

Entertainment, Arts and Sports Law Journal

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

Remarks from the Chair



After much anticipation, I am ecstatic to report on the overwhelming success of our Spring Conference. Many months of planning by a number of our Executive Committee members, led by **Kenny Nick** and **Jay Flemma**, went into our program, which was held on March 28th and 29th at the Doral Arrowwood Resort in Rye Brook, New York.

The highlight of the program was the keynote address by The Honorable Jed S. Rakoff, United States District Judge for the Southern District of New York.

Following a cocktail reception and dinner on Friday night, Judge Rakoff educated and entertained the audience with thoughts about digital rights in the Internet age. Moments after Judge Rakoff concluded his remarks, our always-on-the-job editor, **Elissa Hecker**, persuaded him to provide us with a copy of his speech for publication, which you will find in this issue.

Not only did our conference attract interest from within and outside the Section, but we were honored to host at our program both the President of the NYSBA, Lorraine Power Tharp, and the President-Elect, A. Thomas Levin. It was interesting to hear them speak about NYSBA-wide matters of interest, as well as planned changes in Albany and how they may affect our

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Section. One of these changes, a reallocation of seats in the House of Delegates, will result in the EASL Section being granted an additional delegate.

Our Saturday session began with fireworks, as Robert Donnelly and John Luneau debated the topic "Whose Songs Are They Anyway: When Congress Repealed Its Work-For-Hire Provisions Favoring Record Labels, Did It Pave the Way for Artists to Recover Their Music?" Our animated speakers, and moderator **Jay Flemma**, provided not only a detailed PowerPoint presentation describing the legal framework of the dispute, but they also added sharp remarks about this highly controversial subject.

We next had a series of breakout programs to ensure that the diverse practice areas in our Section were represented. Jeffrey H. Epstein spoke about the Madrid Protocols; Richard Caples, **Tim DeBaets** (former Section Chair), **Jim Ellis** (Chair of our Committee on Theatre and Performing Arts) and Katherine Forrest discussed "Ownership Rights for Creative Works in Light of the Martha Graham Decision"; Mark Lee joined us from California to discuss legal issues he has encountered in connection with the marketing and licensing of Tiger Woods; and **Alan Barson** (Section Secretary), Janine Natter and Kim Youngberg spoke about "Advance Deal Points in Record and Producer Deals."

Following a lunch break, we had a session geared to our young lawyers in which Jon Fine (counsel at The Random House Group and former counsel for "Saturday Night Live"), Michael Simon (Senior Vice President of Licensing at The Harry Fox Agency, Inc. and former general counsel at Razorfish) and Kevin Shapiro (counsel to the rock group Phish) spoke about their experiences and provided tips to those interested in pursuing similar careers. Members who missed this session should be on the lookout for future "Breaking In . . ." programs that **Jennifer Unter**'s Young Lawyers Committee regularly hosts.

Finally, we concluded with a panel on "Conflicts of Interest in the Sports and Entertainment Industries," in which Professor Kenneth Shropshire of the University

of Pennsylvania and Eric Goldman of Sendroff & Associates spoke about various ethical dilemmas many practitioners often face in these fields.

Not only did our conference provide a terrific educational experience (as well as seven CLE credits), but it was a unique opportunity for our members to meet each other in a relaxed setting with numerous opportunities for networking and socializing, including at our Friday night cocktail party and dinner, casually at the resort's bar after the Friday night program, and at breakfast, lunch and breaks on Saturday. It was easy to see why other sections have found their fall or spring conferences to be the highlights of their annual calendars, and what we have been missing for the past several years.

As a result of this program's success, the Executive Committee has decided to continue the Spring Conference as an annual program. We are currently exploring possible locations and dates for next spring that will again provide Section members with the option to stay overnight or travel from New York City within an hour or less. Look for a mailing and check out our Web site within the next few months for further details.

The only other item I want to highlight is our pro bono initiative, which has become a model not only within the NYSBA, but around the country. Some of our pro bono activities, which include our alliance with Volunteer Lawyers for the Arts, in which our members participate in Section-organized clinics, have received national publicity. For example, we will be featured in an article in the ABA's *Bar Leader*. Given that our Pro Bono Committee, chaired by **Elisabeth Wolfe**, is barely a year old, it is exciting to think about the opportunities for our continued growth in this area.

