultimately, that was knocked out. We were able to knock out most of the claims as unprotected, 90-some odd of them were not protected. Four went to trial. Ultimately, they were found by the court to be fair use.

MR. FERBER: The last one we have in terms of a dispute where something had been authorized but it wasn’t enough and conflicted with other rights and agreements; just last year, the Lynyrd Skynyrd case.⁵ Lynyrd Skynyrd was a band, most members of which died in a plane crash decades ago. There had been an agreement between survivors and certain family of survivors about the limit put on the use of the name Lynyrd Skynyrd after that. People wanted to make a movie about that. Certain rights were granted, but those rights were argued to be in conflict with what happened. How did that case ultimately resolve?

MR. ROSENTHAL: The district court of the Southern District had issued an injunction stopping the film and the Second Circuit reversed, finding that the agreement that had been made—what happened here was that various band members, in order to settle a dispute about using the band’s name in the story, many years ago, agreed that in certain circumstances they would not exploit the rights of the band, but each person had the right to tell their own story. And then question was, what was this film? The Second Circuit found that it was ambiguous as to what the underlying consent agreement meant and let the film go forward. What’s really interesting about this case is the notion that there could be an injunction to stop this film. The Second Circuit went out of its way to say, this is not state action, this is not governmental action, so there could be an injunction to stop the film. Of course, you have to take into account First Amendment concerns. But one of the practice warnings here is that there can be situations where there are underlying agreements or rights holders where your assumption that your movie or play is not going to be stopped may not necessarily be true. For example, people worry sometimes. I made a deal with some source that I’m not going to use this material, or I’m going to give that person approval before I use his or her material. Those contractual provisions, theoretically, can be used to interfere with your production.

MR. FERBER: Even when there is a license to use preexisting film, to broadcast it, to exhibit it, issues arise because the licensee does things to make it more suitable for its time slot, its audience in terms of editing, colorization. I think those issues tend to arise more abroad than in the U.S. What rights are at issue there and what does the licensee of those properties have to be aware of?

MR. KORZENIK: One of the things you have to be careful of is at least be mindful of the moral rights law in France and in other continental nations that do take moral rights seriously. We do have moral rights, but they only apply to visual works of art. In Europe, and this is the significant thing, there is a regimen of laws that protect exactly what we were talking about in the contractual right of Harper Lee, the right to control the integrity of your work and to rear up against any kind of adaptation of it that would discredit it in a way that is subjectively troubling to the owner. It’s very powerful. What’s interesting is that when the Huston family were troubled by the colorization of their father’s movie, *The Concrete Jungle*, they brought action in France, and Turner defended on the ground that the contract that was applicable involved a U.S. choice of law provision and they would have thought that that would have protected them against the application of moral rights in France, but it did not. When they went up to the high court, they said in spite of the contractual U.S. law, we will not permit the obliteration of our moral rights regimen by these choice-of-law contracts. What’s interesting is, I want you to think about this too, we will not enforce judgment, in the

U.S., that violates First Amendment principles. We will not do that because it violates our public policy. If we allowed that, it would eviscerate the entire First Amendment because judgments could be obtained abroad and then imported. For the French, this moral rights notion is very crucial to them. Even if you enter into an agreement with an author in the U.S. saying that she is a ghost writer, her name will not be disclosed, if that film or that work is disputed in France, she can go in and get her name put back on that work.

I'll make one observation about moral rights that's very interesting. When you're trying to figure out what European privacy is all about, it's very connected with the way in which an artist is perceived in moral rights. You have a right to retract your work, to change what you did before if you don't like it after several years. Somewhat similar to the right to be forgotten. To understand privacy, think about moral rights. It's a value that's very crucial to them. In my class when I would teach French students, they spoke with great passion about that right.

MR. FERBER: Turning now to situations in which disputes arise because there has been no license regarding the underlying work, they come under different theories. The one we see the most of is copyright, the copyrighted underlying work and the defense that is raised the most is the fair use defense. We're going to give you an idea of some of the arguments that have won in different jurisdictions. But you'll get a sense that it is touchy territory. You can't be sure how a given court is going to rule.

Fair use goes back to the mid-1800s, codified in the Copyright Act of 1976, § 107, which enumerates four nonexclusive factors to be considered to be given different degrees of weight by the court.

The first one, the purpose and character of the defendant's use of the underlying work, took a major turn in the landmark case of *Campbell v. Acuff-Rose* before the U.S. Supreme Court.⁶ David, how did that change?

MR. KORZENIK: It was a sea change really in terms of how fair use law was to be understood. Until *Campbell*, the Circuits were very confused about how they analyzed those four factors. There were a lot of individual decisions, such as the *Salinger* decision,⁷ that were very confusing and overall very inconsistent. Leval was disturbed by the way in which the Second Circuit treated his earlier ruling below. He wrote an article in the *Harvard Law Review* about fair use. That law review article gets cited 15 times in *Campbell*. In a lot of ways, if you want to really understand what's going on in *Campbell*, *Campbell* enacted that law review article. It's an interesting thing to see, in the big picture, what did it do? *Campbell* demoted the commercial use factor. It demoted also factor four, because it said that if a work is transformative, if it adds something new, transformative, in a variety of possible

ways, then the transformative use is not viewed as loss of revenue for the plaintiff. It demoted both commerciality; it demoted factor four. It created this word "transformative," which actually was simply Leval's effort to pick up on the concept that Justice Story⁸ had pushed and to go back to the original idea behind fair use. Mainly, does it contribute something new?

Does it build upon what existed before in some new critical and important way? One thing that's also interesting is when the plaintiff approaches you, assuming you're on the defense side, and discusses a use that you have made of some work, they are quick to tell you that fair use is not predictable. Point out to them and read it yourself, his heading starts out, "No, fair use is not unpredictable. It's very predictable. It's just that it also includes potential transformative uses that we do not yet appreciate." A very interesting important opening line in *Campbell*, which Oliver Wendell Holmes has cited about how new types of transformative uses may have yet to be recognized, things that the public might not yet be comfortable with or receptive to.

MR. FERBER: I know you have been involved with some of the major literary property cases. I'd like you to tell us about those and also about how certainly the Second Circuit, in one extreme case a few years ago, *Cariou v. Prince*,⁹ have made major alterations in the fair use landscape and how other courts have reacted to it.

MR. ROSENTHAL: That's pretty broad. Many of you may be familiar with the artist Richard Prince, a well-known appropriation artist. He took these photographs of a Rasta from a photography book and he superimposed on them these blue guitars or something and took this book, which sold for \$29, and he sold these new creative artworks for millions of dollars. When Cariou, the photographer who took the pictures, sued him, the courts had to resolve whether this was or was not fair use. If you want a good example of when fair use is not predictable, this would be it. What happened was the district court judge said she found this outrageous and found this was all simply copyright infringement and actually ordered the return and possible destruction of Richard Prince's artwork.

The Second Circuit turned around and said of the 25 works at issue, 20 of them were fair use and the other five had to be remanded for more consideration. While you can draw some lines here, I don't think anybody in this room would have necessarily reached the same conclusion of which ones were and weren't fair use. What was most significant about *Cariou*, aside from the extreme application of what transformative is, is the Court got away from something that was really important in earlier cases. Earlier cases said that in order to be fair use, a parody or satire or the use of an underlying work had to comment on that underlying work in order to be acceptable. The Second Circuit in *Cariou* said you don't need to comment on the underlying work, you can

use the underlying work to create something new. The other thing that happened in *Cariou* that was interesting was prior to that, a lot of attention was given to the way the creator described the product or the purpose of his work, and in the *Prince* case, Richard Prince refused to do that. Despite that, the Second Circuit said, it doesn't really matter so much what Prince said. It matters how we perceive it.

MR. KORZENIK: That's also one of the important lines in *Campbell*. The truth of the matter is, the Court is talking about how it is perceived by the reader. That's the line that is sort of used, how it is reasonably perceived.

MR. ROSENTHAL: Some of the courts have gotten away from that. There is an earlier *Dr. Seuss* case. They told the story of the O.J. Simpson murder. It was like, one knife, two knives, red knife, dead wife. The Ninth Circuit said, not transformative. They described the attempt of the defense to explain why this was somehow making some comment about how the innocence of Dr. Seuss applied to this horrible crime and they rejected it. Now, I think that case in the Second Circuit would come out completely differently today.

MR. FERBER: If any of you have not seen the work that was referenced in *Cariou v. Prince*, it is worth Googling just to see it. To my eye, and I spend most of my career representing defendants, you see those photographs of Rasta men in Jamaica. It looks to me like what you would see a kid doing graffiti to the photographs. Yet 20 of 25 were regarded as fair use and didn't even have to be remanded. It was an outcome that most copyright litigators would not have anticipated.

MR. ROSENTHAL: Two of the leading cases on using underlying works to create new books, one was the *Wind Done Gone* case,¹⁰ which was a book about the telling of the *Gone With the Wind* story from the perspective of the slaves, and the other was the *Salinger v. Colting* case, which was a book called *60 Years Later*, that took place 60 years later after *The Catcher in the Rye*. In the *Wind Done Gone* case, the court ruled in favor of the defendant and allowed the book to continue. In the *Salinger* case, the court basically found that was not fair use. The things that links these cases is they came out in different ways and I lost both of them, particularly not pleased to talk about it.

The Wind Done Gone was serious political commentary, found the Eleventh Circuit. The Second Circuit did not buy the argument in the *60 Years Later* case. The story was basically that J.D. Salinger has to bring Holden Caulfield back to life in order to kill him because he's created writer's block. There is no dialog, etc. The court didn't like the book and did not like the fact that the author of the book, prior to having counsel, had written "A Sequel" on the cover. That was a really bad fact. We could never get past that.

The other really interesting thing about the *Salinger* case is that that case established a really important rule in the Second Circuit for copyright cases, and this has been applied in other IP cases, you can't pursue irreparable harm in injunction cases. Prior to those lines of cases, in IP cases, if there was a finding of likelihood of success on the merits, irreparable harm almost always automatically followed. This has been a huge relief for filmmakers and others who used to be faced with a possibility that somebody was going to enjoin their films, and now that's pretty unlikely to happen.

MR. FERBER: We're going to turn to disputes involving underlying rights in motion pictures and television. By way of a brief intro, I'll tell you that where historical programs are at issue, critical biographies, courts tend to be pretty generous with the fair use defense. In the material, you'll see about a biographical episode of the TV series about Peter Graves. Film clips were used. They weren't licensed. The court said it was part of telling the story, the historical context, it's transformative, that's fair use.¹¹

In *Monster Communications, Inc. v. Turner*, you have two competing films about Muhammad Ali.¹² The defendants made a general biography of Ali that was going to be on Turner's channels on television. The plaintiffs made *When We Were Kings*, about a specific fight in a theatrical film.

For reasons that are too complicated to go into here, the defendant's film wound up having two minutes of copyrighted footage that belonged to the plaintiffs and that were in the plaintiffs' film. And the court, notwithstanding that, denied injunction, saying that this is part of the history, even though it's two minutes, which is certainly not substantial, they regard that as fair use.

A few years ago, one of my cases, *Arrow Productions v. The Weinstein Co.*, involved a critical biography of a porn actress, Linda Lovelace.¹³ It was decidedly not a porn film. The sex was suggested, not explicit. The purpose of the film was to show how Linda Lovelace wound up being a porn actress as a result of abuse and exploitation. The copyright provider of her most famous film *Deep Throat* sued for, among other things, copyright infringement, saying, you have so closely replicated scenery, dialogue, and costumes from three scenes and that's got to be copyright infringement. The court said, no, it's not, this was done for a historical purpose and the court found it to be fair use. One word of caution, you could go too far. There is a case called *Elvis Presley Enters., Inc. v. Passport Video*.¹⁴

There were a lot of clips of Elvis Presley used for historical references. The court said it was used in excess, the filmmaker had gone too far and it was not fair use. There is one case involving films that really surprised me in terms of the outcome. A John Lennon song, "Imagine", 15 seconds of it was used, it wasn't licensed. The court

had to address the fair use defense when the Lennon estate sued.¹⁵ David, what happened there?

MR. KORZENIK: The court found the use of this musical as reference to religion, and that was transformative. What it does, is it goes further with the point that Ed made, that the whole idea that fair use is limited in some way to “comments on” is simply not the case. It wasn’t a comment on the song, it was a broader use of it to give it some different meaning and different value, so it was embraced as fair use, as I think is appropriate.

MR. FERBER: We’re going to turn to plays. There are a number of cases in recent years involving claims of unauthorized uses of underlying material in plays, too, that I’m going to ask David to discuss. One was another “Jersey Boys” case involving clips of the *Ed Sullivan Show* that were used.¹⁶ And other one, *TCA Television v. McCollum*,¹⁷ which involved the play *Hand of God* and that had a very interesting outcome. Can you tell us about those?

MR. KORZENIK: What’s interesting in *SOFA* was one of the plaintiffs, *SOFA Entertainment*, owns the *Ed Sullivan Show* clips. They were among the plaintiffs in the *Presley* case, where many, many clips were used, clips of performance from *Ed Sullivan* and other shows. As Tom pointed out, too much was used and they, therefore, were subject to judgment.

In “Jersey Boys”, the production used a seven-second video clip from the *Ed Sullivan Show* of Ed Sullivan introducing The Four Seasons to the nation on his show. It’s interesting; the way that it was presented was, I learned this phrase in this case, that the actor stepped forward and he speaks to the audience and speaks through the wall. He addresses the audience and he says the following thing: “Around this time, there was a little dust-up called the British Invasion. Britannia is ruling the airwaves so we start our own American revolution. The battle begins on Sunday night at 8:00 and the whole world is watching.”

This is the American band pushing back on the *Ed Sullivan Show* to reclaim their position against the Beatles. The stage is somewhat dark and the band is preparing itself backstage for the performance, and the CBS cameras are moving around on the stage of the darkness and the seven-second clip is played on the video and what is said in that brief moment is, “Ladies and gentlemen, now for the youngsters in the country, The Four Seasons.” The lights go up and they perform “Dawn.” We were threatened by whomever was representing them at the time.

