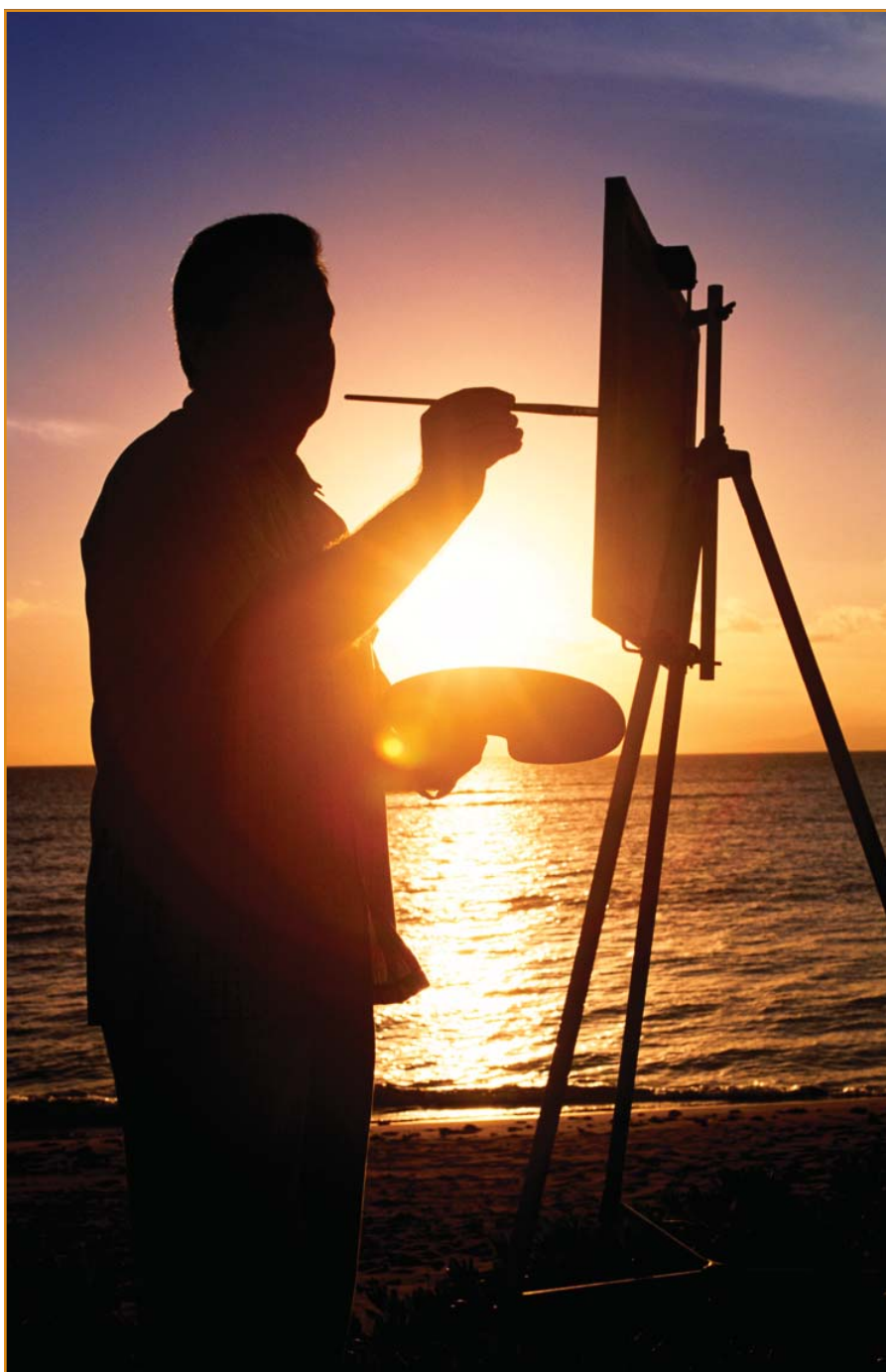


# Entertainment, Arts and Sports Law Journal



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



## Inside

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

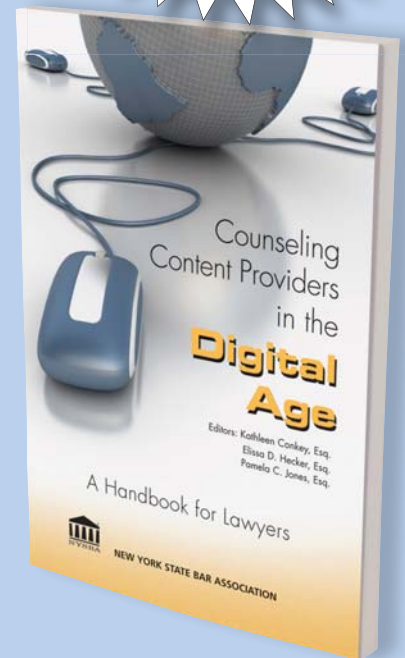
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# Remarks from the Chair

There have been several exciting new developments this spring. One of EASL's most pressing themes is diversity. In response to President Vincent Doyle's initiative, EASL was among the first Sections to form a Diversity Challenge Team, initially comprised of Anne Atkinson, Rakhi Bahadkar, Elissa Hecker, Jessica Thaler, Rosemarie Tully and myself. As a member of the House of Delegates, I was thrilled to hear our Section lauded for our commitment to diversity at the House of Delegates meeting on June 25th.



We were already focusing our attention to diversity, creating a Diversity Committee in early spring, chaired by Anne Atkinson. Anne was recently appointed as Co-Chair of the Membership and Diversity Committee, which has been split into two Committees, with Rosemarie Tully and Jessica Thaler as Co-Chairs of the Membership Committee and Anne as Chair of the Diversity Committee. Anne will be building on her experience on the Executive Committee of the NYSBA Corporate Counsel Section, where she has been involved in diversity initiatives. Rosemarie and Jessica will continue in their roles building membership, which continues to grow as attorneys recognize the enormous value of EASL in their practices. In the coming year, we will be developing a comprehensive diversity plan, including expanding diversity of Section membership through CLE programs and other events such as networking opportunities. We are committed to participating fully in President Doyle's Diversity Challenge and welcome your ideas on how we can achieve our goals.

Throughout the spring, the Section held numerous programs of importance. An excellent double-feature on entertainment law was held in May. Professor Stan Soocher of the University of Colorado, Denver, presented two informative and lively programs. On May 16th he discussed legal developments in the film and television industries in a program organized by the Motion Pictures Committee (Steve Rodner and Mary Ann Zimmer, Co-Chairs) and the Television and Radio Committee (Pamela Jones and Barry Skidelsky, Co-Chairs). The following week, Professor Soocher delivered his essential lecture, "Entertainment Law—Year in Review," at our Spring Meeting on May 24th, which was organized by EASL Program Co-Chair Tracey Greco Meyer.

Our Theatre and Performing Arts Committee (Diane Krausz and Jason Baruch, Co-Chairs) hosted a program

on June 20th, entitled "Revisiting Form D—Theatrical Offerings and What You Need to Know," featuring attorneys Gary Emmanuel and Mark Beigelman. This event was held at UBS.

In April, our Fine Arts Committee, which I chair, organized a behind-the-scenes tour of Sotheby's, Inc., where we met with auction house specialists and toured the American Art and Photography exhibits. The following month, we held a panel entitled "Fair Use and Visual Art: Recent Developments," which I moderated. This was a lively and engaging discussion on two recent cases focusing on copyright infringement and fair use involving photographers and visual artists: *Patrick Cariou v. Richard Prince, Gagosian Gallery, Inc., Lawrence Gagosian, and Rizzoli International Publications, Inc.*, 2011 U.S. Dist. LEXIS 29070 (S.D.N.Y. Mar. 11, 2011); and *Shepard Fairey and Obey Giant Art v. The Associated Press*, Civil Action No.: 09-01234, filed 2/9/09 (S.D.N.Y.). Panelists included Judith B. Bass (Law Office of Judith B. Bass), Daniel Brooks (Schnader Harrior Segal & Lewis LLP), Meir Feder (Jones Day), and Claudia Ray (Kirkland & Ellis LLP).

The following month, the EASL Lawyers in Transition Committee (Leila Amineddoleh, Stephanie Khalifa, Co-Chairs) joined forces with the Fine Arts Committee to offer an informative program on cultural heritage property, entitled "A Snapshot of Cultural Heritage Property Law." This popular event featured Evan Barr (Steptoe & Johnson), Darlene Fairman (Herrick Feinstein), James McAndrew (former Senior Special Agent with U.S. Department of Homeland Security and currently Forensic Specialist at the law firm of Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP), and Jane Levine (Senior Vice President and Worldwide Director of Compliance for Sotheby's).

In late spring we participated in a full day joint CLE program co-sponsored by EASL, the Intellectual Property Law Section and the NYSBA Committee on Continuing Legal Education. This program, entitled "Putting it Together: An Introduction to Entertainment Law Practice," was co-chaired by Diane Krausz and Kimberly Ayers Shariff (Chair, EASL's In-House Counsel Committee). Among the featured participants in this program were Howard Siegel (Former Chair), Stephen B. Rodner (Co-Chair, EASL's Motion Picture Committee), Marc Jacobson (Founding Chairman), Carla Miller (Vice President, Business and Legal Affairs, Universal Music Group), Tom Ostertag (Senior Vice President and General Counsel, Major League Baseball), Stanley Pierre-Louis (Vice President, Associate General Counsel, Intellectual Property & Content Protection, Viacom Inc. and Co-Chair, EASL Litigation Committee), Lesley Rosenthal (Vice President and General Counsel, Lincoln Center for the Performing Arts,

Inc.), Mark Merriman (Frankfurt, Kurnit, Klein & Selz, P.C.), Carter Ann McGowan (Sendroff and Baruch, LLP), and Hal Lieberman (Hinshaw and Culbertson, LLP). The panels were expertly moderated by Rosemarie Tully (EASL Vice-Chair), Kimberly Ayers Shariff, Diane Krausz and Jason Baruch.

Our partnership with the New York Foundation for the Arts (NYFA) continues to blossom. On June 25th, the Pro Bono Committee provided speakers from the EASL Section for NYFA's Artist as Entrepreneur Boot Camp on copyright, contract, and trademark law, and organized breakout groups for various arts disciplines. Future collaborations between EASL and NYFA will include a program on Insurance Law Issues for NYFA's BUILD Program recipients (grant to help dance companies increase their administrative capacities) and pro bono litigations. EASL also ran a Pro Bono Clinic on August 10th with NYFA. (Please see the Pro Bono Update for details).

On a more social note, Jessica Thaler organized a splendid wine tasting at Villa Berulia in Manhattan in June. The restaurant paired a different wine with each of five courses. It was such a success that we will be holding similar events in the future.

It's an ongoing pleasure to welcome new liaisons from the Young Lawyers Section for the 2011-2012 term—Ethan Bordman, Jaimie Glover and Rakhi Bahadkar. This makes a grand total of five YLS liaisons, including Jason Aylesworth and Ezgi Kaya for the 2010-2011 term. Our enthusiastic Young Lawyers Liaison Committee organized a first ever Bowl and Mingle event on May 16th, which almost instantaneously sold out and was a rousing success. It was great fun, but please don't ask me my score!

Looking forward to the fall, we have a number of terrific events already in the works. A fabulous CLE program on financing in the sports and entertainment industries is scheduled to be held on September 21st. Speakers include a sports banker and an entertainment banker, a lender's counsel and a borrower's counsel. Jessica Thaler, who organized the outstanding panel, will also serve as Moderator.

Of course, the fall would not be complete without our Fall Program. Stay tuned for details about our events.

In closing, I note several transitions in the Executive Committee. Bennett Liebman will be leaving his position as Co-Chair of the Legislation Committee in order to accept a position in State government. Bennett has been a steady and reliable EASL resource in Albany for many years, with extraordinary insight into legislative matters. Bennett has also served on the House of Delegates with distinction. Hopefully, Bennett will continue in his role as District Representative from the Third Judicial District. Tracey Greco Meyer stepped down as Program Co-Chair after five years of excellent service. We wish her well in her new position as Corporate Counsel and Director, Product Compliance at Ross Stores, Inc. I also acknowledge our outgoing Program Co-Chair Rachel DeLetto, who did such a fabulous job on the 2010 CMJ-EASL Fall Program. Our new Program Co-Chairs are Diane Krausz and Ethan Bordman. Another wonderful addition to our Executive Committee is Judith B. Bass as Co-Chair of EASL's Literary Works Committee with Ken Swezey. In addition, our energetic and resourceful Law Student Liaison from Cardozo, Irina Tarsis, has been appointed as Litigation Coordinator for EASL's Pro Bono Committee, replacing Monica Pa, who stepped down early this year to accept a position at Disney in Los Angeles.

Finally, I thank our trusted liaisons in Albany, Dan McMahon and Leslie Scully, who have worked alongside many of us for the past year and a half. Although they are sadly leaving us as liaisons, they will fortunately continue to work with us on publications. We look forward to a productive relationship with Tiffany Bardwell, our new Section Liaison. Warm welcome to Ethan, Irina, Judy and Tiffany!

I hope to see many of you over the summer—and each and every one of you at our events in the fall! Please continue to e-mail me your ideas at [judithprowda@aol.com](mailto:judithprowda@aol.com).

**Judith B. Prowda**

## Editor's Note

So many cases have been decided and legislation drafted recently that concern entertainment, arts and sports law subjects (although unfortunately not in Albany). Fortunately, we have this great space in which we can report on them to you, in addition to our timely postings on the EASL Blog. Often you will find that topics discussed in these pages are followed up by further discussion on the Blog, in order to best serve EASL members with the most important and updated information.



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This issue contains several of those decisions. For instance, we have three separate analyses regarding the *Cariou v. Prince* appropriation art decision, coupled with an article concerning a decision contrary to appropriation artists Jeff Koons' interests. There are articles concerning constitutional issues, such as the Copyright Act (statutory damages, expanding protection, and how it relates to other intellectual property protections) and the First Amendment. I am pleased to have so many articles focusing on various aspects of sports law that merge intellectual property, in addition to articles covering:

- The legalization of online gambling,
- issues surrounding laws concerning tax deductions for donations of art works to museums and galleries,
- the International Olympic Committee's domination over worldwide intellectual property rights, and how other organizations can learn from it,
- the origin of the Designated Hitter Rule,

- whether entertainment industries can be held accountable for copycat crimes,
- the protection of Underwater Cultural Heritage,
- the history behind Johnny Carson's ascent to the throne of late night television,
- the role of live musicians on Broadway, and the union battles to retain performers against canned music, and
- Judith Prowda's Keynote Address about the *Martha Graham* case from our dance program with NYFA.

As always, please feel free to email articles of interest or questions to the Editor to me at [eheckeresq@yahoo.com](mailto:eheckeresq@yahoo.com).

I wish you good late summer reading.

—Elissa

**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 a Past Chair of the EASL Section. She is also Co-Chair and creator of EASL's Pro Bono Committee, Editor of the EASL Blog, Editor of *Entertainment Litigation and Counseling Content Providers in the Digital Age*, a frequent author, lecturer and panelist, a member of the Board of Editors for the *NYSBA Bar Journal*, a member of the Copyright Society of the U.S.A. (CSUSA), a member of the Board of Editors for the *Journal of the CSUSA* and Editor of the *CSUSA Newsletter*. Elissa is the recipient of the CSUSA's first ever Excellent Service Award and recipient of the New York State Bar Association's 2005 Outstanding Young Lawyer Award. She can be reached at (914) 478-0457, via email at: [EHeckerEsq@yahoo.com](mailto:EHeckerEsq@yahoo.com) or through her website at [EHECKERESQ.com](http://EHECKERESQ.com).**

## ENTERTAINMENT, ARTS AND SPORTS LAW SECTION

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Check out our Blog at <http://nysbar.com/blogs/EASL>



# Pro Bono Update

EASL's Pro Bono Steering Committee started an exciting new chapter in our partnership with the New York Foundation for the Arts (NYFA). The below programs with NYFA are representative of a strong relationship that started earlier this year when we reached out upon reading about NYFA's Boot Camp for Artists. Peter Cobb, NYFA's Program Officer, has been our primary connection within the organization. NYFA is an arts service foundation that provides a wide breadth of support to the vast arts communities in New York State, including fiscal sponsorship, affordable work space for artists and a grant program, to name just a few. The Pro Bono Steering Committee complements NYFA's services with the legal education and guidance that is helpful for artists and arts organizations.

EASL and NYFA will be producing an Employment Law workshop for dancers, which will provide members of New York City's dance community with the appropriate tools to handle employment law issues. Due to the physical nature of the business of dance and the lack of regulation in the dance industry, dancers and companies need workshops such as this to tackle their unique concerns.

We also ran the first of several Pro Bono Clinics at NYFA in August. This Clinic again incorporated volunteers from the IP Section, as we try to share all such pro bono opportunities with our colleagues in that Section. More information and photos from the Clinic will appear in the next issue of the *Journal*.

Another ambitious program on our calendar is to provide more volunteers from the Speakers Bureau to NYFA for programs held throughout New York State.

For example, EASL's Speakers Bureau provided attorneys to present lectures and lead discussion groups for NYFA's Artist as Entrepreneur Boot Camp's "Legal Issues for Artists" day on June 25th. Section members' responses to our request for speakers were immediate, enthusiastic, and much appreciated. Please know that we were most grateful for the wonderful responses and will have many more opportunities for you to contribute. It was a wonderful opportunity to make legal principles understandable to artists, who very much need this knowledge.

The Boot Camp was held at NYFA's office in Dumbo, with beautiful views of the East River and near the new Brooklyn Bridge Park. The group of artists was very interesting and made up of a variety of artists from many disciplines and age groups. They are serious about increasing their levels of professionalism and raised several good questions. Both NYFA personnel and the participants were grateful for our presentations, time, expertise, and genuine interest in helping them.

The theme of the Boot Camp was to help artists monetize their art. Day three was dedicated to legal issues, including contracts, copyright, and trademark/branding issues. The day began with Contracts and Negotiation Skills, with Jason Aylesworth (Co-Chair, EASL's Digital Media Committee). Carol Steinberg, a Pro Bono Steering Commit-

tee member, followed, providing a primer on Copyright Law. The entire group was then divided by artistic discipline into discussion groups and Q and A regarding copyright/fair use issues raised by Carol's lecture.

It was wonderful to create break-out groups so that the artists could ask questions that pertained specifically to their own works. As you can imagine, the hour of questions was very lively and full of interesting questions. Carol Steinberg lead the Visual Artists, Lisa Willis the Film and Video group, Paul Reinitz the Music group, Amelia Brankov the Literary Arts group, and Diane Krausz the Performing Arts group.

Nina Manasan Greenberg then spoke about Branding and David Mazur spoke about Trademark Law. Finally, NYFA's Executive Director, Michael Royce, spoke about Networking. The group of 58 attendees was small enough for all to interact meaningfully, and quite honestly to have a wonderful time. Everyone was very good at conveying legal principles into plain English and their expertise in a way that the artists could easily understand. Thank you so much to the generosity of the speakers and to all who volunteered. We look forward to many more exciting events.

\* \* \*

Finally, although we are thrilled that Monica Pa has moved to Los Angeles to pursue the next exciting step in her career, we will miss her involvement in all aspects of the Pro Bono Steering Committee. We welcome Irina Tarsis as the newest coordinator of pro bono litigations.

\* \* \*

For your information, should you have any questions or wish to volunteer for our pro bono programs and initiatives, please contact the Pro Bono Steering Committee member who best fits your interests as follows:

## Clinics

Elissa D. Hecker and Philippa Loengard are coordinating walk-in legal clinics with various organizations.

- **Elissa D. Hecker**, [heckeresq@yahoo.com](mailto:heckeresq@yahoo.com)
- **Philippa Loengard**, [loengard@law.columbia.edu](mailto:loengard@law.columbia.edu)

## Speakers Bureau

Carol Steinberg and Kathy Kim are coordinating Speakers Bureau programs and events.

- **Carol Steinberg**, [elizabethcjs@gmail.com](mailto:elizabethcjs@gmail.com)
- **Kathy Kim**, [kathykim2007@gmail.com](mailto:kathykim2007@gmail.com)

## Litigations

Irina Tarsis is coordinating pro bono litigations.

- **Irina Tarsis**, [tarsis@gmail.com](mailto:tarsis@gmail.com)

We are looking forward to working with all of you, and to making pro bono resources available to all EASL members.

## KEYNOTE

# The *Martha Graham* Case: Determining Who Owns a Dance

By Judith B. Prowda

### Preliminary

Thank you Michael Royce and Carol Steinberg for your kind introductions. Also thank you Carol and Elissa Hecker, Co-Chairs of EASL's Pro Bono Committee and Peter Cobb, Program Officer of the NYFA BUILD Education Initiative, for organizing this splendid event for the dance community. I appreciate your inviting me to speak on the *Martha Graham* case and Who Owns a Dance?

I am honored to invite Janet Eilber, Artistic Director of the Martha Graham Dance Company to join me at the podium in a few minutes to tell us about the ramifications the case has had on the Dance Company, and perhaps members of audience can give us your insight into how the dance world has responded.

Finally, thank you, Dance Community, for participating today. This program is for you. I look forward to meeting you throughout the day.

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*“What constitutes faithful re-creations of a choreographer’s dances? Are the choreographer’s intentions respected? How do you preserve dance, perhaps the most transitory of art forms?”*

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### Who Owns a Dance?

We are beginning today’s conference with the question, “Who owns a dance?”

Until the *Martha Graham* case, which I will discuss in a moment, many, if not most, choreographers, dancers and dance companies simply assumed that choreographers owned their dances. After all, they created them. Painters own their paintings. Authors own their books. Composers own their music. Who, besides the choreographer, could possibly be in a position to claim ownership of the dances? The institution that provided the choreographer the platform, and even salary? The party who commissioned the work? The Board of Directors?

There are other pressing questions that come to mind when thinking about the *Martha Graham* case and the creation and ownership of dance:<sup>1</sup>

What constitutes faithful re-creations of a choreographer’s dances? Are the choreographer’s intentions respected? How do you preserve dance, perhaps the most transitory of art forms?

### Background on Martha Graham

Martha Graham was a dominant force in modern dance for over six decades, and was truly one of the great revolutionaries in the modern dance movement. If she did not invent modern dance, she came to embody it though her highly personal movement vocabulary, training methods and monumental works with psychological and sexual themes. She drew inspiration for her works from American history and heritage, Greek mythology and Biblical sources, as well as intense human emotions. During her long lifetime—she died in 1991 at age 96—she choreographed 181 dances, of which 70 have survived.

Since Graham hated the day to day burden of running a dance company, such as funding, tax and legal concerns, during the 1940s she established not-for-profit corporations to support her creative work and to free her from mundane matters. Eventually, Graham worked exclusively through two not-for-profit corporations, the Center and the School, which merged into one entity, the Martha Graham Center of Contemporary Dance, Inc. (The Center). Graham created and performed her principal roles until she finally stopped dancing in 1968 at the age of 75. By then she was a legend. She was also severely depressed.

Around that time, Graham met Ronald Protas, who was almost 50 years her junior. He became her close friend and confidant. She appointed him as the Center’s General Director, even though he had no background in dance or choreography.

When Graham died she bequeathed her entire estate, including rights and interests in her work, to Protas. She did not specify in her will what she owned. Protas believed that he inherited Graham’s name, as well as her ballets and physical properties, such as sets and costumes.

### Lawsuit

Toward the end of the 1990s, a very bitter and public legal battle ensued between The Center and Protas, Graham’s sole heir. Protas claimed that he owned the



copyrights to approximately 70 dances and threatened to prevent the Company from performing the works. The Center, on the other hand, claimed that it owned the rights to Graham's dances, that Graham did not own them in the first place and therefore she could not bequeath them to Protas.

In 2002, Judge Miriam Cedarbaum of the District Court of the Southern District of New York decided in a lucid 100-page opinion that the majority (45) of the dances belonged to the Center (Graham had either assigned the dances to the Center, or they were works for hire, which I will talk about in a few minutes). Ten were in the public domain; five belonged to the individuals who had commissioned them; and only one dance belonged to Protas.<sup>2</sup> The court also decided that the Center owned the costumes and sets, some of which were designed by the Japanese sculptor Isamu Noguchi.<sup>3</sup> Protas appealed. The Second Circuit, in a unanimous opinion by Judge Jon Newman, upheld the district court's decision that the work-for-hire doctrine was properly applied to a majority of the works.<sup>4</sup> Protas also filed a petition for a writ of certiorari, arguing (1) that the work-for-hire doctrine should not apply when an artist establishes a not-for-profit entity to further his or her artistic endeavors, and (2) that there is a split in the Circuits on the work-for-hire doctrine.<sup>5</sup> The Supreme Court denied certiorari.<sup>6</sup>

Fortunately, the Martha Graham Dance Company is a respectful steward of Graham's legacy. But the case served as a wake-up call to choreographers across the country who took for granted that they owned their dances. So, how is dance preserved and how can dancers ensure their legacy so that their lives' works do not fall into the wrong hands?

## Copyright

Choreography is protected under copyright. Copyright protects creative works if they are "fixed in any tangible medium of expression."<sup>7</sup>

It's easy to understand how paintings, sculpture, books, film, dramas and music satisfy the fixation and tangible medium of expression requirements. But dance is neither fixed nor tangible. It is perhaps the most transitory of art forms. As Merce Cunningham once observed, "It's tricky. Dancing is like water. It floats away."<sup>8</sup>

One method of capturing dance is a Labanotation, which is a comprehensive movement notation system invented in the late 1920's by Rudolf Laban, a Hungarian dance theorist. Does anyone here use Labanotation? [Several hands raised.] Since the body can move in any number of ways, Labanotation can be used to accurately document movements on the page through the use of symbols.<sup>9</sup>

Another common method of capturing dance is video. Many of us have seen video recordings of some of Martha Graham's masterpieces, such as *Lamentation* (1930) and *Appalachian Spring* (1944), as well as *Deaths and Entrances* (1943), [which is being screened behind me] just to name a few.

Therefore, a choreographer can satisfy the copyright requirement of "fixed and tangible form" in either of two ways—through Labanotation or making a video.

## Copyright Ownership

Turning now to copyright ownership, which was the crux of the *Martha Graham* case. How did the court determine that so many of the dances were owned by the Center and not Graham? The court found that these were works for hire. If a work is a work for hire, the employer or other person for whom the work was prepared is considered the author, and thus owns the copyright, unless the parties agree otherwise in writing. As I mentioned, Graham came to work exclusively through the not-for-profit corporation that she formed, the Martha Graham Center of Contemporary Dance, Inc. The most significant factors weighing in favor of an employment relationship between Graham and the Center were:

1. Graham's receipt of employee benefits, reimbursement for personal expenses, travel, and medical benefits, and a regular salary to make dances.
2. Center's routine withholding of Graham's income and social security taxes from her salary.
3. Graham created her dances on the Center premises and with the Center's resources.
4. Graham's choreography was a regular activity of the Center.
5. The fact that the Center did not *choose* to exercise control over Graham's work did not outweigh the other factors tilting in favor of an employment relationship.<sup>10</sup>

Analyzing these factors, the court concluded that Graham's artistic talent and the Center's purpose to promote her art did not exempt her dances from the work-for-hire principles under the Copyright Act. Therefore the dances that Graham created while an employee belonged to the Center.

## Preserving Dance

Obviously, this case was a thrilling victory for The Center. Graham's wonderful iconic works would be preserved because they could be performed. If Protas had prevailed, then these works would have likely ended up in the dustbin of history, gone forever from the stage. To

understand why these works would have disappeared, it's important to understand how dance is preserved.

Essentially, dance is preserved through performance, and passed down from one generation to the next through instruction. Dance is chiefly stored in the memories and muscles of dancers. Martha Graham, like many other dancers, choreographed "on her dancers," who learned and performed the dances, and kept the dances alive by teaching them to other dancers, passed down from those who were taught directly by her.<sup>11</sup> If Protas had won the rights to the choreography, then he would have been able to control the performance rights, and the works may have disappeared. By the time the works would have fallen into the public domain at the end of the copyright term, there would probably be no dancers alive who had been trained by a Graham dancer. This is why the question of ownership of Martha Graham's dances was such a wrenching one.

When the court announced that the Center owned the majority of the dances, the dance community breathed a sigh of relief. The court's decision meant that dancers who were trained directly by Graham or Graham's protégés could pass the work along to the next generation.

### **What Are the Lessons Learned from the *Graham* Case?**

The positive outcome of the case is that more choreographers are considering issues of copyright and estate planning to preserve their legacies. Suddenly the once taboo subject of a company's life after its founder's death was on center stage. When the case was decided, many choreographers were stunned to learn that they may not own their own works. Dance titans such as Merce Cunningham and Paul Taylor, each with his own company, had been creating dances since the 1950s. Who owned their works?

### **Merce Cunningham**

Cunningham died in 2009 at age 90. After the *Graham* case, he told several board members that he planned to transfer his rights to a trust in his name, much to the delight of the board, which transferred its rights too. The Cunningham trust oversees the licensing, staging and preservation of his works. The trust is financed by Cunningham's estate, which includes works by artists he hired as set designers early in their careers—such as Robert Rauschenberg and Jasper Johns. Cunningham hoped that the company would exist "only as long as the public wants to see it."<sup>12</sup>

He made sure that the trust, which licenses his works, is not part of the not-for-profit entity that supports the activities of the company. In other words, if the company folds, his work will continue, thanks to the trust. His

Legacy Plan is precedent setting, the first of its kind in the dance world and is available on the Merce Cunningham website at <http://www.merce.org/>.

Other dance companies have been making sample contracts available on their websites for choreographers and artistic directors.

### **Paul Taylor**

Reportedly, Taylor is planning to transfer ownership of his dances to his company upon his death. His board would own and license the work and his company would become a repertory company and admit works by other choreographers.

### **Other Choreographers**

Some troupes, such as Alvin Ailey and José Limón, have been adding to their repertoire without diluting the founders' works. Other choreographers are securing their legacies by establishing foundations to address copyright issues after the choreographers' deaths (such as the George Balanchine and Jerome Robbins Foundations).

In some cases, the choreographer's wishes may not always be paramount. The Balanchine Foundation has the flexibility to override different versions of his ballets while still maintaining rigorous standards.

### **Going Forward**

In the future, choreographers should be mindful of the work-for-hire doctrine when contemplating their legacies. They should not assume that their status as founders and heads of not-for-profits automatically means that they own their works (or that not-for-profits own them, for that matter). Dance companies can and do make arrangements for choreographers who wish to establish ownership of the dances they create (such as with Balanchine).

Contracts between artists and not-for-profits should be absolutely iron-clad, specifying copyright ownership of works, memorializing dance notation, and wherever possible videotaping performances, coaching sessions, and discussions between choreographers and dancers. Since the work-for-hire doctrine presumes that the employer is the copyright holder, it is imperative for choreographers wishing to reserve the copyrights in their creations to do so by express written agreement with their employers (usually not-for-profit dance companies). It is usually not a valid argument that artists are in a weak bargaining position (even though this may be undeniable in many instances), or incapable of effective negotiation.

To avoid conflict of interest in work-for-hire situations, there is a need for legal representation on both sides of the transaction. It is not enough for the not-for-profit to

be represented, but not the choreographer, at the time of the creation of the not-for-profit and during its operation. For many years, Bar Associations such as this one, and arts organizations such as Volunteer Lawyers for the Arts, have offered *pro bono* legal services.

## Conclusion

Yes, the decision was wonderful for the Martha Graham Dance Center and all of us who cherish her work. But the case was long and protracted, not to mention expensive. It served as a sharp reminder of how important it is not only to clearly indicate who owns a dance, but to avoid the costs—financial and emotional—of waging a legal battle. Remembering Martha Graham today, there is no doubt that she could captivate an audience (as well as patrons) by her theatrical presence and charm. She was perhaps ambivalent about her work outliving her, believing that her choreography depended on herself and the dancers she trained who were animated by her passion and technique. Maybe Ms. Graham would be pleased over the havoc she staged.

Martha Graham was, after all, the *doyenne* of modern dance.

## Endnotes

1. See Judith Beth Prowda, *Work for Hire, Freedom of Contract, and the "Creative Genius" after the Martha Graham Case*, 53 J. COPYRIGHT SOC'Y USA 645 (Spring/Summer 2006).
2. Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 224 F. Supp. 2d 567, 613 (S.D.N.Y. 2002). There was insufficient evidence to establish ownership of the remaining nine dances. While the Circuit Court later vacated the District Court's decision that seven of the dances belonged to the Center because they were works for hire, on remand, the District Court found that these works had been assigned to the Center. Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 374 F. Supp. 2d 355 (S.D.N.Y. 2005).
3. Martha Graham Sch. & Dance Found., Inc., 224 F. Supp. 2d at 613.
4. Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 380 F. 3d 624, 628, 647 (2d Cir. 2004), cert. denied, 125 S. Ct. 2518 (2005). The Second Circuit affirmed most of the determinations, but vacated the district court's determination regarding seven of the dances it previously deemed the Center's as works for hire and remanded those seven for a determination on whether they had been assigned to the Center or passed to Protas through the estate. The Circuit Court also reversed the district court's ruling with regard to a dance previously deemed a work for hire for the Center, stating that it was not a work for hire and did not belong to the Center, but to Protas. Additionally, the Circuit Court remanded for a

determination on whether one particular dance was distinct from another. Finally, the Circuit Court remanded for a recalculation of the amount subject to the constructive trust.

5. Petition of Writ of Certiorari, Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 2005 WL 682101 (U.S. Mar. 21, 2005) (No. 04-1277) (appeal from Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 380 F. 3d 624 (2d Cir. 2004). Both the Center and Intervenor Attorney General Eliot Spitzer waived their rights to respond to the petition. Docket for No. 04-127, <http://www.supremecourtus.gov/docket/04-1277.htm> (last visited June 26, 2011).
6. Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., cert. denied, 125 S. Ct. 2518 (2005).
7. 17 U.S.C. § 102(a) (Lexis 2011).
8. Diane Solway, *When the Choreographer is out of the Picture*, N.Y. TIMES, Jan. 7, 2007, at <http://www.nytimes.com/2007/01/07/arts/dance/07solw.html?scp=1&sq=merce%20cunningham%20dance%20water%20floats%20away&st=cse>.
9. See *Preserving the Past, Enriching the Present, Securing the Future*, Dance Notation Bureau, <http://www.dancenotation.org/> (last visited June 26, 2011).
10. Martha Graham Sch. & Dance Found., Inc., 380 F. 3d at 641-42.
11. Wendy Perron, Protas Sues as Graham Dancers Go Back to School, DANCE MAG., Apr. 2001, at 32 (quoting former Graham dancer Stuart Hodes); see also Robert Tracy, Goddess: Martha Graham's Dancers Remember 1996 (recollections of more than 30 dancers); see also Marion Horosko, Martha Graham: The Evolution of Her Dance Theory and Training ix-xiii (Preface) (rev. ed. 2002) (reflections of Graham's teachings, as recorded by her students over the years).
12. Diane Solway, *When the Choreographer is out of the Picture*, N.Y. TIMES, Jan. 7, 2007.

**Judith B. Prowda is Chair of the Entertainment, Arts and Sports Law (EASL) Section and Chair of EASL's Committee on Fine Arts. She is also a mediator and arbitrator and co-founder and Co-Chair of EASL's ADR Committee. She was honored to deliver the Keynote Address at the New York Foundation for the Arts and EASL Joint Program, Legal Issues for Dance Companies, on February 12, 2011. Judith is Senior Lecturer at Sotheby's Institute of Art in New York, where she teaches Art Law and Ethics and Policy in the Art Profession in the Masters of Art Business program. Her law practice concentrates on art law, copyright and entertainment law. She is a frequent lecturer and has published award winning articles on these topics in law journals. Her articles on the Martha Graham case have appeared in the EASL Journal and Journal of the Copyright Society of the USA. She can be reached at [judithprowda@aol.com](mailto:judithprowda@aol.com).**

## Law Student Initiative Writing Contest

Congratulations to LSI winner:

**Thomas Grove**, of Pace Law School, for his article entitled:  
“**International Olympic Committee Domination:  
How the IOC Received Unparalleled IP Rights and Lessons for Organizations**”

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

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

### Requirements

- **Eligibility:** Open to all full-time and part-time J.D. candidates who are EASL Section members.
- **Form:** Include complete contact information; name, mailing address, law school, law

school club/organization (if applicable), phone number and 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, September 30, 2011**.
- **Submissions:** Articles must be submitted via a Word email attachment to [echeckeresq@yahoo.com](mailto:echeckeresq@yahoo.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.

# The Phil Cowan Memorial/BMI Scholarship

Law students, take note of this publishing and scholarship opportunity: The Entertainment, Arts and Sports Law Section of the New York State Bar Association (EASL), 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. All law schools will screen the papers and submit the three best to EASL's Phil Cowan Memorial/BMI Scholarship Committee. The Committee will read the papers submitted and will select the Scholarship recipient(s).

## Eligibility

The Competition is open to all students attending eligible law schools. "Eligible" law schools mean all accredited law schools within New York State, along with Rutgers University Law School and Seton Hall Law School in New Jersey, and up to 10 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 will immediately and automatically be offered a free*

**membership in EASL (with all the benefits of an EASL member) for a one-year period.**

## Yearly Deadlines

**December 12th:** Law School Faculty liaison submits 3 best papers to the EASL/BMI Scholarship Committee.

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

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

## Prerogatives of EASL/BMI's Scholarship Committee

The Scholarship Committee is composed of the current Chair of EASL, all former EASL Chairs who are still active in the Section, all Section District Representatives, and any other interested member of the EASL Executive Committee. *Each winning paper will be published in the EASL Journal and will be made available to EASL members on the EASL 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 to the EASL website. 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 350,000 songwriters, composers and music publishers in all genres of music. The non-profit-making company, founded in 1940, collects license fees on behalf of those American creators it represents, as well as thousands of creators from around the world who chose BMI for representation in the United

States. The license fees BMI collects for the “public performances” of its repertoire of approximately 4.5 million compositions are then distributed as royalties to BMI-member writers, composers and copyright holders.

### About the New York State Bar Association / EASL

The 77,000-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 1,600 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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## 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](http://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.

# Appropriation Artist Guilty of Copyright Infringement

By Joel L. Hecker

In the case of first impression, Judge Deborah Batts, United States District Judge sitting in the Southern District of New York, has found Richard Prince, the well known appropriation artist, his gallery, Gagosian Gallery, Inc. (Gallery), and Lawrence Gagosian (Gagosian), the gallery's principal, all guilty of copyright infringement arising out of Prince's paintings based upon Patrick Cariou's photographs of Rastafarians in Jamaica. The case is *Patrick Cariou v. Richard Prince et al.*<sup>1</sup> The decision was dated and filed on March 18, 2011.<sup>2</sup>

## Background Facts

Cariou is a professional photographer who spent time with Rastafarians in Jamaica over the course of six years, gaining their trust and taking their photographic portraits. In 2000, he published a book of his photographs taken of Rastafarians during his time in Jamaica. The book, titled *Yes Rasta*, was released by PowerHouse Books and contained both portraits of Rastafarian individuals and landscape photos.

During discovery in the case, Cariou testified at length about the creative choices he made, including which equipment to use, how to stage and compose the individual photos, and the techniques and processes he used when developing the photos. He was also heavily involved in the layout, editing, and printing of the book. The book lists Cariou as the sole copyright owner of the photos appearing in it.

Prince is a well known and highly successful "appropriation artist" who has had his work shown at numerous museums and other institutions, including a solo show at the Guggenheim Museum in New York City.

The Gallery is an art dealer and gallery that represents Prince and markets his art. Gagosian is the president, founder, and owner of the Gallery.

Between December 2007 through February 2008, Prince showed some of his artwork at the Eden Rock Hotel in St. Barts. The work included a collage entitled *Canal Zone (2007) (Canal Zone)*, which consisted of a collage of 35 photographs literally torn from Cariou's book and attached to a wooden backer board. Prince had painted over some portions of the 35 photographs, used some of them in their entirety and some partially. Although the *Canal Zone* collage was not sold, portions of it were reproduced in a magazine article about Prince's show at the Gagosian Gallery.

Prince ultimately completed 29 paintings in his contemplated *Canal Zone* series, 28 of which included images taken from *Yes Rasta*. Some of the paintings consisted

almost entirely of images from the book, albeit collaged, enlarged, cropped, tinted, and/or over-painted, while others used only portions of the *Yes Rasta* photos. In total, Prince admitted using at least 41 photos from *Yes Rasta* as elements of his *Canal Zone* paintings.

The Gallery showed 22 of the 29 *Canal Zone* paintings from November 8, 2008 to December 20, 2008 at one of its Manhattan locations. It also published and sold an exhibition catalogue from the show, which included reproductions of many of these paintings, as well as actual photographs of *Yes Rasta* photos as they appeared in Prince's studio.

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*"To prevail on a copyright infringement claim, the copyright owner must prove two elements: ownership of a valid copyright and copying of constituent elements of the work that are original."*

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Cariou has never sold or licensed use of his photos other than for the *Yes Rasta* book and private sale to individuals he knew and liked. However, he was negotiating with gallery owner Christiane Celle (Celle) who had planned to show and sell his prints at her Manhattan gallery prior to the *Canal Zone* show's opening. Cariou also intended to issue artist editions of the photos which would be offered for sale to collectors.

Celle originally planned to exhibit between 30 and 40 of the photos at her gallery with multiple prints of each to be sold for prices ranging from \$3,000 to \$20,000 depending on size. She also planned to have the *Yes Rasta* book reprinted for a book signing. When Celle became aware of the Gallery exhibition of the *Canal Zone* images, she canceled Cariou's show because she did not want to seem to be capitalizing on Prince's success and notoriety and because she did not want to exhibit work which had been "done already" at another gallery.

## Copyright Infringement

To prevail on a copyright infringement claim, the copyright owner must prove two elements: ownership of a valid copyright and copying of constituent elements of the work that are original.<sup>3</sup>

Judge Batts found that Cariou's ownership of a valid copyright in the photos was undisputed. She dismissed out of hand the defendant's argument that such photos were mere compilations of facts, finding that settled law for over 100 years conclusively determined that creative

photographs are worthy of copyright protection even when they depict real people and natural environments.

As to the second point, copying of constituent elements, the court found that such copying was admitted by Prince and was undisputable.

## Fair Use Analysis

The primary defense raised by the defendants was that Prince's use of the photos was a fair use under the Copyright Act and therefore entitled to protection.

The purpose of fair use was and is to address the inevitable tension between the property rights established under copyright's purpose "to promote the Progress of Science and useful Arts" as contained in the U.S. Constitution<sup>4</sup> and the ability of authors to express themselves by referencing the work of others. The doctrine of fair use is now codified in Section 107 of the 1976 Copyright Act and consists of a four-factor test.

### Factor One—Purpose and Character of the Use

#### a. Transformative Use

This part of the test is the most important one in applying the fair use analysis. Its purpose is to determine "whether the new work merely supersede[s] the objects of the original creation or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is 'transformative.'"<sup>5</sup> The more transformative the new work, the less significance will be given to the other factors.

Judge Batts found that Prince's uses of Cariou's photos was not transformative, since they did not recast, transform or adopt an original work into a new mode of presentation. This conclusion was supported by Prince's testimony that he had no interest in the original meaning of the photographs he uses, and that he does not really have any message he attempts to communicate when making art. Moreover, Prince testified that he did not intend to comment on any aspects of the original works or on the broader culture. His intent was to pay homage or tribute to other painters. For example, he testified that his message with regard to the paintings in which he collaged guitars onto portraits of Rastafarian men taken from *Yes Rasta* related to the fact that the men had become guitar players. ("[H]e's playing the guitar now, it looks like he's playing the guitar, it looks as if he's always played the guitar, that's what my message was."<sup>6</sup>)

Prince also testified that he chooses the photographs he appropriates for what he perceives to be their truth. To the court, this suggested that his purpose in using Cariou's portraits was the same as Cariou's original purpose in taking them, which was a desire to communicate

to the viewer core truths about Rastafarians and their culture.

On these facts, Judge Batts concluded that it was apparent Prince did not intend to comment on Cariou's photos, or on aspects of popular culture closely associated with Cariou or the photos, when Prince appropriated Cariou's photos. Furthermore the court found that Prince's own testimony showed that his intent was not transformative within the meaning of Section 107.

The court also declined the defendants' invitation to find that appropriation art as a medium of art is *per se* fair use regardless of whether or not the new artwork in any way comments on the original work appropriated.

#### b. Commerciality

The second prong of the first fair use factor concerns whether the otherwise infringing work serves a commercial purpose or nonprofit education purpose. In this situation, Prince's *Canal Zone* show at the Gallery was advertised in seven different newspapers, five of which included reproductions of Cariou's photos as altered by Prince. The Gallery and Gagosian also sent some 7,500 invitation cards to clients of the Gallery, featuring a reproduction of a Prince work containing a Cariou photo, and sold the leftovers to a poster company. As a result of these and other marketing efforts, the Gallery sold eight of the *Canal Zone* paintings for a total of \$10,480,000, 60 percent of which went to Prince and 40 percent to the Gallery. Seven other *Canal Zone* paintings were exchanged for art with an estimated value between \$6,000,000 and \$8,000,000.

The court recognized the inherent public interest and public value of public exhibition of art and of an overall increase of public access to artwork. However, the court found that the defendants' use and exploitation of the photos was substantially commercial, and, given the overall low transformative content of Prince's paintings, found that this prong of the first factor weighed against a finding of fair use.

#### c. Bad Faith

The courts consider the propriety of a defendant's conduct as an integral part of the character of the use under this first factor. In this case, Prince testified that he appropriates an image for his use simply based upon the fact of whether he likes the image.

In addition, Prince's employee contacted the publisher of *Yes Rasta* to purchase copies of the book, apparently for purposes of tearing pages out for use in the collages. Neither Prince nor his employee ever asked the publisher about licensing or otherwise sought permission to use the photos for a legitimate purpose. In addition, Prince failed to contact Cariou by email to inquire about usage rights, even though the book clearly identified Cariou as the sole copyright holder, and even though Cariou's publicly accessible website included his email address.



The record also established that the Gallery and Gagosian were both aware that Prince was an habitual user of copyrighted work of other artists without permission, and that they never inquired as to whether Prince had obtained permission to use Cariou's photos nor ceased their commercial exploitation of Prince's paintings after receiving Cariou's cease and desist notice. Therefore, the court found that the bad faith of each defendant was clear and unequivocal.

In summary, since Prince's use was at most minimally transformative, because the use was substantially though not exclusively commercial, and because the defendants acted in bad faith, the court found that the first fair use factor analysis weighed heavily in favor of Cariou.

### **Factor Two—The Nature of the Copyrighted Work**

This factor is of lesser importance than the others in the fair use analysis. The key distinction in evaluation of this factor is whether the original work is expressive or creative, such as a work of fiction, or more factual, in which event there is a greater leeway allowed to a claim of fair use. The court found that Cariou's photos were highly original and creative artistic works. Consequently, Judge Batts weighed this factor against a finding of fair use.

### **Factor Three—The Amount and Substantiality of the Portion Used**

This factor is examined in context with the inquiry focusing on whether the extent of the copying is consistent with or more than necessary to further the purpose and character of the use. Normally, the amount and substantiality factor would weigh in favor of the copyright holder where the portion used was essentially the heart of the copyrighted work. However, an insubstantial taking in and of itself is not excused merely because of that fact. This principle was cogently set forth by Judge Learned Hand, who stated, "no plagiarist can excuse the wrong by showing how much of his work he did not pirate."<sup>7</sup>

Since Prince appropriated entire photos in a number of his paintings and appropriated the central figures depicted in Cariou's photos in a majority of his paintings, all of which going to the very heart of Cariou's work, the court found that this factor weighed heavily against a finding of fair use.

### **Factor Four—Market Harm**

This factor requires the court to consider the extent of market harm caused by the infringement as well as whether there is a substantial adverse impact on the potential market for the original. That is, actual harm as well as potential future harm. Actual harm was evident in the fact that Celle, Cariou's gallery owner, discontinued plans

to show the *Yes Rasta* photos and to offer them for sale to collectors and not to republish the book because Prince's paintings had usurped the market.

As to potential harm, Cariou had indicated that he had intended to issue artists' editions of his photos for sale to collectors.

The court had no problem finding that Prince had unfairly damaged both the actual and potential markets for Cariou's work as well as the potential market for derivative use licenses of his original work. Accordingly, this fourth factor also weighed against the finding of fair use.

### **Liability of Gagosian Defendants**

The court found uncontroverted evidence that the Gallery and Gagosian copied original constituent elements of Cariou's copyrighted photos when they published the *Canal Zone* exhibition catalogue, created and distributed the invitation cards, and otherwise distributed reproductions of Cariou's work, as appropriated by Prince. In addition, they exhibited and sold Prince's unauthorized works. As a result, the court found that these defendants had infringed Cariou's exclusive copyright rights to reproduce, prepare derivative works based upon, distribute, sell, and display Cariou's photographs. Accordingly, they were liable for direct copyright infringement.

In addition, the court found them to also be liable as vicarious and contributory infringers since they were handling everything in connection with the marketing of the *Canal Zone* paintings. As a result, they had the right and ability to supervise Prince's work, or at the very least, the right and ability to ensure that Prince obtained licenses to use the photos before they made Prince's paintings available for sale.

### **Injunctive Relief**

The court enjoined and permanently restrained the defendants from infringing the copyright in Cariou's photographs. The court also took the extraordinary step, as part of the remedy granted, in ordering, within 10 days of the date of the order, that Prince's infringing paintings be delivered up "for impounding, destruction, or other disposition, as Plaintiff determines, all infringing copies of the Photographs, including the Paintings and unsold copies of the *Canal Zone* exhibition book, in their possession, custody, or control...."<sup>8</sup>

Furthermore, the court ordered that the defendants notify in writing any future or current owners of Prince's paintings of whom they are or become aware, that such paintings infringe Cariou's copyright and that the paintings were not lawfully made and cannot be lawfully displayed.

## Conclusion

Appropriation art has long been a hot topic in the copyright and artistic communities with copyright owners challenging the concept that an artist can simply infringe creative work under the name of “appropriation,” while many artists believe that “appropriation” is a legitimate exercise in artistic freedom. Judge Batts has now come down squarely on the side of infringement against one of the principal and most successful appropriation artists. Given the scope and breadth of the decision, and in particular the injunctive relief granted, the defendant’s notice of appeal is not surprising. We therefore have probably not heard the last word concerning appropriation art.

## Endnotes

1. No. 08 Civ. 11327 (DAB), 2011 U.S. Dist. LEXIS 29070, at \*1 (S.D.N.Y. Mar. 18, 2011).
2. *Id.*
3. *Id.* at \*10-\*11.
4. U.S. Const. art. 1, §8, cl.8.
5. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*16-\*17 (citing to *Salinger v. Colting*, 641 F.Supp.2d 250, 256 (*rev’d versed on other grounds* 607 F.3d 68 (2d Cir. 2010))). It should be noted that Judge Batts also wrote the District Court opinion in the *Salinger* case.

6. *Id.* at \*21.

7. *Id.* at \*31.

8. *Id.* at \*41.