With a number of new projects in the planning stages, there should be much more to report in the near future (perhaps by the time this issue arrives) and I would encourage members to continue to monitor our Web site, <<http://www.nysba.org/easl>>.

Jeffrey Rosenthal

Get CLE Credit!
Next EASL Journal Deadline:
Friday, September 26, 2003

Editor's Note

This issue of the *Journal* continues our Law Student Initiative, which is designed to bridge the gap between law students and the entertainment, arts and sports law communities and shed light on students' diverse perspectives in these practice areas. I was extremely excited to have received a number of excellent submissions on a variety of topics, and have selected two authors as our LSI winners. Julie Block, a third-year law student at St. John's University School of Law, writes about the privacy and piracy arguments stemming from the Recording Industry Association of America's (RIAA) attempts to obtain user identities from Verizon Internet Services (Verizon), and other issues regarding peer-to-peer services. Brian Geller, a third-year law student at Fordham Law School, writes about the Sixth Circuit's opinion in *Rosa Parks v. LaFace Records*, in which Rosa Parks brought an action against the rap group OutKast and its record producers for the use of her name in the title of one of their songs, "Rosa Parks." As a result of the law students' high-quality submissions, both of these authors will receive a free membership to the EASL Section next year, and an opportunity to reach out to EASL Section members with their talent.



In addition to the outstanding student articles, this *Journal* contains several articles concerning the music industry's battles with Internet piracy. There is an assortment of submissions that focus on the RIAA/Verizon dispute, the *Grokster* decision and other articles that analyze and forecast the practices and tactics of the music industry in combating online infringements and file-sharing services. Further, in carrying on the music theme, we have some interesting practical articles that are geared toward attorneys who practice in the field of music. One deals with ring tone licensing, a rapidly expanding market in the U.S., and others focus on audit and contractual issues.

In a companion article to Brian Geller's LSI winning article, the *Journal* is fortunate to have an in-depth analysis of the *Rosa Parks* decision, which was written by the Editor of *Bright Ideas*, the IP Section journal of the NYSBA. Other articles in this issue include a commentary concerning database laws, a practitioner's guide to the essential elements of a publishing contract between a publisher and author, and an interesting piece about fan violence in the sports world, complete with suggestions as to how to reduce liability at sporting events. We are also fortunate to have an article about the recent

Supreme Court decision regarding the Lanham Act and public domain material in *Dastar Corp. v. Twentieth Century Fox Film Corp.*

I am honored that Hon. Jed S. Rakoff, U.S. District Judge for the Southern District of New York, has provided the *Journal* with a copy of his remarks from the EASL Section's Spring Conference. It was wonderful to hear them in person, and I am sure that for those of you who were not able to attend, this will be an interesting insight into Judge Rakoff's views about copyright law and the Internet.

As you will see from Elisabeth Wolfe's Pro Bono Update, the Pro Bono Committee has exploded with activity. The EASL Section is continuing to participate in its extremely successful clinics with VLA, and is working closely with that organization and others, including Ice Hockey in Harlem, on creating more pro bono programs. As an informational resource for EASL Section members, the *Journal* is featuring VLA's upcoming programs.

Finally, I am extremely pleased to be able to publish both parting words from Lorraine Power Tharp, the former President of the NYSBA, and future plans from A. Thomas Levin, the NYSBA's current President. Lorraine and Tom have great passion for the NYSBA and for what its members can accomplish.

On a programming note, the EASL Section is looking forward to co-sponsoring a four-credit CLE program (including two Ethics credits) with the St. John's University School of Law Entertainment and Sports Law Society. It will be held on Friday, October 17, 2003. Please see our ad in the *Journal* and stay tuned for e-mails, mailings and updates on our Web site for further information.

Once more, please be advised that **authors can now get CLE credit from having an article published in the *EASL Journal*.** To submit an article or letter to the Editor, please contact me at hecker@harryfox.com. **THE NEXT DEADLINE IS FRIDAY, SEPTEMBER 26, 2003.**

Elissa

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

Congratulations to the Law Student Initiative Selected Authors

Julie Block

of St. John's University School of Law, for
"Privacy or Piracy—Weighing the Interests of Internet Users
with the Interests of Copyright Owners"

and

Brian Geller

of Fordham Law School, for
"Sixth Circuit Opinion in *Rosa Parks v. LaFace Records*
Demonstrates Limits of *Rogers v. Grimaldi* Protection"

The Entertainment, Arts and Sports Law (EASL) Section of the New York State Bar Association has an initiative giving law students a chance to publish articles in a special column which will appear both in the *EASL Journal* as well as on the EASL Web site, www.nysba.org/easl. 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 members.

