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Entertainment, Arts and Sports Law Journal



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



www.nysba.org/EASL

Remarks from the Chair

I am once again proud to tell you that our Section has been active, productive and able to present many programs and initiatives for our membership to enjoy. Our Annual Meeting highlighted two areas of wider interest: Current business and legal issues of interest to counsel in the larger production companies, and ways for celebrities and their representatives to cope with public relations and related crises that often occur. I thank my co-chairs, Eileen Matthews, Barry Skidelsky, and Brian Caplan, for their tireless work in assembling the excellent panels for these seminars. In addition, I applaud the members who attended the “ad-hoc” early morning meetings of the subcommittees available at the Annual Meeting for EASL members; these same meetings, which started last year, are an incredible resource



for future programs and other ideas that inspire and motivate the individual co-chairs for the rest of the year.

The early months of 2017 continue with more programs; notably our annual CTI Theater Program in late March, organized and run by Jason Baruch. Finally, we are looking forward to producing our annual June NYSBA seminar, which this year will focus on introducing two areas of entertainment law to generalists, with insights to the more complex issues in that field and ways to pursue them.

It is my hope and goal that 2017 will also provide more opportunities for our more “seasoned” practitioners to provide support, information and guidance to members interested in developing more career and practice skills in various areas. I welcome all suggestions and ideas that would increase our activities in that effort. Our outreach will include New York-based companies that have the interest and capacity to co-sponsor or assist programs that introduce members of EASL to various paths and alternative careers in the field.

Here’s to a productive and interesting 2017!!

Diane Krausz

Editor’s Note

It was a pleasure to see so many EASL members at the Annual Meeting in January. It was wonderful to hear about your ideas and meet many members who are interested in writing for the *EASL Journal* and Blog.

This issue presents timely articles regarding the media, FCC, social media, freelance workers in New York City, and immigration issues reflecting the rapid changes from Executive Orders and Cabinet decisions in the first 100 days of the Trump Administration, as well as more local legislation. Furthermore, during our Executive Committee session in January, the Executive Committee voted to protest any funding cuts to the National Endowment for the Arts. This action will be covered in a future issue.

EASL will continue to keep you updated on these and other issues through the *EASL Journal* and Blog.

Included herein are also the two BMI/Phil Cowan Memorial Scholarship winners and several excellent articles covering all areas of the EASL community. The Annual Meeting transcript will appear in the Summer issue.

I am pleased to welcome our newest columnists, Joan Frier and Judith Bass, Co-Chairs of EASL’s Committee on Literary Works and Related Rights with their *Lit Pub Law Notes* column. They join our other esteemed columnists who write the *Entertainment Immigration*, *Resolution Alley*, *Social Media*, *Television & Radio Committee*, and *Krell’s Korner* columns.

I look forward to hearing comments and to receiving submissions from you.

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, Editor of *Entertainment Litigation*, *Counseling Content Providers in the Digital Age*, and *In the Arena*, a member of the Board of Editors for the *NYSBA Bar Journal*, Chair of the Board of Directors for Dance/NYC, a Trustee and member of the Copyright Society of the U.S.A (CSUSA), former Co-Chair of CSUSA’s National Chapter Coordinators, and Assistant Editor and 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 heckeresq@heckeresq.com or through her website at www.heckeresq.com.



The next *EASL Journal* deadline is April 28, 2017

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Pro Bono Update

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

Speakers Bureau

EASL's Pro Bono and Fine Arts Committees presented a panel on estates issues for artists called "Your Art Will Outlive You" on January 11, 2017 at the New York Foundation for the Arts' (NYFA) offices in Dumbo. Attorneys Elisabeth Conroy, Peter Arcese, and Declan Redfern and Alicia Ehni of NYFA Learning discussed practical tips for artists including how to draft their wills, dispose of their estates (including their bodies of work) as well as how to address the tax implications of these various courses of action. Judith Prowda, former EASL Chair and Fine Arts Committee Co-Chair, co-moderated the panel with Carol Steinberg, EASL's Assistant Treasurer, Pro Bono Steering Committee member, and Fine Arts Committee Co-Chair. NYFA generously hosted the panel and provided invaluable input from artists as to issues they have encountered. The panel was well-attended and very successful.

NYFA also invited EASL to provide two days of legal basics for the 2017 Arts Business Incubator Program. NYFA created this grant program to support and mentor arts business start-ups. This year six for-profit groups were chosen. Carol Steinberg coordinated the speakers and topics to give the groups background in business essentials and to give them the tools to issue spot as they grow their businesses into thriving entities. Steve Ma-



sur and Andrea Casillas of MG+ co-moderated with Carol and also covered some of the basics. Other speakers included attorneys Katherine Wilson-Milne, David Bondy, Benjamin Steiner, Lena Wong, Elyse Dreyer, Cheryl Davis, Margaret Wheeler-Frothingham, Judith Bass, and Joan Faier.

One of the days was held at Eyebeam, because it is partnering with NYFA, providing residency space to one of the participants working in the art and technology area. It is a fascinating organization and has spawned some interesting projects including BuzzFeed. The Eyebeam Board met with the groups and speakers. In addition, Phil Gilbert, the head of IBM Design, visited with the new members, as he and IBM helped NYFA in designing the program.

Clinics

The next Pro Bono Clinic will be held on Sunday March 5th, in conjunction with the IP Section, at Dance/ NYC's Annual Symposium, held at the Gibney Dance Center near City Hall. E-blasts were sent to all EASL and IP Section members.



Final Items to Think About-

1. Living Will

The living will provides that in the event you are going to be maintained artificially, that you desire for the artificial device to be removed without undue pain.

2. Health Proxy

The healthcare proxy appoints someone to make decisions in the event you are unable to.

3. HIPAA Authorization

As part of the healthcare proxy, you should sign a HIPAA release allowing the person you designate as your health proxy to access your medical records.



Clinics

Elissa D. Heckler and Kathy Kim coordinate legal clinics with various organizations.

- Elissa D. Heckler, heckleresq@heckleresq.com
- Kathy Kim, kathy@productions101.com

Speakers Bureau

Carol Steinberg coordinates Speakers Bureau programs and events.

- Carol Steinberg, elizabethcjs@gmail.com or www.carolsteinbergesq.com

Litigations

Irina Tarsis coordinates pro bono litigations.

- Irina Tarsis, tarsis@itsartlaw.com

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



Find details on programs, meetings
and much more on our Website at
www.nysba.org/EASL

WHAT'S HAPPENING AT EASL?

Upcoming Entertainment, Arts and Sports Law Section Events and Co-Sponsored Event:

6th Annual Legal Aspects of Producing: An Inside Approach to Navigating the Theatrical World

Wednesday, March 29, 2017 - Thursday, March 30, 2017 | 5:30 p.m. – 9:15 p.m. (each night)
Anne Bernstein Theater | 210 West 50th Street, 4th Floor | New York, NY 10012

For the sixth year, The Entertainment, Arts and Sports Law Section (EASL) of the New York State Bar Association, in collaboration with The Commercial Theater Institute (CTI), the industry's leading training program, will host an intensive 2-evening CLE seminar focusing on the roles that theatrical lawyers have in guiding both new and seasoned industry professionals through all of the stages and legal aspects of theater producing.

Led by the top entertainment lawyers in the business, the first evening will cover all of the basics including acquiring underlying rights, engaging the dramatists and preparing co-producer and investor offering documents. The second evening will focus on developmental productions, including enhancement agreements between commercial producers and not-for-profit theaters, as well as other agreements with key members of the creative team and licensing. Then veterans in the field will discuss emerging trends and issues, provide case studies and help producers and entertainment counsel navigate through some of the most common (and some esoteric) pitfalls of the theater business.

For more information please contact Beth Gould at bgould@nysba.org

Entertainment, Arts And Sports Law Section Blog

The Blog provides a Forum and News Source on Issues of Interest. The Blog acts as a new informational resource on topics of interest, including the latest Section programs and initiatives, as well as provides a forum for debate and discussion to anyone in the world with access to the Internet. It is available through the New York State Bar Association Web-site at <http://nysbar.com/blogs/EASL>

To submit a Blog entry, email Elissa D. Hecker at eheckeresq@eheckeresq.com

EASL Member Community

What are Member Communities?

The member communities are private, online professional networks, built on the concept of listserves that offer enhanced features such as collaboration tools and document libraries. They offer you a variety of tools to help you connect, network and work collaboratively with fellow NYSBA members.

To participate, each member has a profile based on their basic membership information. You can enhance your profile by adding your photo, professional affiliations, volunteer activities and other accomplishments. You have the option to pull information from your LinkedIn profile, or even link to your personal blog or other social media feeds.

How Can I Use It?

Seamlessly integrated with nysba.org, no additional login or password is needed to enter a community. You just need to be a NYSBA member.

Just like a listserv, members of a specific community can share information with one another using email. Documents are emailed among members using links as opposed to email attachments, as attachments can be problematic with spam filters or limits on file size. Members can receive community emails as the messages are posted, or in digest form. These resource libraries have no space limitations, accept all file types, and can be organized using folders. Any member of a community can contribute to the library.

If you are a member of a NYSBA Section, Committee or Task Force, and working to develop a report, white paper, policy change or recommendation, an online community is the perfect forum for you and your colleagues. You have a dedicated space designed to facilitate an efficient and collaborative work effort.

The New York State Bar Association
Entertainment, Arts and Sports Law Section
**Law Student Initiative
Writing Contest**

Congratulations to the 2016 LSI Winning Author:

Danielle Siegel, of the Benjamin N. Cardozo School of Law, for her article entitled
“**Lights, Cameras, and FCPA Actions: The Problem of Foreign Corrupt Practices by Hollywood**”

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

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

Requirements

- **Eligibility:** Open to all full-time and part-time J.D. candidates who are EASL Section members. 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, April 28, 2017**.
- **Submissions:** Articles must be submitted via a Word email attachment to eheckeresq@eheckeresq.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 Web site.

Phil Cowan Memorial/BMI Scholarship Writing Competition



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

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

The Competition

Each Scholarship candidate must write an original paper on any legal issue of current interest in the area of entertainment, 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/BMI Scholarship Committee.

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

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

Submission

All papers should be submitted via email to Beth Gould at bgould@nysba.org no later than December 12th.

Prerogatives of EASL/BMI's 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.* BMI reserves the right to post each winning paper on the BMI website, and to distribute copies of each winning paper in all media. *The Scholarship Committee is willing to waive the right of first publication so that students may simultaneously submit their papers to law journals or other school publications. 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 each of EASL and BMI are non-exclusive.

Payment of Monies

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

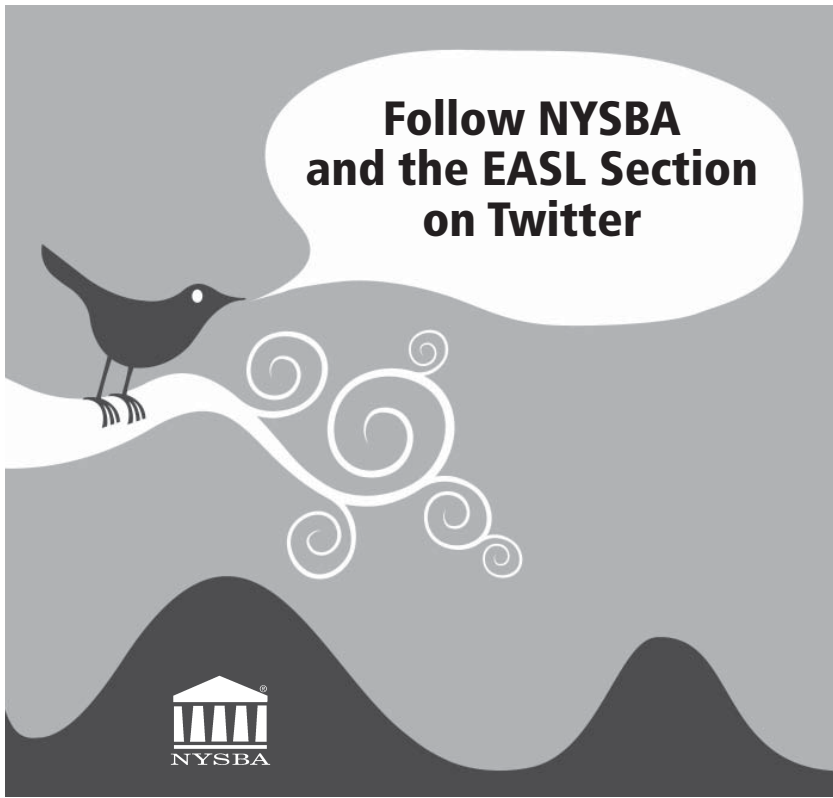
About BMI

BMI is an American performing rights organization that represents approximately 700,000 songwriters, composers, and music publishers in all genres of music. The non-profit making company, founded in 1940 collects license fees on behalf of those American creators it represents, as well as thousands of creators from around the world who chose BMI for representation in the United States. The license fees BMI collects for the "public performances" of its repertoire of approximately 10.5 million compositions are then distributed as royalties to BMI-member writers, composers and copyright holders.

About the New York State Bar Association/EASL

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

The 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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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.

NEW YORK STATE BAR ASSOCIATION

Looking for past issues?
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SPORTS AND ENTERTAINMENT IMMIGRATION:

What We Know, What We Don't Know, and What We Think About the Future of Immigration Under Mr. Trump

By Michael Cataliotti

"Do you think that I could be deported after receiving employment authorization under the Deferred Action for Childhood Arrivals (DACA) program?" "Is it going to be harder to get a visa?" "What will happen to my current visa?" "What about the fact that my visa is currently pending?" "Will I have an issue entering the U.S.?" "What will happen to the E visa and the treaty countries?" These are some of the questions that I have received since the evening of November 8, 2016.

In this installment of Sports and Entertainment Immigration, we will review the current state of immigration for the practitioner, address some of these questions, and look at what may be forthcoming under President Trump and his cabinet.

However, because of the scope of visa options that are relevant to the sports and entertainment industries, we will focus on the most common ones: O, P, and H-1B3, which are for athletes, artists, entertainers, performers, groups, and fashion models, respectively. We will also look at policies that may not expressly relate to these classifications, but could have an impact on the sports and entertainment industries, depending upon how they are interpreted and implemented.

What We Know

Mr. Trump's Posturing Was Genuine

We know that Mr. Trump's promises on the campaign trail to build a wall, deport the "really bad dudes"¹ and the like, were not mere braggadocio, or if they were, they are not now that he has assumed the role of President of the United States. We know this because within his first month—a mere four weeks—in office, Mr. Trump signed executive actions that: (1) direct the U.S. Department of Homeland Security (the DHS) "to immediately plan, design, and construct a physical wall along the southern border;"² (2) expand the deportation priorities of the U.S. Immigration and Customs Enforcement (ICE) agents to anyone who "[has] committed acts that constitute a chargeable criminal offense," or "[i]n the judgment of an immigration officer, otherwise pose[s] a risk to public safety or national security;"³ (3) strip federal funding from any jurisdiction that the Secretary of DHS designates as a "sanctuary jurisdiction," which includes any "entity that [...] has in effect a statute, policy, or practice that prevents or hinders the enforcement of Federal law;"⁴ and of course, (4) ban individuals who are nationals of Iran, Iraq, Syria, Libya, Somalia, Sudan, and Yemen.⁵

We also know that the last of these executive actions to bar individuals from entry into the U.S. was unlike most other rules, regulations, orders, actions, and laws

that are enacted: It went into effect immediately without allowing for a period of implementation. This caused mayhem and confusion at airports across the U.S., which in turn provoked state attorneys general to file a flurry of lawsuits against the President and his Administration. In *State of Washington & State of Minnesota v. Trump*, the district judge issued a temporary restraining order that halted the implementation of the Executive Order, which was upheld by the Ninth Circuit on appeal.

Lastly, we know that this Executive Order not only had an impact on athletes, entertainers, researchers, engineers, physicians, and the like from those seven countries, but it also provoked Iran to react in a like-fashion by banning Americans from entering its territory. The result was that American wrestlers who were scheduled to compete in the Wrestling World Cup were suddenly unable to enter the country.⁶

International Entrepreneur Rule

We know that President Obama, through Secretary of Homeland Security Jeh Johnson, introduced the International Entrepreneur Rule (the Rule). The Rule would allow the Secretary of Homeland Security to use his or her "discretionary parole authority [...] to entrepreneurs of start-up entities whose entry into the United States would provide a significant public benefit through the substantial and demonstrated potential for rapid business growth and job creation."⁷ We know that the Department of Homeland Security published the Proposed Rule in the Federal Register on August 31, 2016, for public comment. The window for public comment closed on October 17, 2016.⁸ The Final Rule was published in the Federal Register on January 17, 2017, and is scheduled to go into effect on July 16, 2017.⁹

Judging by the text of the Final Rule, we know that this has the potential to be beneficial to international music producers, restaurateurs, studios, production houses, and more. We know this because of the criteria for benefits under the Final Rule, which include that the startup venture has received: (1) an investment of \$250,000 from qualified U.S. investors; (2) awards or grants totaling \$100,000 or more from government entities; or (3) the partial satisfaction of one or both of Criteria 1 or Criteria 2, with "other reliable and compelling evidence of the startup entity's substantial potential for rapid growth and job creation."¹⁰ In the case of a performance theatre, recording studio, sublabel, subpublisher or the like, it is possible that the label's advance could constitute an initial investment that, when coupled with additional evidence of the producer's record for success, could meet these criteria.

Service Centers

Whether seeking an O, P, or H-1B3 visa, the practitioner must file the petition with either the California Service Center (CSC) or the Vermont Service Center (VSC).¹¹ However, we know that the CSC has many problems and has a demonstrated history of problems. There is some administrative precedent for this dating back to 2012 in *In re Skirball Cultural Center*, 25 I&N Dec. 799 (AAO 2012).¹² However, the situation has not changed, and is seemingly getting worse.

As part of the process to review visa petitions, after receiving the package of materials, an immigration officer will either approve the petition or make a request for additional evidence (an RFE or RFEs) to clarify or substantiate claims that were made in the petition. We know that since June 2016, and some were seeing this earlier, the CSC has been with increasing frequency issuing curious RFEs. We know from those RFEs that the reviewing officer(s) has/have been using standards of review that are beyond the scope of the rules and regulations. We also know that the reviewing officer(s) is/are exercising the significant latitude that they have when adjudicating a petition.

We also know that in some instances, individuals who submit letters of recommendation in support of a prospective beneficiary's petition are being contacted by the various service centers. The purpose of this contact has, in many instances, been to verify that the referee knows the beneficiary, and sadly, has occurred when the beneficiary is from a Middle Eastern nation or has a seemingly Arab name.

Visas Are Issued by U.S. Embassies or Consulates, Which Are Overseen by the Secretary of State

Even after a petition has been filed and approved by one of these Service Centers, we know that the individual beneficiary, once outside of the U.S., typically needs to attend an interview at a U.S. embassy or consulate to obtain the immigration status before re-entering the U.S. The Consular Officer will question the beneficiary about the basis of his or her petition and is typically ministerial.

We know that the Secretary of State oversees the U.S. Department of State, which includes the many U.S. embassies and consulates around the world.

Jeff Sessions Is Not a Fan of Immigration or Reforming It

We know, from his years in Congress and his record as brought out during his Senate Confirmation Hearing, that Senator Sessions (R-AL) repeatedly voted against immigration bills, including the bipartisan reformative bill that was presented in 2013, and that he stated that the DACA program is unconstitutional.¹³ Senator Sessions has a long history of being concerned about immigration and stated at his confirmation hearing that he believes that each of the individuals who has entered the country without inspection poses a humanitarian concern, especially children.¹⁴ We also know that Senator Sessions' record on civil rights contains an array of cautionary examples.¹⁵

Trump Has Benefited from H-1B Visas and the Value Added from Specialized Workers

As presented in our last installment of Entertainment Immigration, we know that Mr. Trump benefited from the H-1B3 visa when, through his or his affiliates, fashion models were brought into the U.S. Mr. Trump stated without reservation that he uses it, and in fact, that he has used the immigration laws to the detriment of U.S. workers.¹⁶ We also know that he has indicated that he wants to get rid of the H-1B program,¹⁷ but that he has changed positions with relative ease and frequency.

Nothing Is Off the Table

Due to the frequency and ease of his changing positions, and from his own statements that we "can't take anything off the table" with respect to threats of nuclear weapons, we know that Mr. Trump will entertain any immigration option that is presented to him.

What We Don't Know

International Entrepreneur Rule

With the Final Rule published on January 17th and set for implementation by July 16th, we do not know whether Mr. Trump's Secretary of Homeland Security, General John Kelly, will maintain the Rule. As the Rule is based on discretionary powers of the Secretary of Homeland Security, as interpreted by President Obama and his Secretary of Homeland Security Jeh Johnson, it is possible that the Rule may be repealed or not enforced.

General John F. Kelly (Retired)

Though having been a military commander for many years, Retired General "Kelly has not said much about immigration policy, but experts are tentatively optimistic that he is well-acquainted with the agency's mission: as head of U.S. Southern Command, responsible for military activities and relationships in Central and South America, he knows the region south of the border and often collaborated with DHS."¹⁸ As *Politico* writes, after having interviewed six former DHS officials, "[Those officials] said they really don't expect that much to immediately change beyond immigration policy."¹⁹ Much of the immigration policy will be dictated by Mr. Trump, but if it is going to have to be implemented or enforced by General Kelly, we do not know how firmly he will follow through with doing so.

What Rex Tillerson Will Do to Visa Issuances as Secretary of State

This we simply do not know. At Mr. Tillerson's confirmation hearing, Senator Ben Cardin (D-MD), during a line of questioning pertaining to human rights violators and preventing them from entering the U.S., indicated that, other than with respect to certain treaties in place between the U.S. and another country pertaining to diplomats or similarly situated individuals, to his knowledge, there are no restrictions on the Secretary of State's ability to withdraw the right of someone to come to the U.S.²⁰ We know that Senator Cardin, generally speaking, is not wrong. We

also know that Mr. Tillerson indicated that he “would ensure that a full examination is made of any and all applicable laws or other policies and then we would follow those and implement.”²¹ However, we do not know whether Mr. Tillerson will begin restricting visas (i) without warning, (ii) on a broad basis, (iii) on a narrow basis, (iv) based upon an individual’s nationality or religion, or (v) because he has been directed to by Mr. Trump. We also do not know whether he will be interested in restricting visas at all.

Mr. Trump’s Policies

Lastly, and unsurprisingly, as a practical matter, we do not know where Mr. Trump stands on many issues. It would appear from his Confirmation Hearing that General Kelly does not know either.²² We know what he has said, we know what he has proffered as policy points, but having gyrated around several of his claims, we cannot say that we know what are his policy positions. This has dire effects on consistency and continuity, and results in an increase of anxiety and uncertainty for many individuals and entities looking to enter the U.S. from abroad.

However, we now know where he stands on border security,²³ deportations,²⁴ and law enforcement,²⁵ but it would appear from some reporting that we may have an idea as to where he stands on other aspects of immigration, such as business immigration. If the reporting by *Vox*²⁶ and *Bloomberg*²⁷ regarding other contemplated Executive Orders is accurate and the White House enacts those orders, then we could see some unpleasant changes to: (1) the way certain classes of work authorization are managed, such as with site visits for all visas; or (2) programs altogether, with the rescission of the Optional Practical Training Science, Technology, Engineering, and Mathematics (OPT STEM) extension that recently went into effect.²⁸

How, Then, Do We Answer Those Questions at the Top?