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# Appropriation Art Again Under Attack

By Monica Pa

“Appropriation art” is once again in the news and, this time, when the district court held that the appropriation art work infringed on the plaintiff’s photograph, it ordered not just a damage award but the destruction of the infringing multi-million dollar works. On March 18, 2011, Judge Batts of the Southern District of New York issued a decision in the closely watched case *Cariou v. Prince* (*Cariou*),<sup>1</sup> which involved a French photographer’s copyright infringement claim against the well-known appropriation artist Richard Prince. In a surprising development, the court held that Prince’s series of collage paintings, which “appropriated” plaintiff’s photographs of Jamaican Rastafarians, was not a fair use of them. This decision, however, is in conflict with the Second Circuit’s decision in *Blanch v. Koons* (*Blanch*),<sup>2</sup> which held that the appropriation artist Jeff Koons had made a “fair use” of the plaintiff’s photograph in one of his collage paintings. As such, the *Cariou* decision has the potential to dramatically destabilize the art market (especially given the potential for a draconian damage award). More concerning, this decision engrafts a wholly new (but ill-conceived) requirement to the fair use defense that will require courts to analyze and judge the content and message of competing works of art in deciding whether a fair use defense applies. In short, it behooves all artists, galleries and art lawyers to be aware of this decision and its potentially far-ranging consequences.

## A Short Summary of the Long History of Appropriation Art

Appropriation art is a well-established artistic tradition with a long history. An appropriation artist typically “borrows” from pre-existing sources and places them in a new context for purposes of commentary and criticism (although an argument could be made that all art, in some way, takes inspiration and “borrows” from other visual sources). The general purpose of appropriation art is for the audience to recognize the original work and then, experiencing that work in a new context, derive a different meaning or message associated with that work. Thus, for example, Andy Warhol “recontextualized” the Campbell Soup label, transforming it from a banal product identifier to one of the most celebrated images in contemporary art. Similarly, Jasper Johns “appropriated” the iconic image of the American flag to provide subtle social commentary. Roy Lichtenstein’s painting involved enlarged panels from famous old DC Comic books. Earlier examples of appropriation art include Picasso using images of newspapers in his 1913 collage painting *Guitar, Newspaper, Glass and Bottle*. The “father” of appropriation art, Marcel Duchamp, in 1917 appropriated a common urinal, placing it on a pedestal and signing it “R. Mutt” in *Fountain*, a

piece widely considered one of the most seminal works of modern art. Duchamp also famously drew a moustache on an appropriated image of da Vinci’s *Mona Lisa* in a 1919 work titled *L.H.O.O.Q.*

Duchamp’s appropriation of the *Mona Lisa* image is a precursor to one of the common conventions in appropriation art known as “re-photographing,” which involves taking an innocuous or famous image (frequently a photograph) and placing it in a new context. For example, an appropriation artist could take a photograph of a photograph and then sell that re-photograph as his or her own, which is what the feminist artist Sherry Levine did in her 1981 work *After Walker Evans*, which was where she photographed a Walker Evans photograph. The message of this work was to challenge traditional notions of art ownership and the dominance of men in contemporary art. Another variation on “rephotography” is where the appropriation artist takes an image and superimposes drawing or text, and juxtaposes those pre-existing images with the image and/or text, like Duchamp’s moustache on the *Mona Lisa*.

Richard Prince is one of the most celebrated living artists practicing appropriation art. His work has been shown at numerous museums and other institutions, including a solo show at the Guggenheim Museum in New York City. He is represented by Gagosian Gallery, Inc., which is owned by Lawrence Gagosian, both of whom are also co-defendants in this lawsuit. Prince started in the 1970s by re-photographing various advertisements that he found while working in the tear-sheet department of *Time Magazine*. He rose to prominence in the 1980s when he created a series of enlarged re-photographed Marlborough cigarette advertisements titled *Cowboys* in which he reproduced and enlarged the advertisement, removed the text, and focused on a portion of the ad’s artwork. This series took mundane commercial images and turned them into critical commentary about rugged American individualism. In later works, Prince would paint circles over the eyes, nose and mouth of the faces of persons in the photographs, to create what was known as his “lozenge” face. In 2008, his painting *Overseas Nurse*, which reproduced copies of pulp fiction book covers that he scanned and painted over, sold for approximately \$8.4 million.

## The *Cariou* Decision Threatens This Well-Established Artistic Tradition

In 2000, the French photographer Patrick Cariou worked with PowerHouse Books to publish a photography book titled *Yes Rasta*. The book featured photograph portraits of Jamaican Rastafarians, as well as landscape photographs of Jamaica. The purpose of the book was to

document Rastafarian culture and to accurately capture the Jamaican landscape. Cariou is the sole copyright holder in the images that appeared in this book. *Yes Rasta* sold only 5,791 copies and it is currently out of print. Cariou earned a total of \$8,087 in royalties from these sales, and he has not sold or licensed any photographs from the *Yes Rasta* book, other than a few private sales to his friends. He also never proactively marketed this book or exhibited the images in it.

In 2007, Richard Prince began creating a series of works titled *Canal Zone*, which was inspired by a screenplay he was writing about a reggae band in a post-apocalyptic musical world set in St. Barts. The story is a fantastical account of survivors of a nuclear attack who create “gangs” or “tribes” that take over resort hotels. Prince also took inspiration from his birthplace, the Panama Canal Zone, which he had recently visited. The *Canal Zone* paintings used raw materials appropriated from various sources, including 41 images from Cariou’s book, *Yes Rasta*. *Canal Zone*, however, was not a straightforward re-photographing of Cariou’s images; instead, Cariou’s photographs were digitally scanned, enlarged, cropped, covered with heavy brush strokes, and/or painted over with Prince’s signature “lozenge” faces. Moreover, these images were layered with other images, such as naked women and guitars, and were covered in paint strokes and other embellishments. Some paintings were compositionally similar to Cezanne’s *Bathers*, to which Prince intended to pay homage.

The *Canal Zone* paintings were first exhibited in St. Barts and then in a 2008 exhibition at the Gagosian Gallery in New York City. The paintings were sold for prices ranging between \$400,000 and \$2,430,000.

Cariou complained that Prince’s work infringed on his copyright in his photographs, and that he was financially damaged by the publication of Prince’s works. Although Cariou had not previously licensed or professionally sold any of the photos in his book, he claimed an interest in exploiting these sources of revenue. He claimed, for example, that he had been working with a gallery in New York City that planned to show and sell 30 to 40 photographs from *Yes Rasta*. This gallery supposedly cancelled the show after it learned that Prince had used Cariou’s photographs in his works.<sup>3</sup>

On December 30, 2008, Cariou brought suit in the Southern District of New York claiming copyright infringement and conspiracy to commit copyright infringement. The parties engaged in discovery and then filed cross-motions for summary judgment. The defendants argued that Prince’s use of the plaintiff’s photographs was protected under the fair use doctrine, as set forth in Section 107 of the Copyright Act, which permits a person to use copyrighted materials for certain privileged purposes, such as commentary, criticism, news reporting and scholarship. Their argument paralleled that in *Blanch*: that

the fair use doctrine permits uses where the original work was being “used as raw material,” and then transformed to “creat[e] new information, new aesthetics, new insights and understanding[.]”<sup>4</sup> In this case, Prince’s *Canal Zone* used Cariou’s photographs as raw materials in order to create wholly new works of art and to communicate a different message. While Cariou intended to create an accurate and realistic depiction of Jamaican Rastafarian culture, Prince intended to create images showing a fantastical post-apocalyptic world. As such, Prince’s works conveyed a different message. Moreover, Prince acted in good faith (consistent with the established tradition of appropriation art and his prior creative practices), and only appropriated Cariou’s photos to the extent necessary to further his unique artistic purpose and message. Finally, given how Prince’s collage paintings were fundamentally transformative, his paintings did not compete with, and accordingly did not usurp, the market for Cariou’s photos (which was non-existent).

The court, however, sided with Cariou in holding that Prince’s use of Cariou’s photographs was not fair use. The court held that for the use to be transformative (as opposed to merely an infringing derivative use), it must “focus on the original works or their historical context[.]”<sup>5</sup> It reasoned that Prince’s works were not transformative because “they [did not] comment on [Cariou’s] Photos[.]” instead, “to the extent they merely recast, transform, or adapt the Photos, Prince’s Paintings are instead infringing derivative works.”<sup>6</sup>

In short, because Prince’s paintings did not comment on Cariou’s photos, but simply used them as materials for his collage, he did not *need* to use Cariou’s photos to create this particular work or to convey his artistic message and hence he infringed Cariou’s copyright.

The district court’s holding—that a work is transformative only if it comments on the original work—is not the law. Indeed, in setting forth this blanket rule, the court did not (and could not) cite to any prior copyright decisions. Instead, it simply reasoned that, based on its reading of past precedent, courts will typically find a use to be “fair” only where the “new work[s] in some way comment on, relate to the historical context of, or critically refer back to the original works.”<sup>7</sup>

The district court’s ruling is inconsistent with the Second Circuit’s decision *Blanch v. Koons*, which did not use this heightened standard for finding a transformative use. *Blanch* held instead that the fair use defense was available to the appropriation artist Jeff Koons who had used the plaintiff’s photograph of a woman’s legs from a magazine advertisement in one of his collage paintings. *Blanch* applied the transformative prong to Koons’ work by holding that “[w]hen, as here, the copyrighted work is used as ‘raw material,’ in the furtherance of distinct creative or communicative objectives, the use is transformative.”<sup>8</sup> The district court in *Cariou*, however, distinguished *Blanch*

by claiming that Koons' work was transformative because it used plaintiff's photograph "to comment on the role such advertisements [like the plaintiff's photographs] play in our culture and on the attitudes the original and other advertisements like it promote[.]" whereas that kind of critical message was not present in Prince's fantasy work.<sup>9</sup> The *Cariou* decision essentially says that, since Koons' art commented on advertisements and consumerism, it necessarily needed to borrow from advertisements in order to convey this message. Prince's work, by contrast, did not comment on the institution of anthropologically accurate photographs, such as Cariou's, so he did not need to "borrow" these images in order to convey his artistic message (but, for example, he could have licensed them if he wanted to sample these images in his work).

The district court's holding breaks with the existing law on fair use as it applies to visual art by imposing a new requirement to the transformative prong. This new requirement, however, is ill-suited for visual art. Under the *Cariou* decision, a court must evaluate whether the new work was focused on the original work for the new work to be "transformative" (e.g., Koons' work concerned commercialism so he needed to appropriate advertisements in order to convey this message). The *Cariou* decision would compel courts to wade into the morass of evaluating the respective messages conveyed by competing works of art. Koons' work was protected but Prince's works was infringing simply because, where Koons' work concerned advertisements, Prince's work was pure fantasy. This distinction, predicated on the court's evaluation of each work's respective content and message, are artistic judgments that courts are ill-equipped and unsuited to make.

Moreover, this additional requirement has the potential to stifle the creation of new and innovative works of art. As such, it runs counter to the express purpose of the fair use doctrine, which requires courts to avoid the rigid application of copyright law in such a way as to "stifle the very creativity which the law is designed to foster."<sup>10</sup> The new requirement imposed by the *Cariou* decision impedes the creation and circulation of art by making artists and art galleries liable for any work that appropriates or borrows from other visual sources, even though this common and accepted practice dates back to Picasso and before, and involves some of the greatest works of modern art.

Finally, the district court's application of the four pronged fair use test is further flawed because it failed to address the fact that Prince's works did not damage the market for Cariou's photographs.<sup>11</sup> The Second Circuit has made clear that, in analyzing whether the allegedly infringing use usurped the potential market for, or the value of, the original work, a court should consider "not whether the secondary use suppresses or even destroys the market for the original work or its potential derivative, but whether the secondary use *usurps the market of the*

*original work.*"<sup>12</sup> As such, the central inquiry "is whether defendants are offering a market substitute for the original."<sup>13</sup> In this case, there can be no argument that Prince's million-dollar collage paintings constituted any kind of market substitute for Cariou's photographs of Jamaica. While the district court found that a licensing "market" for the original work could be another consideration, it failed to appreciate that the licensing market for Cariou's photos was non-existent at the time he filed suit.<sup>14</sup> Cariou had not tried to license, market, promote, exhibit or sell any of his *Yes Rasta* images and there was no indication (other than the cancelled gallery show) that Prince's works had any impact on the licensing or sales of photographs from Cariou's out-of-print book. If anything, this case suggests that Cariou is seeking to reap a substantial windfall based on photographs that were only published once and which have received renewed interest because they were used by a much more famous artist.

## The Future of Appropriation Art

The district court's decision in *Cariou* will likely be appealed, as the defendants have filed a notice of such, especially given the substantial damages that could be imposed against them (as well as the ordered destruction of unsold copies of the *Canal Zone* works and notification to all purchasers that these paintings contain infringing materials and cannot be displayed lawfully). As such, the full impact of this decision cannot yet be determined. It has, however, certainly alarmed artists and galleries who have until now relied on the Second Circuit's *Koons* decision in the creation, distribution, and sale of appropriation art, for which there is a tremendous market.

This new concern is warranted even though historically, art based on appropriating a prior work always walked a precarious line between a fair use and an infringing derivative use. Indeed, there may always be a cloud over appropriation art and, arguably, *Blanch* only provided a short-lived period of stability. Indeed, this is not Richard Prince's first copyright lawsuit. In the 1980s, the photographer Garry Gross sued Prince over his 1983 work, "Spiritual America," which consisted of an enlarged re-photographed copy of a photograph that Gross took of a young nude Brooke Shields. This lawsuit was reportedly settled out of court. Similarly, although Jeff Koons prevailed on his fair use defense in *Blanch*, he has also lost several copyright lawsuits over his other appropriation works. In *Rogers v. Koons*,<sup>15</sup> the Second Circuit held that Koons' use of a photograph of a man and woman carrying several puppies, which was converted into a three-dimensional sculptural piece, was not a fair use. He also lost the copyright lawsuits *United Features Syndicate, Inc. v. Koons*,<sup>16</sup> which involved the artist's use of the Garfield comic strip character "Odie," and *Campbell v. Koons*,<sup>17</sup> which also involved a sculpture based on a photograph.

The extent to which these various fair use lawsuits stifle creativity cannot be underestimated. The easy answer would be to insist that appropriation artists simply seek a license for all works that appear in their art because a visual sample is no different than a musical sample, which requires a license no matter how minimal the use. The strict insistence that visual appropriation artists have a license for all visual samples appearing in a work, however, may prove to be a death knell for this artistic genre. A photographer would not likely grant permission for an appropriation artist to enlarge his or her arguably banal (but famous) photograph and then pass this re-photography off as his or her own, even if the purpose is to comment on the institution of “authenticity” in art. Further, large corporations, which typically do not follow contemporary art trends or, for that matter, enjoy a good parody, may not license the image of their product labels or advertisements for fear of tarnishing their brand identities. Indeed, Campbell Soup probably would not have licensed to Andy Warhol the right to make a painting based solely on the image of its soup can label. Moreover, there are emerging artists who are unable to obtain licenses from large corporations or well-known photographers, either because the licensing costs are too high and the administrative channels too cumbersome, or corporations will refuse to deal with unknown artists, especially those seeking permission to make provocative works based on a company’s intellectual property. In short, it is no answer to insist that all appropriation artists seek permission prior to creating critical works of art. Instead, the only way to safeguard the continuing tradition of appropriation art by both established and emerging artists is to ensure that the doctrine of fair use is clear, predictable and, most importantly, not predicated on the whims or tastes of the court interpreting whether a fair use defense is (or, more likely, *should*) be available.<sup>18</sup>

## Endnotes

1. *Cariou v. Prince*, No. 08 Civ. 11327 (DAB), 2011 U.S. Dist. LEXIS 29070 (S.D.N.Y. Mar. 18, 2011).
2. *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006).
3. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*8, 34. Although not mentioned in the decision, there was also evidence suggesting that Cariou failed to follow-up with the gallery.
4. 467 F.3d 244, 253 (2d Cir. 2006) (quoting *Castle Rock Entm’t v. Carol Publ’g Group, Inc.* 150 F.3d 132, 142 (2d Cir. 1998)).
5. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*18.

6. *Id.* at \*20.
7. *Id.* at 19.
8. *Blanch*, 467 F.3d at 253.
9. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*19.
10. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (quoting *Stewart v. Abend*, 495 U.S. 207, 236 (1990)).
11. The following four non-exclusive factors that must be considered in determining fair use are set forth in Section 107 of the Copyright Act.

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

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107 (2011).

12. *Blanch*, 467 F.3d at 258 (quoting *NXIVM Corp. v. The Ross Institute*, 364 F.3d 471, 481-82 (2d Cir. 2004)).
13. *NXIVM Corp.*, 364 F.3d at 481.
14. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*32-35.
15. *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992).
16. 817 F. Supp. 370 (S.D.N.Y. 1993).
17. *Campbell v. Koons*, No. No. 91 Civ. 6055 (RO), 1993 WL 97381, 1993 U.S. Dist. LEXIS 3957 (S.D.N.Y. Apr. 1, 1993).
18. *Blanch*, 467 F.3d at 251 and see *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989) (noting that “Congress’ paramount goal in revising the 1976 Act [was] enhancing predictability”). Moreover, as Judge Leval stated in his law review article on this subject, the law of copyright “is intended to motivate the creative activity of authors and inventors by the provision of a special reward.... The monopoly created by copyright thus rewards the individual author in order to benefit the public.” Pierre N. Leval, *Toward a “fair use” Standard*, 103 Harv. L. Rev. 1105, 1108 (1990) (quoting *Harper & Row, Publishers Inc. v. Nation Enter.*, 471 U.S. 539, 545-46 (1985)).

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# Cariou v. Prince: Fair Use or Unfair?

By Judith Bass

To what extent is it allowable for one artist to adopt, borrow, copy or otherwise utilize the work of another artist under the law? This question goes to the heart of what is protected under the copyright laws and what is allowable under the doctrine of fair use. It is also the central issue in the action brought by French photographer Patrick Cariou against appropriation artist Richard Prince arising out of Prince's use of Cariou's photographs in a series of paintings. That case was recently decided in favor of the photographer in Federal District Court in New York.<sup>1</sup>

The Supreme Court itself has referred to the "inherent tension" between protecting copyrighted material and allowing others to build upon it.<sup>2</sup> In noting that few, if any, things are strictly new and original, the Court has also recognized that "[e]very book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before."<sup>3</sup> In the field of visual art, the comfort zone for the amount of borrowing that is acceptable has become even more of a central question in the context of cases dealing with appropriation art.<sup>4</sup> As copyright expert William Patry has noted, the courts have not been kind to appropriation artists.<sup>5</sup> For example, in *Rogers v. Koons*, the Second Circuit Court of Appeals condemned Jeff Koons as an artist whose work sails "under the flag of piracy" for appropriating a photograph as the basis for a three dimensional work.<sup>6</sup> Since then, however, more favorable rulings have been rendered, and Jeff Koons himself was found not to have infringed the copyright of a photographer whose image he incorporated in a collage painting.<sup>7</sup>

Prince, who is known for so-called "re-photographs" of advertising and other images taken from other artists' works, has been exhibited in major museums around the world over the last 30 years, including a retrospective at the Guggenheim Museum in New York City in 2007. In 2007 through 2008, he developed a series of paintings known as the *Canal Zone* based on the storyline of a cinematic pitch he had written, as well as a trip he had taken to the former Panama Canal Zone where he was born. In creating the artwork, Prince used images from a book entitled *Yes Rasta* that he previously had purchased at a bookstore on the island of St. Barts. The book contained documentary-style photographs of Rastafarians in Jamaica taken by Cariou. Prince subsequently purchased three additional copies of the book. For sometime thereafter, in preparation for his paintings, Prince made random drawings on the faces in the books, sketched out enlarged hands and feet on some of the images, and abstracted the faces with various painterly elements. In then creating the *Canal Zone* paintings, Prince used portions of pages torn

from the *Yes Rasta* book onto which he had drawn masks "in the style of Picasso" and digitally scanned and re-sized the *Yes Rasta* images directly onto canvas.<sup>8</sup> In some paintings, he also affixed collage elements to other images for further scanning.

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*"In the field of visual art, the comfort zone for the amount of borrowing that is acceptable has become even more of a central question in the context of cases dealing with appropriation art."*

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In making the *Canal Zone* paintings, Prince has said that he "sought to make a totally new artistic contribution using what I call ingredients."<sup>9</sup> He also created the works to make art historical references to master painters he admired, such as Cezanne, Picasso, Warhol and de Kooning and to "create entirely new and different works of art that I hope are interesting and contribute to the dialogue of art."<sup>10</sup> In explaining his technique, Prince has said that in creating the paintings he had at least 25 or more books and magazines in front of him and he would "randomly take images that fit into his artistic vision and message for each work."<sup>11</sup> Ultimately, he says, "I appropriated, in the tradition of Duchamp, 41 images from *Yes Rasta*, two adult books from an art publishing company called Taschen, images of rock guitars and musician hands from contemporary music magazines, images from anatomy books that I bought at the art supply store, and an image from a book or magazine on Bob Marley."<sup>12</sup>

Prince completed 29 paintings in his *Canal Zone* series, 28 of which included images from *Yes Rasta*. The Gagosian Gallery exhibited 22 of the *Canal Zone* paintings at one of its locations in Manhattan in November and December 2008. Eight of the paintings sold for a total of over \$10 million, and an additional seven were exchanged for art valued between \$6 and \$8 million.<sup>13</sup>

On December 11, 2008, Cariou sent a cease and desist letter to Prince and the Gagosian. Shortly after, he commenced an action against Prince and the Gagosian in Federal Court alleging copyright infringement. Cariou claimed that Prince's paintings had impaired his plans to market his work, and that Christiane Celle, the owner of a gallery in Soho, had cancelled plans to show his work when she found out about Prince's *Canal Zone* show at the Gagosian.<sup>14</sup> Cariou subsequently moved for summary judgment alleging that Prince's appropriation and commercial exploitation of Cariou's photographs was not fair

use. The defendants cross-moved for summary judgment on the basis that Prince's use was fair.

In granting summary judgment for the plaintiff, New York District Court Judge Deborah Batts agreed with Cariou's arguments that Prince's utilization of the photographs was not fair use. She then enjoined and permanently restrained the defendants from any use of the Cariou photographs and ordered up the paintings for "impounding, destruction or other disposition as Plaintiff determines."<sup>15</sup> If not overturned, this drastic ruling will likely have a significant effect on artists, and especially appropriation artists, and how they create their works; on gallerists who exhibit such artworks; and even on members of the general public who view contemporary art exhibitions. Not only is a long tradition of art being called into question, but if upheld, artists in this tradition will need to think twice before creating new works and gallerists will pause before displaying such works.

In determining whether Prince's use of Cariou's photographs in his artwork constituted a fair use, the court applied the four-factor test set forth in Section 107 of the 1976 Copyright Act.<sup>16</sup> Starting with the first factor, the court analyzed whether the new work merely superseded the original creation or instead "add[ed] something new, with a further purpose or different character...new expression, meaning or message"; in other words, whether the new work was transformative.<sup>17</sup> While acknowledging that there may be some "minimal transformative element intended in Prince's use of the Photos" and that the "overall transformativeness varies from work to work depending on the amount of copying," the Judge did not analyze each of the paintings to see which would be transformative, but considered all 28 paintings together as one unit in making her determination.<sup>18</sup> This alone would seem to be a ground for appeal.

Furthermore, for this court, a finding of transformative use was not enough; transformative "comment" was also required since the court was "aware of no precedent holding that such use is fair absent transformative comment on the original."<sup>19</sup> To make that determination, Judge Batts referred to the transcript of the deposition of Richard Prince in which he testified that he does not "really have a message" in making his art and that "[he] did not intend to comment on any aspects of the original works...[when making art]."<sup>20</sup> The Judge found instead that Prince's intent was "to pay homage or tribute to other painters,...to create beautiful artworks [relating] to musical themes and to a post-apocalyptic screenplay he was writing which featured a reggae band,...to emphasize themes of equality of the sexes, and portray a contemporary take on the music scene."<sup>21</sup> What was missing according to the Judge was that "Prince did not intend to comment on Cariou, on Cariou's Photos, or on aspects of popular culture closely associated with Cariou or the Photos when he appropriated the Photos, and Prince's

own testimony shows that his intent was not transformative within the meaning of Section 107, though Prince intended his overall work to be creative and new."<sup>22</sup> Based on this evaluation of Prince's intent, the District Court reached the conclusion that the transformative use prong of the first fair use factor weighed heavily against a finding of fair use.<sup>23</sup>

The question to now ask is whether this is a correct determination with respect to the first factor. Is it the case that "transformative comment" is a requirement for a finding of transformative use? If so, how are we to find transformative comment in a work of fine art? Is this a holding that means that only sophisticated, articulate artists who can render *post hoc* justifications of their creative processes are protected? Even worse, does this mean that judges need to weigh in on the real meaning of a work of art and evaluate its content even on a motion for summary judgment?

In fact, the requirement of transformative comment as a prerequisite to finding a secondary work transformative is not in line with precedent. In *Blanch v. Koons*, the Second Circuit examined whether Koons had a genuine creative rationale for borrowing Blanch's image, rather than using it merely "to get attention or to avoid the drudgery in working up something fresh."<sup>24</sup> The Court then concluded that it was satisfied with Koons' explanation of why he used Blanch's image.<sup>25</sup> Most significantly, the *Blanch* Court specifically noted that the artist's ability to clearly articulate his reasons for using Blanch's image eased the analysis, but "[w]e did not mean to suggest, however, that either is a *sine qua non* for a finding of fair use—as to satire or more generally."<sup>26</sup> To say that Koons' "justification" of his creative process was sufficient but that Prince's was not is troubling.

So where does that leave the *Cariou's* court determination that transformative comment is a required element of a finding of fair use? It is a conclusion that is not only contrary to the Second Circuit's reasoning in *Blanch*, but it is also at odds with the Supreme Court's decision in *Campbell*. In *Campbell*, Justice Souter's opinion made clear that the words "including" and "such as" in the preamble paragraph of § 107 with respect to the purposes of the use (i.e., criticism, comment, news reporting, scholarship or research) are "illustrative and not limitative" and provide only "general guidance" about the "sorts of copying that courts and Congress most commonly had found to be fair uses."<sup>27</sup> Furthermore, in yet another Second Circuit case, *Bill Graham Archives v. Dorling Kindersley, Ltd.*, the Court upheld the district court's grant of summary judgment for the defendants in finding that the use of posters of the Grateful Dead in a coffee table book was transformative despite the fact that the defendant's book did not criticize or comment on the posters.<sup>28</sup> Accordingly, the fact that Prince's use does not fit neatly into one of those categories is not dispositive. Indeed, the *Cariou* court's approach



seems to revert back to the standard set forth in *Rogers v. Koons*, where a sculpture that was a “satirical critique of our materialistic society,” but did not specifically parody or comment on the underlying photograph on which the sculpture was based, was not a fair use.<sup>29</sup> This standard has since largely been superseded by *Blanch*.

With respect the second prong of the first fair use factor, the *Cariou* court had to determine whether the use of the photographs was for a commercial or nonprofit educational purpose. In finding that Prince’s, and especially the Gagosian Gallery’s, use was substantially commercial, the *Cariou* court again ignored the precedents. In *Blanch*, the Court held that although artists are paid and museums earn money, the public exhibition of art has “value that benefits the wider public interest.”<sup>30</sup> In addition, in *Campbell*, the Court warned against putting too much significance on commerciality: “If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities are generally conducted for profit in this country.”<sup>31</sup> In *Cariou*, the finding of commercial use based principally on sales of artwork in galleries rather than licensing or merchandising of goods is misplaced.

The judge in *Cariou* also found bad faith on the part of Prince since he did not ask Cariou to license the photos—he only purchased copies of the *Yes Rasta* book. The Gagosian was similarly found to have acted in bad faith in not inquiring whether Prince had obtained permission to use the photos in his artwork. It is interesting to speculate what would have happened if Prince had asked for the license and then had been turned down. What is significant, however, is that the Second Circuit, in specifically addressing this issue in *Blanch*, stated that it was “aware of no controlling authority to the effect that the failure to seek permission for copying, in itself, constitutes bad faith.”<sup>32</sup> Nevertheless, the *Cariou* court ignored this holding. In then concluding that Prince’s use of the photos was only minimally transformative and substantially commercial, and that the defendants had acted in bad faith, the court found that the first factor in the fair use analysis weighed heavily in favor of the plaintiff.<sup>33</sup>

The second factor is the nature of the copyrighted work. Here, the court found that Cariou’s photos were highly original and creative artistic works. As such, this factor also weighed against a finding of fair use.<sup>34</sup> The defendants’ arguments that there was only a “weak copyright” in Cariou’s photos was not accepted by the Judge and will not be elaborated on here. It is hard to understand, however, how the plaintiff’s creativity was recognized whereas Prince’s was not, without speculating as to some sort of subjective discomfort by the judge as to the use of borrowed images by Prince.

The third factor examines the amount and substantiality of the portion of the copyrighted work that is utilized. Here, the court found that Prince had appropriated entire photos in a number of his paintings, and that in the majority he had appropriated the “central figures” depicted in the portraits taken by Cariou.<sup>35</sup> In so doing, “given the slight transformative value of his secondary use,” the court held that the third factor weighed heavily against a finding of fair use as well.<sup>36</sup> Here again the treatment in bulk of the artworks by the court rather than as individual paintings is a disservice to the analysis. In fact, except in the case of four photos, Prince only used a portion of the images.<sup>37</sup> For example, in one painting, Prince scanned, enlarged and cropped a page from *Yes Rasta* in which a single figure is standing against a landscape. Prince then added raw elements, such as a guitar and the hands of a rock star, altered the tint to blue, and then rescanned and printed the new work directly onto canvas.<sup>38</sup> Thus, Cariou’s Rastafarian became Prince’s lead guitarist. This is hardly the kind of copying or colorization one would find in a derivative work. Such a usage would seem to define what is meant by “transformative.” Similarly, in *Blanch*, the Second Circuit found that Jeff Koons’s changes of the underlying photograph’s colors, the background against which it was portrayed, the medium, the size of the objects pictured, the objects’ details and, crucially, their entirely different purpose and meaning constituted a transformative use.<sup>39</sup>

Finally, the court considered the fourth factor, the effect of the use on the potential market for or value of the copyrighted work. This inquiry takes into account “not only...harm to the original but also...harm to the market for derivative works” even in the absence of Cariou aggressively marketing his photos.<sup>40</sup> Citing the deposition transcript of gallery owner Christiane Celle, the court found that it was “undisputed that a gallery owner discontinued plans to show the *Yes Rasta* Photos, and to offer them for sale to collectors because she did not want to appear to be capitalizing on Prince’s Paintings and did not want to show work which had been ‘done already’ at the nearby Gagosian Gallery.”<sup>41</sup> Accordingly, the court found that Prince had unfairly damaged the “actual and potential markets for Cariou’s original work and the potential market for derivative use licenses.”<sup>42</sup> This finding is somewhat surprising, however, given the statements in the defendants’ brief that the record before the court did not confirm any “cancellation” of a show.<sup>43</sup> Indeed, according to the defendants, at the time of the *Canal Zone* exhibition, Cariou had not even committed to engaging Celle as his agent or do a show of *Yes Rasta*, and Celle herself would not do a show unless she represented the artist.<sup>44</sup> Furthermore, even if such a cancellation occurred, previous Second Circuit cases have established that that is not always considered evidence of market usurpation.<sup>45</sup> Significantly, there was also no evidence of the Prince works offering a market substitute for the original photographs.<sup>46</sup>

Holding that none of the factors favored a finding of fair use, the court granted the plaintiff's motion for summary judgment and enjoined the defendants from reproducing, displaying, selling, distributing, or otherwise disposing of the photographs and required the defendants to deliver up for impounding, destruction, or other disposition, as the plaintiff determined, all infringing copies of the photographs, including the paintings.<sup>47</sup> This determination included a requirement that the defendants notify any current or future owners of the paintings that the paintings were not lawfully made and thus could not lawfully be displayed.<sup>48</sup> The defendants filed a notice of appeal.

Whether or not the *Cariou* case is reversed on appeal, the decision of the District Court is to some extent emblematic of a general discomfort level with appropriation art. Appropriation, after all, is considered by some to be synonymous with a form of stealing, and there is a feeling shared by many both inside and outside the creative community that such a taking, even among artists, should not be allowed since it is unfair to the creators of the original works. Notwithstanding that sentiment, however, at least some decisions on the appellate level are moving in the direction of providing more breathing room to the appropriators. Certainly, Richard Prince could be required to request a license before proceeding with his works. Yet is this really necessary? Does every artist need to consult a lawyer before exhibiting a collage? Should every artist need to consult a lawyer before exhibiting a collage? What if the licensor refuses the license or demands an exorbitant price? If the copyright law is largely meant to promote creativity, drawing bright line rules that result in delegitimizing art works that are far from verbatim copies or cheap duplications does not seem like the right way to go. Furthermore, such a decision seems also to fly in the face of the freedom of expression protected by the First Amendment.<sup>49</sup> As Prince himself has said, "artists should be as free as possible in their studio because art is about freedom of expression and not being restricted."<sup>50</sup>

What, then, can be done? It has been suggested that perhaps there should be separate rules for the fair use of artworks.<sup>51</sup> It is probably not necessary, however, to go that far; a careful and correct application of the statutory factors and the precedents may be sufficient. Another proposal has been to implement some sort of collective or compulsory licensing process whereby artists can use pre-existing materials for set fees as already exists for public performance of musical compositions. Another constructive approach is the one recently advocated to develop a Visual Artists' Statement of Best Practices in Fair Use akin to the one enacted for documentary filmmakers.<sup>52</sup> If that were to happen, the determination of what borrowing is fair use and what is unfair is more likely to be made in the creative process, thereby lessening the need for other artists to resort to the courts for relief and to risk obtaining judgments that may negatively impact how all artists work.

## Endnotes

1. *Cariou v. Prince*, 08 Civ. 11327 (DAB), 2011 U.S. Dist. LEXIS 29070 (S.D.N.Y. Mar. 18, 2011).
2. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575(1994).
3. *Id.* (quoting *Emerson v. Davies*, 8 F. Cas. 615, 619 (C.C.D. Mass. 1845) (No. 4,436)).
4. For a detailed description of appropriation art, see *Glossary*, TATE ONLINE, [www.tate.org.uk/collections/glossary/definition.jsp?entryId=23](http://www.tate.org.uk/collections/glossary/definition.jsp?entryId=23) (last visited June 25, 2011).
5. William Patry, *Appropriation Art and Copies*, THE PATRY COPYRIGHT BLOG (Oct. 20, 2005), <http://williampatry.blogspot.com/2005/10/appropriation-art-and-copies.html>.
6. *Rogers v. Koons*, 960 F.2d 301, 311 (2d Cir. 1991).
7. *See Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006).
8. Affidavit of Defendant Richard Prince in Support of Defendants' Motion for Summary Judgment ¶ 26, *Cariou v. Prince*, 08 Civ. 11327 (DAB), 2011 U.S. Dist. LEXIS 29070 (S.D.N.Y. Mar. 18, 2011) [hereinafter Affidavit of Prince].
9. *Id.* at ¶ 26.
10. *Id.* at ¶ 27.
11. *Id.* at ¶ 25.
12. *Id.* at ¶ 24.
13. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*25.
14. Memorandum of Law in Support of Plaintiff's Motion for Summary Judgment at 11-12, *Cariou v. Prince*, 08 Civ. 11327 (DAB), 2011 U.S. Dist. LEXIS 29070 (S.D.N.Y. Mar. 18, 2011).
15. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*41.
16. 17 U.S.C. § 107 (2011).
17. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*16-17 (citing *Salinger v. Colting*, 641 F. Supp. 2d 250, 256 (S.D.N.Y. 2009), *rev'd on other grounds*, 607 F. 3d 68 (2d Cir. 2010)).
18. *Id.* at \*20-21, 23.
19. *Id.* at 18.
20. *Id.* at \*20-21.
21. *Id.* at \*21.
22. *Id.* at \*22.
23. *Id.* at \*24.
24. *Blanch*, 467 F.3d at 255 (quoting *Campbell*, 510 U.S. at 580).
25. *Id.*
26. *Id.* at 255 n.5 (emphasis added).
27. *Campbell*, 510 U.S. at 577-78.
28. 448 F.3d 605 (2d Cir. 2006)
29. *Rogers*, 960 F.2d at 310.
30. *Blanch*, 467 F.3d at 254.
31. *Campbell*, 510 U.S. at 584 (quoting *Harper & Row Publishers v. Nat'l Enters.*, 471 U.S. 539, 592(1985)).
32. *Blanch*, 467 F.3d at 256.
33. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*29.
34. *Id.* at \*30.
35. *Id.* at \*31.
36. *Id.* at \*32.
37. Defendants' Memorandum of Law in Opposition to Plaintiff's Motion for Summary Judgment at 16, *Cariou v. Prince*, 08 Civ. 11327 (DAB), 2011 U.S. Dist. LEXIS 29070 (S.D.N.Y. Mar. 18, 2011) [hereinafter Defendants' Opposition Memo].
38. *Id.* at 17-18.

39. *Blanch*, 467 F.3d at 253.
40. *Campbell*, 510 U.S. at 590 (quoting *Harper & Row Publishers*, 471 U.S. at 568).
41. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*34.
42. *Id.*
43. Defendants' Opposition Memo, *supra* note 37, at 21.
44. *Id.*
45. See, e.g., *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 482 (2d Cir. 2004) (affirming determination that Goldie Hawn's cancellation of visit with the plaintiff after the defendants disseminated allegedly infringing materials is not cognizable market harm under the Copyright Act where the secondary use was intended as a critique of the original work.) The allegedly infringing work was a website which reviewed/critiqued materials from a business training manual. The Court found that where the function of the transformative work is to express an opposing viewpoint, it cannot be seen as usurping the original, stating: "That the fair use, being transformative, might well harm, or even destroy, the market for the original is of no concern to us so long as the harm stems from the force of the criticism offered." This does not suggest that cancellation is never a consideration when analyzing market harm. For example, where the cancellation is due to a secondary use which merely duplicates that of the original, with no critique intended, it is likely that it would be significant in determining market harm.
46. See *id.* at 481-82 ("The focus...is on whether defendants are offering a market substitute for the original.").
47. *Cariou*, 2011 U.S. Dist. LEXIS 29070, at \*40-41.
48. *Id.* at \*41.
49. *Eldred v. Ashcroft*, 537 U.S. 186, 219-20 (2003).
50. Affidavit of Prince, *supra* note 8, at ¶14.
51. See E. Kenly Ames, Note, *Beyond Rogers v. Koons: A Fair Use Standard for Appropriation*, 93 COLUM. L. REV. 1473, 1518-26 (1993).
52. See Carol J. Steinberg, *Fair Use: A Regenerative Concept in the Law*, 22 ENT., ARTS & SPORTS L. J. 18, 20 (2011).

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# Freedom of Speech in Entertainment: Can the Entertainment Industries Be Held Responsible for “Copycat” Acts?

By Ethan Bordman

## An Unusual Fan Club

“Don’t get us wrong, we respect human life and all, but if I was a mass murderer I would want to be Mickey and Mallory,” states a fan of the husband-and-wife team of murderers in the film *Natural Born Killers*.<sup>1</sup> This level of appreciation is further illustrated in the film when a news reporter asks the killers, “What do you have to say to your fans?”<sup>2</sup> Fans of murderers? If criminals in a film—portrayed by actors as part of a script—have fans, it is conceivable that people may take fan worship of real celebrities to the same extreme. Given that there are entertainment products and musical groups whose names include *Natural Born Killers*, *Death*, *Nun Slaughter*, and *Slaughter Lord*, it is possible that fans may misconstrue their messages as being more than just pure entertainment. This gives rise to the following question: if an individual misinterprets the entertainment value of a production, and commits a criminal or violent (but not illegal) act as a result, can that entertainer and the company with which he or she is associated be held responsible based on the product’s title or content?

There is a growing concern in the entertainment industries as a result of cases in which individuals have stated that their actions—often known to be criminal—were inspired by what they saw, heard, or read in music, film, television, and publications. Holding artists and entertainment companies responsible for these actions could have profound implications. Doing so could lead to censorship of the arts if efforts are made to eliminate any content that could potentially inspire criminal behavior. If accountability is held, what are the situational requirements that must be met? If these requirements are met, what can the entertainment industries do to protect themselves?

## The Movies Made Me Do It

Headlines such as “Computers and TV blamed for teenage violence and casual sex”<sup>3</sup> claim that the media and the entertainment industries, often considered one and the same, are responsible for influencing violent and antisocial behavior. As a result of headlines like this, some believe that entertainment media not only glorifies violence, but also communicates that violence is acceptable in our society. This idea brings to mind the “chicken or the egg” conundrum. Are individuals compelled to model their actions after ideas presented throughout the enter-

tainment industries, or do the entertainment industries produce content based on the public’s behavior?

When considering the accountability of the entertainer and associated companies, it is essential to determine whether the behavior in question is illegal or not. Illegal acts performed in tribute to similar acts, such as murder or assault, are often referred to as “copycat” crimes. There are also “copycat” actions that are not illegal, but result in a violent act or an injury. One example occurs when a person watches a dangerous stunt on a music video and attempts to perform a re-enactment without the proper training or equipment. Performing the act is neither illegal, nor is broadcasting the act, the selling or possessing the entertainment product (in this case, a music video). The underlying theme of the product—to sell an album of music intended for enjoyment by the public—is also not against the law.

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*“[I]f an individual misinterprets the entertainment value of a production, and commits a criminal or violent (but not illegal) act as a result, can that entertainer and the company with which he or she is associated be held responsible based on the product’s title or content?”*

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Entertainment vehicles have been blamed for inspiring any number of incidents, whether the perpetrators had criminal intent or claimed they were just having fun. There are many examples of movie-inspired criminal acts. In 1971, director Stanley Kubrick’s Oscar-nominated film *A Clockwork Orange* was blamed for inspiring a sexual attack during which the attackers sang “Singing in the Rain,” as depicted in the film.<sup>4</sup> The film *Taxi Driver*, released in 1976, was claimed as the reason for John Hinckley’s attempt to kill President Ronald Reagan in 1981.<sup>5</sup> Hinckley had become obsessed with actress Jodie Foster, who appeared in the film, stalking her for some time and developing schemes—including the attempted assassination of Reagan—designed to impress her. In 2001, the film *Scream*, which features a serial killer dressed in a black robe and ghost face mask, influenced a murder committed in Belgium.<sup>6</sup> Fifteen-year-old Alisson Cambier paid a friendly visit to neighbor Thierry Jaradin, 24, in his home. However when Jaradin made romantic overtures to-

ward her, Cambier rejected him. He excused himself and stepped into another room, where he donned a black robe and mask similar to the costume worn by the killer in the film. Jaradin returned to the room and stabbed Cambier more than 30 times. During his statement to police, he referenced the *Scream* movie trilogy as the model for his crime.

In other cases, unintended harm has resulted from an attempt to re-create a movie scene. In 2008, Connecticut beauty school student Olga Louniakova, 22, was found guilty of second-degree reckless endangerment and second-degree threatening after contaminating a water bottle with Visine eye drops, as shown in the film *Wedding Crashers*.<sup>7</sup> Though Louniakova's intended target was another student, a surveillance video caught her putting the drops into her instructor's bottle. In the film, this prank produced uncontrollable diarrhea, but in this case no real harm was done. However, a doctor familiar with the case explained that an overdose of internally consuming Visine can cause serious adverse effects, including difficulty breathing, seizures, coma, and lowering body temperatures to dangerous levels.

### Interpreting Artistic Content May Be Controversial

For years, entertainment media have been accused of featuring scenes and lyrics that encourage violence and antisocial behavior. In 1954, in an effort to get radio airplay, the lyrics of Cole Porter's classic song "I Get A Kick Out Of You" were changed from "I get no kick from cocaine,"—which was considered to advocate drug usage—to "I get perfume from Spain."<sup>8</sup> Later in the decade, Link Wray's "Rumble" was dropped from radio stations because the title was thought to be too suggestive of teenage violence.<sup>9</sup> The song, which contained *no* lyrics, was performed on the television program *American Bandstand*; however, the show's host, Dick Clark, refused to mention the song's title when introducing the band.<sup>10</sup> In 1965, Barry McGuire's song "Eve of Destruction" was pulled from stores and banned from broadcast after some groups complained that it could promote suicidal feelings.<sup>11</sup> Two years later, before their appearance on *The Ed Sullivan Show*, the Rolling Stones agreed to alter some lyrics to the song "Let's Spend The Night Together."<sup>12</sup> The title was changed to "Let's spend some time together" because the original lyric was believed to promote teenage sex.<sup>13</sup> In 1968, the Rolling Stones were again censored for fear their song "Street Fighting Man" would incite violence during the National Democratic Convention. Local Chicago radio stations refused to play the song.<sup>14</sup>

Over the last half century, the blame for provocation of antisocial behavior shifted from the lyrics or song titles to the larger interpretation of the song. In 1971, the Illinois Crime Commission accused the musical trio of Peter, Paul, and Mary of advocating drug use based on the lyrics of "Puff the Magic Dragon," a Grammy Award

winning children's song. The objectionable lyric was: "Little Jackie Paper loved that rascal Puff;"<sup>15</sup> the Commission asserted that this referred to and advocated marijuana use. One year later, John Denver's song "Rocky Mountain High" was banned after accusations that it promoted drug use.<sup>16</sup> In 1982, a California State Assemblyman claimed that when played backward, Led Zeppelin's song "Stairway to Heaven" reveals the words "Here's to my sweet Satan."<sup>17</sup> Critics called for a boycott of Bruce Springsteen's album "Born in the U.S.A." in 1984 because its cover featured a photo of the singer's back as he stood in front of the United States flag.<sup>18</sup> It was alleged that the picture was intended to depict Mr. Springsteen urinating on the flag.

The common thread through each of these instances is that the artists all denied the interpretations,<sup>19</sup> asserting that, left to their own devices, individuals were unaware of the alleged subversive content until it was specifically pointed out. John Denver was surprised when radio stations alleged that "Rocky Mountain High" referred to illegal drugs. Denver asserted that the song referred to the sense of peace and elation a person feels when seeing the beauty and magnificence of the Rocky Mountains.<sup>20</sup> Bruce Springsteen was also surprised when protestors told him that the photo on his album cover appeared to show him relieving himself on the American flag. He claimed that "[i]t just turned out that the picture of my butt looked better than the picture of my face."<sup>21</sup>

The issue of inciting individuals to antisocial behavior also concerns the world of dance. When first introduced, the waltz was considered a controversial form of entertainment, according to a psychology study.<sup>22</sup> In the study entitled *Rap music: 'Danger' to society or just another waltz?* Carrie B. Fried, assistant professor of psychology at Indiana University-South Bend, points out that social perception influences peoples' view of music. When first introduced, "[p]eople thought it (the waltz) was obscene and wanted it banned."<sup>23</sup> Rap music has been confronted with similar resistance. Fried explains that rap lyrics are blamed by some for encouraging violence, because "new forms of expression are often viewed as dangerous by society."<sup>24</sup>

### Establishing Standards for Acceptable Content

Is there a connection indicating that entertainment provokes antisocial behavior? In September 2000, the Federal Trade Commission (FTC) released a report entitled *Marketing Violent Entertainment to Children: A Review of Self-Regulation and Industry Practices in the Motion Picture, Music Recording and Electronic Game Industries*. The report, conducted in response to a request from President Bill Clinton, stated "[s]cholars and observers generally have agreed that exposure to violence in entertainment media alone does not cause a child to commit a violent act and that it is not the sole or even necessarily the most impor-

tant factor contributing to youth aggression, antisocial attributes, and violence.”<sup>25</sup>

In addressing the First Amendment, the FTC clarified that restrictions on speech and expression apply only to government action through legislation, regulation, and enforcement—but not to the actions of private organizations, such as those affiliated with the entertainment industries.<sup>26</sup> Exceptions do exist when there is deemed to be obscene speech or a need to protect minors. Though advocates have asked that the courts treat violence the same as obscenity, courts are hesitant to do so unless violent content is sexually obscene. The report stated “[m]any of those courts—and First Amendment scholars—note that it would be difficult to create a workable definition of violence that would not be overbroad or vague.”<sup>27</sup>

The report, because of constitutional concerns, recommended additional efforts in the form of self-regulatory actions by the entertainment industries.<sup>28</sup> This was important because entertainment companies make the decision to place warnings on their products. As the study pointed out, “[s]elf-regulation is especially critical in this area, given the First Amendment protections which prohibit governmental regulation of these products’ content.”<sup>29</sup> Robert Pitofsky, the FTC Chairman at the time, emphasized that “[b]ecause government intrusion in decisions about content raises important First Amendment concerns, self-regulation continues to be the preferred solution to problems in this area.”<sup>30</sup> The study concluded by requesting that the movie, music, and games industries establish or expand codes that prohibit target marketing to children, and impose sanctions for violations; increase compliance at the retail level; and increase parental understanding of the ratings and labels.<sup>31</sup>

In a follow-up report issued in April 2007, the FTC acknowledged that—since the original report was issued in 2000—based on constitutional grounds, numerous courts struck down legislative efforts to restrict access of violent games to minors.<sup>32</sup> The report explained that the FTC was not successful in its effort to achieve mandatory rating or labeling standards for the products. It concluded that “[u]ntil the courts are presented with compelling evidence of harm linked to minors’ viewing of violent images—harm either to minors themselves or to potential victims of aggressive impulses—it appears unlikely that content-based restrictions of violent video games will survive constitutional challenge.”<sup>33</sup> In the sixth and most recent follow-up report, issued in December 2009, the FTC recommended that the industries strengthen online marketing to children regarding emerging technologies and the accompanying new marketing techniques.<sup>34</sup>

The Arts Censorship project of the American Civil Liberties Union (ACLU) also addressed the question of advocating violent acts in entertainment in a report entitled *Popular Music Under Siege*.<sup>35</sup> The ACLU addressed the question: “Don’t lyrics that deal with sex, violence,

drug use, suicide, etc. cause antisocial behavior?”<sup>36</sup> The answer was: “No direct link between antisocial behavior and exposure to the content of any form of artistic expression has ever been scientifically established.”<sup>37</sup> Moreover, with regard to blaming artists, it was asserted that “scapegoating artistic expression as a cause of social ills is simplistic.”<sup>38</sup> The ACLU noted that if suppressing creative expression were a way to control antisocial behavior, we would have to begin with the source of inspiration most frequently cited by criminals—the Bible.<sup>39</sup>

The Federal Communications Commission (FCC) receives numerous daily complaints that television and radio networks broadcast extreme, incorrect, and improper political, economic, and social statements.<sup>40</sup> Complaints are often asserted by individuals who believe that broadcast content contains statements that endanger the United States, its people, its government and its economic system—in addition to its families—and that such content is “un-American” and abuses our freedom of speech.<sup>41</sup> Objectionable content by complaints also includes that which people feel criticizes, ridicules, stereotypes, or demeans individuals or groups based on their race, religion, or gender; or contains obscene, indecent, or profane language.<sup>42</sup> The FCC points out that by law it is barred from trying to prevent the broadcast of any point of view.<sup>43</sup> Section 326 of the Communications Act of 1934 prohibits the FCC from censoring broadcast material and from enacting any regulation that interferes with a citizen’s freedom of speech. As explained by the FCC, “[e]xpressions of views that do not involve a ‘clear and present danger of serious substantive evil’ come under the protection of the Constitution.... [T]he public interest is best served by permitting free expression of views.”<sup>44</sup> By enforcing this principle, the FCC ensures that the most diverse and opposing ideas may be expressed, even though they may be highly offensive to some.<sup>45</sup> In terms of programming, individual radio and television stations are responsible for selecting all of their broadcasting matter.<sup>46</sup> “Indecent material” is prohibited from being broadcast between 6:00 a.m. and 10:00 p.m., when children are most likely to be watching.<sup>47</sup> Context is the key to determining whether a broadcast is considered obscene, indecent, or profane.