Law school students who have interests in entertainment, arts 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 *Journal* is among the profession's foremost law journals. Both it and the Web site have wide national distribution.

To foster interest in entertainment, arts and sports law as a career path, the EASL Section invites law students who are Section members to participate in its Law Student Initiative:

Requirements

- Eligibility: Open to all full-time and part-time J.D. candidates who are EASL Section members.
- Form: Include complete contact information: name, mailing address, law school, law school club/organization (if applicable), phone number and e-mail address. There is no length requirement, but any notes must be in *Bluebook* endnote form.
- Deadlines: Submissions must be received by **September 26, 2003**.
- Submissions: Articles must be submitted both in hard copy (mail to: Elissa D. Hecker, Esq., The Harry Fox Agency, Inc., 711 Third Avenue, New York, NY 10017) and either on a diskette in Word, or via a Word e-mail attachment to: ehecker@harryfox.com.

Topic

Each student may write on the subject matter of his/her choice, so long as it is unique to the entertainment, arts 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, a news article featuring the competition and the winning entrants will be published in the *Journal* and on our Web site at www.nysba.org/easl, and all winners will be announced at the EASL Section Annual Meeting.

The Phil Cowan Memorial Scholarship

EASL is pleased to announce that The New York Bar Foundation has approved the creation of a restricted fund for contributions to The Phil Cowan Memorial Scholarship. The Scholarship of \$2,500 will be awarded on an annual basis in Phil Cowan's memory to a law student who is committed to a practice concentrating in one or more of the fields of entertainment, art or sports law.

Eligible Recipients. The recipient of the \$2,500 Scholarship will be selected each year through a writing competition. The writing competition is open to all first- and second-year law students who are members in good standing of the EASL Section and who attend a law school anywhere in New York State, Rutgers University Law School (Newark and Camden campuses) or Seton Hall Law School.

The Competition. Each Scholarship candidate must write an original paper on a legal issue of current interest in the area of entertainment, art or sports law. The paper should be twelve to fifteen pages in length, double-spaced and including footnotes, in *Bluebook* form. The 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 the EASL's Phil Cowan Memorial Scholarship Committee. The Committee will read the submitted papers and will make the ultimate decision as to the Scholarship recipient.

Deadlines. All students must submit their papers to their respective law schools for consideration not later than April 30 of each year. The screening faculty at each respective law school must submit the top three papers to the EASL's Scholarship Committee by June 1 of such year. The Scholarship Committee will determine the winner by October 31, and the winner will be

announced, and the Scholarship awarded, at the Annual Meeting, which will take place the following January.

The Scholarship Committee and Prerogatives. The Scholarship Committee is composed of all former Chairs and the current Chair of the EASL Section. Each winning paper will be published in the *EASL Journal* and will be made available to EASL members on the EASL Web site. The Scholarship Committee reserves the right to submit all papers it receives to the *EASL Journal* for publication and to the EASL Web site. The Scholarship Committee also reserves the right *not* to award a Scholarship if it determines, in any given year, that no paper submitted was sufficiently deserving. All rights of dissemination of the papers by EASL are non-exclusive.

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

Donations. The Phil Cowan Memorial Scholarship fund is pleased to accept donations. The donations are tax-deductible. All donations should be by check, and be made payable to **The New York Bar Foundation**. Each donation should indicate that it is designated for the Phil Cowan Memorial Scholarship. **All donations should be forwarded to The New York Bar Foundation, One Elk Street, Albany, New York 12207, Attention: Kris O'Brien, Director of Finance.**

Did You Know?

Back issues of the *Entertainment, Arts and Sports Law Journal* (2000-2003) are available on the New York State Bar Association Web site.

(www.nysba.org)

Click on "Sections/Committees/ Entertainment Law Section/ Member Materials/ Entertainment, Arts and Sports Law Journal."