The only way to answer those questions presented above, and most others, is to guess.

Do you think that I could be deported after receiving employment authorization under the DACA program? Though there has been one person that we know of who benefited from DACA and has now been detained, it looks like this is not going to be a common occurrence. There has already been a bipartisan bill introduced to protect those DACA beneficiaries.²⁹ Though it was the Senate that introduced the immigration reform bill that languished and was never taken up in the House, that there is a bipartisan effort to protect DACA beneficiaries keeps us optimistic that if the House passes a bill to harm those DACA beneficiaries, it will fail. It also seems likely that the courts would prevent any such action against these individuals, but nonetheless, we must wait and see as this case progresses.

Is it going to be harder to get a visa? This is largely going to be dependent upon how we see General Kelly lead, who will oversee USCIS, what the institutional attitude will be

at USCIS, and of course, where the petition is going to be reviewed. It may be a bit more difficult to obtain a visa, but this is likely to be the result of individual officers who will require better training. We, as practitioners, will need to maintain close ties with the service centers and be prepared for increased scrutiny, whether valid or not. Mr. Trump’s clean sweep of the current array of U.S. ambassadors³⁰ would seem to speak to a broad change, which would indicate that we should also prepare for increased scrutiny, whether valid or not, at the embassies and consulates.

What will happen to my current visa? Current visas should not be impacted, though if he seeks to carry out Point 6 of his “10 Point Plan,” then it is possible that pending applications and petitions may be terminated or put on hold.³¹

What about the fact that my visa is currently pending; what should I do? If Point 6 of Mr. Trump’s plan is pursued with fervor, then it is possible that the petition or application could be denied due to the current circumstances. I would recommend utilizing premium processing, if possible, to try and obtain the desired immigration status while the system has not changed greatly.

Will I have an issue entering the U.S.? For most individuals, there should not be any issue entering the U.S. However, for anyone who: (1) has a travel history that includes countries of questionable stability; (2) is from a country that the U.S. has deemed unstable, questionably unstable, unsafe or considers an adversary; and (3) has a given and/or family name that is of seemingly Middle Eastern origin, you should be prepared for questions.

Conclusion

Though there is much uncertainty and for many of our clients, this is a very stressful and frightening time, we can take some solace in the fact that there has been little aggression towards artists, athletes, and entertainers. If the only thing that we or our clients suffer is increased scrutiny and a tougher process, then we have not as much about which to be upset. However, because we know so little about what to expect, we must keep a close watch on the movement of all parties who can impact the implementation and enforcement of immigration policies. We also must keep in mind that every problem has a solution and that there are always options, even though they might not be ideal.

Endnotes

1. <http://www.nydailynews.com/news/politics/trump-immigration-strategy-deport-bad-dudes-article-1.2304611>.
2. <https://www.whitehouse.gov/the-press-office/2017/01/25/executive-order-border-security-and-immigration-enforcement-improvements> Section 4(a).
3. <https://www.whitehouse.gov/the-press-office/2017/01/25/presidential-executive-order-enhancing-public-safety-interior-united> Section 5(c) and (g), respectively.
4. *Id.* at Section 9(a).
5. <https://www.whitehouse.gov/the-press-office/2017/01/27/executive-order-protecting-nation-foreign-terrorist-entry-united>.

states Section 3(c). Those seven nations—Iraq, Iran, Syria, Libya, Somalia, Sudan, and Yemen—are not expressly referenced in the Executive Order. Under 8 U.S.C. 1187(a)(12), section 217(a)(12) of the Immigration and Nationality Act (the INA), the Secretaries of the Departments of Homeland Security (DHS) and State (DOS), may submit to the President a list of countries that pose national security concerns, and if approved, suspend nationals of those countries from engaging in the Visa Waiver Program. The Visa Waiver Program is a low security method of entry to the U.S.; if you know anyone who has ever come to the U.S. from Western Europe for no more than 90 days to travel or engage in passive business activities, that person likely entered the U.S. through the Visa Waiver Program (or what many refer to as ESTA). In 2015, the Visa Waiver Program Improvement and Terrorist Travel Prevention Act (the VWP Act) was passed, and Iraq, Syria, Iran, and Sudan were removed from the Visa Waiver Program by the DHS. In 2016, the DHS removed the three remaining countries—Libya, Somalia, and Yemen—from the Visa Waiver Program. This is how the list was derived for Mr. Trump’s Executive Order. This is also how we know that President Obama did not ban nationals of these seven countries from entering the United States: the VWP Act pertains only to the Visa Waiver Program, not all methods of entry into the U.S.

6. <https://www.nytimes.com/2017/02/03/sports/iran-american-wrestling-team-world-cup.html>. Ultimately, when Mr. Trump’s ban was lifted, so too did Iran lift its ban, and the result was that the American wrestlers were authorized to re-enter and compete in the competition.
7. https://www.uscis.gov/sites/default/files/USCIS/Laws/Articles/FR_2016-20663_793250_OF.R.pdf.
8. <https://www.federalregister.gov/documents/2016/08/31/2016-20663/international-entrepreneur-rule>.
9. <https://www.federalregister.gov/documents/2017/01/17/2017-00481/international-entrepreneur-rule>.
10. *Id.*
11. As a practitioner who files frequently with both service centers, though more so to the VSC, it is important to note that I believe both are lovely places, staffed with fantastic individuals.
12. <https://www.justice.gov/sites/default/files/eoir/legacy/2014/07/25/3752.pdf>.
13. <https://www.c-span.org/video/?420932-1/attorney-general-nominee-jeff-sessions-testifies-confirmation-hearing&start=7184>.
14. *Id.*
15. *Id.*
16. http://www.ontheissues.org/2016/Donald_Trump_Immigration.htm - 2016 GOP primary debate in Miami, March 10, 2016

Q: Your critics say your campaign platform is inconsistent with how you run your businesses, noting that you’ve brought in foreign workers instead of hiring Americans. Why should voters trust that you will run the country differently from how you run your businesses?

TRUMP: Because nobody knows the system better than me. I know the H-1B. I know the H-2B. Nobody knows it better than me. I’m a businessman. These are laws. These are rules. We’re allowed to do it. So I will take advantage of it; they’re the laws. But I’m the one that knows how to change it.

Q: So what would you do with H-1B visas?

TRUMP: It’s something that I frankly use and I shouldn’t be allowed to use it. We shouldn’t have it. Very, very bad for workers. And second of all, I think it’s very important to say, well, I’m a businessman and I have to do what I have to do. When it’s sitting there waiting for you, but it’s very bad. It’s very bad for our workers and it’s unfair for our workers. And we should end it.

17. <http://blogs.wsj.com/indiarealtime/2016/11/17/what-will-happen-to-h-1b-skilled-worker-visas-under-donald-trump/>.
18. <http://www.politico.com/agenda/story/2016/12/john-kelly-policies-immigration-homeland-security-000256>.

19. *Id.*
20. <https://www.c-span.org/video/?421335-1/secretary-state-nominee-rex-tillerson-testifies-confirmation-hearing&start=4115>.
21. *Id.*
22. <https://www.c-span.org/video/?421234-1/homeland-security-nominee-general-john-kelly-testifies-confirmation-hearing>, January 10, 2017. At his Confirmation Hearing, Senator Kamala Harris (D-CA) provided an overview of the DACA program and asked Gen. Kelly, “[t]he Department of Homeland Security assured [DACA beneficiaries] that it would follow its long-standing practice of not using such information for law-enforcement purposes, except in very limited circumstances. These young people are now worried that the information that they provided in good faith to our government may now be used to track them down and lead to their removal. [...] Do you agree that under DACA, we and those young people, hundreds of thousands of them have relied on our representations? Do you agree with that? That we would not use this information against them?” Gen. Kelly’s answer was, “The entire development of immigration policy is ongoing right now in terms of the upcoming administration. *I have not been involved in those discussions. If confirmed, I think, I know, that I will be involved in those discussions.*”
23. <https://www.whitehouse.gov/the-press-office/2017/01/27/executive-order-protecting-nation-foreign-terrorist-entry-united-states>; and <https://www.whitehouse.gov/the-press-office/2017/01/25/executive-order-border-security-and-immigration-enforcement-improvements>.
24. <https://www.whitehouse.gov/the-press-office/2017/01/25/executive-order-border-security-and-immigration-enforcement-improvements>. Another example is the detention of a “Dreamer” or person who was brought into the U.S. unlawfully by his or her parents at a young age. The individual has been working in the U.S. lawfully under the DACA program, which gives many of us significant pause over what may be forthcoming. <http://thehill.com/blogs/blog-briefing-room/news/319569-reuters-ice-arrests-dreamer-in-seattle>.
25. <https://www.whitehouse.gov/the-press-office/2017/01/25/presidential-executive-order-enhancing-public-safety-interior-united>.
26. <http://www.vox.com/policy-and-politics/2017/1/25/14390106/leaked-drafts-trump-immigrants-executive-order>.
27. <https://www.bloomberg.com/news/articles/2017-01-30/trump-s-next-move-on-immigration-to-hit-closer-to-home-for-tech>.
28. *Id.*
29. <http://immigrationimpact.com/2016/12/09/bar-removal-of-individuals-who-dream-and-grow-our-economy-act/>.
30. <http://www.nytimes.com/2017/01/05/us/politics/trump-ambassadors.html>.
31. Point 6 reads, “Suspend the issuance of visas to any place where adequate screening cannot occur, until proven and effective vetting mechanisms can be put into place.” Available at <https://www.donaldjtrump.com/policies/immigration/>.

Michael Cataliotti is the Principal of Cataliotti Law P.C., a law firm focusing on business immigration, entertainment transactions, and corporate governance for U.S. start-ups and expansions. Based in New York City, he advises individuals and entities from such industries as sports, music, fashion, film, television, art, and theatre. In addition to working directly with petitioners, beneficiaries, and applicants, Michael is also frequently contacted by other attorneys for his advice and counsel on the best immigration option(s) available for a particular client. He is a faculty member at Lawline CLE, a frequent speaker on the topics of sports and entertainment immigration, entrepreneurship, and start-up transactions, a member of the American Immigration Lawyers Association (AILA), and an active supporter of immigration reform.

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RESOLUTION ALLEY

All About Baseball Arbitration

By Theodore K. Cheng

Resolution Alley is a column about the use of alternative dispute resolution in the entertainment, arts, sports, and other related industries.

"Baseball arbitration." Oftentimes, uttering that phrase can generate of blank stares, funny looks, or questions like:

- Is that a process used to resolve disputes over the ownership of baseballs?
- Is it a way to characterize a dispute being handled by teams of lawyers on both sides?
- Is it a reference to another variation of "baseball poker" (itself a variation on seven card stud)?
- Is it another way to call what umpires do?
- Is it the title of the upcoming Kevin Costner movie?

Admittedly, it sounds like some kind of mash-up of sports and law, but with no obvious connection. However, those well versed in the world of professional sports know that "baseball arbitration" has a well-defined and specific understanding. It is a phrase that describes an alternative dispute resolution process that has further developed into a general arbitration technique. Perhaps even more surprising, it actually has a role to play in mediations as well.

"In this kind of arbitration, the arbitrator's discretion, which ordinarily would be quite broad, is markedly circumscribed, limiting the arbitrator's ability to arrive at a final award."

Baseball arbitration (also known as final offer arbitration) is a type of arbitration—a process for resolving disputes involving a disinterested third-party neutral decision-maker—in which each party to the arbitration submits a proposed monetary award to the arbitrator, which is sometimes referred to as a "final offer." After conducting an evidentiary hearing, the arbitrator is then empowered to select an award limited to one of the proposed awards previously submitted by the parties, without the authority to make any modifications to those proposals. In this kind of arbitration, the arbitrator's discretion, which ordinarily would be quite broad, is markedly circumscribed, limiting the arbitrator's ability to arrive at a final award. In baseball arbitration, even if the evidence or the equities warrant, the arbitrator does

not retain the discretion to issue an award outside of the parties' proposals; rather, the arbitrator's discretion in arriving at a final award is limited to choosing among the final offers submitted by the parties.

"As parties make reasonable offers and demands to each other, they evaluate what they receive from the other party and concomitantly re-evaluate their own offers or demands in light of what they expect an arbitrator to award as the most reasonable in the circumstances of the case."

There are significant advantages to employing baseball arbitration as a dispute resolution process. Namely, it fosters voluntary settlements by the parties before the evidentiary hearing and generally results in greater party satisfaction with the arbitration process because of the somewhat greater control over the process that parties can exercise in terms of making their proposals. All of this results from the fact that parties are incentivized to make reasonable offers and demands to each other (before submitting their final offers to the arbitrator) because they know that an unreasonable offer or demand has less likelihood of being selected by the arbitrator as the final award. As parties make reasonable offers and demands to each other, they evaluate what they receive from the other party and concomitantly re-evaluate their own offers or demands in light of what they expect an arbitrator to award as the most reasonable in the circumstances of the case. In fact, in baseball arbitration, the arbitrator is obligated to select one of the final offers submitted by the parties, irrespective of whether the arbitrator believes that one of them (or even both of them) is objectively unreasonable.

As further explained in an article published in the *Seton Hall Journal of Sports and Entertainment Law*:

When each party feels pressured to make a more reasonable offer, the parties are brought together toward a middle ground, which promotes settlement prior to an arbitration hearing....Although the purpose of final-offer arbitration is

to avoid an arbitration hearing, it is the presence of the final-offer arbitration process that promotes good faith bargaining and drives the negotiations toward settlement, not the negotiations themselves....The parties not only save the time and expense of a hearing, but also seek a compromise in order to prevent the arbitrator from selecting the other party's final offer. The parties also benefit from avoiding the adversarial nature of a lengthy hearing.¹

For example, if a party takes the extreme approach of over-valuing its claims, rather than assessing them a reasonable value, it faces the significant risk that its final offer to the arbitrator will not be adopted, and that it will, in the end, receive nothing. Similarly, if a party takes a "no pay" approach in the face of claims that may have some merit, it risks an award in favor of the other party who puts forward a more reasonable proposal, albeit favorable to it. It is this final risk analysis of an "all or nothing" award that compels the parties to consider seriously the benefits of a negotiated settlement and the value submitted in their final offers to the arbitrator.

"Generally, in Major League Baseball, the player and team each submit a single number representing the player's proposed salary for the upcoming season to a panel of three arbitrators."

In one variation of baseball arbitration called "night baseball arbitration," the final offers submitted by the parties are kept confidential even from the arbitrator. Upon delivering the decision, the proposal that is mathematically closest to the arbitrator's decision is delivered as the final award. More often than not, night baseball arbitration is chosen as a dispute resolution process only when the parties hold a strong belief about the reasonableness of their submitted proposals.

As the name suggests, baseball arbitration as a method for resolving disputes arose from the world of professional sports leagues and was pioneered (and the name coined) in the context of arbitrating player-team salary disputes.² Generally, in Major League Baseball, the player and team each submit a single number representing the player's proposed salary for the upcoming season to a panel of three arbitrators. At the evidentiary hearing, the two sides submit a signed and executed agreement to the arbitration panel with a blank space left for the salary figure. The player and team each also have the opportunity to present their case and a rebuttal to the panel, after which the panel chooses one of the two numbers as

the player's salary. As Daniel S. Greene explained in his posting on *The Entertainment, Arts and Sports Law Blog*, the National Hockey League also employs a variation of this final offer arbitration process to resolve player-team salary disputes.³

"Depending on the specific circumstances, one could also imagine utilizing baseball arbitration in more complex matters, such as intellectual property or entertainment disputes if the real issue in dispute involves only lost sales or lost profits."

The final offer technique established under the sports league salary arbitrations is increasingly being used in other contexts and particularly works well when the only real issue in dispute involves a subjective evaluation of value, such as the value of a professional sports athlete to a team or the value of pain and suffering from an injury. Thus, baseball arbitration can often be used to resolve personal injury cases, wage-and-hour disputes,⁴ and any number and variety of commercial disputes and transactions where liability is not seriously contested in the context of garden variety breach of contract claims, book account cases, and collections matters.⁵ Depending on the specific circumstances, one could also imagine utilizing baseball arbitration in more complex matters, such as intellectual property or entertainment disputes if the real issue in dispute involves only lost sales or lost profits.

Based upon feedback from the international and domestic business community, the American Arbitration Association (AAA) and its international division, the International Centre for Dispute Resolution (ICDR), also created a specific set of supplementary rules called "Final Offer Arbitration Supplementary Rules," which became effective on January 1, 2015. These rules are referred to as "Baseball Arbitration Supplementary Rules" or "Last Best Offer Arbitration Supplementary Rules," and they embody and set forth the classic baseball arbitration dispute resolution process and can be used with the ICDR's International Arbitration Rules or other rules of the AAA. The specific mechanics of the rules echo the advantages of baseball arbitration, noting that a

[K]ey aspect of formalizing these rules was to better define and build a more complete and predictable final offer arbitration process. Many companies could simply insert a phrase that calls for final, baseball, or last best offer arbitration, but such abbreviated language necessarily omits many important considerations that are incorporated into these procedures. For example, these rules provide

detail about when and how the final offer exchanges will be made so that no party can gain an unfair negotiating advantage. These rules also describe what the final offers should and should not include and when the tribunal can open the final offers. These rules essentially establish a final offer process framework from the first preliminary offer through final award.

Although the rules do not specifically provide for variations from the classic baseball arbitration process, they permit the parties to modify the procedures by written agreement.

"Thus, despite its seeming inapposite nomenclature, baseball arbitration even has a place in the mediation context and serves as a potentially useful component in a mediator's toolbox."

Baseball arbitration can also be used in the mediation context as an impasse-breaking technique. In many mediations, regardless of subject matter, parties often negotiate over a monetary component to their potential resolution, transmitting offers and demands to each other, most times through the mediator. Those negotiations will ostensibly bring the parties' respective proposals closer together, but there may still be a gap. That gap can oftentimes be small enough that a potential resolution is in sight, but also large enough that the parties reach a possible impasse in the negotiations.

As a technique for closing this gap, the mediator could propose that the parties each provide the mediator with their final (or best and last) proposal and then agree to permit the mediator, perhaps after brief presentations of any evidence or argument about the contested issues relating to the monetary component, to choose between one of the parties' proposals, thereby resolving that portion of the overall resolution.⁶ Thus, despite its seeming inapposite nomenclature, baseball arbitration even has a place in the mediation context and serves as a potentially useful component in a mediator's toolbox.

The phrase "baseball arbitration" has both a long history and tradition based in the professional sports

leagues, as well as applicability to many other modern disputes in both the arbitration and mediation contexts.

Endnotes

1. See, e.g., Benjamin A. Tulis, "Final-Offer 'Baseball' Arbitration: Contexts, Mechanics & Applications," SETON HALL J. SPORTS AND ENTMT. LAW, Vol. 20, Issue 1 at 89 (2010).
2. See Jeff Monhait, "Baseball Arbitration: An ADR Success," HARVARD J. OF SPORTS AND ENTMT. LAW, Vol. 4 at 112 (2013) ("MLB salary arbitration employs a format commonly known as 'high-low arbitration' or 'final offer' arbitration. The player and team each submit a single number to the arbitrator. After a hearing during which the player and team each have the opportunity to make a presentation, the arbitrator chooses one of the two numbers as the player's salary for the upcoming season.").
3. See Daniel S. Greene, "National Hockey League Salary Arbitration: Hockey's Alternative Dispute Resolution," THE ENTMT, ARTS AND SPORTS LAW BLOG (July 12, 2015), available at http://nysbar.com/blogs/EASL/2015/07/nhl_salary_arbitration_hockeys.html.
4. Baseball arbitration is, in fact, part of the New Jersey Employer-Employee Relations Act, N.J.S.A. 34:13A-16, which governs arbitration of certain public employee salary negotiation disputes.
5. The New Jersey State court system recently considered, but ultimately rejected, a final offer arbitration pilot program intended to study its impact on the courts' existent mandatory non-binding arbitration procedures. Only non-auto, non-Lemon Law personal injury cases were to be selected to participate in that pilot program.
6. This technique should not be confused with another impasse-breaking technique called a mediator's proposal, in which the mediator proposes a specific monetary amount to the parties and asks them to either accept or reject the proposal. Only if both parties accept the proposal will the mediator announce to them that a resolution has been reached at the monetary amount in the proposal. Otherwise, an impasse is declared, at least as to that component of the resolution.

Theodore K. Cheng is an arbitrator and mediator with the American Arbitration Association, the CPR Institute, Resolute Systems, and several federal and state courts, principally focusing on intellectual property, entertainment, and technology disputes. He is also an intellectual property and commercial litigation partner at the international law firm of Fox Horan & Camerini LLP in New York City. More information is available at www.linkedin.com/in/theocheng, and he can be reached at tcheng@foxlex.com.

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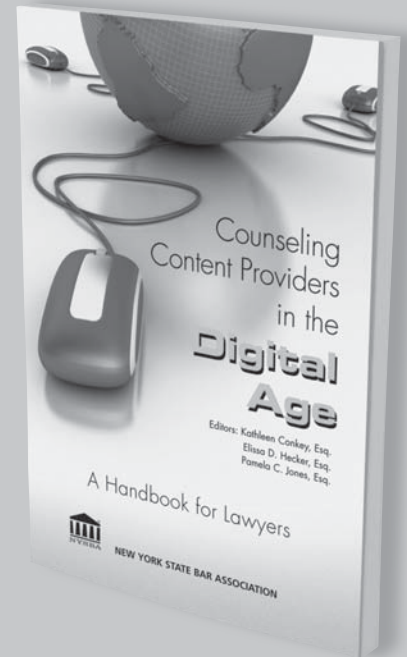
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Reversions: Issues and Obstacles

By Neville L. Johnson, Douglas J. Johnson, and Alec Govi

Many pieces of art are subject to reversions, meaning that the artists who originally composed/wrote/painted/sung these works now have rights in copyright to terminate their prior transfers of the rights in their works and reclaim their ownership rights. A barrage of legal issues arise for these artists, through which their lawyers must skillfully navigate.



ment) being terminated. Termination of grants executed *prior to 1978* may be effected "at any time during a period of five years beginning at the end of 56 years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later."¹ The rationale behind this scheme is that it constitutes the maximum term of protection for all works under the 1909 Copyright Act (two 28-year terms).

Background of Reversions for Copyrighted Works

1. The first step to termination is to make sure that the underlying work is not in the public domain, or, put another way, that any renewal terms have been properly registered (if not automatic). To determine whether there is a valid copyright in the underlying work, one should ascertain *when* the work at issue was registered and published. For works registered with the Copyright Office *before 1964*, the renewal registration must have been formally registered and filed in the Copyright Office before the end of the initial 28-year term in order for the work to have remained under copyright. Absent formal registration, these works are in the public domain and cannot be recaptured.

"Those works then also benefit from the 1992 Sony Bono Act, giving them total protection of 95 years."

For works registered *between 1964 and 1977*, there is an automatic renewal term so long as the work was published during this 14-year period. Therefore, works published between 1964 and 1977 with proper copyright notice have an initial 28-year term of protection, plus another 28-year renewal term. Those works then also benefit from the 1992 Sony Bono Act, giving them total protection of 95 years. Grants involving works published during this time are therefore terminable, and the artists and/or heirs may terminate and reclaim rights in these works.

For works created *after 1978*, the term of protection is life of the author plus 70 years. There are no sticky renewal issues. Grants involving works published during this time are therefore terminable, and the artists and/or heirs may terminate and reclaim rights in these works.