## The Law

In 1948, the case of *Winters v. New York* addressed the issue of advocating violent behavior in published materials. The appellant, a bookstore owner represented by the ACLU, fought the constitutionality of a New York law that prohibited the possession and sale of magazines containing violent content.<sup>48</sup> New York Penal Law §1141 defined “Obscene prints and articles” as possessed by one who

prints, utters, publishes...or has in his possession with intent to sell,...any book, pamphlet, magazine, newspaper or other

printed paper devoted to the publication, and principally made up of criminal news, police reports, or accounts of criminal deeds, or pictures, or stories of deeds of bloodshed, lust or crime....<sup>49</sup>

The court ruled in favor of the book store owner under First Amendment principles, stating, “[w]hat is one man’s amusement teaches another’s doctrine. Though we can see nothing of any possible value to society in these magazines, they are as much entitled to the protection of free speech as the best of literature.”<sup>50</sup>

In March 1995, Sarah Edmondson and her boyfriend Benjamin Darras, both 18, began a “killing spree” after taking the drug LSD and watching the film *Natural Born Killers* repeatedly.<sup>51</sup> The film features actors Woody Harrelson and Juliette Lewis as two young people in love who commit numerous robberies and murders. Louisiana convenience store clerk Patsy Byers was left a paraplegic and the store manager, William Savage, was killed after Edmondson and Darras shot each of them several times. In July 1995, Byers filed suit against the two for damages sustained by the robbery and shooting.<sup>52</sup> Byers later filed a second supplemental petition for damages, in which film distributor Warner Brothers, Inc.; a number of its affiliated companies; the film’s producers; and Oliver Stone, the film’s director, were named as defendants. The petition set forth several claims stating that the crime spree was “a result of seeing and becoming inspired by the movie *Natural Born Killers* produced, directed, and distributed by the Hollywood defendants.”<sup>53</sup> It was further asserted that “[a]ll of the Hollywood defendants are liable, more particularly, but not exclusively, for distributing a film which they knew or should have known would cause and inspire people such as Edmondson and Darras, to commit crimes,” and that the film glorified violence “by treating individuals who commit such violence as celebrities and heroes....”<sup>54</sup> The plaintiffs also stated that the defendants included subliminal messages in the film and failed to warn the audience of the effects of repeatedly viewing the film. In response, the defendants all stated that they owed no duty to the plaintiffs to prevent harm inflicted absent a “special relationship” to protect the plaintiffs from such harm. They further asserted that the imposition of a duty would violate the First Amendment of the United States Constitution and Article 1, Section 7 of the Louisiana Constitution.

In January 1997, the trial court dismissed the case, finding that the law did not recognize a cause of action brought by Byers’ petition. In 1998, the Louisiana First Circuit Court of Appeals reversed the lower court’s ruling based on the peremptory exception to the objection of no cause of action; the court accepted Byers’ petition that the film fell into the incitement to imminent lawless activity exception to the First Amendment.<sup>55</sup> Stone’s attorneys petitioned the Louisiana Supreme Court to hear

the case, stating that “[n]o court in America has ever held a filmmaker or film distributor liable for injuries allegedly resulting from the imitation of a film,” and “[t]he specter of such boundless liability would cause those who create movies, music, books, and other creative works to avoid controversial or provocative subjects.”<sup>56</sup> The Court of Appeals declined to review the case, as did the United States Supreme Court. In 2001, Judge Robert H. Morrison of the 21st Judicial District Court in Louisiana dismissed the case, stating that the First Amendment protected Stone and Warner Brothers. He further noted there was no proof of evidence that either Stone or Warner Brothers intended to incite violence.<sup>57</sup> Time Warner’s attorney stated that the “ruling is important not only for filmmakers but for people who make documentaries and news programs, because they could also be attacked for depicting violence that some people will allege was suggested to them.”<sup>58</sup>

In February 2011, a jury in Orange County, Florida convicted Michael A. Smith, 26, of vehicular homicide<sup>59</sup> for the death of 18-year-old Cameron Bieberle, in an incident inspired by the *Jackass* television show and series of movies. In March 2008, Bieberle rode inside a supermarket shopping cart while holding onto the back bumper of a sport utility vehicle driven by Smith. After hitting a speed bump, the shopping cart overturned—Bieberle flew through the air and landed on the pavement. He suffered a traumatic head injury and died at the scene. Judge Alan Apte sentenced Smith to four years in prison and placed him on probation for 11 years after his future release. Additionally, Smith’s driver’s license was permanently revoked. Bieberle’s father said that his son was a fan of *Jackass* and that the show had “absolutely something to do with the accident.”<sup>60</sup> Investigators stated that Smith and Bieberle intended to record the most recent stunt, as they with previous similar stunts, but Smith had left his camera at home.

There were also previous incidents in which *Jackass* had been blamed for inspiring dangerous acts. In 2007, Jared W. Anderson, 20, suffered serious burns to his hands and genitals in an attempt to copy a stunt he saw in one of the *Jackass* films in which the character lights his genitals on fire.<sup>61</sup> During the show’s broadcast, and on MTV’s website for the show, were warnings to viewers not to attempt to imitate the stunts or to send in home videos showing attempted stunts. In January 2001, a 13-year-old Connecticut boy suffered second- and third-degree burns after two friends poured gasoline on him and set him on fire.<sup>62</sup> The teens were copying the “human BBQ” stunt in which the character set himself on fire while wearing a flame-resistant suit. MTV released a statement in response to the accident in which the network wished the young man a speedy recovery, while emphasizing:

[i]t is extremely clear throughout the show, through the use of written and ver-

bal warnings that none of the stunts featured should be tried at home. The show airs with a TV-MA rating and warnings throughout that specifically state: "The following show features stunts performed by professionals and/or total idiots under very strict control and supervision. MTV and the producers insist that neither you nor anyone else attempt to recreate or perform anything you have seen on this show."<sup>63</sup>

The show was cancelled in 2002.

### Civil Accountability: Negligence

In the area of civil accountability, negligence is the most often sought tort as a cause of action in cases where the entertainer and his or her respective company are thought to have caused damages.

#### Duty

The first step to proving negligence liability by the entertainment industry is establishing that a standard of duty or obligation "recognized by the law, requiring the person to conform to a certain standard of conduct, for the protection of others against unreasonable risks" exists.<sup>64</sup> There is, however, no legal owed duty—absent a special relationship—by the entertainment industry to inform the public that its product is intended for adults or that it may contain violence. Public ratings such as those by the Motion Picture Association of America (MPAA) or warnings by the Recording Industry Association of America (RIAA) are conducted on a voluntary basis.

In 1985, a group of 20 wives of Washington D.C. politicians and businessmen formed the Parents Music Resource Center (PMRC).<sup>65</sup> The goal of the PMRC was to lobby the music industry to inform the public of potentially objectionable content in several ways, including printing lyrics on album covers; establishing a ratings system for records, similar to that used for films; and establishing a citizen and record company media watch group.<sup>66</sup> The group began its campaign by choosing 15 songs, known as the "Filthy Fifteen," which it felt exemplified violence through sexual references and the glorification of drugs, alcohol, or the occult.<sup>67</sup> After several days of hearings in the Senate, little was accomplished legally, as the word "censorship" continued to arise. On November 1, 1985, the RIAA and PMRC announced a program in which the RIAA would provide record companies and artists with labeling tools to inform parents about explicit lyrics, allowing the record company and artist to decide which musical releases would contain the warning label "Parental Advisory—Explicit Lyrics."<sup>68</sup>

The MPAA takes a similar view on films. The Classification and Rating Administration, an independent

division of the MPAA, was created to inform parents with advance information about the various ratings levels addressing the content of a film.<sup>69</sup> In determining a rating, the board considers areas such as violence, nudity, mature themes, language, sensuality, and adult activity. To become a member of the ratings board, each individual must be a parent and unaffiliated with the entertainment industry. The rating system, established in 1968, is voluntary for the filmmaker. In order to allow a wider audience to enjoy the film, several versions may be released. The rating of the version shown in theatres may differ from the one on digital video discs (DVD) such as Unrated (UR) versions containing scenes that were deleted for theatrical viewing.

#### Breach of Duty

After a duty to act on the defendant's behalf has been established, the obligation or duty must be shown to have been breached, creating "a failure on the person's part to conform to the standard required..."<sup>70</sup> Unless a relationship is established, no duty is owed to a defendant; however, exceptions do exist. One example occurs when the instrument is in the exclusive control of the defendant. This exception fails here, as the individual consumer decides to purchase the item and when and how often to enjoy the entertainment product.

#### Causation

Once a breach of duty has been established, the plaintiff must then show "some reasonable connection between the act or omission of the defendant and the damage which the plaintiff has suffered."<sup>71</sup> There are two types of causation, "cause in fact," and the "proximate" cause, both of which must be satisfied for causation to be proven. "Cause in fact" shows "all things which have so far contributed to the result that without them it would not have occurred."<sup>72</sup> Here, it must be proven that "[t]he defendant's conduct is a cause of the event if the event would not have occurred but for that conduct; conversely, the defendant's conduct is not a cause of the event, if the event would have occurred without it."<sup>73</sup> For this portion of the element to be satisfied, it must be shown that "but for" seeing, hearing or reading about the entertainment product, the consumer would not have acted. It would be difficult to prove that a particular product was the specific cause of the plaintiff's dangerous or antisocial behavior. As stated in many of the cases discussed later, a majority of the plaintiffs had emotional problems or illegal substance habits that were contributing factors—if not the only factors—found by the courts in their actions. Moreover, the argument could be made that if the product is the "but for" cause of the behavior, then why did one particular individual—among the thousands, or even millions of people, who enjoyed the product—take such dramatic action? If the product were to blame then *everyone* who heard or saw it would have acted similarly—which is never the case.



Once it is established that the defendant's conduct is a "cause in fact" of the plaintiff's injury, it must then be shown that the defendant is proximately or legally responsible. Here the "importance turn(s) upon conclusions in terms of legal policy, so that they (the defendants) depend essentially on whether the policy of the law will extend the responsibility for the conduct to the consequences which have in fact occurred."<sup>74</sup> There are several theories that have been advanced in determining if legal responsibility has been met. The "foreseeable risk" theory and the "direct consequences theory," which conflict in their views of accountability, are the two most often cited. The "foreseeable risk" theory states that "liability should not extend beyond the scope of the 'foreseeable risk'—that is, the risks, by reason of which the actor's conduct is held to be negligent."<sup>75</sup> Here, to be found legally responsible, it must be shown that it is reasonable to expect that an individual might copy or follow the actions featured on the entertainment company's product. This theory fails for the same reason as stated in "cause in fact"—the difficulty in proving that a particular product was the specific factor in causing an individual to act. This is reinforced by other factors, including the mental instability of the individual who acted as well as the fact that this individual was the only one—out of everyone in the world—who behaved in such a manner.

In contrast, the "direct consequence" theory states that "the scope of liability should ordinarily extend to but not beyond all 'direct' (or 'directly traceable') consequences and those indirect consequences that are foreseeable."<sup>76</sup> Here, to be held legally responsible, it must be shown that the injury—regardless of whether it was foreseeable or not—was directly caused by the entertainment company's product. This theory fails for several reasons. One is the matter of tracing the content of the entertainment product to the reason for an individual's action. It would be extremely difficult—if not impossible—to show that the product was the *direct*, or sole cause of an individual's actions. Moreover, it fails for the same reasons explained in foreseeable risk, with regard to the difficulty in proving that a particular product was the specific factor in causing an individual to act. This, too, is reinforced by other factors including the mental instability of the individual who acted and the fact that this individual was the only one who behaved in such a manner.

## Damages

The final element in proving fault of negligence is that an individual must have suffered "[a]ctual loss or damage resulting to the interests of another."<sup>77</sup> These damages may be emotional, physical, or related to property. Regarding the culpability of entertainers, it would have to be proven that the product caused harm. Unfortunately, death is the most common result in most "copycat" actions, either through a person committing suicide or by taking the life of an innocent person.

## The Defenses

Though this discussion addresses the civil concern of entertainment companies, entertainment products have also been used as a defense to commit criminal acts. "The Matrix Defense," taken from the film *The Matrix*, has been stated as the inspiration and reason that people have committed killings. The movie shows that humans are merely dreaming our daily lives, but in reality are hooked up to machines that use us as an energy source. In July 2002, Tonda Lynn Ansley shot her landlord, whom she believed was part of a conspiracy to brainwash and kill her; Ansley was found not guilty by reason of insanity.<sup>78</sup> She told police that "The Matrix" is "where you go to sleep at night and they drug you and take you somewhere else and then they bring you back and put you in bed and, when you wake up, you think that it's a bad dream."<sup>79</sup> Similarly, in February 2003, Joshua Cooke, who killed his parents, had his attorney state that Cooke "harbored a bona fide belief that he was living in the virtual reality of 'The Matrix.'"<sup>80</sup> The attorney for Lee Boyd Malvo, one half of the Washington, D.C. sniper team that killed 10 random people during a three-week period in 2002, stated that he planned to introduce *The Matrix* into his insanity defense.<sup>81</sup> Upon his arrest, Malvo told federal agents to watch the film in order to understand him.<sup>82</sup> While awaiting trial, he wrote the words "Free yourself of *The Matrix*," in sketches created in his jail cell.<sup>83</sup>

There are four traditional defenses to negligence: 1) contributory negligence; 2) last clear chance; 3) comparative negligence; and 4) assumption of risk.<sup>84</sup> Contributory negligence occurs in instances where specific conduct falls below the standard to which a person should conform for his or her own protection; thus, "his own conduct disentitled him to maintain the action."<sup>85</sup> This is a strong defense for the entertainment industries. In contributory negligence, all that needs to be proven is the plaintiff's contribution to his or her own harm and suffering. Many jurisdictions follow this principle under the title of "pure contributory negligence." This is evidenced when an individual takes actions such as performing dangerous activities, as discussed later.

"Last clear chance" occurs when the plaintiff had "the last clear opportunity to avoid the harm."<sup>86</sup> "If the injury should be to third person...the plaintiff's negligence would clearly be recognized as a responsible cause...."<sup>87</sup> This would also be a strong defense for the entertainment industries, which would need to prove that the plaintiff had an opportunity to stop him or herself before acting. In response to the defendant's question about whether any *reasonable person* would stop him or herself at any point during the thinking, planning, and execution of a plan to injure him or herself or another by realizing the consequences of his or her actions, the answer would be "yes."

Comparative negligence examines the degree to which each participated in the act and the responsibility for a fault to which he or she contributed. The three types of comparative negligence are pure comparative, modified comparative, and modified comparative—50 percent or 51 percent rule. Under pure comparative, the judge or jury assigns a percentage of fault to each side and apportions damages accordingly. Under modified comparative fault, if the plaintiff is one percent at fault, he or she is barred from recovering. Finally, under modified comparative fault—50 percent or 51 percent rule, the fault is barred if the plaintiff is found to be 50 percent or 51 percent, accordingly, at fault or higher. In entertainment, no matter the type of comparative negligence, the defense would be successful by showing that the plaintiff chose to act; the fault of the entertainment company, if any, would be reduced by the plaintiff's actions.

Assumption of the risk is successful when “the plaintiff, in advance, has given his *express* consent to relieve the defendant of an obligation of conduct toward him, and to take his chance of injury from a known risk....”<sup>88</sup> This is also a strong defense for the entertainment industries. As previously stated, warning labels are placed on products that are deemed to contain references or explicit language of sex, vulgarity, or violent content. Therefore, the purchaser is armed with knowledge that the item chosen to purchase includes such content. If the purchaser objects to exposure to such materials, then he or she should opt not to buy them.

A non-traditional defense to negligence was argued by Oliver Stone in the *Byers* case regarding *Natural Born Killers*. Stone stated then even if the tort of negligence was satisfied, art and freedom of speech are paramount.<sup>89</sup> The analogy he drew was that no one tries to close down breweries or gun shops if people are drunk and armed when committing violent crimes.<sup>90</sup>

## Freedom of Speech and Expression

Before looking to the laws that give citizens the “freedom” relating to freedom of speech and expression, it must be noted this “freedom” is not absolute. It is generally known that one cannot yell “FIRE!” in a crowded theater. Shouting the word itself is not illegal, nor is saying the word in a movie or stage theater. The issue is concern for the safety of the crowd—preventing the inevitable stampede as people rush to escape a situation they perceive to be dangerous. This idea is based on the principle that speech may only be restricted if it causes direct and imminent harm to an important societal interest.<sup>91</sup> The emphasis here is on the word “imminent.” If a reaction to the situation does not take place NOW or is not likely to take place NOW, then speech is most likely protected.

The case that established this precedent is *Brandenburg v. Ohio*;<sup>92</sup> in this 1969 case, the United States Supreme Court established limitations on the freedom of speech

and expression. Clarence Brandenburg, a leader of a Ku Klux Klan (KKK) group, was convicted under an Ohio statute after organizing a rally held at a farm in Hamilton County, Ohio. He was charged with “advocat[ing]... the duty, necessity, or propriety of crime, sabotage, violence, or unlawful methods of terrorism as a means of accomplishing industrial or political reform” and with “assemblage of persons formed to teach or advocate the doctrines of criminal syndicalism.”<sup>93</sup> The prosecution presented film, taped by a news reporter and cameraman, which had been broadcast on a national network. The film showed KKK members, wearing hoods and carrying firearms, gathered around a burning wooden cross while one member made a speech.

In reaching its decision, the Court looked to several cases, including *Dennis v. United States*,<sup>94</sup> in which leaders of the Communist party in the U.S. were indicted under §3 of the Smith Act for organizing and teaching the overthrow of the government of the United States by force and violence. Here, the Court stated that convictions based upon speech “as evidence of violation may be sustained only when the speech or publication created a ‘clear and present’ danger of attempting or accomplishing the prohibited crime.”<sup>95</sup>

From this, the *Brandenburg* Court stated the following principle:

The constitutional guarantees of free speech and free press do not permit a State to forbid or proscribe advocacy of the use of force or of law violation except where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.<sup>96</sup>

## Entertainment and Freedom of Speech and Expression

One of the first cases in which a broadcast network was accused of producing content that provoked criminal activity occurred in 1979 in *Zamora v. Columbia Broadcasting System*.<sup>97</sup> This action, brought against three broadcasting companies, was based on the theory that television violence had caused a minor to become addicted and desensitized to violent behavior, resulting in the murder of an 83-year-old woman. Ronny Zamora, age 15, brought suit along with his parents against the National Broadcasting Company (NBC), the Columbia Broadcasting System (CBS), and the American Broadcasting Company (ABC). The plaintiffs alleged that from age five until age 15 when the incident occurred, Ronny became involuntarily addicted to and “completely subliminally intoxicated” by the extensive viewing of television violence offered by the defendants. The case arose from actions that occurred on June 4, 1977, when Ronny shot and killed his elderly neighbor, Elinor Haggart. He claimed that he

had developed a sociopathic personality that desensitized him to violent behavior, making him a danger to himself and others. The television networks were charged with breaching their duty by failing to use ordinary care in preventing Ronny Zamora from being “impermissibly stimulated, incited, and instigated”<sup>98</sup> to duplicate the activities he viewed on television. The plaintiffs specifically claimed that the broadcast networks had a duty to avoid making “violent” shows available for voluntary consumption by the public. There was no allegation that watching any particular program or that the content provided by any one network contributed more or less to his actions than others.

The defendants moved to dismiss, stating that the complaint abridged their First Amendment rights and that no duty existed by statute or otherwise. The Court pointed out that no case or common law basis supported the assertion as the underpinning for the claim, stating: “this Court lacks the legal and institutional capacity to identify isolated depictions of violence, let alone the ability to set the standard for media dissemination of items containing ‘violence’ in one form or the other.”<sup>99</sup> It also cited the case of *United States v. Paramount Pictures*,<sup>100</sup> which compared television to the press, noting that there is “...no doubt that moving pictures, like newspapers and radio, are included in the press whose freedom is guaranteed by the First Amendment.”<sup>101</sup> The court in *Zamora* addressed the validity of the plaintiffs’ claim that unspecified violence projected periodically over television could provide the support to cause someone to react unlawfully, and whether any duty on behalf of the broadcasters existed. The Court stated:

[t]he imposition of such a generally undefined and undefinable duty would be an unconstitutional exercise by this Court in any event. To permit such a claim by the person committing the act, as well as his parents, presents an a fortiori situation which would, as suggested above, give birth to a legal morass through which broadcasting would have difficulty finding its way.<sup>102</sup>

The Court found for the defendants, as “the imposition of the duty claimed would discriminate among television productions on the basis of content and not on the basis of any of the First Amendment limitations....”<sup>103</sup> It concluded that the liability sought for by the plaintiffs would place broadcasters in jeopardy for televising drama or documentaries, including *Hamlet*, *Julius Caesar*, *The Holocaust*, and *Grimm’s Fairy Tales*, and emphasized that the works of famed movie hero John Wayne would be at risk as not acceptable to anyone but the boldest broadcasters. The court dismissed the case, asserting that “[t]he works of creative artists and entertainers must be protected. The First Amendment casts a ‘heavy burden’ on those who seek to censor.”<sup>104</sup>

With regard to censorship and protecting free expression, the National Coalition Against Censorship (NCAC) consists of 50 national non-profit organizations—including literary, artistic, and civil liberties groups—designed to educate members and the public about the dangers of censorship and how to oppose them.<sup>105</sup> Among the entertainment-based organizations are: the Actors Equity Association, the American Federation of Television & Radio Artists, the Screen Actors Guild, the Directors Guild of America, and the east and west coast offices of the Writers Guild of America. With regard to trivializing or desensitizing viewers to the effects of violence in popular entertainment, the NCAC points out that “the U.S. Supreme Court has never treated violent content as an exception to First Amendment protection, even though the opportunity has presented itself several times to the Court.”<sup>106</sup>

### It Was Their Idea

In *Zamora*, the court was asked to address the issue of overall violence in television broadcasting. In *Olivia v. National Broadcasting Company (NBC)*,<sup>107</sup> suit was brought against a specific television program as the blame and inspiration for the action of several individuals. In this case, a nine-year-old girl brought suit against NBC and Chronicle Broadcasting Company, which had broadcast a television film drama that depicted a sexual assault against an adolescent female. *Born Innocent*, which was televised on September 10, 1974, dealt with the harmful effect of a state-run home upon a young girl. In one scene, while bathing in a community bathroom, the girl was beaten and sexually assaulted by four girls using a “plumber’s helper.” Four days after the broadcast of the film, the appellant was attacked and forcibly artificially sexually attacked with a bottle by minors at a San Francisco beach, similar to the scene depicted in the television movie. The appellant alleged that the film was the proximate cause of the attack, which caused her physical and psychological damage. She offered as evidence the assailants’ statement that they had viewed the movie, and that the scene in question had inspired them to commit a similar attack on the appellant.

The Court stated “[r]ealistically, television networks would become significantly more inhibited in the selection of controversial materials if liability were to be imposed on a simple negligence theory.”<sup>108</sup> The appellant attempted to distinguish between the First Amendment protection of news programs and documentaries and the fictional presentation of the film. The Court responded to this differentiation by emphasizing that “[i]f a simple negligence theory is recognized, a television network or local station could be liable when a child imitates activities portrayed in a news program or documentary.”<sup>109</sup> It also noted a decision from *FCC v. Pacifica Foundation*,<sup>110</sup> in which Justice Powell and Justice Blackmun concluded that courts “are not free to decide on the basis of its content which speech protected by the First Amendment is most ‘valuable’ and hence deserving of the most protec-

tion, and which is less 'valuable' and hence deserving of less protection."<sup>111</sup> The *Olivia* Court found for NBC, concluding "[i]mposing liability on a simple negligence theory here would frustrate vital freedom of speech guarantees."<sup>112</sup>

### That's Just Kid Stuff

The *Olivia* case provides an example of how an innocent person may be injured as a result of a "copycat" offense. Other cases have arisen in which an individual chose to imitate a dangerous act, thereby hurting him or herself. In *Walt Disney v. Shannon*,<sup>113</sup> it was alleged that statements made during the course of a children's program constituted an invitation to perform an act with a foreseeable risk of injury. On February 28, 1978, 11-year-old Craig Shannon was watching *The Mickey Mouse Club* on television, when a portion of the show broadcast a special feature "about the magic you can create with sound effects."<sup>114</sup> In this segment, one of the show's participants demonstrated how to reproduce the sound of a tire coming off an automobile by putting a BB pellet inside a large, round balloon, filling the balloon with air, and rotating the BB inside the balloon. Craig attempted to repeat what he had seen by putting a piece of lead almost twice the size of a BB into a large, thin balloon. As he inflated the balloon, it burst—impelling the lead into his eye and partially blinding him. When the suit was brought, the defendants countered any claim of accountability, arguing that the suit was barred by the First Amendment.

In its decision, the Court looked to the decision of *Schenck v. United States*,<sup>115</sup> in which it was decided that an utterance can be penalized on grounds that it tends to incite an immediate breach of peace if "the words used are used in such circumstances and are of such a nature as to create a clear and present danger that they will bring about the substantive evils that Congress has a right to prevent."<sup>116</sup> The court in *Walt Disney* therefore determined that "it cannot be said that the statements uttered during the course of this television program gave rise to a clear and present danger of personal injury to the plaintiff."<sup>117</sup> It was also argued that, as a child, the plaintiff was following the actions of adults and therefore was in line with the "pied piper" cases designed to attract children. The Court stated that to be considered a "pied piper" case, two elements are necessary: (1) there must be an express or implied invitation extended to the child to do something posing a foreseeable risk of injury; and (2) the defendant must be chargeable with maintaining or providing the child with the instrumentality which causes the injury.<sup>118</sup> It was settled that the first element was present; however, the second was undisputedly absent because the show did not provide the balloon or lead piece to the child. The Court ruled in favor of the defendant, because the case was barred by the First Amendment, and stated: "[t]o hold otherwise would, as the saying goes, open the Pandora's box; and it would, in our opinion,

have a seriously chilling effect on the flow of protected speech through society's mediums of communication."<sup>119</sup>

In *DeFilippo v. National Broadcasting Co, Inc.*,<sup>120</sup> the parents of a deceased minor brought action against NBC and its local affiliate stations after their son died while imitating a stunt he saw on television. On May 23, 1979, *The Tonight Show* featured guest Dar Robinson, a professional stuntman. Host Johnny Carson and Robinson conversed while showing film clips in which Robinson performed dangerous stunts. Carson announced that after a commercial break, he would attempt a stunt that involved dropping through a trap door with a noose around his neck. When the show returned, Robinson said "[b]elieve me, it's not something you want to go and try. This is a stunt...."<sup>121</sup> A hood was placed over Carson's head, the trap door was opened, and he then fell through. Carson survived the stunt. The plaintiffs, who claimed their son was a regular *Tonight Show* viewer, found him hanging from a noose in front of the television set tuned to the local affiliate that carried the show. The plaintiffs sought recovery, alleging that the broadcast did not adequately warn of the consequences of the act and that the content was intentionally shown with malicious and reckless disregard of the boy's welfare, thus placing financial interests over those of minors and other viewers.

The Court held that the First Amendment barred recovery in this action, weighing two rights under this constitutional provision. The first is broadcasters' right to broadcast the show, which affords a strong presumption in their favor, extending to both entertainment and news, as evidenced by limited governmental control. The second set of rights belongs to the viewers and general public, whose rights supersede those of broadcasters; the court stated "[t]he public has a right to suitable access to 'social, esthetic, moral, and other ideas and experiences....'"<sup>122</sup> It further pointed out that incitement, which relies at the core of the holding, cannot be adequately measured because their son was the only person in the world, to the Court's knowledge, who attempted to emulate the act portrayed. It found no basis that the broadcast constituted such necessary incitement, stating "allowing recovery under such an exception would inevitably lead to self-censorship on the part of the broadcasters, thus depriving both broadcasters and viewers of freedom and choice...."<sup>123</sup>

### What Is It They're Selling?

In *Sakon v. Pepsico, Inc.*,<sup>124</sup> a television advertiser was accused of breach of duty in which a teenage boy attempted a stunt that he saw in a commercial. This commercial, which featured Mountain Dew soda, showed young people riding their bicycles down a path and a ramp, flying through the air, and landing their bicycles safely in a lake to the delight and encouragement of similarly aged onlookers. Pepsico, which owns Mountain Dew,

strategically broadcast the commercial at times when high numbers of young viewers were guaranteed, employing upbeat music and young actors in an effort to influence this audience. After he saw the commercial, 14-year-old Michael Sakon claimed that the commercial incited him to try the stunt; however, he landed head first in a creek that was only three feet deep, breaking his neck in the fall. The plaintiffs claimed that the defendant knew or should have known that young people would imitate the stunt, and further pointed out that the ad contained no warning that viewers should not attempt the stunt.

The appellees urged the Court not to recognize a cause of action based on an advertisement, as doing so would entangle the courts in an examination of the content of all television broadcasts—commercial and non-commercial. They stated that contrary to this position, television programs—whether news or entertainments—are easily differentiated from advertisements to solicit commercial transactions, and therefore require the audience’s use of common sense. The Court rejected the appellees’ First Amendment argument that the ad was false, deceptive, or misleading, and ruled that Pepsico could not be held legally liable. It was established that the commercial did nothing more than to portray young people engaging in a dangerous sport-related activity, and that the product—a soft drink—had nothing to do with this activity. There was no allegation that the commercial suggested viewers undertake the act of “lake jumping.” The court concluded, with regard to advertisers’ and broadcasters’ liability for the imitation of acts viewed on television: “[t]here would be a total absence of any standard to measure liability.”<sup>125</sup> The following example was given:

[t]he foreseeability of plaintiff’s action was no more real than would be the foreseeability that persons attending the circus would undertake performance of acts done by the entertainers, whether on high wires, playing with animals or swallowing a sword. Should the operator of a ski area, when advertising and showing persons skiing, be required to warn viewers they need to take lessons before trying to ski?<sup>126</sup>

### Going to the Theater May Be Dangerous

In *Bill v. Superior Court of the City and County of San Francisco*,<sup>127</sup> the plaintiffs alleged that a violent film caused the death of a minor as she left the theater after the show. On March 24, 1979, Jocelyn Vargas attended the movie *Boulevard Nights* at the Alhambra Theater in San Francisco, California. As Vargas and her friends left the theater and walked down the street to catch a bus, she was shot by a “member of the general public prone to violence....”<sup>128</sup> Vargas’s mother brought suit against various defendants—including the producers of the film—alleging they knew or should have known that the movie

was violent and would attract individuals who are likely to engage in violent behavior and to carry weapons. It was further alleged that the film’s producers negligently failed to warn and failed to take sufficient steps to protect patrons. Evidence was presented indicating that, prior to the opening of the film, the director and the producer discussed whether security would be needed at some of the theaters; the director suggested that Warner Brothers hire guards to stand outside the Los Angeles theater. The press had linked *Boulevard Nights* to *The Warriors*, a film that had opened earlier, as both were movies about gang life which depicted incidents of violence. The Court stated:

[i]t is an unfortunate fact that in our society there are people who will react violently to movies, or other forms of expression.... To impose upon the producers of a motion picture the sort of liability for which plaintiffs contend in this case would, to a significant degree, permit such persons to dictate, in effect, what is shown in the theaters of our land.<sup>129</sup>

The plaintiffs did not contend, and no evidence existed, that the producers made any misrepresentations to the public about the film itself. In looking to its application, the Court refused to view the case as a First Amendment issue alone, and chose instead to look at the foreseeable reaction of persons. It looked to the general duty to warn of potential danger from third persons, stating that a duty arises only if: (1) a special relation exists between the actor and the third person which imposes a duty upon the actor to control the third person’s conduct; or (2) a special relation exists between the actor and the other which gives the other a right to protection. The Court stated, “[w]e live, regrettably, in a violence-prone society, and predicting when, or where, individuals or groups might react violently to the showing of a particular movie is likely to be a difficult matter, at best....”<sup>130</sup> The Court ruled in favor of the defendants because no authority, based on the facts presented, imposed the sort of liability alleged by the plaintiffs which would require security protection on the streets outside every theater in which the movie was shown.

### Rock with a Message

In the area of music, the courts addressed the issue of free speech in *McCullum v. CBS, Inc.*,<sup>131</sup> a case in which the plaintiffs claimed that pro-suicide song lyrics were the proximate cause of death of a teenager who shot himself while listening to records. Plaintiffs Jack McCollum and Geraldine Lugenbuehl brought suit against John “Ozzy” Osbourne; CBS Records; and CBS, Inc.; as well as the composers, musicians, publishers, and distributors of the record in question, blaming them for their son’s death. On the night of Friday October 26, 1984, John McCollum, the plaintiffs’ 19-year-old son, repeatedly listened to Osbourne’s albums *Blizzard of Oz* and *Diary of a Madman* on

the family stereo. Later that evening, while in his room, he listened to *Speak of the Devil*, another Osbourne album; during the song “Suicide Solution,” he shot himself with a .22-caliber handgun. John McCollum had a history of alcohol abuse as well as serious emotional problems.

The plaintiffs alleged that Osbourne’s music precipitated their son’s death, and pointed to lyrics including “Suicide is the only way out,” in addition to 28 seconds of “masked” lyrics which were not included among those printed on the album cover. They also cited Osbourne’s reputation as the “mad man of rock and roll” and pointed to his album covers, which demonstrated a preoccupation with antisocial attitudes, satanic worship, mocking mainstream religious beliefs, and death. The plaintiffs also attempted to show how Osbourne’s music appealed to an audience of troubled adolescents and young adults struggling during their transition to adulthood. They further alleged that these individuals were particularly susceptible to external influences from a cult figure like Osbourne, whose musical messages conveyed despair, hopelessness, and the message that suicide is not only acceptable, but desirable.

The Court began by referring to other cases, stating: “artistic expression, such as the music and lyrics here involved, is generally to be accorded protection under the First Amendment....”<sup>132</sup> However, the Court went on to explain that free speech does not proscribe the advocacy of inciting or producing imminent lawless action that is likely to incite or produce such action. In looking to see whether such advocacy could be attributed to Osbourne, it emphasized the case of *Brandenburg v. Ohio*,<sup>133</sup> in which it was decided that in order to justify a claim that speech should be punished, it must be proven that the speech: (1) was directed or intended toward the goal of producing imminent lawless conduct *and* (2) was likely to produce imminent conduct. The Court asserted that speech directed to action at some indefinite time in the future would not satisfy such a test. In applying *Brandenburg* in the context of this case, finding culpable incitement required showing (1) that Osbourne’s music was directed toward and intended to achieve the goal of producing imminent suicide among listeners; and (2) that the music was likely to produce such a result.<sup>134</sup> In this application, “[i]t is not enough that John’s suicide may have been the result of an unreasonable reaction to the music; it must have been a specifically intended consequence.”<sup>135</sup> The Court continued, stating, “[m]erely because art may evoke a mood of depression as it figuratively depicts the darker side of human nature does not mean that it constitutes a direct ‘incitement to imminent violence.’”<sup>136</sup>

The Court further emphasized:

musical lyrics and poetry cannot be construed to contain the requisite ‘call to action’ for the elementary reason that they

simply are not intended on their face, nor judged by a standard of prose oratory. Reasonable persons understand musical lyrics and poetic conventions as the figurative expression which they are. No rational person would or could believe otherwise nor would they mistake musical lyrics and poetry for literal commands or directives to immediate action. To do so would indulge a fiction which neither common sense nor the First Amendment will permit.<sup>137</sup>

The Court ruled in favor of Osbourne, concluding:

[m]usical composers and performers, as well as record producers and distributors, would become significantly more inhibited in the selection of controversial materials if liability for civil damages were a risk to be endured for publication of protected speech. The deterrent effect of subjecting the music and recording industry to such liability because of their programming choices would lead to a self-censorship which would dampen the vigor and limit the variety of artistic expression.<sup>138</sup>

### **A How to Kill Guide: For Academic Study Only!**

As discussed, freedom of speech is not absolute. Although the most often cited exception is *Brandenburg*, where it must be shown that an individual was incited to behave in a manner that causes imminent lawless action, another case has provided other exceptions to the First Amendment. In *Rice v. Paladin Enterprises, Inc.*,<sup>139</sup> the Court substantially impacted the entertainment industry’s freedom to say, or—in this case—print whatever it wanted. On March 3, 1993, James Perry followed directions given in the book *Hit Man: A Technical Manual for Independent Contractors*, when he was hired to kill Mildred Horn; her eight-year-old son, Trevor; and Trevor’s nurse, Janice Saunders. The “contract” was initiated by Lawrence Horn, Trevor’s father and Mildred’s ex-husband, in an attempt to gain \$2 million that Trevor received in a medical malpractice suit. The money was held in a trust to care for Trevor and would be distributed tax-free to Lawrence in the event of the deaths of Mildred and Trevor. Perry, the hired killer, meticulously followed the detailed instructions in the 130-page book that described how to murder and become a professional killer.

It was stipulated for summary judgment purposes that Perry, in planning, executing and attempting to cover up the murders, followed the guidelines in the book in addition to instructions from another Paladin publication, *How to Make a Disposable Silencer, Volume II*. Paladin admitted that the marketing of the books was “intended

to attract and assist criminals and would-be criminals who desire information and instructions on how to commit crimes."<sup>140</sup> It also "intended and had knowledge" that the book "would be used, upon receipt, by criminals to plan and execute the crime of murder for hire."<sup>141</sup> Paladin finally conceded that publishing and selling the book "assisted Perry in particular in the perpetration of the very murders for which the victims' families now attempt to hold Paladin civilly liable."<sup>142</sup> The District Court granted Paladin's motion for summary judgment, stating that the plaintiff's claims of aiding and abetting were barred by the First Amendment. The Court of Appeals, however, reversed the decision, stating:

[b]ecause long-established case law provides that speech—even speech by the press—that constitutes criminal aiding and abetting does not enjoy the protection of the First Amendment, and because we are convinced that such case law is both correct and equally applicable to speech that constitutes civil aiding and abetting of criminal conduct (at least where, as here, the defendant has the specific purpose of assisting and encouraging commission of such conduct and the alleged assistance and encouragement takes a form other than abstract advocacy), we hold...that the First Amendment does not pose a bar to a finding that Paladin is civilly liable as an aider and abetter of Perry's triple contract murder.<sup>143</sup>

The Court of Appeals reinforced this decision, referring to *United States v. Varani*, where it was decided that "speech is not protected by the First Amendment when it is the very vehicle of the crime itself."<sup>144</sup> The Court in *Paladin* noted that the publisher included a disclaimer that stated "For academic study only!" which appeared in the catalogue advertisement for the book. The Court continued on to state that a jury could easily see the transparent sarcasm of this "academic" disclaimer in the full catalogue description, which read: "Learn how a pro gets assignments, creates a false identity, makes a disposable silencer, leaves the scene without a trace, watches his mark unobserved and more. Feral (the author) reveals how to get in, do the job and get out without getting caught. For academic study only!"<sup>145</sup> The Court examined the book's intent, as well as the mental state required to violate a criminal statute, stating "[t]he primary, and possibly only difference between...civil and criminal laws of aiding and abetting is the intent requirement."<sup>146</sup> In civil aiding and abetting, the only intent need be the "natural consequences of [one's] original act."<sup>147</sup> Criminal intent requires the defendant to have a "purposive attitude" toward the commission of the crime.<sup>148</sup> Even without express stipulations, it was found that a reasonable jury could conclude

that Paladin assisted in two aspects of the murders. First, the methods and tactics Perry employed in carrying out his crimes—such as the amount and extent of the parallels between the book's instructions and the acts committed—according to the Court "cannot be consigned, as a matter of law, to mere coincidence."<sup>149</sup> Second, the actions of Paladin itself in producing and marketing a book designed to facilitate and promote murder more than supported the specific intent required.

The media sided with Paladin, claiming that if fault were found, "[n]o expression—music, video, books, even newspaper articles—would be safe from civil liability."<sup>150</sup> In response to this statement, the Court held that the book's purpose—which was to teach an individual how to commit murder—was outweighed by a freedom of speech argument. The Court emphasized that the book did not merely explain how to commit a murder. Rather, it encourages and reassures people—before, during and after the kill—that they should not yield to reason or reservation; they must confirm that they will proceed with their task. The Court concluded "[i]f there is a publication that could have no other use than to facilitate unlawful conduct, then this would be it, so devoid is the book of any political, social, entertainment or other legitimate discourse," finding that the jury could refuse to accept that an "instructional manual on murder has entertainment value to law-abiding citizens."<sup>151</sup> In 1999, Paladin settled the case.<sup>152</sup>

In *Paladin*, the emphasis was on the intent of the publisher. Although an individual would not read *Hitman* and satisfy *Brandenburg* by going out and killing someone **immediately** upon reading the text, the book discussed several steps in planning a murder during which a person could stop himself and realize the consequences of his actions.

Other forms of entertainment have also led to accountability. A DVD series called *Bumfights* featured homeless individuals who were compensated with alcohol and a modest amount of money to fight and perform degrading acts.<sup>153</sup> Though felony charges brought against its creators were dropped, one individual creator pled guilty to a misdemeanor charge of staging an illegal fight. In addition to these willing participants, the videos also featured an actor, known as "the Bumhunter," who attacked sleeping homeless people unaffiliated with the program by tying them up and, on occasion, gagging them with duct tape. In January 2006, several teens who were high on drugs created their own video in this model by kicking, beating with a metal pipe, and breaking a bottle on the head of a homeless man.<sup>154</sup> The victim survived and two of the teens were sentenced to one year in jail. In the video, the teens were shown yelling "Bumfights!" during the attack. In a similar but unrelated incident, also in 2006, four Florida teens plead guilty to second-

degree murder and conspiracy to commit murder for their involvement in the death of a homeless man. Their sentences ranged from 27 to 35 years. In his statement to reporters, one of the teens claimed that they beat the man on three separate occasions during the night of the killing. He went on to state that he watched *Bumfights* “hundreds of times,” and that his “favorite thing to do” was to “watch those videos and mock whatever was on it.”<sup>155</sup>

### Some People Kill for Their Music

In 1995, John Fiorella and Jacob Delashmutt, both 15, and Royce Casey, 16, killed 16-year-old Elyse Pahler in order to build their names in the “death metal” genre. The three boys lured Elyse with the promise of marijuana and took her to a remote wooded spot where they restrained her while Fiorella repeatedly stabbed her. Eight months later Casey confessed to authorities, informing them of where they disposed of the body. He explained that the killing was a satanic sacrifice of a virgin, inspired by the death metal band *Slayer*. The band’s song “Altar of Sacrifice” includes the lyrics: “High priest awaiting a dagger in hand/Spilling the pure virgin blood.” The boys pled guilty to the killing and were sentenced to 25 years behind bars.

The plaintiffs, Elyse Pahler’s parents, filed a civil suit against the musical group *Slayer* and those who recorded, promoted, and distributed *Slayer* products. They alleged that the attack on their daughter paralleled acts described in the band’s lyrics.<sup>156</sup> *Slayer*’s lyrics are known to be profane and focus on the derivation of pleasure from stalking, kidnapping, beating, torture, ritual sacrifice, and murder. “Death metal” is defined as “an exaggerated form of thrash—everything from the vocals (which transformed into a mix of growling, grunting and rasping) to the drumming was made harsher and heavier than before.”<sup>157</sup> The boys, who planned to start a band of their own, claimed that they were influenced by *Slayer*’s music and lyrics, and believed that killing Elyse Pahler would further their aspirations of becoming death metal musicians. The plaintiffs asserted that young people were less able than adults to separate fantasy from reality. The Court distinguished between artistic figurative descriptions of violence and incitement to commit violence against a specific target. It ruled in favor of the band, stating that although *Slayer*’s lyrics may be unacceptable to some, the lyrics did not specifically direct or instruct listeners to commit the acts that were perpetrated upon Elyse Pahler. The Court went on to emphasize that the creating, recording, marketing, and distributing of such music was not an unlawful activity.

### I Can Hardly Hear It

In *Waller v. Osbourne*,<sup>158</sup> the plaintiffs brought the same suit as in *McCullum*, alleging that Ozzy Osbourne’s song “Suicide Solution” encouraged their son to take his life and claimed that “subliminal lyrics” contributed to his suicide. Osbourne’s counsel moved to dismiss the

complaint, pursuant to Federal Rule of Civil Procedure 12(b) (6) based on the plaintiffs’ failure to state a claim upon which relief can be granted. The Court granted the motion to dismiss, however, and the plaintiffs amended their motion, discarding the claim that the lyrics that incited their son were audible, and instead charged solely that those same lyrics represented a subliminal message. The Court distilled the plaintiffs’ complaint down to the issue of whether or not the alleged subliminal message existed and, if so, whether the defendant was protected from liability by the First Amendment. Although the Court was unable to find a precise legal definition of a “subliminal message,” following testimony from expert witnesses, it chose to use the Random House Dictionary, which defined “subliminal” as “existing or operating below the threshold of consciousness; being or employing stimuli insufficiently intense to produce a discrete sensation but often being or designed to be intense enough to influence the mental processes or the behavior of the individual.”<sup>159</sup> The Court argued against this definition of subliminal messages, concluding “[i]f the message is heard to any extent, even if garbled and unintelligible, the listener...is then dealing, not with a subliminal message, but rather the interpretation of an abstract medium which is akin to spotting objects in cloud formations.”<sup>160</sup> The Court ruled in favor of Osbourne as the fact that the lyrics were audible proved that they were not subliminal, and stated that “there is nothing that says what the plaintiffs contend unless one uses his imagination.”<sup>161</sup>

The issue of subliminal messages and the First Amendment was also addressed in *Vance v. Judas Priest*,<sup>162</sup> in which it was alleged that the artists’ music caused one teenager to commit suicide and another to attempt it. Rock group Judas Priest was accused of incorporating the subliminal message “do it” in the song “Better By You, Better Than Me.” The Court was forced to address the issue of whether the defendants placed commands below the level of conscious awareness. The Court was further asked to determine whether these commands inspired Raymond Belknap to kill himself using a sawed-off shotgun and James Vance to attempt suicide by the same means.

At the inception of the case, the Court immediately informed the plaintiffs’ counsel that any charges grounded upon the lyrics, music, artwork, lifestyles, or cult following were not constitutionally permissible. The case was allowed to proceed only on the theory that subliminal messages were the cause of the death and injury.

On December 23, 1985, the two young men played music throughout the afternoon at the Belknap residence. No evidence presented indicated that the song in question was played more than twice that afternoon. While listening to the record in a bedroom, the boys began to chant “just do it, just do it” and proceeded to destroy several items in the room, including a television, a radio, and mirrors. The two then barred the door and exited through



a window, taking with them a sawed-off shotgun and two shotgun shells. They went to a church playground a few blocks from the home, whereupon Belknap wedged the gun under his chin and pulled the trigger, taking his life. Vance then took the gun and did the same, however, the weapon was not adequately wedged on the ground; when fired, it blew off the bottom of his face, leaving him horribly disfigured.

The plaintiffs called Dr. Howard Shevrin as an expert witness. Shevrin held a master's degree and Ph.D. in psychology from Cornell University and received postdoctoral clinical training in psychology and psychoanalysis at the world-famous Menninger Foundation, where he later served on its staff. He had published more than 50 articles in the field of subliminal perception and its effects. The Court acknowledged that Shevrin's credentials were excellent, his experience strong, and his research in the field was by far the most extensive of any expert witness called on the topic of subliminal messages. Shevrin testified that the brain reacts differently to subliminal stimuli than it does to supraliminal (conscious) stimuli. During the testimony, he explained that a person must be predisposed to perform a particular act before a subliminal message will affect that individual's behavior. If a person is predisposed to commit suicide, then the predisposition places the individual in the "suicide zone." There are various events that then serve to dissuade or persuade someone from committing suicide. Shevrin concluded that the meaning of "do it" does not depend upon the lyrics of the song or any common usage of the phrase. This command created a compulsion to do that which the boys were already predisposed to do—commit suicide.

In response, the defendant's expert, Dr. Anthony Pratkanis, a professor of psychology at the University of California, stated that based on his own research as well as his review of others' he did not agree that subliminal stimuli can affect behavior to substantiate the claim in this case. He opined that the actions here were caused by depression from a combination of factors, including alcohol, marijuana, personality disorders, and employment and family problems. The defense stated as evidence that both young men had many personal problems. James Vance had a learning disability; he had pulled a knife on a fellow student and dropped out of school in his sophomore year. Raymond Belknap, who also dropped out of school, had obtained only three credits during his two-and-a-half years of high school, and had received straight Fs in citizenship. It was further discussed that both men drank beer, smoked marijuana, and used cocaine. Vance had the word "cocaine" tattooed on his leg, and Belknap—who sexually assaulted a student while in school—decorated his room with marijuana symbols.

The Court ruled in favor of the defendants, as it was not proven that the band had intentionally placed subliminal commands into its music. The Court also addressed the concern of backmasking, in which sounds or

messages are recorded backward on a track that is meant to be played forward. The Court stated that to prove backmasking, it must be shown the messages were created consciously and intentionally. As no such evidence was presented, it was decided that backmasking was not a cause of the shooting.

### Choosing Not to Hear Is Still a Choice

The Court in *Vance* also decided—if subliminal messages had been found to exist—that they are **not** entitled to First Amendment protection. This conclusion was based on three grounds: (1) subliminal communication does not advance any of the purposes of free speech; (2) an individual has a First Amendment right to be free from unwanted speech; and (3) the listener's right of privacy outweighs the speaker's right of free speech when subliminal speech is used.<sup>163</sup>

In its justification, the Court reviewed the reasoning behind the First Amendment. Several theories, including a marketplace of ideas, representative democracy and self-government, individual self-fulfillment, and self-realization are all advanced to justify the protection of free speech. The Court subsequently concluded that the use of subliminal audio communication does not advance any of these theories stating: "the use of speech presumes that views will be exchanged or that information will be conveyed and understood."<sup>164</sup> Comparing the advancement of free speech to subliminal messages, the Court determined that subliminal messages are not intended to convey information that is consciously understood; rather, they are intended to influence the thought processes of an individual and his or her behavior. The Court concluded that if an individual has a right to speak or not speak, conversely, one also has a right to listen or not listen; therefore, subliminal speech detracts from this reciprocal right:

[s]ubliminal speech is intended to influence the listener's behavior by having the message surface in the listener's conscious mind as his own thoughts and belief. When an individual is exposed to subliminal messages without his knowledge and consent, he is deprived of his constitutional right to choose the speech to which he would either listen or decline to listen and his First Amendment right of freedom of thought is violated.<sup>165</sup>

### For Entertainment Purposes Only

In contrast to *Rice*, where "for academic purposes only" was ruled an insufficient warning based on the content of the published piece, in other cases courts have found such a warning sufficient when it comes to copying acts in published articles. In *Herceg v. Hustler Magazine, Inc.*,<sup>166</sup> a mother of an adolescent brought an action to recover damages for emotional and psychological harm suf-

ferred as a result of her son's acting as indicated in a magazine article on autoerotic asphyxiation. In its August 1981 issue, *Hustler Magazine*, as part of a series on "Sexplay"—about the pleasures and dangers of unusual and taboo sexual practices—printed an article entitled "Orgasm of Death." The article, intended to help make its readers better lovers, described the practice of "hanging" oneself while performing an act of self-gratification in order to cut off the blood supply to the brain at the moment of orgasm. An editor's note, positioned prominently on one page, stated: "*Hustler* emphasizes the often-fatal dangers of the practice of 'auto-erotic asphyxia' and recommends that readers seeking unique forms of sexual release DO NOT ATTEMPT this method. The facts are presented here solely for an educational purpose."<sup>167</sup> The article gave a vivid description of the tragic results of the act and explained that as many as 1,000 teenagers die each year while attempting to perform it. The article went on to say that the act is "neither healthy nor harmless...it is a serious-and-often-fatal mistake to believe that asphyxia can be controlled." The two-page article emphasized 10 times that the practice was dangerous, self-destructive, and deadly.