For your convenience there is also a searchable index in pdf format.

To search, click "Find" (binoculars icon) on the Adobe tool bar, and type in search word or phrase. Click "Find Again" (binoculars with arrow icon) to continue search.

Note: Back issues are available at no charge to Section members only. You must be logged in as a member to access back issues. For questions, log in help or to obtain your user name and password, e-mail webmaster@nysba.org or call (518) 463-3200.

Thanks for the Memories

By Lorraine Power Tharp

As I write this message to the members of the Entertainment, Arts and Sports Law Section, I have one day left in my term as Association President! It has truly gone by in the blink of an eye. Even the stressful moments—and believe me, there were some—were unique and special, and resolved themselves through excellent cooperative efforts of the many fine lawyers and State Bar staff that I have had the pleasure to work with over the past year.



Another true pleasure has been the travel I have been fortunate to undertake and, during that travel, the ability to meet lawyers from not only around the state but the country and, indeed, the world. Recently, I was in Jamestown, New York, for the dedication of the Robert H. Jackson Center. Many of you may remember that Robert H. Jackson was a Justice of the Supreme Court of the United States. What you may not recall is that he was a “country lawyer” until he became politically active on a state and federal level, and that he is featured prominently in our display honoring the country lawyer in the Bar Center. My father, before he went into public service, had the role of country lawyer, and so I was very pleased to attend the Center’s dedication. There was an added bonus. One of the law clerks for Justice Jackson was a young man by the name of William H. Rehnquist, and so the Chief Justice of the United States was in Jamestown for the dedication as well. It was a thrill to meet him, even though time did not permit me to question him on the new federalism of his Court.

Another highlight of my travels was attending your Section’s Spring Meeting at a delightful setting in Rye Brook. Your Chair, Jeffrey Rosenthal, the Program Chair, Kenneth Nick, and the *Journal* Editor, Elissa Hecker, were all very welcoming. I had no idea that so many of your members are in fact frustrated athletes, singers, musicians, thespians—I fit right in! My father grew up in a theatrical family—my grandparents were on Broadway and my grandmother, whom I did know, was a Ziegfeld Follies girl. In fact, my mother recently shared with me a letter from my grandmother in which she described how my grandparents had performed before three U.S. Presidents. “No,” she quipped, “not Lincoln,” but they did perform for Teddy Roosevelt, William Howard Taft and Woodrow Wilson. I loved hearing my grandmother’s stories and I started acting in high school in part because of them. One of my proudest moments was when, as a freshman, I beat out a senior

for the role of Annie Sullivan in *The Miracle Worker*! When I announced to the family that I wanted to attend Sarah Lawrence and major in theater, my dear father did not exactly say no, but he did indicate that, with that choice, I would be paying for college on my own. My father and his sister had been raised by their grandmother; since their parents were on the road so much, and he did not want that life for me. When I did choose another college and major, my father was pleased and always counseled me that he felt theater and the law could intersect, especially if I would just go into court.

Let me conclude with a review of the past year, and my stated priorities at the beginning of my term. I wanted to emphasize the following: Communications, putting a “face” on the Association, jump-starting our legislative advocacy and educating the public as to what we do; access to justice; and diversity issues. We revamped our Committee on Public Relations and hired a new outside consultant, and I made a priority of reaching out to the public (through the media and otherwise) and the legislature to educate *and* advocate. With respect to the access to justice issues, we are very pleased to report that assigned counsel rates will be going up in January of 2004 for the first time in 17 years. This was the number-one legislative priority of the Association this past year, and it was very gratifying to see it come to fruition. With respect to diversity, we still have concerns, and I know that those concerns are shared by my successor, Tom Levin, who will continue to work in this area. I know, too, that the Task Force that I appointed on Diversity in the Judiciary will expand its work in the upcoming year, holding more forums on “How to Become a Judge” and gathering further information for its report to the Association.

Finally, thank you for the opportunity to meet some of the interesting, creative people, doing interesting, creative work, that make up your Section. I feel my theatrical side starting to re-emerge, and you may find me as a new Section member. All best wishes.