They said it wasn’t fair use. They wanted us to pay them who knows how much. My view with the production, I said, you can take it down if you want to, but I don’t think you have to. I think it’s fair use. Ultimately, I think that the reason that *SOFA* paid our legal fees for this case is that in *Presley*, they said some of what they

did in these historical references was okay. In other words, if they used several clips, that would be fair use. They just used too much. Our claim was, you have been educated by the Ninth Circuit already that this use is okay. We only used one clip. They said several clips would be fine. They paid for that as a result, when we finally went up to the Ninth Circuit. And they were very clear that historical references, although they may not be comments on, are also another species of transformative use that deserve protection under the fair use exception.

MR. FERBER: You mentioned Dr. Seuss, who seems to be the subject of what the estate simply provides as unsavory uses. One such case involved another Broadway play of a beloved Dr. Seuss book, and another fair use case concerned where the underlying work was the old TV sitcom *Three’s Company*. Why don’t you tell us about that?

MR. ROSENTHAL: Both of those cases were satires or parodies. Fairly recent, the *Grinch* case just this year,¹⁸ in both cases, the court found it was fair use to use the underlying literary works to take off the Dr. Seuss book. Cindy Lou Who is a drug addict or something. You kind of play around with the original story. I’m not sure quite of what to make of all of these cases. I think some, much of it comes down to whether the court gets the jokes and thinks it’s amusing. They can have a hard time reconciling why some of these are okay and some of them aren’t okay. Those are the most recent cases and I think we’re going to see more and more of these uses of famous property in order to create interest and amusement.

MR. FERBER: One of the earliest fair use cases, do you remember Walt Disney and *Air Pirates*? I think it was found not to be a fair use. Maybe because it seemed to be kind of unsavory. Clearly, there was stuff that the estate and lovers of Dr. Seuss would have found offensive about the parody, if you will, but the court found fair use.

MR. ROSENTHAL: In some ways, being offensive is a really good thing if you’re a defendant. One of the things, and this goes back to *Campbell*, if you’re making fun of something, like in the *Campbell* case, it was making fun of *Oh, Pretty Woman* with a song called, *Pretty Woman*. The court said you can’t look and see what a harm that did to the original, even if theoretically it might have. Satire and parody, that’s not the kind of harm we’re talking about. When you’re making fun of it, you’re in much better shape than if you’re doing an homage.

MR. ROSENTHAL: If the court doesn’t get what you’re doing, it’s going to think you’re stealing.

MR. FERBER: Let’s turn to cases that involve claims of the use of a person’s persona, some depiction of them with a real or fictionalized name that’s unauthorized. New York has very specific way of addressing it: it’s narrow. Notwithstanding the fact that a case was filed in the

Southern District of New York just in the last two weeks that purportedly is based on both the New York statute and the common law Right of Publicity, governs those rights in New York, where for the moment let's assume there is nothing factually inaccurate about the depiction?

MR. ROSENTHAL: New York's Right of Publicity is covered by the New York Civil Rights law, which protects against the use of a person's name, picture, voice or portrait for commercial purposes, advertising purposes. In New York, things like movies, books, television programs have pretty much held the First Amendment to protect, and therefore the use of somebody's name or likeness in those vehicles is not held actionable, but it's not a pure issue. In New York and a number of other places, there has been an epidemic of these type of claims by people claiming—

I'll just talk about a couple of them, this program or this project has used my identity or something they shouldn't have used. In the Ninth Circuit, one of the characters, who is the basis for the movie *Hurt Locker*, sued, saying his identity had been used in the movie *Hurt Locker*.¹⁹ A case brought by Olivia De Havilland, who I think is 101 years old now, objecting to the depiction of herself in the television movie *Feud*, which the lower court in California had found she had a claim and then it got reversed and thrown out.²⁰ There are lots of others.

The defendants almost always win these cases, but it's really expensive to get there. That is the problem for creators. We can sit here, all four of us are in the same position, can tell you how you're going to win, but it may be half a million dollars later. It makes insurance really important. We'll talk about that because insurers are notoriously risk adverse.

THE AUDIENCE: Can I interject a comment here? Right of Publicity deals in New York are popping up every year. Anybody interested in getting involved in that, perhaps to suggest successful defenses to be able to get attorney's fees. Especially if they incur damages?

MR. ROSENTHAL: The last couple of years, there has been an attempt to extend in New York Right of Publicity statute. The statute that was drafted was a complete disaster. It made no sense. It was a potential nightmare for creators, so I do agree.

MR. FERBER: Here is a point to keep in mind if you are advising someone about risk exposure and production they are considering that would concern a celebrity. I'm talking about a famous person, alive or dead. One of the first things you want to consider is the choice-of-law question. For choice of law purposes, the Right of Publicity is generally deemed, in most jurisdictions, to be a property right, and it will reside and be controlled by the state of the celebrity in question. There have been cases over the years about Marilyn Monroe's estate. People tried to bring those cases in different jurisdictions. She

died in New York, which has never had a postmortem right. There is, in New York, no common law Right of Publicity. It doesn't exist. There are states that have both statutory Rights of Publicity, in some cases, more than one statutory section and common law Right of Publicity. New York is one of statute, no common law right.

Using recent cases, the *Hurt Locker* case a few years ago, the *De Havilland* case, which I believe the Supreme Court just denied cert on last week. The Right of Publicity claim is never going anywhere. Her main claim was false light invasion of privacy. She complains about things like a couple of words that were put in the mouth of the actress portraying her that she found offensive. They said, "They made me look like a hypocrite. I would never have used vulgar language." The Supreme Court wasn't interested, so ultimately, she lost that case.

There has been a fairly recent case that is kind of disturbing. It's the *Porco* case, which involved the issue of fictionalization.²¹ I think we should discuss very briefly cases that arose under the New York statute before the courts were really, really protective of the First Amendment concerns for expressive works. The inquiry, first and foremost, is something truly for purposes of trade and advertising, meaning a commercial product or an advertisement, not an expressive work. The most famous one of all was the case about the pitcher, Warren Spahn.²² David, can you talk about how the courts rule in those cases?

MR. KORZENIK: The thing that is alarming about those kinds of things is when the claim turns on some kind of assertion that the defendant's work is fiction and has fictionalized someone's life story. There is a wide spectrum of fictionalization. We often write historical fiction and the reader understands that it is historical fiction, and that is a legitimate type of expression that deserves to be protected by the First Amendment, even if it is fictionalized. What I think is happening with *Spahn* is that there is a suggestion there—this is the line from the *Spahn* case, the Court of Appeals held that in order to be actionable and otherwise protected a work must be "infected with material and substantial falsification and published with knowledge of such falsification or with reckless disregard for the truth." What is important there is some kind of a formality that ultimately really does have First Amendment concerns. If someone is going to predicate this falsehood, they are going to have to prove that the falsehood was somehow misleading to the reader.

My feeling is that the *Spahn* case was extremely made over and not true at all about Spahn and that the writer was, I haven't read this book, but it sounds from the way the court describes it that it is actually purporting to be true when it is not. That is a slippery area for fictionalization. It should not, otherwise, harm legitimate fiction, docudramas or other types of nonfiction work that fully deserve First Amendment protection. The *Sarver* case in the Ninth Circuit is very significant in this respect. It really says that if you're going to be writing a story about

the true life of—this is somewhat based on a particular character who was in a bomb removal squad in Iraq. It's not exactly him, but it's based on and inspired by a real life story, the First Amendment will protect it fully. There is a lot of wiggle room. Sometimes, courts have tried to see if the use of the persona is transformative. That's an unfortunate layer of protection. It is not copyright. It is a bold assertion of the Right of Privacy, say, to prevent someone from writing about you or citing about a particular person.

MR. ROSENTHAL: In the *De Havilland* case, what we were really fascinated about was the lower court said, you're saying this is all true, so therefore, how can it be transformative? You're not adding something new, you're just purporting the truth, which is really dangerously crazy. The biggest problem here is in case like the *Spahn* case, the concept is if something is so pervaded with falsity, then it can't be a First Amendment protected vehicle. That sounds fine.

The *Porco* case, this is a case about—it's a television movie about a guy who killed his father and strangled his mother or something. The court let the case go forward because the plaintiff said, well this is pervaded with falsity. Every docudrama has falsity in it. You can't possibly do a television movie where every word is literally from that person. So where is that line? That's why the *Porco* case is so upsetting.

MR. FERBER: An inquiry is first and foremost on the purpose for trade or advertising, as I said, or a commercial product, not an expressive work. If you are expressing work, even if false, you may be able to sue, for instance, under some kind of defamation theory. If you don't have that, there is no way to get into the New York privacy statute. And yet somehow, the Third Department in *Porco* seemed to revert back to the *Spahn* days, and here is what bothered me about it. It was so much fictionalization, it can't meet the newsworthiness as a defense, and that's not really what *Porco* has been focusing on for the last three or four decades.

THE AUDIENCE: You want an actual malice standard even if there is a very negative portrayal? Why wouldn't gross negligence be better when the production or the author knows that there are resources that are easily accessible to give a more valid portrayal of the character?

MR. FERBER: That's interesting. What I'm focusing on is the difference, as I said, §§ 50, 51 of the Civil Rights Law, which is about misappropriation of names, personal defamation claims, and you're talking about the latter. Truth or falsity really has not been in the last several decades the key focus of the § 51 claim. It's whether it was for purposes of trade or advertising versus an expressive work. If you've got a defamation claim, that's a whole different animal and you're going to have to deal with the malice standard.

MR. KORZENIK: Your point is absolutely correct. If the statute is going to restrict speech, then it needs to be clear and precise about what that prohibition is. We know what an advertisement is. The "purposes of trade" is sometimes somewhat more fuzzy. When §§ 50, 51 is directed against some kind of new medium, some kind of new type of expressive product, it's the defendant that has to defend the legitimacy of this speech, and that's putting the burden of proof on the speaker and that shouldn't be. That's what 50, 51 is really trying to do. Putting the burden of legitimate of speech on speakers.

MR. FERBER: How do these concepts apply not when you're talking about a book or a song or a television or film production, but you're talking about a video game, which is kind of expressive and kind of commercial?

MR. ROSENTHAL: Video games have been the basis of a lot of claims lately. The Supreme Court ruled very emphatically that video games are entitled to full First Amendment protection. Despite that fact, a number of courts have found that the use of real people in video games can possibly lead to causes of action for Right of Publicity violations and theoretically other claims. Particularly those kinds of games where you're using the—for example, a sports game where you're taking people's actual performances, NCAA, NFL kind of games, and using actual athletes in the games without paying for it. The question about protection of video games and whether video games should get the same protection as a movie—you can clearly do a movie about an athlete, but can you do a video game where an athlete's performance is incorporated into it is becoming a big issue.

MR. FERBER: I'm going to go to docudramas. I defended a motion picture called *Panther*, about the early genesis of the Black Panther party in Oakland in the 1960s.²³ One of the two cofounders of the Black Panther party, Bobby Seale, sued. We got sued for an outright publicity claim for reasons we just discussed. Part of it went to trial, and that was a false light claim.

We ultimately started with 35 scenes depicting a false light and by the time we went to trial it was two. The judge had some trouble with it, frankly, I think the judge was maybe trying to throw a bone to Bobby Seale, because we still won the case but here's what it turned on.

The producers of the film had been very careful in this respect and went right to the malice standard that the gentleman back there spoke about before. They had two consultants. One was a professor from either Berkeley or Stanford of the history of the civil rights movement, and they asked her to review the script and give it her seal of approval. Second, they had a former member of the Black Panthers on set during filming. Before they actually said, okay that's the take, they made sure she gave it a thumb's up. The court said, look at the care they took. It almost doesn't matter at the end of the day if

something didn't get the depiction of Bobby Seale right, there was clearly no actual malice. That's how we won the case even after the court found one scene had depicted him in a false light. I think we should probably talk about E&O insurance. David?

MR. KORZENIK: E&O insurance is very valuable; the problem, of course, is at the time you're getting it, you have no idea whether you're going to make it or not and you don't have the funds to do it. It is important because, when claims are made, however unjust some of them may be where you have a legitimate fair use defense, if that claim is made before you have that kind of insurance, then you're just a sitting duck. You can't really manage it. I think it is important to get that insurance at an early stage. There are more insurers that I have spoken to that are trying to consider better ways to shape the policy so that it may be less expensive at the very outset and have an uptake in the premium if the show becomes successful. The other thing that is kind of interesting about this is, you talk about commercial use. The time that most Broadway shows decide whether something is fair use or not, they have no idea whether they are going to be one of the four out of five that fail and go dark within a month or so or whether they are going to be successful. I made that point in the Ninth Circuit in one argument with them. They are talking about the money and the amount of profit the shows make. Most of them fail and they go dark within months.

MR. FERBER: How about issues that arise with the depiction of minor characters?

MR. ROSENTHAL: I think, having done this for a lot of years and having done a lot of pre-broadcast pre-publication review, the thing that always scares you are not the main people in the book, not the main people in

the show because you have probably been pretty careful, maybe you have a life right agreement, maybe you have underlying sources. In the reality show, which my firm does a lot of vettings of reality shows, he is a drunk uncle. Now you get a claim from Uncle Somebody. A lot of the claims that are in the outline in our materials are where there are set design stuff. It's really minor stuff and you have to be really careful about it. The insurance may not cover it. The insurance may be like, why didn't you tell us about this, you should have told us you were using it.

MR. FERBER: The value of production counsel cannot be overstated. By the way, there are E&O insurers who appreciate providing counsel.

MR. ROSENTHAL: They will ask you who your counsel is. If you're relying on fair use, you may be able to get your counsel to write a letter that says why they think it's fair use and get the insurer to be willing to take the risk.