Troy D., aged 14, was found naked, hanging by his neck in his closet with a copy of *Hustler* magazine under his feet and opened to this article. Troy's parents filed suit for emotional and psychological harm as a result of his death, alleging several theories of liability, including negligence, product liability, and dangerous instrumentality. The district court granted *Hustler's* motion that some of the claims were barred by the First Amendment, but noted that it would not bar any claims based on incitement because it was conceivable that the article was likely to incite or produce death. The plaintiffs amended the complaint accordingly to add an allegation of incitement, asserting that Troy was inspired to perform the act published in the article. The jury ruled in favor of the plaintiffs based on the theory that Troy read the article immediately before attempting to perform the act, returning a verdict of \$182,000 in actual damages, exemplary damages, and pain and mental suffering.

On appeal, the Fifth Circuit Court explained that although the article gave Troy the idea to perform the act, it is only one factor in determining fault. It was stated that, regarding the social goal of protecting individual lives, the Constitution requires a balance of *Hustler's* right to publish the article with the possibility of civil harm. The Court also had concerns about the "danger" that civil liability would "inhibit the expression of protected ideas by other speakers and constrict the right of the public to receive those ideas."<sup>168</sup> The question before the Court was whether—as a matter of law—the language of the article could be defined as incitement speech, and thus removed from First Amendment protection.

The Court addressed the issue of incitement stating, "the *Hustler* article, while published in a magazine for

profit, was not an effort to achieve a commercial result and, at least in the explicit meaning of the words employed, attempts to dissuade its readers from conducting the dangerous activity it describes."<sup>169</sup> It further stated that the description of the act in the article does not provide enough information to incite; the words "autoerotic asphyxia," do not provide enough detail for someone to understand how to perform it. It was noted that the article did more than just describe the act; it contained information about the physiology of the act, how performing it can threaten one's life, and the seriousness of the danger that may result. The Court also pointed out that the constitutional protection of free speech of the press is not based upon the naive belief that speech can do no harm. The benefits society receives from the exchange of ideas outweigh the costs endured by communicating dangerous or reprehensible ideas. The Court concluded that no liability can be attached, stating "[i]f the shield of the First Amendment can be eliminated by proving after publication that an article discussing a dangerous idea negligently helped bring about a real injury simply because the idea can be identified as 'bad,' all free speech becomes threatened."<sup>170</sup>

## Conclusion

Although most cases blaming the entertainment industries for inciting people to act have failed as a result of concerns regarding free speech and expression, there have been some unusual defenses upheld by the courts. Junk food has been held to be a successful defense to murder. In 1979, Dan White, a former San Francisco city supervisor, shot and killed city supervisor Harvey Milk and Mayor George Moscone, after a failed attempt at reappointment. During the trial, Dr. Martin Blinder, a psychiatrist, stated that the night before the murders, White was "getting depressed about the fact he would not be reappointed, he just sat there in front of the TV set, bingeing on Twinkies."<sup>171</sup> Another psychiatrist testified "[i]f not for the aggravating fact of junk food, the homicides might not have taken place."<sup>172</sup> "The Twinkie Defense"—as it came to be known—succeeded with jurors who accepted the argument that White had a "diminished capacity" because of his consumption of sugary foods; they found him guilty of voluntary manslaughter rather than murder.<sup>173</sup>

The key to liability occurs, as stated in *Brandenburg*, where the words must be intended to achieve the goal of producing—or being likely to produce—imminent lawless conduct. If this is not the case, as the court stated in *McCullum*, this would lead to censorship of the arts as "the absence of an indictment to imminent lawless action, would be just as violative of the First Amendment as a prior restraint."<sup>174</sup> Aside from the imminent exception, the court in *Paladin* found a specific exception in which the only purpose is to teach a person how to perform an illegal act. Although *Paladin* stated that the book was "*For Academic Purposes Only*," this was not deemed an ad-

equate warning in light of the nature and purpose of the book.

Political speech is at the core of free speech and the First Amendment. Courts have not generally attempted to categorize different types of protected speech for the purposes of deciding how much constitutional protection is required. Any attempt to do so would bring about substantial concern that the worthiness of speech would be judged by public perceptions as well as social morality. The court in *Herceg* best concluded that if the protection of the First Amendment can be eliminated by showing that a “bad” idea brought about a “bad” real event, then all free speech is threatened. This leads to the important question of who is to judge what is “bad”? The First Amendment allows each person to choose what he or she as an individual feels is “good” or “bad” through the freedom to hear and enjoy a variety of entertainment media including film, television, music, art, and books. “Artists do not have to be looking over their shoulders at litigation when they are doing their work.”<sup>175</sup>

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# What Are the Constitutional Limits on Awards of Statutory Damages?

By Andrew Berger

## **Tenenbaum Finds That a Jury's Award Within the Statutory Range Violates Due Process**

In July 2010 Judge Nancy Gertner, in *Sony BMG Music Entertainment et al. v. Tenenbaum*, did what no court has ever done before. The court held that the jury's statutory damages award of \$675,000 violated the Due Process Clause even though the award was within the statutory range set by Congress.<sup>1</sup> The court stated that the "award is far greater than necessary to serve the government's legitimate interests in compensating copyright owners and deterring infringement."<sup>2</sup> Judge Gertner slashed the award by 90 percent to \$2,250 per work infringed for a total of \$67,500.

*Tenenbaum* thus becomes the first file sharing case to reach an appellate court following trial, although the First Circuit has yet to decide the appeal argued on April 4, 2011.

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*"Why are statutory damages, so long a staple of copyright litigation, now under increased constitutional scrutiny?"*

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## **Why This Constitutional Attack on Statutory Damages?**

Will Judge Gertner's decision withstand appeal? Why are statutory damages, so long a staple of copyright litigation, now under increased constitutional scrutiny? For answers we need to go back a bit into history.

For many years, tort defendants complained that awards of punitive damages were unpredictable and imposed crippling financial burdens. Mindful of these concerns, the Supreme Court in the late 1980s started to question whether these "skyrocketing" awards might adversely impact "research and development of new products."<sup>3</sup>

### **Gore**

In 1996, the Court in *BMW of North America, Inc. v. Gore* held unconstitutional a jury's award of punitive damages.<sup>4</sup> There, an Alabama jury awarded the plaintiff \$4,000 in compensatory damages and \$4 million in punitive damages based on BMW's failure to disclose that plaintiff's supposedly "new" car had been repainted before he bought it.<sup>5</sup> The Alabama Supreme Court reduced the punitive damages award to \$2 million, representing a ratio of punitive to compensatory damages of 500:1.<sup>6</sup>

Despite this reduction, the Supreme Court held that the award violated due process.

The Court acknowledged that "[p]unitive damages may be imposed to further a State's legitimate interests in punishing unlawful conduct and deterring its repetition" and that "only when an award can fairly be categorized as 'grossly excessive' in relation to these interests does it enter the zone of arbitrariness..." that would violate due process.<sup>7</sup> *Gore* then set forth three criteria, often referred to as "the *Gore* guideposts," to assist the court in determining if a punitive damage award comports with due process:

- (1) The degree of reprehensibility of defendant's misconduct;
- (2) The disparity or ratio between the actual or potential harm suffered by plaintiff and the punitive damages award; and
- (3) The difference between the punitive damages awarded by the jury and civil penalties authorized or imposed in comparable cases.<sup>8</sup>

### **Campbell**

Thereafter in *State Farm Mut. Auto. Ins. Co. v. Campbell*, the Court, applying these three guideposts, concluded that a punitive damages award of \$145 million, compared with actual damages of \$1 million, "was an irrational and arbitrary deprivation of the property of the defendant."<sup>9</sup> Although *Campbell* expressly declined to create a bright-line constitutional limit to the punitive-to-compensatory damages ratio, the Court expressed a general preference for single-digit ratios.<sup>10</sup>

## **Do the *Gore* Guideposts Apply to Test the Constitutionality of a Statutory Damages Award in Copyright Cases?**

Following *Gore* and *State Farm*, courts uniformly opted not to apply the *Gore* framework to test the constitutionality of statutory damages awards in copyright cases.<sup>11</sup> Instead, post-*Gore* cases preferred to assess constitutionality by applying the standards set forth years earlier in *St. Louis, I.M. & S. Ry. Co. v. Williams*.<sup>12</sup>

In *Williams*, the Court considered whether a jury's award within a statutorily prescribed range violated the due process clause. In that case, a railroad charged two sisters 66 cents each more than the statutorily prescribed fare. A state statute sought to deter over-charges by providing for statutory damages between \$50 and \$350 for

each violation. The sisters sued and received statutory damage awards of \$75 apiece—114 times more than the 66 cents in damages each had incurred. *Williams* held that award constitutional.

The Court stated that the validity of the awards should not be tested by comparing the small amount of the overcharges with the magnitude of the judgments.<sup>13</sup> Instead, in assessing the awards' constitutionality, the Court examined whether the statutory scheme appropriately responded to "the interests of the public, the numberless opportunities for committing the offense, and the need for securing uniform adherence to established passenger rates."<sup>14</sup>

*Williams* stated that an award would only violate due process if it were "so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable."<sup>15</sup> The Court expressly rejected the defendant's attempt to test the constitutionality of the "large" penalty by comparing it with the actual damage, stating that statutory remedies for "public wrongs" are not required to "be confined or proportioned to [plaintiff's] loss or damages."<sup>16</sup> *Williams* added that when comparing the size of an award against the gravity of the offense, a court must bear in mind that legislatures "still possess a wide latitude of discretion" when setting statutory damages.<sup>17</sup>

## Zomba

*Zomba v. Panorama* is representative of the post-*Gore* cases applying *Williams* to test the constitutionality of a statutory damages award. In *Zomba*, the Sixth Circuit found that a statutory damages verdict of \$806,000 (44 times actual damages) was constitutionally permissible.<sup>18</sup> *Zomba* acknowledged *Campbell's* preference for a lower punitive-to-compensatory ratio.<sup>19</sup> However *Zomba* noted that *Campbell* did not deal with statutory damages, and therefore *the former* said it would follow *Williams* until the Court held otherwise.<sup>20</sup>

## Tenenbaum

*Tenenbaum*, however, did not wait for the Court. Instead, Judge Gertner applied the *Gore* framework and held unconstitutional the jury's verdict of \$675,000. *Tenenbaum* added that even under *Williams* the award was "so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable."<sup>21</sup>

## Do the Gore Guidelines Apply Here?

The *Gore* guidelines are an ill-fit to test the constitutionality of a statutory damages award for a number of reasons. Before focusing on each guideline, an analysis of some overall considerations is important.

Courts such as *Gore* review punitive damages to establish whether a defendant had fair notice of the size of a

potential award and to create an outer limit on the jury's unrestrained discretion to impose punitive damages. Yet in the statutory damages context, concerns about fair notice and unbounded liability are inapplicable. The Copyright Act already gives notice of the potential award and sets a statutory range within which it must fall.<sup>22</sup>

Further, punitive damages serve a singular purpose: to punish in amounts that are not constrained. However, statutory damages in copyright litigation serve other purposes besides punishment: to compensate, impose appropriate damages on wrongdoers, deter future infringements and promote the creation of intellectual property.<sup>23</sup>

In addition, statutory damages are expressly authorized by Congress, which makes their review a question of the scope of Congress' legislative authority. Punitive damages, by contrast, are typically awarded by juries without explicit statutory authorization or limitations and thus present no basis upon which courts could easily defer to legislative judgments.

Moreover, the *Gore* guideposts compensate for the absence of legislative guidance. Courts apply them to facilitate judgments the legislature never made. Yet the present statutory damages scheme is the result of a long history of Congressional action. That scheme already gives guidance regarding the appropriate range of statutory damages. Therefore, a within-statutory-range-verdict is entitled to substantial deference.

## The Three Guideposts

Turning to the specific guideposts:

The first guidepost, the degree of the defendant's reprehensibility, has no role to place in a constitutional review of statutory damages because reprehensibility is already embraced and calibrated in the Copyright Act. An innocent infringer risks damages of no less than \$200. A non-willful infringer faces damages of no more than \$30,000; and a willful infringer risks a maximum of \$150,000 per infringed work.

As Congress has already crafted these limits, a court's role should be limited to reviewing the rationality of Congress' statutory scheme. That is why *Williams* instructs courts to examine the reasonableness of Congress's determination, giving deference to its assessment of the "interests of the public, the numberless opportunities for committing the offense, and the need for securing uniform adherence" to the law.<sup>24</sup>

The second *Gore* guidepost weighs the relationship between the punitive award and the actual harm. Yet this guidepost has no application to statutory damages in copyright litigation for a number of reasons. First, statutory damages may be awarded, as *Tenenbaum* acknowledged, without any showing of harm.<sup>25</sup> Second, § 504(c) of the Copyright Act does not condition the availability of

statutory damages on proof of actual damages. Instead, the statute permits a copyright owner to recover statutory damages “instead of actual damages and profits.” Further as Judge Gertner acknowledged, “every authority [before *Tenenbaum*] confirms what the language of section 504 indicates—statutory damages may be elected even if the plaintiff cannot, or chooses not to, prove” actual damages.<sup>26</sup>

Third, *Williams* forecloses any attempt to compare an award’s ratio to actual damages by stating that statutory damages must not “be confined or proportioned to [plaintiff’s] loss or damages.”<sup>27</sup> Instead, *Williams* holds that “the Legislature may adjust [the award’s amount] to the public wrong rather than the private injury.”<sup>28</sup> Lastly, requiring proof of actual damages subverts a purpose of statutory damages, which relieves the copyright holder of the sometimes impossible burden of proving actual damages.<sup>29</sup>

The third *Gore* guidepost judges the propriety of the statutory damages award by focusing on its relationship with the applicable civil penalty. This guidepost is, however, irrelevant in this constitutional analysis, because the award is, by definition, the applicable civil or statutory penalty.

### The Court Created a Safe Harbor for College-Age File Sharers

Judge Gertner admitted that this third guidepost was “the most troublesome for *Tenenbaum*.”<sup>30</sup> Nevertheless, *Tenenbaum* sidestepped this troublesome fact by reaching an extraordinary conclusion. The court stated that there was “substantial evidence indicating that Congress did not contemplate that the Copyright Act’s broad statutory damages provision would be applied to college students like *Tenenbaum* who file-shared without any pecuniary gain.”<sup>31</sup> The court repeated its bizarre conclusion, “[i]n fact, a careful review of section 504(c)’s legislative history suggests that Congress likely did not foresee that statutory damages awards would be imposed on noncommercial infringers sharing and downloading music through peer-to-peer networks.”<sup>32</sup>

No doubt collegiate music file sharers are loudly toasting this result. However, the “substantial evidence” and the “legislative history” on which the court relied consisted of off-hand, post-hoc comments made by Senators Hatch and Leahy at hearings held after Congress passed that statute.<sup>33</sup>

In fact, the legislative history of the aptly named Digital Theft Deterrence and Copyright Damages Improvement Act of 1999 (the Digital Act)<sup>34</sup> demonstrates the opposite—that it addressed the growing online theft of intellectual property by all infringers, commercial or not. Congress expresses the need for this legislation in words that echo *Tenenbaum*’s conduct:

By the turn of the century...the development of new technology will create additional incentives for copyright thieves to steal protected works. Many computer users...simply believe that they will not be caught or prosecuted for their internet conduct. Also many infringers do not consider the current copyright infringement penalties a real threat and continue infringing even after a copyright owner puts them on notice.<sup>35</sup>

The text of the Digital Act (which amended the Copyright Act) does not distinguish between classes of infringers, much less immunize file sharers from statutory damages. Nor does § 504 (a)(2) of the Copyright Act. Instead, that section exposes any “infringer of copyright” to liability “for...statutory damages, as provided.” Further, courts resort to legislative history to divine the meaning of an otherwise ambiguous statutory provision, not to create ambiguity where none exists.<sup>36</sup> As the statutory language was plain, *Tenenbaum* should not have examined congressional intent, much less relied on informal comments from two Senators made after the Digital Act was enacted.<sup>37</sup>

Further, if the court were correct that the Copyright Act was not intended to apply to collegiate file sharers, the logical result would have been to find that the verdict violated that Act.<sup>38</sup> Yet the court expressly recognized that the Copyright Act unambiguously authorized the jury’s award. Nonetheless, after acknowledging that it “must give effect to this clear statutory language,”<sup>39</sup> the court flip-flopped, stating that § 504(c) “does not embody” any judgment to which the court could defer.<sup>40</sup>

### *Tenenbaum*’s Damage Calculation Was Equally Problematic

*Tenenbaum* took another unusual turn by setting the damages at \$2,250 per work. The court first determined that the actual damage *Tenenbaum* caused the labels was one dollar per song.<sup>41</sup> This figure ignores the wide distribution *Tenenbaum* made of the downloaded songs to an untold number of others, as file sharing essentially makes the songs available to the public without restrictions.

Then *Tenenbaum* purported to rely on the doctrine of treble damages under which a court may increase the award by three times the amount of actual damages.<sup>42</sup> Yet instead of trebling this one dollar figure, *Tenenbaum* trebled \$750, which is the minimum amount of statutory damages permitted under the Copyright Act for any infringement other than one done innocently. In other words, the court did not treble the amount of actual damages of one dollar per infringed song that it determined the labels had suffered. The court instead multiplied its determination of actual damages by 2,250 to reach the damage amount of \$2,250 per work, an amount that under the circumstances appears arbitrary.



## The Verdict Passes Muster Under *Williams*

The jury's verdict in *Tenenbaum*, although substantial, fits comfortably within the *Williams* framework. That case requires deference to the legislature's "wide latitude of discretion" in responding to public wrongs.<sup>43</sup> Under *Williams*, a court must defer to Congress' judgment in assessing "the interests of the public, the numberless opportunities for committing the offense, and the need for securing uniform adherence to established [law]."<sup>44</sup> So long as the statutory damages scheme adequately addresses these concerns, it satisfies due process.

Here the jury's award of \$22,500 per song award is toward the low end of the willful infringement range (which extends upward to \$150,000 per work) and was 15 percent of the maximum of \$4.5 million the jury could have assessed. It therefore seems not "obviously unreasonable" or "oppressive", considering there is nothing unconstitutional about an award greater than the quantifiable harm, and further considering that the jury's award was an appropriate response to *Tenenbaum*'s near decade of willful conduct.

As the district court noted, *Tenenbaum* started file sharing in 1999 and continued through 2007, "downloading thousands of songs for free and without authorization." *Tenenbaum* "was aware his conduct was illegal" and even continued it after receiving a cease and desist letter. When sued he tried to shift responsibility for his downloading to others and lied during his "sworn responses to discovery requests" and "made several misleading or untruthful statements in his deposition testimony."<sup>45</sup>

The record labels should not be faulted for being unable to quantify the extent of injury *Tenenbaum* caused. The nature of peer-to-peer file sharing technology *Tenenbaum* used made that showing nearly impossible. Peer-to-peer networks operate without any centralized control or oversight. They allow computer users to transfer music files directly to their peers without the knowledge of third parties. As the jury may have determined, *Tenenbaum* should not avoid the consequences of his misconduct simply because he made it difficult for the labels to quantify injury.<sup>46</sup>

Music piracy is a major problem in this country that robs the economy of billions of dollars each year.<sup>47</sup> If piracy is to ever end, large verdicts of the kind meted out in *Tenenbaum* may be necessary.

## What Are the Consequences if *Tenenbaum* Is Affirmed on Appeal?

Affirming the result in *Tenenbaum* will negatively impact copyright enforcement for years to come for a number of reasons.

First, affirmance will cause many meritorious copyright claims never to be litigated. That is because *Tenenbaum*, contrary to the Copyright Act, requires copyright owners to prove actual damage as a pre-condition to recovering statutory damages. Yet many copyright holders will be unable to show actual damages. The value of a copyright, especially at inception, is often impossible to estimate. How much is an unpublished novel by a first-time author worth?

Second, removing the teeth from the statutory damage scheme, which is what Judge Gertner essentially did, relegates litigants to actual damages. However, actual damages are often inadequate. First, they may be less than the cost of detecting, investigating, and litigating; so why bother? Second, actual damages, often requiring extensive accounting analyses, may be prohibitively expensive to prove. Third, although actual damages in copyright litigation include the infringer's profits attributable to the infringement, there may be none to collect either because an infringer earned none, conveniently lost its sales records or never kept any.

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*"The Internet, new technologies and the ease and frequency of downloading have now reshaped the copyright landscape."*

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## What Will Be the Eventual Outcome?

Predictions about how the Supreme Court might rule should this case reach it are not for the faint of heart. However, as Justice Ginsburg noted in *Eldred v. Ashcroft*<sup>48</sup> (albeit in a different context), the Court has been "deferential to the judgment of Congress in the realm of copyright." That deference will likely continue should the Court ever weigh the constitutionality of the jury's award in *Tenenbaum*.<sup>49</sup>

At the same time, the Court may also wish to update its constitutional analysis of statutory damages in the copyright context. *Williams* is nearly a century old. The Internet, new technologies and the ease and frequency of downloading have now reshaped the copyright landscape. Further, copyright holders are in many cases no longer interested in protecting their exclusive rights. Instead, they now place their works on social media sites with every expectation and hope that they will be copied, adapted, modified, published, transmitted and displayed to an untold number of others by any means of distribution now known or later created. These copyright holders who freely share their works often advocate and expect that others will do the same. Although this advocacy is not likely to lead to changes in the Copyright Act, it may continue to influence the judicial response to infringement as it did in the district court's opinion in *Tenenbaum*.

## Endnotes

1. 721 F. Supp. 2d 85 (D. Mass. 2010).
2. *Id.* at 89.
3. *Browning-Ferris Industries of Vermont, Inc. v. Kelco Disposal, Inc.*, 492 U.S. 257, 282 (1989) (O'Connor, J., concurring in part and dissenting in part); *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1, 23 (1991) (punitive damage award that was more than four times the amount of compensatory damages came "close to the line").
4. 517 U.S. 559 (1996).
5. 646 So. 2d 619 (Ala. 1994).
6. *Id.* at 629.
7. 517 U.S. at 568.
8. *Id.* at 574-84.
9. 538 U.S. 408, 429 (2003).
10. *Id.* at 425.
11. *See, e.g., Lowry's Reports, Inc. v. Legg Mason, Inc.*, 302 F. Supp. 2d 455, 460 (D. Md. 2004); *Zomba Enters., Inc. v. Panorama Records, Inc.*, 491 F.3d 574, 587 (6th Cir. 2007) (noting that *Gore and State Farm's* application to statutory damages for copyright infringement was questionable); *Arista Records LLC v. Usenet.com, Inc.*, 2010 WL 3629587 at \*4-\*5 (S.D.N.Y. Sept. 16, 2010) (\$6,585,000 award did not violate due process); *Propet USA, Inc. v. Shugart*, 2007 WL 4376201 at \*2-\*3 (W.D. Wash. Dec. 13, 2007) (\$500,000 statutory damages award for copyright infringement—"some forty times...actual damages"—not unconstitutionally excessive).
12. 251 U.S. 63 (1919).
13. *Id.* at 67.
14. *Id.*
15. *Id.*
16. *Id.* at 66.
17. *Id.*
18. 491 F.3d at 587-88.
19. *Id.* at 587.
20. *Id.*
21. 721 F. Supp. 2d at 116.
22. Plaintiffs-Appellants Opening Brief to the First Circuit in *Tenenbaum* at 38-9 ("Plaintiffs' Brief").
23. *See, e.g., F.W. Woolworth Co. v. Contemporary Arts Inc.*, 344 U.S. 228, 233 (1952) ("The statutory rule, formulated after long experience, not merely compels restitution of profit and reparation for injury but also is designed to discourage wrongful conduct."); *Feltner v. Columbia Pictures Television Inc.*, 523 U.S. 340, 352 (1998) ("[A]n award of statutory damages may serve purposes traditionally associated with legal relief, such as compensation and punishment."); *Fitzgerald Pub. Co. v. Baylor Pub. Co.*, 807 F. 2d 1110, 1117 (2d Cir.1986) ("[T]he expenses saved and the profits reaped by the infringers are considered" as are "the revenues lost by the plaintiff...the value of the copyright...and the deterrent effect on others besides the defendant."); *Stevens v. Aeonian Press*, 64 USPQ2d 1920, 1921 (S.D.N.Y. 2002) ("In making such an award [of statutory damages], the Court is required to consider various factors, including...the revenues lost by the Plaintiffs, the value of the copyright, the deterrent effect of the award on other potential infringers, and factors relating to individual culpability.").
24. 251 U.S. at 67; Plaintiffs' Brief at 41-2.
25. 721 F. Supp. 2d at 87; *see also, F.W. Woolworth Co. v. Contemporary*, *supra*, 344 U.S. at 233 ("Even for uninjurious and unprofitable invasions of copyright the court may, if it deems just, impose a liability within statutory limits to sanction and vindicate the statutory policy."); *Superior Form Builders, Inc. v. Dan Chase Taxidermy Supply Co., Inc.*, 74 F.3d 488, 496 (4th Cir.), *cert. den.*, 519 U.S. 809 (1996) (Affirming then-maximum statutory damages award of \$100,000 per infringement despite the plaintiff's inability to identify damages or lost profits and even though the defendant's revenues from the infringing sales only totaled \$10,000).
26. *Tenenbaum, supra*, 721 F. Supp. 2d at 92.
27. *Williams*, 251 U.S. at 66.
28. *Id.*
29. Congress enacted statutory damages because "actual damages are often conjectural, and may be impossible or prohibitively expensive to prove." Staff of H. Comm. on the Judiciary, 87th Cong., Copyright Law Revision: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law at 102.
30. 721 F. Supp. 2d at 103.
31. *Id.* at 89.
32. *Id.* at 104.
33. *Id.* at 106-07.
34. Pub. L. No. 106-160, 113 Stat. 1774.
35. H.R. Rep. 106-216 at 3.
36. *See Ratzlaf v. United States*, 510 U.S. 135, 147-48 (1994).
37. *See, e.g., Connecticut Nat'l Bank v. Germain*, 503 U.S. 249, 253-54 (1992) ("We have stated time and again that courts must presume that a legislature says in a statute what it means and means in a statute what it says there. When the words of a statute are unambiguous, then, this first canon is also the last: judicial inquiry is complete" (internal quotations and citations omitted)).
38. *See Plaintiffs' Brief* at 33.
39. 721 F. Supp. 2d at 107.
40. *Id.*
41. *Id.* at 112.
42. *Id.* at 117.
43. 251 U.S. at 66.
44. *Id.* at 67.
45. 721 F. Supp. 2d at 90-91.
46. *See Bigelow v. RKO Radio Pictures*, 327 U.S. 251, 264 (1946).
47. The Recording Industry Association of America quotes with approval a source stating that U.S. Internet users annually consume between \$7 and \$20 billion worth of digitally pirated recorded music. <http://www.riaa.com/faq.php> (last visited Feb. 17, 2011).
48. 537 U.S. 186, 198 (2003).
49. Pamela Samuelson & Ben Sheffner, *Debate, Unconstitutionally Excessive Statutory Damage Awards in Copyright Cases*, 158 U. PA. L. REV. PENNUMBRA 53, 62 (2009), <http://www.pennumbra.com/debates/pdfs/CopyrightDamages.pdf> (last visited June 16, 2011).

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# Where for Art Thou, Tax Deduction?

By Megan E. Dodge

When Wall Street financier and top modern art collector Roy Neuberger died at the end of 2010, he was a very wealthy man at the age of 107, and because of the repeal of the repeal of federal estate taxes for that year, his estate escaped the obligation of paying the government a very hefty sum.<sup>1</sup>

First and foremost, as the estate of Roy Neuberger exemplifies, executors of decedents who died in 2010 have the ability to make a very important election and not pay a federal estate tax with receiving a carryover cost basis for assets. In the alternative, executors can opt for the default rule allowing a \$5 million exclusion amount, a 35 percent maximum estate tax rate, and a stepped up cost basis (but let us not be silly).<sup>2</sup>

On December 17th, President Obama signed into law the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, creating major tax law changes in the New Year.<sup>3</sup> The new Act provides that all of the transfer tax exemptions are reunified and increased such that the estate, gift and generation-skipping transfer tax (the “GST tax”) exemption was \$5 million. This means that a person’s taxable transfers will not be subject to a federal transfer tax until they cumulatively exceed \$5 million (or \$10 million for a married couple). This change will dramatically reduce the number of estates that will be subject to estate tax in future years. Moreover, the new law allows persons who have already used up their \$1 million gift tax exemption to make additional large gifts (of up to \$4 million per person and \$8 million per couple) to their children, grandchildren or other donees without paying any additional gift tax. Perhaps the most drastic change that the Act imposed are changes for married couples, which is the concept of portability of unused exemptions for estate and gift taxes. These changes, however, only apply for estates in 2011 and 2012, and in 2013 the exclusion amount drops back down to \$1 million with a capped rate of 55 percent, thereby making more estates susceptible to the tax.<sup>4</sup> Such a complex system has facilitated the need for affluent families to plan and administer their estates, but what does this mean for art collectors, and what can institutions expect based on this new tax scheme?

In November 2010, *USA Today* published an article, “Tax Uncertainty Could Hurt Charitable Giving,” which predicted that wealthy donors would be reluctant to make large contributions to charity.<sup>5</sup> Additionally, a survey conducted by the Center on Philanthropy at Indiana University and Bank of America indicated that wealthy givers are more sensitive to the impact of tax policy on their contributions than they have been in the past.<sup>6</sup> It did not take a soothsayer to foresee this trend, and as predicted, art donations in 2010 followed the same pattern as in

1986 when tax changes correlated with fewer donations, thereby making deductions effectively lower.<sup>7</sup>

If a work of art is held by a collector, it is generally considered capital gain property, and the sale of artwork thereby usually generates capital gain.<sup>8</sup> However, if held by a dealer art is considered inventory, and is then treated as ordinary income. Further, donors with large collections with the explicit intent of contributing them to charity are sometimes treated as dealers.<sup>9</sup> If the art is donated to an institution that satisfies the related use rule, which requires that the donated work is used in a manner that is consistent with the charity’s exempt purpose, then the donor may deduct the fair market value of the work up to a limit of 30 percent of his or her adjusted gross income.<sup>10</sup> However, the Internal Revenue Service (IRS) has the ability to audit certain artwork valuation, in which case an IRS panel, the Art Advisory Panel, which consists of 25 volunteers who are nationally prominent art museum directors, curators, scholars, art dealers, auction representatives, and appraisers, assesses fair market value claims of selected works with a claimed value of at least \$20,000.<sup>11</sup>

While the fact that 2010 was the worst economic year since the Great Depression is now a household reality, perhaps it is more shocking that last year resulted in a steep decrease in charitable giving—to the tune of 3.6 percent, or \$303.75 billion, according to Giving USA.<sup>12</sup> Most recently, Americans for the Arts announced an update to its National Arts Index, which measures the activity of the arts industries in the United States wherein it too indicates a decline in charitable giving.<sup>13</sup> Further, the Center on Philanthropy at Indiana University indicated that amidst this overall decline, there was a sharper decrease among charitable recipients receiving art than in other areas of philanthropic giving.<sup>14</sup> One proposed reason for this is that there is a shift toward outreach services.

Despite what seems like a bleak report of charitable giving of donated works of art, 2010 was not a year in which museums received nothing. The Pennsylvania Academy of the Fine Arts acquired Mark Bradford’s *Untitled (Dementia)*, Philip Evergood’s *Mine Disaster*, and Lilly Martin Spencer’s *Mother and Child by the Hearth*.<sup>15</sup> The Museum of Fine Arts in St. Petersburg, Florida received a major donation of photography including images by Alphonse Plumier,<sup>16</sup> the Saint Louis Art Museum was given a major gift of Japanese Prints,<sup>17</sup> and the Harn Museum of Art at the University of Florida was bequeathed 312 works of Asian art worth an estimated \$4.2 million to the museum.<sup>18</sup> Furthermore, the Whitney Museum was given a very special gift of 367 works of art, including pieces by Carl Andre, Jasper Johns, Glenn Ligon, Robert Rauschenberg, Ed Ruscha, and Andy Warhol,<sup>19</sup> the Virginia Mu-

seum of Fine Arts was given 50 pieces of English silver,<sup>20</sup> and the J. Paul Getty Museum announced a gift from Dr. Richard Simms of Los Angeles of seven drawings and 11 prints by preeminent painter and printmaker James Ensor.<sup>21</sup> Dr. Simms gave the Getty an etched version of Ensor's masterpiece just five years earlier.<sup>22</sup>

Even if the numbers seem to indicate less giving regardless of the myriad of donations made in 2010, sales show there is not a wane in purchasing power amongst wealthy collectors. One expert stated that auction houses are mounting "ambitious, pumping, thrusting" sales.<sup>23</sup> As such, Christie's reported that 2010 was the best in its 245 year history, made possible by American collectors and bidders who helped make the high sales figure of \$5.25 billion possible.<sup>24</sup>

A *New York Times* article published on January 1, 1911 commented on the state of philanthropy in America at a time when there was no charitable tax deduction.<sup>25</sup> While analysts, financial planners, and wealthy families contemplate in today's era how to donate art and best maximize their charitable distributions, let us not forget that bubbles burst, laws change, and economies turn. Perhaps Pablo Picasso said it best, "We all know that Art is not truth. Art is a lie that makes us realize truth, at least the truth that is given us to understand."

## Endnotes

1. See, 26 U.S.C. § 2001(a).
2. 26 U.S.C. § 11, as amended by §302(a)(1) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (H.R. 4853), Pub. L. No. 111-312, 124 Stat. 3296 (Dec. 17, 2010).
3. *Id.*
4. *Id.*
5. Sandra Block, *Tax Uncertainty Could Hurt Charitable Giving*, USA TODAY, Dec. 11 2010, available at [http://www.usatoday.com/money/perfi/basics/2010-11-11-charitable-contributions-taxes\\_N.htm](http://www.usatoday.com/money/perfi/basics/2010-11-11-charitable-contributions-taxes_N.htm) (last visited Jan. 26, 2011).
6. The Center on Philanthropy at Indiana University, *The 2010 Study of High Net Worth Philanthropy*, 7, (Nov. 2010), available at [http://docs.google.com/viewer?a=v&q=cache:KZvACca0OI MJ:www.philanthropy.iupui.edu/2010Highnetworthstudy/+2010+survey&hl=en&gl=us&pid=bl&srcid=ADGEESj4Sp\\_V3 pYinOJVv6N2YqON9kmwLHM1DxSZql8GhGaOFuSZdr-92szcnNSRaBgSZFsGy9sO0HDMK9WYX7Zya-LcMVMREl440A JEd5p05UG0VH6Uc41uYrbLkXSX51Ke76OuqNfPA&sig=AHIEtb TL\\_NPVpqN2vR1JhBml3wcdEqDtA](http://docs.google.com/viewer?a=v&q=cache:KZvACca0OI MJ:www.philanthropy.iupui.edu/2010Highnetworthstudy/+2010+survey&hl=en&gl=us&pid=bl&srcid=ADGEESj4Sp_V3 pYinOJVv6N2YqON9kmwLHM1DxSZql8GhGaOFuSZdr-92szcnNSRaBgSZFsGy9sO0HDMK9WYX7Zya-LcMVMREl440A JEd5p05UG0VH6Uc41uYrbLkXSX51Ke76OuqNfPA&sig=AHIEtb TL_NPVpqN2vR1JhBml3wcdEqDtA) (last visited June 13, 2011).
7. Grace Glueck, *Museums Feel the Pinch of Tax Law Changes*, N.Y. TIMES, Oct. 3, 1988.
8. Net capital gain from selling collectibles (such as coins or art) is taxed at a maximum 28% rate. See also, 26 U.S.C. § 1250.
9. See, 26 U.S.C. § 170(b)(1)(C) and 26 U.S.C. § 170(e).
10. See, 26 U.S.C. § 501.
11. *Determining the Value of Donated Property*, I.R.S. Pub. No. 561, at 11, (2007).
12. Giving USA, *Executive Summary: Annual Report on Philanthropy for 2010*, 1 (2010), available at <http://www.pursuantmedia.com/>

- givingusa/0510/export/GivingUSA\_2010\_ExecSummary\_Print.pdf (last visited June 13, 2011).
13. Americans for the Arts, *National Arts Index 2010*, 7-8 (2011), available at [http://www.americansforthearts.org/pdf/information\\_services/art\\_index/NAI\\_report\\_w\\_cover\\_opt.pdf](http://www.americansforthearts.org/pdf/information_services/art_index/NAI_report_w_cover_opt.pdf) (last visited June 13, 2011).
14. The Center on Philanthropy at Indiana University, *U.S. Charitable Giving Falls 3.6 Percent in 2009 to \$303.75 Billion* (June 9, 2010), available at <http://www.philanthropy.iupui.edu/news/2010/06/pr-GUSA2010.aspx> (last visited June 13, 2011).
15. Press Release, Pennsylvania Academy of the Fine Arts, PAFA Acquires Works by Mark Bradford, Philip Evergood, and Lilly Martin Spencer (Mar. 31, 2010), available at <http://www.pafa.org/About/Press-Room/191/pageindex2062--4/> (last visited last visited June 13, 2011).
16. *Museum of Fine Arts, St. Petersburg Florida Receives Major Donation of Photographs*, ArtDaily, Jan. 7, 2011, available at [http://www.artdaily.com/index.asp?int\\_sec=2&int\\_new=43969](http://www.artdaily.com/index.asp?int_sec=2&int_new=43969) (last visited June 13, 2011).
17. Press Release, Saint Louis Art Museum, Saint Louis Art Museum Accepts Major Gift of Japanese Prints (Nov. 9, 2010), available at <http://www.slam.org/MediaCenter/Reader.php?rel=rel47> (last visited June 13, 2011).
18. Press Release, Harn Museum of Art, Harn Museum of Art Receives Major Collection of Asian Art and Acquisitions Endowment (Aug. 23, 2010), available at <http://www.harn.ufl.edu/press/e106.php> (last visited June 13, 2011).
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22. Press Release, The Getty Trust, Recent Acquisitions of the Research Library at the Getty Research Institute (Jan. 24, 2005), available at [http://www.getty.edu/news/press/acquisitions/gri\\_acquisitions05.html](http://www.getty.edu/news/press/acquisitions/gri_acquisitions05.html) (last visited June 13, 2011).
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# It's the Pits: The Role of Live Musicians on Broadway in Question (Again)

By Nathan A. Sheffield and Timothy Pedergrana

It is a bit like *deja vu*.<sup>1</sup> The battle lines are clearly drawn as Broadway musicians and producers slug it out again over the role of live music on the Broadway stage. If it is anything like we have seen before, the plight of the new musical "Priscilla Queen of the Desert" may be headed "Downtown"<sup>2</sup> to court. While the specific details and underlying motives for the dispute continue to be subject to speculation by the theatre community and the entertainment industry at large, one thing is for sure: this is far from "A Fine Romance."<sup>3</sup> The *sine qua non* of the Broadway musical experience is, well, the music, right? Most enter the theatre expecting to be wowed by a dazzling display of talent supported and underscored by the "Sound of Music"<sup>4</sup> floating out of the hidden recesses of the orchestra pit, not giving much thought to the musicians whose talents make this experience possible. Not surprisingly, very little has been written to discuss the decline in the number of musicians employed on the "Great White Way."<sup>5</sup> This article discusses the increasingly invoked Special Situations exception which, if successful, circumvents minimum musician requirements for Broadway musicals. To begin, we take a moment to look at "Both Sides Now."<sup>6</sup>

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*"The sine qua non of the Broadway musical experience is, well, the music, right? Most enter the theatre expecting to be wowed by a dazzling display of talent...not giving much thought to the musicians whose talents make this experience possible."*

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## The Players<sup>7</sup>

The Broadway pit musicians are included in the membership of the American Federation of Musicians,<sup>8</sup> AFL-CIO, Local 802 (Local 802).<sup>9</sup> The stated mission of Local 802 is to "fight for the interests and well being of the musicians employed in New York's music and entertainment industries."<sup>10</sup>

The other major player in the present controversy is the Broadway League (formerly known as the League of American Theatres and Producers) (the League). The League is "the national trade association for the Broadway industry. [Its] 600-plus members include theatre owners and operators, producers, presenters, and general managers in North American cities, as well as suppliers of goods and services to the commercial theatre industry."<sup>11</sup>

## The Special Situations Exception

"First implemented in the 1993 contract between Local 802 and the League of American Theatres and Producers, the Special Situations exception allows shows that qualify—under certain criteria—to utilize fewer than the agreed upon minimum for the theatre in which the show is scheduled to appear."<sup>12</sup> Following the heated negotiations in 2003, the Special Situations clause was significantly modified.<sup>13</sup> The relevant provisions of the Special Situations clause are as follows:<sup>14</sup>

### Article V, Clause G.—Special Situations

In the event that the Employer/Producer believes that there are demonstrable reasons for a musical production (including a revival) to be presented with an orchestra composed of fewer musicians than the minimum required for the theatre in which the production is to be presented, the Employer/Producer shall so advise the Union in writing as soon as possible but in no event later than the date upon which the Orchestrator's contract for the Broadway production is filed with the Union. In such event, the issue shall be promptly submitted to a Committee consisting of two (2) members from the League, two (2) members from the union [sic] and, depending upon availability, either one (1) or three (3) of the following "neutral" persons on a rotating basis: Sargent Aborn, Theodore S. Chapin, Zelda Fischlander, Robert Ferguson, Freddie Gershon, Jane Hermann, Harvey Lichtenstein, Joseph Melillo, and Victoria Traube....Additional mutually agreed upon neutral persons may be added to this list...

The Committee shall meet as promptly as possible, but in no event later than seven (7) calendar days after the Union's receipt of the aforesaid written notice from the Employer/Producer. The Employer/Producer, the Union, and/or any member of the Committee may call witnesses and present evidence in support of their position as they see fit. The Committee shall render a written decision explaining in detail the basis for its conclusions within forty-eight (48) hours after the

submission of the parties' positions...In the event that the Employer/Producer or the Union does not agree with the Committee's determination, either party may submit the matter to binding arbitration before an arbitrator selected pursuant to the Voluntary Labor Arbitration rules of the American Arbitration Association. Members of the Committee may not be called as witnesses at the arbitration.

The Committee shall decide the issue based primarily on artistic considerations. If a production meets the criteria set forth in any of the following categories, it shall qualify as a Special Situation and shall be permitted to perform with the requested smaller orchestra. The criteria for determining whether a production calls for a smaller orchestra are: (i) the musical concept expressed by the composer and/or orchestrator; (ii) whether the production is of a definable musical genre different from a traditional Broadway musical; (iii) the production concept expressed by the director and/or choreographer; and/or (iv) whether the production re-creates a pre-existing size band or band's sound (on or offstage).

Other considerations which shall be taken into account but which would not necessarily be determinative include but are not limited to: whether the show was previously presented with a smaller orchestra in a production of a professional caliber comparable to Broadway (e.g. London's West End), or whether the production was required to book a theatre with a minimum higher than the intended number of musicians due to change of theatre. A production which meets the criteria set forth in this paragraph may be denied Special Situation status only for demonstrable reasons.

The following are examples of productions that would call for a smaller orchestra under this provision and that may be cited by the Committee for that purpose: *Rent* (1996); *Five Guys Named Moe* (1992); *Ain't Misbehavin'* (1978); *Chicago* (1975; 1996); *The Best Little Whorehouse in Texas* (1977); *Buddy* (1990); *The Who's Tommy* (1993); *Candide* (1973); *Hairspray* (2002); *Smokey Joe's Café* (1994); *Mamma Mia* (2001); *Seussical* (2000); *Aida* (2000); *Urban*

*Cowboy* (2003); *Jelly's Last Jam* (1992); *Civil War* (1999); *On The Town* (1998); and *Little Shop of Horrors* (2003)...<sup>15</sup>

It is the practice of the League and Local 802 to engage in mutual discussions in an attempt to resolve the issue of Special Situation status prior to submitting the production to the Committee.<sup>16</sup>

#### ACT I: "Trouble"<sup>17</sup>

With vision and promise they ushered the King's tale to stage, to lights, to Broadway. They would not fail.

Yet feelings were still soured by strikes not long ago, 'tween star-crossed colleagues 'oer the pit and the show.

Enter now the King, white suit, hair pompadour. He cries: "More Minstrels?! You'd ruin the score."

A lords panel formed to judge the King's claim. They passed few words, but branded him with shame.

The King, lip curled, called for a new court to pass. "Restore my vision; my work is not crass."

"All Shook Up," a jukebox musical, inspired by the songs of Elvis Presley, was the first major battle under the Special Situations exception, as amended in the 2003 Collective Bargaining Agreement (the 2003 Agreement).<sup>18</sup> It opened to mediocre reviews on February 20, 2005 at the Palace Theater,<sup>19</sup> and played 213 performances before closing in September 2005.<sup>20</sup> Offstage, however, the producers and musicians were embroiled in a bitter contest of wills over the Special Situations exception, each singing a different tune: Local 802 with a stirring rendition of "Don't Be Cruel,"<sup>21</sup> while the Broadway League was asking that the union "stay off of their shoes."<sup>22</sup> Under the 2003 Agreement, musical productions in the Palace Theater<sup>23</sup> required a minimum of 18 musicians; the producers of "All Shook Up" planned to utilize only 15.<sup>24</sup>

On June 8, 2004, prior to opening night as required,<sup>25</sup> the producers petitioned for Special Situation status.<sup>26</sup> The producers, charged with the burden of production and persuasion, claimed that artistic considerations warranted the granting of Special Situation status for the production.<sup>27</sup> Specifically, they argued that two of the four enumerated criteria in the revised Special Situations exception of the 2003 Agreement were present:<sup>28</sup> (i) "to create a sound for the show that emulates a typical early-Elvis-type 'band'; a sound that is not consistent with the traditional 'Broadway sound';<sup>29</sup> and (ii) to further the production's musical concept by presenting Elvis Presley's music with a "gospel overlay."<sup>30</sup> The focus of the deliberation centered on the latter of these two assertions.

On September 30, 2004, the Special Situations Committee (in compliance with the terms of the 2003 Agreement) convened, and called witnesses including "All

Shook Up” Musical Director/Arranger Stephen Oremos, and Orchestrator, Michael Gibson.<sup>31</sup> After due deliberation, the Special Situations Committee issued a decision<sup>32</sup> in favor of the musicians, which stated, in part:

The majority of the Committee had difficulty reconciling the stated desire of the orchestrator with respect to his view of the orchestration as requested and the written request of the producers, the oral testimony and the written rebuttal of the orchestrator in this case... [T]he stated concept for this musical was not proven sufficiently to require a reduction in the minimum from that which comprises a conventional Broadway orchestra.<sup>33</sup>

The Committee’s written decision gave precious little insight into why “All Shook Up” was denied Special Situation status. It suggested that the producers failed to meet their burden of persuasion by insufficiently bridging the nexus between musical concept and a *need* for a reduced number of pit musicians. Yet the decision neglected to detail specific reasons as to how the producers failed to bridge this nexus, a fatal flaw.<sup>34</sup>

Less than a week after the Committee’s decision, the League filed a request for arbitration.<sup>35</sup> In conformance with the 2003 Agreement, Local 802 and the League agreed to use a labor arbitrator with “no musical or theatre expertise.”<sup>36</sup> The arbitrator subsequently issued a written decision on December 18, 2004 in favor of the producers,<sup>37</sup> sending Local 802 on a trip to “Heartbreak Hotel.”<sup>38</sup>

The arbitrator interpreted the Special Situations exception to allow *de novo* review of the Committee’s decision by the selected arbitrator.<sup>39</sup> Further, the absence of a detailed written decision giving the reasoning behind the Committee’s decision gave the arbitrator little guidance. As a result, the arbitrator found that the producers’ “proposed instrumentation, which included both the number and type of instruments, was driven by the ‘musical concept.’”<sup>40</sup> This decision removed the Committee’s nexus requirement from consideration, leaving only an intent-based evaluation. In other words, producers may attempt to reduce an orchestra below the standard minimums and petition for Special Situation status if the motive is primarily driven by the musical concept, even if *not required* by the stated musical concept.

#### ACT II: “So Foul and Fair a Day”<sup>41</sup>

With King abed, the Queen now hosts the Palace.  
Yet, her reception charged treason with poisoned chalice.

A sound, unnatural, doth leap from her breath,  
Stinging the ears whilst whispering treaty’s death.

With courage screwed still to the sticking place,<sup>42</sup>  
The Queen wins the court, charges found to be base.

Foul cries crescendo, the Queen’s fair day smeared black,  
As Minstrels prep a new angle of attack:

“False face [] hide what the false heart doth know,<sup>43</sup>  
that coin and spoil is the patron of this show.”

Local 802 and the League are presently staged for another heated contest over the Special Situations exception, coincidentally enough through the latest Palace Theater production: “Priscilla Queen of the Desert.”<sup>44</sup> Unlike its predecessor, “Priscilla” is running *significantly* below minimum number of musicians required under the 2003 Agreement; “All Shook Up” employed 15 musicians against the required 18, whereas “Priscilla” employs only nine.<sup>45</sup>

Even still, the Special Situations Committee, comprised of one neutral moderator, ruled in favor of the League.<sup>46</sup> The moderator could not “imagine the presence of more musicians to be legitimately needed in this case, especially violins.”<sup>47</sup> As a result, Local 802 filed for arbitration.<sup>48</sup>

Further complicating “Priscilla’s” case is the production’s use of recorded string music, compressed sound waves, and even some lip-synching.<sup>49</sup> The show’s lead producer, Garry McQuinn, firmly holds that the use of pre-recorded and synthesized music and sounds are necessary to recreate the flavor of the period and bring to life the show’s “synthetic pop flavor” (read here: the show’s musical concept).<sup>50</sup> McQuinn has continued to emphasize that “Priscilla” is “not an orchestral show—it’s a show with disco music.”<sup>51</sup>

Local 802, however, finds “Priscilla” to be the League’s most blatant attack on musician minimums. In its view, not only does “Priscilla” employ only half the required musicians, but the show’s use of recorded music foretells a diminishing role for musicians on Broadway.<sup>52</sup> Likely fearful of this slippery slope, Local 802 has mounted an aggressive Internet campaign, led by a veteran political strategist for a former presidential candidate,<sup>53</sup> to rally the public to its position to keep the musicians where “We Belong.”<sup>54</sup> The “Save Live Music on Broadway” campaign has even garnered the support of such musical theatre heavyweights as Stephen Sondheim and Paul Gemignani.<sup>55</sup>

## Conclusion

The granting of Special Situation status to a production is not always as tenuous as what is being played out in connection with “Priscilla.” In fact, many shows are granted Special Situation status with little fanfare. Local 802 has made concessions in shows where it feels that the artistic integrity of the piece warranted a reduction in the size of the orchestra pit.<sup>56</sup> However, the reduction in orchestra size by 50 percent, as in “Priscilla,” has heightened a sense of urgency to secure the place of live musicians on Broadway.