Lorraine Power Tharp is the past President of the NYSBA and a partner in the firm of Whiteman Osterman & Hanna LLP in Albany, New York. Her primary areas of practice are real estate, banking law and commercial lending. Ms. Tharp resides in Saratoga Springs, New York, is the immediate past Chair of that city’s Planning Board and has been involved in community affairs in Albany and Saratoga Springs for many years. Ms. Tharp is the recipient of the 1995 Leadership Saratoga Distinguished Alumni Award, the 2002 Soroptimist Woman of Distinction Award and the 2003 Kate Stoneman Award from Albany Law School.

Looking Forward

By A. Thomas Levin

During the past year I have had the distinct pleasure and honor of serving as President-Elect of the New York State Bar Association (NYSBA). This position is not a sinecure, and it involves active participation in the Association's activities and programs. One of the most enjoyable parts of the job has been traveling to meetings of Sections and Committees of the Association, where I have had the opportunity to meet and talk to Section officers and members. While the travel and time commitment was extensive and sometimes tiring, the experience was nothing short of remarkable. It is difficult to put into words the incredible breadth and depth of activity which goes on in our Association. Each meeting or conference demonstrated our members at their best, giving of themselves for the benefit of others, devoting their time to education concerning the development of legal issues, joining together for social activity and working to make the legal system and the profession even better.



In March, it was my pleasure to attend the Spring Meeting of the Entertainment, Arts and Sports Law (EASL) Section, and to join the celebration of the Section's 15th anniversary year. At the time, I had the opportunity to make some remarks to those attending the program, and I used that occasion to take note of the many ways in which the Section activities fulfill the mission of the NYSBA.

The NYSBA has many constituent entities and forums which bring our members together for formal and informal conversation, education, guidance and collaboration in improving the legal process and justice system. The EASL Section's meeting was just such a networking and educational opportunity. The program agenda demonstrated how Sections can share the expertise and views of bench and bar, and both outside and in-house counsel.

For those who were able to attend this program, it was a wonderful educational experience. It was made even more enjoyable for me by the opportunity to meet individually with the many attendees, to enjoy the reception and dinner conversation and to hear some insightful remarks from Judge Rakoff.

Those discussions were also illustrative of the diverse areas of practice in which the Section members participate, the increasing complexities of the legal issues with which they deal on a daily basis, and the interrelationship of those issues with the concerns of modern society. It was gratifying to see how the EASL Section is on the cutting edge of law and technology, and how it develops educational resources to keep pace with current issues in order to best serve the needs of clients and the profession.

The Section's activities dovetail very nicely with the NYSBA's program for the coming year. Among the priorities of my term as President will be to promote access to justice and pro bono service. We know that New York lawyers voluntarily provide an extraordinary amount of free legal services to those who cannot afford to pay the market rates. This is even more

"Another reason NYSBA is proud of the EASL Section is that it makes sure that Section members receive value for their membership dollars."

remarkable in light of the current economy. It is increasingly difficult for lawyers to make time available to provide legal services to those who cannot otherwise afford them, to make sure that worthy organizations and individuals can get legal help when they need it and to make these services available through the greatest number of media.

Given that goal, you can well imagine how pleased I was to be able to comment upon the EASL Section's Pro Bono Committee's pro bono projects, which cover all three elements of the NYSBA program. EASL volunteer lawyers assist the Volunteer Lawyers for the Arts, operate clinics to counsel artists who cannot otherwise afford those services, and is developing opportunities for these services to be available online. The Section is to be congratulated on these efforts, and on its many successes.

Another reason NYSBA is proud of the EASL Section is that it makes sure that Section members receive value for their membership dollars. We are always mindful of the need to give lawyers reasons to join the Association and reasons to continue their membership.

We accomplish this through many programs which meet members' professional needs, excellent membership benefits and high-quality continuing education at reasonable cost. Most important, we continue to be an effective voice for the profession, and our members know that we can be counted on to stand up for them.

During the coming year, you will see even more improvements to our newly redesigned Web site, www.nysba.org, to provide the general public with valuable information about legal issues and our Association, and to provide member-only resources. As part of our improved communications program, information about Executive Committee and House of Delegate agendas will be available to members online. We also will be providing even greater assistance to members with respect to their own technology issues.

I hope that I will have many more opportunities to meet with our members during my term as NYSBA President, to discuss the many important issues which face our profession and to hear your ideas on how we can do even better. In the meantime, any member who has a comment, question or idea relating to NYSBA membership or activity should feel free to contact me, at atlevin@msek.com. I look forward to hearing from you, and want you to know that suggestions for new programs or improvements in existing ones are always welcome.