2. Once it has been determined that the work at issue is protected by copyright, the second step to termination is to analyze the grant (e.g., the license or assign-

"The termination notice must be served not less than two and not more than 10 years before the specified termination date provided in the notice."

Termination of grants that were made *before 1978 but not terminated during the initial 56-year window* (see above) and are within the scope of the Sonny Bono Act may be effected "at any time during a period of 5 years beginning at the end of 75 years from the date copyright was originally secured."² In effect, this allows a second bite at the apple for grants made during the automatic renewal period. Critically, this second bite applies only to grants involving works "subsisting in [their] renewal term on the effective date of the Sonny Bono [Act] [October 27, 1998]."³ So long as the termination right provided in § 304(c) has expired by October 27, 1998, and the author or owner of the termination right has not previously exercised that right, the grant executed prior to 1978 is subject to termination.⁴

Termination of grants executed *on or after January 1, 1978* "may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant."⁵ Therefore, by way of example, if a grant is executed on June 6, 1985, the first date on which it is subject to termination is June 6, 2020. The last date is June 6, 2025; the corresponding dates to notice termination run from June 6, 2010 through June 6, 2023. Service of notice of termination must be at most 10 years and at least two years in advance of termination.

3. Once it is determined that the work at issue is (a) copyright protected and (b) the grant involving the work is terminable under either §304 or §203, the third step to termination is to give proper notice of termination.⁶

The termination notice must state the date of termination, which must fall within the five year period during

which termination may occur (see *supra*). The termination notice must be served not less than two and not more than 10 years before the specified termination date provided in the notice.

If the grant at issue does not cover the right of publication and was executed on or after January 1, 1978, the earliest date a termination notice may be served is 25 years after execution of the grant, and the latest date such termination notice may be served is 38 years after execution of the grant.

If the grant at issue was executed prior to January 1, 1978, then the earliest date a termination notice may be served is 46 years after the copyright was originally secured (or, 18 years after the renewal period commenced). The latest date such a termination notice may be served is 59 years after the copyright was originally secured (or, 31 years after the renewal period commenced). Finally, for works that are within the purview of the Sonny Bono Act, the five-year period for termination of those grants begins at the end of 75 years.⁷

Termination of Joint Works

A “joint work” is a work in which the copyright is owned in undivided shares by two or more persons. The authors of a joint work are co-owners of the copyright in the work.⁸ A joint work will result in the following circumstances: (1) if the work is a product of joint authorship; (2) if the author or copyright proprietor transfers such copyright to more than one person; (3) if the author or copyright proprietor transfers an undivided interest in such copyright to one or more persons, reserving to him or herself an undivided interest; (4) if upon the death of the author or copyright proprietor, such copyright passes by will or intestacy to more than one person; (5) if the renewal rights under the Copyright Act or the terminated rights under the termination of transfers provisions, vest in a class consisting of more than one person; or (6) if the work is subject to state community property laws.⁹

“If the author survives to the vesting on the termination right, he or she has the right to recapture. In the case of a joint author and a post-1978 grant, a majority of the joint authors who executed the grant is necessary for termination.”

If the work is a joint work, certain issues must be considered with respect to termination. For example, if the grant being terminated was executed on or after January 1, 1978, it is subject to termination only if it has been executed by the author.¹⁰ A grant by joint authors, though, is subject to termination even if the grant was executed by only one of several joint authors, so long as the joint author acting alone had the power to convey

the rights granted.¹¹ A grant executed before January 1, 1978 is subject to termination if it was executed either by the authors or by those statutory successors entitled to a claim of renewal copyright in place of the author.

If the author survives to the vesting on the termination right, he or she has the right to recapture. In the case of a joint author and a post-1978 grant, a majority of the joint authors who executed the grant is necessary for termination.¹² If only two joint authors joined in a grant, both must agree to terminate. If three joint authors joined in a grant, any two of them have the power to terminate.¹³

“If a grant is executed by two or more joint authors and one of them does not survive until the termination vesting, the termination interest of that deceased author may be exercised by a majority of those who succeed to ownership of the interest.”

In the case of a joint author and a pre-1978 grant, such grants are terminable by each executing joint author, even if a majority of the executing joint authors do not join in such termination. The termination is effective, however, only with respect to the interest of the terminating joint author.¹⁴ This illustration from Nimmer is helpful:

Suppose, for example, that a work is jointly written by A, B, and C, who share the copyright equally. If all three joint authors join in executing a grant of renewal rights in the work to D in advance of the vesting of such rights, and if all three authors survive to the time of such vesting, then absent any termination of the grant, D will be entitled to the renewal term of copyright in the work. Suppose, at the time the authors are able to terminate, A wishes to terminate the grant, but neither B nor C is willing to join in the termination. As indicated above, if this were a grant executed on or after January 1, 1978, no termination could occur because the consent of a majority of joint owners is required for this purpose. With regard to grants executed prior to January 1, 1978, A alone may terminate his or her grant to D, but such a termination will not divest D of the rights acquired under the grant from the non-terminating joint authors, B and C. D and A will thus become tenants in common of the rights in the work granted by A, B, and C. If the rights granted to D were exclusive, the termination will make the rights nonexclusive and both A and D will have power to grant licenses.

If a grant is executed by two or more joint authors and one of them does not survive until the termination vesting, the termination interest of that deceased author may be exercised by a majority of those who succeed to ownership of the interest.¹⁵ Whether such a majority may terminate its deceased joint author’s grant without the

consent of any of the other joint authors who joined in the execution of the grant, or whether termination may occur only if a majority of the joint owners join in the termination, will depend upon when the grant was executed. If execution occurred on or after January 1, 1978, majority approval of joint authors or their heirs is required. If execution occurred prior to January 1, 1978, those who control a given deceased joint author's termination interest may terminate without joining the other joint authors or their representatives.¹⁶

Endnotes

1. 17 U.S.C. § 304(c)(3).
2. 17 U.S.C. § 304(d)(2).
3. *Id.*
4. See 17 U.S.C. § 304(d).
5. 17 U.S.C. § 203(a)(3).
6. As for termination notice formalities, the termination notice must be in writing and signed by the persons with the right to terminate and must contain a brief statement reasonably identifying the grant to which the notice of termination applies. See 17 U.S.C. §§ 203(a)(4), 304(c)(4); 37 C.F.R. § 201(b)(1)(iii). The effective date of termination must be stated in the notice. *Id.* Service of the notice may be effectuated either by personal service or service by first class mail. 17 C.F.R. § 201.10(d)(1). The Copyright Act also requires that the notice be served upon the grantee or the grantee's successor in title. See 17 U.S.C. §§ 203(a)(4), 304(c)(4). Further, the termination notice must be recorded in the Copyright Office, prior to the effective date of termination, as a condition to its taking effect. 17 U.S.C. §§ 203(a)(4)(A), 304(c)(4)(A). For other formalities including form and content, see 17 U.S.C. §§ 203(a)(4)(B), 304(c)(4)(B).
7. See 17 U.S.C. §§ 304(c)(4)(A), 304(d)(2).
8. 17 U.S.C. § 201(a).
9. See *Nimmer*, § 6.01.
10. 17 U.S.C. § 203(a).
11. See *Nimmer*, § 11.02[A][4][a].
12. See *Nimmer*, § 11.03[A][1][a].
13. See 17 U.S.C. § 203(a)(1).
14. See *Nimmer*, § 11.03[A][1][c].
15. 17 U.S.C. §§ 203(a)(1), 304(c)(1).
16. See *Nimmer*, § 11.03[A][2]. Note, there is no reversion possible for a work made for hire; however, an analysis should be done if the work is a true work made for hire, a subject outside the purview of this article.

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Communications Law for Entertainment Lawyers

By Barry Skidelsky, Television and Radio Committee Chair, with the assistance of Lindsay Butler

Introduction

The term “communications law,” like the term “entertainment law,” can describe legal practices that focus on a certain type of client, rather than a single type of legal issue. Broadly viewed, both communications and entertainment lawyers represent and advise individuals and entities who are directly or indirectly involved with creative content and its distribution.

Typically, we handle a diverse mix of corporate, commercial, intellectual property, employment and other legal issues, which can arise in transaction, litigation and/or regulatory contexts. Technological advances further complicate the challenges and opportunities we and our clients face. It is an understatement to say that new technology can be disruptive or create tensions among incumbents and new entrants. The purpose of this article is to look back to 2016 and ahead to 2017, in order to draw the attention of entertainment lawyers to communications and technology issues of possible relevance or interest, particularly as entertainment and information are increasingly distributed digitally on multiple platforms to various devices.

Governmental Changes

Following Donald Trump’s inauguration as President of the United States, he appointed Ajit Pai as the new Chairman of the Federal Communications Commission (FCC). Pai replaced Tom Wheeler, a Democrat who has since left the federal agency. Pai was an FCC Commissioner at the time of this appointment, which made confirmation or approval by the U.S. Senate unnecessary for his rise to Chairman.

President Trump, FCC Chairman Pai, and their fellow Republicans have already begun to redirect or shift various policies of the prior Democratic administration that directly impact individuals, businesses and non-profit organizations in the overlapping worlds of media and entertainment. It remains to be seen when and what particularly relevant reforms can or will be effectuated, which in part encompass both long outstanding calls for reform of copyright law and the relatively more recent calls for reform of communications law—each of which has as an impetus, the explosive growth of the Internet and related aspects of an evolving modern digital world.

Set Top Boxes

One communications law policy shift was immediately seen in connection with the FCC issue of Set Top Boxes (STB). This also highlights a well-known tension between, on one hand, creators or owners of information and entertainment



content, and on the other hand, those who control the means or channels of distribution.

To many, prior FCC Chairman Wheeler (a former lobbyist appointed by President Obama) was influenced by Google to advance his original STB proposal (initially focused on hardware alternatives to the cable boxes rented by cable systems, but after objection later revised to focus on software and apps) that arguably end-ran existing copyrights and licensing agreements.¹

Cable companies are now taking some comfort in that Wheeler’s STB proposals will not be pursued under a Republican-led FCC (where the five Commissioners’ votes are often 3-2 along party lines), thus ensuring that cable system operators’ television STB rental fee income and gatekeeper role will continue under a new administration and a new FCC Chairman (who plays a major role in setting the agenda at the FCC).

Nonetheless, the FCC recently released a related Public Notice (DA 16-1416),² reminding market participants of accessibility rules for STB, televisions and other apparatus that became effective on December 20, 2016. These rules focus on hardware providers and are intended to help the visually and hearing impaired. They, and other accessibility rules which apply to content providers, are likely to remain in effect.

Closed Captioning and Video Description

On February 19, 2016, the FCC released an Order (FCC 16-17),³ updating closed captioning and related obligations of video program providers and distributors to ensure that people who are deaf and hard of hearing have full access to such programming.

In part, video programmers must now file certifications with the FCC, either stating that their programming provides required closed captioning complying with captioning quality standards or establishing that a claimed exemption is applicable.

To be clear, the FCC also requires closed captioning of video programming delivered via Internet protocol (i.e., IP video), including so-called over-the-top television (OTT), with certain previous exemptions becoming inapplicable in 2017. Thus, it behooves all video programmers to become familiar with and to comply with their accessibility obligations.

Net Neutrality

The widely publicized topic of “Net Neutrality” also highlights the tension between content providers and distrib-

utors. Essentially, the FCC prohibits or restricts the blocking or throttling (slowing the speed, hence quality) of content and services delivered online. With the emergence of OTT services, such as Netflix, Hulu and Amazon Prime, traditional television broadcast, satellite and cable networks are facing unparalleled competition for audience and advertisers.

Video content consumption has evolved from linear appointment television viewing in-home to on-demand anywhere, anytime and on any device. Business models and the law are struggling to keep pace with these paradigm shifts.

Understandably, both traditional and new digital video media companies feel strongly that a vertically integrated conglomerate such as Comcast—which owns *inter alia* television stations and cable systems—cannot or should not be allowed to discriminate against competitive independent programmers who rely on Comcast’s cable systems for distribution or carriage.

Challenges to the FCC’s authority to establish net neutrality most recently resulted in *USTA v. FCC* opinion of the D.C. Circuit upholding the FCC rules.⁴ Where this may go under a new Republican administration, however, is just another dispute surrounded by uncertainty.

Discriminatory Carriage of Cable Networks

Cable system operators and cable networks can also get embroiled in cable carriage disputes, which can be adjudicated before the FCC and followed by court appeal. Two 2016 tiering cases come to mind. The first is *Tennis Channel v. FCC*,⁵ which in part describes the history of the dispute between the cable giant and niche sports cable network.

As the Court noted, § 616 of the Communications Act bars a Multi-channel Video Programming Distributor (MVPD), such as Comcast, from discriminating against an unaffiliated programming network, such as the Tennis Channel, in making decisions about content distribution.⁶ Such discrimination is unlawful where the effect is to “unreasonably restrain the ability of an unaffiliated video programming vendor to compete fairly.”⁷

The FCC originally found merit in the Tennis Channel’s tier placement complaint, but following remand, the FCC denied the complaint. Furthermore, additional review was denied, as the niche sports network failed to establish substantial evidence of discrimination based on affiliation.

To the contrary, in another tiering case, *Game Show Network v. Cablevision*,⁸ an FCC Administrative Law judge issued an initial decision holding that the Game Show Network (GSN) had met its evidentiary burden to prove that Cablevision’s retiering of GSN was discriminatory conduct that unreasonably restrained GSN’s ability to compete fairly.

Must Carry and Retransmission Consent; Market Modifications

Care should be taken to distinguish the above types of carriage disputes from others that can and do arise between broadcast television stations and either cable or satellite MVPDs. Disputes regarding retransmission

consent (sort of the flip side to an alternative statutory right of carriage known as “must carry,” which television stations can elect every three years) typically involve an alleged breach of the obligation to negotiate in good faith. The FCC examines these disputes on a case-by-case basis, which often arise during sports playoffs or at year-ends.

Disputes regarding market modification can also be raised by either television stations or cable system operators, to either include or exclude a particular station in a particular local cable community. The FCC determines these disputes based on the following five factors: Historical carriage, local service provided by the station, promotion of consumer access to stations that originate in their States of residence, coverage of local news, sports and other community issues, and viewing patterns of MVPD subscribers and non-subscribers in the community.

Television Incentive Auction

The widespread adoption of smartphones (including video chat and other mobile video services has created a huge demand for wireless broadband spectrum, capable of transmitting larger video files without latency or degradation. However, spectrum remains scarce.

Not long after requiring all television stations to convert from analog to digital, Congress decided to incentivize stations to surrender their FCC licenses so that the television broadcast spectrum could be auctioned off in two phases and repurposed for mobile broadband usage—after which there would be a “repacking” of remaining stations.⁹

Given that not many today watch television only over-the-air, the federal government determined that our television airwaves could be put to a “higher and better” use. Although the FCC imposed a gag order on the auction, it quickly became apparent that the government had been having problems obtaining sufficient broadcast spectrum (in the “reverse” or first phase of the auction), upon which wireless providers could bid (in the “forward” or second phase of the auction).¹⁰

Thus, each stage of the auction to date has had an increasingly lower aggregate amount of spectrum bundled for sale. As of January 18, 2017, the auction satisfied the conditions of the so-called “final stage” rule, assuring that the current (fourth) stage of the reverse auction phase will close netting a total of 84 MHz of VHF spectrum (television channels two through 13).

It remains to be seen exactly which television stations will be sold (and for how much), and which wireless providers (such as ATT and Verizon, each of which has its own video offerings) may purchase what spectrum (and for how much). What is clear is that, although the original hopes of the federal government for very high prices in this incentive auction were dashed, the need for more broadband (both private and public) remains.

Municipal and Rural Broadband

Meanwhile, certain municipalities have attempted to provide their own public broadband networks.¹¹ Some

large cities and rural communities believe this is reasonable or necessary, generally because they consider Internet access a public good or utility like water or electricity, or because local MVPD service is either non-existent or non-competitive.

However, some States have statutes that prohibit or restrict local communities from establishing, providing or expanding their own municipal broadband offerings. Electric utilities in Chattanooga (Tennessee) and the City of Wilson (North Carolina) faced such obstacles that thwarted their plans to expand local Internet access. They sought relief from the FCC.

Citing its own statutory mandate under § 706 of the Communications Act to remove barriers to broadband service and to promote competition in the telecommunications market, the FCC issued an order preempting portions of these State statutes. Tennessee and North Carolina then appealed, which led to a decision of the Sixth Circuit holding that § 706 does not provide a clear statement authorizing federal preemption in this case.¹² The FCC's lack of express authority also frequently arises in other contexts.

Broadcast Ownership Rules

The FCC's statutorily mandated quadrennial (previously biennial) review of broadcast ownership rules was the subject of much court action during 2016, and over the last several years. In *Prometheus v. FCC*,¹³ the Third Circuit described the case then before it as the third volume in a long-running saga regarding the FCC's statutory obligation to review and repeal or modify its broadcast ownership rules if it is in the "public interest" to do so.

The court took issue not only with the FCC's decade-long procedural delay in complying with its review obligations, but also with certain substantive matters such as the definition of an "eligible entity" (e.g., minorities, women and small businesses entitled to FCC preferences)¹⁴ and the FCC's restrictions on so-called joint advertising sales agreements (JSAs), which the FCC argued were contractual arrangements made to evade broadcast ownership restrictions. The JSA rule was expressly vacated and the matter was remanded back to the FCC.

Following remand, in 2016 the FCC released a Second Report and Order,¹⁵ which addressed both the long overdue 2010 and 2014 reviews. With some minor modifications, the FCC retained its existing broadcast ownership rules (e.g., regarding limits on local television and radio station ownership, cross ownership between television and radio, and cross ownership between newspapers and broadcast stations).

Reconsideration of the FCC's last action has been sought and the matter is headed back to court, with *Prometheus* again arguing that the FCC's actions and inactions are illegal, an abuse of discretion and beyond its statutory authority.¹⁶ Furthermore, appeals focused on the newspaper-broadcast cross-ownership ban filed in

the DC Circuit—like those by the News Media Alliance (formerly the Newspaper Association of America)¹⁷ and by the *Scranton Times*¹⁸—were consolidated for review by the Third Circuit and are pending.¹⁹

Foreign Broadcast Ownership

As that media ownership battle continues, in a Report and Order released on September 30, 2016,²⁰ the FCC relaxed its rules and streamlined its processes regarding ownership of broadcast stations by foreign citizens. Citing the difficulties that Pandora faced in connection with its purchase of a small radio station in South Dakota (admittedly to obtain more favorable music copyright licensing treatment),²¹ the FCC has made it easier for publicly traded broadcasters to establish compliance with statutory restrictions on foreign broadcast ownership.

The FCC also announced a new willingness to consider and grant waiver requests to exceed the 25% statutory limit on foreign indirect ownership interests (although the 20% limit on direct interests remains). A helpful summary of the new foreign ownership rules (designed to promote additional investment in US broadcast stations) is found in a companion FCC Public Notice.²² The FCC has already favorably acted on *inter alia* a request recently filed by Univision.²³ Foreign investors and lenders may help boost mergers and acquisition activity across U.S. communications sectors, which has already seen an uptick fueled in part by this liberalization and a deregulatory trend.

Music Copyright Licensing for Television and Radio

Perhaps the legal issue most central to both communications and entertainment lawyers involves copyright music licensing. Readers' familiarity is assumed not only with the copyright implications of the Pandora radio station purchase mentioned immediately above, but also with the September 2016 ruling by Southern District of New York (SDNY) Judge Stanton, which reversed the Department of Justice's June 2016 interpretation of so-called fractional licensing under BMI's consent decree.²⁴

2016 also saw resolution of legal action by television broadcasters seeking to have a consent decree established against SESAC, comparable to the ones long in effect with ASCAP and BMI—the two larger performance rights organizations (PRO). A settlement was reached between SESAC and television station trade group Television Music Licensing Committee (TVMLC), which in part set rates from January 1, 2016 through December 31, 2019, and which also called for arbitration (rather than rate court litigation) of SESAC music licensing disputes with television broadcasters.²⁵

Comparable antitrust litigation was commenced in 2016 by radio station trade group Radio Music Licensing Committee (RMLC) against Global Music Rights (GMR),²⁶ a lesser known and smaller PRO founded by music business veteran Irving Azoff. Although a deal was struck for an interim license, the litigation continued in two federal

courts (i.e., the complaint against GMR was filed in the Eastern District of Pennsylvania, and a responsive complaint was filed by GMR in the Central District of California).²⁷ On January 3, 2017, BMI commenced a SDNY rate court action against the RMLC in connection with a new 5-year license effective January 1, 2017.²⁸

On a related note, the National Association of Broadcasters (NAB) announced in late October of 2016 that the NAB and Sony Music Entertainment signed an agreement that relaxes Digital Millennium Copyright Act (DMCA) restrictions for AM/FM streaming. The agreement, similar to the waiver between the NAB and Warner Music, puts fewer restrictions on how often a single artist's music can play and also provides additional flexibility.

Terrestrial broadcasters, which face increasing competition from online-only streaming services and on-demand or downloadable podcasting services, continue to adapt to each wave of technological change. For example, radio broadcasters survived the emergence of television, while both radio and television stations survived the emergence of cable and satellite competitors. Furthermore, radio stations in New York State playing so-called classic rock and traditional classical music recently dodged a bullet in connection with the broadcast of pre-1972 sound recordings, as beneficiaries of ongoing litigation by Flo & Eddie (who rose to fame decades ago as the Turtles), as elaborated below.

Pre-1972 Sound Recordings

The U.S. Court of Appeals for the Second Circuit recently remanded *Flo & Eddie v. Sirius XM Radio* to the Southern District of New York, with instructions to grant summary judgment and dismiss the case with prejudice.²⁹ As the Second Circuit noted, the New York State Court of Appeals answered a question certified to it and determined in December 2016 that there is no public performance right in pre-1972 sound recordings under New York State law.

Guided by New York's highest court, the Second Circuit also found that no issues remained as to liability for copies of sound recordings made during a digital transmission process (e.g., server, buffer and cache copies), nor as to any claim for unfair competition. While the Second Circuit's decision ends this lawsuit in New York, it does not end the parties' litigation elsewhere.

In California, the parties reached a settlement that the district court there preliminarily approved on January 27, 2017. The satellite radio operator's monetary obligation was expressly made adjustable subject to the outcome of the New York case now over and the one still pending in Florida. The Florida case is following the pattern seen in New York. The Eleventh Circuit has asked Florida's highest court to decide the crucial public performance question, and as of this writing, oral argument there was scheduled for April 6, 2017.

Independent Programming; MFN/ADM

Of particular interest to those involved with the creation, sale and licensing of television (or better yet, audio-

visual) content, is a Notice of Proposed Rule-Making (NPRM) released by the FCC on September 29, 2016.³⁰ It has a stated goal of "Promoting the Availability of Diverse and Independent Sources of Video Programming."

In this pending proceeding, the FCC is attempting to address certain obstacles that independent video programmers face in obtaining MVPD carriage. In particular, the FCC proposes to prohibit the inclusion of (i) unconditional most favored nation (MFN) provisions and (ii) unreasonable alternative distribution method (ADM) provisions in program carriage agreements between MVPDs and independent video programming vendors.

This rule-making, among others at the FCC and elsewhere, presents an opportunity for concerned parties to individually (or more economically, to jointly) make their positions known and influence relevant policy, rules and regulations. This will be especially important under the new administration on a number of fronts.