It is important to note that the decision upheld of the arbitrator in “All Shook Up” is not precedential. It may be instructive and useful for analysis, but it holds no bearing on the ultimate determination of whether “Priscilla” will ultimately be granted Special Situation status. The decision must ultimately be based upon the artistic considerations enumerated in the 2003 Agreement. It is beyond the scope of this article to conjecture as to the potential outcome of this controversy; we will all just have to wait and see.

For now, the best that Local 802 and The Broadway League can do is to present their respective cases and “Say a Little Prayer.”<sup>57</sup>

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*“[T]he reduction in orchestra size by 50 percent, as in ‘Priscilla,’ has heightened a sense of urgency to secure the place of live musicians on Broadway.”*

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## Endnotes

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- COLLECTIVE BARGAINING AGREEMENT BETWEEN THE ASSOCIATED MUSICIANS OF GREATER NEW YORK, LOCAL 802, AMERICAN FEDERATION OF MUSICIANS AND THE LEAGUE OF AMERICAN THEATRES AND PRODUCERS, INC. at 11- 12 (2003), available at <http://www.local802afm.org/wage/BwayAgree03-07.pdf> [hereinafter 2003 AGREEMENT] (last visited June 12, 2011).
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- ELVIS PRESLEY, *BLUE SUEDE SHOES* (RCA Victor 1956).
- Incidentally, the show was slated to open in the Marquis Theater, which has a higher minimum requirement of 19 musicians under the Special Situations Clause. See 2003 AGREEMENT, *supra* note 15, at 10.
- See Petition, *supra* note 18, ¶ 13.
- See *id.* ¶ 12 (stating that notification for invocation of the Special Situations exception was required to be made “as soon as possible,” but in no event later than the filing of the show’s orchestrator’s contract with Local 802); David Lennon, *President’s Report: Special Situations – Has It Worked, and For Whom?*, ALLEGRO (Local 802, New York, N.Y.), Nov. 2006, available at [http://www.local802afm.org/publication\\_entry.cfm?xEntry=4595685](http://www.local802afm.org/publication_entry.cfm?xEntry=4595685) (discussing grievances filed by Local 802 after producers failed to timely notify it of their intention to not meet musician minimums) [hereinafter Lennon, *Has It Worked?*] (last visited June 12, 2011).
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- See 2003 AGREEMENT, *supra* note 15, at 12.
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- See *Associated Musicians of Greater New York*, 2006 U.S. Dist. LEXIS 77938, at \*6.
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33. See Petition, *supra* note 18, ¶ 15.
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40. *Id.* at \*9.
41. WILLIAM SHAKESPEARE, *MACBETH* act 1, sc. 3.
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50. *Id.*
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57. Dionne Warwick, *I Say a Little Prayer*, on THE WINDOWS OF THE WORLD (Scepter 1967) (featured in *Priscilla Queen of the Desert: the Musical* (2011)).

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# Ante Up: States Bet on Changes to Gambling Laws to Boost Slumping Economies

By Kenneth Wind

State legislatures are trying their luck this year at legalizing more Internet gambling<sup>1</sup> and sports betting<sup>2</sup> in order to raise revenue. In November, New Jersey voters may have a say on whether their state will be the first to legalize Internet gambling<sup>3</sup> and will also vote on whether to amend the state's constitution to allow sports betting.<sup>4</sup> Several other states, such as California, Florida, and Iowa, are scheduling votes as well.<sup>5</sup> In a time of economic peril and budget deficits, states across the country can desperately use the extra revenue that would be generated if the marketplace for Internet gambling entertainment existed. However, concurrently several states are enforcing laws against Internet sweepstakes parlors,<sup>6</sup> while some municipalities are levying taxes and generating revenue from that source.<sup>7</sup>

## Internet Gambling Goes "All In" Across Statehouses

In January, the New Jersey Legislature passed a bill that was introduced by New Jersey State Senator Raymond Lesniak (D), which authorized intrastate Internet gambling run by Atlantic City casinos.<sup>8</sup> Residents of New Jersey would have been able to play, from the comfort of their homes, traditional casino games such as poker, roulette, baccarat, blackjack, crap, and slots.<sup>9</sup> The chairman of the Interactive Media Entertainment & Gaming Association (iMEGA), the trade association that represents the Internet gambling industry, said: "Congratulations to New Jersey's legislators on their overwhelming vote in favor of the Intra-State Internet Gambling Bill. It's clear that New Jersey's representatives want their state to be at the forefront of the online gaming industry and allow New Jersey's casinos to thrive in the 21st Century."<sup>10</sup> Indeed, Senator Lesniak believed that the bill would bring over \$200 million in annual gross revenues to the Garden State while creating over 1,000 new jobs.<sup>11</sup> Moreover, the Director for Gaming Research at the University of Nevada Las Vegas believes that the passage of New Jersey's intrastate Internet gambling bill "could be a tipping point for online gambling."<sup>12</sup>

The New Jersey bill was restricted to "intrastate" Internet gambling because interstate gambling via the Internet is regulated, in part, by the Unlawful Internet Gambling Enforcement Act of 2006 (the Gambling Act) and the Interstate Wire Act (the Wire Act). Section 10(A) of the Gambling Act defines unlawful Internet gambling as "means to place, receive or otherwise knowingly transmit a bet or wagers by any means which involves the use,

at least in part, of the Internet."<sup>13</sup> However, Section 10(B) exempts "intrastate transactions" where:

- (i) the bet or wager is initiated and received or otherwise made exclusively within a single State;
- (ii) the bet or wager and the method by which the bet or wager is initiated and received or otherwise made is expressly authorized by and placed in accordance with the laws of such State, and the State law or regulations include (I) age and location verification requirements reasonably designed to block access to minors and persons located out of such State; and (II) appropriate data security standards to prevent unauthorized access by any person whose age and current location has not been verified in accordance with such State's law regulations; and
- (iii) the bet or wager does not violate any provision of  
(I) the Interstate Horseracing Act of 1978 (15 U.S.C. 3001 et seq.);  
(II) chapter 178 of title 28 (commonly known as the "Professional and Amateur Sports Protection Act").<sup>14</sup>

Meanwhile, the Wire Act places liability on:

Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers, shall be fined under this title or imprisoned not more than two years, or both.<sup>15</sup>

However, New Jersey Governor Chris Christie did not sign the bill, but rather redirected it to the legislature,

explaining: "If the Legislature believes that expanding gambling outside of Atlantic City is in the best interests of the State of New Jersey, it should place the question on the ballot for the voters to decide."<sup>16</sup> In order for a referendum to be successful, both chambers of New Jersey's legislature would have to approve a bill by a two-thirds majority. Governor Christie is drafting a new bill calling for a referendum in November that would allow New Jersey residents to vote for or against legalizing intrastate Internet gambling.<sup>17</sup> Despite the governor's veto, Senator Lesniak believes there is still time for "Atlantic City to become the Silicon Valley for the high-tech gaming sector,"<sup>18</sup> and "New Jersey can still become the first state in the nation to offer legalized Internet wagering and...position the Garden State to reap the benefits of getting in on the ground floor of a multi-million dollar market."<sup>19</sup> Interestingly however, Atlantic City casino operators are happy with the Governor's veto. For example, the Caesars Entertainment Corp. (formally Harrah's Entertainment Inc.) owns four casinos in Atlantic City, as well as the rights to the World Series of Poker in Las Vegas, and supports a federal law to regulate Internet gambling.<sup>20</sup> According to Caesars Entertainment, "we've always felt that the first focus should be trying to enact federal legislation."<sup>21</sup> Further, the Poker Players Alliance believes that Internet gambling "would be best served by Federal legislation that would provide licensing and regulation of interstate poker, as opposed to state-by-state regulation, whereby players in New Jersey could only play with other players in the Garden State."<sup>22</sup>

Moreover, there is international pressure on the United States to legalize Internet gambling. The Center for Trade Policy Studies noted that, in 2006, the country of Antigua and Barbuda lodged a formal complaint with the World Trade Organization (WTO) over the Gambling Act.<sup>23</sup> The United States contends that the Gambling Act protects "public morals and public order."<sup>24</sup> In March 2007, a WTO panel concluded that the United States had failed to comply with the recommendations and rulings of a previous panel investigating Internet gambling.<sup>25</sup> Further, the European Commission is arguing that the Gambling Act violates EU Trade Agreements.<sup>26</sup> The United States Congress, though, does not appear ready to pass a federal law to regulate Internet gambling. While Representative John Campbell (R-CA) introduced an Internet gambling bill in the U.S. House of Representatives in response to the enactment of the Unlawful Internet Gambling Enforcement Act,<sup>27</sup> the Chairman of the Committee on Financial Services "has no plans to allow discussion of Internet gambling going forward."<sup>28</sup> Despite the apparent resistance by Congress, states such as Iowa are concerned that "if we don't make a move now, the federal government is going to make a move in the next few years and we'll lose the revenue to the federal government."<sup>29</sup> California, Iowa, and Florida are contemplating various gam-

bling entertainment bills as ways to boost their economies and save jobs.<sup>30</sup>

As evidence of the lack of a legal marketplace for Internet gambling, in April the top three online poker websites were effectively shut down when the U.S. government seized the Internet addresses of Full Tilt Poker, PokerStars and Absolute Poker.<sup>31</sup> These three companies were charged with violating the Gambling Act by facilitating illegal interstate gambling.<sup>32</sup> Headquartered in Antigua and the Isle of Man, the online poker operators were accused of funneling payments from American customers through fictitious online businesses that supposedly sold jewelry, golf balls and other items.<sup>33</sup> Representative Jim McDermott (D-WA) used the crackdown to advocate for legalizing Internet gambling saying:

Let's legalize online gambling for poker players. We're in a mess and we're wasting government money, in my view, persecuting and prosecuting these people, because they're not going to stop gambling; they're just going to do it someplace else. It's really...silly to try and stop people from doing something that we think is legal in one place from doing it in another place.<sup>34</sup>

Whether any intrastate or interstate Internet gambling bill will actually become law and fill the void left by closure of the leading poker websites remains to be seen. However, gambling entertainment is being looked at by a growing number of statehouses.

### **Sports Betting and Sweepstake Parlors Take Center Stage in the 21st Century Gambling Industry**

States are looking at other aspects of the gambling entertainment industry in order to boost their economies. For instances, in New Jersey, Senator Lesniak is looking for a way around the Professional and Amateur Sports Protection Act (PASPA). When Delaware tried to enact sports betting legislation in 2009, PASPA was used by the NFL, NBA, NHL, and NCAA to preempt the Delaware Sports Lottery Act. The Governor of Delaware, Jack Markell, proposed legislation authorizing sports betting and table gaming at existing and future facilities in Delaware.<sup>35</sup> On August 24, 2009, the Third Circuit vacated the denial of a preliminary injunction to prevent Delaware from implementing parts of its Sports Lottery Act.<sup>36</sup> Delaware had contended that its sports betting scheme qualified as one of the PASPA exceptions. However, in siding with the largest American sports leagues, the Third Circuit distinguished between wagering schemes that were merely "authorized" and those that were "conducted." The Third Circuit held:

Because we do not find PASPA ambiguous, we find unpersuasive Delaware's argument that its sovereign status requires that it be permitted to implement its proposed betting scheme...the only sports betting scheme "conducted" by Delaware in 1976 involved the three Scoreboard games. That betting scheme was limited to multi-game parlays involving only NFL teams. Thus, any effort by Delaware to allow wagering on athletic contests involving sports beyond the NFL would violate PASPA.<sup>37</sup>

According to a complaint seeking to invalidate PASPA filed by Senator Lesniak and iMEGA in the District Court of New Jersey, PASPA violates the Commerce Clause, the Equal Protection Clause, the Tenth Amendment, the Eleventh Amendment, Due Process, and is void for vagueness.<sup>38</sup> In addition, the complaint alleges that the competitive disadvantage created by PASPA is likely to be "too much for the New Jersey industry [horse racing] to overcome."<sup>39</sup> The disadvantage cited is the grandfathering provision of PASPA that allows states to authorize sports betting if the state had either operated a legalized sports wagering scheme prior to August 31, 1990 or conducted sports betting during the period of September 1, 1989, through October 2, 1991.<sup>40</sup> The result of the provision was the legalization of sports lotteries in Oregon and Delaware; licensed sports pools in Nevada; and licensed fantasy football games in Montana.<sup>41</sup> While Congress provided a one-year window of opportunity from the effective date of PASPA (January 1, 1993) for states that operated licensed casino gaming for the previous 10-year period to pass laws permitting sports wagering, New Jersey failed to take advantage of this opportunity and carve out an exception for itself.

Governor Christie's Chief Counsel said the New Jersey Governor's Office would not join the lawsuit due to the "unprecedented economic crisis and other challenges facing the state, the Governor has determined that the state's limited resources would be better utilized by focusing on other, more immediate issues facing the citizens of New Jersey."<sup>42</sup> According to the Governor's spokesperson, he also felt that "there were just too many steep legal hurdles to clear, and it would at best be a legal long shot."<sup>43</sup>

Indeed, the lawsuit suffered a setback in March 2011 when it was dismissed due to lack of standing.<sup>44</sup> This could change in November, because the New Jersey Legislature approved a bill in January 2011, creating a voter referendum on whether to amend the state's constitution in order to permit the Legislature to enact laws to allow wagering on sports events at Atlantic City casinos and at racetracks.<sup>45</sup> If sports betting were legal in New Jersey but blocked by PASPA, the District Court of New Jersey

might find that Senator Lesniak has standing to challenge PASPA.<sup>46</sup>

It will be interesting to see how the U.S. Justice Department would handle the lawsuit to stop enforcement of PASPA if it were allowed to proceed. In 1991, the Justice Department opposed the passage of PASPA based, in part, upon its belief that the legislation was a substantial intrusion on states' rights since Congress has historically left the decision on how to raise revenue to the states.<sup>47</sup> This opposition is similar to Senator Lesniak's discontent with PASPA, as he argues:

PASPA is a substantial intrusion into States' rights, giving Congress the power, which has typically been left to the States, to determine how states raise revenues; and is particularly troubling in that it permits enforcement by sports leagues. Those are not my words. They were the opinion expressed by the U.S. Department of Justice in a letter to then Senate Judiciary Chairman Joe Biden dated September 24, 1991.<sup>48</sup>

The Justice Department's original opposition was also based on the contention that, if PASPA were construed as anything more than a mere clarification of existing law, it would put into question issues of federalism.<sup>49</sup> In addition, the Justice Department found §3703 of PASPA "particularly troubling" in that it permits not only the United States Attorney General to seek its enforcement through the use of civil injunctions, but also amateur and professional sports organizations as well.<sup>50</sup>

If New Jersey voters approve intrastate Internet gambling, they could join Nevada's sports betting offerings. "Reading PASPA together with section 1084(b) of the Wire Act, sports wagering is effectively limited to Nevada... in order to accept lawful Internet sports wagers on college or professional football, the casino must be located in Nevada and only accept Internet wagers from Nevada residents."<sup>51</sup> Further, intrastate sports gambling would generate desperately needed funds into New Jersey. In 2009, Nevada's gross revenues from sports betting was over \$130 million, while an estimated 30 million tourists came to Nevada due to legal sports gambling.<sup>52</sup> In addition, the American Gaming Association estimates that the legalization of sports betting is responsible for thousands of jobs in Nevada.<sup>53</sup>

While the Justice Department defends PASPA, states are defending their gambling laws by taking the broom to "sweepstake" parlors. Sweepstake parlors supply online computer games that mimic traditional casino games and provide players an opportunity to win a prize.<sup>54</sup> Seen by opponents as "designed specifically to get round state gambling laws," states across the U.S. are targeting sweepstake parlors.<sup>55</sup> In Florida, where the tourism

industry generates \$61 million,<sup>56</sup> the state legislature is debating a bill that would restrict such establishments.<sup>57</sup> Meanwhile, law enforcement agencies in Alabama, Texas, Massachusetts, Utah, Ohio, Florida, Georgia, and Virginia have raided sweepstake parlors.<sup>58</sup> In fact, the governor of Virginia signed legislation that would ban Internet sweepstake parlors.<sup>59</sup> Officials in these states believe that this illegal gambling activity has adverse effects on low income Americans.<sup>60</sup> Most Americans wager over \$500 per person annually in some form of gambling.<sup>61</sup> While gambling is an enjoyable form of leisure entertainment to many, it is a dangerous disease to others. The Political Director for the National Coalition Against Legalized Gambling notes “a considerable body of evidence showed that the expansion of legalized gambling destroys individuals, wrecks families, increases crime, and ultimately costs society far more than the government makes.”<sup>62</sup> Potential new laws that legalize gambling in some form could actually increase gambling addiction within those states’ borders because:

Experts on pathological gambling have shown that the prevalence of this disorder is linked closely to the accessibility and acceptability of gambling in society. Like alcoholism, just a small percentage of Americans are susceptible. As more people try gambling in its various forms, however, more of those prone to the illness are exposed. So, the more legalized gambling a state makes available, the more pathological behavior is triggered. Fast-paced gambling, which maximizes the number of wagering opportunities (like casinos and video gambling machines), also maximizes gambling addiction.<sup>63</sup>

However, proponents of sweepstake parlors believe they are just as legal as sweepstakes offered by food companies such as McDonalds,<sup>64</sup> and an attorney for one Florida sweepstake parlor contends: “Florida has permitted sweepstakes since 1971. Due to the advance in technology since then most sweepstakes are now conducted electronically.... We are open to discussions of regulation.”<sup>65</sup> One city in North Carolina, Kannapolis, has opted to tax sweepstake operators.<sup>66</sup> Indeed, faced with budget shortfalls these same states could find that providing a legal marketplace for sweepstakes parlors might be more advantageous than complete bans or non-regulation.

## Conclusion

In these tough economic times, states are looking for budget relief by lifting constraints on Internet gambling. The federal government is resisting changes to current federal laws pertaining to gambling due to political considerations and is unlikely to act in the foreseeable future.

While some states are trying to circumvent federal laws when it comes to Internet gambling and sports betting, other states are tackling the largely unregulated Internet sweepstake industry. The state legislatures across the country that are putting forth intrastate Internet gambling bills are hoping the economic benefits will pay off. Meanwhile, in New Jersey, where the state legislature continues to press its initiatives for legalized sports gambling, a classic game of states’ rights versus federal power is playing out in court. Whether any state will be successful in changing current gambling laws is anyone’s bet.

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# Extending Copyright Protection for Motion Picture Titles

By Stacy Wu

What's in a name? that which we call a rose  
By any other name would smell as sweet;<sup>1</sup>

## I. Introduction

Copyright law was designed to incentivize the creation and dissemination of creative works for the benefit of authors.<sup>2</sup> Relative to other forms of intellectual property protection, the bar for copyrightability is low: an author must show only a “modicum of creativity”<sup>3</sup> in the expression of an idea, and registration is not required.<sup>4</sup> Artists routinely rely on copyright to protect their works; motion pictures fall under the scope of copyright protection. However, the U.S. Copyright Office does not currently recognize the titles of motion pictures as copyrightable subject matter under section 102 of the Copyright Act. “To be protected by copyright, a work must contain a certain minimum amount of authorship in the form of original literary, musical, pictorial, or graphic expression. Names, titles, and other short phrases do not meet these requirements.”<sup>5</sup> Filmmakers therefore turn to unfair competition law, trademark remedies, or private arbitration in order to protect the wrongful use by others of their titles. The problems faced by filmmakers include capitalizing on a motion picture title to sell products (such as a fragrance, theme park ride, or other films). Potential problems also arise when a viewer cannot differentiate between two films with confusingly similar titles. The consequences can be severe: “In 2002, New Line Cinema was forced to pull more than 11,000 trailers and thousands of posters during a battle with MGM over the title of its Mike Myers film ‘Austin Powers in Goldmember,’ which MGM argued was too similar to its James Bond ‘Goldfinger’ film. A dispute involving ‘Return from the River Kwai’ cost the production company its U.S. distribution deal with Tri-Star Pictures.”<sup>6</sup> These remedies resulting from title disputes are commercially focused and do not reflect any copyright concerns.

Current industry practice borrows from unfair competition language and avoids the topic of copyright: “[t]he test of the availability of a title is whether its use by a second person would mislead or confuse the public.”<sup>7</sup> Unfair competition, trademark law, and private arbitration offer different remedies that are inadequate by themselves. Separately, they do not effectively deter the infringement of movie titles. Additionally, they are causes of action that favor studios and leave the independent filmmaker with little recourse. The copyright law should become more well rounded by extending its scope of protection to include motion picture titles.

Independent filmmakers may especially benefit from this extra layer of intellectual property protection, as titles also serve as indicators of control. Keeping a title under a filmmaker’s authority is illustrated by some practices

in film piracy. The practice of severing a motion picture from its rightful title to avoid detection and appeal to local markets can include substituting a film’s actual title for a descriptive title. For example, *Boogie Nights* becomes *His Great Device Makes Him Famous* in China.<sup>8</sup> Alongside the loss in quality control, irreverent title assignments offer proof of the degradation of pirated motion pictures. This article argues for the shift away from a “consumer protection” based analysis towards an “author-focused” discussion that promotes artistic diversity. A motion picture title should therefore be copyrightable as an integral part of the underlying work.

## II. Insufficiency of Current Protections for Motion Picture Titles

### A. Unfair Competition

Unfair competition addresses “[d]ishonest or fraudulent rivalry in trade and commerce; esp., the practice of endeavoring to pass off one’s own goods or products in the market...”<sup>9</sup> Unfair competition is a federal statutory and state common law cause of action with equitable remedies. The standards for bringing an unfair competition cause of action are rather high. “The general rule is that no property rights inhere in either the title of a work or in the name of characters in that work. However, a title or name of a character may be protected under principles of unfair competition, if the title or name has acquired a ‘secondary meaning.’”<sup>10</sup> This standard requires that the motion picture has a market presence sufficient to procure secondary meaning. “[S]econdary meaning...identifies it in the public mind with a particular composition, object, or thing.”<sup>11</sup> In order to bring a successful claim under the Lanham Act and for most states, a party must show harm and confusion resulting from confusingly similar titles.<sup>12</sup> Mere infringement of a motion picture title is not enough. The requirement can be a setback for filmmakers with titles that have not yet been released or are in limited release (e.g., art house films and documentaries). This standard may also prove difficult to reach for filmmakers concerned with the moral integrity of their works. Unfair competition law addresses free riders and wrongful profit. As a cause of action, it is not useful for filmmakers whose titles are not already positioned securely within the market.

If an infringer uses the title from a successful motion picture, a court may issue an injunction to prevent the wrongful party from capitalizing on the other’s good will. Monetary damages are also available.<sup>13</sup> The producers of *Le fabuleux destin d’Amélie Poulain* (or, simply, *Amélie* in the United States) filed for 10 percent of profits in Québec from “McDonald’s [for] illegally borrowing from the movie’s title to sell chicken filets.”<sup>14</sup> The advertising campaign noted the resemblance of the main character’s last name

to the French word for “chicken” and “turned the title into ‘Le délicieux festin d’Emilie Poulet.’”<sup>15</sup> The target audience may have mistakenly thought that the filmmakers sponsored the fast food chain’s product. A regime where titles are protected as intellectual property might deter McDonald’s and other corporations from free riding on the success of motion pictures. Using copyright law to protect the author’s rights would align with unfair competition’s principles of consumer protection.

## B. Trademark Law

In addition to unfair competition law, filmmakers may seek protection for motion picture titles under trademark law. As trademark law is often referred to as a species of unfair competition law, the standards are similar and also high. “[M]otion picture titles acquire secondary meaning when the title becomes so well known that consumers associate it with a particular author’s work.... Once a motion picture title acquires secondary meaning, the owner of the rights to that title, or mark, may prevent the use of the same or confusingly similar titles by others.”<sup>16</sup> However, using trademark law where copyright law fails remains problematic. The government categorizes titles with names and short phrases, like facts that lack originality. “Facts are not entitled to intellectual property protection. Plaintiffs cannot evade this fundamental principle articulated in many copyright cases through the back door of trademarks.”<sup>17</sup> Trademark law, like unfair competition law, is still not enough for those seeking protection. Furthermore, a trademarked title offers little value by itself, since trademarks in-gross (i.e. marks divorced from their corresponding goods or services) are invalid in a court of law. A trademark must symbolize the goodwill tied to underlying goods or services.<sup>18</sup> Titles that are separated from their works are thus not eligible for trademark protection, in the absence of secondary meaning. Additionally, the threshold test of secondary meaning only becomes effective if the motion picture belongs to a series. Single-work titles are knocked out altogether from trademark protections.

Trademark law’s prohibition on the registration of single-work titles is perhaps the most difficult hurdle.<sup>19</sup> All titles are not created equal. The current system favors studios with the infrastructure and resources for sequels, auxiliary goods, and extended branding in general that would allow for trademark status.

Single-work titles are deemed per se “inherently descriptive” or “inherently generic” and thus incapable of the necessary distinctiveness for registration. This judicial fiction applies regardless of how arbitrary or fanciful—that is, distinctive—the title might actually be. Thus, under this doctrine, *Pulp Fiction* and *The 40-Year-Old Virgin*, as the titles of single movies, would not be registrable, whereas *Harry Potter*, as the title of a series of

movies, would be. Even if a single-work title has acquired secondary meaning—essentially, significant recognition among the public—it will not be eligible for registration.<sup>20</sup>

Despite its cult status, *Pulp Fiction* lacks trademark protection in its title, as trademark law only allows for the registration of titles used in two or more works (in the same format). Trademark law is therefore not an option for most filmmakers due to the single-work nature of their films. Like unfair competition law, trademark law is less about incentivizing creative production and more about marketplace confusion.<sup>21</sup> Therefore, it may not be appropriate for the author concerned with the creation and dissemination of works. The law currently takes a commercial focus. In order to encourage the constitutional mandate of giving authors more control over their works, reform is needed.

The current intellectual property protections are inefficient for an author hoping to retain control over his or her work as a whole. The intellectual property regime essentially dislocates a title from its underlying work. The term of a trademarked title differs from the copyright term of the underlying film. Unlike a copyrighted work, a trademark requires continued use. “The protection accorded the property right in a trademark is not limited in time and endures for as long as the trademark is used.”<sup>22</sup> It is possible that, if not seen or used in the marketplace for a few years, a motion picture retaining copyright protection loses trademark protection in its title. “[C]opyright protection, which lasts for approximately seventy-five to one hundred years, appears typically to last significantly longer than does trademark registration for marks covering literary works or sound recordings.”<sup>23</sup>

## C. Private Arbitration

Unfair competition and trademark law require that a litigant move through the court system, a time consuming and cost prohibitive process. Most notably, private arbitration offers an efficient solution to trademark law’s single-work hurdle. The Motion Picture Association of America (MPAA) is a non-profit trade organization comprised of “the six major U.S. motion picture studios.”<sup>24</sup> The MPAA created the Title Registration Bureau (the Bureau) in 1925 to arbitrate title disputes. “The Bureau is a voluntary central registration entity for titles of movies intended for U.S. theatrical distribution, and it is intended to prevent public confusion over films with similar titles.”<sup>25</sup> The Bureau does not appear to prioritize the preservation of authors’ rights.

Under the Bureau’s “title reservation system,”<sup>26</sup> titles may come before the underlying works are produced. As with trademark law, the MPAA’s registration system exposes words to the danger of being locked up from public use. The MPAA perceives the filmmakers’ rights as commercially motivated and revolving around marketing concerns.



The majority of motion picture title conflicts are resolved through direct negotiation, and most are resolved in a matter of weeks.... If an agreement cannot be reached through direct negotiation, then either one party must change their [sic] film's title or the parties are contractually bound to utilize the MPAA arbitration process.... The MPAA's establishment of this private registration system was a reaction to the "absence of copyright protection on the title itself and the expense and delays of litigation to establish usage rights." Essentially, the MPAA chose to privatize public law in an effort to guard against the duplication of motion picture titles and prevent marketplace confusion, thus affording titles a degree of protection they would not otherwise have received.<sup>27</sup>

The system's strict requirements include subscribing to daily notices. A party must contest a title issue within 10 days of publication of registration. The stringent procedures are meant to ensure efficiency and keep the transaction costs low. "Whereas it took six months of proceedings for the 'Driven' case to reach a confidential settlement... most MPAA title disputes are resolved within a matter of weeks."<sup>28</sup>

However, upon closer analysis, a hidden agenda emerges apart from the MPAA's stated goals of guarding against duplication of titles and preventing marketplace confusion. The private law promotes efficiency but disenfranchises non-MPAA parties because of the arbitrators' focus on economic factors and professional associations that favor studios.

If the arbitration is between an independent filmmaker and a studio, the three arbitrators who, by definition, are from major studios may have a bit of bias. Further, the factors they consider are strangely foreign to the legal principles of protecting the public from being confused. The governing rules say that the "factors that may be evaluated include, but are not limited to, budget, status of scripts, investment already expended, proximity to principal photography or theatrical release, theme or plot, marketing campaign, and anticipated release pattern"...these factors are in large part economic and heavily weighted toward the studio over the independent filmmaker.<sup>29</sup>

The transaction costs outside of public law may appear lower at first blush, but the process does not favor democracy and is nevertheless "complex."<sup>30</sup> Far from being efficient, the MPAA's system is actually underutilized.

"The different companies tend to work it out themselves," MPAA general counsel Greg Goeckner says. "Arbitration is actually fairly rare."<sup>31</sup> The MPAA private law system also requires that the movant be well positioned in the industry. Unsurprisingly, the Bureau has a long history of opposition; The Society of Independent Motion Picture Producers, for example, lobbied for reform to give greater choice in title selection to new filmmakers.<sup>32</sup> Since Hollywood executives (usually entertainment lawyers) serve on the Bureau's panel of arbitrators, the MPAA system enables already powerful entities to retain control over industry resources, such as motion picture titles.<sup>33</sup> Applying a goal of diversity in the media landscape would require a regime more democratic than that of the Bureau.

The studio practice of buying and swapping titles creates a separate market that shuts out those with little currency in registered titles. "...Disney reportedly paid \$600,000 to Columbia Pictures for the rights to the Mel Gibson blockbuster *Ransom*. Disney also traded its rights in the titles to *Father's Day* and *Conspiracy Theory* to Warner Bros. in an effort to secure the rights for its animated film *A Bug's Life*."<sup>34</sup> Studios not only have deep pockets, but also are allowed to register more than the average MPAA subscriber at any given time. "Both members of the MPAA and independent producers are permitted to register titles with the MPAA Title Registration Bureau. Each member is permitted to register up to 250 'permanent titles' for protection at any time, but can register an unlimited number of titles on a 'non-permanent' basis."<sup>35</sup> Without major financial resources or a cache of tradable titles to barter, the non-subscriber and independent filmmaker possess little leverage. Filmmakers must look for a more viable and efficient solution.

### III. A New Approach to Copyright: Bundling a Motion Picture's Title with Its Underlying Work

As seen in Part II, unfair competition, trademark law, and private arbitration are ill suited for the equitable protection of titles. They are avenues of relief that favor studios. To balance the inequity between studios and independents in the current patchwork system, copyright protection should be extended to titles. The transaction costs associated with securing and maintaining copyright protection are lower and more efficient. Turning to copyright would help preserve the integrity of the film as a whole and to protect the author's rights of creation and dissemination.

#### A. Statutory Changes Are Not Necessary

Bundling a motion picture's title with its underlying work would not require any statutory changes, as the exclusion of titles is not based on statute. Section 102(a)(6) covers "motion pictures and other audiovisual works," but does not mention titles. As established in Part I, the Copyright Office interprets this silence against extending

protection to titles. It would require a change in only the interpretation of the law because a reassessment reveals that titles *do* meet these requirements and the “minimum amount of authorship” due to their artistic relevancy and ability to pass the merger test.

## **B. Titles Are Artistically Relevant to Their Underlying Work**

The artistic relevance of a motion picture’s title to its underlying work qualifies it for copyright protection. Much case law addressing trademark concerns over titles acknowledges that titles possess varying degrees of artistic merit. “Where a title with at least some artistic relevance to the work is not explicitly misleading as to the content of the work, it is not false advertising under the Lanham Act...”<sup>36</sup> Instead of focusing on secondary meaning, courts could look to the artistic relevance of a title to its underlying work. In a recent copyright infringement ruling, the Southern District of New York recognized the link between a motion picture copyright and the title corresponding rights.<sup>37</sup> The next step would be to recognize copyright instead of just trademark rights in titles.

Industry practice illustrates how this artistic relevance method supplements the secondary meaning test. When a distributor releases a film in a foreign territory, it might not literally translate its title so as to preserve the integrity of the work.<sup>38</sup> This practice tends to prove that titles are a part of the artistic work as a whole and not mere words or appendages. The German version of Woody Allen’s *Annie Hall*, for example, was entitled *Der Stadtneurotiker*,<sup>39</sup> or *Urban Neurotic*.<sup>40</sup> “*Babe*...was translated from a Chinese dialect to English as *I May Be a Pig, but I’m Not Stupid*.”<sup>41</sup> Context matters. “[M]ost consumers are well aware that they cannot judge a book solely by its title any more than by its cover. We therefore need not interpret the [Lanham] Act to require that authors select titles that unambiguously describe what the work is about nor to preclude them from using titles that are only suggestive of some topics that the work is not about.”<sup>42</sup> Here, copyright aligns with trademark concerns.

Titles serve not only as a handle for a piece of art but also can embody the core of an artist’s expression. As an integral part of a work of art, a title signals the intent of the creator. Take, for example, the controversy surrounding the Brooklyn Museum of Art over its 1999 collective exhibition *Sensation*. Nigerian-American artist Chris Ofili’s painting entitled “The Holy Virgin Mary,” which featured elephant manure, so outraged Mayor Giuliani that he threatened to pull museum funding. “If Mr. Ofili had called his picture ‘My Friend Mildred,’ no one would be standing in line to see it.”<sup>43</sup> The title of a motion picture likewise impacts a viewer’s interpretation of the film as well as his or her attraction to see the film.

Therefore, when evaluating the originality of a title, qualitative measures should be taken into consideration.

Qualitative assessment of a title may account for secondary meaning in the marketplace as well as the artistic relevance to the underlying work. “Indeed, in cases of alleged copyright infringement it has long been appropriate to examine the quantitative and qualitative degree to which the allegedly infringed work has been borrowed from, and not simply the proportion of the allegedly infringing work that is made up of the copyrighted material.”<sup>44</sup>

## **C. Copyright’s Merger Doctrine**

Copyright’s merger doctrine is defined as “the principle that since an idea cannot be copyrighted, neither can an expression that must inevitably be used in order to express the idea.”<sup>45</sup> Whether motivated by business or artistic aspirations, the selection of titles for motion pictures is extremely calculated. “Motion picture companies will do almost anything to find the perfect movie title: educated market research, extensive consumer testing, countless mall interceptions, hundreds of prerelease viewings, and spending millions of dollars.”<sup>46</sup> Many suggestions may be considered along the search for the “perfect title.” Although one in particular may be the ideal, it is not the only option. A motion picture can utilize a number of different titles. However emotionally attached a filmmaker may be to a particular one, the title can nevertheless be substituted with minimal impact on the underlying work. Thus, a title passes copyright’s merger doctrine because it is not the sole expression of an idea.

## **D. The Efficiency of Preserving the Title Report Requirement**

Extending copyright protection to motion picture titles will not disrupt current title clearance procedures. Current industry practice requires that a filmmaker secure a title report before distribution. Such notice deters filmmakers from using titles that may already belong to others and lays the groundwork for avoiding confusing or harmful similarity. “A title report lists all the films, books, songs, and plays that bear the same or similar titles, together with press mentions of those titles. Before anyone distributes your film...you must have cleared your title...The cost ranges from \$350 to \$750, depending on how quickly you need the report.”<sup>47</sup> The title report provides notice of potentially infringing or confusing titles already on the market.

That a title may not adequately be protected will not disincentivize a filmmaker from producing a film. Not being able to use the title of one’s choice may be disappointing but hardly crushing. Among the many battles a filmmaker faces during production, title choice is not likely to be that worthy a cause. Titles tend to evolve throughout the lifespan of a film production. Yet, using copyright to protect motion picture titles does fall in line with copyright’s constitutional imperative: it would allow a filmmaker to retain more artistic and economic control in the creation and dissemination of works.

## IV. Conclusion

As the first point of contact with the viewer, the title sets the tone of and directs the interpretation of a film. Although too short on its own to qualify for a separate copyright, a title is nevertheless an expression of an idea and should be copyrightable by being bundled under the protection of the film as a whole. Titles are not just practical and necessary; oftentimes, they contribute great importance to a film's identity. A title should not be excluded as an uncopyrightable portion of a film. Unfair competition law, trademark remedies, and private arbitration offer only partial remedies to the problem of overlapping motion picture titles. A low-cost solution can be found by adding an extra layer of protection through copyright. In order to level the playing field between studios and independent filmmakers, the Copyright Office should reconsider its stance on the copyrightability of motion picture titles.

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# International Olympic Committee Domination: How the IOC Received Unparalleled IP Rights and Lessons for Other Organizations

By Thomas Grove

## Introduction

The International Olympic Committee (IOC) has intellectual property (IP) protection far and above any other organization in the world. The IOC has protection in each country that hosts the Olympic Games. Many countries even provide increased protection to Olympic IP over traditional IP protection. The increased protection also leads to greater enforcement of IP. Even in China, a country notorious for lack of protection, the IOC gained Olympic IP protection when China passed its Regulations on the Protection of Olympic Symbols in 2002.<sup>1</sup> How did the Olympics gain these unparalleled rights? What is the IOC protecting by having these rights? What similarities and differences exist between national and Olympic IP? Why do other sports organizations lag behind the IOC in IP protection?

This article will examine: (1) the Olympic organization, the Olympic Charter (Charter) and revenue; (2) infringement of IOC IP; (3) the overview of national and Olympic IP laws of countries that have hosted the summer games; (4) the similarities and differences between IP rights before and after hosting Summer Olympics; and (5) the IOC's role in developing the Fédération Internationale de Football's (FIFA) rights and the steps needed to gain similar protection to the IOC.

The IOC Charter requires the countries that compete in the Olympics to protect Olympic IP.<sup>2</sup> The IOC has power to implement such protection because its non-profit nature makes sponsorship its main source of income.<sup>3</sup> Sponsors would be less inclined to pay the sums of money they currently pay if their brands are not protected in the host country. As a sports organization, the IOC plays a major role in implementing IP laws in different countries. Comparing and contrasting a country's laws prior to its being awarded host rights and then immediately before the Olympics take place will show that the IOC shapes IP law in the world every four years. The revenue that the IOC brings to these countries allows it to require IP laws, even in countries where IP is not well protected or enforced. These requirements make the IOC as important to the protection of IP as the World IP Organization (WIPO) and the World Trade Organization (WTO) because the IOC is changing a country's IP laws every four years and requiring that country to enforce these laws.

Other sports organizations would be better protected if they required the same protection for their IP that the IOC currently possesses. The FIFA World Cup is in a

similar position to the Olympics, but it does not garner the same IP protection. Instead, FIFA has lagged behind the IOC in gaining IP protection in host countries. In the 1990s, ambush marketing caused FIFA to begin to take action similar to the IOC,<sup>4</sup> but only recently has it achieved increased protection. Further, the increased revenue from protecting FIFA IP would allow FIFA to be more financially secure by acquiring and securing top corporate sponsors and maximizing their sponsorship revenues. Until FIFA takes the necessary steps to ensure it is protected, it will continue to lag behind the IOC in gaining similar IP protection throughout the world.

## 1. The Organization of the Olympics, the Olympic Charter, and Revenue

The Charter is a set of rules and bylaws that govern the organization, action and operation of the Olympic Movement.<sup>5</sup> The Charter also defines the rights of the IOC, the International Federations (IF), the National Olympic Committees (NOCs), and the Organizing Committees for the Olympic Games (OCOGs).<sup>6</sup> The purpose for each committee is important because it plays an important role in IP protection.

The IOC is an international non-governmental not-for-profit organization.<sup>7</sup> Its main purpose is to act "as a catalyst for collaboration between all parties of the Olympic family," including the IFs, NOCs, OCOGs, and sponsorship partners.<sup>8</sup> The IOC is organized into three main branches: the Session, the Executive Board, and the President.<sup>9</sup> The Session is the general meeting of the members of the IOC and is the IOC's supreme branch.<sup>10</sup> The Session is the main branch that adopts or amends the Charter, elects the President and members of the Executive Board, and votes on the selection of the host city of the Olympic Games.<sup>11</sup> The Executive Board is responsible for the administration of the IOC and the management of its affairs.<sup>12</sup> The President is a figurehead that represents the IOC and presides over its activities.<sup>13</sup>

IFs are "non-governmental organizations recognized by the IOC as administering one or more sports at world level."<sup>14</sup> The most recognized IF is FIFA.<sup>15</sup> IFs conserve their independence and autonomy in the administration of their sports, but the IOC requires them to ensure that their statutes, practice and activities conform to the Charter.<sup>16</sup>

In order to belong to the Olympic Movement, the IOC must recognize each country's NOC.<sup>17</sup> The purpose of

the 205 NOCs is to “promote the fundamental principles of Olympism at a national level within the framework of sports.”<sup>18</sup> NOCs are responsible for selecting potential bid cities within their countries.<sup>19</sup> Each is also responsible for licensing to companies “to create team-specific souvenirs for their own country.”<sup>20</sup>

Once a host city is selected by the NOCs, the host city forms an OCOG to “communicate directly with the IOC, from which it receives instructions.”<sup>21</sup> The main purpose of the OCOG is to comply with the Charter and the Host City Contract, which is an agreement among the IOC, NOC, and host city.<sup>22</sup> Under the direction of the IOC,<sup>23</sup> OCOGs are responsible for licensing to companies “to create souvenirs related to the Games.”<sup>24</sup> During the 2008 Summer Games in Beijing, for example, the Beijing Organizing Committee for the Olympic Games (BOCOG) issued 68 licensees and generated \$163 million in revenue.<sup>25</sup>

The host city cannot fund the Olympics on its own, so the IOC looks to sponsors to fund a majority of the Games.<sup>26</sup> The five main sources of revenue for the Games are broadcasting, the Olympic Partners (TOP) Programme, domestic sponsorship, ticketing, and licensing.<sup>27</sup> Total revenue has steadily increased from the \$2.6 billion generated from 1993-1996 to the \$5.4 billion generated from 2005-2008.<sup>28</sup> The IOC distributes 90 percent of its revenue to “support the staging of the Olympic Games and to promote the worldwide development of sport” and the remaining 10 percent funds “the operational and administrative costs of governing the Olympic Movement.”<sup>29</sup>

The most significant factor in the promotion of the Olympic ideals and growth of the Olympic games is broadcasting.<sup>30</sup> Televised Olympic events date back to Berlin in 1936.<sup>31</sup> In order to gain Olympic broadcast rights, the Charter requires the broadest coverage of the Olympic Games.<sup>32</sup> The purpose of broadcast revenue is “to forge strong links between sponsors, broadcast partners and the Olympic Family.”<sup>33</sup> Broadcast revenue represents the largest source of income, having generated \$2.57 billion between 2005 and 2008.<sup>34</sup> Broadcast revenue is distributed to the OCOGs, the NOCs, the IFs, and the IOC.<sup>35</sup> Returning to the Beijing example, most of the revenue returns to the OCOGs, with the Beijing Organizing Committee of the Olympic Games (BOCOG) receiving \$851 million for the 2008 Olympic Games.<sup>36</sup> The IOC also distributes money to NOCs in need in order to help train and develop Olympic teams, athletes, and hopefuls.<sup>37</sup> The money received by IFs assists in the development of sport worldwide.<sup>38</sup>

Aside from broadcasting revenue, the IOC created the TOP program for corporate sponsorship.<sup>39</sup> TOP is “the worldwide sponsorship programme managed by the IOC.”<sup>40</sup> The IOC created TOP in 1985 “in order to develop

a diversified revenue base for the Olympic Games and to establish long-term corporate partnerships that would benefit the Olympic Movement as a whole.”<sup>41</sup> TOP sponsors have “exclusive global marketing rights.”<sup>42</sup> The total number of TOP sponsors has remained fairly constant over the past 20 years, but the revenue has increased from \$172 million between 1989-1992 to \$866 million between 2005-2008.<sup>43</sup> TOP revenue is distributed evenly between the NOCs and OCOGs.<sup>44</sup>

Ticket sales represent another revenue stream for the IOC. The purpose of ticket sales, aside from allowing people to view the Games in person, is “to generate necessary financial revenue to support the staging of the Olympic Games.”<sup>45</sup> Ticketing is managed by the OCOG under the watch of the IOC.<sup>46</sup> Total revenue to the BOCOG for the last Summer Games was \$185 million.<sup>47</sup>

Olympic merchandise is also licensed by the OCOG under the direction of the IOC.<sup>48</sup> Licensing agreements “grant the use of Olympic marks, imagery or themes to third party companies that market and manufacture the products.”<sup>49</sup> The Olympic Movement works to ensure the authenticity and quality of the merchandise through “trademark legislation, education, monitoring and enforcement” to “protect consumers from unauthorized or counterfeit goods, protect official Olympic licensees from rights infringements and protect the Olympic brand from the potential negative impact of low-quality unauthorized merchandise.”<sup>50</sup> Licensing revenue can be substantial, for example, with \$163 million going to the BOCOG.<sup>51</sup>

As mentioned earlier, protecting IP rights is a priority for the IOC because its non-profit nature requires sponsorship to fund the Olympics.<sup>52</sup> The revenue from sponsorship alone makes IP rights valuable assets to the IOC.<sup>53</sup> In order to protect Olympic IP, the IOC Charter creates rules,<sup>54</sup> stating:

The Olympic symbol, flag, motto, anthem, identifications (including but not limited to “Olympic Games” and “Games of the Olympiad”), designations, emblems, flame and torches, as defined in Rules 8-14 below, shall be collectively or individually referred to as “Olympic properties.” All rights to any and all Olympic properties, as well as all rights to the use thereof, belong exclusively to the IOC, including but not limited to the use for any profit-making, commercial or advertising purposes. The IOC may license all or part of its rights on terms and conditions set forth by the IOC Executive Board.<sup>55</sup>

The IOC Charter specifically states that “identifications” and “rights to use” are not limited in order to protect

itself beyond the examples in this provision.<sup>56</sup> By not limiting its rights, the IOC creates an umbrella that covers current and future infringement of its IP rights.

## 2. Infringement of IOC IP

The ways in which the IOC generates revenue make the IOC and its sponsors vulnerable to trademark and copyright infringement. The main form of infringement facing the IOC is ambush marketing. This occurs when one company tries to portray itself as being an official Olympic sponsor in order to confuse the buying public.<sup>57</sup> The IOC is constantly looking for ambush marketing and it prosecutes those who break its rules.<sup>58</sup> IOC spokesman Mark Adams stated in June 2010 that “the reason we might appear heavy handed is that the sponsors help pay for the Games, and without their support we couldn’t then distribute 90% of that money to the international sports federations and national Olympic Committees.”<sup>59</sup>

Common forms of ambush marketing occur when a company tries to create an association with the Olympics, such as by giving away free tickets to events, even though these tickets are subject to licensing fees.<sup>60</sup> Before the Vancouver Winter Olympics, the United States Olympic Committee issued a release criticizing Verizon and Subway for their ambush marketing tactics. Verizon’s commercial featured two speed skaters and a narration that asks, “What does it take to succeed...in a place with the highest level of competition?”<sup>61</sup> Subway’s commercial featured Michael Phelps, which showed him swimming toward Canada because that is “where the action is this winter.”<sup>62</sup> Although these are not direct forms of ambush marketing, such as selling shirts with a company logo with the Olympic rings, they create an association with the Olympics for which other companies have paid.<sup>63</sup> Although these tactics fall in legal loopholes because they do not use official trademarks or slogans in their ads, they create an association of alignment with the Olympics that is not completely legitimate.<sup>64</sup>

Another form of infringement is cybersquatting. Cybersquatting is the act of reserving a domain name on the Internet that would be associated with a company’s trademark, and then seeking to profit by selling or licensing the name to a company that has an interest in it.<sup>65</sup>

During the Sydney Olympics, online retailing was available for the first time.<sup>66</sup> Cybersquatting had become so common in recent years that in 2000, the IOC and the USOC filed a civil suit in Virginia to shut down more than 1,800 websites that were associated with cybersquatting.<sup>67</sup> These websites contained some form of “Olympics” in their domain names, and some even went as far as misspelling “Olympics” to further confuse customers.<sup>68</sup> The IOC argued that the Internet was an important source of revenue for the Olympics—due to ticket and ad sales—and customers would be confused by these “Olympic”

websites.<sup>69</sup> The IOC also claimed that 168 of these websites “falsely represent the Olympic Games” and “69 claim to sell tickets or other services.”<sup>70</sup> Richard Pound, vice-president of the IOC at the time, said the IOC did not “want people making profit from Olympic trademarks that does not get returned to the athletes in some way.”<sup>71</sup>

Other forms of Olympic infringement result from trademark infringements and counterfeiting, which occurs when an item is produced or sold “that displays a reproduction of a genuine trademark, usually to deceive buyers into thinking they are purchasing genuine merchandise.”<sup>72</sup> The IOC works to prevent consumers from purchasing counterfeit goods through trademark legislation, education, monitoring and enforcement.<sup>73</sup> It directs organizing committees to license Olympic goods “to promote the Olympic image and convey the culture of the host region within a controlled commercial environment.”<sup>74</sup> In Beijing during the 2008 Olympics, over 8,000 different items were available from 1,000 retail stores.<sup>75</sup> This comprehensive product range was the largest in Olympic Games history,<sup>76</sup> with \$163 million in revenue to the BOCOG.<sup>77</sup> The unauthorized substantial revenue from products jeopardizes the relationships that the IOC has with licensed suppliers.<sup>78</sup>

## 3. The Overview of National and Olympic IP Rights in Countries that Hosted the Summer Olympics

The IOC is aware of the different forms of trademark and copyright infringement that companies and people use to create an association with the Olympics. To combat infringement, the IOC teamed with WIPO to pass the Nairobi Treaty in 1981.<sup>79</sup> The Nairobi Treaty requires signatory countries:

To refuse or to invalidate the registration of a mark and to prohibit by appropriate measures the use, as a mark or other sign, for commercial purposes, of any sign consisting of or containing the Olympic symbol, as defined in the Charter of the International Olympic Committee, except with the authorization of the International Olympic Committee.<sup>80</sup>

The Nairobi Treaty only requires protection of the Olympic symbol, specifically the five interlaced rings.<sup>81</sup> Stronger protection of other Olympic marks was needed in countries hosting the Games, resulting in the implementation of domestic Olympic IP legislation.<sup>82</sup> The ability to adapt and enforce the new forms of infringement every four years allows the IOC to shape IP laws around the world, which separates the IOC from WIPO and the WTO. An evaluation of the various protective laws in each host county shows the differences in protection between national laws and laws relating to the Olympics.