A. Thomas Levin is the President of the New York State Bar Association. He is a partner at Meyer, Suozzi, English & Klein P.C. in Mineola. Mr. Levin is a graduate of Brown University, holds two law degrees (J.D. and LL.M.) from New York University School of Law and also is admitted to practice law in Florida, the United States Virgin Islands, the United States Supreme Court and various other federal courts. He is a past President of the Nassau County Bar Association and a past Chair of the New York State Conference of Bar Leaders. Mr. Levin concentrates his practice in the fields of local government law, land use regulation and commercial litigation, representing both private and public sector clients. Since 1972, Mr. Levin has been the Editor of the *Bench Book for Trial Judges*, first published by the New York State Judicial Conference and the Office of Court Administration, and now published by Westgroup. He is also the author of numerous other legal articles and is a frequent lecturer on legal topics.



Mark Your Calendars Now!!!

**2004
New York State
Bar Association**

Annual Meeting

**ENTERTAINMENT,
ARTS AND SPORTS LAW
SECTION MEETING**

**January 30, 2004
New York Marriott Marquis**



Copyright Law and the Internet

By Hon. Jed S. Rakoff, United States District Judge, Southern District of New York
Keynote Speaker
Spring Conference of the Entertainment, Arts and Sports Law Section

Thank you for those kind remarks. If my wife were here, she'd insist on rebuttal time; but since she isn't, I will simply accept your gracious words and return the compliment by stating that virtually every federal judge I know agrees that the entertainment, arts and sports lawyers in the segment of the bar that you represent are among the most skilled and professional lawyers that we see in our courts.



I do want to begin my remarks with a disclaimer: Nothing I say here tonight is being uttered in my judicial capacity or reflects my judicial views. It may not even reflect my personal views, assuming I have any. If I tell you I love my mother, you must regard it as purely a hypothetical proposition. My sole function here tonight is to stimulate some thought or, at least, provide some downtime while you digest your dinners.

Also, disclaimers aside, while I feel very honored to be asked to speak at this conference, I also speak with trepidation, since every time I've had a case involving entertainment, arts or sports law, I've gotten into trouble with my three daughters. For example, about a year after I went on the bench, I upheld the suspension of six key Knicks players, right in the middle of the playoffs, and thereby arguably cost them the championship. When I called my wife that night to tell her what I had done and that I was on my way home, she said, "That's nice, dear, but your daughters already know about it and told me to tell you that you'd better not come home tonight."

Then, just last fall, I had a case in which I upheld the decision of the sponsors of the Columbus Day Parade to bar a member of the cast of "The Sopranos" from marching in the parade; and in the process, I made the mistake of revealing from the bench that I had never watched "The Sopranos." When I called my wife to tell her I was coming home, she said that my daughters were ashamed that their father was such an ignoramus, and that I'd better not come home that night, either. So you can see I've been spending a lot of time in chambers.

But the case that really got me into trouble with my daughters, and that segues into my topic tonight—

which is, broadly speaking, copyright law and the Internet—was the *MP3.com* case, about three years ago, in which I held that that company's free service of beaming digital copies of songs over the Internet to anyone who could claim to possess a hard copy of the song violated the copyright laws. My daughters were so offended by the notion that they might have to pay for their music that, for a week, instead of calling me "Papa," they called me "Pariah," and only relented when they realized that whatever they might have to pay, the bills would come to me.

Of course, *MP3.com* was just one of several cases that focused public attention on the extent to which the advent of the Internet requires one to re-examine the relationship of copyright law and social policy. This was hot news a few years ago; but after September 11th, the decline of the stock market and now the war in Iraq, it has pretty much been relegated to the back burner. In some respects, that's too bad, because very few of the social policy issues raised by the advent of the Internet, including its impact on copyright law, have yet been resolved, in the courts or elsewhere.