Conclusion

The new Republican-led federal government has several items teed up that are highly relevant to communications and entertainment lawyers, and their clients, the outcome and timing of which are currently uncertain.

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New York City Passes Law for Protection of Freelance Workers

By Joel L. Hecker

A pervasive problem well known to many artists, photographers, and other creative persons who work as freelancers, is getting paid on a timely basis in the agreed amount for the work created. Often the freelancer is left without any effective recourse.

The New York City Council attempted to address this issue for work performed in New York City, and on October 27, 2016, the Council amended the New York City Administrative Code to add a new chapter (the Act) to protect freelance workers. It was signed into law by the mayor on November 16, 2016 and becomes effective 180 days thereafter, or on May 15, 2017.¹

"Individual causes of action may be brought in state court."

As a result, both those who hire freelance workers and those who provide freelance services need to be aware of these new legal obligations.

Summary of the Act

The Act's summary states that it is intended to enhance protections for freelance workers. Specifically, these protections extend to the right to have written contracts, the right to be paid timely and in full, and the right to be free of retaliation.

"However, the Act includes a provision that nothing in it shall be construed as providing a determination about the legal classification of any individual as an employee or independent contractor."

The Act creates penalties for violations of these rights, including statutory damages, double damages, injunctive relief and attorney's fees. Individual causes of action may be brought in state court. In addition, the New York City Corporation Counsel is granted the authority to bring civil actions on behalf of New York City, to recovering civil penalties of not more than \$25,000 where there is evidence of a pattern or practice of violations. Finally, the Act requires the Director (Director) of the Office of Labor Standards (OLS) to receive complaints, create a navigation program, and to gather data and report on the effectiveness of the Act.

Freelance Worker

The Act defines the term "freelance worker" as any natural person or any organization of no more than one natural person, whether or not incorporated or employing a trade name, who is hired or retained as an independent contractor by a hiring party to provide services in exchange for compensation.

Specifically excluded from the definition are the following:

1. Any person who is a sales representative pursuant to the contract at issue.
2. Any person engaged in the practice of law pursuant to the contract at issue provided the person is a member in good standing of the Bar and not restricted from such practice by court order or otherwise.
3. Any person who is a licensed medical professional.

"Accordingly, the often thorny threshold determination as to whether the person is an employee or independent contractor still must be decided under applicable Federal or State law."

However, the Act includes a provision that nothing in it shall be construed as providing a determination about the legal classification of any individual as an employee or independent contractor. Therefore, to qualify under the Act, the freelance worker must prove that he or she was hired or retained as an independent contractor and not as an employee. Accordingly, the often thorny threshold determination as to whether the person is an employee or independent contractor still must be decided under applicable Federal or State law. The Act certainly covers photographer assistants, graphic designers, producers and those who perform similar services and who are not treated as employees.

Hiring Party

The Act defines a "hiring party" expansively to mean any person who retains a freelance worker to provide any service, with the exceptions of the United States government, New York State, New York City, and any other local government, municipality or county, including any office, department, agency, authority, or other body of such government, or any foreign government.

Written Contract

A written contract will be required under the Act whenever a hiring party retains the services of a freelance worker and the contract has a value of \$800 or more, either by itself or when aggregated with all contracts between the parties during the 120 days immediately preceding the contract. It shall include, at a minimum:

1. The name and mailing address of both parties;
2. An itemization of all services to be provided by the freelance worker, the value of the services, and rate and method of compensation;
3. The date on which the freelance worker will be paid the contracted compensation, or if not immediately determinable, the mechanism by which the date will be determined;
4. Such additional terms as the Director of the OLS establishes to ensure that the parties understand their respective obligations under the contract.

"However, as under existing law, use by the hiring party of the result of the services would probably require payment."

These are some of the basic terms to any contract and, presumably, could be satisfied where the services are not extensive, such as a one day assignment, by a simple one page agreement.

Unlawful Payment Protections

The Act provides for the agreed payment to be made, except as otherwise provided by law, on or before the date due under the terms of the contract, or if no such date is specified, no later than 30 days after completion of the freelance worker's services under the contract. Once the freelance worker commences performance of the services under the contract, the hiring party cannot require the freelance worker to accept less compensation than the contracted amount as a condition of timely payment. Presumably, this provision assumes that there is full or substantial compliance with the scope of services to be rendered. However, as under existing law, use by the hiring party of the result of the services would probably require payment.

No Retaliation Permitted

The hiring party is not permitted to threaten, intimidate, discipline, harass, deny a work opportunity to or discriminate against a freelance worker, or take any other action that penalizes a freelance worker for, or is reasonably likely to deter a freelance worker from, exercising or attempting to exercise any right guaranteed under the

Act, or from obtaining any future work opportunity because the freelance worker has exercised such right. This is a broad definition and is intended to cover all types of retaliation.

"The Act includes provisions relating to notification, and a timetable for responsive submissions."

Procedure to Complain to the Director of the OLS

The Act sets forth a procedure for a freelance worker who believes a violation of the Act has occurred to file a Complaint with the Director. The statute of limitations for filing such a complaint is two years from the date when the acts are alleged to have occurred. However, there is no jurisdiction under this procedure where either party has initiated a prior civil action or filed a claim or complaint before any administrative agency. Accordingly, since the statute of limitations for breach of contract is six years from the date when payment is due, that six year period is not waived if the complaint is not timely filed with the Director.

The Act includes provisions relating to notification, and a timetable for responsive submissions. It is noteworthy that there appears to be no "teeth" behind this procedure since, if the Director receives no response from the hiring party, the Director is given no authority to do anything else except to mail a notice of non-response to the parties, and then to close the case. Yet the Act does create, when there is no response from the hiring party, a rebuttable presumption in any civil action that the hiring party in fact committed the violations alleged in the complaint.

"A prevailing plaintiff under any section of the Act shall be awarded reasonable attorney's fees and costs."

Accordingly, this procedure will work only where there is cooperation by the hiring party. Of course, a resolution in an administrative proceeding may very well be preferable by the parties to litigation.

Civil Court Action

Attorney's Fees (All Sections)

A prevailing plaintiff under any section of the Act shall be awarded reasonable attorney's fees and costs. This is a significant benefit, since most of the claims may not be cost effective if legal fees are incurred.

Section 20-928 (Not Providing a Written Contract)

A freelance worker alleging a violation of this section can bring an action in any court of competent jurisdiction. However, a prerequisite to a suit under this section is proof that the freelance worker requested a written contract from the hiring party before the contracted work began.

Such proof is not required if violations are also claimed under other sections, such as for non-payment. The purpose of this requirement would appear to prevent liability to a hiring party who timely paid the freelance worker and complied with the other requirements of the Act.

"Statutory damages equal to the value of the underlying contract are available for each violation."

Damages include statutory damages of \$250. If a violation of this § 20-928 and one or more claims under other sections are alleged, statutory damages equal to the underlying contract value, in addition to other remedies, are available. The statute of limitations under this section is two years. (Although as stated above, an action based upon the underlying oral contract or for services rendered is six years.)

Section 20-929 (Unlawful Payment Practices)

In addition to any other damages awarded elsewhere in the Act, including reasonable attorney's fees and costs, this section provides for double damages, injunctive relief and other appropriate remedies. The statute of limitations under this section is six years.

"A freelance worker may also commence an action based upon the same facts."

Section 20-930 (Retaliation)

Statutory damages equal to the value of the underlying contract are available for each violation.

Section 20-934 (Pattern or Practice)

New York City Corporation Counsel may commence a civil action on behalf of the City where reasonable cause exists that a hiring party is engaged in a pattern or practice of violations of the Act, and injunctive relief, civil penalties of not more than \$25,000, and any other appropriate relief are authorized. A freelance worker may also commence an action based upon the same facts.

Navigation Program

A navigation program is to be established by the Director to provide information and assistance to freelance

workers. It will include online information and actual telephone and email assistance by a "natural" person. The Director is also to make available model contracts on an applicable OLS website in English and the six languages most commonly spoken by limited English proficient individuals in New York City.

"However, given that this will be a New York City government agency, the jury will remain out for some time as to its effectiveness."

In addition, the navigation program is to provide:

1. General court information and information about the Act;
2. Templates and relevant court forms;
3. General information about classifying persons as employees or independent contractors;
4. Translation, interpretation, and other courtroom services;
5. A list of referral organizations to identify attorneys (presumably who will represent freelance workers);
6. Other information relating to submission of a complaint to the Director or commencement of a civil action, by a freelance worker; and
7. Outreach and education to the public about the provisions of the Act.

"The Act takes effect on May 15, 2017, and applies only to contracts entered into on or after its effective date, except that the Director is required to take any actions necessary to implement this Act, including promulgation of rules, before the effective date."

This is an ambitious program. If it works, it can be of significant assistance to freelance workers who lack knowledge or access to this information. However, given that this will be a New York City government agency, the jury will remain out for some time as to its effectiveness.

Effective Date of Act

The Act takes effect on May 15, 2017, and applies only to contracts entered into on or after its effective date, except that the Director is required to take any actions necessary to implement this Act, including promulgation of rules, before the effective date.

Conclusion

This would appear to be a significant step towards attempting to protect freelance workers against some of the abuses now found in the marketplace. How effective it will turn out will be determined in no small part by the success of the navigation program to be established by the Director. It is an ambitious project, but, since it will involve a city government bureaucracy, only time will tell whether it will be successful.

For those who fall within the definition of hiring party and customarily provide written contracts to freelance workers, no change should be necessary in their practices. However, for those who do not provide written contracts or do not pay fees on a timely basis, it is now time to correct these situations and do so.

Endnote

1. New York City Administrative Code, Section 1, Title 20, Chapter 10, Freelance workers.

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"Hybrid" Publishing: Best of Both Worlds?

By Joan Faier and Judith B. Bass



In the past 10 years, starting with the advent of Amazon's Kindle e-reader in 2007 and followed by increasing reader interest in e-books, the publishing industry has experienced tremendous change. While once viewed as a "gentleman's industry" filled with genteel editors and iconic authors, economic pressures have caused consolidation and contraction in the traditional part of the industry. At the same time, greater numbers of authors, frustrated with the experience of trying to get their works accepted for publication by one of the traditional publishing companies or simply wanting more control over their projects, are considering publishing their own works. Vanity presses, where authors paid to publish their works, always existed in days of yore but now digital technology has fueled the growth of an entire cottage industry called self-publishing. Recently, however, another new business model has sprung up—one called "hybrid" publishing, which merges elements of traditional publishing with those of self-publishing.

"In one hybrid company, the vetting process includes evaluating a book concept's popularity by reaching out to potential readers."

Hybrid publishing is a relatively new business model, and its exact definition continues to evolve. A variety of publishing arrangements may fall under that rubric.¹ Jane Friedman, publishing expert, notes that the only point of consensus in the industry is that hybrid publishing joins key components from the world of self-publishing and of traditional publishing.² Brooke Warner, another industry expert, notes that hybrid publishing has also been called partnership publishing, like the model her company uses, team publishing, co-publishing, and crowdfunded publishing.³ Friedman emphasizes in her writing and comments on the topic that to be a true hybrid publisher, some type of curation has to be used by the company in deciding what to publish, and that a hybrid should offer "selectivity in acquisitions, editorial guidance and vision."⁴ In other words, a true hybrid publisher would not publish virtually every manuscript that comes in over the transom, as would be the case with a self-publisher.

In one hybrid company, the vetting process includes evaluating a book concept's popularity by reaching out to potential readers. The company, which claims to be author-driven, requires that an author submit a book idea that garners 2,000 reader votes before that author is eligible to be offered a publishing contract.⁵ Others have online submission guidelines that identify specific categories or genres which coincide with the companies'

imprints or book lists for which they are

seeking authors' proposals. In these cases, authors may submit directly to the company without using an agent (now largely required in traditional publishing).

As with self-publishing companies, hybrid publishers require authors to pay fees, usually upfront, for publishing services that the traditional company provides to its authors as part of the deal, such as editing, cover design, distribution, marketing and promotion. Sometimes the author's monetary contribution may be satisfied by crowdfunding, or the publisher gets paid back the money it fronted for the project through the first royalties. A publisher with the crowdfunding model says in its FAQs: "Any author can submit a proposal for a book. Once the project goes live, readers support the project by pre-ordering copies of the book. Once the 750 pre-order goal is hit, we start publishing...."⁶ This company has created another 250 pre-order category as well, which qualifies an author to publish with a different imprint.

In the hybrid model as in the self-publishing model, the author will customarily receive a higher royalty than he or she would from a traditional publisher but probably not higher than the author would have received by self-publishing.⁷ Friedman also advises that an author look closely at the value that a "hybrid" offers in distribution, especially print distribution. She advises authors to investigate how the print book will be distributed—whether the publisher will be doing and paying for traditional print runs, whether it has a sales team to call on distributors and retailers to generate pre-orders for the book, and whether the hybrid has the wherewithal to get books into physical stores.⁸ In some cases, the book will be distributed by a major distributor and appear on bookstore shelves next to books from traditional publishers without any differentiation apparent to prospective purchasers.

Since the hybrid publishing model is still evolving and may vary from deal to deal, it is important for authors and counsel to look behind the label when evaluating both the publishing experience as well as the contract, keeping in mind the relative relationship or bargaining power of the parties on key issues like rights and royalties.

Although currently there is no generally accepted form of contract for this business model, there are various elements that are likely to appear in the hybrid deal that distinguish it from traditional book publishing agreements. The principal differences are as follows:

1. Author Payments

Instead of the publisher financing the production of a book in all its stages, the hybrid model provides for a

sharing of costs between the author and the publisher. The costs may include substantive editing and copy edits, cover and interior design, distribution and catalog charges, and publicity services and social media campaign expenses. The author's share of the costs of services that he or she elects is generally payable in full before the book is published. The author alone may be charged for the number of copies printed. These costs can be a significant out-of-pocket undertaking for an author, although the costs are recouped against revenues received.

2. Services Offered

The type of services offered by the hybrid publisher may be the key factor in the potential success of the book. Often, the author can select the services he or she wants to use; there is no requirement to "buy" all services the hybrid publisher offers. On the positive side, the author is often able to have input on the look and feel of the book, including the cover and interior design, the selection of the type fonts, and even the choice of paper, to an extent that would never be possible in a traditional author/publisher relationship. The author can also have more control over the nature of the publicity and social media campaigns and his or her participation in it.

3. Distribution Term

In a traditional author/publisher agreement, the grant of rights is typically for the entire term of copyright. The author is not generally able to get the rights back unless the book goes out-of-print or sales fall below certain agreed-to levels. In the hybrid model, the term of the grant of rights is often much shorter—e.g., five, seven or 10 years. This gives the author much greater flexibility in recovering the rights and moving them elsewhere if so desired.

4. Grant of Rights

Generally, publishers seek to control all distribution rights to a book, including foreign sales, subsidiary and dramatic rights (e.g., motion picture, television, or live theater rights). Hybrid publishers generally offer more flexibility. While some may do an excellent job with foreign sales, others may relinquish these rights to the author for him or her to exploit through an appropriate representative. The author may also be able to retain dramatic or performance rights and have them handled independently, as well.

5. Royalties

Trade book royalties received by authors are generally in the range of 10% to 15% of the retail price of the book. In an indie or hybrid deal, the calculations are quite different. Generally, the author and the publisher each recoup the costs they expended for services on a *pari passu* basis along with any other pre-approved costs and expenses. After that, royalties from the sales of print editions and e-books are split 50/50.

For now, there are still questions to be asked about this developing business model. Will authors do better under these deals than under the lower-royalty traditional

publishing deals? No statistics appear yet to be available. Will hybrids be economically viable? One very popular hybrid closed its doors for financial reasons in May 2016.⁹ Will hybrids produce high quality books? Apparently some are already doing so. A 2014 *Forbes* article points to the success of one "hybrid" publisher with 13 titles on the *USA Today* Bestseller List, including eight that also went on to hit *The New York Times's* list.¹⁰

"Although statistics are not yet available, the hybrid publishing experience may well deliver highly satisfactory returns and higher royalties for some authors."

As Warner writes in a 2016 *Publishers Weekly* column: "Within hybrid publishing there exist many creative models, defined largely by what we're not....As more hybrid publishers continue to enter the market, we need to start to define ourselves more by what we are, which requires certain standards to be adopted and certain industry practices to change."¹¹

Conclusion

Hybrid publishing deals should be looked at by both prospective authors and their lawyers with the same scrutiny that is given other publishing deals. Good questions to ask include:

What is the track record of the publisher?

What commitment will the publisher make to getting the work out there and making it available to the prospective audience?

What will the publisher do to support the book by publicity and social media campaigns?

What are the terms of the deal between the author and publisher?

These inquiries need to be made on a case-by-case basis. Although statistics are not yet available, the hybrid publishing experience may well deliver highly satisfactory returns and higher royalties for some authors. Whether the model is the best of both worlds, however, is still to be determined.

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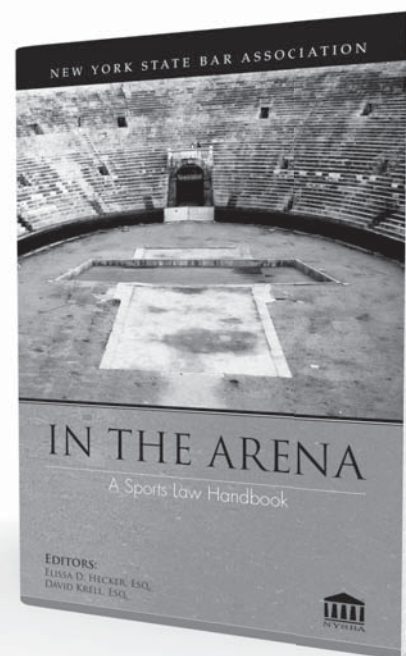
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Calling the Tailor: Shaping Copyright Law to Protect Runway Fashion Designs

By Annick Banoun

Phil Cowan/BMI Memorial Scholarship Winner

"If mine are copied, so much the better. Ideas are meant to be communicated,"¹ famously said Gabrielle "Coco" Chanel, regarding her many imitators. During Chanel's time, retailers would pay a licensing fee to designers to create line-for-line copies of the original runway designs, often using the same fabrics with less sophisticated construction.² These licensed versions were explicitly advertised as copies of the original design.³ American fashion icon Jackie Kennedy frequently wore such line-for-line copies of French runway designs since, as First Lady, she was expected to wear American-made clothing.⁴ Kennedy's famous pink suit worn on the day of the President's assassination was a licensed, line-for-line Chanel copy.⁵

"Thus, knockoffs not only take advantage of the innovative work of the original designer to make a profit, but do so to the detriment of the design owner who is denied the opportunity to exploit his or her own creation, by developing less expensive collections for low-cost retailers, such as H&M and Target."

This knockoff licensing system is now obsolete, replaced by a system of "fast fashion" copies.⁶ A "short production and distribution 'lead time[]' and 'highly fashionable' product characterizes fast fashion."⁷ Indeed, "[f]ast fashion retailers capitalize on modern technology and foreign manufacturing to generate imitation designs within weeks of the original design's debut."⁸ As a result, as the designs exhibited on the runway are displayed live on the Internet, fast fashion retailers begin to copy them instantaneously.⁹ Since runway fashion is shown the season before its intended sale,¹⁰ the knockoffs often arrive in stores months before the original design is available for retail.¹¹ However, while the aesthetic overall appeal and artistic aspects of the knockoff remain almost, if not entirely, the same as the original, the fast fashion designers generally use cheaper fabric, less sophisticated construction, and make unnoticeable changes, such as the removal of lining, to decrease the garment's cost.¹² Thus, knockoffs not only take advantage of the innovative work of the original designer to make a profit, but do so to the detriment of the design owner who is denied the opportunity to exploit his or her own creation, by developing less expensive collections for low-cost retailers, such as H&M and Target.¹³

As fashion design is a highly respected industry, many have argued that it is an art form deserving of copyright protection.¹⁴ Today fashion is a \$1.75 trillion global industry, with \$375 billion in annual sales just in the United States alone.¹⁵ In New York City, the heart of America's fashion industry, it is a \$98 billion industry.¹⁶ It has become a leader in the creation of high paying jobs, employing as many as 1.8 million Americans.¹⁷

"In the United States, the goal of copyright law is to protect creative works of expression in order to ensure that their authors are able to continue to engage in such creative endeavors."

As a result, fashion design has officially attained the status not only of a leading industry in the United States, but also of a globally recognized art form, deserving of the same protection afforded to paintings, sculptures and other accepted works of visual art. This article will argue that in order to ensure that the fashion industry continues to grow and flourish, fashion designs, as embodied in garments shown on the runway, should be protected under the U.S. Copyright Act.¹⁸ Part I will address the lack of current protection for such fashion designs under U.S. copyright law. Part II will contrast the current limited copyright law protection in the United States to the explicit protection granted to runway fashion designs in European countries with thriving fashion industries. It will focus on the three countries that are home to the most influential fashion industries: France, the United Kingdom, and Italy. Part III will address the failure of multiple legislative efforts to amend and expand the Copyright Act to cover fashion design. Finally, Part IV will propose new legislation to amend the Copyright Act to include runway fashion design as a protected art form, which expands and improves upon the failed Innovative Design Protection Act of 2012, and includes elements of European copyright law, coupled with a statutory licensing system.

I. Current U.S. Copyright Law Fails to Protect Fashion Design as an Art Form

In the United States, the goal of copyright law is to protect creative works of expression in order to ensure that their authors are able to continue to engage in such creative endeavors.¹⁹ United States copyright law protects "original works of authorship fixed in any tangible medium of expression."²⁰ Works of authorship are set forth in eight delineated categories in the Copyright Act.²¹

Fashion designs, however, are not included among these categories.²² As the law currently stands, runway fashion designs are considered “useful articles.”²³ The Copyright Act provides that “the design of a useful article...shall be considered a pictorial, graphic, or sculptural work *only if, and only to the extent that*, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”²⁴ Thus, in *Poe v. Missing Persons*,²⁵ copyright protection was awarded to a swimsuit design because the court determined that it was highly unlikely that its elaborate design, which was marketed as a work of art, would ever be worn.²⁶ Similarly, in *Kieselstein-Cord v. Accessories by Pearl, Inc.*,²⁷ the Second Circuit concluded that the “Winchester” and “Vaquero” belt buckles contained artistic elements that were conceptually separable, despite the buckle’s utilitarian function, because they could exist independently as a valuable commodity.²⁸ Consequently, some courts have determined separability based on whether the clothing item, despite its functional value, could, due to its aesthetic qualities, “moonlight as a piece of marketable artwork.”²⁹

“Much like works of visual art, which receive undisputed copyright protection, fashion designs communicate a creative aesthetic to the wearer and observer.”

However, with respect to fashion designs, the U.S. Copyright Office has opined that such designs, excluding those that may be separately identified as pictorial representations, “will not be registered even if they contain ornamental features.”³⁰ Indeed, according to the leading copyright treatise, “[d]ress designs, which graphically set forth the shape, style, cut, and dimensions for converting fabric into a finished dress or other clothing garment, generally do not have artistic elements that can be separated from the utilitarian use of the garment and therefore typically do not qualify for copyright protection.”³¹ In *Morris v. Buffalo Chips Bootery, Inc.*,³² for example, the designer of the “But’N Up Vest” and the “Apron Dress” failed to identify “the copyrightable elements of her designs that are capable of existing independently of the articles of clothing themselves.”³³ Thus, runway fashion designs rarely receive copyright protection because their artistic and functional elements are “inextricably interwoven in the articles of clothing in which they appear.”³⁴ Likewise, in *Jovani Fashion Ltd. v. Fiesta Fashions*,³⁵ the court ruled that the elements of the prom dress design were not physically separable from the garment itself, and therefore were not copyrightable, rejecting infringement claims.³⁶

Much like works of visual art, which receive undisputed copyright protection, fashion designs communicate a creative aesthetic to the wearer and observer. Since the objective of U.S. copyright law is to protect creative works

of expression and encourage the continued creation of such works, it is only fair that fashion designers, as owners of the designs, receive copyright protection so that they may continue to innovate.