MR. FERBER: In terms of your premium and deductions and exclusions, there can be a big difference between having a production counsel like these guys versus my cousin Vinny.

What's called a life story rights agreement for a celebrity, it can be very important. It can be your best line of defense. But you don't really have to buy things for life story rights. That's what it's called, but what you're really buying is a consultant and you're in essence buying relief from someone who might otherwise have a reason to complain. But you're not really buying a right to depict the famous person.

MS. BASS: This was great, thank you so much.

(Whereupon, a recess was taken at this time.)

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THE WHEEL OF FORTUNE: HOT TOPICS IN ETHICS FOR ENTERTAINMENT LAWYERS

Panelists:

Ronald C. Minkoff, Esq., Frankfurt Kurnit Klein & Selz PC | Nicole Hyland, Esq., Frankfurt Kurnit Klein & Selz PC
Devika Kewalramani, Esq., Moses & Singer LLP | Cristina Yannucci, Esq., Lewis Brisbois Bisgard & Smith LLP

RONALD MINKOFF: Let me introduce the panel for the Wheel of Fortune Ethics for EASL Lawyers and others. Sitting to my far left is Nicole Hyland, who is my partner at Frankfurt Kurnit Klein & Selz. She is the co-author of the leading treatise in New York ethics, *Simon's New York Rules of Professional Conduct*, and a past chair of the Committee of Professional Ethics for the New York City Bar Association. Sitting next to Nicole on her right and middle left is Cristina Yannucci from Lewis Brisbois. She is vice chair of that firm's Legal Malpractice Defense Practice. If you know anything about legal malpractice, it's a big deal; Lewis Brisbois has a huge defense side Legal Malpractice Department, and she is also a member of the Women's Initiative. Sitting to my immediate left is Devika Kewalramani of Moses & Singer; she is a partner at Moses & Singer, she is General Counsel of Moses & Singer and Co-Chair of the Legal Ethics practice of that firm, which means that, like all of us, she represents lawyers in a wide variety of matters. Everything from professional ethics advice to legal malpractice advice to disciplinary advice, you name it. She also is Co-Chair of the Council on the Profession of the New York City Bar Association.

With no further ado, I'm going to turn this over to our moderator, Nicole, who will take it from there.

NICOLE HYLAND: I'm going to talk from here because we don't have a PowerPoint anyway. We had this really cute PowerPoint that had a spinning wheel and we were going to spin the wheel and it was going to land on a topic and we were going to talk about the topic. We're just going to go through the topics without the wheel. These topics really relate to work primarily as entertainment lawyers, media lawyers or sports lawyers for ethics issues that may arise in that context. It's certainly relevant to other lawyers as well, so don't feel left out if you're not in those categories.

The first topic we're going to talk about is lawyers, agents, and managers. I want to ask Ron a question. I'm going to throw out some really short hypotheticals to the panelists and have them comment on them. We certainly welcome questions, comments from all of you. We're here to answer your questions and hear your thoughts as well. This is interactive.

Let's say you're an entertainment lawyer and you have a growing business relationship with a budding recording artist. The artist doesn't have a manager or agent yet, but through your extensive contacts in the industry, you're able to secure a record deal for your client and a

live engagement, and you also negotiate the terms of those agreements. In that scenario, tell me, are there any issues with that? What should someone in that situation be thinking about?

MR. MINKOFF: Let's get our terms straight to start. Agents, managers and lawyers. We all know what a lawyer is, I hope, by this time. An agent, as I'm sure you also know, is somebody who procures employment or rights or the purchase or sale of intellectual property rights. In New York and California, at least, somebody who procures employment for actors and talent or who acquires rights or purchase or sale of intellectual property rights has to be licensed with some exceptions, which we're not going to get into here, given our time constraints. A manager is the principal business advisor for an artist or an entertainer and is in charge of the daily management and strategic career advice for that person. And then there is, of course, a business manager. A business manager is somebody, generally, who handles the money. An agent, a licensed agent, can be a personal manager and/or a business manager for the artist, but a manager can't necessarily be an agent unless they get licensed. If those licensing rules in the General Business Law of New York are violated, you can have the contract voided. You can have your fees forfeited if you are crossing those lines. Lawyers, obviously, perform legal services, and a licensed lawyer can also be an agent or a manager, but there are problems with that.

First of all, agents, managers, lawyers are all governed by fiduciary obligations towards their principals, the people they represent. The exact nature of those fiduciary obligations differ depending on which we're talking about. Let's just say for our purposes that you certainly have the duty of loyalty there. You can't steal, lie, cheat your clients. The problem with being a lawyer who is performing these functions of agent or manager is that you are at a competitive disadvantage with people who do it who aren't lawyers because you have to follow the Ethics Rules and they don't. They are also getting certain advantages by the fact that you follow the Ethics Rules and others like attorney confidentiality, that's kind of a big deal, it is part of the product that we sell. Also part of the product that we sell is that we have to follow these Rules. That means, in all but one jurisdiction in the United States, we can't have non-lawyer partners. An agent can partner with a manager and they can both be non-lawyers, but we can't have a non-lawyer equity partner in our firm. We can't combine our legal fees with a non-lawyer under Rule 5.4. Under Rule 1.8D, we can't market until after a case is over. We

can't market the movie rights or the intellectual property rights for the representation that we're handling. If you're handling the O.J. Simpson trial in the middle of that trial, you can't market your client's intellectual property rights during that case because it creates a conflict of interest.

The more that case goes to trial, the more it becomes a big deal, the more those intellectual property rights are worth, but at the same time, it might not be so good for the client. A regular agent can grab hold of that right away while the trial is going on and sell those rights. So you're at a disadvantage in that way. Under the advertising and solicitation Rules, you can't pay someone to give you legal work. An agent can do that, a manager can do that. People who might be willing to sell those rights will try to arrange to get a professional involved, are going to have an advantage and are going to be looking to get paid for it and you can't do that in order to get your legal work.

And then, of course, we have our conflict of interest Rules, which affect our ability to represent groups of clients, like a band. We can do it, we just have to make sure they understand the restrictions that we have. If there is real contention among the band members, they may not be able to all have one lawyer, but they can certainly all have one manager and they can certainly all have one booking agent or whatever. We have all of these competitive disadvantages. This doesn't mean that lawyers stop being managers and agents. We all know that some play that role. It's kind of a dangerous role to play, given that there are conflicts of interest that come into play in doing that role. So how do you solve this problem? One thing that a lot of people try to do as lawyers is say, I'm going to be your agent and I'm not being your lawyer so therefore, I don't have to follow the Rules. They just say that. Unfortunately, the disciplinary committee doesn't agree with that interpretation. By the way, lawyers in the entertainment business are not the only ones who have this problem. We also see it with investigators, workplace investigators who don't want to have to represent a client, so they say, I'm neutral, I don't represent a client. I'm a lawyer, but I'm neutral. Here I am and I'm not representing anybody and these Rules don't apply to me. And that doesn't work either. As long as you're a licensed lawyer, the Rules apply to you.

The Rule that you really have to look for here is Rule 5.7, which is the Rule that talks about performing separate functions for clients and also running nonlegal businesses. That Rule is in your materials. I'm sure you've all memorized all of these Rules. Basically, it says that a lawyer or law firm that provides non-legal services that are not distinct from legal services being provided, that person is subject to the Rules, regardless of what services are being provided. If you're the lawyer, the manager, the agent, you're going to have a hard time saying you're not covered by the Rules. A lawyer or law firm that provides non-legal services that are distinct is also subject to the Rules if the person receiving the services could reasonably believe that the nonlegal services are the subject of a lawyer-client

relationship. If you go to a lawyer's office and the lawyer says, I'm your agent, but there is a diploma on the wall and everything else and no effort has really been made to make clear to the client that there is a distinction, you're still going to be governed by the Rules. If you do make clear the distinction, and you have to do it in a writing, where you basically say to the person, I am a lawyer, yes, I am a lawyer but we are going to be performing distinct nonlegal services for you, you understand that we are not going to be providing legal services, we are not going to be covered by the Rules of Professional Conduct, then you can perform those services and not be subject to the Rules. The better way to do this is to have a separate person in your law firm who performs those services separately than you, so you make the separation clearer within the firm.

THE AUDIENCE: I'm curious about the distinction between procuring employment and negotiating deals for an artist client. If you advise your client on the kinds of terms that they should have, what is the line between acting as a lawyer and acting as an agent?

MR. MINKOFF: The question is, what is the line between acting as a lawyer and acting as an agent? If you're negotiating the terms of deals for clients, why are you not being an agent in that sense? I have to confess that the difference is not always clear and the case law has not defined the difference very clearly. If your sole job is going out and finding gigs for a musician or movie roles for an actor or a movie to hire as a director, that's more agent work. If somebody comes to you after the fact and says, I have this offer but we need to work out the terms of the contract, that's lawyer.

THE AUDIENCE: Sometimes I have the author work out the compensation.

MR. MINKOFF: If the terms are worked out and they come to you to draw them up, you're being a lawyer at that point. I do understand that the distinction is thin at times. In the case law that has existed, there were a slew of these cases between 20 and 25 years ago, where Billy Joel sued Grubman for conflating the roles and having conflicts of interest and everything else. The key thing to do is just make clear what your role is and to say it in the letter. If you just do a retainer letter that says you're a lawyer, that's all you're going to be. You don't want to be in a situation where your fees determine percentage-wise without having a clear conflict waiver or clear contingency agreement. The point is that 5.7 is your guide, really, and that's where you go to try and write the clear disclaimer that you need.

MS. HYLAND: We're going to spin the wheel to see what the next topic is going to be. Here we go. The topic is "Hire me now." That is about solicitation. I'm going to ask you a question, Devika. We all know that in-person solicitation is a no-no. You're an entertainment lawyer and you want to drum up some business with Broadway actors.

You want to send out an email blast targeting Broadway actors describing your entertainment practice and hoping you will get hired to represent them. Any problem with that?

DEVIKA KEWALRAMANI: Maybe, if you don't follow the Rules.

MS. HYLAND: Is that solicitation?

MS. KEWALRAMANI: That is an email solicitation that is possibly, if you follow the Rules, a permissive solicitation under Rule 7.3. That Rule kind of lays out who you can solicit and how you can solicit them and when. There are some kinds of solicitations that are just prohibited, they are flat out banned. Ambulance chasers, no good under 7.3. Hospital solicitation is no good. The case that we had listed, there are disciplinary actions. Lawyers have been disbarred for making phone calls to prospects and urging them to hire a lawyer. With the advent of technology, we also use that sometimes in other ways and one of the ways some lawyers have tried to use it is in connection with solicitation. What you cannot do face to face or on the phone, can you do that by using the internet? Things like instant messaging or having chat room conversations, those are real time interactive computer-accessed communications. They are spontaneous, they are conversational, and those are also bad, just like one-on-one in person and telephone communications. There are a whole bunch of people who are excused. You can communicate in those ways with certain people. Lucky for all of us, current clients and former clients fall under that exception, so do relatives and close friends. They have to be close friends. The definition of the kind of permissive solicitation is important for us to know. It's not a definition you would look at and say, I knew that, I know that these kinds of things I cannot do or I can.

First of all, solicitation is a subset of a much bigger kind of communication, and that's advertisement. There is a whole other Rule on that. It's very detailed and it's lengthy. That's Rule 7.1. Not all advertisements are solicitations, but all solicitations are advertisements. I tried to remind myself as I was coming over that I have to remember the order of that. I always get that wrong. There are other elements to the Rule. Solicitation is something that you or someone in your firm initiates. Here is the key element of it: If it is directed to or targeted at specific groups of recipients or groups of recipients, and here are the last two elements: The primary purpose of that solicitation being retention. You want to get hired and have a significant motive. Not just a motive, a significant motive. You get hired. You want to make money. There are exceptions to that. One of which is if it's an RFP, a writing or proposal that is in response to a specific request, that is excepted from the definition solicitation.

In our hypothetical, we're looking at email solicitation. Generally, that is analogous to a direct mailing, the stuff you junk in the garbage as soon as you open your

mailbox. Hopefully, our clients are not doing that with our email solicitations. Email solicitations have to meet 7.1 requirements.

MS. HYLAND: 7.1 is the advertising Rule. Solicitation Rule is 7.3.

MS. KEWALRAMANI: The communication should not be false, deceptive or misleading under 7.1. Here is the kicker. That solicitation, whether it is an email solicitation or any other solicitation that meets the definition of solicitation and is permissive, has to be filed with, and this is when the clients that you're advising, lawyer or law firm clients, their eyes start popping out, it has to be filed with the Attorney Grievance Committee in the Judicial Department where the law firm has their principal office. You're asking why? Permissive solicitation is still subject to the oversight of the disciplinary authorities. The whole idea behind solicitation was, it's constitutionally protected speech in limited areas. It is still reaching out to someone who is a stranger who you're seeking employment from, and it's a form of overreaching.

MR. MINKOFF: If you are upstate, they will definitely read it. The upstate authorities will definitely read what you file. Down here, not always. On a slow day you'll get a phone call saying, we read your solicitation. We don't like this, this, this. You've got to change it.

MS. KEWALRAMANI: I'm talking about law firm clients. If you were looking to do something like that, you already hit the send button, but you call your ethics counsel and say, I just want to check this out because somebody said this is some kind of a solicitation. I don't know where is it in this Rule Book. Well, is it an invitation to disciplinary scrutiny. Yes, I agree with Ron, it can be. There is a risk attached to it. You have a recordkeeping duty. You have to hold on to that solicitation. If it's by e-mail, you have to print that out and keep a copy in some shape or form for at least three years. If those were not sufficient, the Grievance Committee can keep that open for public inspection. If you are anywhere near 61 Broadway and you feel like stopping by their office, you might be able to take a look at some of these solicitations.

MS. HYLAND: And you also have to maintain a list of the recipients.