Let me start with the obvious: Like telephones, movies, radio and television, the rise of the Internet has had a profound impact on how most Americans conduct their everyday lives. And like each of those media, the Internet has a distinct "feel" that is materially different from what preceded it. Writing an e-mail, for example, is different from writing a hard-copy letter; the very nature of the medium encourages a casual and uninhibited mode of discourse that can be both enjoyable and problematic. Similarly, shopping on the Internet, whether for a plane ride or for a mate, is totally different from shopping in person, or even by telephone, in ways that greatly increase both the extent of choice and the possibility of fraud. Or, again, getting one's news on the Internet provides both greater immediacy and greater inaccuracy than even television.

Without multiplying examples further, the point is that Internet communication impacts everything from economic efficiency to personal privacy in ways that only a materially new medium of communication can. Whenever this kind of media shift occurs, it takes the law, and society, quite some time to catch up to and, in effect, harness the new medium to social values. In the interim of uncertainty, extreme positions are likely to be espoused; but this may not always be a bad thing,

because in the process we have occasion to rethink some of those values.

When it comes to copyright law, the impact of the Internet has already been felt in numerous ways, and some of the positions staked out in response do seem to be somewhat extreme, although thought-provoking. For example, the fundamental issue lurking just beneath the surface in cases like *Napster* and *MP3.com* is whether copyright law should be applied *at all* to the exchange of otherwise copyrightable materials over the Internet. I understand that this is not a position that will likely commend itself to most of the members of this audience; and, of course, in the actual *MP3.com* case, I found that the copyright laws applied in full force to the exchange there challenged, and the Ninth Circuit held similarly in the *Napster* case.

But would the world really come to an end if the Internet were copyright-free? Professor Lawrence Lessig of Stanford Law School, the great guru of copyright-free cyberspace, argues that the Internet serves as a worldwide public commons, exposing the people of the world to a dizzying variety of ideas, expressions, cultures, and creations in a manner so free and easy that it sparks an immense amount of additional creativity and innovation. He argues, further, that many of those who actually create the original works that form part of this process prefer the exposure it generates to whatever loss of putative income might result from the unauthorized copying of their works. He argues, indeed, that it is only the large corporate interests like the record companies—in his view, not so much the creators as the exploiters—who seek to narrow the freedom of the Internet for their own economic advantage. Their interests, rather than being protected by the courts, should, he urges, be subordinated to the overall political, social and economic benefits that he sees fostered by an Internet that is free in every sense. To quote Lessig: “Today, courts and corporations are attempting to wall off portions of cyberspace, and, in so doing, they are destroying the Internet’s potential to foster democracy and economic growth worldwide.” Or to paraphrase another famous guru, Rousseau: “The Internet was born free and is everywhere in chains.”

Now, while I don’t personally subscribe to these hyperboles, their thrust is not entirely without some merit. In our modern society, those who own copyrights are frequently not the creators of the works themselves but are large corporations—some of them doubtless your clients—which, having procured the copyrights as “works for hire” or otherwise, have a perfectly understandable interest in limiting, or eliminating altogether, any conceivable use of their copyrighted works that does not provide them with remuneration. Like other special interests, these companies are often very successful in lobbying Congress for legislation that protects

and enhances their property rights. But it may be one thing to protect existing rights against theft and piracy, and something else to expand those rights still further in ways that may impede the free flow of information.

In 1908, specially concurring in an early musical composition infringement case called *White-Smith Music Publishing Co. v. Apollo Co.*, Justice Holmes had this to say:

The notion of property starts, I suppose, from confirmed possession of a tangible object, and consists in the right to exclude others from interference with the more or less free doing with it as one wills. But in copyright, property has reached a more abstract expression. The right to exclude is not directed to an object in possession or owned, but is *in vacuo*, so to speak. It restrains the spontaneity of men where, but for it, there would be nothing of any kind to hinder their doing as they saw fit. It is a prohibition of conduct remote from the persons or tangibles of the party having the right. It may be infringed a thousand miles from the owner and without his ever becoming aware of the wrong. It is a right which could not be recognized or endured for more than a limited time. . . .¹

To repeat that last sentence, copyright “is a right which could not be recognized *or endured* for more than a limited time.” That, in effect, is what the Constitution says as well.

So I wonder what Holmes, or Madison, would have thought about the series of Congressional enactments that have now extended copyright protection to 95 years and more. In an Einsteinian Universe, this may be a relative nanosecond; but from the standpoint of us mere mortals, it may seem like an awfully long time to keep a song, a sketch, or a story outside the public domain—except, of course, for a price. (If only we judges could copyright our opinions, we wouldn’t need to keep asking Congress for a raise. Of course, I hasten to add that our opinions are not original or creative expressions in the least, but are mere ministerial applications of clearly settled law.)