“While registered designs receive protection for a term of five years, renewable for up to 25 years, unregistered designs are only protected for three years from the date of first publication.”

II. European Copyright Laws, Which Offer Explicit Protection to Fashion Designs, Serve as a Model for Expansion of U.S. Copyright Law

European countries with strong fashion industries have for some time extended copyright protection to fashion designs as an art form.³⁷ In 1998, the European Parliament and Council of the European Union (EU) approved a directive on the legal protection of designs, which requires EU Member States to “harmonize their laws regarding protection of registered industrial designs, and to put in place design protection that follow standards set out in the Directive.”³⁸ The Directive specifies that “a fashion design must be registered in order for its owner to gain[] exclusive rights to that design.”³⁹ In essence, this protection applies to designs that are “new” and have “individual character.”⁴⁰ Designs are novel if they do not include any “identical items” that were previously made available.⁴¹ They are of “individual character” if no previously available design produces in the user a similar “overall impression.”⁴² Where the design is a component of a more “complex product,” its novelty and “individual character” are determined by the portion of the design that remains visible during normal use.⁴³ The protection afforded applies to close copies, and to the “lines, contours, colours, shape, texture, and/or material” of a registered design.⁴⁴ While registered designs receive protection for a term of five years, renewable for up to 25 years, unregistered designs are only protected for three years from the date of first publication.⁴⁵

The French Intellectual Property Code expressly includes “creations of seasonal industries of dress and articles of fashion” as works of the mind.⁴⁶ Thus, if a fashion designer is able to demonstrate the originality of his or her design, it will receive copyright protection at the time of its creation.⁴⁷ However, French courts carefully assess the original character of a design and deny protection to designs that are not deemed sufficiently original.⁴⁸ In addition, designers are granted moral rights and patrimonial rights.⁴⁹ The duration of a design’s protection is determined by French courts on a case-by-case basis, with

protection typically lasting between 18 months and two years.⁵⁰

"If the design is original and recorded in a design document or an article has been made based on the design, it will receive protection and, thus, the designer will have the exclusive right to reproduce it commercially for a term of 15 years."

As in France, the first United Kingdom statute granting protection to the designs of textile producers was enacted in 1711.⁵¹ Today, the Copyright, Designs and Patent Act 1988 (CDPA) protects original designs that have been "recorded in a design document or an article has been made to the design."⁵² The standard for protection is originality, rather than the higher standard of creativity or innovativeness.⁵³ If the design is original and recorded in a design document or an article has been made based on the design, it will receive protection and, thus, the designer will have the exclusive right to reproduce it commercially for a term of 15 years.⁵⁴ The design owner must be domiciled in the United Kingdom or a member state of the Berne Convention or the World Intellectual Property Organization (WIPO) Copyright Treaty.⁵⁵

Meanwhile, Italian copyright law protects "works of the mind having creative character . . . whatever their mode or form of expression."⁵⁶ One of the explicitly protected categories is "industrial design works that have creative character or inherent artistic character."⁵⁷ It essentially tracks the language of the EU Directive and grants protection to designs "upon registration if they are (1) novel and (2) possess individual character."⁵⁸

Given the explicit protection granted to fashion designs by the EU and major European countries with thriving fashion industries, these models for copyright protection should serve as a guide for expanding U.S. copyright law to include fashion design as a protected art form.

III. Congress Has Tried and Failed to Pass Legislation Expanding Copyright Law to Protect Fashion Design as an Art Form

Since the beginning of the Twentieth Century, there have been attempts to expand the U.S. Copyright Act to include fashion design as a protected art form.⁵⁹ In recent years, the proposed Design Piracy Prohibition Act in 2007⁶⁰ and the Innovative Design Protection and Piracy Prevention Act in 2010,⁶¹ both failed to be enacted.⁶² On September 10, 2012, Senator Charles Schumer (D-New York) introduced the Innovation Design Protection Act of 2012 (IDPA), which sought to improve upon the previous two efforts.⁶³ The IDPA would have protected designs, which are as a whole considered both unique and original, rather than components of a design, such as sleeves

or pockets.⁶⁴ It designated a three-year term of protection for fashion designs⁶⁵ that "(i) are a result of a designer's own creative endeavor; and (ii) provide a unique, distinguishable, non-trivial and non-utilitarian variations for prior designs for similar types of articles."⁶⁶ However, it excluded from protection fashion designs made more than three years before the filed notice of infringement,⁶⁷ and would not have protected designs already in the public domain, such as cargo shorts, denim jeans, and pencil skirts.⁶⁸

The bill would have required the design owner to provide notice of infringement and afford any alleged infringer a 21-day grace period to cure a violation.⁶⁹ The design owner would also have been expected to plead a case of infringement "with particularity."⁷⁰ In addition, the proposed bill also limited the damages that a design owner could receive to the profits accrued after the date of notice of infringement.⁷¹ Finally, it would have required that a retailer selling the infringing design have knowledge of such infringement in order to be held liable.⁷²

"Opponents, on the other hand, argued that the bill would chill fashion innovation, citing the threat of knockoffs as a driving force in pushing designers to continue to seek new and creative designs."

The sponsors of the legislation explained that the "core economic strength of the U.S. fashion industry has shifted away from manufacturing and toward design over the course of a half century," but that U.S. copyright law had failed to adjust to these changes and extend much needed protection to "innovative, groundbreaking fashion."⁷³ In the Judiciary Committee report, Senator Patrick Leahy noted the explicit and strong protection offered by European countries with strong fashion industries.⁷⁴

Opponents, on the other hand, argued that the bill would chill fashion innovation, citing the threat of knockoffs as a driving force in pushing designers to continue to seek new and creative designs.⁷⁵ They also claimed that it would force lesser known fashion designers and businesses to "internalize substantial liability risks for copying suits," as well as increase designers' legal costs because the IDPA bill would require them to consult with lawyers to avoid litigation.⁷⁶ Lastly, they feared that the bill would create a statutory monopoly that would indirectly increase the cost of apparel and accessories for consumers, who would now have fewer affordable options.⁷⁷

Although the IDPA was approved by the Senate Judiciary Committee and was backed by influential groups in the fashion industry, including the Council of Fashion Designers of America and the American Apparel

and Footwear Association, it was unable to garner the required votes.⁷⁸ As a result, the Copyright Act still does not protect fashion design as an art form.

IV. The Copyright Act Should Be Amended to Protect Runway Fashion Design as an Art Form by Including Elements of the IDPA and European Copyright Law as Well as a Compulsory Licensing Requirement

As with other art forms, fashion design also draws inspiration from various sources, including paintings, sculpture, film, and previous designs. Therefore, there is no reason not to grant fashion designers the same protection for their runway fashion designs, so that they may continue to innovate and have the opportunity to exploit derivative markets by selling less expensive design lines. The only way to accomplish this objective is through effective legislation that improves upon elements of the IDPA and adds aspects of protection granted in European copyright law. The proposed legislation would also establish a compulsory licensing scheme based on the existing music industry model.

"Given the short life span of trends in the fashion industry, a longer protection period is not necessary."

First, unlike the IDPA that does not require registration, copyright protection of a fashion design should vest upon registration of that design with the Copyright Office. Once a designer has done so, it would automatically place on notice all other designers, who will be able to easily consult the database of registered designs and avoid infringement. The registration of the design would occur before its runway debut to protect against any copying post-show by fast fashion retailers. In order to be eligible for registration for copyright protection, the design would have to be deemed unique and original. Where similar designs are applying, registration would be granted to the first design submitted. In the alternative, as in music, when originality is questioned, each designer would be required to demonstrate the specific creative process involved in the design and its time frame.⁷⁹ Second, as with the IDPA, designs already in the public domain, such as blue jeans, would not receive copyright protection.

Third, following the French model and departing from the IDPA's proposed copyright protection of three years, protection would only vest for a period of 18 months following registration. Given the short life span of trends in the fashion industry, a longer protection period is not necessary. Any designs created 18 months prior to the enactment of the proposed legislation would be automatically in the public domain and would not be eligible for retroactive registration. Unlike the IDPA bill, which

provided for damages only after notice of infringement was given, a design owner would now also be entitled to damages for all sales prior to notice. The proposed additional damages are appropriate because the original design would already have been registered, and could have been discovered by copiers, and because significant sales of the knockoff are typically made before the designer can take action.⁸⁰

"Opponents of inclusion of fashion design as a protected copyrightable art form can be expected to argue that the proposal will have a chilling effect on design innovation, as it will slow the rapid cycling of new designs that currently occurs because copies flood the market and the original loses its value."

The proposal requires the creation of a statutory compulsory licensing scheme inspired by the existing music licensing system.⁸¹ This scheme would permit fast fashion retailers to obtain a license of an original design in return for upfront fees or royalty payments. The jury or an established fashion industry organization, such as the Council of Fashion Designers of America, could set these rates. The compulsory nature of this license would allow retailers to obtain a license automatically without any negotiation or interaction with the design owner. In order to make the process economically viable, the fees would be collected and distributed as royalties by a collective management organization similar to those that exist in the music industry.

There will undoubtedly be opposition to this proposed legislation. Designers may protest the registration requirement as unnecessarily cumbersome and overly time- and resource-consuming, particularly for emerging designers and small design businesses. However, either registration alternative will serve to decrease the number of knockoffs created, since these occur very soon after introduction of the designs, and will place any infringer on notice regarding the legal consequences of any copying.

Opponents of inclusion of fashion design as a protected copyrightable art form can be expected to argue that the proposal will have a chilling effect on design innovation, as it will slow the rapid cycling of new designs that currently occurs because copies flood the market and the original loses its value. They will further contend that the knockoff industry will incur the new cost of having to check the online copyright registration database for existing designs, and for obtaining constant legal advice to avoid potential infringement and defend such claims. This, they will say, will raise the cost of the knockoff apparel and accessories for consumers who cannot afford the originals. This argument misses the even greater chill-

ing effect on creativity that is likely to occur if fashion designers cease to innovate out of concern that they will lose their ability to recoup their financial cost as a result of the knockoff copiers who do not innovate in any way. Indeed, the most disadvantaged designers will be the emerging ones without any independent source of financial support. Further, these opponents' arguments apply equally to the copyright protection already afforded to other art and musical forms, which has still left considerable opportunity for innovation.

"With the use of technology, it is relatively easy for fast fashion retailers to access new, original fashion designs immediately upon their runway debuts, and exploit them through the creation of cheap, mass-made imitations within weeks, if not days."

The proposed compulsory licensing scheme would reduce the feared impact on the knockoff industry, while allowing fashion designers to recoup the costs of their innovative and unique original designs by earning royalties from the copiers. The fast fashion retailers would still be able to produce copies of the originals within a reasonable period of their initial appearances, and sell them at considerably lower prices to consumers who cannot afford the original designs. More important, it would protect the emerging and smaller designers from unauthorized copying that often prevents them from earning a living from their creative works. Although it is likely that the proposed scheme may slightly increase the prices of knockoff designs, it is a small price to pay for protecting original fashion designs while making copies available to those who want them.

Conclusion

With the use of technology, it is relatively easy for fast fashion retailers to access new, original fashion designs immediately upon their runway debuts, and exploit them through the creation of cheap, mass-made imitations within weeks, if not days. As technology continues to rapidly advance, the advent of more reasonably priced three-dimensional printers will make it even easier and cheaper for would-be copiers to create knockoffs of original designs. Runway fashion designers rely heavily on the exclusivity of their brands and designs to recoup the cost of their time-consuming original creations and innovations. Both emerging designers without the financial backing of major fashion houses, and the most famous designers cannot succeed in the current market if they cannot earn a reasonable financial return from their creations.⁸² The ability of fast fashion designers to propel copies on the market before original designs is detrimental to fashion designers and the fashion industry that is so critical both

financially and culturally to the U.S. and global economy. The proposed legislative remedy, based in part on the European model, coupled with a compulsory licensing scheme similar to the one in the music industry, provides a fair and workable solution that will encourage innovation and creativity, while protecting the fast fashion retail industry from an arguable statutory monopoly by designers.

"Consumers who cannot afford the more expensive designer lines would have the same uninhibited access to the more affordable copies of runway designs."

In essence, the proposal would allow fashion designers to maintain the exclusivity of their original designs and exploit the market with a lower cost line of clothing, while earning fair royalties from their creations from fast fashion retailers, through the compulsory licensing process. Fast fashion retailers would be able to continue to produce their much cheaper knockoffs at the same speed, albeit at a somewhat lower profit margin. Consumers who cannot afford the more expensive designer lines would have the same uninhibited access to the more affordable copies of runway designs. Although costs may increase somewhat for consumers, this slight increase in price will ensure that the fashion industry, which is so critical to the U.S. and global economy, continues to flourish.

Endnotes

1. Gabrielle "Coco" Chanel.
2. Eric Wilson, *Fashion Knockoffs: Originals, Copies, and Counterfeits*, INSTYLE (Dec. 3, 2014), available at <http://www.instyle.com/news/now-you-know-why-knockoffs-have-always-been-fashion>.
3. *Id.*
4. Cathy Horyn, *Jacqueline Kennedy's Smart Pink Suit, Preserved in Memory and Kept Out of View*, NY TIMES (Nov. 14, 2013), available at http://www.nytimes.com/2013/11/15/fashion/jacqueline-kennedys-smart-pink-suit-preserved-in-memory-and-kept-out-of-view.html?_r=0.
5. *Id.*
6. Alexandra Manfredi, *Haute Copyright: Tailoring Copyright Protection to High Profile Fashion Designs*, 21 CARDOZO J. INT'L & COMP. L. 111, 118 (2012-2013).
7. *Id.*
8. *Id.* at 118 (citing Caroline McCaltchey, *Fashion Week: From the Catwalk to the Street*, BBC NEWS (Sept. 22, 2011), available at <http://www.bbc.co.uk/news/magazine-14984468>).
9. Evelyn Cobos, *Fauxever 21: Revealing secrets about the store's copycat practices*, EXAMINER (Aug. 30, 2011), available at <http://www.examiner.com/article/fauxever-21-revealing-secrets-about-the-store-s-copycat-practices>.
10. A collection for Fall 2016 would be shown during the Spring 2016 Fashion Week runway show.
11. Manfredi, *supra* note 6, at 119 ("Copying designs permits fast fashion retailers to enjoy a lead-time from 'design creation' to

distribution of as few as six weeks before the copied garments are retailing to customers at a fraction of the original price.”).

12. *See id.*
13. E.g., Karl Lagerfeld, Alber Elbaz of Lanvin, and Isabel Marant have created low budget collections for H&M; Jason Wu and Kate and Laura Mulleavy of Rodarte have created similar collections of their designs for Target; Vera Wang has created a line at Kohl's. *See* Eric Wilson, *The Knock Off Won't Be Knocked Off*, NY TIMES (Sept. 9, 2007), available at <http://www.nytimes.com/2007/09/09/weekinreview/09wilson.html>.
14. *See generally e.g.*, Diane von Furstenberg, *Fashion deserves copyright protection*, LA TIMES (Aug. 24, 2007), available at <http://www.latimes.com/opinion/la-oev-furstenberg24aug24-story.html>; Manfredi, *supra* note 6, at 119.
15. Joint Economic Committee Report on “The Economic Impact of the Fashion Industry,” 1 (Sept. 2015), available at http://www.jec.senate.gov/public/_cache/files/2523ae10-9f05-4b8a-8954-631192dcd77f/jec-fashion-industry-report---sept-2015-update.pdf.
16. *Id.* at 5.
17. *Id.* at 2.
18. This article will only propose fashion design protection through copyright law.
19. *See* 1-1 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 1.03 (LexisNexis 2011).
20. 17 U.S.C. § 102(a).
21. *Id.*
22. *Id.*
23. 17 U.S.C. § 101 (defining a “useful article” as “having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information”); *see also* *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1002 (2d Cir. 1995).
24. 17 U.S.C. § 101 (emphasis added).
25. 745 F.2d 1238 (9th Cir. 1984).
26. *Id.*
27. 632 F.2d 989 (2d Cir. 1980).
28. *Id.* at 993.
29. *Galiano v. Hurrah's Operating Co., Inc.*, 416 F.3d 411, 421 (5th Cir. 2005). Additionally, in *Brandir International v. Cascade Pacific Lumber Co.*, which considered whether a bike rack is copyrightable, the dissent implied that in instances where the artistic design is a result of the “unconstrained perspective of the artist,” as opposed to merely functional considerations, it may receive copyright protection. 834 F.2d 1142, 1151-52 (2d Cir. 1987) (Winter, J., dissenting).
30. *Galiano v. Hurrah's Operating Co.*, 416 F.3d 411, 420 (5th Cir. 2005).
31. *Id.*
32. 160 F. Supp. 2d 718 (S.D.N.Y. 2001).
33. *Id.* at 721.
34. *Id.*
35. 500 F. App'x 42 (2d Cir. 2012).
36. *Id.* at 43.
37. *See* Kal Raustiala & Christopher Springman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 VA. L. REV. 1687, 1735 (2006).
38. Council Directive 98/71, 1998 O.J. (L. 289) (EC); *see also* Raustiala & Springman, *supra* note 38.
39. Council Directive 98/71, Art 1, § 1, 1998 O.J. (L. 289) (EC) [hereinafter EU Council Directive].
40. *Id.* at Art. 3, § 2. The Court of Justice of the European Union ruled that even a “combination of features” from earlier designs satisfied the originality requirement, and that a designer need only identify the features that give the work an individual character. Jeremy Pennant, *EU court provides boost for designers – Karen Millen Fashions v. Dunnes Stores*, D YOUNG & CO. INTELLECTUAL PROPERTY (Sept. 4, 2014), available at <http://www.dyoung.com/article-karenmillen>.
41. *Id.* at Art. 4.
42. *Id.* at Art. 5.
43. *Id.* at Art. 3, § 3.
44. Raustiala & Springman, *supra* note 37, at 1736; *see also* EU Council Directive, *supra* note 38.
45. EU Council Directive, *supra* note 39, at Art. 10.
46. Code de la propriété intellectuelle [C. prop. intell.] art. L112-2(14) (Fr.); *see also* Holger Gauss et al., *Red Soles Aren't Made for Walking: A Comparative Study of European Fashion Laws*, 5 ABA: SEC. ON INTELL. PROP. L. 6 (2013), available at http://www.americanbar.org/publications/landslide/2012_13/july_august/red_soles_arent_made_walking_comparative_study_european_fashion_laws.html#9.
47. Code de la propriété intellectuelle [C. prop. intell.] art. L112-2(14) (Fr.).
48. *See* CA Paris, Oct. 17, 2012, *Vanessa Bruno v. Zara France* (Fr.) (holding that a Vanessa Bruno dress would not receive copyright protection); *see also* CA Paris, Feb. 27, 2013, *Céline v. Zara France* (Fr.) (denying copyright protection to a Céline skirt in a suit initiated against Zara France).
49. Jacqueline Lampasona, *Discrimination Against Fashion Design in Copyright*, 14 J. INT'L BUS. & L. 273, 281 (2015).
50. Holger Gauss et al., *Red Soles Aren't Made for Walking: A Comparative Study of European Fashion Laws*, 5 ABA: SEC. ON INTELL. PROP. L. 6 (2013), available at http://www.americanbar.org/publications/landslide/2012_13/july_august/red_soles_arent_made_walking_comparative_study_european_fashion_laws.html#9.
51. Dr. Fridolin Fischer, *Design Law in the European Fashion Sector*, WIPO (Feb. 2008), available at http://www.wipo.int/wipo_magazine/en/2008/01/article_0006.html.
52. Copyright and Patents Act 1988, c.48 § 213(6) (Eng.), available at <http://www.legislation.gov.uk/ukpga/1988/48/section/213>.
53. *Id.* at § 213(4) (specifying that a design is not original “if it is commonplace in the design field in question at the time of its creation”).
54. *Id.* at § 216(1)(a).
55. *Id.* at § 213(6).
56. Gauss, *supra* note 50.
57. *Id.*
58. Manfredi, *supra* note 6, at 137.
59. *See* Manfredi, *supra* note 6, at 130. There have been more than 80 proposed amendments, attempting to include fashion design as a protected work under the Copyright Act since 1910. *Id.*
60. S. 1957, 110th Cong. (2007); H.R. 2033, 110th Cong. (2007).
61. S. 3728, 111th Cong. (2010); H.R. 2511, 112th Cong. (2011).
62. *See* Manfredi, *supra* note 6, at 130.
63. Report from the Comm. on the Judiciary, Innovative Design Protection Act, S. 3523, 112th Cong., 2d Sess., 4 (2012) [hereinafter IDPA].
64. *See id.* at 4, 9.
65. *Id.* at § 1305(a).
66. Lampasona, *supra* note 49, at 290.
67. IDPA, *supra* note 63, at § 1302(5).
68. *See id.*

69. *Id.* at § 1306(d).
70. *Id.* at 10.
71. *Id.* at § 1306(d).
72. *Id.* at § 1309(1) & (2).
73. *Id.* at 2.
74. *Id.*
75. *Id.* at 10.
76. *Id.*
77. *Id.*
78. See *Should Fashion Design Be Given Copyright Protection?* MICH. TELECOMM. & TECH. L. REV. Blog (Jan. 25, 2013), available at <http://mttlr.org/2013/01/25/should-fashion-design-be-given-copyright-protection>.
79. See *Selle v. Gibb*, 741 F.2d 896, 899, 902 (7th Cir. 1984) (holding that a claim of substantial similarity to a previously recorded song may be refuted by the demonstration of lack of access to the original song and the development process for the song).
80. MICH. TELECOMM. & TECH. L. REV., *supra* note 78.
81. See 17 U.S.C. §§ 114 and 115.
82. See e.g., Jacob Bernstein, Matthew Scheiner and Guy Trebay, *For L'Wren Scott, Her Identity Was by Design*, NY TIMES (Mar. 19, 2014), available at http://www.nytimes.com/2014/03/20/fashion/lwren-scott-her-identity-was-by-design.html?_r=0.

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It's the Hard Knock Life...for Whom? The Problem of Orphan Works

By Laura A. Godorecci and Diane Krausz

Among 2016's several unexpected world developments came a seismic announcement in the world of entertainment law. Both the public and the industry were shaken in June by the announcement that, after a final settlement approved by the U.S. District Court for the Central District of California, the song "Happy Birthday to You" would pass at last into the public domain.¹ One detail of the underlying case² that was quickly overlooked, however, was the fact that the court's initial decision prior to the final settlement with Warner/Chappell had held only that the copyright to "Happy Birthday" was never properly transferred to Warner/Chappell Music.³ The court's intentional pre-settlement silence on the question of whether or not "Happy Birthday" was in the public domain highlighted, if only briefly, a uniquely thorny issue of copyright law: the question of orphan works.