MS. KEWALRAMANI: Yes, the list of the recipients, the attachments you might include. You have to, in the solicitation, to make sure the name of the lawyer, the address, the principal office is clearly noted. This is important. If you are not actually looking to do the work and some other lawyer is looking to do it, that has to be disclosed in the solicitation.

MS. HYLAND: What if I just want to send an e-mail, and I'm not going to say specifically the words, if you're looking for a lawyer, think about hiring me. But I just want to send out an article that I wrote or a blog post or I

just want a mailing list that I send to potential clients for updates.

MS. KEWALRAMANI: You're sending out a lot of material. I think there is a distinction between information that is informational and educational versus information that is promotional and you have information about your law firm's services. The more it looks like advertising, you have to add the attorney advertising label, you have to meet the other requirements in Rule 7.1. You have to go back to the definition of solicitation and after that, go back to the definition of advertisement. What is the primary purpose of what you're trying to do? If a purpose is to develop business and there are other purposes, then it's not the primary purpose. Again, for solicitation purposes, it's pecuniary gain. You've got to go through those analytical steps before you can really decide where you are in the Rule and what steps you have to take.

As to this form of permissive solicitation, and looking at the example of email solicitations specifically, those same exceptions apply that we looked at earlier and there are two more. One is, if it doesn't apply to your law firm or the lawyer's website or to professional cards or announcements.

There are some other examples that are close to e-mail solicitations that have come up. With the technology like we use today, what about things like tweets and texts? Tweets, generally, the question is, are you targeting a specific group of people or a specific recipient? If you're not targeting them, it's possibly not real time or an interactive communication. Slightly less debatable are text messages. They are perhaps a little closer to e-mail, not so close to phone calls. Phone calls are more problematic. Things like promotional gifts, gym bags, coffee mugs, T-shirts, are those problematic if there is just a logo and you don't have any slogans and you're not putting the firm's services in very unreadable writing across the coffee mug? If you're not also handing that mug with an oral description of your firm's services, then you're probably okay.

MS. HYLAND: That's generally considered branding and marketing as opposed to advertising.

THE AUDIENCE: What if your target market is another attorney? That happens all the time.

MS. HYLAND: Attorneys are also an exception to the solicitation Rules. You can absolutely have in-person communications or email communications with attorneys.

MS. KEWALRAMANI: Because the solicitation Rule itself is a subset of advertisement, the actual exclusion in the advertisement Rule is other lawyers.

MS. HYLAND: Ethics lawyers, we can solicit as much as we want. We wrote that Rule.

MS. HYLAND: I'm going to spin again. Our next topic is "Mum's the Word." We had a question about what about Facebook ads that are targeted. I don't know if there

is a specific opinion on this yet. I think there will be one coming at some point. A Facebook ad, if it is narrowly enough targeted, it could slip over to a solicitation as opposed to an advertisement. It's still permissible, probably, but it may have to be filed and may have to comply with all of those requirements.

"Mum's the Word." Let's see what this topic is. Prospective clients and confidentially. I'm going to throw this one to Cristina. You represent a production company that you're handling transaction work for, and you receive a call from a prospective client one day and the prospective client is interested in hiring you to handle a dispute that she has. She starts talking to you about this really interesting claim that she has, she gives you a little bit of a rundown on it. You talk for 10 or 15 minutes and as you are talking, you realize that she is talking about your client as the production company against whom she has this potential claim. You end the conversation. You say, I'm going to have to get back to you. What do you do?

CRISTINA YANNUCCI: What I'm going to be discussing is Rule 1.18, prospective clients. One might think to themselves, great, there is a Rule that simply addresses this. Except that Rule, 1.18, necessarily implicates Rule 1.6, confidentiality, 1.7 conflict of interest to current clients, 1.9, former clients and 1.10, imputation of conflicts of interest.

Is this communication truly related to a possible representation? There has to be a reasonable expectation by the prospective client of forming an attorney-client relationship. If there is a prospective client out there who has counsel and knows that you're representing the production company and makes a phone call to blurt out all of these facts to try to disqualify you, that is not a reasonable expectation of creating an attorney-client relationship. So that, likely, would be deemed not to be anticipating a reasonable representation.

MS. HYLAND: The same applies if you get an unsolicited email with a whole bunch of facts in it that you didn't ask for and you didn't encourage. Somebody sending you that doesn't have a reasonable expectation.

MS. YANNUCCI: If it doesn't reasonably relate to an anticipated retention, then what's your next step? Did you obtain confidential information? This is where all of the other fun Rules come into play. What the courts will look at, particularly in motions to disqualify, whether you can evaluate taking on the representation, is what kind of information was conveyed. If the person or prospective client calls you up and you give an introduction of your general scope of practice and there is no exchange to particular facts, that would likely be deemed not to contain confidential information and you'll have an easier time dealing with subsequent issues you're going to address with your current client and whether or not you can take on the representation.

MS. HYLAND: You're saying, whether you could then turn around and represent the production company against that prospective in the event they actually sued?

MS. YANNUCCI: Correct. Can your firm take on this representation? Are you going to be prohibited from taking on this representation because of a conflict of interest? If you haven't gained confidential information from this prospective client, then the evaluation goes to various other Rules in terms of, what are your duties with that information?

1.6 deals with the delineation of confidential information. There was a case out of the Northern District in 2012, where a plaintiff filed a copyright suit, and they thereafter amended the claim and the defendants were getting new counsel. The defendants interview a law firm. They meet with the law firm for 60 minutes. They talk about the procedural posture of the case, the facts of the case and the settlement resolution strategy. The defendants decide not to hire this guy and this guy goes and then gets retained by the plaintiff in that very litigation. Now we get a motion to disqualify and the defendants allege to the court they gave over privileged and confidential information, and not surprisingly the attorney says, no, I did not. The court readily resolved the issue of whether or not they were a prospective client because of the nature and the anticipated and reasonable expectation that they may form an attorney-client relationship. And there simply was no dispute as to the fact that they were materially adverse, which is something else that you're considering. The question was whether or not it was confidential. The court determined that the confidential information was easily determined by the fact that the following settlement negotiation exposed the information that had been conveyed to this attorney who was disqualified. When you're looking at that and the evaluating of what the level of your duties are, you have to start off with what type of confidential information are you getting. Once you get past that, the question is, what do you do now with your firm? What do you now with your current client? Can your firm continue to represent this client in this anticipated litigation? Clearly, the information that you obtained is materially adverse. Can your firm take on this representation? Can you set up a screen? That's where Rule 1.10 comes in. If a lawyer is personally disqualified, that conflict of interest is imputed to his or her firm. So that is another issue that you need to look at.

As Ron indicated to you, I am the Co-Chair of the firm's Legal Malpractice Defense Practice, and a lot of what I do is risk management. I'm going to ask everybody here, because this is all about beauty pageants, and what your firm is reviewing in terms of information that you're gaining with prospective clients. How many people have been part of a beauty pageant here? How many of you put that information in your conflict check system? This is the thing I run around the firm saying all the time.

MR. MINKOFF: If a client calls you up, the first thing you should do is do a conflict check. Before you start asking them for business or talking about the substance, you want to find this out so you can avoid these problems that Cristina is talking about.

MS. YANNUCCI: And then you have to assume that your partners at the firm are putting that information in the system. Many people assume, since I didn't form an official attorney-client relationship, we didn't enter into an engagement, they don't need to do anything further. The first step is having potential clients put into your conflict system so that when you stop that phone call before this person starts blurting out all of the confidential information, you go to your conflict system and you can run the names and you'll become aware that this information has been previously obtained.

MS. KEWALRAMANI: One of the things that sometimes happens in a law firm is, we haven't been retained yet or this is not a regular representation, whatever that means. It's a consultation. That doesn't change the fact that you're consulting with someone and there are other people on the other side. Those have to be conflict checked the same way.

MS. YANNUCCI: One of the best opinions out there is the New York City Bar Opinion 2013-1, which goes through beauty pageants and various scenarios that come up, the scope of information that you get and what obligations you have to the prospective client and how that impacts your representation of your current client.

MS. HYLAND: This has happened to people at our firm, where you get this call and you realize, hopefully you run a conflict check before you get any confidential information, but you learn enough to know that there is a potential client, the adverse party is one of your firm's clients and it's something, it's a potential claim. What can you tell your current client? Do you have an obligation to tell them this? How do you balance your duty to communicate with your client versus your duty to the prospective client to maintain their confidential information?

MS. YANNUCCI: I think, again, that is determined by the scope of the information you're getting at the outset. If you're getting facts and information relevant to that prospective client—

MS. HYLAND: What if the information is, I have a potential claim. I'm thinking about suing somebody, they don't know yet. And now you, as a lawyer, know that someone is thinking about suing your client. Who thinks that is confidential information? Who thinks it's not confidential? Why do you think it's not confidential?

THE AUDIENCE: I think it's unfair that it's confidential. If a person calls up and they say, I wanted to talk to you about a possible lawsuit. Okay great. Tell me who the other party is. Oh, it's ABC Corporation. Oh, I'm sorry. I represent ABC Corporation, you should be able to tell

ABC Corporation, I just heard you might be getting sued. But it does seem as though that even that amount of information is somewhat confidential.

MS. HYLAND: I think it's important in looking at that to look at Rule 1.6, which is the confidentiality Rule and the definition of what constitutes confidential information in New York. It's a very broad definition. Just the fact that someone is considering suing but has not yet come to light on that and wants to keep that a secret from the potentially adverse party, that would be confidential information under our broad definition. The way that we approach this at our firm, and I think this is the prudent way to do it, is the duty of confidentiality even to a prospective client is going to trump, in most situations, the duty that you have to communicate with your own client. We generally treat that confidential information as the priority. Even though we would love to be able to tell our clients, we got this through a confidential communication, and we really can't do it.

MR. MINKOFF: That's really what Rule 1.18 is all about. As complicated as the Rule is to read and understand, the bottom line is that if you get a call like that and it's coming in, and somebody else in the firm represents an adverse party to this client, you have the ability to screen yourself off and not have a problem. Even if it's the same lawyer, we just tell the lawyer, you've got to forget about it. The idea is that this is a fortuitous situation where the lawyer gets information that nobody intended them to get or nobody intended to create a conflict, it just happened that you found out this stuff. In order for us to function in an orderly way, we created this Rule that gives us a mechanism for dealing with it. Also for separating the situations where people are trying to set you up, which we call the Tony Soprano. That's the classic example. Tony consulted with every divorce lawyer in New Jersey so that he could disqualify them from representing his wife. If you're doing it in bad faith, you're out from under the protections of this Rule.

MS. HYLAND: I think that's an important point too. Unlike other types of representations, when you have a prospective client situation, there is a mechanism for screening the lawyers who received the information and talked to the prospective client, where with current clients or former clients, there is no automatic or screening. You can do screening in that situation in order to screen out the lawyer that has been tainted and allow other lawyers in the firm to take on that representation against the prospective client.

THE AUDIENCE: What if you're a solo practitioner?

MS. HYLAND: If you're a solo practitioner, you can't divide yourself in half, unfortunately. Unfortunately, a lot of the Rules benefit bigger firms.

THE AUDIENCE: I hate when people do this, but what about when people phone up and say, I'd like to ask you a hypothetical question and you start hearing it and

say, I think they are talking about our firm's client. What should you do then?

MS. HYLAND: If they are just calling you to ask you a hypothetical question and not because they want to hire you as a lawyer, then Rule 1.18 wouldn't apply, because they are not a prospective client.

MS. KEWALRAMANI: I think it's a fair response to say, hypothetically, who is the client?

THE AUDIENCE: What about on a Friday afternoon phone call, someone socially calls you, confesses to you a crime and then asks you for a referral and it's someone you know socially. You have to keep that confidential, correct?

MS. HYLAND: Just repeating the question. It's Friday, you're about to go out, get a cocktail. You get a call from a friend and they confess to a crime and ask you for a referral for a criminal lawyer. Do you have to keep that confidential?

MS. YANNUCCI: Use the "give me a dollar" rule.

MR. MINKOFF: To me, there is no question that's confidential.

THE AUDIENCE: What about if they are about to commit a crime?

MS. KEWALRAMANI: You have to be careful about advising someone who is not your client yet.

MS. HYLAND: Under Rule 1.6, there are exceptions to confidentiality that allow you to disclose confidential information in certain situations, but they are not mandatory. You can keep it quiet if you chose to.

MR. MINKOFF: The only ones who can disclose are those involving death or substantial bodily harm.

MS. HYLAND: Let's spin the wheel again. We're doing referral fees and fee sharing. I'm going to take this topic. Ron, did you want to give me a hypothetical on this? You say you were going to give me a hypo. It's my turn.

MR. MINKOFF: Hypothetically, you represent actors, writers, and other kinds of talent. You deal regularly with talent agents and managers. A manager approaches you with a business proposal. She will refer all of her talent clients to you for legal representation and in exchange, you will refer any clients that you have to her for management services. Is that okay?

MS. HYLAND: Seems fine, right? Who thinks it's not okay. Who thinks it seems okay to me? You all pass ethics. The Rule is 7.2A for this. I call it the prohibition against referral fees. "A lawyer shall not compensate or give anything of value to a person or organization to recommend or obtain employment by a client or as a reward for having made a recommendation resulting in employment by a client." There are some exceptions not applicable here.

What does this have to do with referrals? Ethics opinions have taken this Rule and interpreted them to say something of value includes exclusive referral relationships. If I agree as a lawyer with a nonlawyer that we're going to have an exclusive referral relationship, everyone who comes into my office that needs their services, I'm going to refer to that person, and vice versa. That violates Rule 7.2A because an exclusive referral relationship is a thing of value that is prohibited.

THE AUDIENCE: (Inaudible).