Sponsorship revenue makes protecting Olympic trademarks and copyrights important for the IOC. Before hosting the Olympics, most countries would protect Olympic IP using their national trademark and copyright laws. National laws do not offer the level of protection the IOC seeks, when most of its revenue comes from sponsorship and broadcasting rights. The Host City Contract, a document outlining the organization and staging of the Games, requires each country to protect Olympic IP and sets timelines for such protection.

#### a. IP Rights in the United States (Atlanta 1996)

In the United States, trademarks include “any work, name, symbol, or device, or any combination thereof used by a person or which a person has a bona fide intention to use in commerce...to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”<sup>83</sup> The Lanham Act also gives protection to service marks,<sup>84</sup> certification marks,<sup>85</sup> and collective marks.<sup>86</sup> In the United States, trademarks function as source identifiers, quality assurance, and vehicles for advertising.<sup>87</sup> Trademarks are protected if they are being used in commerce or registered with an intent to use in commerce.<sup>88</sup> Trademark infringement occurs when a person uses in commerce any reproduction, counterfeit, copy, or imitation that is likely to cause confusion.<sup>89</sup> Section 43 of the Lanham Act protects trademarks from false advertising, dilution, and cybersquatting.<sup>90</sup> A person abandons a trademark if the trademark is not being used and there is an intent not to resume use.<sup>91</sup>

In the United States, “copyright protection subsists” in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.<sup>92</sup> Copyrights protect literary works, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic, and sculptural works, motion pictures and other audiovisual works, sound recordings, and architectural works.<sup>93</sup> A copyright owner has rights to reproduction, derivative works, distribution, and performance and display.<sup>94</sup> A copyright is protected during the life of the author plus 70 years after the author’s death (with some exceptions).<sup>95</sup>

#### b. Olympic IP Rights in the United States (Atlanta 1996)

Prior to the Atlanta Games in 1996, the United States passed the Amateur Sports Act of 1978 (ASA) to incorporate the United States Olympic Committee (USOC) and to protect Olympic IP.<sup>96</sup> The ASA gave an exclusive trademark to the USOC.<sup>97</sup> Section 110 states:

Without the consent of the Corporation, any person who uses for the purpose of

trade, to induce the sale of any goods or services, or to promote any theatrical exhibition, athletic performance, or competition (1) the symbol of the International Olympic Committee, consisting of 5 interlocking rings; (2) the emblem of the Corporation, consisting of an escutcheon having a blue chief and vertically extending red and white bars on the base with 5 interlocking rings displayed on the chief; (3) any trademark, trade name, sign, symbol, or insignia falsely representing association with, or authorization by, the International Olympic Committee or the Corporation; or (4) the word “Olympic,” “Olympiad,” “Citius Altius Fortius,” or any combination or simulation thereof tending to cause confusion, to cause mistake, to deceive, or to falsely suggest a connection with the Corporation or any Olympic activity; shall be subject to suit in a civil action by the Corporation.<sup>98</sup>

The ASA strictly mandates that any use of the rings, emblem, or words meaning Olympic will be an infringing use.<sup>99</sup> The ASA also prohibits the use of any “trademark,” thereby protecting any future symbols by the USOC.<sup>100</sup> The Ted Stevens Olympic and Amateur Sports Act (Ted Stevens Act) further protected Olympic IP and amended and replaced the ASA but it was not approved until 1998, two years after the Atlanta Games.<sup>101</sup>

The Olympic trademarks are protected not only by the ASA and the Ted Stevens Act, but by the common law as well. In *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*, the United States Olympic Committee (USOC) brought suit against San Francisco Arts & Athletics, Inc. (SFAA) because the latter termed its sports competition the “Gay Olympic Games.”<sup>102</sup> The SFAA argued that the ASA only gave the USOC a normal trademark in the word “Olympic,”<sup>103</sup> meaning that “tending to cause confusion” in the Ted Stevens Act applied only to the term “Olympic.”<sup>104</sup>

The Supreme Court denied the SFAA’s claim and held that the ASA granted the USOC exclusive use of the word “Olympic,” because Congress intended it to do so without regard as to whether an unauthorized use causes confusion.<sup>105</sup> Furthermore, the Court held that there are no defenses for an unauthorized user of the term “Olympic,”<sup>106</sup> and that “Olympic was not a generic word because Congress could reasonably conclude that the value of the word “Olympic” was the product of the USOC’s time, effort, and expense.<sup>107</sup>

In upholding the USOC’s claims, the Supreme Court expanded the protection of Olympic IP in the United States. Any use of the word “Olympics” therefore infringes upon the USOC’s trademark, and the USOC

would have a low bar to prove infringement. By not having to prove a likelihood of confusion, the USOC merely has to show that the alleged infringer “used” the word “Olympics.”<sup>108</sup> No other organization or company in the world has the same protection under United States law. As a leader in the protection of IP rights, the United States should grant other organizations, such as FIFA, the exclusive use of their trademarks as well.

### c. IP Rights in Australia (Sydney 2000)

The Trade Marks Act (TMA) of 1995 protects trademarks in Australia.<sup>109</sup> A trademark is “a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.”<sup>110</sup> A sign “includes the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent.”<sup>111</sup> The TMA treats registered trademarks as personal property, therefore trademarks are enforced “in the same way as equities in respect of any other personal property.”<sup>112</sup> A trademark is infringed if “the person uses as a trade mark a sign substantially identical with, or deceptively similar to, the trade mark.”<sup>113</sup>

The Copyright Act of 1968 sets forth the copyright laws of Australia.<sup>114</sup> In Australia, a copyright subsists in an original literary, dramatic, musical, or artistic work that has been published.<sup>115</sup> Australia also requires that a copyright subsists in an original literary, dramatic, musical or artistic work that is unpublished if the author was a qualified person.<sup>116</sup> A qualified person “means an Australian citizen or a person (other than a body corporate) resident in Australia or a body corporate incorporated under the law of the Commonwealth or of a State.”<sup>117</sup> An owner of a copyright in a literary, dramatic, or musical work has the right to reproduce, publish, perform, communicate, and adapt the work.<sup>118</sup> A copyright is given to broadcasts “made from a place in Australia if under the authority of a license or a class licence.”<sup>119</sup> Similar to the United States, copyrights are protected for the author’s life plus 70 years.<sup>120</sup> However, broadcast rights “subsist until the expiration of 50 years after the expiration of the calendar year in which the broadcast was made.”<sup>121</sup>

### d. Olympic IP Rights in Australia (Sydney 2000)

Australia was selected to host the 2000 Summer Olympics in September 1993.<sup>122</sup> Prior to being awarded the Games in 1987, Australia passed the Olympic Insignia Protection Act (OIPA) to protect Olympic IP.<sup>123</sup> Section 5 of the OIPA protects Olympic copyrights.<sup>124</sup> The OIPA states that “the Olympic symbol shall be taken to be an original artistic work in which copyright subsists” and the “Federation shall be taken to be the owner of the copyright of the Olympic symbol.”<sup>125</sup> The OIPA also states, “notwithstanding anything in the Copyright Act of

1968 (a) copyright in the Olympic symbol subsists indefinitely.”<sup>126</sup> Therefore, the OIPA replaces the Copyright Act of 1968 with regard to Olympic copyright protection.

After being awarded the Games, the IOC required Sydney to sign the Host City Agreement requiring Australia to protect Olympic IP and marketing activities.<sup>127</sup> The Australian government was concerned with the growth of ambush marketing, so it enacted the Sydney 2000 Games (Indicia and Images) Protection Act in 1996.<sup>128</sup> The Sydney 2000 Act (the Sydney 2000 Act) supplemented the OIPA and the Australian government further instituted a publicity campaign to help the public identify Olympic sponsors.<sup>129</sup>

The Sydney 2000 Act prevents “common Sydney 2000 Games indicia” from being infringed.<sup>130</sup> Common indicia include “Games,” “2000,” “Summer,” “Medals,” and “Sponsor.”<sup>131</sup> To protect sponsors from infringement, “common Sydney 2000 Games images means any visual or aural representations that, to a reasonable person, in the circumstances of the presentation, would suggest a connection with the Sydney 2000 Olympic Games.”<sup>132</sup>

### e. IP Rights in China (Beijing 2008)

The Trademark Law of the People’s Republic of China (Trademark Law), adopted in 1982, protects trademarks in China.<sup>133</sup> China amended the Trademark Law in 2001 in order to meet the requirements of the WTO.<sup>134</sup> The purposes of the Trademark Law are to improve:

The administration of trademarks, protecting the exclusive right to use trademarks, and of encouraging producers and operators to guarantee the quality of their goods and services and maintaining the reputation of their trademarks, with a view to protecting the interests of consumers, producers and operators and to promoting the development of the socialist market society.<sup>135</sup>

Article 8 defines a trademark as “any visual sign capable of distinguishing goods or service of one natural person, legal entity or any other organization from that of others, including any word, design, letters of an alphabet, numerals, three-dimensional symbol, combinations of colours, and their combination.”<sup>136</sup> Trademarks are not given to goods identical with or similar to the State name, flag, or emblem<sup>137</sup> or for goods that are generic or lacking distinctive features.<sup>138</sup> A trademark is infringed if one uses an identical or similar mark, sells goods that he or she knows bears a counterfeited mark, counterfeits or sells a mark, markets goods with a replaced trademark, or to cause prejudice to the exclusive right of another person to use a registered trademark.<sup>139</sup>

Copyrights are protected by the Copyright Law of the People’s Republic of China.<sup>140</sup> Similarly to trademarks,



the current copyright law was amended in 2001 to meet WTO guidelines.<sup>141</sup> Copyrights subsist in works whether they are published or not.<sup>142</sup> Works include written, oral, musical, fine art and architecture, photographic, cinematographic, drawings of engineering designs, and computer software.<sup>143</sup> Owners of copyright have the exclusive right of publication, authorship, alteration, integrity, reproduction, distribution, rental, exhibition, performance, showing, broadcast, communication, cinematography, adaptation, translation, and compilation.<sup>144</sup> The duration of copyrights in China is the life of the author plus 50 years.<sup>145</sup>

#### **f. Olympic IP Rights in China (Beijing 2008)**

China's Olympic IP rights protection began when the Beijing Municipality passed the Protection of Olympic IP Rights in 2001.<sup>146</sup> The city of Beijing was required to pass an IP law because the Beijing Host City Contract required protection for the IOC's and the BOCOG's trademarks.<sup>147</sup> The purpose of the provisions was to "enhance the protection of Olympic IP rights."<sup>148</sup> Article 2 detailed the specific IP rights covered, which included trademarks, special symbols, patents, work and other creations.<sup>149</sup>

China further protected Olympic IP at the national level when it enacted the Regulations on the Protection of Olympic Symbols (RPOS) in 2002.<sup>150</sup> Article 1 stated that the purpose for the RPOS is to safeguard the lawful rights and interests of the right holder of Olympic symbols.<sup>151</sup> It protected the Olympic symbols, such as the rings, flag, motto, emblem, and anthem.<sup>152</sup> Article 4 required authorization from the right holders to use Olympic Symbols for commercial purposes.<sup>153</sup> Ambush marketing was prohibited by Article 5(6), which forbade the misleading of people to think that a company was a sponsor or supporter of the Olympics.<sup>154</sup> The Olympic symbols were also protected by China's Copyright Law, Trademark Law, Patent Law, and the Regulations on Administration of Special Symbols.<sup>155</sup>

The most important provision in the RPOS is Article 11. Article 11 gives rights to the administrative departments for industry and commerce "to investigate into and deal with the acts that infringe the exclusive rights of Olympic symbols."<sup>156</sup> The administrative departments for industry and commerce are given the power to conduct on-the-spot inspections of suspected infringement<sup>157</sup> and to seal or seize the articles where there is evidence to support infringement of Olympic symbols.<sup>158</sup> The power to enforce Olympic IP rights is given to the Chinese government in addition to individual sponsors.

#### **g. IP Rights in the United Kingdom (London 2012)**

The Trade Marks Act (TMA) of 1994 protects trademarks in the United Kingdom.<sup>159</sup> The purpose of the TMA is to make provisions in connection with the European Economic Community's Council Directive,

the Madrid Protocol, and certain provisions of the Paris Convention.<sup>160</sup> The TMA defines a trademark as "any sign capable of being represented graphically which is capable of distinguishing goods or services."<sup>161</sup> Trademarks can consist of words, personal names, designs, letters, numerals, or the shape of goods or their packaging.<sup>162</sup> Trademark infringement occurs when a person uses in the course of trade a sign identical with the trademark or is so similar that there exists a likelihood of confusion or association on the part of the public.<sup>163</sup> Trademark registration may be revoked if there is no use over a five year period.<sup>164</sup>

In the United Kingdom, the Copyright, Designs and Patents Act of 1988 protects copyrights.<sup>165</sup> A copyright subsists in original literary, dramatic, musical, or artistic works, and sound records, films, or broadcasts.<sup>166</sup> The owner of a copyright has the right to copy, issue copies, rent or lend, perform or show, communicate, and to make an adaptation.<sup>167</sup> Copyrights last the life of the author plus 70 years.<sup>168</sup>

#### **h. Olympic IP Rights in the United Kingdom (London 2012)**

In 1995, the United Kingdom passed the Olympic Symbol etc. (Protection) Act (OSPA).<sup>169</sup> The purpose of the OSPA was to regulate "the use for commercial purposes of the Olympic symbol and certain words associated with the Olympic games."<sup>170</sup> Section 1 created an Olympic association right,<sup>171</sup> which gave exclusive rights to sponsors in relation to the use of the Olympic symbol, the Olympic motto and other protected words.<sup>172</sup> A person infringed the association right when "in the course of trade he uses (a) a representation of the Olympic symbol, the Olympic motto or a protected word, or (b) a representation of something so similar to the Olympic symbol or the Olympic motto as to be likely to create in the public mind an association with it."<sup>173</sup>

After being awarded the Olympic Games, the United Kingdom passed the London Olympic Games and Paralympic Games Act (LOGPGA) in 2006.<sup>174</sup> The purpose of the LOGPGA was "to make provision in connection with the Olympic Games and Paralympic Games that are to take place in London in the year 2012" and "to amend the Olympic Symbol etc. (Protection) Act."<sup>175</sup> A large amendment to the OSPA was added to protect words "so similar to a protected word as to be likely to create in the public mind an association with the Olympic Games or the Olympic movement."<sup>176</sup> To protect against ambush marketing, Schedule 4(2)(1) stated, "a person infringes the London Olympic association right if in the course of trade he uses in relation to goods or services any representation (of any kind) in a manner likely to suggest to the public that there is an association between the London Olympic and (a) the goods or services, or (b) a person who provides the goods or services."<sup>177</sup>

Another main purpose of the LOGPGA is to regulate advertising in the vicinity of the Olympic events.<sup>178</sup> The regulations apply to any kind<sup>179</sup> and form of advertising.<sup>180</sup> The Secretary of State is given the power to make the regulations regarding advertising.<sup>181</sup> The Secretary of State is also given broad discretion to determine whether a form of advertising falls within the vicinity of the Olympic events by “determining (a) the places in respect of advertising in which the regulations apply, (b) the nature of the advertising in respect of which the regulations apply, and (c) what is, or is not, to be treated for the purposes of the regulations as advertising in the vicinity of a place.”<sup>182</sup>

#### **i. IP Rights in Brazil (Rio de Janeiro 2016)**

In Brazil, trademarks are protected by Law No. 9279.<sup>183</sup> A trademark is defined as “any visually perceptible distinctive sign”<sup>184</sup> that is “used to distinguish a product or service from another identical, similar or related of different origin.”<sup>185</sup> Trademark protection does not exist for medals, flags, or emblems.<sup>186</sup> Brazil also disallows trademark protection for “names, prizes or symbols of sport, artistic, cultural, social, political, economic or technical official or officially recognized events, as well as imitations likely to cause confusion, except when authorized by the competent authority or entity promoting the event.”<sup>187</sup> Brazil makes it a crime, punishable by imprisonment from three months to one year or a payment of a fine, to reproduce a registered trademark or imitate it in a way that may lead to confusion.<sup>188</sup> The same punishment applies by reproducing “international symbols without authorization, in a manner leading to error or confusion in the context of a trademark.”<sup>189</sup> Registered trademarks are valid for 10 years and are renewable upon payment of a fee.<sup>190</sup>

Law No. 9610 protects copyrights, which are defined as “intellectual works that are protected are creations of the mind, whatever their mode of expression or the medium, tangible or intangible, known or susceptible of invention in the future, in which they are fixed.”<sup>191</sup> Brazil protects the moral rights of the author “to ensure the integrity of the work by objecting to any modification or any act liable in any way to have an adverse affect on the work or to be prejudicial to his reputation or honor as author.”<sup>192</sup> Copyright owners have the rights to reproduction, publication, adaptation, translation, incorporation into an audiovisual production, distribution, and use.<sup>193</sup> The duration of a copyright lasts for the author’s life plus 70 years.<sup>194</sup>

#### **j. Olympic IP Rights in Brazil (Rio de Janeiro 2016)**

Brazil was the most recent country to be awarded the Olympic Games. It passed Law No. 12.035 (Law) on October 1, 2009.<sup>195</sup> This is the only law Brazil has passed regarding Olympic IP rights. The purpose of the Law is to set “out the Olympic Act, within the federal public administration, aimed to provide assurances to the candi-

dature of the city of Rio de Janeiro as host of the Olympic and Paralympic Games of 2016 and to establish special rules for its execution, conditioning the application of this Law to the election of this city by the International Olympic Committee.<sup>196</sup> Article 6 gives federal authorities control over acts that infringe rights over the symbols related to the Games.<sup>197</sup> The Law protects the names, emblems, flags, mottos, hymns, and other marks and symbols.<sup>198</sup> Additionally prohibited is the “use of terms and expressions that, although are not comprised in the roll of the symbols mentioned in this Law, have sufficient similarities to provoke an undue association with any product, service, or even any company, negotiation or event, with Rio Games 2016 or the Olympic Movement.”<sup>199</sup>

#### **4. The Similarities and Differences Between IP Rights Before and After Hosting Summer Olympics**

One important similarity among each of the host countries is the passage of Olympic IP laws. As previously mentioned, in order to host the Olympics, the IOC requires each host country to sign the Host City Contract,<sup>200</sup> which contract requires protection. A few host cities passed laws prior to being awarded the Games. The United States passed its Olympic IP law in 1978,<sup>201</sup> Australia in 1987,<sup>202</sup> and the United Kingdom in 1995.<sup>203</sup> Each of these countries passed laws more than 10 years before hosting the Games. The IOC puts great pressure on these nations to develop and enforce Olympic IP rights as a requisite to hosting the Olympics. Furthermore, the IOC required amendments and supplements to existing law in the host city contract in the United States and Australia. Passing the laws allows these countries to win favor with the IOC when host city voting takes place.

Curiously, the IOC has recently chosen host cities that do not have Olympic IP protection in place prior to being awarded the Games. China<sup>204</sup> and Brazil<sup>205</sup> passed their laws after being awarded the Olympics. One main reason as to why China was awarded the Games was because the “IOC wanted to open a country that represents one-quarter of mankind and had never organized the Games before.”<sup>206</sup> The reasoning behind Brazil’s selection was to specifically help the country develop faster and bring the Olympics to a continent that had never before hosted.<sup>207</sup> The selection of Seoul, South Korea in 1981 was to help usher in a civilian government.<sup>208</sup> The choice of host city has become a way to change the IP landscape in these countries. Ultimately, it seems that in order to win the bid for the Olympics, less protection initially could make a country better off in the long run.

In addition, national laws offer limited protection against ambush marketing when compared to Olympic laws. In the United States, § 43(a) protects a trademark owner’s rights by prohibiting false designation of origin that is likely to cause confusion as to the origin, sponsorship, or approval of his or her goods.<sup>209</sup> However,

as evidenced by the Verizon and Subway commercials, ambush marketers typically do not use another company's trademark. The IOC has been able to protect its IP rights against ambush marketing by requiring new laws to be passed before each city hosts the Olympics. This allows the IOC to protect against new forms of infringement, such as creating an obvious association with the Olympics, but not using a protected mark. After the rise in ambush marketing during the Atlanta Olympics, the IOC required Australia to pass laws prohibiting the practice.<sup>210</sup> The ability to implement new laws every four years to protect against new forms of infringement makes the IOC an important organization for change in IP laws around the world.

Another limitation is the inability of some countries to protect and enforce Olympic IP laws. As more host cities are required to protect Olympic IP rights, they will attempt to reach cooperation agreements with former host cities. For example, on March 25, 2010 Brazil secured a cooperation agreement with the United Kingdom.<sup>211</sup> The aim of this cooperation agreement is to "stimulate commercial partnerships between Brazilian and British companies."<sup>212</sup> Brazil would learn from the successes and failures of the London 2012 Games.<sup>213</sup> Furthermore, it hopes the agreement will provide business partnerships, investments, and job creation between Rio de Janeiro and London.<sup>214</sup> If the IOC continues to select countries like Brazil where the Games can have a great social and economic impact, more of them will need help from former host cities to effectively run the Games. This inability to adequately run the Games should be a cause of concern for the IOC because it could also lead to an inability to adequately protect and enforce Olympic IP, arguably the IOC's greatest asset.

## **5. The IOC's Role in Developing FIFA's Rights and the Steps Needed to Gain Similar Protection to the IOC**

The IOC plays a large role in the development of FIFA's IP rights, as the similarities between the two organizations on the world stage are substantial. The Olympics bring countries and their athletes from around the world to one location, to compete in sports. FIFA brings countries and their athletes from around the world to one location, to compete in soccer, which is widely considered the world's game. Both the IOC and FIFA host large sporting events, with corporate sponsors, but the IOC has IP protection written into its host cities' national laws, whereas FIFA has no such protection.

In order to gain similar IP protection to the IOC, FIFA needs similar revenue. A main reason why the IOC has the power to require IP protection is the amount of money it generates from each Olympics. The IOC's revenue between 2005 and 2008 was \$5.45 billion,<sup>215</sup> whereas FIFA's revenue between 2007 and 2010 was \$4.189 billion.<sup>216</sup> The

IOC gains revenue through broadcasting rights, sponsorship rights, ticketing, and licensing. FIFA gains revenue through broadcasting rights, marketing rights, hospitality rights, and licensing rights.<sup>217</sup> The revenue streams are similar, but the difference in total revenue is substantial. The greater the revenue, the more power FIFA will have to influence the laws of host countries. By increasing revenue, FIFA would position itself to be on par with the IOC, thus increasing its ability to gain IP protection.

After increasing revenue, the next step is to mimic the IOC and the Charter. Recently, FIFA has been more active in gaining protection for its IP than it had been in prior years, and is now able to gain that protection because of its relationship with the IOC. FIFA is a member of the IOC, and is bound by the Charter.<sup>218</sup> As part of being in the Olympics, the IOC requires IFs, such as FIFA, to "ensure that their statutes, practice and activities conform with the Olympic Charter."<sup>219</sup> Each IF retains its autonomy, but is bound by the rules of the Charter.<sup>220</sup> As an IF, FIFA is an international non-governmental organization that administers one or more sports at the world level.<sup>221</sup> The Charter gives FIFA the ability to learn how the IOC protects its IP rights, which has led to FIFA gaining similar protection in World Cup host countries. Of course, FIFA would not be able to require less IP protection than the Charter allows, because it must conform with the Charter. Since many Olympic countries participate in the World Cup, requiring protection for FIFA's marks would not be any different than enforcing the Charter during the Olympic Games.

The ability to develop a mark, which the IOC has done with the Olympics, would allow FIFA to gain increased protection. As more people connect the World Cup and FIFA, the more rights FIFA will be able to protect. However, it is difficult for FIFA to gain protection for its marks similar to the IOC, because "World" and "Cup" are generic words used to describe many different goods and services. In the United States, "World" is used in other sports leagues, such as the World Series, the NBA World Championship, and World Wrestling Entertainment. "Cup" is used in the NHL to describe the Stanley Cup. It could be difficult for FIFA to prove a likelihood of confusion in the United States if people do not associate "World" and "Cup" with FIFA's championship. FIFA needs to take proactive steps to educate the public about its marks because that would create the customer confusion it needs to prove infringement both in the United States and around the world.

One place in which FIFA is educating the public about its marks is in Brazil. In addition to hosting the 2016 Olympics, Brazil is the host of the 2014 World Cup. Currently, FIFA's statutes require "that its Members and the Confederations are the original owners of all of the rights emanating from competitions and other events coming under their respective jurisdiction, without any

restrictions as to content, time, place and law.”<sup>222</sup> FIFA’s rights include “every kind of financial rights, audiovisual and radio recording, reproduction and broadcasting rights, multimedia rights, marketing and promotional rights and incorporeal rights such as emblems and rights arising under copyright law.”<sup>223</sup> Similar to the IOC, FIFA is also “exclusively responsible for authorizing the distribution of image and sound and other data carriers of football matches and events coming under their respective jurisdiction, without any restrictions as to content, time, place and technical and legal aspects.”<sup>224</sup> FIFA’s Public Guidelines are designed to educate the public about its marks in relation to World Cup Brazil.<sup>225</sup> Educating the public is important, because the public needs to connect FIFA’s marks to FIFA. Without customer confusion, it is more difficult to prove trademark infringement. As FIFA increases its education efforts in relation to its marks, it will be able to increase its ability to secure IP protection because it will reach the customer confusion threshold necessary to prove infringement in most countries.

The next step in increasing IP protection is to gain the support of sponsors, similar to how the IOC gained protection through its TOP Programme. Currently, corporate giants such as Coca-Cola, McDonald’s, GE, Visa, Panasonic, Samsung, Omega, Acer, Dow, Procter & Gamble, and Atos Origin make up the TOP Programme.<sup>226</sup> A host country that refuses to increase protection for Olympic IP creates tension between the sponsors and the IOC. These sponsors could then stop supporting the Games, costing the IOC hundreds of millions of dollars. Currently, FIFA has a similar program called FIFA Partners, in which FIFA has granted “the most comprehensive package of global advertising, promotional and marketing rights in relation to FIFA.”<sup>227</sup> The FIFA Partners for the World Cup in Brazil are Adidas, Coca-Cola, Emirates, Hyundai/Kia, Sony, and Visa.<sup>228</sup> Although there are fewer FIFA Partners than in the TOP Programme, the overall strength of these companies is strong. By gaining multinational corporations as official sponsors, FIFA gains partners in pressuring host countries into increasing IP protection.

The final step is to require countries to abide by agreements protecting IP. The IOC mandates that all countries operate under the Charter, which requires protection of Olympic IP. Similarly, FIFA requires host countries to abide by the FIFA Public Guidelines for use of FIFA’s Official Marks.<sup>229</sup> The purpose of these guidelines to protect the “right to use the Official Marks for promotional and advertising purposes.”<sup>230</sup> It is important to FIFA to protect these rights because FIFA “could not secure the funding for the 2014 FIFA World Cup” without the support of sponsors.<sup>231</sup> By linking general rights with IP rights, FIFA protects its IP through contract, and should be able to enforce those rights by relying on this contract, through fines, suspensions, or expulsions.

## Conclusion

The IOC has unparalleled IP rights throughout the world, as Olympic marks and copyrights are protected through global treaties and domestic laws. The varying forms of protection make the IOC the leader in IP protection, ahead of WIPO and the WTO. The ability to protect its marks and enforce its marks in every kind of nation shows how the IOC has the power to change IP. Unlike WIPO and the WTO, the IOC sets strict timelines for the protection of its rights as a condition of hosting the Games.

FIFA has similar leverage to the IOC to gain IP rights around the world. With the popularity of soccer and the World Cup, FIFA is poised to use that leverage to gain IP protection. Taking similar steps to the IOC will only increase FIFA’s ability to gain increased protection. By increasing revenue through sponsors and educating the public, FIFA will have even more leverage. It is already starting to push for greater protection of its rights for the 2014 World Cup in Brazil, and the future of protection for FIFA IP looks promising.

The increased IP protection the IOC and FIFA receive will be strictly limited to these organizations. It is unlikely that other sports organizations, such as the National Football League (NFL), the National Basketball Association (NBA), or Major League Baseball (MLB) will be able to require this level of IP protection. Unlike the IOC and FIFA, which are well known throughout the world, the NFL, NBA, and MLB are mainly American organizations. They have tried to expand internationally by playing games overseas, but playing a few games a season outside the U.S. will not give these organizations the leverage they need to require increased IP protection. It is easier for the IOC and FIFA to require protection of a host city for the Olympics and the World Cup than it is for the NFL to require protection for a sport that is primarily played here. A worldwide system of registered trademarks and copyrights for sports organizations will probably never happen, but the current system at least allows the Olympics to thrive.

## Endnotes

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8. Official Website of the Olympic Movement (hereinafter "IOC Website"), at <http://www.olympic.org/about-ioc-institution> (last visited Apr. 13, 2011).
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10. *Id.*
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# Black Swan Odyssey Continues, but Why?

By Irina Tarsis

The ineffable truth of this case is that the *Mercedes* is a naval vessel of Spain and that the wreck of this naval vessel, the vessel's cargo, and any human remains are the natural and legal patrimony of Spain and are entitled in good conscience and in law to lay undisturbed in perpetuity absent the consent of Spain and despite any man's aspiration to the contrary.

—Judge Steven D. Merryday, M.D. Fl.<sup>1</sup>

Lost cargo of Chinese porcelain from an Asian trading vessel,<sup>2</sup> objects transported by the passenger liner *Titanic*,<sup>3</sup> and specie carried by Spanish frigate<sup>4</sup> beckon treasure hunters. Historically, the law of finds and the law of salvage granted salvors, those seeking to raise sunken ships or recover their cargo, broad property rights over objects found and retrieved from the sea floor, a resting place to countless shipwrecks containing invaluable archeological sites. However, until the second half of the twentieth century, most shipwreck sites were safe from salvage expeditions; now, new technological advancements that facilitate deep-sea excavations allow unprecedented access to the underwater historical objects. According to the 1989 International Convention on Salvage (the Salvage Convention) promulgated by the International Maritime Organization, most shipwrecks found in international waters are available for the salvage companies, except for approximately 3,000 sovereign immune vessels.<sup>5</sup> These immune vessels include, but are not limited to, state-owned ships, such as naval vessels, that remain the inalienable property of their originating nation.<sup>6</sup> More importantly, the 2001 UNESCO Convention on the Protection of the Underwater Cultural Heritage (the 2001 Convention), imposed further limitations by stipulating that “any activity relating to underwater cultural heritage to which this Convention applies shall not be subject to the law of salvage or law of finds, unless it: a) is authorized by the competent authority, b) is in full conformity with this Convention, and c) ensures that any recovery of the underwater cultural heritage achieves its maximum protection.”<sup>7</sup> The relevant language here is that salvors may not rely on the law of salvage or the law of finds as they have in the past if their underwater activities are not authorized. In sunken vessel disputes, the United States regularly acts as *amicus curiae* on the side of the sovereign government, because it “seeks to ensure that its sunken vessels and lost crew are treated as sovereign ships and honored graves, and are not subject to exploration, or exploitation by private parties seeking treasures of the sea.”<sup>8</sup>

## What Is “Black Swan”?

In 2006, Odyssey Marine Exploration (the Odyssey) representatives met with Spanish authorities regarding

exploration of the site where a Spanish naval frigate, the *Nuestra Senora de Las Mercedes* (*Mercedes*), exploded and sank following an engagement with a British squadron in 1804 while sailing from Peru to Spain carrying newly minted coins.<sup>9</sup> Odyssey is an American, publicly traded, maritime salvage company that is “committed to sharing the thrill and adventure of deep-ocean exploration...[t]hrough television, the internet, books and other publications, educational programs, traveling exhibits and by allowing collectors to own their own piece of history.”<sup>10</sup> More immediately, it is engaged in recovery of shipwrecks worldwide, and it employs advanced exploration technology, such as side scan sonar and remotely operated underwater vehicles, to facilitate the location and recovery of shipwrecks.

Odyssey sought to secure an authorization to the salvage of the ship, and Spain denied Odyssey's request. Two years later, in 2008, Odyssey announced that it had located silver and gold coins in the Atlantic Ocean, at an unidentified site it dubbed the *Black Swan*, suggesting that either the actual name and origin of the shipwreck were unknown, or that the bullions and other artifacts were an amalgamation of cargo from different ships.<sup>11</sup> Spain, however, suspected that Odyssey was simply disregarding its wishes and raising the cargo of *Mercedes*. By the time Spain arrested Odyssey's ship and its captain, the booty was already in the United States.<sup>12</sup> When Odyssey moved to acquire title over the findings in Florida court, Spain intervened and presented evidence demonstrating that the *Black Swan* was indeed *Mercedes*. On June 3, 2009, Magistrate Judge Mark Pizzo found that the artifacts raised from the seabed by Odyssey were in fact those transported by *Mercedes* and recommended that Odyssey return everything that was salvaged, worth an estimated \$500 million, to the Spanish government.<sup>13</sup> On December 22, 2009, District Judge Steven D. Merryday upheld the decision.<sup>14</sup>

Merryday's decision was reasonable and well-researched, supported by *amicus briefs* submitted on behalf of both sides. Merryday found that *Mercedes* would “unquestionably” be the property of Spain if *Mercedes* were designated as a Spanish frigate of war, as it was on the Royal Navy's official registry of ships.<sup>15</sup> Unfortunately



for Odyssey, warships are accorded a special status, and so *Mercedes* was the property of Spain. The opinion was consistent with public interest in protecting underwater cultural heritage. Under the 2001 Convention, if a sunken state vessel has been “partially or totally under water, periodically or continuously, for at least 100 years,” it becomes underwater cultural heritage (UCH). The 2011 Convention protects such vessels by forbidding commercial exploitation of their UCH through trade and speculation.<sup>16</sup> However, Odyssey is looking for a different outcome after having invested considerable resources in researching the site and recovering artifacts. Spain is refusing to negotiate. By the outcomes so far, with Florida’s courts ruling against Odyssey, there does not appear to be a home advantage.<sup>17</sup> Nevertheless, instead of returning its treasure to Spain, Odyssey prepares to appeal using evidence from the most unlikely source, WikiLeaks.

### **Black Swan Springs a “Wiki” Leak**

In December 2010, WikiLeaks, a non-profit organization that makes public confidential documents,<sup>18</sup> released U.S. government documents referencing the *Black Swan* case as well as another art law case dealing with Nazi-era looted art, and Odyssey sought to interpret them in a light most favorable to its “sinking” case.<sup>19</sup> Odyssey argued that the U.S. Government had interests in the case counter to the ones stated in its *amicus brief*, supposedly submitted in support of Spain. Odyssey motioned the court to strike the U.S. *amicus brief* or require the government to amend the statement of interest to reveal its true interests in the case.<sup>20</sup>

The fact that WikiLeaks leaked something relevant to the cultural heritage field was sensational; however, the content of the documents that were published proved to be unremarkable. It did not uncover that the two governments were scheming to violate international laws and exchange one cultural treasure for another, as Odyssey had tried to show. The document leaked may be characterized as minutes or debriefing notes following a meeting. It includes the following paragraph:

The [Minister of Culture of Spain] explained that one of the reasons for his September or October Washington trip was to meet with the law firm the Spanish government has retained in the Odyssey case. The minister added that he was following the court proceedings in Tampa, Florida closely. He expressed indignation at a recent CNN interview of Odyssey CEO Greg Stemm who indicated that he would be willing to keep the gold coins found at the salvage site and return items of purely archeological interest. The

Ambassador explained that the USG was cognizant of its international law responsibilities in these kinds of salvage cases and that American government lawyers would study carefully the legal implications and obligations arising from the Tampa court’s decisions.<sup>21</sup>

The *amicus brief* attacked by Odyssey was submitted two years later on May 14, 2010, by Jeffrey Stull, Counsel of Record. The title of the brief is *Amicus Brief from the Members of Congress on the Proper Construction of the Sunken Military Craft Act In Support of Neither Party* [emphasis added]. It explained how to interpret the Sunken Military Craft Act.<sup>22</sup>

The Wiki-leaked document, labeled by Odyssey attorneys as “U.S. Diplomatic cables,”<sup>23</sup> reveals nothing illegal. Yet Odyssey contends that the *amicus brief* filed by the U.S. government “in partial support of Spain” is contrary to the U.S. “historical position on the issue of foreign sovereign immunity for commercial activities and its interpretation of the Sunken Military Craft Act prior to this case.”<sup>24</sup>

The challenge to the interpretation of the Foreign Sovereign Immunity Act (the FSIA),<sup>25</sup> is based on the argument that for nearly two centuries (since the 1812 decision), the U.S. position was that foreign vessels and property they carried would enjoy sovereign immunity only when they engaged in military, noncommercial activity.<sup>26</sup> *Mercedes* did not seem to be engaged in military, noncommercial activity when it was blown up by the British.

In its opinion of 2009, the circuit court neither analyzed the Sunken Military Craft Act, apart from stating that “the United States protects its sunken ships,”<sup>27</sup> nor referenced the governmental *amicus brief* in its analysis. Instead, it focused on interpretation of the FSIA and singled out an *amicus brief* penned by a University of Virginia professor in support of Peru, the origin of *Mercedes’* cargo. The circuit court upheld the January 5, 2010 ruling of the magistrate court, handed down months prior to the U.S. *amicus* filing on May 14, 2010, that the contents of *Mercedes* were the property of Spain. Odyssey had no business taking a foreign warship, a sovereign property of the country whose flag it flew before sinking. The interpretation was consistent with the customary law of the sea, “the origins of which date back to the ancients”<sup>28</sup> and principles of reasonableness. “A court should wade carefully into international waters to adjudicate a salvage claim, particularly one that concerns a historical wreck with significant loss of life.”<sup>29</sup> Just because the Odyssey believes that as a publicly traded company on the New York Stock Exchange it should be protected by its government, this would not shield Odyssey from its responsibility to abide by the national and international laws. The

Supreme Court held that “the FSIA provides the sole basis for obtaining jurisdiction over a foreign state in the courts of this country.”<sup>30</sup> Given that Spain showed that it is immune from suit under the FSIA, Odyssey could not demonstrate that this case fit into one of the FSIA exceptions—commercial activity carried on in the United States.<sup>31</sup>

If the court were to find jurisdiction under the FSIA, it would then turn to the SMCA provisions and see that “no salvage rights or award shall be granted with respect to... any foreign sunken military craft...without the express permission of the relevant foreign state.” This law, however, seems to apply only when the craft salvaged is located in the United States waters, while *Mercedes* was found in the international waters. Odyssey’s Vice President and General Counsel, Melinda J. Macconnel, opined, “As a representative of a publicly-traded American company, I think we have a fair expectation that our government is going to support us.”<sup>32</sup> Odyssey’s position is that “the U.S. official[s] wanted to cut a deal to help Spain get the gold from Odyssey, if Spain would help a well-connected American family recover a \$20 million painting that hangs in a Spanish museum. It was looted from their Jewish grandmother by the Nazis during World War II.”<sup>33</sup>

Following the WikiLeaks revelation, Odyssey believes that that the Federal Court should not heed the U.S. position announced in the *amicus brief*, even though that position is merely based on the U.S. statute dealing with how the U.S. wishes its vessels be treated in a similar situation. Odyssey’s efforts are understandable, as is the position of the six Florida Congressmen who sent a letter to U.S. Secretary of State Hillary Clinton on January 20, 2011, stating, “we write today to express grave concern and ask for immediate action as it relates to the U.S. government’s unfathomable course of action in its approach of the Black Swan shipwreck...in as much as the U.S. government has staked a position contrary to the applicable federal and international law,” suggesting that the government was “ceding our sovereignty to foreign entities.”<sup>34</sup> Odyssey invested resources into locating and salvaging treasures from the seabed; it accumulated legal fees, and the treasure is worth millions and millions of dollars, so the fight is worth economic benefits. If Odyssey wins, Florida stands to benefit from the tax revenue as well as extra spending that Odyssey and its employees will likely do in celebration of its victory.

## Lessons from History

Critics suggest that expensive litigation over ownership rights to underwater treasures “almost always ensues” after a significant discovery.<sup>35</sup> The protracted litigation against Columbus-America Discovery Group (the Columbus Group) following its discovery of the S.S. Central America, a steam ship that sank off the coast of South Carolina in 1857, is a perfect example. The Columbus

Group, a salvage company, was seeking title to the trove under the Law of Finds.<sup>36</sup> The federal district court ruled in its favor; on appeal, the circuit court refused to award 100 percent of the title to the Columbus Group, denying abandonment, but awarded a 90 percent salvage award to it for the recovery efforts. Litigation lasted five years. Ultimately, the Columbus Group was awarded \$19 million to offset its \$30 million bill for the cost of exploration, recovery and litigation.<sup>37</sup>

The Fourth Circuit, deciding a case similar to Odyssey, found that commercial salvors should have “little to do with historic shipwrecks,” specifying that “it bears repeating that matters are sensitive as these implicate important interests of the executive branch. Courts cannot just turn over the sovereign shipwrecks of other nations to commercial salvors” where there are no signs of abandonment and the nations involved disallow salvage as well as remain the original owner of the vessel.<sup>38</sup>

In the quest for excavation of sunken ships, different nations chose different positions. Thus, Spain and Britain find themselves on the opposite sidelines, again. While Spain repeatedly refuses to partner with Odyssey or other American salvage companies,<sup>39</sup> for any sort of recovery mission, as it “is positively against Odyssey and people like Odyssey,” the government of Great Britain agrees to assist in recovery of its sunken vessels, such as HMS *Sussex*, a British frigate that sank in 1694, with just as much gold aboard as *Mercedes*.<sup>40</sup>

According to an agreement between England and Odyssey, all historically significant artifacts found remain the property of the British Government. The remainder of the cargo is split 80/20, with the Odyssey taking a larger share for the first \$45 million of recovered property, 50/50 for the remaining value up to \$500 million, and 60/40 for the rest, again Odyssey taking the larger share.<sup>41</sup> Given that Spain arguably has more sunken ships than any other country, Odyssey may salvage a much smaller share of all the treasure hidden under the ocean, thereby protecting sensitive archeological and historical nature of the objects, at least for now.

When UNESCO started the negotiations on underwater cultural heritage, salvage companies believed that anyone had the right to recover and commercially profit from any cultural object discovered in the sea. These beliefs were the very reason UNESCO was seeking to stop the looting of cultural property at sea.<sup>42</sup> The conclusions that can be drawn from the recent salvage cases, and the *Black Swan/Mercedes* case in particular, are “that private companies...must not initiate any recovery operations on sunken State vessels without express consent by the flag State” because they will not “receive any award for unauthorized ‘salvage’ operations.”<sup>43</sup> (Except for, perhaps, their 15 minutes of fame on WikiLeaks.)

## Endnotes

1. *Odyssey Marine Exploration, Inc v. Unidentified, Shipwrecked Vessel*, 675 F. Supp. 2d 1126, 1129 (M.D. Fl. 2009).
2. David DeVoss, *Bringing Up the Past*, 38 SMITHSONIAN 80 (July 2007).
3. See Tullio Scovazzi, *The Application of "Salvage Law and Other Rules of Admiralty" to the Underwater Cultural Heritage: Some Relevant Cases*, at 19-80, 60 n. 171, THE PROTECTION OF THE UNDERWATER CULTURAL HERITAGE (Roberta Garabello and Tullio Scovazzi, eds. 2003).
4. Kimberly L. Alderman, *High Seas Shipwreck Pits Treasure Hunters Against a Sovereign Nation: the Black Swan Case*, AM. SOC'Y INT'L L. CULTURAL HERITAGE & ARTS REV. (Spring 2010).
5. International Convention on Salvage, Apr. 28, 1989, S. TREATY DOC. NO. 102-12, available at <http://www.jus.uio.no/lm/imo.salvage.convention.1989/index.html> (entered into force July 14, 1996) (last visited June 2011), Art. 4 (1), discussed in Michael R. Nelson, *Comment and Casenote: Finders, Weepers-Losers, Keepers? Florida Court Says U.S. Company Must Return Recovered Treasures to Kingdom of Spain*, 16 L. & BUS. REV. AM. 587 (Summer 2010).
6. *Supra* note 5.
7. UNESCO Convention on the Protection of the Underwater Cultural Heritage (Paris 2 Nov. 2011), Art. 4, 41 I.L. 40 (2002). The Convention was ratified by Spain in 2005.
8. *Sea Hunt, Inc. v. Unidentified Shipwrecked Vessel or Vessels*, 221 F.3d 634, 647 (4th Cir. 2000) (holding that two Spanish naval vessels lost in the late 18th and early 19th century off the coast of Virginia remained the property of the Kingdom of Spain).
9. David L. Ganz, *Odyssey Could Lose Treasure*, U.S. RARE COIN INVESTMENTS, Jun. 11, 2009 [http://www.usrarecoininvestments.com/coin\\_articles/odyssey-could-lose-treasure.htm](http://www.usrarecoininvestments.com/coin_articles/odyssey-could-lose-treasure.htm) (last visited June 2011).
10. *Odyssey Marine Exploration, Sharing the Treasure*, <http://www.shipwreck.net/treasures.php> (last visited June 2011).
11. Jennifer Tsai, *Curse of the Black Swan: How the Law of Salvage Perpetuates Indeterminate Ownership of Shipwrecks*, 42 INT'L L. 211 (Spring 2008).
12. *Spain Seizes Ship in Treasure Row*, BBCNEWS, Jul. 13, 2007, <http://news.bbc.co.uk/2/hi/europe/6896645.stm> (last visited June 2011).
13. *Supra* note 1.
14. *Id.* There were a number of *amicus* briefs submitted with the case but the judge only commented on the arguments presented by Professor John Norton Moore of the University of Virginia on behalf of Peru. Peru's arguments, while interesting on a different level, were ultimately dismissed by the court and are unlikely to be appealed because at the time when *Mercedes* sailed with its cargo toward Spain, Peru did not exist as a sovereign nation. When Peru and Spain signed a peace and mutual recognition treaty in 1879, both nations promised "a complete forgetting of the past and a solid and inviolable peace between the Republic of Peru and His Majesty the King of Spain." Finally, Peru based its equitable argument for the conditional title of the specie found by *Odyssey* on "the law of the sea, the law of state succession, and considerations of equity and international policy concerning condemnation of colonialism...." However, in light of Peru's reliance on the 1982 United Nations Convention on the Law of the Sea (UNCLOS), given that neither Peru nor the United States signed or ratified the UNCLOS, the court was unpersuaded by the argument suggesting that the dispute between Spain and Peru should be negotiated in a different forum.
15. 675 F. Supp. 2d, at 1139.
16. Jordi Molina Fernandez, *What's up with the underwater archeological heritage?* ESTRATCRITIC, 75- 80, 77, *cit'g* Guido Carducci, *Introduction to the UNESCO Convention on the Protection of the Underwater Cultural Heritage* (Grenier and Nutley eds.) HERITAGE AT RISK SPECIAL EDITION (Apr. 2006).
17. *Odyssey* is based in Florida and the case was heard by Florida's district court.
18. Eric Alterman, *Do you want to know a (Top) Secret*, NYTIMES, Dec. 2, 2010 <http://www.nytimes.com/2010/12/03/opinion/03iht-edalterman.html> (last visited June 2011).
19. The unpublished document appears to be minutes from a meeting between the U.S. Ambassador to Spain, [Eduardo Aguirre] and Minister of Culture Cesar Antonio Molina that took place on June 30, 2008. The name of the Ambassador is not mentioned. The document is entitled *AMBASSADOR'S MEETING WITH MINISTER OF CULTURE*. It is reproduced in *Odyssey's Motion to Strike the Brief of the U.S. as Amicus Curiae in Partial Support of Claimant* as Exhibit A, available at <http://www.shipwreck.net/blackswanlegal.php> (last visited June 2011). The leaked document contains the following notes: "Ambassador met with Minister of Culture Cesar Antonio Molina on 6/30/08. The minister told the Ambassador that he was willing to meet with the claimant or his representative in a Nazi art loot case. The minister emphasized he was willing to continue to fight intellectual property rights (IPR) piracy. He was also clearly following the *Odyssey* case closely and made it clear that the GOS would exercise all of its legal options. The minister discussed cultural cooperation with the U.S. as well." Each line of the summary corresponded to an agenda item, which is expanded under the following subtitles followed by comments:
  - Cassirer Claim
  - IPR [Intellectual Property Rights]
  - *Odyssey*
  - Cultural Cooperation

There is no indication in the document that the individual parts of the agenda were discussed in a questionable manner. In fact the section dealing with the Cassirer claim plainly states "*The Ambassador noted also that while the Odyssey and Cassirer claim were on separate legal tracks, it was in both governments' interest to avail themselves of whatever margin for maneuver [sic] they had, consistent with their legal obligations, to resolve both matters in a way that favored the bilateral relationship. The minister listened carefully to the Ambassador's message, but he put the accent on the separateness of the issues. Molina said that no Spanish government could return the painting (if this is what the claimant wants).*"

20. Appellant *Odyssey* Motion to Strike the Brief of the United States as Amicus Curiae in Partial Support of Claimant – Appellee Kingdom of Spain at 3, No. 10-10269-J (11th Cir. Jan. 3, 2011).
21. *Id.* at 6.
22. Sunken Military Craft Act (SMCA), Pub. L. 108-375, Div. A, Title XIV, §§1401 to 1408, 118 Stat. 2094 (Oct. 28, 2004).
23. *Motion to Strike the Brief*, at 1.
24. *Id.* §2.
25. Foreign Sovereign Immunity Act, 28 USCS § 1602 (Oct. 21, 1976).
26. *Schooner Exchange v. McFaddon I*, 11 U.S. 116 (1812) (holding that warships were not subject to jurisdiction in the U.S. Courts).
27. As authority, the court cited the Geneva Convention on the High Seas 13 U.S.T. 2312, T. I. A. S. No. 5200; Sunken Military Craft Act, Pub. L. No. 108-375, §1406 (codified at 10 U.S.C. §113 note (Oct. 28, 2004), *Sunken Warships*, The White House, Office of the Press Secretary, Jan. 19, 2001 and suggested that the 1902 Treaty of Friendship and General Relations between the United States and Spain was more important than the Sunken Military Craft Act or national concerns that technological advances were making the unauthorized disturbance of sunken State vessels possible because it was signed earlier and was in effect longer than the Foreign Sovereign Immunity Act. The court also quoted President Clinton's Statement of Jan. 19, 2001, where the "title to a United States or foreign sunken State craft, wherever located, is not extinguished by passage of time, regardless of when such sunken State craft was lost at sea." *Odyssey*, at 1144. Cf. Tullio Scovazzi, *The Application of "Salvage Law and Other Rules of Admiralty" to the*

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*Underwater Cultural Heritage: Some Relevant Cases*, in *The Protection of The Underwater Cultural Heritage* (Roberta Garabello and Tullio Scovazzi, eds.) (2003) 19-80, 59.