Orphan Works vs. 21st Century Copyright Law

Orphan works, or works still under copyright protection whose owner(s) prove impossible to identify or contact after a thorough search in good faith,⁴ pose a particularly difficult problem under current copyright law. Effectively abandoned by their copyright holders, orphan works nevertheless remain under full copyright protection, with no mitigating factors considered in cases of infringing use. Use or distribution of orphan works is therefore undertaken only at great risk, for fear that copyright owners might one day emerge from out of the woodwork.⁵ As a result, current copyright law is effectively sequestering an entire category of creative works, in direct contravention of the constitutional aims that copyrighting was created to advance.⁶ Combined with the late-20th century's significant lengthening of copyright terms, the number of orphan works is only growing.

"Rallying in response to the Copyright Office's report, in May 2006 certain members of Congress introduced before the House the Copyright Modernization Act of 2006."

Recognizing a need for action in regard to orphan works, the Copyright Office and members of Congress⁷ sought a remedy. Yet despite concerted efforts during the first decade of the new millennium, a solution remains elusive. In 2006, the Copyright Office released its conclusions after a year-long investigation into the matter of orphan works,⁸ noting the following: On the one hand, a widespread chilling of the use and distribution of or-

phan works;⁹ on the other, unchecked unlicensed usage of orphan works by those frustrated at the inability to clear title and willing to risk the ever-present possibility of claims of infringement.¹⁰ The report clarified how current copyright law places both artists and the public in an impossible position with regard to orphan works: either the "progress of Science,"¹¹ copyright's underlying constitutional aim, is directly hindered by removing orphan works from circulation, or parties are forced to infringe. Either option points to a clear weakness in the current law, sending up a red flag for Congress to step in and take action.

"Despite best intentions, the bill received considerable backlash from visual artists in particular, and the proposed legislation ultimately lost steam."

Proposed Fixes

Rallying in response to the Copyright Office's report, in May 2006 certain members of Congress introduced before the House the Copyright Modernization Act of 2006.¹² Built upon the suggestions for remedying the orphan works problem included in the Copyright Office's 2005-2006 report, the 2006 orphan works bill recommended that a legitimate owner of an orphan work could bring an action against a qualifying user¹³ for "reasonable compensation."¹⁴ This "reasonable compensation" would replace receipt of actual damages, statutory damages, and attorney's fees for uses of orphan works, unless the user of the orphan work failed to negotiate the amount of reasonable compensation in good faith with the orphan work's owner.¹⁵ Certain noncommercial uses would be exempt from all costs,¹⁶ and injunctive relief was significantly limited for new works "in which the infringer recasts, transforms, adapts, or integrates" an orphan work.¹⁷ Despite best intentions, the bill received considerable backlash from visual artists in particular,¹⁸ and the proposed legislation ultimately lost steam. Its path to ratification ended where it started, in the House.¹⁹

In 2008, a second attempt was made to resolve the problem in the form of the Orphan Works Act of 2008²⁰ and the Senate's corresponding Shawn Bentley Orphan Works Act of 2008.²¹ The latter achieved more of a foothold than the 2006 attempt,²² using the prior proposed legislation as its foundation, and adding language that included such provisions as the establishment of databases for all "pictorial, graphic, and sculptural works" under

copyright;²³ the order of a new study into proper remedies for small copyright claims;²⁴ and a call for the Copyright Office's establishment of a "symbol or other notice" that users of orphan works could use to give clear notice of their potentially infringing use.²⁵ Yet again, however, the proposed legislation failed to garner the approval of both the House and Senate, and ultimately foundered.²⁶

What Are We Protecting?

To provide some key context, the orphan works problem was greatly exacerbated by the changes to copyright law made during the latter portion of the 20th century—changes that shifted copyright from an "opt-in" to an "opt-out" system,²⁷ and from a very limited monopoly on creative works to one lasting well beyond an average lifetime.²⁸ Though the courts have maintained time²⁹ and again³⁰ that the purpose of copyright is ultimately to benefit the public by incentivizing the creation of new works that will eventually pass into the public domain for the public's free reference and use, the reality of the current law increasingly seems to put the monetary interests of copyright holders—particularly more powerful, often corporate,³¹ copyright holders—first and the interests of the public second.³² This shift in priorities has had the additional effect of altering the general understanding of copyright on the part of many creatives, leading to a belief that copyright is more akin to a fundamental right owed to an artist rather than an allowance of power to artists for a limited time—a gift, given only as an incentive to create.³³

"While this stalemate continues, the orphan works problem only grows thornier. The question to keep in mind going forward, then, should be: What, exactly, are we protecting?"

When it comes to orphan works, the growing tendency to view copyright as having the aim, in and of itself, of enriching a given copyright holder—combined with the problems created by a system that has removed the need for vigilance or deliberate maintenance of one's copyright—has led to the locking up of an entire category of works over making allowances for their use and distribution, for fear that a copyright owner might miss out on any piece of the proverbial pie.³⁴ While this stalemate continues, the orphan works problem only grows thornier. The question to keep in mind going forward, then, should be: What, exactly, are we protecting? The ability to make as much money as possible off a copyrighted work, or the public's interest—directly stemming from a stated constitutional aim—in not having access cut to an entire category of creative works?

Conclusion

The orphan works problem is complex, made all the more complicated by the effects legislation from 1976 onward have had on the basic nature and operation of copyright. Yet in the unraveling of the knots created by these changes, one thing is certain: reasonable concessions will have to be made—presuming, that is, that serving the public interest remains in fact the generally agreed-upon purpose of copyright. Short of a formal shift away from this established understanding of the underlying purpose of copyright law,³⁵ resolving the orphan works problem will almost certainly require some concessions on the part of copyright holders.

"One point is understood: the current system is preventing access to a steadily growing number of works by the public."

Carving out reasonable, carefully defined and policed exceptions for good faith uses of orphan works³⁶ will not weaken copyright protection. Further, and if future orphan works legislation follows in the footsteps of its predecessors, the baseline for any proposed legal fix to the orphan works problem will seek to ensure that copyright owners are not denied reasonable compensation for unauthorized commercial uses of their protected works.

One point is understood: the current system is preventing access to a steadily growing number of works by the public.³⁷ In addition, artists interested in using orphan works in their own new creations are finding themselves equally affected. Art builds on art, and if and when future orphan works legislation is proposed, it will be wise for artists to particularly consider how, in the long run, some carefully circumscribed, duly limited concessions for the use of orphan works might be a positive for themselves as well as for the public at large.

Endnotes

1. Ashley Cullins, 'Happy Birthday to You' Is One Step Closer to Being in the Public Domain, HOLLYWOODREPORTER.COM (Jun. 27, 2016), available at <http://www.hollywoodreporter.com/thr-esq/happy-birthday-you-is-one-906549>.
2. *Good Morning to You Productions Corp. v. Warner/Chappell Music Inc.*, Case No. 2:13-cv-04460, in the U.S. District Court for the Central District of California (*Rupa Marya v. Warner/Chappell Music, Inc.*, 2015 U.S. Dist. LEXIS 129575 (C.D. Cal. Sept. 22, 2015)).
3. Joe Mullin, A new "Happy Birthday" owner? Charity claims it owns famous song's copyright, ARSTECHNICA.COM (Nov. 12, 2015), available at <http://arstechnica.com/tech-policy/2015/11/a-new-happy-birthday-boss-charity-claims-it-owns-famous-songs-copyright/> (noting that "while [U.S. District Judge George] King definitively nixed Warner's claim to Happy Birthday, the song isn't in the public domain...the song is instead a kind of 'orphan work'").
4. The U.S. Copyright Office officially stated that "while we have refrained from offering a categorical definition of 'orphan works'...the term certainly must mean what it implies: that the 'parent' of the work is unknown or unavailable." U.S. Register of

- Copyrights, *Report On Orphan Works* (2006), available at <https://www.copyright.gov/orphan/orphan-report.pdf>.
5. Indeed, this is precisely what occurred after the court's initial September 2015 holding in *Good Morning to You Productions v. Warner/Chappell Music* invalidating Warner/Chappell's copyright in "Happy Birthday." In the wake of the court's decision, a charity called the Association for Childhood Education International (ACEI) immediately stepped forward to claim ownership of the copyright. *Id.* at 3.
 6. CONST. ART. I § 8, cl. 8 ("to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"). The constitutionally stated purpose copyright was established to serve is the promotion of the progress of "Science": *qua* "learning" or, as it has been construed, the spread of art and information. An entire category of effectively unusable, undistributable works stymies this fundamental purpose.
 7. See "Proposed Fixes" section below.
 8. *Id.* at 4. From 2005-2006, the U.S. Copyright Office conducted a study on orphan works, and published its 2006 official report with the aim of providing legislators with guidelines on how to resolve the pressing problem.
 9. *Id.* ("many users of copyrighted works have indicated that the risk of liability for copyright infringement, however remote, is enough to prompt them not to make use of the work").
 10. *Id.* ("users occasionally exploit works having indeterminate ownership . . . this appears to be the case for both experienced users of copyrighted works, as well as for members of the public generally").
 11. *Id.* at 6.
 12. This was also known as the Orphan Works Act of 2006, H.R. 5439, 109th Cong. (2006).
 13. That is, a user who performs "a reasonably diligent search in good faith to locate the copyright owner of the infringed copyright, but was unable to locate the owner" and who provides "attribution, in a manner reasonable under the circumstances, to the author and owner of the copyright, if known with a reasonable degree of certainty" based on the aforementioned reasonably diligent search. *Id.* at § 2(a) (proposal to add § 514(a)(1)(A)-(B) to Chapter 5 of title 17, United States Code).
 14. When establishing the amount of "reasonable compensation," "the owner of the infringed copyright has the burden of establishing the amount on which a reasonable willing buyer and a reasonable willing seller in the positions of the owner and the infringer would have agreed with respect to the infringing use of the work immediately before the infringement began." *Id.* (proposal to add § 514(b)(3) to Chapter 5 of title 17, United States Code).
 15. *Id.* (proposal to add § 514(b)(1)(A)-(B) to Chapter 5 of title 17, United States Code).
 16. *Id.* (proposal to add § 514(b)(1)(B)(i) to Chapter 5 of title 17, United States Code).
 17. *Id.* (proposal to add § 514(b)(2)(B) to Chapter 5 of title 17, United States Code). In addition, for use of any orphan work, injunctive relief would "to the extent practicable, account for any harm that the relief would cause the infringer due to its reliance on having performed a reasonably diligent search." *Id.* (proposal to add § 514(b)(2)(A) to Chapter 5 of title 17, United States Code).
 18. Marybeth Peters, *The "Orphan Works" Problem and Proposed Legislation* (Mar. 13, 2008), available at <https://www.copyright.gov/docs/regstat031308.html> (noting, however, that "despite their opposition to legislation, visual artists have openly acknowledged the magnitude of the orphan works problem in their own community").
 19. *Id.* The 109th Congress was adjourned before the bill could be addressed.
 20. H.R. 5889, 110th Cong. (2008).
 21. S. 2913, 110th Cong. (2008).
 22. S. 2913 passed the Senate with an amendment by Unanimous Consent on September 26, 2008, and was referred to the House Committee on the Judiciary prior to failing. "S. 2913—Shawn Bentley Orphan Works Act of 2008," available at <https://www.congress.gov/bill/110th-congress/senate-bill/2913/all-actions?q=S.+2913+%28110%29>.
 23. *Id.* at 21, § 3.
 24. *Id.*, § 5.
 25. *Id.*, § 2(a) (proposed addition of § 514(b)(A)(iii) to Chapter 5 of title 17, United States Code).
 26. *Id.* at 22.
 27. As noted by Lawrence Lessig—current Harvard Law and former Stanford Law professor and founder of Creative Commons—in his *New York Times* response to the proposed 2008 orphan works legislation. Lawrence Lessig, *Little Orphan Artworks*, THE NEW YORK TIMES (May 20, 2008), available at <http://www.nytimes.com/2008/05/20/opinion/20lessig.html>.
 28. Tamara Kurtzman, *'Happy Birthday': Journey To The Public Domain*, LAW360.COM (May 20, 2016), available at <https://www.law360.com/articles/797460/happy-birthday-journey-to-the-public-domain> ("Notably, copyright duration has changed significantly since the Copyright Act of 1909. The Copyright Term Extension Act of 1998 extends copyright duration to the life of the author plus 70 years and, in cases of corporate authorship or anonymous works, to 120 years after creation or 95 years after publication, whichever is earlier").
 29. See, e.g., *Fox Film Corp. v. Doyal*, 286 U.S. 123 (1932) ("the sole interest of the United States and the primary object in conferring the monopoly [of copyright] lie in the general benefits derived by the public from the labors of authors," emphasis added).
 30. See, e.g., *Twentieth Century Music Corp v. Aiken*, 422 U.S. 151 (1975) ("the ultimate aim [of copyright] is . . . to stimulate artistic creativity for the general public good") (emphasis added); *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991) ("the primary objective of copyright is not to reward the labor of authors, but 'to promote the Progress of Science and useful Arts'").
 31. As a case in point, note how the most recent major changes to copyright law have catered to the wishes of major corporate copyright holders, such as Disney. See, e.g., the Copyright Term Extension Act of 1998 (a.k.a., the "Mickey Mouse Protection Act").
 32. This was said in so many words by Maria Pallante, the most recent former Register of Copyrights, who stated to some uproar in 2012 that "copyright is for the author first and the nation second." Judith Saffer, *An Interview with Register of Copyrights Maria A. Pallante*, LANDSLIDE MAGAZINE, Mar./Apr. 2012, Vol. 4 Issue 4, p.10.
 33. *Id.* at 18. In the words of Marybeth Peters, former U.S. Register of Copyrights, explaining this misunderstanding with regard to the specific matter of statutory damages for infringing use: "statutory damages are not an absolute entitlement *any more than copyright ownership itself is an absolute right*" (emphasis added).
 34. This is despite the fact that the majority of orphan works are orphan works because they have been functionally abandoned, and despite the fact, furthermore, that both the 2006 and 2008 proposed orphan works legislation made clear that even if penalties and damages were mitigated for users of orphan works, reasonable compensation would be due in every instance of infringement resulting in commercial gain, and

future infringing uses for commercial gain of a valid copyright owner's original, unaltered work would be enjoined. *See id.* at 18 ("that said, we stress that statutory damages would not be off the table perpetually. If an owner were to emerge, his legal ownership of the copyright in his work is unchanged. Full remedies, including full statutory damages, would be available against new users and, indeed, against the original user making a new, subsequent use. It is a basic tenet of the proposal that subsequent uses may not be based on stale searches, thereby increasing the probability that an owner may be found.").

35. *See id.* at 6, 29, 30.

36. In addition to the proposed solutions contained in the U.S. Copyright Office's 2006 report, and in the aforementioned 2006 and 2008 proposed legislation, *see, e.g.*, Lawrence Lessig's suggestion that copyright law might model itself more closely after patent law: "For 14 years, a copyright owner would need to do nothing to receive the full protection of copyright law. But after 14 years, to receive full protection, the owner would have to take the minimal step of registering the work with an approved, privately managed and competitive registry, and of paying the copyright office \$1." *Id.* at 27.

37. *Id.* at 4 ("there is good evidence that the orphan works problem is real and warrants attention, and none of the commenters [on the Copyright Office's 2006 report, including those opposed to certain proposed remedies] made any serious argument questioning that conclusion").

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What's Mine Is Mine: Why Sound Recordings Should Never Be Considered Works Made for Hire

By Dustin Osborne

I. Introduction

"[W]hen you expect anything from music, you expect too much. So you play for yourself, you play to enjoy it and you make the most of it for you, period."¹

Playing music for a living is mercurial at best. However, the assumption that a performer can at least rely on owning his or her own song cannot be taken for granted.

"Originally, under the 1909 Copyright Act, sound recordings were not given any protection other than under state law."

This idea brings to light a confusing and esoteric question of United States Copyright Law: should sound recordings be added to the list of specially commissioned works that may be defined as works made for hire?² This controversy arises from the termination rights granted in the Copyright Act; that is, the rights of an artist, or his or her heirs, to reclaim his or her copyrights 35 years after a contractual license or transfer.³ These rights disappear, however, when works are created under the "work made for hire" doctrine, and as such, record companies prefer to include clauses stating that works such as sound recordings are works made for hire.⁴ Due to the fact that sound recordings were not protected by copyright law until 1978, artists' rights to terminate copyright assignments first began to vest in 2013.⁵ Thus, in 2013, controversies emerged regarding whether the authors of sound recordings could terminate their copyright transfers or licenses to the record companies.⁶

Ultimately, after reviewing the pertinent law, the legislative and common law history of this contention, and the Congressional intent to emphasize the value of predictability in copyright ownership, the stronger case can be made that sound recordings do not currently fall under the definition of "work made for hire" under the 1976 Copyright Act. It should never again be considered as such.

II. Legal Background

A. Sound Recordings

Originally, under the 1909 Copyright Act, sound recordings were not given any protection other than under state law.⁷ The 1909 Act granted a 28-year term of copyright protection for other types of works with the ability to renew the protection for an additional 28 years.⁸ Finally, in 1972, a new right was created to protect artists,⁹ and in 1976, the new Copyright Act passed.

B. Work Made for Hire

The issue of whether sound recordings should fall under the realm of works made for hire is quite convoluted. As far as general copyright protection is concerned, according to the United States Copyright Office, "[f]rom the moment [a work] is set in a print or electronic manuscript, a sound recording, a computer software program, or other such concrete medium, the copyright becomes the property of the author who created it."¹⁰ However, the glaring exception to this principle is in the case of "works made for hire."¹¹ Generally speaking, an employer is considered the author of a work made for hire, regardless of whether the employer is a firm, organization, or individual.¹²

"These nine categories were proposed by certain copyright industries and fully debated at the time of their enactment."

Section 101 of the 1976 Copyright Act (the 1976 Act) defines a "work made for hire" in two different ways. First, if an employee prepares a work within the scope of his or her employment, it clearly is a work made for hire. Where it gets more difficult is the second part; under the statute, a work is a work made for hire if the work is "specially ordered or commissioned for use: (1) as a contribution to a collective work, (2) as a part of a motion picture or other audiovisual work, (3) as a translation, (4) as a supplementary work, (5) as a compilation, (6) as an instructional text, (7) as a test, (8) as answer material for a test, or (9) as an atlas, [and] if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire."¹³

These nine categories were proposed by certain copyright industries and fully debated at the time of their enactment.¹⁴ The rationale behind allowing these specific categories is to prevent works created by independent contractors, at the direction and risk of the publisher or employer, from reverting in ownership back to the creator after the commissioning party assumed all of the risk.¹⁵ Significantly, sound recordings "were *never* proffered as a category to be added to the list of commissioned works."¹⁶

C. Termination Rights

In enacting the 1976 Act, Congress made it a point to ensure that artists would retain their crucial termination right. Under the 1976 Act, "[i]n the case of any work other than a work made for hire, the exclusive or nonexclusive

grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under [certain] conditions.”¹⁷ One of the crucial conditions is that “[t]ermination of the grant may be effected at any time during a period of five years beginning at the end of 35 years from the date of execution of the grant[.]”¹⁸

“This shook the balance of power between record labels and the recording artists, as under the typical recording contract language, the artists in effect would not legally be recognized as the authors and proprietors of their sound recordings.”

Thus, termination rights allow for an artist who has voluntarily transferred his or her sound recording right to a record company to terminate that transfer and reclaim his or her copyright ownership after 35 years. However, as Congress stated in the beginning of §203, these termination rights held by creators disappear when the works are made for hire.

III. 1999 and 2000 Amendments

In November of 1999, the termination rights were briefly ripped away from artists. At that time, Congress was partaking in last-minute consideration of the Satellite Home Viewer Improvement Act.¹⁹ During these considerations, a technical amendment was added to the legislation.²⁰ While technical amendments are typically meant to make minor corrections, such as spelling or grammar, this “technical” amendment vastly changed an important piece of the 1976 Act—essentially, it changed the wording to include “sound recordings” in the list of commissioned works eligible for work for hire status, thereby prohibiting sound recording artists from ever regaining control over their musical creations from the record companies.²¹ This shook the balance of power between record labels and the recording artists, as under the typical recording contract language, the artists would not legally be recognized as the authors and proprietors of their sound recordings.²²

“Apart from that district court decision, however, many in the recording industry continue to argue that sound recordings could potentially fall under the categories of either as a contribution to collective works or compilations.”

Fortunately, within a few weeks of finding out about this severe alteration, a group of furious recording artists

called on Congress to immediately repeal the law.²³ The Subcommittee on Courts and Intellectual Property held a crucial hearing in May of 2000, at which the artists and record labels made their arguments.²⁴ The recording artists fought the change, because it essentially was an act of appropriation that was snuck into the law through a “technical” amendment, whereas the industry maintained that the technical amendment properly clarified the predominant practice.²⁵ Ultimately, on September 20, 2000, Congress passed the Work Made for Hire and Copyright Corrections Act of 2000, repealing the law “without prejudice.”²⁶

IV. Analysis

A. Sound Recordings Are Not Included in the Nine Categories...for Good Reason

First, while although courts generally interpret the 1976 Act in a way that emphasizes the importance of predictability in making copyrighted works marketable,²⁷ the current status of sound recordings in the realm of works made for hire is anything but predictable. As previously mentioned, sound recordings are not specifically included in the nine categories of specially commissioned works listed in the 1976 Copyright Act, not taking into account the aforementioned repealed amendment. Additionally, courts have rejected the idea that sound recordings fall into the category of motion picture or other audiovisual work²⁸ and clearly do not fall under the categories of translations, supplementary works, instructional texts, tests, answer materials for a test, or an atlas. In furtherance of this interpretation, on March 5, 1999, a judge in a district court in New Jersey found that “sound recordings are not a work-for-hire under the second part of the statute because they do not fit within any of the nine enumerated categories.”²⁹

Apart from that district court decision, however, many in the recording industry continue to argue that sound recordings could potentially fall under the categories of either as a contribution to collective works or compilations.³⁰ According to the 1976 Act, a collective work is “a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.”³¹ A compilation is defined as “a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship...[including] collective works.”³²

In support of the industry’s position, it makes sense to consider something such as a seasonal album compiled of pre-existing sound recordings by several different artists as a case where the sound recording is a compilation. This meets the definition to a tee; as a work such as a Christmas album, formed by collecting and assembling

many artists' pre-existing works together to form the compilation.

"Thus, if artists could potentially lose their works due to the record labels moving around the order of the sound recordings, the 1976 Act would be doing anything but creating an incentive for these artists to keep creating."

However, the record labels go too far. The recording industry position is that *all* sound recordings are either collective works or contributions to compilations.³³ It argues that there are several separate contributions made in creating a sound recording.³⁴ Similarly, its position is that the record labels rearrange the master sound recordings of the individual contributions made by the artist, thereby creating the collective whole.³⁵

The best analogy to debunk the record companies' argument is that of a book. The fact that a book publisher might edit an author's novel or rearrange how the chapters in the book are set up does not render it a compilation created by the book publisher.³⁶ As such, were the record label permitted to rearrange the order of compositions created by the artist and take claim to the "compilation," it would cut against the plain meaning of the statute. The compilation argument holds even less water when considering that the digital release of singles versus albums is growing as a worldwide trend.³⁷

"This is the approach preferred by Congress in repealing the sound recordings amendment in 2000, and such Congressional intent should not be taken lightly."