MS. HYLAND: The question is, how is the referral different for a personal injury lawyer or any other lawyer? Because the Rules are not different for personal injury lawyers. I know there is a myth out there that personal injury lawyers have their own rules. They do not. Here we talk about a non-lawyer. In this case, it's very clear that you can't do this. You can't have this relationship. That doesn't mean you can't refer business to non-lawyers and they can't refer business to you and that you can even have an understanding that if something comes up and I think you're suitable for this type of business, I'm going to consider you among others as someone that I might refer business to. It can't be exclusive. If you're going to have that type of understanding or just a practice of referrals, it's a good idea to have multiple people in that industry that you refer those customers to, so you're not being viewed as having an exclusive relationship.

MR. MINKOFF: What if a lawyer in another state proposes a similar referral arrangement but each of you will get a referral fee of 20% of the fees earned?

MS. HYLAND: Now we're talking about lawyers, not non-lawyers, and we want to enter into this arrangement to refer business back and forth exclusively between these two lawyers. Who thinks that's okay? Who thinks that's not okay? I would still say an exclusive relationship is not okay, even if it's with another lawyer. The reason for that is you, as a lawyer, if you're going to refer a client to another lawyer, we'll get into the fee sharing or the referral fee part of it in a second, you're supposed to use your judgment on behalf of that potential client in deciding who is a good fit for them. Any type of predestined agreement or prearranged agreement to only refer clients to a particular lawyer would likely be impermissible as well, because you're not necessarily doing what's in the best interest of that client. Even if you're referring business to another lawyer, we recommend having multiple lawyers even in the same industry that you're giving them a choice of.

THE AUDIENCE: He said this could be interstate referrals. If you're dealing with a lawyer who is not admitted in New York, don't you have to treat them as a non-lawyer?

MS. HYLAND: Great question. Great segue. Yes. The question was, what if it's an out-of-state lawyer? Aren't they non-lawyers under our Rules? Out-of-state lawyers are non-lawyers under our Rules sometimes. A lot of the

time they are. In the case of this question of sharing fees, we treat out-of-state lawyers as lawyers. We have this Rule, it's 1.5G that talks about when you can share fees and what the circumstances are that you can share fees with other lawyers. And that would include lawyers in other jurisdictions as well. There is an ethics opinion that made this clear that this Rule allowed us to share not just with New York lawyers, but lawyers that are admitted in other jurisdictions. Very important distinction. It's not a referral fee. We're not allowed to pay referral fees. We're allowed to divide our fees.

It's a very important distinction under our Rules. You have to comply with Rule 1.5G if you're going to share 20% of your fee with another lawyer who maybe has referred you business. You have to figure out how you're going to divide that fee. You basically have two options.

You can divide the fee in proportion to the work done by each lawyer on that case. That doesn't have to be a strict division. If you share 20% and the person only does 19% of the work on the case, that's okay. No one is going to scrutinize it that closely. They have to do something more than just sourcing the client in order to be able to share that fee under that provision. The other option is they don't have to do any work on the case, but they have to take joint responsibility in the writing that's delivered to the client. They have to put in writing that they are taking joint responsibility for your work on the case, and that basically means putting their malpractice on the line for your work and potentially also being responsible ethically if you commit ethical violations in the course of that representation. Joint responsibility or division according to the proportional work that each lawyer is doing. You also have to get client consent to that. The client has to be disclosed, and the client has to agree.

The final requirement is the total fee can't be excessive. You can't increase the fee substantially to accommodate the fact that you're paying this fee to this other lawyer. It still has to be a reasonable fee in total. There is this opinion that allows us to share fees with out-of-state lawyers. That's on the slide there.

One issue that has come up, and we talked about it a little earlier, is there are jurisdictions that have law firms that have non-lawyer ownership. In D.C., law firms there can have non-lawyer ownership. They can share in the fees, non-lawyers, under certain circumstances, can share in the fees. Other jurisdictions, such as Australia, Canada, England, have similar type of structures where they can have non-lawyer ownership. An issue that came up a few years ago was, if I'm a New York lawyer, can I share my fee with a law firm that has a non-lawyer owner, or is that sharing a fee with a non-lawyer? In New York we have an ethics opinion that says, as long as that firm is in a jurisdiction that permits non-lawyer ownership and is abiding by those Rules, you as the lawyer in New York can still share your fee with that firm. What they then do with the fee is their problem and is up to them. You are still permitted to

share your fee with that law firm, you just can't share the fee directly with a non-lawyer and you can't allow a non-lawyer to interfere with your professional judgment as an attorney.

THE AUDIENCE: What about if it's a foreign lawyer? The Trademark Association, they always do foreign work. Can you split the fee somehow?

MS. HYLAND: The question is, what about foreign lawyers, lawyers in overseas jurisdictions, can you split the fee with them? There is an opinion on that that says, yes, you can, as long as that lawyer is subject to a licensing scheme that's sort of similar to the one we have here. They have to be real lawyers, in our view. There are jurisdictions out there that have a lot lower bar on what constitutes a lawyer. As long as it is a jurisdiction where the licensing requirements are comparable to what we have, you can do that.

MR. MINKOFF: There are also jurisdictions overseas where in-house lawyers are not considered part of the profession. They are not licensed the same way as outside lawyers. So that can create some confusion then. When we deal with foreign lawyers, all of our Rules are geared towards lawyers that are admitted in those countries and in many cases that excludes a lot of the in-house counsel, and that includes our foreign legal consultant Rules and our in-house counsel Rules as well. That is in the process of being remedied. It's been in the process of being remedied for about five years and it hasn't happened yet.

MS. HYLAND: We're going to spin the wheel really quick. It's "the more the merrier." Joint representation. This is a situation we all find ourselves in. You are a lawyer. You represent five members of a music group. It's a joint representation, you negotiate deals for them. One day, the lead singer calls you up and says he has been offered a lucrative solo recording deal and he says, I'm just telling you this, I haven't told the others. Don't tell them. Problem?

MS. KEWALRAMANI: Yes. In a joint representation, that's a big problem. The interesting thing about joint representation is how a lawyer is going to handle information that a co-client has given him or her is essentially going to be part of the decision-making process for that co-client as to whether he or she or it is going to want to be a part of this representation with other co-clients and what that client is going to share with the lawyer. There is this joint duty of confidentiality, which prevents the lawyer from continuing to represent the clients jointly if the lawyer has to withhold information. The issue of confidentiality is key. Just to take a step back really quickly, joint representations are really strategic decisions for clients. It's a question of whether they should be represented jointly, separately or not at all. There are reasons why it's supposed to work. It comes up in the context of trying to resolve a dispute or organize the business or perhaps arrange some kind of property distribution. The burden is really on the

lawyer to do something, and that is to have a detailed conversation. It depends on the nature of the representation, the potential clients involved that the lawyer is going to represent, what the matter this is, the discussion about how joint representation is going to work, the nuts and bolts of it is really key, discussion of the implication and the risks and the advantages involved. It can easily fail if conflicts arise or there is one client saying that you have to keep a secret from the others or if there is some kind of expectation of privilege and there is some dispute.

That's another issue we're going to talk about. The issue of confidentiality can come up in a different context. This was addressed in State Bar Opinion 1070 where there was a joint representation and one of the clients said to the lawyer, I want you to take the files from this representation and share it with another lawyer. And the question becomes, which is also the case in the hypothetical we looked at, is whether the lawyer believes following this request, whether it's keeping information secret, sharing files with another lawyer, is going to be material to this joint representation in any way. Do the others need to know? How important is this? In our hypothetical, this would be critical. If one person has been offered something, that might change the shape and the relationship or the dynamic of the band among other reasons. Can the files be shared with another lawyer if that lawyer believes that information is material and needs to be shared with the rest of the client? The lawyer can only comply with that request if the lawyer is allowed to disclose that information.

MS. HYLAND: The information, meaning the request to share the file?

MS. KEWALRAMANI: To disclose that he or she has been asked to disclose. Confidentiality is the issue and that takes us back to Rule 1.6, which we also have been discussing.

The other big issue in a joint representation is the impact of the attorney-client privilege. A jointly represented client cannot claim privilege in a dispute among themselves. Communications with the lawyer are not privileged. This is something, again, that the lawyer needs to discuss with the jointly represented clients.

The final big issue, which is a really big issue, is the issue of conflict. At the outset, it's possible that there are minor issues but nothing that rises to the standard of having differing interests, which is a defined term in the Rules 1.0, "any interests," it's a very broadly defined term. It's fairly unique to New York. If there are any interests that are not aligned among the different clients, then that relationship is not going to work and the joint representation will fail. Their interest will not be able to be protected and the representation will be inadequate. They can consent to it and that might resolve it, but then it depends on what the facts are in that situation.

MS. HYLAND: So what's the answer to the question?

MS. KEWALRAMANI: The answer is no. I think I said that in the beginning. Withholding confidential information that one client is asking to be withheld from others doesn't work in a joint representation. If this happens midstream, that's a problem because the joint representation is going to collapse and that means that the lawyer might have to withdraw from the entire representation. There may be a way to work out whether the lawyer can continue to represent some of the clients, not all, but that's also very difficult to arrange. There are these disclosures that have to be made in the beginning. It saves money and conflicts down the road. City Bar Opinion 2017-7 dealt with an issue where that was a joint representation and there were no known conflicts at the outset. The question was, does the lawyer have to undertake all of these disclosures with the client dealing with the issue of privilege and the issue of confidentiality? The Opinion said that that makes a lot of sense. It's prudent to do that at the outset. Other factors that may come in to play is when the lawyer had a preexisting relationship with any of those clients, didn't have experience in these types of matters.

Finally, when should you have this conversation about the risks and advantages and implications of a joint representation? Clearly at the beginning. And how? Best in writing.

THE AUDIENCE: How would you advise entertainment lawyers who are frequently approached by a group of people who say, we want to start a band or we want to start a production company? Who do you write the engagement letter to? There is no LLC or corporation that exists at that moment.

MS. KEWALRAMANI: One of the most important questions is who is going to make decisions for those jointly represented clients? If there is a leader in that group, maybe that's who you'll write to. Before you even get to that, you have to understand each person's interest in being jointly represented and what the matter involves in litigation and investigatory matters. There is a greater potential for there to be conflicts compared to transactional and advisory matter.

MR. MINKOFF: Rule 1.7 comments 29 to 31 provide a sliding scale analysis about this, about the level of adversity between the people. And if you can determine that there really isn't a great deal of adversity or they can work out the material terms themselves, then you can undertake to represent the entire band and put together their arrangements.

MS. HYLAND: This comes up and we have to struggle with it. Let's say, we determine their interests are generally aligned. There are a couple of ways we can do it. You can start off representing them all jointly and once they form an entity, you can alter that. You can anticipate in your engagement letter, we're going to represent you all jointly until the point where an entity is formed and then we'll become the lawyer for the entity. Or you may end up

representing them all individually jointly plus the entity jointly. It depends on what the needs are and what's going to work best for you in a particular situation. So there are a couple of different ways to handle that but you do have to make this determination that right now the interests are aligned. If they become unaligned down the road, you may want to include some provision of who you would represent. You know, if you have a main client who came to you first or maybe you separately represent them in other matters, you hold onto that client. You may even be able to put that in your engagement that if there is adversity down the road, you all agree that I would continue to represent Joe Shmo and not the rest of you.

MS. HYLAND: You can do it that way. You quickly form the LLC and then you just are the lawyer for the LLC and then you know the traditional Rule about entity representation. You're the lawyer for the entity, not the individuals. You avoid having individual duties to those individual clients even as former clients. I think we're done. Thank you very much.

Endnotes

1. See Scott Connolly, *Playola—New Technology, Familiar Deception*, on page 18 and John Mixon, *Fixation on Flesh: Why Tattoos Should Not Garner Copyright Protection*, on page 24 of this issue.
2. Rolling Stones, "You Can't Always Get What You Want."
3. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).
4. *Corbello v. Valli*, et al. 217 WL 2587924.
5. *Van Zant, Inc. v. Cleopatra Records, Inc.* Dkt. No.17-2849 (2d Cir. Oct. 10, 2018).
6. *Campbell v. Acuff-Rose*, 510 U.S. 569 (1994).
7. *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010).
8. *Folsom v. Marsh*, 9. F.Cas. 342.
9. *Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013).
10. *SunTrust v. Houghton Mifflin Co.*, 268 F.3d 1257 (11th Cir. 2001).
11. *Hofheinz v. A&E Television Networks*, 146 F. Supp. 2d 442 (S.D.N.Y. 2001), *aff'd w/o opinion sub nom, Hofheinz v. AMC Prods.*, 2002 U.S. App. LEXIS 13562 (2d Cir. May 20, 2002).
12. *Monster Communications, Inc. v. Turner Broadcasting System, Inc.*, 935 F. Supp. 490, 491 (S.D.N.Y. 1996).
13. *Arrow Productions v. The Weinstein Co.*, 44 F. Supp. 3d 359 (S.D.N.Y. 2014).
14. *See Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622, 630 (9th Cir. 2003).
15. *Lennon v. Premise Media Corp.*, 556 F. Supp. 2d 310 (S.D.N.Y. 2008).
16. *SOFA Entertainment v. Dodger Productions*, 709 F.3d 1273 (9th Cir. 2013).
17. *TCA Television Corp. v. McCollum*, 839 F.3d 168 (2d Cir. 2016).
18. *Lombardo v. Dr. Seuss Enterprises*, 279 F. Supp. 3d 497 (S.D.N.Y. 2017), *aff'd*, 729 F. App'x 131 (2d Cir. 2018).
19. *Sarver v. Chartier*, 813 F.3d 891 (9th Cir. 2016).
20. *De Havilland v. FX Networks LLC*, 21 Cal. App. 5th 845 (Cal. Ct. App. 2018).
21. *Porco v. Lifetime Entertainment Services, LLC.*, 147 A.D.3d 1253 (3d Dep't 2017).
22. *Spahn v. Julian Messner, Inc.*, 21 N.Y. 2d 124 (1967).
23. *Seale v. Gramercy Pictures*, 949 F. Supp. 331 (E.D. Pa. 1996), *aff'd w/o op.*, 156 F.3d 1225 (3d Cir. 1998).