- 675 F. Supp. 2d 1126, at 1136.
- Id.* at 1137.
- Argentine Republic v. Amerada Hess Shipping Corp.*, 488 U.S. 428, 443 (1989).
- 28 USC §1605 (a)(2); see *Saudi Arabia v. Nelson*, 507 U.S. 349, 355 (1993) (holding that a foreign state or its property is “presumptively immune from jurisdiction of United States courts; unless a specific exception applies”).
- Lloyd Sowers, *Odyssey Fights on after the WikiLeaks Revelation*, MyFoxTEMPABAY, Jan. 5, 2011, <http://www.myfoxtampabay.com/dpp/news/local/hillsborough/odyssey-fight-continues-includes-wikileaks-010511> (last visited June 2011).
- Supra* note 19.
- Letter to Secretary of State Hillary R. Clinton from Gus M. Bilirakis, C.W. Bill Young, Thomas Rooney, Richard Nugent, Connie Mack, and Dennis Ross (Jan. 20, 2011), <http://www.shipwreck.net/blackswanlegal.php> (last visited June 2011).
- Supra* note 5, at 591.
- Columbus-Am. Discovery Group v. Unidentified, Wrecked & Abandoned Sailing Vessel*, 1993 WL 580900 (E.D. Va. Nov. 18 1993), *aff'ing in part* 742 F. Supp. 1327 (E.D. Va. 1988).
- Michael R. Nelson, *Comment and Casenote: Finders, Weepers—Losers, Keepers? Florida Court Says U.S. Company Must Return Recovered Treasures to Kingdom of Spain*, 16 Law & Bus. Rev. Am. 587, 591 (Summer, 2010), *referencing* Mark A. Wilder, *Application of Salvage Law and the Law of Finds to Sunken Shipwreck Discoveries*, 67 DEF. COUNS. J. 92, 104 (2000).
- Scovazzi, quoting *Sea Hunt*, at 647.
- See also *Sea Hunt, Inc. v. Unidentified Shipwrecked Vessel or Vessels*, 1999 U.S. Dist. LEXIS 21752, 13 (E.D. Va. June 25, 1999) (denying compensation for expending significant time and resources in salvaging sunken Spanish ship off the coast of Virginia. The ship in question was a naval vessel of the Kingdom of Spain that sank in 1802. The salvage company that was pursuing salvage with a permission of Virginia, through sensing, survey and drilling was not entitled to receive compensation after Spain successfully asserted its true and bona fide ownership of the vessel, which never been abandoned or relinquished or transferred. The Court held “the right of the owner of any vessel to refuse unwanted salvage...” and “such is the risk inherent in treasure salvage”), *aff'd Sea Hunt, Inc. v. Unidentified Shipwrecked Vessel or Vessels*, 221 F.3d 634 (4th Cir., July 21, 2000).
- Odyssey Marine Exploration, HMS Sussex Project Overview*, <http://www.shipwreck.net/hmssussex.php> (last visited June 2011).
- Nelson, at 597-98.
- Ariel W. Gonzalez, *Negotiating the Convention on Underwater Cultural Heritage: Myths and Reality*, 86 (Roberta Garabello and Tullio Scovazzi, eds.) *THE PROTECTION OF THE UNDERWATER CULTURAL HERITAGE* (2003).
- Mariano J. Aznar-Gomez, *Treasure Hunters, Sunken State Vessels and the 2001 UNESCO Convention on the Protection of Underwater Cultural Heritage*, 25 INT’L J. MARINE AND COASTAL L. 209, 218 (2010).

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# A Bark Worse Than His Bite: *Park Life v. Koons*

By Morgan Jacobs

The settlement of the most recent Jeff Koons legal battle was cause for significant (and amused) journalistic coverage. Koons, whose career has been punctuated by a steady stream of legal attacks, turned the tables on a seemingly helpless San Francisco retail bookstore and art gallery, Park Life. The store features “hard to find, limited edition and unique items...[including] books, modern design objects...homewares...artist multiples, [and] original art.”<sup>1</sup> A particular item caught Koons’ lawyers’ eyes: a bookend in the shape of a balloon dog (Balloon Dog Bookend), retailing for \$49 in the store and online.<sup>2</sup>

The bookends appeared all too familiar to Koons, who noted similarities between them and his own *Balloon Dog* sculptures. Koons’ attorneys subsequently sent a cease-and-desist letter to Park Life on December 20, 2010. The letter stated Koons’ “position that [the bookends violate]...Koons’ intellectual property rights in his Balloon Dog Sculpture.”<sup>3</sup> The letter contained Koons’ evidence of infringement, pointing to the “alleged similarity in the ‘shape and style’ of the Koons Balloon Dog Sculpture and the Balloon Dog Bookend, both of which resembled the ‘shape and style’ of a commonplace balloon twisted into the shape of a dog.”<sup>4</sup> Furthermore, the letter claimed the following and requested the halt of all Park Life’s sales and distribution:

Consumers are likely to form the mistaken belief that Jeff Koons is somehow associated with, or endorsing the actions of, Park Life, and/or authorizes and approves of the [Balloon Dog Bookends].<sup>5</sup>

In response to Koons’ claims, Park Life filed a complaint for declaratory relief and demand for jury trial.<sup>6</sup> However, in February, the two parties reached a settlement. Park Life co-owner Jamie Alexander reported, “Jeff Koons and I signed the papers today, it’s legally done... we can sell the balloon dog bookends. The only thing that they wanted to concede is that we couldn’t advertise them as being related to Jeff Koons, which we never did.”<sup>7</sup> In a “victory for the little guy standing up to a bully,” both parties avoided a costly court battle.<sup>8</sup>

The question remains, however: did Koons settle because he believed he would have lost in trial? More importantly, what would the likely outcome have been if a settlement had not been reached? The cease-and-desist letter argues that Koons’ intellectual property rights were violated—would a copyright or trademark infringement have been more successful for Koons, and did he even have a case? The following analysis examines potential legal issues and proposes a probable outcome, had the case not been settled.

The irony of this situation has been lost on no one: Koons has personally been the target of multiple copyright infringement cases, thanks to his frequent borrowing of preexisting imagery in his own works. (Such irony allowed a humorous tone to creep into journalists’ coverage of case developments; even Park Life’s lawyers asserted the power of ridicule in their request for declaratory judgment and jury trial, writing: “As virtually any clown can attest, no one owns the idea of making a balloon dog.”<sup>9</sup>) Three examples of cases in which Koons defended his right of appropriation highlight the controversial nature of his practice. The oldest, *Rogers v. Koons*, held that Koons was guilty of copyright infringement because “Koons used the identical expression of the idea that Rogers created; the composition, the poses, and the expressions were all incorporated into the sculpture to the extent that, under the ordinary observer test, we conclude that no reasonable jury could have differed on the issue of substantial similarity.”<sup>10</sup> This landmark case has been cited in myriad subsequent copyright infringement suits (although its holding has continued to be a source of debate).<sup>11</sup> Similarly, *United Feature Syndicate Inc. v. Koons* ruled that Koons’ “unauthorized copying” of “four identical sculptures copying plaintiff’s comic strip character” was “so obvious that no reasonable factfinder could conclude otherwise.”<sup>12</sup>

The 2006 *Blanch v. Koons* case, however, marked a victory for Koons by protecting his use of appropriated images in a collage.<sup>13</sup> The court’s decision may ultimately have worked against Koons in his conflict with Park Life: if Koons is legally able to appropriate images from others’ works (in a manner deemed transformative), could this not have set a precedent whereby Park Life could have declared its product transformative under the fair use defense of copyright infringement?

Let us assume that Koons brought the case forward as a copyright infringement.<sup>14</sup> By claiming that the bookends’ “shape and style” were substantially similar to his Balloon Dog Sculpture, Koons “purports to have removed from the public domain the iconic shape and design of a balloon dog by simply having implemented that classic shape in a large metal sculpture.”<sup>15</sup> This claim is in itself problematic. The basic tenet of copyright law is that the expression, not the idea, is copyrightable.<sup>16</sup> In Koons’ sculpture, he certainly cannot claim to own the right to the balloon dog itself. The idea of a balloon dog is not original; the only copyrightable element of the sculpture is Koons’ expression of the balloon dog, which takes two forms: 10-foot tall sculptures and approximately 10.5-inch tall ceramic versions.<sup>17</sup>

The actual “idea” of the balloon dog, as Park Life observes, can be traced back to 1939.<sup>18</sup> On these grounds alone, it is virtually impossible to understand how a jury would find Koons the victim of copyright infringement: if he was the original creator and owner of the idea of the balloon dog and his sculptures were a fixed, tangible expression of that original idea, he might be more successful. However, the idea never belonged to him in the first place; he cannot, therefore, claim to have taken the balloon dog out of the public domain and asserted a personal monopoly over what has actually existed for over 70 years.<sup>19</sup>

On this basis, Koons could only hope to win a copyright infringement case if he was able to prove that Park Life’s expression of the balloon dog infringed upon his own expression. The court would, therefore, have to undergo an analysis of the four fair use factors to determine whether Park Life’s bookends were significantly transformative.<sup>20</sup>

The first factor considers the “purpose and character” of the use, or the transformative quality of Park Life’s work. If the work is deemed significantly transformative, this will weigh positively for Park Life and will render the second through fourth factors less critical. In looking at Koons’ and Park Life’s works side-by-side, one gleans an immediate likeness in terms of the actual object being represented. However, as previously argued, the idea of the balloon dog itself is not something that Koons can lay claim to, so one must look at the actual representation of the object and use a successive filtering approach to remove characteristics of balloon dogs in general. Koons’ sculpture, as aforementioned, comes in two forms: the large sculpture and the approximately 10.5-inch version. Setting aside the issue of size and looking solely at each party’s construction of the dog, the two differ fundamentally in expression. Koons’ balloon dogs are shiny and highly reflective; Park Life’s are matte. Indeed, Park Life describes its bookend as such: “Cast Resin with Painted Matte finish.”<sup>21</sup> Furthermore, the construction of the dogs’ various “body parts” is handled entirely differently, even though they are both representations of inflated-balloon parts. Koons’ parts are more bulbous, tapering in slightly at the top and bottom of each twisted piece; the middle sections of the legs and tail are extremely full. Contrast this with Park Life’s parts: each lacks Koons’ bulbous quality; instead, they are more linear. While both are clearly expressions of balloons, the treatment of the illusion of air inside each is distinct.

Furthermore, the positioning of the nose and the ears are different: whereas Koons’ dogs appear to be looking up, Park Life’s dog’s nose is pointed straightforward and slightly downward. While the ears on Park Life’s only converge at their base, Koons’ curve in and converge at their tips. From a strictly artistic perspective, it could be argued that the creators of each balloon dog have

conveyed two different moods through their respective choices in ear positioning. (Furthermore, one could argue that Koons’ balloon dog’s ears more accurately reflect the art of balloon-making he evokes in his sculptures, as the convergence of the ears’ tips replicates the twisting of an actual balloon required to create the appearance of two distinct ears. Park Life’s, therefore, omits that reference to the balloon-animal creation process.) The successive filtering test proves that what is distinctive about Koons’ work is not copied in Park Life’s, thus rendering the latter’s work sufficiently transformative so as not to be a copyright infringement.

Based on this conclusion of transformativeness, the subsequent fair use factors should be of less importance in determining whether Park Life’s bookends are protected by a fair use defense.<sup>22</sup> It is worth noting, however, that the fourth factor strongly favors Park Life: the bookends, which retail for \$49 and are sold in a mid-range bookstore/gallery, have a very different market appeal than Koons’ sculptures. Koons’ auction record is currently \$25.8 million, and his small balloon dogs have fetched a record \$15,000.<sup>23</sup> The buyer willing to spend upwards of \$15,000 for a Koons sculpture is distinct from the shopper spending \$49 for the bookends. Furthermore, the utilitarian purpose of the bookends distinguishes them from Koons’ sculptures, which have no purpose beyond aesthetic enjoyment. The markets for the two parties’ works, while perhaps similar in the sense that both buyers are attracted to a playful, colorful object, hardly overlap and infringe upon Koons’ original market.

Now let us consider the potential outcome if Koons were to have moved forward with the case as a trademark violation. Koons’ letter claims that “consumers are likely to form the mistaken belief that...Koons is somehow associated with, or endorsing the actions of, Park Life, and/or authorizes and approves of [it].”<sup>24</sup> In such a case, Koons could have argued that §43 of the Lanham Act was violated.<sup>25</sup> Although Park Life has made clear that Koons’ name was never mentioned in the bookends’ marketing or distribution, it is possible that a customer might have been confused as to the product’s origination.

As Park Life is an art gallery as well as a seller of homewares, a consumer may connect the bookends with a famous artist’s aesthetic due to Park Life’s artistic involvement. The case might be different if a store like Crate & Barrel were selling the bookends; the latter sells home furnishings but does not associate itself with art and/or artists. Park Life, however, does offer merchandise affiliated with artists: Tauba Auerbach playing cards and Yoshitomo Nara “flip clocks” are such examples.<sup>26</sup> If a customer is aware of artist-affiliated products available at the store, is it not possible that he or she might also assume that a balloon dog-shaped product is endorsed by Koons? Auerbach and Nara’s names precede the description of the goods they endorse, whereas Koons’ name

is absent; nevertheless, someone walking into a part-art gallery, part-bookstore may make the Koons connection independently. Is that, however, Park Life's fault? It cannot control and is not responsible for the connections its customers draw if it does not explicitly advertise the connection.

Ultimately, Koons was wise to settle the dispute and avoid bringing the matter to court. As demonstrated, it would likely have been a losing battle for him; regardless of whether it was spun as a copyright or trademark infringement, the analysis points overwhelmingly in Park Life's favor. Journalists and law reviews have noted that, ironically, the case has enhanced Park Life's sale of the products.<sup>27</sup>

In light of Koons' most recent legal victory in *Blanch v. Koons*, perhaps he should have realized that the court might reference similar issues and holdings from that case in determining whether or not the bookends constituted an infringement. As Koons demonstrated in *Blanch v. Koons*, an artist can make fair use of another artist's material if his or her work is significantly transformative and occupies a different market. Even if Park Life sold the bookends with the conscious understanding that they evoked the playful qualities of Koons' *Balloon Dog*, it did so in a sufficiently transformative and non-infringing manner.

The problematic nature of appropriation art in its latest manifestation is exposed in this case: whereas pop artists like Warhol once appropriated everyday objects, we are now witnessing a *mise en abyme* scenario in which manufacturers and artists are appropriating the appropriated. If this trend is to continue and pop/appropriation art continues to make use of now-universally-recognized art, perhaps Koons was wise to surrender early and not attempt to win a case that might hamper his future artistic endeavors. For a brief moment, it appears that Koons forgot to consider his own creative history and remember that imitation is the sincerest form of flattery.

## Endnotes

1. Complaint in Alexander & Song LLC, D.B.A. Park Life v. Jeff Koons LLC, No. 4:11-cv-00308-LB (N.D. Cal.), Complaint for Declaratory Relief; Demand for Jury Trial, Filed January 20, 2011 (hereinafter Park Life v. Koons Compl.). Note: this article will refer to Jeff Koons as the Plaintiff and Park Life as the Infringer, as Koons sent the cease-and-desist letter and instigated the legal proceedings. This article uses this terminology despite the Demand for Jury Trial filed on January 20, 2011, in which Park Life is the plaintiff (*Park Life v. Koons*). Note: the balloon dog bookends were manufactured by imm Living, a Toronto-based manufacturer, and then distributed by Park Life. However, for simplicity's sake, this article will use "Park Life" to refer to the bookends' source.
2. See Park Life Store and Gallery, at [www.parklifestore.com](http://www.parklifestore.com) (last visited June 19, 2011).
3. Park Life v. Koons Compl., *supra* note 1, at 4.
4. *Id.*
5. *Id.* The cease-and-desist letter makes the following demands on Park Life: "(1) Cease and desist all advertisements, marketing, or promotions concerning the Balloon Dog Bookend (including on its website); (2) Cease and desist all sale and/or distribution of the Balloon Dog Bookend; (3) Send all existing and remaining inventory of the Balloon Dog Bookend in Park Life's possession to a mutually agreed upon address; (4) Provide an accounting of all sales of the Balloon Dog Bookend; (5) Provide written assurance that Park Life will no longer make, offer for sale, sell and/or distribute the Balloon Dog Bookend (or anything substantially similar to the Balloon Dog Bookend); (6) Identify the original source of the Balloon Dog Bookend (e.g. manufacturer), including some source's name and address."
6. Park Life requested the following judgment: "A. Declaration that Park Life has not infringed upon any copyrights owned or held by Koons related to the Balloon Dog Sculpture; B. Injunctive relief restraining Jeff Koons LLC, its agents, licensees, servants, employees, successors, and assigns, and all others in concern and privity with them, from threatening or bringing any lawsuit against Park Life for copyright infringement, violations of the Lanham Act, or other purported intellectual property infringement in connection with the development, marketing, or distribution of the Balloon Dog Bookend; C. An award of the costs, expenses, and attorneys' fees incurred by Park Life herein pursuant to pursuant to [sic] 17 U.S.C. §505, 15 U.S.C. § 1117(a), and other applicable law; E. [sic] Such other and further relief as the Court deems proper and just." Park Life v. Koons Compl., *supra* note 1, at 6.
7. Reyhan Harmanci, *Jeff Koons' Balloon Dog Copyright Claim: A Dog That Wouldn't Hunt*, THE BAY CITIZEN, Feb. 2, 2011.
8. *Id.*
9. Park Life v. Koons Compl., *supra* note 1, at 1.
10. *Rogers v. Koons*, 960 F.2d 301, 308 (2d. Cir. 1992).
11. Gallerist Edward Winkleman, for example, recently took issue with Judge Deborah A. Batts' decision in *Cariou v. Prince*, No.08 CV 11327, 2011 WL 1044915 (S.D.N.Y. Mar. 18, 2011). (See pages 20-28 of this issue for articles concerning *Cariou*). Winkleman cites a passage from the decision that references the 1992 *Rogers v. Koons* case, commenting thereafter: "...those who feel their copyrights have been infringed deserve to have their day in court, but 'inherent in the process of appropriation is the fact that the new work *recontextualizes* whatever it borrows to create the new work'... To my mind, that recontextualization is, in and of itself, *always* commentary." Edward Winkleman, *Appropriation Prohibition (or Why I Think Judge Batts Is Wrong)*, Edward Winkleman, 22 March 2011, at <http://www.edwardwinkleman.com/2011/03/appropriation-prohibition-or-why-i.html> (last visited June 19, 2011).
12. The case involves the alleged unauthorized use of the Garfield comic strip character, Odie. *United Feature Syndicate Inc. v. Koons*, 817 F. Supp. 370 (S.D.N.Y. 1993).
13. In *Blanch v. Koons*, the court found that "the first fair-use factor strongly favors the defendant." The court ultimately ruled that the "district court's conclusion was correct... We therefore conclude that neither [Koons] nor the other defendants engaged in or are liable for copyright infringement." *Blanch v. Koons*, 467 F.3d 244, 256, 259 (2d. Cir. 2006).
14. A circumstantial evidence test for copyright infringement would first need to be employed to judge whether a copyright infringement case can move forward. This has three parts: "(1) Did the accused infringer have *access* to the work that is said to have been infringed, so that copying was possible? (2) Is the defendant actually guilty of *copying* part of the plaintiff's protectable expression from the plaintiff's work? and (3) Is the accused work *substantially similar* to the work the plaintiff says was copied?" LEE WILSON, THE COPYRIGHT GUIDE, 79, (3rd ed., Allworth Press 2003). The second and third tenets are what the following analysis will determine. In the case of the first tenet, however, it is clear

- that the accused infringer, Park Life, did indeed have access to Koons' work. The large Balloon Dog Sculptures and the smaller versions have been exhibited worldwide, such as the Summer 2008 rooftop exhibition at the Metropolitan Museum of Art. The smaller versions have appeared at numerous auctions, as recently as Santa Monica Auctions' June 18, 2011 auction, during which a 10-inch red version sold for \$5,250. Artnet, at <http://ezproxy.sothebysinstitute.com:2121/PDB/FAADSearch/LotDetailView.aspx?Page=1&artType=FineArt> (last visited June 23, 2011). *Note*: Artnet subscription is required to access the above URL.
15. Park Life v. Koons Compl., *supra* note 1, at 4.
  16. "In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. §102(b)(1976).
  17. Kate Taylor, *In Twist, Jeff Koons Claims Rights to 'Balloon Dogs,'* THE NEW YORK TIMES, Jan. 19, 2011.
  18. Park Life asserts that the idea of a balloon dog came about in 1939 "when H.J. Bonnert of Scranton, Pennsylvania performed a balloon modeling act at the Pittsburgh Magicians' Convention. On information and belief, balloon modeling appears in books published at least as early as 1958. Today, balloon modeling has grown to include a large body of followers, many of whom are members of the National Association of Balloon Artists and who attend the International Balloon Arts Convention. Balloon modeling is the subject of various books and instructional videos, many of which include the balloon dog as one of the more basic balloon animals created using the art." Park Life v. Koons Compl., *supra* note 1, at 3.
  19. Another relevant precedent is the case *Baby Buddies, Inc. v. Toys "R" US, Inc.*, decided in July 2010. Baby Buddies claimed that Toys "R" Us was guilty of copyright infringement with respect to a baby's pacifier holder in the shape of a teddy bear. Baby Buddies designed and sold its product through Toys "R" Us; later, the defendant designed its own teddy bear pacifier. Dealing with an idea of a childlike image or toy, i.e. the idea of a teddy bear, the case bears similarities to the idea of a balloon dog. The court ultimately found for the defendant, holding that, "In fact, there are almost no similarities between the two pacifier holders beyond the general ideas of including a teddy bear (with the requisite ears, eyes, nose, mouth, arms, and legs), a ribbon bow, and a pastel-based color scheme on a baby's pacifier holder. Any reasonable jury, properly instructed, would pick up on these differences and their cumulative effect on the noticeably different aesthetics embodied in the two pacifier holders. Because no reasonable jury could conclude that the pacifier holders are substantially similar at the protected level, the district court properly granted Toys R Us's motion for summary judgment on the copyright infringement count." *Baby Buddies, Inc. v. Toys "R" US, Inc.*, 611 F.3d 1320 (11th Cir. 2010).
  20. 17 U.S.C. §107 (1976) outlines the Limitations on Exclusive Rights: Fair Use: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.
  21. Park Life Store and Gallery, *supra* note 2.
  22. The second fair use factor, the nature of the copyrighted work, does not work strongly in one direction or another: Park Life's work is being sold for commercial benefit, and therefore it is afforded a lower degree of protection. With respect to the third factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, the analysis done in determining the bookends' transformativeness holds true here as well: the "heart" of Koons' works, after removing characteristics of a balloon dog in general, is the shape of the balloon dogs' parts, the upward-pointed nose, and the sculptures' shine. Park Life's representation of a balloon dog does not make use of any of these characteristics.
  23. Artnet, at <http://ezproxy.sothebysinstitute.com:2121/PDB/faadsearch/FAADResults2.aspx?Page=1&ArtType=FineArt> and <http://ezproxy.sothebysinstitute.com:2121/PDB/faadsearch/FAADResults2.aspx?Page=1&ArtType=FineArt> (last visited June 23, 2011). *Note*: Artnet subscription is required to access the above URLs. The price record at auction for the large balloon dogs is not available, but they have been privately sold to collectors like Eli Broad. The \$15,000 auction record for the smaller balloon dog was reached on September 27, 2010 at Sotheby's New York and then matched at Sotheby's New York on March 9, 2011. Other versions of the dogs have been resold on the Internet as well. Georgina Adam, *The Art Market: Russians Bid Big in London*, FINANCIAL TIMES, Feb. 11, 2011; Kelly Devine Thomas, *The Selling of Jeff Koons*, ARTnews, May 2005, at [http://www.artnews.com/issues/article.asp?art\\_id=1829](http://www.artnews.com/issues/article.asp?art_id=1829) (last visited June 23, 2011).
  24. Park Life v. Koons Compl., *supra* note 1, at 4.
  25. Under the Trademark Act of 1946, §43(a), the Lanham Act has been violated if an object or good "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person." U.S. PATENT & TRADEMARK OFFICE, RULES OF PRACTICE & FEDERAL STATUTES, 221 (June 24, 2011).
  26. *Inflated Ego? Jeff Koons Claims Exclusive Right to Sell Balloon Dogs*, Artinfo, Jan. 6, 2011, at <http://www.artinfo.com/news/story/36697/inflated-ego-jeff-koons-claims-exclusive-right-to-sell-balloon-dogs/> (last visited June 20, 2011).
  27. Park Life co-owner Jamie Alexander said that when *The Bay Citizen* first talked to him before Christmas, he estimated that only about three balloon dogs had been sold. As of the beginning of February, he had approximated 150 sales. The orange bookends were listed as "Out of Stock" on Park Life's website until recently. Harmanci, *supra* note 7.

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# Level Playing Fields and Parallel Tracks: A Look at the Development of the Erie Doctrine and the Designated Hitter Rule

By Ian Group

Clearly, something had to be done. And personally, I never got a thrill out of watching the pitcher hit.<sup>1</sup>

—Lee MacPhail, former New York Yankees General Manager  
regarding the Designated Hitter Rule

## Introduction

Baseball and the law are well acquainted. The rules that govern baseball and our legal system are surprisingly similar.<sup>2</sup> Take, for example the umpire, an on-field judge who rules on every at bat and play, or baseball bats, both an essential element to the game and potentially a lethal weapon.<sup>3</sup> Players are potential litigants who look to the on-field deciders of law and fact to make immediate rulings on the game.<sup>4</sup> It is seemingly “not surprising that the great American pastime...intersects with the law in a variety of ways.”<sup>5</sup> Baseball demands “a highly trained multi-judge panel of umpires to implement and interpret the rules. Every pitch requires a legal ruling...[o]n whether it is fair or foul.”<sup>6</sup> Furthermore, off the field, the commissioner and a congress of team owners adopt rules and regulations. As umpires are the judges on the field, off the field, team owners and the commissioner create the rules of the game to be implemented and upheld by all.

The adoption of the Designated Hitter Rule (D.H.) changed not only the way the game was played in the American League but also the body of rules used to regulate American League play.

Both our legal system and baseball have evolved from common law bodies of rules to an ever-changing set of codes. It would not be out of line to say that many consider both baseball and the law to be important players in the history of the United States. The rules with which we govern ourselves allow us to move forward and progress: in the law, rules allow fair and equitable adjudication of issues permitting individuals to solve their problems in a civil manner. Similarly, the rules in baseball all progress to a final result: the winner or champion. The rules (nine innings, three outs per inning, four balls equals a walk, three strikes is an out) are essential to the game. Without them, we potentially give up order and an ultimate outcome (and also bragging rights). These rules, however, sometimes change out of the need to evolve to account for changes either in our society or changes to the way the game is played.

Looking at the big picture, the aim of the laws in our country and in baseball drives us toward a finish line. The means by which we arrive at this end result are extremely important: many rules govern the process to ensure opponents both an unbiased and equitable course toward the end.

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*“The rules that govern baseball and our legal system are surprisingly similar.... [T]he umpire [is] an on-field judge who rules on every at bat and play.... Players are potential litigants who look to the on-field deciders of law and fact to make immediate rulings on the game.”*

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The worlds of baseball and the law collide when looking at their rules. Prior to a legal rule like the one set forth in *Erie Railroad v. Tompkins*,<sup>7</sup> our legal system accepted a general common law to which federal courts sitting in diversity could refer to and operate from.<sup>8</sup> The Supreme Court recognized the various issues inherent to this system of a general common law and altered the rules for the benefit of the judicial system. Similarly, prior to a rule like the D.H., baseball operated on a relatively unchanged, since its inception, uniform body of laws to regulate play.<sup>9</sup> In response to lagging performance<sup>10</sup> and poor fan attendance, the American League<sup>1</sup> adopted a rule by which it sought a more competitive game. In particular:

The American League’s owners were responding to recent patterns in the game that had propelled the National League to the lead in a number of offensive categories. League batting average and the total number of hits and runs in a given season usually favored the Senior Circuit’s hitters. The designated pinch hitter was an attempt to help the Junior Circuit

take the lead in these and other areas from the older and staid Senior Circuit.<sup>12</sup>

The adoption of the D.H. changed not only the way the game was played in the American League but also the body of rules used to regulate American League play. Similarly, as a result of *Erie*, parties in diversity now face a similar distinction between two bodies of law—law of substance and law of procedure—to determine whether federal law or state law will apply.

This article explores the implementation of the D.H. in interleague play<sup>13</sup> and the creation of the Erie Doctrine. In addition to similarities in the effects of both rules on their genres, the D.H. and the Erie Doctrine share similar legislative histories leading up to their ultimate integration.

### The Basic Comparison

On January 11, 1973, the American League voted to adopt the D.H., which allows a batter to substitute for the pitcher in the lineup while still allowing the pitcher to pitch.<sup>14</sup> Whereas only the American League adopted the designated hitter rule, National League team pitchers to this day still step up to the plate. When an American League team and a National League team play each other, the rules conflict. The D.H. rule takes an approach similar to that of selection of law doctrine found in *Erie Railroad v. Tompkins*.

In 1938, the Supreme Court held in *Erie Railroad v. Tompkins* that application of substantive law in federal courts would depend on the forum within which the case is being adjudicated. In other words, *Erie* eliminated the federal common law and allowed parties that sit in diversity to apply the law of the forum state.<sup>15</sup>

The application of the D.H. is implemented in a similar manner: the rule depends on the forum stadium. If teams from each league are playing each other, the application of the D.H. will depend on in which stadium the teams are playing. For example, if the 27 time world champion New York Yankees (an American League team) play the New York Mets (a National League team) at Yankee stadium, the D.H. applies: the forum stadium is Yankee stadium and the Yankees, an American League team, operate with the D.H. On the other hand, if the two teams play at Citi Field in Queens, the D.H. rule does *not* apply: the Mets are a National League team and the National League did not adopt the D.H. rule. Thus, depending on the forum where teams play, the D.H. will or will not apply. Just as we choose the law of the forum state when parties sit in diversity, the designated hitter rule, too, depends on the forum stadium.

Ultimately, the state of the law needed the Erie Doctrine to create uniformity in application of the law, to pre-

vent forum shopping, and to ameliorate discrimination in state courts against non-citizens.<sup>16</sup> While the Supreme Court cited that as its reason for overturning *Swift v. Tyson*, this portion of the article will explore how that actually came to fruition. Similarly, the D.H. was implemented because “the state of baseball required it”<sup>17</sup> to increase the game’s fan base by bolstering offensive production.<sup>18</sup> Like the Erie Doctrine, the D.H. exemplifies the means in which rules are tweaked out of necessity to improve the state of the law and, in the D.H.’s case, of America’s great pastime.

### What Is at Play: *Erie’s* Predecessor, *Swift v. Tyson*

*Erie’s* history begins with the 1842 decision *Swift v. Tyson*. Pertaining to a contractual dispute, the Court was faced with one party’s argument to apply New York common law to the facts of the case. The Court looked at the Judiciary Act of 1789, which was essentially interpreted to steer away from applying the state’s common law:

If [the framers of the law] intended to embrace in the section, the traditional, or otherwise derived, common law of such states, as expounded by the decisions of the state courts; being, as they were, scholars as well as lawyers, they would have incorporated in the section, by way of substitute or addition, some such general phrase as “systems of law.”<sup>19</sup>

Thus, the decision in *Swift* demonstrated that if there were a state law on point pertaining to the matter at hand, the Court would apply that law. However, in this case, the defense asserted that there was a common law principle in favor of its argument and not a statutory provision.<sup>20</sup>

The Court rejected use of the state’s common law in favor of applying a federal common law. Justice Story set up the issue regarding application of state common law: “[b]ut, admitting the doctrine to be fully settled in New York, it remains to be considered, whether it is obligatory upon this court, if it differs from the principles established in the general commercial law.”<sup>21</sup> While the doctrine pertaining to the contractual dispute was settled in New York common law, the Court recognized that it needed to have an applicable statutory law in order for it to apply state law.<sup>22</sup> Subsequently, the Court interpreted the Judiciary Act to strictly apply “to state laws, strictly local, that is to say, to the positive statutes of the state, ” those which are “fixed and permanent” in their operation.<sup>23</sup> *Swift* set the precedent to allow use of a federal common law when a state failed to have a codified rule on point. This, however, opened up a problematic door: litigants could file a case in federal court to avoid a state’s unfavorable common law.

## The Designated Hitter Rule's Predecessor: A Uniform Body of Rules

Just as *Swift* preceded *Erie* as the legal standard for many years, the rules of baseball prior to the D.H. were relatively uniform.<sup>24</sup> In 1970, before the D.H. was adopted in the American League, there were 24 major league baseball teams: 12 in the American League and 12 in the National League.<sup>25</sup> Prior to 1973, all teams operated on a single set of rules, the last change occurring in 1901 when the National League implemented a rule holding that a foul ball on a two-strike count would not result in a strikeout.<sup>26</sup> Although the leagues operated on the same set of rules, prior to 1997, the only instance of teams from the two leagues playing each other (i.e. interleague play) was the World Series (and preseason exhibition games that did not count toward the regular season).<sup>27</sup> Pre-D.H., the American League and National League never clashed because they operated on one set of rules. Post D.H., however, American League and National League meetings in the World Series would present a dilemma on how to deal with incorporation of the D.H. into play.

*Swift* presented an issue for the judicial system: it opened up a can of worms for the courts, allowing potential forum shoppers to circumvent unfavorable state common law. Similarly, the American League, after adopting the D.H., faced its own issues as it struggled to keep up with the National League's performance and attendance. To deal with these matters, the state of the law and baseball required some form of change to step up to the plate.

### Overturing *Swift*: the Path to *Erie*

Almost 100 years after *Swift*, the Court in *Erie Railroad v. Tomkins* sought to change the biases inherent in its decision. Justice Brandeis directly discussed the legacy left by *Swift* and the implications it had on the U.S. legal system:

Experience in applying the doctrine of *Swift v. Tyson*, had revealed its defects, political and social; and the benefits expected to flow from the rule did not accrue. Persistence of state courts in their own opinions on questions of common law prevented uniformity; and the impossibility of discovering a satisfactory line of demarcation between the province of general law and that of local law developed a new well of uncertainties.<sup>28</sup>

Not only did *Swift* allow for forum shopping, it "prevented uniformity in the administration of the law of the State" as well as throughout the country.<sup>29</sup> Seemingly at issue with the doctrine in *Swift* was the notion that parties sitting in diversity jurisdiction could take advantage of their opponents by availing themselves to the more advantageous laws for their cases.<sup>30</sup>

To deal with the improprieties inherent in the *Swift* doctrine and also uphold diversity jurisdiction—"a doctrine so widely applied throughout nearly a century"<sup>31</sup>—the Court recognized the need to address "statutory construction."<sup>32</sup> This led it to reverse *Swift* by applying the law of the forum state when parties sit in diversity.<sup>33</sup> It is of the utmost importance to recognize that the laws of the forum state include not only its statutory provisions but also common law placed into effect by the courts.<sup>34</sup> This ultimately eliminated the federal common law and held that "Congress has no power to declare substantive rules of common law applicable in a State."<sup>35</sup>

### The *Erie* Split: Substance and Procedure

*Erie Railroad v. Tomkins* split the application of the law between "substantive and procedural rules of state law" because it was compelled by the Constitution to do so.<sup>36</sup> Due to the fact that the Constitution did not give Congress the power to create laws that govern state substantive matters, a federal common law essentially went "beyond the constitutional authority of the federal government."<sup>37</sup> The *Erie* decision was indicative of the Court's desire to move away from *Swift*, which established a federal common law. *Erie* additionally sought to uphold the notion that diversity jurisdiction allowed for "impartial adjudication of claims by out-of-state litigants" via the "legal rights created and defined by state law" (limited to "substantive rules of common law applicable in a State whether they be local in their nature or general"<sup>38</sup>).<sup>39</sup>

Another reason the Supreme Court sought to split substance and procedure was to prevent forum shopping. The Supreme Court combatted the "mischievous results" that the *Swift* decision promulgated: particularly, the "grave discrimination by non-citizens against citizens."<sup>40</sup> Particularly, the doctrine created by *Swift* "prevented uniformity in the administration of the law of the State" (i.e. those "mischievous results"<sup>41</sup> mentioned above).<sup>42</sup> In particular, this all seems to speak toward "the ease with which parties seeking the benefits of the federal version of common law could manipulate the existence of diversity jurisdiction."<sup>43</sup> Just as *Swift* opened the door to allow potential litigants to choose the laws most favorable to them (i.e., forum shop), *Erie* closed it by "eliminating the local/general and statutory/decisional law distinctions in *Swift*" and thus was the subsequent split in the application of law based on substance and procedure.<sup>44</sup>

### Implementing the Designated Hitter Rule

Having the backing of the Constitution and the need to prevent a variety of "mischief" as identified by the Court, *Erie* made significant headway against the issues raised by *Swift*.<sup>45</sup> Thirty-five years after *Erie*, baseball would find its own means of dealing with prevalent issues affecting the state of the game for the American

League. Its solution, the D.H., was not necessarily a new concept. Just as the Court referred to the eminence of the Constitution to craft its disposition and right certain wrongs, the American League turned to an old notion from the early twentieth century by which it saw a solution to its issues.

In 1906, *Sporting Life* magazine reported in the article *Why the Pitcher Ought to Bat* that the American and National Leagues were going to begin discussions regarding the consideration of a rule in which the pitcher would be denied the chance to bat and a substitute player would hit for him.<sup>46</sup> Connie Mack, a National League player who played for the Washington Nationals and the Pittsburgh Pirates, is credited with suggesting this rule change at the beginning.<sup>47</sup> Mack's arguments to help the game through the D.H. (that it would allow for better hitters to enter the batter's box) were met with enough criticism to prevent adoption of the rule.<sup>48</sup>

A few years later, John Heydler, a former umpire, writer, and president of the National League from 1918 to 1934, sought a similar goal to Mack's: to substitute stronger hitters for pitchers, the latter of whom were generally known to have weaker at bats, to increase offense on the ballfield.<sup>49</sup> Heydler's plight almost found success in the spring training of 1929 but ultimately failed.<sup>50</sup> Talks of a batter substitute for pitchers would wait about 30 years to surface in Major League Baseball discussions once again.<sup>51</sup>

Amid significant skepticism, the American League ultimately adopted the D.H. in 1973, after a three-year experiment proved successful when applying the rule in triple A leagues.<sup>52</sup> Quite simply, the D.H. began to increase performance from the batter's box, a very attractive outcome, as the American League struggled not only with attendance, but also player performance.<sup>53</sup>

## Equitable Evolution

### *Erie* and the Designated Hitter Rule Cope with Dual Bodies of Law

The consequences of implementing *Erie* and the D.H. were seemingly two bodies of law. The American and National Leagues were now divided: the American League operated on a 10-man roster whereas the NL operated with only nine.<sup>54</sup> While it may seem to be a subtle change, it most definitely rocked the relatively unchanged foundation of baseball.<sup>55</sup> *Erie's* result was similar: the Court's rule abolished a body of law known to litigants and professionals for almost a century and created a dual system by which for issues of substantive law, courts applied the law of the forum state, and for issues of procedure, courts applied the Federal Rules of Civil Procedure.<sup>56</sup> When faced with the inequitable system established by *Swift*, the Supreme Court's adoption of *Erie* ultimately

prevented biased results and improper use of a federal common law system. The ability for parties to sit in diversity and have a fair proceeding called for courts to adopt an approach that ultimately put those parties on an equal playing field, similar to the way in which the D.H. would aid the American League in matching up to the Senior Circuit. The shift from *Swift* to *Erie* was done to eliminate discrimination, promote uniform results in the courtroom, and simply no longer allow manipulation of the judicial system so the court could properly uphold the Constitution. Baseball officials, too, were faced with issues of equity. The use of the D.H. in the World Series (and eventually in the All Star Game and Interleague play) initially may have seemed unfair for the league that did not elect to adopt the rule. What about the one that *did* adopt the rule? MLB altered the rules to prevent an inherent bias.

## The Need to Overcome a Dual Body of Laws

In 1986, nine years after the D.H.'s adoption in the American League, Major League Baseball (MLB) applied the D.H. rule solely<sup>57</sup> during the World Series based on the rule of the forum stadium (also changing the designated hitter's previous "every other year" application of the D.H. in the World Series). Subsequently, in 1988, MLB applied this split in law to the All Star Game, also applying the law of the forum stadium.<sup>58</sup> Lastly, in 1997, MLB adopted the D.H. rule based on the forum stadium during instances of interleague play.<sup>59</sup> The overall theme here is the need to overcome the dual body of laws at play in baseball. There is also significant evidence that notions of fairness and equity fueled these changes to the game.<sup>60</sup>

While the D.H. was adopted in 1973, the following two years of World Series play remained D.H.-free. The body of law applied to the World Series remained uniform and unaltered by the D.H.<sup>61</sup> One possible reason for not extending the rule to the championship series is simply one of equity: the National League did not adopt the rule so it would not have been fair to use it in games with National League teams.<sup>62</sup> Likely due to the widespread criticism regarding the rule from "baseball purists," the American League's decision in 1973 to allow the designated pinch hitter was done on an "experimental basis" for the 1973 and subsequent two seasons thereafter.<sup>63</sup> Primarily because the American League trailed the National League in both attendance numbers and batting averages, it adopted the rule to essentially compete with National League teams on a larger scale. As the only interleague play that took place in 1973 was during the World Series, application of the D.H. was really only implemented to bolster the American League clubs.<sup>64</sup> Furthermore, the experimental means by which the D.H. was instituted kept the rule from being consistently applied in baseball's official rulebook for the 1973, 1974, and 1975 seasons.<sup>65</sup> It was not until 1975 that the American League made the D.H. rule permanent<sup>66</sup> (it was codified in 1973 when

adopted on an experimental basis<sup>67</sup>). Although the D.H. remained absent from the World Series during its first few years, not allowing use of the D.H. seemingly outweighed the burden of the National League to accommodate its use—enough to the point that for the first few years, the D.H. alternated into World Series play.

The manner in which professional baseball confronted its issues of unfairness in not finding a compromise between the American League and National League rules was to implement use of the D.H. on a rotating basis. Thus, during the 1976 World Series, and for subsequent World Series matchups, MLB accounted for the National League's refusal to adopt the designated hitter rule by enforcing it every other year.<sup>68</sup> The 1976 World Series was conducted with the designated hitter.<sup>69</sup> The following year would prohibit use of the designated hitter and each subsequent year would follow in the same pattern.<sup>70</sup> MLB had found a means to somehow compromise the inequity between the leagues.

However, the alternating plan was not the most equitable means. Managers, such as Oriole's general manager Hank Peter, were critical of the system, noting that restriction of American League ball clubs from using the D.H. penalized the American League teams because they were constructed with the designated hitter in mind.<sup>71</sup> In addition to manager frustrations, players displayed their own discontent with the rule. In years that the D.H. was not in effect for the World Series, players like Ken Singleton found themselves without work during a "non-D.H. World Series."<sup>72</sup> Additionally, Jim Kaat, a 25-year veteran who played for both American League and National League teams, expressed in 1983 that "having the leagues play with different rules was wrong, and 'ludicrous that [baseball has] two sets of rules—it dilutes the accomplishments of the great all-around players.'"<sup>73</sup>

At one point, it seemed questionable as to whether or not both leagues could survive with different rules. Differences of opinion on the D.H. were accompanied by lagging National League hitting numbers in the 1980s.<sup>74</sup> For the National League, the idea of the D.H. was seen "[a]s a matter of competitive survival" as attendance began to lag.<sup>75</sup> At the end of the 1985 season, although "the designated hitter was high on the agenda," no vote was actually taken on its implementation in the National League.<sup>76</sup> However, MLB Commissioner Peter Ueberroth asserted that before the 1986 season started, he would "allow for the use of D.H.s in American League parks and prohibit their use when a Fall Classic game was in the park of a National League club."<sup>77</sup> Baseball essentially asserted its intention to adopt its version of the *Erie* doctrine: application of the rule based on the forum.

In 1976, MLB Commissioner Bowie Kuhn "cast the tie-breaking vote to allow for the use of the designated hitter in the 1976 World Series" on a rotating basis.<sup>78</sup>

Nineteen years later, Ueberroth's mission was to implement the D.H. based on the forum stadium in all World Series games for the 1986 Fall Classic (and thus did away with the alternating year system).<sup>79</sup> Although Ueberroth asserted that he likely had the power to change the rule for regular season games to create uniformity among MLB, he did not feel the need to "change the way the game is played on the field" during the regular season.<sup>80</sup> Ultimately, however, Ueberroth's actions standardized the use of the D.H. only in the World Series when baseball's club owners failed to take action that would unify the rules on the designated hitter.<sup>81</sup> "[B]eginning in 1986, teams were permitted to use designated hitters every year in games played in American League parks."<sup>82</sup> It thus followed that the D.H. would *not* be in effect in National League parks. Baseball's newfound application of the D.H. rule thus became contingent on the adopted rule of the forum stadium.

## The Better Lineup: Equity and Uniformity Ease the Both the Game and Judicial Process

### Tradition

*Erie* and the D.H. each made a major impact on its respective fields. By abolishing use of a federal common law and deferring to state law on substantive matters, *Erie* essentially "rendered precedentially irrelevant a century of federal court common law decisions."<sup>83</sup> Likewise, the D.H.'s impact came well after a century of professional baseball in the United States<sup>84</sup> and thus sparked a debate that continues to this very day.

The impacts of both *Erie* and the D.H. were and are certainly not in vain. When looking at the D.H. within the big picture of MLB, it is representative of the manner in which teams and their owners responded to improve the state of the game (i.e., increase hitting productivity, put fans in the seats, and allow for pitchers to remain on the mound for longer periods of time). Just as *Erie* sought to "put state and federal courts on equal footing when it came to the substantive elements of the litigants' claims and defenses,"<sup>85</sup> so too did the D.H. rule seek to elevate the American League to compete with its National League opponents. Furthermore, *Erie* is representative of the fact that

the States delegated to Congress in Article III the power to create courts to resolve disputes between citizens of different states but by and large the power to create the law governing those disputes remains with the States under the Tenth Amendment, unless the States granted Congress the power to regulate the subject. *Erie* ensures that the Tenth Amendment is followed and state law applies to state claims.<sup>86</sup>

Likewise, the D.H. is indicative of the power within the owners and the American League to recognize the necessity for change to improve the state of the game. The American League in the 1960s experienced a “hitting drought,” in which discussions of the D.H. were revived from the days of Connie Mack and John Heydler.<sup>87</sup> In the late 1960s, pitchers were dominating the game to the point that the leading American League batting average was just over .300.<sup>88</sup> While the International League<sup>89</sup> experimented with the designated hitter around the late 1960s, by the 1970s, experiments had ended. It was at this point that the American League sought a solution to combat its lagging batting averages and ticket sales.<sup>90</sup> The National League was furthermore “riding the wave of [its] new artificial stadiums” and found success as it “had only three teams with less than one million in attendance, while the American League had only three teams with more than one million.”<sup>91</sup> The batting statistics proved to be the last straw for the American League in 1972 as “[12] National League teams scored 824 more runs than the twelve American League clubs.”<sup>92</sup> Additionally, it should not be overlooked that the D.H. furthermore empowered many players that would normally have had to retire, to be able to remain as active hitters.<sup>93</sup>

Just as American League teams struggled with attendance and performance, so too did the American justice system deal with the inconsistent result of the *Swift* decision: *Swift* promulgated “the idea that the mere existence of jurisdiction provided the power to impose judicially created federal law standard in derogation of state law substantive rights.”<sup>94</sup> Ultimately, *Erie* reconciled (and ultimately corrected) the application of federal law and state law with the 1789 Rules of Decision Act by overturning *Swift* and improving the judicial process.<sup>95</sup>

In addition to their impacts on their fields, *Erie* and the D.H. possess various similarities in the rationales behind their rules.

## Equity

The change in the application of the D.H. in the World Series from every other year to the rule of the ballpark was made in 1985 and implemented in the 1986 season. In a memorandum from Rick Cerrone (director of public relations for the office of the commissioner) to Major League Baseball Commissioner Peter Ueberroth, Cerrone advised Ueberroth that his decision to incorporate the D.H. into the World Series depending on the rule of the stadium was based on the notion of “fairness.” Cerrone stated:

Your response should be that the way the rule is used in the World Series play simply “is not fair” as it clearly alters the way a team has played during the entire

regular season. To have all A.L. teams use the DH in the regular season while all N.L. do not use it, does not affect any team. However, to then have one team in the World Series play by entirely different rules, isn’t fair. Using the DH in the A.L. parks only during the World Series may not be the perfect solution, but it is more fair than using it in alternating years.<sup>96</sup>

It is clear that the primary reason for Ueberroth’s “rule of the park” was this notion of equity. Having the American and National Leagues compromise in the World Series by using the rules that they were accustomed to prevented an inevitable inequity. The “rule of the park” was an equitable compromise recognizing the need to accommodate the rules of both leagues to ensure the end result is unprejudiced. Additionally, Commissioner Ueberroth, in a 1986 article in the *Sporting News*, stated: “[t]he amendment [to the D.H.] provides a more suitable basis for the leagues to compete in the World Series.”<sup>97</sup> The commissioner continued by stating: “When a team is playing a World Series game in its own ball park, it is only fair that it be allowed to use the players and system that got it there.”<sup>98</sup> Thus in addition to a level of equity between the leagues, here Ueberroth touched upon a more personal notion of equity pertaining to the path by which a team using the D.H. found its way to the championship series.

*Erie*’s rationale for discontinuing the federal body of common law essentially promoted the same thing. A legal proceeding within a state is typically subject to state law much in the way that a regular season game in the American League is subject to the D.H. (and a regular season game in the National League is not). Upon going into federal court on the basis of diversity jurisdiction, *Erie* keeps the action equitable: parties that played by one set of rules would not be surprised to find themselves confronted by a new set of rules. In baseball, we recognize that there is some element of confrontation with a rule not used during the regular season but, as Cerrone states, this is the most equitable way to deal with the league differences. Furthermore, since the integration of Interleague play in 1997, American and National League teams interact more often, thereby allowing use of the D.H. in certain games to become less of a rarity than it was in years past.

One issue that continues to arise is whether or not using the D.H. presents unfavorably toward National League teams, essentially causing a bias where it seeks to remove one. American League teams, like the New York Yankees or Boston Red Sox, are extremely wealthy and can seemingly use the D.H. as a tactical advantage to substitute the pitcher with a hitter whose sole core competency is to bring power to the plate. However, the rule of the park overcomes a significant portion of the biases that

can lead to the detriment of a particular team. Similarly, litigants prior to the *Erie* decision were able to manipulate the doctrine set by *Swift* through the use of, in some instances, a more favorable federal common law (when state law was not to their favor). Overall, the law of the forum overcomes the potential for tactical advantages in somewhat of an egalitarian manner by allowing both litigants and baseball teams to compete fairly and equitably.

This notion of equity and what is fair is similar to *Erie's* goal to eliminate the inequities promulgated by *Swift*. Specifically, *Erie* does away with those “mischievous results” that specifically discriminated against non-citizens.<sup>99</sup> This split ultimately takes us to the same place *Erie* takes us: whereas in *Erie*, where the court, pursuant to *Swift*, was able to apply both a federal common law and rules of civil procedure, we see a split where we apply the law of the forum (for matters of substantive law) and federal rules (for procedural matters). In baseball, where we once had a uniform application of the rules of the game, the incorporation of the D.H. into the World Series eventually led to the split of the rule’s application to only games played in the American League forums (and was furthermore carried out this way starting in 1988 for the All Star game and, in 1997, during the creation of regular season Interleague play).