Finally, this scenario cuts even deeper against the purpose of copyright law, as "[i]t is well settled that the purpose of copyright law is to promote the progress of the useful arts and sciences by protecting the rights of authors, creating an incentive for authors to keep creating, and therefore, for science to continue evolving and society to reap these benefits."³⁸ Thus, if artists could potentially lose their works due to the record labels moving around the order of the sound recordings, the 1976 Act would be doing anything but creating an incentive for these artists to keep creating.

Unfortunately, the uncertainty will remain until the Supreme Court chooses to address the issue. This is the approach preferred by Congress in repealing the sound recordings amendment in 2000, and such Congressional intent should not be taken lightly. While some consider

maintaining the status quo to be the "worst way to address the sound recordings issue[.]" even they acknowledge that "[i]f the trend of current case law continues, the courts will ultimately hold that sound recordings cannot be contractual works for hire under § 101...[T]his resolution is not inevitable, but it is reasonable and perhaps even persuasive, as a matter of statutory interpretation."³⁹ Considering legislative intent is crucial in interpreting statutes. Congress was clear in its intent by repealing the sound recordings amendment in 2000 and choosing against replacing its provisions.

B. 2013 Termination of Assignments of Copyright in Sound Recordings

Heading into the pivotal year of 2013, the first year when artists could hypothetically revert the ownership of the sound recordings back to themselves, no one seemed to know what to expect.⁴⁰ While some advocates opined that this new era of termination would be cataclysmic for the record industry,⁴¹ others believed that any disputes that did arise would be quickly settled due to a shared interest to keep the peace, financial logicity, and the lack of a ripened case for the artists to litigate.

"Victor Willis, the original lead singer of the Village People, appeared to be the first artist who had a hit song from the 1970's disco era, and publicly announced his use of his termination rights to reclaim several of his musical compositions, including Y.M.C.A."

Ultimately, many artists promptly filed their notices of termination, either for a handful of albums or for their entire catalogs recorded between 1978 and 1988, including high-profile names such as Billy Joel, Pat Benatar, Journey, and Devo.⁴² The artists had a five-year window in which to file the notices; thus, artists with sound recordings from 1978 had to file their termination notices between 2003 and 2011.⁴³ However, they also had until 2016 to file termination notices for reclamation of their records in 2018.⁴⁴

While the best music industry example does not deal precisely with sound recordings, it is easily the most appropriate analogy to establish future precedent. Victor Willis, the original lead singer of the Village People, appeared to be the first artist who had a hit song from the 1970's disco era, and publicly announced his use of his termination rights to reclaim several of his musical compositions, including "Y.M.C.A."⁴⁵ Originally, he had transferred his copyright interests to Can't Stop Productions, Inc., which then assigned Scorpio Music S.A., its parent French publisher, its rights in the lyrics.⁴⁶

Accordingly, in January of 2011, Willis filed his notice of termination both to Scorpio and Can't Stop with regard to his grants of copyright.⁴⁷ Scorpio and Can't Stop responded by filing suit, challenging the validity of this termination claim.⁴⁸ The Southern District Court of California ultimately found that because Willis granted his copyright interests to Scorpio and Can't Stop independently from the other co-authors, under §203 of the 1976 Act, he could rightfully unilaterally terminate his grants of copyright.⁴⁹ As explained above, although this case study deals with musical compositions as opposed to sound recordings, one cannot help but draw the analogy and think that this may serve as an important precedential case in the future.⁵⁰

V. Conclusion

Congress took the appropriate course of action in choosing not to further amend the 1976 Act. If the purpose of U.S. copyright law remains to incentivize creative masterminds to create quality music as they have in the past, threatening to revoke termination rights as in the "sneak" amendment in 1999 will do nothing but fight that purpose. Ideally, in the near future, the Supreme Court will have the opportunity to answer this question once and for all. Hopefully, the Justices will consider legislative intent and the case of Victor Willis, and rule that sound recordings should never be included in the categories of specially commissioned works.

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The President on the Rialto

By Bennett Liebman

President Donald Trump, in mid-November, tweeted several reviews of the huge hit Broadway musical “Hamilton.” The President, in complaining about the treatment accorded Vice President-elect Mike Pence at the November 18th performance of the show, tweeted the next day: “Our wonderful future V.P. Mike Pence was harassed last night at the theater by the cast of Hamilton, cameras blazing. This should not happen!” This was soon followed by: “The Theater must always be a safe and special place. The cast of Hamilton was very rude last night to a very good man, Mike Pence. Apologize!” President Trump also tweeted: “The cast and producers of Hamilton, which I hear is highly overrated, should immediately apologize to Mike Pence for their terrible behavior.”

“Donald Trump made it onto Broadway twice as part of the lyrics in Broadway musicals.”

Acting much like a critic, the President-elect called into question the overall relative quality of “Hamilton” and clearly took issue in his tweet with the Brechtian notion of epic theatre, whereby the theatre is not a safe place but a place to confront the social and moral problems of the day.¹

Not surprisingly, this was not Donald Trump’s first Broadway rodeo. He had ventured onto Broadway in numerous ways over the decades, as a subject matter, as a performer, as a de facto talent agent, and also as a producer.

Trump as Subject Matter

Donald Trump made it onto Broadway twice as part of the lyrics in Broadway musicals. The 2004 musical “Dirty Rotten Scoundrels” contained the song, “Great Big Stuff,” which was the aspirational song of the younger scoundrel Freddy Benson. Freddy sang: “I’m tired of bein’ a chump! I want to be like Trump. Two hundred pounds of caviar in one gigantic lump.”² Four years later, Donald Trump again appeared in Broadway lyrics in Lin Manuel-Miranda’s show “In the Heights.”³ In singing about what they would do with a \$96,000 lottery jackpot,⁴ the character Benny⁵ said: “Donald Trump and I on the links, And he’s my caddy! My money’s makin’ money, I’m goin’ from po,’ To m ‘ dough! Keep the bling, I want the brass ring, like Frodo!”⁶

While not yet making it to Broadway, there were a series of Trump-inspired satires featuring songs about The Donald. Jimmy Kimmel’s show featured a “Producers” sketch, where Nathan Lane and Matthew Broderick

starred as two political consultants producing the Trump campaign.⁷ Lin Manuel-Miranda produced a musical video composed of his singing Donald Trump tweets in September of 2016.⁸

Trump as Performer

Donald Trump has actually been part of certain shows. In the 1996 Encores⁹ performance of “Dubarry Was a Lady,” Trump went on stage on opening night in a cameo performance at the beginning of the show, playing an IRS agent.¹⁰ *Variety* panned Trump’s performance, writing, “The only major misstep is a cameo by Donald Trump as an IRS agent; the tycoon muffed his few lines, getting tangled up in the reading of some dollar figures, if you can believe it.”¹¹

Trump also appeared via video in the off-Broadway show “The Monogamist,” which played at the Playwrights Horizons in 1995. In that show, Trump, along with Pia Lindstrom, Liz Smith, Michael Musto¹² and porn actress Robin Byrd,¹³ commented on the main characters in the show through videotaped interviews. The reviews for the show were mediocre, and there was no specific criticism of Trump’s performance.¹⁴

“In August of that year, Marla Maples replaced Cady Huffman in the role of Ziegfeld’s favorite.”

Trump as Agent

In 1992, Donald Trump helped to arrange a role for his girlfriend Marla Maples to be in the Tony Award-winning musical “The Will Rogers Follies.” Trump was friends with the producer of the play, Pierre Cosette, but stated that his role in persuading the producer to cast his girlfriend had been small.¹⁵ In August of that year, Marla Maples replaced Cady Huffman in the role of Ziegfeld’s favorite. Huffman had been nominated for a Tony Award for best supporting actress in a musical for that part. The role involved some dancing, some singing and much parading around the stage. Considerable attention was paid to her entry in the role. Mac Davis, who was playing Will Rogers at time, adlibbed part of a line after Maples on her opening night handed him a copy of the *New York Times*. “She does wonders to the circulation of the *Times*,” ...adding “Donald’s too, I bet.”¹⁶

Initial reviews indicated that Maples’ performance was certainly adequate.¹⁷ *Newsday*’s critic wrote, “She doesn’t embarrass. She capably led the chorus through

the show's opening number, 'Will-a-Mania,' with a Disneyland smile that wouldn't quit and a confident, unremarkable alto voice that rang clear through the magic of 'sound design.'"¹⁸ Betty Comden and Adolph Green, who wrote the lyrics for the musical, were also fans, saying that she was terrific.¹⁹

"Donald Trump's one venture into the producing world came soon after his graduation from college."

After the show's run had concluded, Mac Davis stated that Marla was a "sweet girl" but that Will Rogers had "never met Donald Trump."²⁰ Marla Maples' vocal coach stated that she was a "so-so student" and complained that he canceled her lessons after Donald Trump had wanted a discount from the fees that he normally charged.²¹

By all standards, Marla Maples helped the financial fortunes of "The Will Rogers Follies." She stayed in the role for eight months, leaving in May of 1993, after her pregnancy has been announced. She was replaced in the role by Patrick Swayze's wife, Lisa Niemi, and the show closed four months later in early September of 1993.

Trump as Producer

Donald Trump's one venture into the producing world came soon after his graduation from college. At age 23, he invested in the Broadway show "Paris Is Out!," which opened on Broadway in the winter of 1970. "Paris Is Out!" was a comedy about a bickering but devoted elderly Jewish couple, who were planning a long-anticipated trip to Europe, while simultaneously dealing with problems about their children. It starred the venerable actors Molly Picon and Sam Levene. Trump financed half the production cost. The *Playbill* program for the show lists David Black as the producer "in association with Donald J. Trump."²² Trump's bio in *Playbill* read, "Donald J. Trump who joins Mr. Black in this production as Associate Producer is making his theatrical debut. He is in the investment and real estate business, and will be associated with Mr. Black in his new musical, W.C."²³ He put up half of the costs of the show (about \$70,000), while apparently having no role on the creative side.²⁴

"The critics were urged to come to the show, but only after the show had been frozen."

"Paris Is Out!" was not a good show. It was unlikely to be a critical success. It was likely, however, given its stars and subject matter, to appeal to a distinct crowd of Jewish senior citizens who frequented the theater. Accordingly, the production team tried its best efforts at

innovative showmanship to help the show along. The first technique was to reduce the role of the critics by not officially opening the show. The show went into previews on January 19, 1970, and there was not to be any opening night. Instead, the critics were invited to attend the show several weeks after it started. At that point, critics would be welcome, and tickets would be made available to them.²⁵ Management would not be soliciting any reviews.²⁶ The production team for the show ran ads from alleged theatergoers, and even from critic Rex Reed, in support of their no-opening night policy.²⁷ The point was to hopefully avoid reviews and/or to make sure that numerous negative reviews did not come out all in one day.²⁸

The policy was modified after critics threatened to review the play after its first preview. The critics were urged to come to the show, but only after the show had been frozen.²⁹ After the Associated Press and the *Newark News* reviewed the play during its first week in previews, the policy was further changed to invite the critics to attend the show from January 28th to January 31st, with reviews embargoed for publication until February 3rd.³⁰

"In fairness, most every reviewer mentioned that the audience seemed to love the show. There were also a minimal number of critics that liked it."

Not unexpectedly, the reviews were dismal.³¹ (*The Daily News*, however, refused to review the play because of its issues with the producer's lack of any opening night.)³² George Oppenheimer in *Newsday* found it "embarrassingly bad," and suggested that "Paris Is Out!" "is the sort of play whose situations and dialogue you whistle as you enter the theater."³³ Clive Barnes of the *New York Times* found the show "pitiable" with the writing "deplorable."³⁴ Walter Kerr for the *New York Times* added, "I simply sat there and looked at it." He found the production "professional while the play is not."³⁵ Richard Watts, Jr., in the *New York Post* "sat there gloomily" and found the show lacking in "any freshness or sparkle."³⁶

The television and radio critics also were not fans of the show. Leonard Harris for WCBS lamented, "You leave the theater shrugging your shoulder."³⁷

Martin Gottfried for *Women's Wear Daily* was probably the most venomous. He wrote: "Frankly, it is terrible—gross, thick-witted, senseless, humorless, narrow-minded, hypocritical, boring, archaic, exclusively commercial, embarrassing, short-sighted, long-winded, uneducated, uninformed, uninteresting and unsuited for anyone un-Jewish and under age 50."³⁸

In fairness, most every reviewer mentioned that the audience seemed to love the show. There were also a minimal number of critics who liked it. *The Wall Street*

Journal found it “warmly entertaining.”³⁹ Undoubtedly the most favorable review appeared in the horse racing daily, *The Morning Telegraph*. Its reviewer, Leo Mishkin, found the play to be “rich and delicious and as filling as a large helping of apple strudel.”⁴⁰ A play was probably in trouble when its main booster was *The Morning Telegraph*.⁴¹

“More significantly, Pat O’Brien and his wife Eloise turned the show from a Jewish-oriented show to an Irish-oriented show.”

Faced with these harsh reviews, but with the potential for a receptive audience, the production team remained creative. Utilizing the fact that the critics had pointed to the favorable audience reception, they hastily created advertisements with pull quotes from nearly all of the critics, stating, not totally dishonestly: “The Critics Agree: Audiences Love ‘Paris Is Out.’”⁴² In an era when almost all shows held only two matinees, (Wednesday and Saturday), “Paris Is Out!” became the first show to move to four matinees. It had afternoon performances on Wednesday, Thursday, Saturday and Sunday.⁴³ Business appeared to pick up for a time, but started sinking in April of 1970. The final performance of the show was April 19, 1970. *Variety* claimed that it ran 96 performances with 16 previews.⁴⁴

Surprisingly, there was some life for “Paris Is Out!” after the Broadway closing. Molly Picon starred in the show the next summer in Philadelphia. More significantly, Pat O’Brien and his wife Eloise turned the show from a Jewish-oriented show to an Irish-oriented show. They starred in the show for two months in Chicago in 1972 and then took it on tour across the country on the old straw hat circuit and at dinner theaters for the next half decade.

“Donald Trump has been involved with many aspects of Broadway life for over 45 years.”

Performances were sparse after the O’Briens stopped appearing in the show. Perhaps the most unfortunate revival was one held in the Chicago area suburbs at the Arlington Park Theatre in 1978, starring Telly Savalas’s brother George.⁴⁵ Linda Winer, writing for the *Chicago Tribune*, called it a “dumb comedy” from which she “wanted out from the start.”⁴⁶ “Arlington Heights deserves better than this and so, come to think of it, do we.”⁴⁷ Subsequent productions of “Paris Is Out!” are hard to find.

The Future of the Relationship Between Donald Trump and Broadway

Donald Trump has been involved with many aspects of Broadway life for over 45 years. Given this long largely love-hate relationship with Broadway and with entertainment celebrities in general, it can only be expected that we will see more interesting “Hamilton”-like interactions in the future. As Bette Davis said in “All About Eve,” the classic movie about Broadway life, “Fasten your seatbelts. It’s going to be a bumpy ride.”

Endnotes

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17. Jeff Reynolds, "Marla Meritorious," *UPI* (Aug. 4, 1992). See also Michael D'Antonio, *The Truth About Trump*, p. 223 (2016).
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The Case for Innocent Athletes: Why Olympic Relay Teammates Need a Private Right of Action to Sue a Doping Teammate for Resulting Damages

By Kelsey L. Hanson

Phil Cowan/BMI Memorial Scholarship Winner

I. Introduction: The Marion Jones Controversy

After the 2000 Olympics Games in Sydney, Australia, Marion Jones became the first female athlete to win five medals at a single Olympic games.¹ Jones had won the gold medals in the 100 meter, 200 meter and the 4x400 meter relay, and she also won the bronze in the long jump and the 4x100 meter relay,² all while captivating the heart of millions of viewers around the world.³ However, this captivation came crashing down when Jones later admitted to taking “the clear” (slang for the steroid tetrahydrogestrinone, or “THG”)⁴ for two years beginning in 1999.⁵ Jones reportedly received “the clear” from her former coach Trevor Graham.⁶ However, Graham reportedly told Jones the drug was flaxseed oil,⁷ but as Jones later discovered, she had been ingesting the performance-enhancing drug (“PED”) at the center of the steroid scandal linked to Bay Area Laboratory Co-Operative (“BALCO”).⁸

“Throughout the history of the Olympics, precedent established that when an athlete was found guilty of doping, the athlete was required to return the medal so clean athletes may be properly awarded the medals.”

While Jones denied doping allegations for years, she later admitted in a letter to close family and friends that she had in fact been taking performance-enhancing drugs.⁹ Jones was subsequently brought up on criminal charges before the Southern District of New York on one count of making false statements to federal agents regarding her use of performance enhancing drugs, and one count of making false statements to agents in a separate fraud case.¹⁰

Reassignment of Jones’ Olympic Medals

At the time Jones admitted to illegally taking “the clear,” questions were raised regarding the status of Jones’ five Olympic medals.¹¹ Throughout the history of the Olympics, precedent established that when an athlete was found guilty of doping, the athlete was required to return the medal so clean athletes may be properly awarded the medals.¹² Since the 1968 Olympic Games, at least 25 athletes should have received the gold medal, but did not due to a doping athlete’s participation.¹³ Similarly, since the 1972 Games, 41 athletes were upgraded to the silver medal after doping violations were uncovered, and in at

least 54 cases, clean athletes, who came in fourth, missed the opportunity to stand on the Olympic podium due to a doping athletes’ participation.¹⁴ Consequently, when a medaling athlete is found to have illegally doped, there are cascading effects since every medal has to be subsequently reassigned.¹⁵

“While, in July of 2010, Marion Jones’ relay teammates won an appeal before the Court of Arbitration of Sport to keep their Olympic Medals, future teammates of doping athletes will not be so fortunate.”

In the case of Marion Jones, once her five medals were returned, the positions of some *three dozen* other athletes were directly affected.¹⁶ At the time of these decisions, the United States Olympic Committee (“USOC”) Spokesman Darryl Seibel stated the choice “illustrates the fact that cheating carries with it some very serious consequences, one of which is you forfeit the right to be called an Olympic champion.”¹⁷ However, while cheating carries direct punishment for the cheater, oftentimes the athlete’s clean relay teammates face the same punishment, and lose their rights to be called Olympic medalists.¹⁸

II. The Impacts on Jones’ Teammates

In December of 2007, Jones was officially stripped of her Olympic medals.¹⁹ At same time, the International Olympic Committee (“IOC”) began the process for removing Jones’ relay team members’ medals as well.²⁰ However, IOC President Jacques Rogge acknowledged “[s]hould the IOC decide to disqualify the teams, it would be a consequence of the doping offense of Miss Jones and not the consequence of any faults committed by other team members.”²¹ Despite this admittance, the IOC eventually required all members of the 4x100 and 4x400 meter relay teams to return their medals and awards earned at the Sydney Games.²² Jones’ teammate LaTasha Collander-Richardson stated: “because of the decision [Jones] chose to make...[n]ow and forever, to some extent, whether they take the medal or do not take the medal, it’s going to be tainted. The rest of us, our characters will be questioned.”²³

While, in July of 2010, Marion Jones’ relay teammates won an appeal before the Court of Arbitration of Sport to keep their Olympic Medals, future teammates of doping athletes will not be so fortunate.²⁴ The women were

only allowed to keep their medals because “the IOC and International Association of Athletes Federations [‘IAAF’] rules in 2000 did not allow entire teams to be disqualified because of doping by one athlete.”²⁵ The Court specifically found, “at the time of the Sydney Olympic Games there was no express IOC or IAAF rule in force that clearly allowed the IOC to annul the relay team results if one team member was found to have committed a doping offense.”²⁶ Although the Court acknowledged that this ruling could be unfair to the relay teams that were completely clean at the Sydney Olympics, “the decision exclusively depends on the rules enacted or not enacted by the IOC and the IAAF at the time of the...Games.”²⁷ Following this ruling IAAF amended its rules to address the Court’s decision. Going forward, “relay teams could... be disqualified if one member was caught doping.”²⁸

A. IAAF’s Rule Change

In 2003, IAAF amended its Anti-Doping and Medical Rules to address the consequences to teams when a participating athlete has committed an anti-doping violation.²⁹ This new rule—

Rule 41—specifically states:

If an athlete who has committed an anti-doping violation competes for a relay team in a subsequent Event in the Competition, the relay team shall be disqualified from the subsequent Event, with all the *same resulting consequences* for the relay team, including the forfeiture of all titles, awards, medals, points and prize money unless the Athlete establishes that he bears No Fault or Negligence for the violation and that his participation in the relay was not likely to have been affected by the anti-doping rule violation.³⁰

“While other theories of tort, such as fraud, are dependent on the tortfeasor intentionally harming the victim for their own gain, Jones did none of these things.”

As a result, the IAAF now has clear authority to strip all medals from relay teams as a direct consequence for a single teammate’s anti-doping violation.³¹ Therefore, this rule puts at risk the medals, titles, and prize money earned by innocent relay athletes from any athletic competition held after Rule 41’s effective date in March of 2004.³²

While Collander-Richardson may have avoided being stripped of her medal, her statement above raises a point that will be applicable to future athletes with doping teammates: What recourse do such innocent athletes have? This article finds that such athletes are currently without an effective remedy. As a result, both innocent

and doping teammates end up in the same position, even though one directly causes the others’ damages.³³ This article proposes that athletes in similar situations to Jones’ teammates should be afforded the opportunity to legally recover for the loss of their Olympic medals, titles, prize money, and damage to their reputation.

In appropriating damages, Congress should craft a statute with a wide net to allow claims against culpable parties, including trainers, coaches, and laboratories (such as BALCO), who caused/contributed to the doping athletes’ use of illegal drugs.

III. Crafting a Private Right of Action

While prior literature has argued that established state common law tort jurisprudence of negligence, recklessness, and professional malpractice could provide damages for an innocent athlete against a doping teammate,³⁴ these tort theories have been confined to physical sports injuries resulting from contact or rule violations.³⁵ Therefore, there is no precedent for extending said tort theories to doping teammates.³⁶ Additionally, these theories do not transfer well to the situation of a doping teammate. These theories of tort liability are prefaced on the fact that the tortfeasor acted unreasonably, but not intending to cause the resultant harm.³⁷ While other theories of tort, such as fraud, are dependent on the tortfeasor intentionally harming the victim for their own gain,³⁸ Jones did none of these things. Instead, she intentionally acted in clear violation of the established rules of sport, but was doing so with the intention of benefiting herself and her teammates. Consequently, there is no close analogy to this wrong in other aspects of life. Therefore, these wrongs are a clear candidate for a statutory private right of action that will address them in such narrow circumstances. Further, as this article subsequently argues, such a private right of action should be proposed at the federal, rather than state, level for several compelling reasons.

A. The Details Behind a Statutory Private Right of Action

While the precise language and standards behind the statute are beyond the scope of this article, the goal of such a statute would simply be to provide monetary damages to innocent athletes who suffered losses after being stripped of their medals, prize money, and possibly suffering damage to their reputations due to a relay teammate’s illegal doping. In appropriating damages, Congress should craft a statute with a wide net to allow claims against culpable parties, including trainers, coaches,³⁹ and laboratories (such as BALCO), who caused/contributed to the doping athletes’ use of illegal drugs. The goal of the legislation should be to hold accountable those who knowingly dope, or cause others to dope, but not athletes who accidentally take a banned substance

provided to them by a responsible party under false pretenses (however, allowing suit against a responsible party for damages). As stated by United States Track and Field ("USATF"), this wide net is appropriate because "[a]thletes rarely act alone when they make the ill-advised decision to dope, and anyone involved in advocating or enabling the use of PEDs should be punished just as severely as an athlete who uses them."⁴⁰

B. The Amateur Sports Act of 1978

Existing law is not a hurdle to a private right of action against a doping teammate. Olympic athletes are regulated under the federal Amateur Sports Act.⁴¹ Under the Act, the USOC is vested with the exclusive authority "to coordinate and regulate amateur athletics and amateur sports organizations. Congress intended the USOC to 'exercise exclusive jurisdiction, either directly or through its constituent members...over all matters pertaining to the participation of the [U.S.]' in international athletic competition."⁴² Further, under the statutory mandate, various National Governing Bodies ("NGBs") are "expressly granted the exclusive right to make determinations regarding the eligibility of an athlete for competition."⁴³

"Further, a federal private right of action is preferable because athletes on a relay team are likely to live in different states, meaning any cause of action for damages would likely be heard in federal court upon the basis of diversity jurisdiction."