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Entertainment Contracts with Minors in New York and California

By Neville L. Johnson and Douglas L Johnson

The entertainment industry faces considerable issues in deals made with minor employees. A production entity puts time and effort into a piece of work, only to often later have the minor disaffirm the contract, leaving the entity high and dry. This makes knowledge and mastery of handling entertainment contracts in New York and California involving minors crucial.



Christina Aguilera sued her ex-manager Steve Kurtz for allegedly taking more than 20% of her profits, stemming from an agreement she made when she was 17 that made Kurtz her personal manager. As a minor, LeAnn Rimes sued her father and also her co-manager for allegedly swindling at least \$7 million of her earnings over a five-year period. Additionally, she later sued her record label to have her recording contract nullified as it was signed by her father and her mother while she was a minor.

"One key provision of California and New York laws, established to protect minors in the entertainment industry, is the mandating of so-called "Coogan Accounts," which owe their existence to the case of Jackie Coogan, a child actor whose parents squandered the majority of his multimillion-dollar earnings."

Minors—those under 18 in New York and California—do not have the capacity to enter into valid contracts, meaning that they are voidable unless approved in court.¹ Exceptions apply regarding contracts made for necessities and other statutory exceptions. However, contracts related to a minor's business dealings (including involvement in entertainment productions and personal management contracts) do not generally constitute necessities.²

California and New York laws protect both entertainment entities and minors. In New York, the contract can be approved in the supreme or surrogate court in the



county where the minor resides or where the employer has its office or is conducting business.³ The minor and his or her parents appear before a judge (one judge is assigned to hear these cases in Manhattan) and testify about the contract and their understanding of it. Approvals are commonly done without counsel being present. Furthermore, the record can be sealed to protect confi-

dential information and protect privacy.

California has streamlined the procedure of obtaining judicial approval of a minor's contract in the entertainment industry more than other jurisdictions, mainly due to the high volume of petitions the courts see. To begin the process in Los Angeles Superior Court, one files a petition for the confirmation of the minor's contract in Department 2. The contract at issue must be attached as an exhibit to the petition, and the petition must come with a separately filed proposed order.⁴ Once a contract is approved, the minor does not have the same ability to disaffirm the contract as her or she otherwise would — within a reasonable time after reaching the age of majority — and said approval extends to all terms and conditions of the contract. What constitutes a "reasonable time" depends on the circumstances of each case.⁵ More than six months after majority occurs is probably pushing it.

California does not limit the term of a minor's employment contract, but no personal service contract can exceed seven years.⁶ In New York, a contract may not exceed three years unless the minor was represented by experienced and competent counsel in the entertainment field when the contract was negotiated, in which case it may be extended to seven years.⁷

One key provision of California and New York laws, established to protect minors in the entertainment industry, is the mandating of so-called "Coogan Accounts," which owe their existence to the case of Jackie Coogan, a child actor whose parents squandered the majority of his multimillion-dollar earnings. To prevent such inequity, once a contract has been judicially approved, a Coogan Account is set up where a percentage of a minor's net earnings must be deposited to be held in trust for the minor until he or she reaches the age of majority. This

account must be set up by the parent or guardian, and withdrawals from the trust are not allowed unless authorized by court order.⁸ For a minor, once judicial approval is obtained, a trust account must be set up by the parent or legal guardian where at least 15% of the minor's net earnings will be kept in trust until he or she reaches the age of majority.⁹ In New York, the child performer's parent or legal guardian may serve as custodian until the amount in trust reaches \$250,000, at which point a trust company must be appointed as custodian of the account.¹⁰

There are two thorny issues regarding minors' agreements. First, in California, personal managers of minors run into trouble because courts will not approve those contracts, as they are not considered employment contracts and, therefore, are not covered by California Family Code Section 6750. One possible solution that has been suggested is for personal managers to take their contracts to Probate Court for approval. If someone can be appointed to supervise the minor's activities (a parent or guardian ad litem), then the personal manager can also request that the guardian ad litem be allowed to reaffirm the management agreement between the personal manager and the minor. Whether this will work in practice is an open question. This issue regarding personal management agreements does not appear to be problematic in New York.

In practice, entertainment companies commonly require the precautionary step that the parent or guardian of the minor signs a separate personal guarantee of the minor's contract (for employment, personal management or transfer of intellectual property), whereby the parent approves the same and accepts liability if the minor disaffirms the agreement. In this manner, the entertainment company hopes that the parent will encourage the minor not to disaffirm the agreement, because the parent has independent liability for the minor's breach or disaffirmation of the entertainment contract.¹¹ This is a strong deterrent for minors to disaffirm, assuming that they care about the financial well-being of their families. However, it is uncertain whether such a guarantee will be valid in New York, in that doing so arguably would subvert the purpose of the laws relating to judicial approval of contracts with minors. Of note, Cal. Civ. Code Section 3344(a) permits a parent or guardian to grant consent for use of a minor's statutory right of publicity without court approval.

Second, the guidelines as to how a court determines whether to approve a contract are murky. In New York, the court is mandated to inquire whether the contract is in the best interests of the minor.¹² In some cases, a New York court will require the contract to be reviewed for fairness and appropriateness by an independent third party. In California: "The court may consider whether the terms of the contract are reasonable in the light of the then financial and educational interests of the minor as well as the proper development of his talents and his

chances for success in the profession."¹³ Deals that meet traditional models do not present impediments to approval and but for emerging areas, such as influencers and the internet, this could be problematic. The content of one's contract may also be a determining factor in deciding whether to approve a contract. For example, if a minor is in a film that is X-rated and/or might contain nudity or content that is arguably pornographic, would a court approve such a contract? Would a court allow it to be enforced?

While significant steps have been taken to protect both the interests of the entertainment industry and of the minors employed therein, clarification is needed on the judicial standards for approving these employment contracts. In addition, either legislation should be pursued or an appellate decision should be handed down in California to protect personal managers who are unfairly terminated because of their inability to get their contracts judicially approved. Once approval is granted (a topic outside the scope of this article), be mindful that there are many regulations, laws and union rules to comply with regarding hours of work, education, and other aspects of production, and obtaining an Entertainment Work Permit, which is required in California.¹⁴

Endnotes

1. N.Y. Gen. Oblig. Sections 3-101, *et seq.*; Cal. Fam. Code Section 6501.
2. *Berg v. Taylor*, 148 Cal. App. 4th 809, 820 (2007) ("we cannot conclude that a contract to secure personal management services for the purpose of advancing [a minor's] acting career constitutes payment for the type of necessity contemplated by Family Code section 6712"). However, transfers of copyright are valid, N.Y. Consolidated Laws, Estates, Powers and Trusts Law (EPTL) Section 7-71(b); Cal. Fam. Code Section 6750(a);
3. Arts & Cul. Aff. Law Section 35.03.
4. L.A. Super. Ct. R. 5.22.
5. *Hurley v. S. Cal. Edison Co.*, 183 F. 2d 125, 132 (9th Cir. 1950).
6. Cal. Lab. Code Section 2855.
7. Arts & Cult. Aff. Law Section 35.02(2)(d).
8. EPTL 7-7.1, 2; Cal. Fam. Code Section 6753(b).
9. EPTL 7-7.1 (c); Cal. Fam. Code Section 6752(b)(1). (These are minimums, a court can order a higher amount.)
10. EPTL 7-7.1 (c).
11. *Raden v. Laurie*, 120 Cal. App. 2d 778, 783 (1953) ("We find no merit in the claim that the disaffirmance of the agreement by the minor operated to terminate the obligation of [the parent who was also a signator to the agreement]").
12. Art & Cult. Aff. Law Section 3503(5)(k).
13. *Warner Bros. Pictures v. Brodel*, 31 Cal. 2d 766, 775 (1948).
14. See, e.g. Cal. Admin. Code, Title 8, Sections 11750-11765.

Neville Johnson and Douglas Johnson are partners at Johnson & Johnson LLP, in Beverly Hills, which focuses on entertainment litigation and transactions. Associate counsel Daniel B. Lifschitz assisted in writing the article.

The Top 25 Greatest Law Songs of All Time

By Judah S. Shapiro

Just for fun, I asked my EASL colleagues to suggest their top songs that refer to the law, lawyers, and judges. I thus present a totally subjective and unscientific list:¹



25. *Lawyers in Love* (Jackson Brown 1982)—A mediocre song that sounds like 80% of Jackson Brown's other songs. But hey, a pretty good title.

24. *I Fought The Law* (Bobby Lee 1963)—A good rockin' tune that appeals to the rebel spirit of rock n' rollers everywhere (even officers of the court).

23. *Take A Letter Maria* (R.B. Greaves 1969)—A catchy song about a cuckolded businessman who instructs his secretary to write a letter to his soon to be ex-wife. He has the foresight to copy his lawyer. Of course, most divorce lawyers would counsel the protagonist to send a copy to his lawyer *before* he forwards this jealousy ridden correspondence. I note further that Mr. Businessman is undeterred and immediately gets back in the saddle and propositions his secretary Maria. The evolved state of the law 50 years later may warrant further advice by a labor attorney.

22. *Indiana Wants Me* (R. Dean Edwards 1970)—Essentially another version of *I Fought the Law*, which ended up with similar results and misfortune for the antagonist. Mostly crap, but in the Autumn of 1970 when I was an impressionable lad with my (bar mitzvah gift) radio permanently attached to my head, having a song with sirens and a cop talking over a megaphone sounded pretty cool. In hindsight if the felon had been a little smarter, he probably could have pleaded out for failure to receive "Miranda Rights."

21(a). *Here Comes the Judge* (Shorty Long 1968)—Inspired by the HUGE popularity of *Laugh-In's* skit with the great Sammy Davis Jr. (and sometimes Flip Wilson), commercial success was effectively guaranteed. That was a fun song. Long's popular version made it to *Billboard's* Year End Hot 100 for 1968. This *Laugh-In* skit was so popular in the late 60s that I respectfully submit that had Sammy Davis, Jr. actually had a law degree, he would

have been under serious consideration for the then "Jewish Seat" of the Supreme Court vacated by Abe Fortes.²

21(b). *Here Comes the Judge* (Pigmeat Markham 1968)—Pigmeat's version is worth noting separately for a few reasons... he co-wrote it and the original sketches adopted by *Laugh-In*, plus it is better and funkier, and many music historians consider it to be the first rap song. In a bit of interesting Komedý Karma, your author notes that Minnie Riperton was a background singer on Pigmeat's version. Riperton, who would later have a pop hit in 1975 *Loving You*, was the mother of comedian Myra Rudolph—a cast member of *Saturday Night Live*—*Laugh-In's* generational comedic successor! (I was happy with myself on that one.)

20. *Our Lawyer Made Us Change the Name of This Song So We Wouldn't Get Sued* (Fall Out Boys 2004)—This was a surprisingly good driving beat song. I somehow also found comfort in the fact that a Pop-Punk self-described young and restless band actually took the advice provided by its music attorneys. It happens sometimes. This Grammy-winning band from the Chicago suburbs also had a hit with *I'm Like a Lawyer With the Way I'm Always Trying to Get You Off*. Clearly, at least one of these dudes' parents is an attorney.

19. *She's My Lawyer* (Robert Klein 1989)—Klein expresses his appreciation for the legal profession and his divorce attorney who provides comfort and advice... at \$300 per hour (hefty by 1980s standards). This is an amusing song and good, but not as good as Klein's Tour De Force *I Can't Stop My Leg*.

18. *My Attorney Bernie* (Dave Frishberg / Blossom Dearie 1963)—Similarly, a well-to-do businessman counts his blessings for his admired consigliere. He always heeds his attorney's advice gratefully: "Bernie lays it on the line...Bernie says sue, we sue... Bernie says sign, we sign." Good client.

17. *Court of Love* (The Unifics 1968)—This song came out the same time as *Here Comes the Judge*. A lover pleads his case in court about his woman who done him wrong. It made it to #2 on the weekly *Billboard* R&B charts and 92 on WABC's Top 100 songs for 1968. Not great, but a good, albeit obvious, title.