### Necessity

The D.H. and *Erie* were both solutions that also arose out of the need for change. In particular, *Erie* changed the way we look at application of the law when parties sit in diversity. *Erie* was necessary to correct “the error of *Swift v. Tyson*” by “[r]econfirming the applicability of the [Rules of Decision] Act to all state substantive law”<sup>100</sup> and ensuring that one’s “substantive rights would [not] vary depending on whether a case was adjudicated in state court of federal court.”<sup>101</sup>

Similarly, the D.H. ultimately changed the way we apply the rules in different baseball stadiums. Baseball “required” the D.H. rule “not because it was an especially attractive change but because the actual state of baseball required it.”<sup>102</sup> That all started with the need for American League clubs to improve their attendance and performance statistics to bring their numbers up to the level of the National League’s. In 1986, 13 years after the change in the D.H.’s application in the World Series, baseball recognized the need to scrap the D.H.’s outdated post-season regime to create a more equitable balance between American League and National League clubs.<sup>103</sup> This once again was a maneuver to eliminate the advantage one team might have had over another.<sup>104</sup> Additionally, it is clear that the D.H.’s use created a rift between the leagues and also left individual players playing a different game in the post season with a rule not used during regular season intra-league play. Baseball’s response was most definitely needed to put teams on equal footing.

### Uniformity

The Supreme Court sought to combat the “mischievous results” that the *Swift* decision promulgated: particularly, the “grave discrimination by non-citizens against citizens. *Erie* closed the ability to forum shop and to put litigants on the same playing field: the “disparity” created by *Swift* once “prevented uniformity in the administration of the law of the state,” thus rendering “impossible equal protection of the law.”<sup>105</sup> *Erie* however uncovered the “unconstitutional assumption of powers by courts of the United States” as per *Swift*, which violated the constitution through use of a federal common law.<sup>106</sup> Specifically, in *Erie*, plaintiff Tompkins, “to prevail on a state law claim against a railroad under Pennsylvania state law... was required as an element of his claim to allege and prove that the railroad had acted willfully and wantonly.”<sup>107</sup> Tompkins found that in the District Court, as per federal common law, the standard required only proof of a lack of due care, a standard that was more advantageous to Tompkins than to the Pennsylvania standard.<sup>108</sup> Tompkins, an out-of-state citizen, was prevented from using this to his advantage: while an in-state plaintiff would have been subject to Pennsylvania law, an out-of-state citizen like Tompkins had the luxury under *Swift* of ignoring the state’s law, thus giving Tompkins the advantage.<sup>109</sup> *Erie* leveled the playing field.

Like *Erie*, baseball sought to find its own level playing field between the American and National Leagues by seeking a means to deal with what essentially became two distinct bodies of law. While the American League adopted the rule to essentially compete with National League teams on a larger scale<sup>110</sup> once the D.H. was adopted, baseball found itself in the position to figure out how and when to apply the rules. Ultimately, to reconcile the differences between the league with the D.H. and the league without it, Major League Baseball had to split the application of the D.H. rule to instances where the games were held in the forum stadium whose league rules applied the D.H. Thus, in the case of *Erie*, without two systems, the process crumbles and succumbs to allowing litigants to obtain an unfair choice of which rule is more favorable to their cases. Likewise, by maintaining the D.H. in its original capacity via one league that plays without the D.H. and the other that does, once those leagues meet, there is an automatic inequity.

### Conclusion

It is interesting to note that while *Erie* sought to do away with the lack of uniformity in the courts, the D.H. rule did the opposite at its onset by being adopted by only one league. The American League’s adoption of the rule clearly severed the uniform rules of baseball that once governed the entire game. The D.H., however, was not aimed at uniformity of rules, but at harmony (and increased competition) with the National League in terms

of performance and attendance. It was not until 1986 that baseball truly saw the promotion of uniformity with regard to the D.H.<sup>111</sup>

One criticism of the *Erie* doctrine and the D.H. is whether or not the rules were fair or equitable to their respective fields. Was it equitable to divert from almost a century of the federal common law created via *Swift* to split application of the law to issues of substance and procedure? *Erie* demonstrated that the Court disapproved of the unconstitutional doctrine which limited diversity jurisdiction (through forum shopping) and allowed litigants to manipulate the system.<sup>112</sup> *Erie* also dealt with significant issues such as equity.<sup>113</sup> We can look at the D.H. through a similar lens and examine the equity of the D.H. rule as well. In 1973, it appeared that the D.H. was fair: it was implemented to aid and assist the ailing American League. Today, however, is it fair that American League teams can spend millions of dollars on a designated hitter when the National League does not have that luxury? The 2009 World Series is an example of this inequality: the Yankees put a player in the D.H. like Hideki Matsui, who became the World Series MVP. Who did the Philadelphia Phillies have as their D.H.? Matt Stairs, a 17-year veteran who hit .194 for the 2009 season. This appears to be somewhat inequitable. Maybe the junior circuit has caught up to its senior circuit. If the D.H. has overstayed its welcome in Major League Baseball, is severing ties right now the most equitable move to make?

Baseball remains largely unchanged even with the D.H. Perhaps baseball theorists and enthusiasts have proposals to deal with the rule, allowing it to remain a part of baseball or even to remove it altogether. At this point, however, while *Erie* is a relatively settled area of law, the D.H. will forever remain a sore subject for many. While individuals such as former Yankee manager Lee MacPhail thought it was clear that “something needed to be done,” others were and still remain adamantly opposed, arguing, among other things, that the D.H. affects the purity and integrity of the game. Whether or not the positives outweigh the negatives is purely a question of opinion.

What is clear, however, is that both the D.H. and the *Erie* doctrine were developed on parallel tracks: the justifications are similar and so are their applications to baseball and the law. Although *Erie* is seemingly a settled area of law, the level of complication, which extends past the substance and procedure distinctions, leaves open the possibility that maybe the doctrine, over time, will develop to be different than what it is today. While acknowledging that both *Erie* and the D.H. were developed on parallel tracks, maybe we can look at the development of one doctrine to discuss the movement of the other. As stated previously, jurisprudence and baseball are not strangers to each other. Rather, the parallels that exist between the great American pastime and American jurisprudence will continue and hopefully allow us to understand a future fork in the road.

## Endnotes

1. Steve Wulf, *Distinguished History*, SPORTS ILLUSTRATED VAULT (Apr. 5, 1993), available at <http://sportsillustrated.cnn.com/vault/article/magazine/MAG1138730/2/index.htm> (last visited June 14, 2011).
2. See Paul Finkelman, *Baseball and the Rule of Law*, 46 CLEV. ST. L. REV. 239, 239 (1998).
3. *Id.*
4. *Id.* at 240.
5. Paul Finkelman, *Baseball and the Rule of Law Revisited*, 25 T. JEFFERSON L. REV. 17, 22 (2002).
6. *Id.*
7. *Erie Railroad Co. v. Tompkins*, 304 U.S. 64 (1938).
8. See *Swift v. Tyson*, 41 U.S. 1, 5 (1842).
9. G. RICHARD MCKELVEY, *ALL BAT, NO GLOVE: A HISTORY OF THE DESIGNATED HITTER*, 2 (McFarland & Co. Inc. Pub. 2004).
10. See generally *id.* at 5–17.
11. The American league is also known as the “junior circuit” whereas the National League is known as the “senior circuit.” MCKELVEY, *supra* note 9, at 6.
12. *Id.*
13. Used loosely here to mean games when the American League and the National League play each other, namely the World Series, All Star Game and Regular Season interleague play.
14. *Major League Baseball Rule 6: The Batter*, Rule 6.10(b), available at [http://mlb.mlb.com/mlb/downloads/y2008/official\\_rules/06\\_the\\_batter.pdf](http://mlb.mlb.com/mlb/downloads/y2008/official_rules/06_the_batter.pdf) (last visited June 14, 2011).
15. This is on issues of substantive law. On issues of procedure, apply the Fed. R. Civ. P.
16. *Erie Railroad Co. v. Tompkins*, *supra* note 7. In *Hanna v. Plumer*, 380 U.S. 460, 468 (1965), Justice Warren noted the “the twin aims of the Erie rule” were “discouragement of forum-shopping and avoidance of inequitable administration of the laws.”
17. Robert Laurence, *On Eurocentric Myopia, The Designated Hitter Rule and “The Actual State of Things,”* 30 ARIZ. L. REV. 459, 462 (1988).
18. MCKELVEY, *supra* note 9, at 6.
19. *Swift v. Tyson*, *supra* note 8, at 5.
20. *Id.* at 4.
21. *Id.* at 12.
22. *Id.*
23. *Id.*
24. MCKELVEY, *supra* note 9, at 2.
25. See Baseball Reference.com, *1970 Major League Baseball Season Team Statistics and Standing*, at <http://www.baseball-reference.com/leagues/MLB/1970.shtml> (last visited June 15, 2011).
26. MCKELVEY, *supra* note 9, at 2, 1–3.
27. Prior to the use of the D.H. rule in 1973, the World Series also operated on the same rules that applied to the American League and National League. See *id.* at 2. The major rules regarding the designated hitter came from the Office of the Commissioner. In 1976 it was “commissioner Bowie Kuhn [who] cast the tie-breaking vote to allow the use of designated hitters in the 1976 World Series.” *Id.* at 53. It was ultimately commissioner Kuhn’s intention to have both leagues play by the same set of rules. Letter from Charles B. Adams, Associate Director of Information and Media, from the Office of the Commissioner to Mr. William S. Hall, Jr. Sept. 21, 1982 (on file with author). His decisions were toward ultimately attaining that goal. *Id.* Subsequent major D.H. decisions came from former commissioner Peter Ueberroth. In 1986, Ueberroth took it upon himself to resolve the D.H. issue.

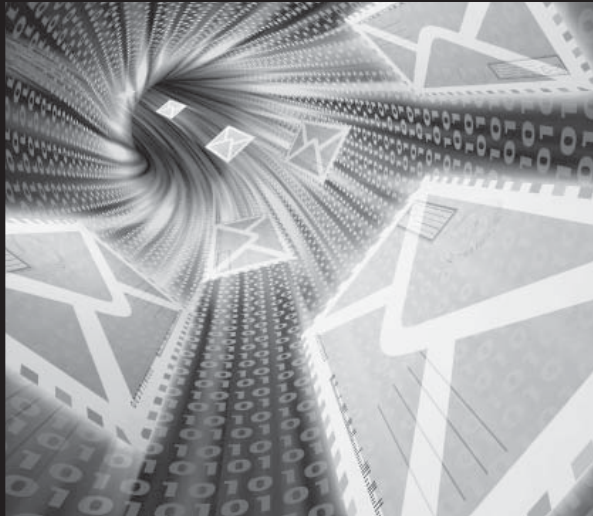


- MCKELVEY, *supra* note 9, at 83. Following a large-scale poll conducted to find out what the fans wanted, in 1986, working with the Major League Baseball Rules Committee, Commissioner Ueberroth extended the D.H. to the World Series based on the “rule of the park.” *Id.* at 92. Ueberroth furthermore extended this in 1988 to the All Star Game.
28. Erie Railroad Co. v. Tomkins, *supra* note 7 at 74.
  29. *Id.*
  30. *Id.* at 76.
  31. *Id.* at 77.
  32. *Id.*
  33. *Id.* at 78.
  34. *Id.*
  35. *Id.*
  36. *Id.* at 77–8; Note, *The Law Applied in Diversity Cases: The Rules of Decision Act and the Erie Doctrine*, 85 YALE L. J. 678, 685 (1976).
  37. *Id.* at 685–86.
  38. Erie Railroad Co. v. Tomkins, *supra* note 7, at 78.
  39. LAW APPLIED IN DIVERSITY CASES, *supra* note 36, at 692–93.
  40. Erie Railroad Co. v. Tomkins, *supra* note 7, at 74.
  41. *Id.*
  42. Adam N. Steinman, *What is the Erie Doctrine? (And What Does it Mean For the Contemporary Politics of Judicial Federalism?)* 84 NOTRE DAME L. REV. 245, 248 (2008) (quoting *Erie v. Tompkins*, 304 U.S. at 74–5).
  43. *Id.* at 256.
  44. Robert J. Condlin, *“A Formstone of Our Federalism”: The Erie/Hanna Doctrine & Casebook Law Reform*, 59 U. MIAMI L. REV. 475, 492 (2005).
  45. *Swift v. Tyson*, *supra* note 8.
  46. WULF, *supra* note 1.
  47. *Id.*
  48. *Id.*
  49. *Id.*
  50. *Id.*
  51. *Id.*
  52. *Id.*
  53. *Id.*
  54. MCKELVEY, *supra* note 9, at 2.
  55. Baseball largely remained the same since “the first professional game was played in the 1870s.” *Id.* at 1. Furthermore, “[r]ule changes are often approached as if baseball had been delivered from on high in a nearly perfect form in the 19th century.” *Id.*
  56. Erie Railroad Co. v. Tomkins, *supra* note 7, at 74.
  57. Aside from exhibition games (which do not count toward the regular season standings), the World Series was the sole instance where teams from both leagues met.
  58. MCKELVEY, *supra* note 9, at 101.
  59. *Id.* at 143.
  60. *See infra*.
  61. *See* NY Times, “On deck for 1989 the designated hitter,” available at <http://www.nytimes.com/1988/07/09/sports/all-star-game-on-deck-for-1989-the-designated-hitter.html>. Important to note here that interleague play during the regular season did not exist in 1973; it only occurred during the All Star Game, in the World Series and during exhibition play (<http://mlb.mlb.com/mlb/history/interleague/index.jsp>, MLB.com (last visited June 15, 2011)), (stating that “[f]or the first time in the history of Major League Baseball, interleague games are to be played during the regular season.”).
  62. GEORGE F. WILL, *BUNTS*, 81 (1999), available at <http://books.google.com/books?id=Dng39c2NP0AC&pg=PA81&dq=designated+hitter+%22world+series%22&ei=ju7xSrKXKaq-ygTOssXkDQ&client=firefox-a#v=onepage&q=designated%20hitter%20%22world%20series%22&f=false> (last visited June 15, 2011).
  63. Bill Ballew, *The Designated Hitter Rule – 17 Years Later*, *Baseball Digest*, 60 (Mar. 1990), available at <http://books.google.com/books?id=tS4DAAAAMBAJ&pg=PA60&dq=designated+hitter&ei=rvjxSpTJOoPAIQIvppqXFDQ&client=firefox-a#v=onepage&q=designated%20hitter&f=false> (last visited June 15, 2011); WULF, *supra* note 1.
  64. WULF, *supra* note 1.
  65. LEONARD KOPPETT & DAVID KOPPETT, *KOPPETT’S CONCISE HISTORY OF MAJOR LEAGUE BASEBALL*, 355 (2d ed., Avalon Pub.1998), available at <http://books.google.com/books?id=cjrbVkJGAsHcC&printsec=frontcover&client=firefox-a#v=onepage&q=&f=false> (last visited June 15, 2011).
  66. *Id.*
  67. MCKELVEY, *supra* note 9, at 30.
  68. WILL, *supra* note 62, at 81; Murray Chass, *On Deck for 1989: the Designated Hitter*, N.Y. TIMES, Jul. 9, 1988 at Sec.1, p 47 Col. 3.
  69. *See* MCKELVEY, *supra* note 9, at 68.
  70. *Id.*
  71. *Id.* at 78.
  72. *Id.*
  73. *Id.*
  74. *Id.* at 84.
  75. *Id.*
  76. *Id.* at 86.
  77. *Id.* Ueberroth’s assertion was unique in that it came from the commissioner’s office and not from a team owner. Whereas team owners voted on use of the D.H. in 1973 for all American League teams, the commissioner’s office has played a unique adjudicative role in implementation of the D.H. rule.
  78. *Id.* at 53.
  79. *See* Joseph Durso, *Designated Hitter Will Remain As Is*, N.Y. TIMES, Dec. 12, 1985, at B28.
  80. *Id.*
  81. *Id.*
  82. Murray Chass, *On Deck for 1989: the Designated Hitter*, N.Y. TIMES, Jul. 9, 1988, at 1(47).
  83. HOWARD M. ERICHSON, *INSIDE CIVIL PROCEDURE: WHAT MATTERS AND WHY*, 83 (Aspen Pub. 2009).
  84. Baseball’s first professional team (the Cincinnati Red Stockings) arose in the late nineteenth century (1869). BENJAMIN G. RADER, *BASEBALL: A HISTORY OF AMERICA’S GAME*, 30 (3d ed. Univ. of Illinois Press 2008), available at [http://books.google.com/books?id=6jplRWwEmVIC&printsec=frontcover&dq=Baseball:+A+History+of+America%27s+Game&hl=en&ei=jJamS8mfEsWclgelhpmPAQ&sa=X&oi=book\\_result&ct=result&resnum=1&ved=0CD0Q6AEwAA#v=onepage&q=&f=false](http://books.google.com/books?id=6jplRWwEmVIC&printsec=frontcover&dq=Baseball:+A+History+of+America%27s+Game&hl=en&ei=jJamS8mfEsWclgelhpmPAQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CD0Q6AEwAA#v=onepage&q=&f=false) (last visited June 15, 2011).
  85. STEINMAN, *supra* note 42, at 84.
  86. DAVID CHARLES HRICIK, *MASTERING CIVIL PROCEDURE*, 405 (Carolina Academic Pr., 2008).
  87. WULF, *supra* note 1.

88. *Id.* The American League batting title was held in 1968 by Carl Yastrzemski. *Id.* Consequently, "Denny McLain won 31 games and Bob Gibson had a 1.12 ERA." *Id.* Compare this to Rod Carew's average of .350 in 1973, the year the designated hitter was implemented in the American League. MajorLeagueBaseball.com, *League Leaders*, <http://mlb.mlb.com/mlb/stats/> (select "Batting Average," then select "MLB," then select timeframe to search for 1973)(last visited June 15, 2011). In second place in 1973 was designated hitter Tommy Davis who posted a .306 average. *Id.* The following year showed an increase in numbers as six players had averages better than .301 (going as high as Carew's .364). *Id.* Ultimately, the designated hitter rule proved to increase the productivity of hitters in the American League just as it set out to do. WULF, *supra* note 1.
89. Official Site of the International League, <http://indianapolis.indians.milb.com/index.jsp?sid=1117> (last visited June 15, 2011).
90. WULF, *supra* note 1.
91. *Id.*
92. *Id.*
93. See McKELVEY, *supra* note 9, at 45. This idea was also asserted by former American League President Gene Budig, who said the designated hitter "has enlightened the game and extended the careers of some of baseball's greatest hitters." *Id.* at 129.
94. STEINMAN, *supra* note 42, at 253.
95. *See id.*
96. Memo from Rick Cerrone to Pete Ueberroth, *Re: Designated Hitter in the World Series*, cc: C. Adams, R. Levin, Dec. 24, 1985 (On file with author).
97. *Series DH in A.L. Parks*, THE SPORTING NEWS, 36 (1986).
98. *Id.*
99. Erie Railroad Co. v. Tomkins, *supra* note 7, at 74.
100. LAW APPLIED IN DIVERSITY CASES, *supra* note 36, at 686.
101. STEINMAN, *supra* note 42, at 74-5.
102. Robert Laurence, *On Eurocentric Myopia, The Designated Hitter Rule and "The Actual State of Things,"* 20 ARIZONA L. REV. 459, 462 (1988).
103. Glenn Dickey, *DH Situation is Fine Just the Way It Is*, SAN FRANCISCO CHRONICLE, May 28, 1985.
104. *Id.*
105. STEINMAN, *supra* note 42, at 256-7 (quoting Erie Railroad Co. v. Tomkins, 304 U.S. at 74-5).
106. *Id.* at 256-8.
107. HRICK, *supra* note 86, at 404.
108. *Id.*
109. ERICHSON, *supra* note 83, at 82.
110. *Supra.*
111. Although we may be able to say that it was 1976 when the D.H. was allowed in every other World Series, that still left a variable result, but 1986 presents a concrete acceptance of the D.H. rule.
112. Erie Railroad Co. v. Tomkins, *supra* note 7, at 77-8.
113. Hanna v. Plumer, 780 U.S. 460, 468 (1968).

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## When Johnny Comes Marching Into Court: Carson Productions vs. Here's Johnny Portable Toilets, Inc.

By David Krell

During the period of 1962-1992, Johnny Carson epitomized the tripling essence of a comedian—Town Crier, Court Jester, and cultural barometer.

As host of *The Tonight Show*, he guided us through the complexities of the day's events with a comedy monologue resting firmly on an undercurrent of wonder nurtured by his Midwestern upbringing in Nebraska. He was not glamorous, nor was he part of the glitterati, literati, or artistic elite. Carson's comedy acumen allowed him to uncover humor in the day's events with the bright-eyed view of an everyman constantly amazed by the human condition.

Johnny Carson served an important purpose—he struck the elusive chord of humor that was neither highbrow nor pedantic, neither sophisticated nor pedestrian. In turn, Johnny Carson's humor was an invaluable commodity for Americans whose days began with an alarm clock viciously rousing them out of the safety of slumber, whose lives filled daily with pressures both big and small, and whose evenings faded all too soon with a yearning for escape based in lightness.

Carson's endurance inspired a nickname—King of Late Night. A prominent fixture in television's royal hierarchy, Carson did not achieve his status automatically, immediately, or passively. Competitors abounded and, ultimately, abided Carson's dominance in the late night television arena—Jerry Lewis, Dick Cavett, Joan Rivers, Alan Thicke, David Brenner, Pat Sajak, Merv Griffin, Rick Dees, Dennis Miller, and Joey Bishop.

*Murphy Brown* honored Carson's powerful governance of late night television in the episode *Uh-Oh, Part 3*.<sup>1</sup> The title character is a gifted broadcast television network journalist with an acerbic wit obscuring a deep-rooted desire to fill a romantic void in her life. Jerry Gold may be the answer. A seemingly misogynistic radio talk show host, Gold connects emotionally with Murphy. On the verge of taking their relationship to a serious level, Gold discloses an obstacle—a television network wants him to move to Los Angeles to host a talk show that will

compete against *The Tonight Show*. Murphy says that Gold will not last long because he is going up against Carson.<sup>2</sup>

Arsenio Hall fared somewhat better. In 1989, comedian Arsenio Hall debuted a syndicated late night television program produced and distributed by Paramount—*The Arsenio Hall Show*. Initially, Hall appealed to a younger demographic with guests fueled by the MTV generation that *The Tonight Show* paradigm largely ignored. After Los Angeles Lakers legend Magic Johnson disclosed his HIV-positive status, for example, Arsenio Hall brought him on stage during the monologue.<sup>3</sup> The audience greeted them with a reverent ovation that resounded throughout the studio.

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*"Johnny Carson served an important purpose—he struck the elusive chord of humor that was neither highbrow nor pedantic, neither sophisticated nor pedestrian."*

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*The Arsenio Hall Show* was not your father's late night television program, though Hall's tenure was short-lived compared to Carson's seemingly infinite elasticity. Paramount cancelled *The Arsenio Hall Show* in 1994.

*Saturday Night Live* poked fun at Hall's capture of a younger, hipper, edgier viewing audience in a sketch called *Carsenio*, where Dana Carvey portrays Johnny Carson sporting a late 1980s hip attire and a flat-top hairstyle inspired by Hall.<sup>4</sup>

When Hall debuted, Carson was nearing the 30-year mark. Ratings wars, affiliate relations, contract negotiations, competing talk shows, four marriages, three divorces, plugging guests, creating comedy sketches, and a relentless demand to daily excavate humor from the headlines provided Johnny Carson with a crucible the likes of which no entertainer has suffered, since or before. He endured because of consistency.

Arsenio drew attention because of his youth, energy, and guests. Johnny drew attention because of his familiarity, reliability, and status as a national nightly custom. America knew that the day was coming in for a safe landing when the fanfare began, the credits rolled, and announcer Ed McMahon blared the show's title, guests, and ritualistic introduction—*Heeere's Johnny!*

During his reign, the King of Late Night faced a royal flush, so to speak, when a portable toilet company used the phrase *Here's Johnny* to promote its products. In *Carson v. Here's Johnny Portable Toilets, Inc.*,<sup>5</sup> the rights concerning privacy, publicity, and trademark took the spotlight.

## The Tonight Show

The genesis of *The Tonight Show* began in 1950 when NBC introduced the concept of late night programming with *Broadway Open House*, the first late-night comedy-variety series on a television network. It premiered on May 29, 1950 and ended its run a little more than a year later on August 24, 1951.

Morey Amsterdam and Jerry Lester shared hosting duties. When Amsterdam left the program, Lester owned the spotlight. Sort of.

A buxom blonde named Jennie Lewis found herself the darling of late night television. With her one-name moniker, Dagmar, she acted the part of the prototypical dumb blonde, an archetype perfectly portrayed later by Jayne Mansfield, Marilyn Monroe, and Suzanne Somers. Dagmar's popularity led to her hosting the show when Lester departed in May 1951.

While *Broadway Open House* pioneered the concept of comedy-variety offerings in the late night sector, Steve Allen designed the blueprint for late night television that remains the television industry standard.

On September 27, 1954, Allen unveiled *Tonight!* on NBC. He introduced hallmarks duplicated by subsequent late night talk show hosts, including band leader, monologue, and celebrity interviews. Allen also created comedy bits that continued in spirit decades later on *Late Night with David Letterman*.<sup>6</sup> Where Allen transformed himself into a human tea bag and got dunked in an oversized teacup, Letterman wore a suit of Velcro and jumped to a wall where he stuck. Letterman also wore an Alka-Seltzer suit and entered a dunk tank, among other stunts.

Allen's *Tonight!* featured stock actors in recurring roles, for example, Don Knotts as the Nervous Guy and Louis Nye as Gordon Hathaway, a highbrow type with the catch phrase *Hi Ho Steverino*. Letterman had Calvert DeForrest as Larry "Bud" Melman and Chris Elliott in a variety of roles, including The Guy Under the Seats who makes appearances from his base beneath the stage.

In June 1956, Allen went to prime time for a comedy-variety show *The Steve Allen Show*. Consequently, he split *Tonight!* hosting duties with Ernie Kovacs for the 1956-57 season. Allen left *Tonight!* after that season to focus on his comedy-variety show. Kovacs also departed.

NBC changed the program's scope to a news and feature format and the program's title to *Tonight! America After Dark*. Hosted by Jack Lescoulie and then Al "Jazzbo" Collins, it lasted about six months—January 28, 1957 to July 26, 1957. Jack Paar took over the program—*The Tonight Show starring Jack Paar*—on July 29, 1957.

Paar was in job search mode when he got tapped for the host position.

Thrust back into the ranks of the unemployed I busied myself mowing the lawn—the only other profession I know. I was dejectedly pushing the mower one day when I got a phone call from Earl Wilson, the syndicated columnist who covers the bosom beat. He had narrowly escaped being struck by falling ratings in the collapse of a late night NBC TV show called *America After Dark*. Before fleeing the scene of the accident, Earl told me, he had recommended to NBC that I replace the departed program. "Don't call them," he cautioned me. "Let them call you."

Stifling the urge to grab the phone, I waited impatiently. Finally it rang. Sure enough, it was NBC. A vice-president invited me to lunch at 21, a restaurant so chic that they put seersucker sleeves on the banisters in the summer. Although I had been doing network radio and television shows for ten years, including two on his own network, he opened the conversation by saying: "Now tell me, Jack, just what is it you do?" Despite this inauspicious start to the conversation, he wound up by offering me a show. When I heard what it was I was underwhelmed. Being selected for it was a signal honor, like being chosen as a Kamikaze pilot. The show was to run from 11:15 pm to 1 a.m. nightly and to be called *Tonight!*—the title of a program that had previously occupied that troubled late night hour. Expectations were high but the budget was low. The previous debacle had scattered the audience, and even *Mr. Keen, Tracer of Lost Persons* couldn't find a surviving sponsor. NBC was tempted to give the time back to the Indians and cow-

boys, but flushed with failure recklessly decided to give live programming one last try with me.<sup>7</sup>

Paar flourished with a format designed for his conversational approach. "Jack created the first real talk show where people talked. He was so many things at midnight and he was live and he was exciting and he found new people and he helped new people and he brought on the superstars of the world who never before would even think of exposing themselves to an ad lib show."<sup>8</sup>

Indeed, Paar embraced the challenge of carving a niche with his personal imprint in the late night time slot fostered by Steve Allen. "Because there was no *Tonight Show*. There was no format. There was nothing but a title—*Tonight*. So I did all I could do, was—get Elsa Maxwell, Johnny Winters, Jose Melis who was in the Army with me and we started to do the only thing you could do which was get a desk and try and find witty people and start something called a conversation show."<sup>9</sup>

Paar's regular guests also included Charley Weaver, Alexander King, Dody Goodman, and Genevieve, a French entertainer. Jonathan Winters expressed his mastery of improvisational comedy. Paar admitted that keeping up with Winters proved futile. "Ad libbing with Johnny is like shoveling smoke. You can't do it."<sup>10</sup>

As the nation's unofficial conduit of current events, Paar brought sensitivity, wit, and accessibility to late night television. He had guests who brought laughter balanced by guests who brought insight.

Randy Paar, Jack Paar's daughter and a prominent insurance attorney at Kasowitz Benson Torres & Friedman in New York City, further illustrates the unique value that her father brought to *The Tonight Show* and his other broadcasting ventures.

My father realized before other broadcasters that conversation is really the content of television that shows off ability. Father could take a boring person and make him or her interesting. That is a remarkable ability.

He liked finding stories and packaging them in a way that everyone would enjoy. He was very involved in translating his own experience. He could go to the hardware store and come back with a funny story.

Besides being a terrific monologist, though, he brought curiosity, honesty, and enthusiasm to *The Tonight Show*. In my father's era, the humor was driven by stories, not jokes. He also invested himself emotionally in his shows. A lot

of people in television are very private, but my father was inclusive and personable. He went to lunch with guests before the show. He was also emotional in his excitement and enthusiasm. That's why people tuned in.<sup>11</sup>

On February 10, 1960, Paar sacrificed his job because of an internal censorship decision by NBC. The network censors cut out a joke from the show taped earlier that day for the late night broadcast. During his monologue, Paar made a double entendre joke about the term "W.C." which means water closet in England. In America, a water closet is a bathroom. But it also has another connotation, one that led to Paar's comedic intentions.

An English lady, while visiting Switzerland, was looking for a room, and she asked the schoolmaster if he could recommend any to her. He took her to see several rooms, and when everything was settled, the lady returned to her home to make the final preparations to move. When she arrived home, the thought suddenly occurred to her that she had not seen a "W.C." (water closet) around the place. So she immediately wrote a note to the schoolmaster asking him if there was a "W.C." around. The schoolmaster was a very poor student of English, so he asked the parish priest if he could help in the matter. Together they tried to discover the meaning of the letters "W.C." and the only solution they could find for the letters was a Wayside Chapel. The schoolmaster then wrote to the English lady the following note:

Dear Madam:

I take great pleasure in informing you that the "W.C." is situated nine miles from the house you occupy, in the center of a beautiful grove of pine trees surrounded by lovely grounds.

It is capable of holding 229 people and it is open on Sunday and Thursday only. As there are a great number of people and they are expected during the summer months, I would suggest that you come early; although there is plenty of standing room as a rule.

You will no doubt be glad to hear that a good number of people bring their lunch and make a day of it. While others who can afford to go by car arrive just in time. I would especially recommend that your

Ladyship go on Thursday when there is a musical accompaniment.

It may interest you to know that my daughter was married in the "W.C." and it was there that she met her husband. I can remember the rush there was for seats. There were ten people to a seat usually occupied by one. It was wonderful to see the expressions on their faces.

The newest attraction is a bell donated by a wealthy resident of the district. It rings every time a person enters. A bazaar is to be held to provide plush seats for all the people, since they feel it is a long-felt need. My wife is rather delicate, so she can't attend regularly.

I shall be delighted to reserve the best seat for you if you wish, where you will be seen by all. For the children, there is a special time and place so that they will not disturb the elders. Hoping to have been of some service to you, I remain.

Sincerely,

The Schoolmaster<sup>12</sup>

When NBC censored the joke, a teary Paar responded on the February 11, 1960 broadcast: "I am leaving *The Tonight Show*. There must be a better way of making a living than this."<sup>13</sup>

Paar's departure turned the nation's airwaves into shockwaves as headlines captured the controversy. A nightly ritual under Paar's aegis, NBC's storied late night franchise faced jeopardy. Guest hosts took temporary custody of Paar's former position. Paar's appeal, however, remained immeasurable.

On March 7, 1960, Paar returned. With his usual comedic aplomb, Paar began the broadcast with a seamless continuance providing a nexus to his departure announcement. "As I was saying before I was interrupted. I believe my last words were that there must be a better way of making a living than this. Well, I have looked. And there isn't."<sup>14</sup>

Jack Paar stepped down from *The Tonight Show* permanently on March 30, 1962. Six months later, Johnny Carson replaced him.

Carson's curriculum vitae included television network programs—*Carson's Cellar*, *The Johnny Carson Show*, *Who Do You Trust?* Additionally, Carson guest hosted for Paar on occasion, though taking over *The Tonight Show* was different than being a temporary stand-in for the emotionally bare Paar who connected with audiences

because of his fearlessness. "Paar took his private neuroses and turned them into a public spectacle. As he began his monologue each evening, the 8 million viewers were waiting not for bon mots or thigh-slapping humor, but for Jack's catharsis of the moment. He might walk off the show, break into tears, steamroller a guest, insult a politician or a commentator, or threaten to quit altogether."<sup>15</sup>

Carson's challenge was immediate, concrete, and terrific. He needed to win over the audience, not to mention the NBC brass—the former with comedy, the latter with ratings.

Of course, Johnny wasn't solely a creature of his writers and cue cards. He wrote his own material for the Friars and other performances. But that wasn't the same as coming up with zingers night after night when he knew he *had* to be funny. Not only that, but he had to be funnier than Paar; he wasn't about to flash his psyche whenever things got dull, or wave one political flag or another.

Johnny had something else going for him. He was a WASP in a profession full of Jewish comedians. The television executives knew that much of their audience was in Topeka and Peoria and Tulsa and other stations in the heartland, where the borscht belt was considered an item of apparel. They needed a host whom farmers in Oklahoma, salesmen in San Jose, and housewives in Binghamton would want to stay up for each evening, yet one worldly enough to maintain the interest of bankers in New Rochelle and brokers in Chicago.

When NBC first contacted Johnny, he said no. Any performer would have been flattered to be asked to replace Paar, but Johnny felt that he simply wouldn't succeed. Al Bruno tried to convince him that he was wrong. Agents and managers are professional optimists, but Bruno genuinely felt that Johnny could go to the top. He told Johnny that he was good, the greatest. He spent as much time selling Johnny to himself as to the networks.

NBC approached Johnny a second time, as soon as it became clear that Paar was definitely leaving. This time Johnny appeared interested. But ABC refused to allow him to abandon *Who Do You Trust?* Until his contract ran out, in the fall of 1962.<sup>16</sup>

NBC waited along with America as a succession of guest hosts filled the hosting gap at *The Tonight Show* until Carson's debut on October 1, 1962.

Carson avoided a revolving door of familiar guests in favor of developing a revolving door of familiar characters portrayed by him—Art Fern, the fast-talking huckster; Floyd R. Turbo, the Midwestern conservative editorialist that dressed in plaid; Aunt Blabby, an elderly woman with a short fuse that ignited wisecracking retorts; and, of course, Carnac the Magnificent, a seer who responded with the corresponding question when prompted with the answer by Ed McMahon. Carson also featured The Mighty Carson Art Players, a comedy sketch troupe.

What Steve Allen began and Jack Paar furthered, Johnny Carson morphed into his own property.

### When Johnny Comes Marching Into Court

By the late 1970s, Carson's status as a late night television institution provided a target.

In 1976, Earl Braxton formed Here's Johnny Portable Toilets, Inc., a Michigan corporation.<sup>17</sup> Braxton also applied to register the "Here's Johnny" phrase as a trademark with the United States Patent and Trademark Office. In turn, Carson and his apparel company—Johnny Carson Apparel, Inc.—sued Here's Johnny Portable Toilets, Inc. in the United States District Court for the Eastern District of Michigan for unfair competition, invasion of commercial rights or right of privacy, deceptive advertising, and common law trademark infringement.

The USPTO suspended Braxton's application until the court rendered a decision.<sup>18</sup>

Although Carson had not registered the phrase with the USPTO, the court concluded, "Trademark rights in names and symbols do not require formal registration. What is required, however, is a showing that some form of ownership rights has arisen from its prior use in connection with a particular product or service."<sup>19</sup>

*The Tonight Show* linked Carson to the "Here's Johnny" phrase. "It is clear that John W. Carson popularized the mark, 'Here's Johnny.'" It is also clear that a substantial segment of the American public associates the mark with the entertainer, Johnny Carson."<sup>20</sup>

Familiarity notwithstanding, the court found that the "Here's Johnny" phrase lacked the potency required to shut out Braxton. "[T]he Court does not believe that Plaintiffs' use of 'Here's Johnny' is so strong and distinctive that its use by others should be foreclosed in the market place. Accordingly, the Court concludes that 'Here's Johnny' is not a strong mark and, therefore, it is not entitled to a broad scope of protection which would preclude its use on completely unrelated non-competitive products

such as portable toilets, in the absence of a showing of other mitigating factors."<sup>21</sup>

The court further explained its analytical paradigm—"A mark must be viewed in its entirety and in context since it is the overall impression that counts."<sup>22</sup> It found that the similarities between the uses of the products existed in name only. Carson used the phrase for entertainment services and his apparel company that marketed products to male consumers. Braxton used the phrase for products sold or rented to event promoters and industrial contractors. Marketing and distribution channels also differed.

Intent, the court emphasized, "[i]s an important consideration in determining likelihood of confusion. Bad faith in the adoption and use of a trademark is inferred by efforts of a party to 'pass off' its product as that of another."<sup>23</sup>

Here, passing off did not exist. Braxton admitted in a deposition that he wanted to make a "good play" on the "Here's Johnny" phrase. He also used the word "comedian" as a play on the word "comedian" to further his efforts.<sup>24</sup> Braxton's intent to profit from the phrase that Carson popularized did not preclude using the phrase for marketing portable toilets, according to the court.

By contrast, an intent to confuse the public into mistakenly purchasing Defendant's product, believing it to be that of the Plaintiffs' cannot readily be inferred from Braxton's admissions and actions. The Court's conclusion as to lack of intent to deceive is supported by the fact that use of the word "john" within the portable toilet trade is customary... For example, some of the Michigan-based portable toilet companies carry the names of "Johnny On the Spot," "Porta-John," and "Tote-A-John."<sup>25</sup>

Further, the court concluded that no actual damages occurred. Ultimately, it found that Braxton's use did not constitute a likelihood of confusion, mistake, or deception.<sup>26</sup>

Carson also claimed that Braxton's use amounted to an invasion of privacy and publicity rights. The court outlined the four torts described by Dean Prosser in his 1960 law review article *Privacy*:<sup>27</sup>

1. Intrusion upon the Plaintiff's seclusion or solitude, or into his private affairs.
2. Public discourse of embarrassing private facts about the Plaintiff.
3. Publicity which places the Plaintiff in a false light in the public eye.

4. Appropriation, for the Defendant's advantage, of the Plaintiff's name or likeness.

Carson claimed that Braxton violated the fourth prong of privacy rights defined by Prosser. He also claimed that a right of privacy claim extended beyond taking one's name to taking an "aspect of identity."<sup>28</sup> Carson lost on both counts.

The court found that "Here's Johnny" is not a name belonging to Carson, his company, or Braxton. It also refused Carson's request to extend the rights.

The right of publicity derives from a celebrity's proprietary [sic] interest in his/her public personality and in his/her right to be compensated for the use of aspects of that personality.

Having already narrowly construed the privacy infringement claim which has been asserted by Plaintiffs, the Court does not believe that it would be prudent to allow recovery for a right of publicity claim which does not more specifically identify Johnny Carson. Therefore, this Court determines that the Plaintiffs have failed to demonstrate that their right of publicity has been invaded.<sup>29</sup>

The court dismissed the action. Carson appealed to the United States Court of Appeals in the Sixth Circuit.<sup>30</sup>

The Court of Appeals began by briefly explaining the background of Carson and the "Here's Johnny" phrase—Carson was an entertainer who first used the phrase "Here's Johnny" in 1957 when he had a television program on the American Broadcasting Company. It had been a standard part of *The Tonight Show* since Carson began hosting in 1962. Carson also authorized the phrase's use for a chain of "Here's Johnny" restaurants, a business venture outside his usual scope of entertainment. Like the lower court, the Court of Appeals acknowledged the phrase's familiarity. "The phrase 'Here's Johnny' is generally associated with Carson by a substantial segment of the television viewing public."<sup>31</sup>

Carson claimed that Braxton engaged in unfair competition, thereby violating Section 43(a) of the Lanham Act, 15 U.S.C. Section 1125 (a) (1976), and Michigan common law. He sought an injunction against Braxton. Applying the likelihood of confusion analysis standard for an equitable relief test, the Court of Appeals used the eight factor test designated by the Sixth Circuit Court of Appeals in *Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, Inc.*<sup>32</sup>

The eight factors are:<sup>33</sup>

1. strength of the plaintiff's mark

2. relatedness of the goods
3. similarity of the marks
4. evidence of actual confusion
5. marketing channels used
6. likely degree of purchaser care
7. defendant's intent in selecting the mark
8. likelihood of expansion of the product lines

The Court of Appeals noted the two-step process that it adopted in the *Frisch's Restaurants* case. "[T]hese eight foundational factors are factual and subject to a clearly erroneous standard of review, while the weighing of these findings on the ultimate issue of the likelihood of confusion is a question of law."<sup>34</sup>

The Court of Appeals ruled that the District Court's findings were not clearly erroneous. It agreed that Carson lacked the basis for a likelihood of confusion argument because Braxton did not intend to associate an endorsement or sponsorship by Carson. "The general concept underlying the likelihood of confusion is that the public believe that 'the mark's owner *sponsored or otherwise approved* the use of the trademark."<sup>35</sup>

Regarding privacy and publicity rights, the Court of Appeals explained the state's views before analyzing Carson's claims. "Michigan law, which governs these claims, has not yet clearly addressed the right of publicity. But the general recognition of the right suggests to us that the Michigan courts would adopt the right. Michigan has recognized a right of privacy."<sup>36</sup>

The right of publicity evolved to protect the rights of famous people to profit from their celebrity status. "The theory of the right is that a celebrity's identity can be valuable in the promotion of products, and the celebrity has an interest that may be protected from the unauthorized commercial exploitation of that identity."<sup>37</sup>

Here, the Court of Appeals diverted from the District Court. It found that the absence of a celebrity's name or likeness did not avoid culpability.

We believe that, on the contrary, the district court's conception of the right of publicity is too narrow. The right of publicity, as we have stated, is that a celebrity has a protected pecuniary interest in the commercial exploitation of his identity. If the celebrity's identity is commercially exploited, there has been an invasion of his right whether or not his "name or likeness" is used. Carson's identity may be exploited even if his name, John W. Carson, or his picture is not used.<sup>38</sup>



The Court of Appeals cited cases where the defendants violated publicity rights even though the use did not involve the claimant's name, or likeness.

*Motschenbacher v. R.J. Reynolds Tobacco Co.*<sup>39</sup> revolved around a commercial's unauthorized use of a picture of a distinctive race car belonging to racer Lothar Motschenbacher. Although the commercial did not use Motschenbacher's likeness, the car's decorative markings identified it as Motschenbacher's car. Some viewers thought that Motschenbacher was driving the car in the commercial.

*Ali v. Playgirl, Inc.*<sup>40</sup> involved the New York right of privacy statute and the common law right of publicity. *Playgirl* magazine published a drawing of "a nude, black man sitting on a stool in a corner of a boxing ring with hands taped and arms outstretched on ropes."<sup>41</sup>

The drawing did not identify the plaintiff, former heavyweight champion Muhammad Ali, by name or image—the caption for the drawing was "Mystery Man." Ali prevailed on an identification argument, nevertheless, because a verse accompanying the drawing identified "Mystery Man" as "The Greatest." Ali frequently called himself "The Greatest" in media appearances and interviews. "The district court took judicial notice of the fact that 'Ali has regularly claimed that appellation for himself."<sup>42</sup>

*Hirsch v. S.C. Johnson & Son, Inc.*<sup>43</sup> concerned a right of publicity issue involving former NFL star Elroy "Crazylegs" Hirsch.<sup>44</sup> S.C. Johnson marketed a ladies shaving gel called "Crazylegs." The court found that a celebrity's famous nickname holds equal legal weight to an actual name. "All that is required is that the name clearly identify the wronged person. In the instant case, it is not disputed at this juncture of the case that the nickname identified the plaintiff Hirsch."<sup>45</sup>

The Court of Appeals further relied on Prosser. "If a fictitious name is used in a context which tends to indicate that the name is that of the plaintiff, the factual case for identity is strengthened."<sup>46</sup>

Braxton's argument weakened because he had admitted that he used an affectation familiar to the general public to link his product with Mr. Carson. The Court of Appeals noted Braxton's counsel confirming the strategy in the District Court: "Now, we've stipulated in this case that the public tends to associate the words 'Johnny Carson,' the words 'Here's Johnny' with plaintiff, John Carson and, Mr. Braxton, in his deposition, admitted that he knew that and probably absent that identification, he would not have chosen it."<sup>47</sup>

The Court of Appeals vacated and remanded. On remand, the United States District Court for the Eastern District of Michigan enjoined Braxton's corporation from using the "Here's Johnny" phrase in any state where the use violated Carson's

right of publicity under Michigan law. Braxton appealed to the United States Court of Appeals for the Sixth Circuit. The Court of Appeals affirmed the ruling.<sup>48</sup>

Braxton attempted to register "Here's Johnny" with the USPTO after Johnny Carson died in 2005. Carson's estate filed a notice of opposition. In 2010, the Trademark Trial and Appeal Board ruled against Braxton in summary judgment. The judges ruled that Carson's status as a California resident entitled him to post-mortem publicity rights. Consequently, the injunction's force remains.

## Endnotes

1. *Murphy Brown: Uh-Oh, Part 3* (CBS television broadcast Oct. 22, 1990). *Murphy Brown* was a sitcom staple for CBS. It aired from 1988 to 1998. In its first nine seasons, the show aired on Monday nights at 9:00 p.m. CBS moved it to Wednesday nights at 8:30 p.m. in its tenth and final season. *Murphy Brown* starred Candice Bergen in the title role, a recovering alcoholic news reporter on *FYI*, a successful television network program.
2. *Id.*
3. On November 7, 1991, Magic Johnson held a press conference to announce that he tested positive for HIV.
4. *Saturday Night Live* (NBC television broadcast, May 18, 1991).
5. 698 F.2d 831 (6th Cir. 1983), *aff'd*, 810 F.2d 104 (6th Cir. 1987).
6. *Late Night with David Letterman* premiered on February 1, 1982 and ended on June 25, 1993. It aired at 12:30 a.m. following *The Tonight Show*. Conan O'Brien succeeded David Letterman as the host of *Late Night* from September 13, 1993 to February 20, 2009. Jimmy Fallon succeeded Conan O'Brien as the current *Late Night* host. Fallon's first broadcast occurred on March 2, 2009.
7. JACK PAAR, I KID YOU NOT 74 (1st ed., Little, Brown & Company 1960).
8. *American Masters: Jack Paar: As I Was Saying...And More!* (Kultur) (PBS television broadcast May 7, 1997).
9. *Id.*
10. *Id.*
11. Telephone Interview with Randy Paar, Partner, Kasowitz Benson Torres & Friedman, in New York, N.Y. (April 20, 2011).
12. PAAR, *supra* note 7, at 222-23.
13. *The Tonight Show* (NBC television broadcast Feb. 11, 1960).
14. *The Tonight Show* (NBC television broadcast Mar. 7, 1960).
15. LAURENCE LEAMER, KING OF THE NIGHT: THE LIFE OF JOHNNY CARSON 133 (William Morrow & Company, Inc. 1989).
16. *Id.* at 134-35.
17. *Carson v. Here's Johnny Portable Toilets, Inc.*, 498 F. Supp. 71, 73 (E.D. Mich. 1980).
18. *Id.* at 73-74.
19. *Id.* at 74 (citations omitted).
20. *Id.*
21. *Id.*
22. *Id.* at 75.
23. *Id.*
24. *Id.*
25. *Id.*

26. *Id.* at 77.
27. *Id.* at 77 (citing Dean William Prosser, *Privacy*, 48 CAL. L. REV. 383, 389 (1960)).
28. *Id.* at 77.
29. *Id.* at 78 (citations omitted).
30. *Carson*, 698 F.2d 831.
31. *Id.* at 832-33.
32. 670 F.2d 642 (6th Cir. 1982).
33. 698 F.2d at 833 (citing 670 F.2d at 648).
34. *Id.* at 833 (citing 670 F.2d at 651).
35. *Id.* at 834 (citing *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76, 79 (2d Cir. 1981) (emphasis added) (quoting *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979))).
36. *Id.* at 834, n.1. The Court of Appeals suggested two resources in this area: DEAN WILLIAM PROSSER, HANDBOOK OF THE LAW OF TORTS § 117 at 805 (4th ed. 1971), and *Beaumont v. Brown*, 257 N.W.2d 522 (Mich. 1977).
37. 698 F.2d at 835.
38. *Id.* at 835.
39. 498 F.2d 821 (9th Cir. 1974).
40. 447 F. Supp. 723 (S.D.N.Y. 1978).
41. *Carson*, 698 F.2d. at 835.
42. *Id.* (quoting *Ali*, 447 F. Supp. at 727).
43. 280 N.W.2d 129 (Wis. 1979).
44. Hirsch played for the University of Wisconsin Badgers football team. He received the "Crazylegs" moniker from sportswriter Francis Powers of the *Chicago Daily News* because of a 61-yard touchdown run in the 1942 game against Great Lakes. Powers wrote that Hirsch's "crazy legs were gyrating in six different directions all at the same time." Hirsch played for the Chicago Rockets of the All-America Football Conference from 1946-48. He played for the Los Angeles Rams from 1949-57. *Elroy Hirsch Passes Away at 80*, UWBADGERS.COM (2011), <http://www.uwbadgers.com/sports/m-footbl/spec-rel/012804aaa.html> (last visited June 2011).
45. 698 F.2d. at 835-36 (quoting 280 N.W.2d at 137).
46. 698 F.2d at 836 (quoting PROSSER, *supra* note 27 at 403).
47. *Id.* at 836.
48. *Carson v. Here's Johnny Portable Toilets, Inc.*, 810 F.2d. 104 (6th Cir. 1987).

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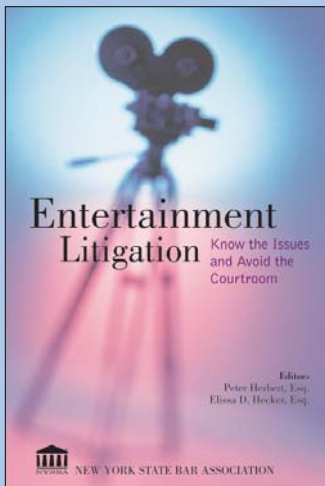
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