Since the passage of the Amateur Sports Act, it has become settled case law that "issues regarding whether an athlete is eligible to participate in the Olympic Games or any of its qualifying events are reserved solely for the USOC, and the courts have no jurisdiction to entertain a private right of action that might impinge upon an *eligibility determination*."⁴⁴ However, the eligibility for participation of doping athletes is not what is at issue here. The athletes have already been ruled ineligible, albeit retroactively. Thus, any private right of action against a doping athlete would not *impinge* upon an eligibility determination; instead, this private right of action would necessarily flow from and be dependent upon such an eligibility determination. Quite simply, nothing within the Act itself would preclude a court from hearing an athlete's claim for damages against a doping teammate after his or her medal, prize money, or award has been rescinded.

IV. The Arguments for a Federal Cause of Action

Because the Amateur Sports Act does not preclude the kind of private right of action contemplated by this paper, it would be possible for states to pass such private rights of action without fear of preemption. However, a federal private right of action would be preferable. With-

out a federal law, athletes competing for the U.S. would likely have varying levels of protection, or no protection at all, because state laws are unlikely to be uniform.⁴⁵ This could result in a "race to the courthouse" situation in which litigants attempt to file in venues more favorable to their position. Further, a federal private right of action is preferable because athletes on a relay team are likely to live in different states, meaning any cause of action for damages would likely be heard in federal court upon the basis of diversity jurisdiction.⁴⁶ Therefore, due to conflict of law rules, a federal court would be required to decide which state laws apply and under the Erie Doctrine, apply that state's substantial law.⁴⁷ Consequently, this lack of uniformity and potential unpredictability could be mitigated and avoided by creating a federal private right of action for injured athletes to sue a doping athlete and other responsible parties for damages suffered as a result of the revocation of medals, awards, titles, prize money, sponsorships and/or damage to their reputation.

"The Act has been known as either the Ted Stevens Act of 1978, or the Amateur Sports Act, and most recently the Olympic and Amateur Sports Act upon Congressional Amendments in 1998."

A. An Amendment to the Amateur Sports Act

In order to create this cause of action, Congress could amend the Amateur Sports Act within 36 U.S.C. § 220509. With an original short title of the "Amateur Athletes Bill of Rights Act,"⁴⁸ it is clear how such an Amendment, creating the proposed cause of action, fits properly within the Act. Without such an Amendment, athletes will continue to be wronged, "and the United States Courts [will] have no power to right the wrong perpetrated upon one of its citizens."⁴⁹ As noted previously, while the details behind such an Amendment are beyond the scope of this article, the reasoning and justifications behind such an Amendment are persuasive.

The Amateur Sports Act has been an ever-evolving document. The Act has been known as either the Ted Stevens Act of 1978, or the Amateur Sports Act,⁵⁰ and most recently the Olympic and Amateur Sports Act upon Congressional amendments in 1998.⁵¹ The original bill, dating back to 1950, has been amended several times since, including in 1964, 1978, and 1998.⁵² This Congressional action and a committee report from the 1998 Amendments clearly evidence Congress' awareness that Olympic sports and their governance change, requiring continual updating and monitoring.⁵³ Further, arguably now more than ever, Americans and their representatives in Congress have become more concerned with the economic well-being and success of our Olympic athletes. For example, on October 7, 2016, President Obama signed into law a bill that eliminates the taxes on the prize money earned by American Olympic medalists.⁵⁴

B. A Sport(s) Still Tainted

Despite claims that track and field and other Olympic sports have been cleaned up due to stringent anti-doping measures, the harsh reality is that there are currently 32 athletes suspended by USATF.⁵⁵ In addition, the very athletes who were caught up in doping scandals some ten years ago have returned to their sports and are active competitors.⁵⁶ Justin Gatlin, who tested positive for a performance-enhancing drug in 2006, became America's fastest man at the 2016 Olympic Games.⁵⁷ Tyson Gay, who tested positive for anabolic steroids in 2013 (and caused his three teammates to lose their Olympic medals from the London 2012 4x100 meter relay as a result), was also a member of the 4x100 meter relay team in Rio.⁵⁸ Doping, no matter the substance, is not, and will never be, eradicated.⁵⁹ No matter the sport, athletes will always be after the next supplement and drug that will make them increasingly competitive.⁶⁰

Currently, the World Anti-Doping Agency ("WADA") uses the principle of strict liability in situations where an athlete's blood or urine sample produces adverse results.⁶¹ The principle of strict liability acts primarily as a deterrent.⁶² Therefore, in furtherance of the current strict liability standard enacted by the governing bodies, a federal private right of action would arguably increase the deterrent effect on athletes. Athletes may think twice about the losses they may suffer because of a doping violation, and the added fact that their innocent teammates could hold them liable for potentially millions of dollars in economic and reputational damages. Additionally, a federal private right of action could provide for punitive damages, thereby increasing deterrence. This may also have a strong deterrent effect on the conspiring coaches,⁶³ trainers, and specifically the laboratories (likely with the deepest pockets), if they could be financially liable for a hefty court judgment. To put the possible damage in perspective, the next section of this article discusses the potential losses at stake for one of the United States' top track and field athletes.

V. Conclusion: The Potential Case of Allyson Felix

Allyson Felix is currently the most decorated woman in U.S. track and field history.⁶⁴ She has competed in four Olympic games and, over the years, compiled nine Olympic medals, six gold and three silver.⁶⁵ Five of these Olympic gold medals are from relay events, in which Felix paired with 14 other women.⁶⁶ Since rising to fame in 2004, Felix has accumulated a net worth of more than \$8.5 million, encompassing sponsorships from Acuvue, Proctor and Gamble, AT&T, and Gatorade, along with endorsement deals with Adidas and Nike.⁶⁷ More importantly, she has earned more than \$130,000 in prize money from her Olympic medals.⁶⁸

In relation to Felix, the question could be asked: what if one of those 14 athletes admitted to illegally doping, or was caught doping at some point in the near future? Felix retired shortly after the 2016 Rio Olympics. Therefore, because the current statute of limitations for doping of-

fenses is typically eight years,⁶⁹ her medals, prize money, and sponsorships are arguably at risk until 2024. While some may view this as unlikely, using Felix as an example illustrates the extent to which one athlete's doping scandal could easily, and negatively, impact one of track and field's most beloved athletes. Further, Felix's potential risk helps demonstrate why Congress should consider amending the Amateur Sports Act to provide for a private right of action before a widely successful, innocent athlete suffers a tremendous loss. In the case of Olympic athletes, it is easy to argue Congress should be proactive, rather than reactive. The costs of achieving Olympic glory are unfathomable,⁷⁰ and therefore the titles, awards, and riches for achieving that success should not be jeopardized by potentially doping teammates.

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Major League Baseball's Collective Bargaining Agreement

By Douglas J. Gladstone

Major League Baseball's (MLB, the League) new Collective Bargaining Agreement (CBA), which was negotiated in November by MLB and the union representing the players, the Major League Baseball Players Association (MLBPA, Union), was ratified by the owners 29 to one in December. Both sides were positively giddy about the new five-year agreement, which runs through 2021.

Some of the details of the new accord include raising the minimum salary to \$555,000 by 2019, the owners kicking in \$200 million per year to fund the pension and welfare benefits of today's players, and the fact that ballplayers who participate in special events in London, Asia and the Dominican Republic will each get \$15,000 to \$100,000. Good for today's players. They deserve what they can get.

"One had to be on an active major league roster to qualify for a pension, and had to accrue five years of service credit to retire."

However, there are about 500 MLB veterans who are not singing the CBA's praises. Instead, they more than likely will feel that they are being shafted, and that today's players are unappreciative, greedy mercenaries with short memories who are getting rich off the sacrifices that were made on their behalves more than four decades ago. That is because these retired players, all of whom played between 1947 and 1979, when it was required for them to accrue four years of service credit to be pension eligible, are not vested in the game's pension plan.

The Pension Fund

The players' pension fund was established in April 1947. One had to be on an active major league roster to qualify for a pension, and had to accrue five years of service credit to retire. In 1969, that threshold was lowered to four years. Eleven years later, during the 1980 Memorial Day Weekend, a threatened players' walkout was averted when the League and the Union agreed that players would be eligible for health benefits after only one day of service and a pension after 43 game days—roughly one quarter of a season.

The problem? The agreement was never made retroactive.

When contacted at his Manhattan apartment in 2009 on Veterans Day, the late Marvin Miller, the brilliant labor economist who was the first executive director of the MLBPA, grudgingly admitted he had made a mistake.¹ It would take MLB and the MLBPA another 18 months—more than three decades after 1980—to partially remedy that mistake.

On April 21, 2011, the League and Union announced that these pre-1980, non-vested players would each receive up to \$10,000 in nonqualified retirement payments for having played the game they love. That was before taxes were deducted.

"According to the IRS, the difference between the nonqualified retirement they receive and a pension is that the current pension limitation is \$210,000."

Based on a formula that must have been calculated by an actuary, for every quarter of service a player had accrued, he would get \$625. Four quarters (one year) totaled \$2,500. To receive the maximum \$10,000 amount, one needed to accrue 16 quarters. Very few players came remotely close to having accrued 16 quarters of service.

David Clyde, the former Texas Ranger and Cleveland Indians pitcher, came up 37 days shy of a pension. Rich Hinton, who pitched over parts of six seasons, had three and three quarters years of service credit. Don Dillard was the closest to actually being vested, and he came up just 17 days short. New York Mets outfielder George "The Stork" Theodore and Detroit Tigers relief pitcher Steve Grilli, each of whom is credited with two and a quarter years of service, have each received gross checks of \$5,625 for the past five years. After taxes, the men receive \$3,800 apiece.

According to the IRS, the difference between the non-qualified retirement payments they receive and a pension is that the current pension limitation is \$210,000. Pensions can also be passed on to a widowed spouse or other designated beneficiary. The recipients of these nonqualified retirement payments cannot do that.

In addition, retired players who receive baseball pensions are covered by the MLB's health insurance plan. However, the recipients of these nonqualified retirement payments are not.

Fueled in large part by the \$12.4 billion in licensing fees that Fox, TBS and ESPN are paying it to broadcast games, MLB is a more than \$9 billion industry. The MLBPA either cannot (or will not) advocate for these 500 veteran players for fear that either the League will turn them down or there will be less money to divvy up among current dues-paying members. This is especially sad, since men like Grilli, Clyde and Carmen Fanzone, the versatile utility player for the Chicago Cubs and Boston Red Sox, endured work stoppages and went out on picket lines so that free agency could happen for today's players.

Current MLBPA Executive Director Tony Clark—the first former player to be elected to the position—has surrounded himself with an all-star roster of former players, including Hall of Famer Dave Winfield, outfielder Jeffrey Hammonds and pitcher Steve Rogers—who should be more willing to advocate for the retired players, regardless of whether they have any responsibility to do so. Under the National Labor Relations Act, people who are no longer dues paying members of a union are not owed “the duty of fair representation.”

There is no real legal solution to this problem, as the former players were not vested. Yet that does not mean that all should be lost.

Ronald Dean, a Fellow of the College of Labor and Employment Lawyers and a Charter Fellow of the American College of Employee Benefits Counsel, says that, under the Employees Retirement Income Security Act (ERISA) of 1974, “it is perfectly permissible to make an amendment retroactive even if it then vests those who were previously unvested.”² Even MLB Commissioner Rob Manfred, who was in charge of labor relations for the League when the 2011 agreement was brokered, concedes that this can be done. “The players’ plan can be amended only in collective bargaining.”³

Therefore the (base)ball would seem to be squarely in the court of the MLBPA. If the Union really wants to do right by these men, it has to be willing to make it happen. There is ample precedent to improve on the April 2011 agreement.

In 1997, perhaps to help recognize the 50th anniversary of Jackie Robinson breaking the color barrier, MLB created a payment plan for about 85 black players who did not play in the majors long enough to qualify for a pension, or who did not have the opportunity to play in the majors at all. To be eligible for their payments, the black players had to either have played in the Negro Leagues for at least one season before 1948, or played a combined four years in the Negro Leagues and the major leagues before 1979. Later that same year, in October 1997, MLB also gave payments to a group of non-black players who retired before 1947, the year the pension plan began. Therefore, men like Dolph Camilli, the 1941 National League Most Valuable Player, started drawing quarterly payments of \$2,500.

“Did institutional racism by and large preclude the majority of these Negro League veterans from playing in the big leagues? Absolutely.”

Significantly, neither the pre-1947 players, nor the veterans of the Negro Leagues paid Union dues, while men like Grilli, Fanzone and Clyde obviously did. The price tag associated with this magnanimous gesture amounted to annual payments of between a mere \$7,500 and \$10,000 per player.

In 2004, the MLB agreed to pay monies to more of these veterans of the Negro League on the grounds that baseball had not been totally integrated until 1959, when the Boston Red Sox became the last team to field a black player, Pumpsie Green. The terms of the agreement were not exactly the same as with the 1997 group of ex-Negro Leaguers. Players who never played in the major leagues were given the option of electing to choose pensions totaling \$375 per month (\$4,500 a year) for life or \$10,000 a year for four years.

Unlike the readers of this publication, I am not an attorney. Yet it seems to me that men who did not have any contractual employment relationship with MLB should not be getting more money than those who did have a contractual employment relationship with the League.

Did institutional racism by and large preclude the majority of these Negro League veterans from playing in the big leagues? Absolutely. However, African American players like Billy Harrell, the late infielder from Albany, New York, made it to “The Show” during parts of the six seasons he played with the Indians and Red Sox, from 1955 through 1961. Why, then, should a Negro League veteran who never played at the major league level earn more than an African American, like Harrell, or a Caucasian, like Clyde, who did?

When he was elected to the Hall of Fame last December, Bud Selig, commenting about his time as commissioner of the League, said he regretted not speaking up more or doing more when he learned of the use of performance enhancement drugs in the game. Previously, in a July 7, 1996 *New York Times* article about the pre-1947 players, also observed that their situation was “categorically unfair.”⁴ “In the next labor contract, there should be a provision” for them, he continued.⁵

Heywood Campbell Broun, the founder of the American Newspaper Guild, once wrote that “sports do not build character. They reveal it.”⁶

One can draw conclusions about what that says about the folks who are running the MLBPA these days.

Endnotes

1. November 11, 2009 phone call between author and interviewee.
2. November 15, 2009 email to the author.
3. November 19, 2009 email to the author.
4. Dave Anderson, *Sports of the Times*; 77 *Worthy Old-Timers Are Only Receiving a Major League Snub*, *New York Times*, July 7, 1996.
5. *Id.*
6. John L. Lewis et al., *Heywood Broun: As He Seemed to Us* (New York: Random House for the Newspaper Guild of New York, 1940).

Douglas J. Gladstone is the author of *A Bitter Cup of Coffee; How MLB and The Players Association Threw 874 Retirees a Curve* (Word Association Publishers, 2010).

Spinoffs, Crossovers, and Cameos

By David Krell

In the television arm of the entertainment industry, the cadre of entertainment attorneys catering to creators must be foreseers of opportunities, challenges, and consequences. When a writer creates a television series, there is more than payment

involved. Who will have approval concerning spinoffs? Who will govern a character crossing over to another series not created by the writer? When a member of the writing staff creates a new character, will that writer benefit from his or her creative work beyond royalties if the character gets his or her own show, as occurred with *Frasier*? Where and how will merchandising be covered for characters in the parent series and spinoffs?

"It should be noted that the WGA Minimum Basic Agreement protects against diminishment: 'Nothing in the Guild contract can be undercut by an individual contract, but anything (except a guarantee to receive a credit) can be improved.'"

Writers can protect themselves, to an extent, through rights mandated by the Writers Guild of America (WGA), in addition to further strengthening through contracts negotiated by their attorneys. It should be noted that the WGA Minimum Basic Agreement protects against diminishment: "Nothing in the Guild contract can be undercut by an individual contract, but anything (except a guarantee to receive a credit) can be improved."¹

A television series creator imagines a universe in which his or her characters exist, sometimes using real people in cameos for verisimilitude; examples include:

- Chicago Mayor Rahm Emanuel on *Chicago Fire*
- New York City Mayor Rudy Giuliani on *Law & Order*
- Connie Chung on *Murphy Brown*
- Walter Cronkite on *Mary Tyler Moore* and *Murphy Brown*
- Betty Ford on *Mary Tyler Moore*
- Senator Ted Kennedy on *Chicago Hope*

- George Stephanopoulos on *Spin City*
- Leo Durocher on *The Munsters* and *The Beverly Hillbillies*
- Don Drysdale on *The Brady Bunch*
- Robert Urich on *Cheers*
- Hank Aaron on *Happy Days*
- Howard Cosell on *The Odd Couple* and *The Partridge Family*
- Las Vegas Mayor Oscar Goodman on *Las Vegas*
- Massachusetts Governor Michael Dukakis on *St. Elsewhere*

Years before he became the 45th President of the United States, Donald Trump built a roster of television credits, including *Spin City*, *The Jeffersons*, *Sex and the City*, and *The Fresh Prince of Bel Air*. *The Larry Sanders Show* starring Garry Shandling revolved around the title character's late night talk show, a paradigm demanding a steady influx of real celebrities portraying themselves, including Dana Delany, David Spade, Howard Stern, George Segal, Sharon Stone, and Peter Falk.

"JAG creator Donald Bellisario used a two-part story as the backdoor pilot for NCIS, which emerged into one of the biggest successes in CBS history."

If a television series becomes a hit, the network may try to leverage it by requesting a spinoff, sometimes launched through a "backdoor" pilot—an episode of the parent series featuring the characters from the proposed spinoff in a majority of the story. *JAG* creator Donald Bellisario used a two-part story as the backdoor pilot for *NCIS*, which emerged into one of the biggest successes in CBS history. Another example occurred during the summer of 1992, when *Beverly Hills 90210* introduced Jake Hanson as a mentor of sorts to Dylan McKay in a series of episodes, and thereby set the stage for the spinoff *Melrose Place*, which premiered that fall.

Mork & Mindy was a spinoff of ABC's 1970s juggernaut *Happy Days*, but its genesis was an accident akin to striking oil in the backyard. Hollywood lore explains that *Happy Days* creator Garry Marshall devised an episode

with an alien after his son suggested that main character Richie should have an alien friend—this, at the height of the *Star Wars* craze. Casting “Mork from Ork” proved a terrific challenge. Then, Robin Williams emerged like manna from comedy heaven, wowed the audience in the studio and tens of millions watching the episode at home, and became a household name.

“Archie Bunker’s racism softened, perhaps, from constant exposure to George Jefferson’s clan.”

Happy Days was a spinoff of a segment from *Love, American Style*; after the success of *American Graffiti* proved the lure of nostalgia, ABC ordered a pilot. Paramount produced *Love, American Style* and all shows in the *Happy Days* universe. Then, when *Mary Tyler Moore* and *M*A*S*H* ended their spectacular runs, they spun off, respectively, *Lou Grant* and *AfterMASH*.

The Jeffersons was a spinoff of *All in the Family*, the sitcom that married controversy with comedy during the early 1970s—Watergate, Vietnam, race relations, and inflation became fodder for humor. George and Louise Jefferson, with their son, Lionel, lived next door to the Bunkers in Queens. Archie Bunker’s racism softened, perhaps, from constant exposure to George Jefferson’s clan. CBS launched *The Jeffersons* in 1975, and it aired for 10 years. The short-lived *Checking In* was a *Jeffersons* spinoff.

Like the Robin Williams discovery, *All in the Family* also launched *Maude*, a spinoff based on a character with one guest appearance on the parent series. *Good Times* was a *Maude* spinoff.

“For example, when Sergeant Hank Voight of the Chicago Police Department’s Intelligence Unit needs a Russian translator, he turns to Brian “Otis” Zvonecek, a firefighter from Truck 81. Wolf has also brought the Chicago characters into the Law & Order: SVU universe through multi-episode storylines.”

Crossovers, especially between a parent series and its spinoff, are common. Richie and Potsie from *Happy Days* partnered with the title characters from *Laverne & Shirley* in a dance competition during an episode in the latter series. Warner Brothers engaged characters from *77 Sunset Strip* in the first episode of the spinoff *Hawaiian Eye*. The studio had two other shows in this private detective universe—*Bourbon Street Beat* and *Surfside Six*. When *Bourbon*

Street Beat ended after one year, Warner Brothers played musical characters—Rex Randolph voyaged to *77 Sunset Strip* and Kenny Madison docked at *Surfside Six*. All four shows aired on ABC.

Aaron Spelling dominated prime time in the 1970s, planting his flag throughout ABC’s schedule with *Vega\$, Charlie’s Angels, The Love Boat, Hart to Hart, Fantasy Island, Hotel, T.J. Hooker*, and *Dynasty*. In 1979, the gorgeous detectives from *Charlie’s Angels* pursued an art thief on the *Pacific Princess*—the setting for *The Love Boat*.

Dick Wolf’s Chicago universe in present day features crossovers aplenty with characters from *Chicago Fire, Chicago P.D., Chicago Med*, and *Chicago Justice* interacting personally and professionally. For example, when Sergeant Hank Voight of the Chicago Police Department’s Intelligence Unit needs a Russian translator, he turns to Brian “Otis” Zvonecek, a firefighter from Truck 81. Wolf has also brought the Chicago characters into the *Law & Order: SVU* universe through multi-episode storylines.

“Newhart owns, perhaps, the most memorable crossover. In the series finale, Bob Newhart’s 1980s sitcom proved to be a dream of his character from The Bob Newhart Show of the 1970s. MTM Productions owned both shows.”

Homicide and *Law & Order* combined for a two-part episode in the 1990s. Though on the same network, NBC, the shows were not owned by the same production company. This type of event mandates a negotiation concerning home video rights, particularly important as “The Complete Series” of a television show becomes a *de facto* offering on DVD and Blu-Ray.

Newhart owns, perhaps, the most memorable crossover. In the series finale, Bob Newhart’s 1980s sitcom proved to be a dream of his character from *The Bob Newhart Show* of the 1970s. MTM Productions owned both shows.

Endnote

1. <http://www.wga.org/contracts/know-your-rights/creative-rights-for-writers#5>.

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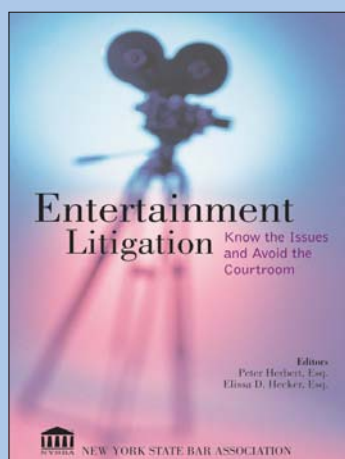
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