16. *I Shot the Sheriff* (Bob Marley 1973/Eric Clapton 1974)—An excellent reggae-infused song that, while not specifically referring to a lawyer or

judge, has compelled every single one of us to consider the legal concept of “guilt beyond a reasonable doubt” standard. I personally think that while Sheriff John Brown was a jerk, the pleadant shot BOTH the sheriff and the deputy. The alternative just does not make sense? What do you think?³

15. *I Hung My Head* (Johnny Cash 1967)—Not unlike Marley’s antagonist, Johnny pleads his case before judge and jury about an accidental shooting. Though Johnny is remorseful and forthcoming, and (I submit) lacks the requisite *mens rea* for intentional homicide, death is his fate. Other Johnny Cash law songs considered are *Folsom Prison Blues* and *A Boy Named Sue*.
14. *The Court Room* (Clarence Carter 1971)—Enjoyable song that provides a good atmospheric court room feel. Atypically, the wrongfully accused defendant is actually acquitted in this one by a Georgia court and jury when evidence is submitted regarding his personal scales of justice.
13. *Chain Gang* (Sam Cooke 1961)—Soulful rhythmic song, the title says it all. Great guttural beat. I would suspect that songs like this raised social consciousness of incarceration conditions and factored into the 60s prison reform movement.
12. *Living for the City* (Stevie Wonder 1973)—Great song. Peak Stevie Wonder. Anyone listening to it cannot but question whether the naïve protagonist was truly convicted “by a jury of his peers.”
11. *Band on the Run* (Wings 1974)—Features a jail-breaking pop band escaping a search party organized by the “Jailor Man and Sailor Sam.” While not technically The Beatles, this is very Paul McCartney-ish. I also suggest the mid-70s *County Judge Who Held a Grudge* that he direct the search party to Sesame Street.
10. *This Song* (George Harrison 1976)—Is a pretty good (and goofy) “Copyrights 101” tutorial that Harrison wrote after dealing with his famous copyright lawsuit that found his *My Sweet Lord* plagiarized the Chiffon’s *He’s So Fine*. With fun lyrics, the up-tempo video takes place in a courtroom with a host of characters and musicians including Monty Python’s Eric Idle, Ronnie Wood, and Billy Preston.
9. *Attica State* (John Lennon 1972)—John (and Yoko) take on the New York prison system and waste of life suffered during this infamous event. Most interesting is John’s legal struggles with the United States government to stay in the country. Due to his multiple political songs like this one and his efforts to inspire newly franchised 18- to 20-year-olds to vote, Nixon tried to deport him and had government officials harass Lennon for years. Fast forward—President Obama’s Deferred Action for Childhood Arrivals (DACA) policy was inspired in part by Lennon’s unfair legal treatment and the term “Dreamer” refers to Lennon’s inspiring lyrics in *Imagine*.
8. *Typical Male* (Tina Turner 1986)—Imagine, if you will, Tina Turner starting all “nice and easy,” and then rough while seeking the advice and attention of her lawyer. A fun, pulsating tune enhanced by a mid-80s peak MTV video. This came out when “L.A. Law” was the rage, and Turner’s urges and admiration for “a man with a clever mind” made the typical male lawyer happy with his career choice even if he did not resemble hunksters Harry Hamlin and Jimmy Smits. It was a male *Law Review* nerd’s dream.
7. *Without Me* (Eminem 2002)—In this hoppin’ comeback song the self-celebrating Caucasian rapper took on the likes of First Amendment rights, censorship, the Federal Communications Commission, and Dick Cheney, the artist crowed about settling his lawsuits. In real life, Slim Shady was involved in numerous civil and criminal legal matters and kept his lawyers very busy—their two cents were not for free. He was sued by everyone and their mothers—literally. His own mother sued him for \$10 million for defamation. Undeterred, he mocked fellow self-important artist Prince for “turning himself into a symbol.” Prince actually used that symbol mishagoss to avoid his contractual obligations with Warner Brothers.
6. *Officer Krupke* (Bernstein/Sondheim 1956)—“Let me tell it to the world, just tell it to the judge!” This song about J.D.s (juvenile delinquents, not juris doctors) actually is an insightful lesson of the effects of diffused responsibility in the criminal justice system. Judges, cops, parents, social workers, and shrinks (some well-intentioned) all shift the blame in handling troubled youth. Ok, so it may be ranked disproportionately high—but it is a personal favorite of mine—I played A-rab, head shrinker (and Lead Jet Mambo Dancer) with St. John’s Chappell Hill Players—and of course “when you’re a Jet,” you stay a Jet.
5. *When I Was a Lad* (Gilbert and Sullivan 1886)—A delightful ditty from *H.M.S. Pinafore*, which follows a landlubber barrister’s career from office boy to the First Admiral of the Queen’s Navy. It instructs young lawyers to be diligent, not to think for themselves, and thus “Stay close to your desk and never go to sea and you all may be rulers of the Queen’s Navy!”
4. *Mona Lisas and Mad Hatters* (Elton John 1972)—Although this may be the best song musically on the list, Sir Elton John derides the judgment

of lawyers and their progeny. Denigrating them, he sings: “sons of bankers, sons of lawyers turn around and say good morning to the night...they know not if it’s dark or if it’s light.” Hmm...the fabulously profligate and self-indulgent John, who spent hundreds of thousands of dollars on flowers, and almost went bankrupt circa 2001. I respectfully submit that but for his lawyers (and bankers), Reggie might currently be playing *Philadelphia Freedom* at weddings. To borrow from a previous song listed here, “Gee Captain Fantastic, Krup you!”

3. ***Low Spark High Heeled Boys*** (Traffic 1972)—Similarly, in maybe the second-best song musically on the list, Steve Winwood famously chastises “the man in the suit who just bought a new car, on the profit he made from your dreams.” I’m 90% sure that he is talking about us entertainment lawyers and record company executives. Hey, Stevie, I love you, but drafting and enforcing publishing contracts does not happen through osmosis.⁴
2. ***Lawyers Guns and Money*** (Warren Zevon 1976)—This was the inspiration for many a baby boomer to take up the law as a career. Clearly when “It” hits the fan, the lawyer’s place in society is celebrated as a liberator of the privileged, deprived, oppressed, and the innocent bystander. It also happens to also be one of David Letterman’s favorite songs.

...and The Number One Song is...

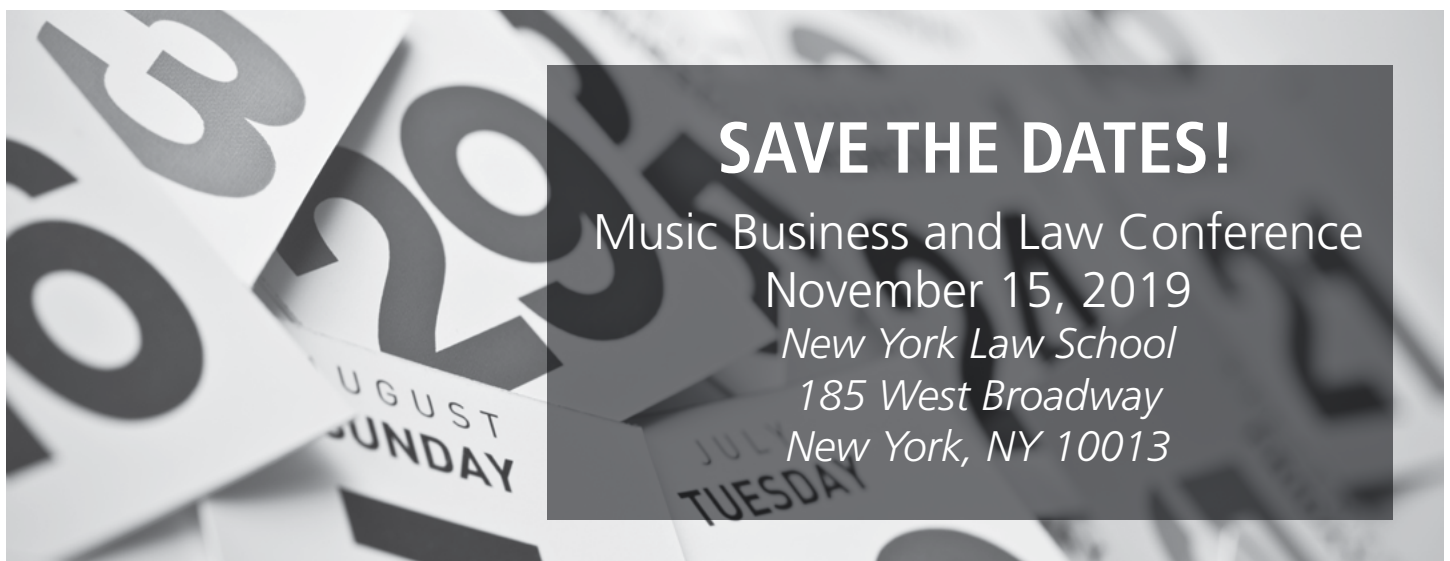
1. ***Hurricane*** (Bob Dylan 1976)—The musical recounting of the infamous Rubin “Hurricane” Carter trial. Carter, a middle weight contender, was convicted of murder in Patterson, New Jersey. One would be hard pressed to think of a song that had a more direct impact on a specific criminal case dealing with social justice. Bob Dylan’s song *Hurricane*

directly impacted social consciousness of the particular case and racism in the jury system generally. The song was the direct catalyst for a fuller judicial review of the case, and after many years Rubin Hurricane Carter was released from prison. This is a great example of the true Power of Music.

Endnotes

1. Sort of, but not necessarily, in order. Typically, on a list like this, there have to be The Beatles and/or Rolling Stones songs. I cannot think of any, and I am a pop music encyclopedia. Please email me if you think of any at jshapiro@judahshapirolaw.com or judahshap@aol.com.
2. This was also evidenced by Sammy’s famous Big Hug of Richard Nixon at the 1972 Republican Convention.
3. Email me if you think differently or agree at jshapiro@judahshapirolaw.com or judahshap@aol.com. Maybe he would get a hung jury.
4. *Rainmaker*, another good Traffic song, is on the same album.

Judah Shapiro is a commercial litigator and entertainment attorney (www.judahshapirolaw.com) who has represented artists, management companies, producers, “the Man” and those fighting “the Man.” A graduate of the Benjamin N. Cardozo School of Law, where he served on the *Cardozo Law Review*, Judah has over 30 years of experience in the entertainment industry and the New York courts. He has led and lectured with CLE panels addressing examination of witnesses and taking and defending depositions. Judah has served as an arbitrator and a judicial delegate in the Ninth Judicial District. When not practicing law, he pursues his passion for the arts as an actor in local theater. He serves as the Chair of EASL’s Music and Recording Industry Committee and is also the (entirely self-designated) “King of Pop Trivia” Email your favorites, suggestions, and trivia questions to jshapiro@judahshapirolaw.com and judahshap@aol.com.



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Holy Copyright Audit, Batman!

By David Krell

Everything old is new again. In the entertainment industry, this is not merely a truism. It's a mantra.

Batman first appeared in a 1939 issue of *Detective Comics*, so he had quite a bit of notoriety by the time producer William Dozier brought him to ABC's prime time lineup. *Batman* reconsidered the title character as camp, premiering on ABC on January 12-13, 1966. It was a work of art. Pop art. With tilted camera angles, bright colors, and on-screen, comic-book exhortations during fight scenes (Awk! Thwapp! Boff!), this tongue-in-cheek depiction of Gotham City featured villains and villainesses played by well-known actors with aplomb: Art Carney as The Archer, Eartha Kitt and Julie Newmar as The Catwoman, David Wayne as The Mad Hatter, Cesar Romero as The Joker, Burgess Meredith as The Penguin, Frank Gorshin and John Astin as The Riddler, and Joan Collins as The Siren.

That is just a sampling of the foes who drove Police Commissioner Gordon to call Batman on the Bat Phone for assistance. Little did the commissioner know that Batman and his sidekick, Robin the Boy Wonder, were millionaire Bruce Wayne and his ward, Dick Grayson. Robin was fond of exclaiming "Holy" followed by a word or phrase connecting to a clue.

Adam West's interpretation of Bruce Wayne/Batman is a hallmark for the childhoods of Baby Boomers, in addition to Generation Xers who watched the show in reruns in the 1970s. For a majority of the show's three-season run, the stories were told in two parts. There was also a 1966 movie of the same name. In 2013, DC Comics (DC) debuted *Batman '66*, a series of stories about Batman and Robin fighting their foes from the 1966-68 show; DC also uses characters that first appeared after the television show went off the air; for example, Poison Ivy.

Spies were heroes in the 1960s, too. The genesis for the spy genre's popularity began with *Dr. No* in 1962, the film debut of James Bond—British Secret Service Agent 007. Even cartoons went the spy route. *The Adventures of Rocky and Bullwinkle and Friends* featured Russian agents Boris Badenov and Natasha Fatale; *The Man Called Flintstone* was a feature film based on the characters in *The Flintstones*.

A comedic bent was seen in the parody *Get Smart*, created by Buck Henry and Mel Brooks. It starred Don Adams as Maxwell Smart, of the agency C.O.N.T.R.O.L.

The Man From U.N.C.L.E. was part of an outstanding array of action-packed dramas reflecting Cold War fears: *I Spy*. *Mission: Impossible*. *The Prisoner*. *The Saint*. Such was the genre's ubiquitousness that episodes of two iconic sitcoms paid homage to it: "Lucy and the Undercover Agent" in *The Lucy Show*¹ and "The Man from My Uncle" in *The Dick Van Dyke Show*.²

Starring Robert Vaughn as Napoleon Solo and David McCallum as Illya Kuryakin, the premise of *The Man from U.N.C.L.E.* was an American and a Russian fighting against criminal masterminds to maintain geopolitical stability. U.N.C.L.E. stood for United Network Command for Law Enforcement. Its main enemy was T.H.R.U.S.H.—Technological Hierarchy for the Removal of Undesirables and the Subjugation of Humanity. Del Floria's Tailor Shop in Manhattan's East 40s was a front for the U.N.C.L.E. base of operations—behind the shop's walls.

Warner Brothers owns the rights to *The Man From U.N.C.L.E.* In 2016, DC, a Warner Brothers subsidiary, joined the spy characters with the 1960s version of Batman in a series of stories that was also published in 2017 as a graphic novel—*Batman '66 Meets the Man From U.N.C.L.E.* There is a nice connection between U.N.C.L.E. boss Alexander Waverly and Alfred Pennyworth, Bruce Wayne's butler and all-around keeper of secrets—the two had worked together in British intelligence.

When the criminals of Gotham City's Arkham Institute escape and are identified as working with T.H.R.U.S.H., a crisis of epic proportions is born. From his position as Arkham Institute's supervisor, Dr. Hugo Strange analyzed the psychological makeup of the prisoners and used that information to govern his evil mission—dispatch them to infiltrate governments and install puppet regimes for T.H.R.U.S.H. The heroes, once brainwashed, will be a key component of the plot. However, they overcome the brainwashing attempts and explain Strange's estimation of the criminals as mere henchmen, not crucial players. Henceforth, Gotham City's rogues team with Batman et al. to take down Strange, establish their criminal intellect, and validate their egos.



David Krell

T.H.R.U.S.H. is described by Kuryakin to the Dynamic Duo and Batgirl as a “ghost nation” with no formal infrastructure. Instead, the power resides in a council that varies with each operation and uses unaffiliated representatives to carry out disorder. “Their council names are all bird species. Once a plan of action is agreed upon, that ‘bird’ takes flight and commands the operation,”³ explains Kuryakin. In this story, “Corvid” is the code word for Dr. Strange.

Together, the unlikely alliance works to defeat Strange, who uses an underwater base as his headquarters. When the criminals try to double cross Batman and escape in a submarine, Kuryakin reveals that he foresaw the ploy and released a giant octopus from Strange’s lab to capture the vessel. Though Bruce Wayne’s Batman identity is never revealed to the agents, it is apparent by the end of the story that Solo and Kuryakin have deduced it.

The story adds an explanation to the introduction of the *U.N.C.L.E.* television show, which shows Solo, Kuryakin, and Waverly explaining their duties to the audience. It is part of an “informational video for the member nations” of *U.N.C.L.E.*⁴

Batman ‘66 Meets the Man From U.N.C.L.E. exemplifies the synergy that an entertainment company can create by combining two distinct properties. Although ownership of the properties may be well known, there are scores of others that can be uncovered, researched, and marketed. Consequently, intellectual property owners in the entertainment industry ought to welcome regular copyright audits to uncover legal issues regarding these potential sources of revenue.

Audits need to go beyond listing expiration and renewal dates. Copyright lawyers can anticipate obstacles by answering the following questions:

- What is the copyright status of the seminal work?
- What is the chain of title regarding copyrights of all spinoffs from the seminal work, e.g., literature, television, film, comic books?
- If the copyright holder to the seminal work owned the copyright at the time of his or her death, who controls it presently? (It is not unusual to find it controlled by heirs, trusts, or estates.)
- Who owns the remake, sequel, and spinoff rights?
- Who are the profit participants in the original contracts regarding remakes, sequels, and spinoffs?
- Were the actors and actresses profit participants regarding merchandising and what are they owed for new merchandising of their likenesses?
- Where are the master tapes or film elements for all movie and television versions?

- What is the condition of the master tapes or film elements for all movie and television versions?
- For historical purposes, does the company have a library of past parodies of the work?
- Does the company have a library with samples of all merchandising (e.g., toys and games) and spinoffs (e.g., comic books and novels)?
- What is the strategy to build or enhance an archive containing merchandising samples and spinoffs?
- Who owns the home video rights? Were streaming and other digital methods of delivery covered under the original grant of rights?
- What are the possible vulnerabilities in copyright or trademark ownership?

If the copyright of a television show or movie featuring a famous character has fallen into the public domain (PD), the strength of a character’s trademark in word and/or design may be sufficient to fortify arguments against PD users who reproduce works with the character’s name on the cover of books or comic books. Furthermore, home video will be another arena where PD users attempt to benefit, so the packaging with the character’s name will be subject to intellectual property enforcement.

A trademark audit ought to be conducted at the same time as the copyright audit for a complete assessment of the intellectual property’s strength and weaknesses.

Audits are invaluable tools for ensuring protection of intellectual property rights. Though intellectual property owners may see annual audits as costly nuisances, they are beneficial investments in shoring up a property’s legal protection.

Endnotes

1. *The Lucy Show: Lucy and the Undercover Agent* (CBS television broadcast Nov. 22, 1965).
2. *The Dick Van Dyke Show: The Man from My Uncle* (CBS television broadcast Apr. 20, 1966).
3. Jeff Parker, *Batman ‘66 Meets the Man From U.N.C.L.E.* (DC Comics, 2017).
4. *Id.*

David Krell is the editor of the anthology *The New York Yankees in Popular Culture* and the author of *Our Bums: The Brooklyn Dodgers in History, Memory and Popular Culture*. David’s first job out of law school was researching and managing the copyright and trademark portfolio for Broadway Video, then the owner of the Lone Ranger and Lassie properties.

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Counseling Content Providers in the Digital Age

A Handbook for Lawyers



For as long as there have been printing presses, there have been accusations of libel, invasion of privacy, intellectual property infringements and a variety of other torts. Now that much of the content reaching the public is distributed over the Internet, television (including cable and satellite), radio and film as well as in print, the field of pre-publication review has become more complicated and more important. ***Counseling Content Providers in the Digital Age*** provides an overview of the issues content reviewers face repeatedly.

Counseling Content Providers in the Digital Age was written and edited by experienced media law attorneys from California and New York. This book is invaluable to anyone entering the field of pre-publication review as well as anyone responsible for vetting the content of their client's or their firm's Web site.

Table of Contents:

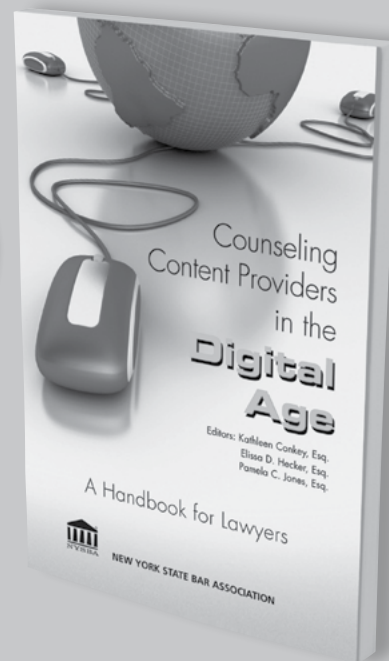
Introduction; Defamation; The Invasion of Privacy Torts; Right of Publicity; Other News-gathering Torts; Copyright Infringement; Trademark Infringement; Rights and Clearances; Errors and Omissions Insurance; Contracting with Minors; Television Standards and Practices; Reality Television Pranks and Sensitive Subject Matter; Miscellaneous Steps in Pre-Broadcast Review.

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The Entertainment, Arts and Sports Law Section Welcomes New Members

The following members joined the Section between November 1, 2018 and February 19, 2019:

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Section Committees and Chairpersons

The Entertainment, Arts and Sports Law Section encourages members to participate in its programs and to contact the Section Officers or the Committee Chairs or Co-Chairs for further information.

Alternative Dispute Resolution

Peter V. Arcese
11 Broadway
Suite 615
New York, NY 10004
peter@pvacounsel.com

Judith B. Prowda
Sotheby's Institute of Art
570 Lexington Avenue
New York, NY 10022
judith.prowda@gmail.com

Copyright and Trademark

Donna E. Frosco
Dunnington Bartholow & Miller LLP
250 Park Avenue
New York, NY 10177
dfrosco@dunnington.com

Teresa Lee
Pryor Cashman LLP
7 Times Square
New York, NY 10036-6569
tlee@pryorcashman.com

Digital Entertainment

Sarah Margaret Robertson
Dorsey & Whitney LLP
51 West 52nd Street
New York, NY 10019
robertson.sarah@dorsey.com

Andrew Howard Seiden
Curtis, Mallet-Prevost, Colt
& Mosle LLP
101 Park Avenue, Suite 3500
New York, NY 10178-0061
aseiden@curtis.com

Diversity

Anne S. Atkinson
Pryor Cashman LLP
7 Times Square
New York, NY 10036-6569
aatkinson@pryorcashman.com

Diversity (continued)

Cheryl L. Davis
Menaker & Herrmann LLP
10 East 40th Street
43rd Floor
New York, NY 10016
cdavis@mhjur.com

Fashion Law

Kristin Gabrielle Garriss
Tannenbaum Helpert Syracuse
Hirschtitt LLP
900 Third Avenue
12th Floor
New York, NY 10022
garriss@thsh.com

Lisa Marie Willis
Kilpatrick Townsend & Stockton LLP
1114 Avenue of the Americas
New York, NY 10036
lisamwillis@gmail.com

Fine Arts

Judith B. Prowda
Sotheby's Institute of Art
570 Lexington Avenue
New York, NY 10022
judith.prowda@gmail.com

Carol J. Steinberg
Law Firm of Carol J. Steinberg
74 E. 7th St.
Suite F3
New York, NY 10003
elizabethcjs@gmail.com

International

Irina Tarsis
Center for Art Law
195 Plymouth Street, 616
Brooklyn, NY 11201
tarsis@itsartlaw.com

Legislation

Marc Jacobson
Marc Jacobson, PC
440 East 79th Street, 11th Floor
New York, NY 10075
marc@marcjacobson.com

Legislation (continued)

Steven H. Richman
Board of Elections, City of New York
32 Broadway, 7th Floor
New York, NY 10004-1609
srichman@boe.nyc.ny.us

Literary Works and Related Rights

Judith B. Bass
Law Offices of Judith B. Bass
1325 Avenue of the Americas
27th Floor
New York, NY 10019
jbb@jbbasslaw.com

Joan S. Faier
1011 North Avenue
New Rochelle, NY 10804-3610
bookf@aol.com

Litigation

Brian D. Caplan
Reitler Kailas & Rosenblatt LLC
885 Third Avenue
New York, NY 10022
bcaplan@reitlerlaw.com

Paul V. LiCalsi
Robins Kaplan LLP
601 Lexington Avenue, 34th Floor
New York, NY 10022
pvlialcsi@rkmc.com

Membership

Anne Louise LaBarbera
43 West 43rd Street
Suite 10
New York, NY 10036
annelabarbera@gmail.com

Judah S. Shapiro
33 Brandt Street
Hastings On Hudson, NY 10706
judahshap@aol.com

Motion Pictures

Ethan Y. Bordman
 Ethan Y. Bordman, PLLC
 244 Godwin Avenue
 Ridgewood, NJ 07450
 ethan@ethanbordman.com

Robert L. Seigel
 The Law Office of Robert L. Seigel
 575 Madison Avenue
 10th Floor
 New York, NY 10022
 rlsentlaw@aol.com

Music and Recording Industry

Judah S. Shapiro
 33 Brandt Street
 Hastings On Hudson, NY 10706
 judahshap@aol.com

Pro Bono Steering

Elissa D. Hecker
 Law Office of Elissa D. Hecker
 64 Butterwood Lane East
 Irvington, NY 10533
 eheckeresq@eheckeresq.com

Carol J. Steinberg
 Law Firm of Carol J. Steinberg
 74 E. 7th Street
 Suite F3
 New York, NY 10003
 elizabethcjs@gmail.com

Irina Tarsis
 Center for Art Law
 195 Plymouth Street, 616
 Brooklyn, NY 11201
 tarsis@itsartlaw.com

Publications

Elissa D. Hecker
 Law Office of Elissa D. Hecker
 64 Butterwood Lane East
 Irvington, NY 10533
 eheckeresq@eheckeresq.com

Publicity, Privacy and Media

Edward H. Rosenthal
 Frankfurt Kurnit Klein & Selz, P.C.
 488 Madison Avenue
 10th Floor
 New York, NY 10022-5702
 erosenthal@fkks.com

Barry Werbin
 Herrick Feinstein LLP
 2 Park Avenue
 New York, NY 10016-5603
 bwerbin@herrick.com

Phil Cowan Scholarship

Judith A. Bresler
 Withers Bergman LLP
 430 Park Avenue
 9th Floor
 New York, NY 10022
 JudithABresler@gmail.com

Barbara Jaffe
 Supreme Court of the State of New York
 60 Centre Street
 New York, NY 10013-4306
 bjaffe@nycourts.gov

Sports

David S. Fogel
 NBA Coaches Association
 545 Fifth Avenue
 Suite 640
 New York, NY 10017
 dfogel@nmgssports.com

Karen M. Lent
 Skadden, Arps, Slate, Meagher
 & Flom LLP
 4 Times Square
 Room 34322
 New York, NY 10036-6518
 karen.lent@skadden.com

Television and Radio

Pamela Cathlyn Jones
 Law Offices of Pamela Jones
 P.O. Box 222
 Fairfield, CT 06824
 pamelajonesesq@aol.com

Mary Ann Zimmer
 Law Office of Mary Ann Zimmer
 401 East 74th Street
 New York, NY 10021
 mazimmer74@aol.com

Theatre and Performing Arts

Jason P. Baruch
 Sendroff & Baruch, LLP
 1500 Broadway
 Suite 2201
 New York, NY 10036-4052
 jbaruch@sendroffbaruch.com

Kathy Kim
 101 Productions, Ltd.
 260 West 44th Street
 Suite 600
 New York, NY 10036
 KathyK@productions101.com

Diane F. Krausz
 D. Krausz & Associates
 Attorneys at Law
 1501 Broadway
 Suite 1606
 New York, NY 10036
 DKrausz@dianekrausz.com

Young Entertainment Lawyers

Christine M. Lauture
 44 Wall Street
 New York, NY 10005
 c.lauture@gmail.com

Publication of Articles

The *Journal* welcomes the submission of articles of timely interest to members of the Section. Articles should be submitted with biographical information via e-mail in Microsoft Word format. Please submit articles to:

Elissa D. Hecker
Editor, *EASL Journal*
eheckeresq@eheckeresq.com

Entertainment, Arts and Sports Law Journal

Editor

Elissa D. Hecker
Law Office of Elissa D. Hecker
eheckeresq@eheckeresq.com

Citation Editor

Eric Lanter (ericjlanter@gmail.com)

Section Officers

Chair

Barry Skidelsky
185 East 85th Street
Apt. 23 D
New York, NY 10028
bskidelsky@mindspring.com

Vice-Chair

Anne S. Atkinson
Pryor Cashman LLP
7 Times Square
New York, NY 10036-6569
aatkinson@pryorcashman.com

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Andrew Howard Seiden
Curtis Mallet-Prevost Colt & Mosle LLP
101 Park Avenue
Suite 3500
New York, NY 10178-0061
aseiden@curtis.com

Secretary

Ethan Y. Bordman
Ethan Y. Bordman, PLLC
244 Godwin Avenue
Ridgewood, NJ 07450
ethan@ethanbordman.com

Assistant Secretary

Joan S. Faier
1011 North Avenue
New Rochelle, NY 10804-3610
bookf@aol.com

Treasurer

Lisa Marie Willis
Kilpatrick Townsend & Stockton LLP
1114 Avenue Of The Americas
New York, NY 10036
lisamwillis@gmail.com

Assistant Treasurer

Carol J. Steinberg
Law Firm of Carol J. Steinberg
74 E. 7th Street
Suite F3
New York, NY 10003
elizabethcjs@gmail.com

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©2019 by the New York State Bar Association.
ISSN 1090-8730 (print) ISSN 1933-8546 (online)



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ENTERTAINMENT, ARTS AND SPORTS LAW SECTION
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