The point is not that Congress lacks the power to extend copyright protection to inordinate lengths. The Supreme Court has repeatedly affirmed Congress’ power to do so, and what sane district judge would ever dare question the wisdom of the Supreme Court? After all, that infallible Court doesn’t refer to us as the “inferior courts” for nothing. I am simply suggesting

that, as Holmes indicated, a copyright imposes (to a greater degree than most property rights) artificial restraints on communication that, when applied to such a vast forum of free communication as the Internet, may arguably impede, rather than promote, progress.

I don't wish to be misunderstood. To a remarkable extent, corporate America has put its copyrightable creations on the Internet free of charge; and if in many instances these sites are now moving toward pay-per-view or licensing alternatives, it is only because the free services have failed to generate the indirect economic returns, through advertising or the like, that were expected. Notwithstanding Professor Lessig's views, it would seem inherently inequitable that a copyright owner who was entitled to a royalty when his work was reproduced in print would somehow lose that right when the work was reproduced on the Internet. Conversely, if all copyrights were eliminated from the Internet, the most immediate beneficiaries might simply be new dot.com companies that would seek to exploit this freedom for *their* economic advantage.

So I do not favor eliminating copyright from the Internet. I am simply suggesting that the immense power and increasing ubiquitousness of Internet communication mandates some caution in expanding copyright rights, for the very reason that, for all his hyperbole, Professor Lessig rightly emphasizes: The more that communication on the Internet remains cheap and unencumbered, the more it contributes to the free exchange of ideas and the concomitant promotion of progress.

Lawyers in general might have a tendency to look at this issue as reflecting a tension between the First Amendment, which protects free expression, and the Copyright Clause, which in certain circumstances impedes it. But the Supreme Court has repeatedly ducked this issue, and may be counted on to continue

to do so. Copyright lawyers may also tend to look at the issue as one of mapping out the boundaries of "fair use." But most judges, including this one, have perceived little reason for changing the contours of that doctrine simply by virtue of the fact that some challenged use occurs over the Internet rather than by way of some other medium.

Perhaps this reflects timidity on our part. Dissenting in *Sony Corp. v. Universal City Studios*, Justice Blackmun criticized the courts' tendency "to evade the hard issues when they arise in the area of copyright law."² But, at least so far as the copyright issues raised by the Internet are concerned, I think this is not only a matter of judicial deference to legislative prerogatives but also a natural judicial hesitancy to try to predict the future. The Internet is still in its infancy and who knows how it may develop in even the next few years. But when I think of how my daughters used to welcome me when they were infants, and how now, after hearing about my decisions, they tell me not to come home, I worry. The Internet now welcomes us more or less freely; if the day comes that we all have to pay substantial sums to make effective use of it, that welcome may turn cold.

However it turns out, it will likely be some of you who, in representing your clients and addressing these issues, help to shape the future contours of copyright law as it relates to the Internet. For that reason alone, I remain optimistic that the right balances will be struck and the right solutions found. Until then, I hope these brief remarks may stimulate some further reflection on your part about the immense impact that copyright law is likely to have on the Internet.

Endnotes

1. *White-Smith Music Publ'g Co. v. Apollo Co.*, 209 U.S. 1, 19 (1908).
2. *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 457 (1984).



**Catch Us on the Web at
WWW.NYSBA.ORG/EASL**

EASL Pro Bono Update

By Elisabeth K. Wolfe
NYSBA EASL Pro Bono Chair

The Pro Bono Committee Is Off to a Great Start!

Welcome to the second official Pro Bono Update. Over the past few months, I have been receiving feedback from many of our members and I wanted to thank those of you who have shared your thoughts. It has been fascinating to learn about your experiences doing pro bono work and what has made these experiences rewarding. Notably, many of you have indicated that you would like to continue to volunteer for upcoming clinics, and several of you have inquired about pro bono opportunities outside of New York City. In addition, many of you have expressed an interest volunteering in a non-legal setting.

With your suggestions in mind and with the help of our Executive Committee and dedicated volunteers, we have been exploring various non-profit opportunities that hopefully address your interests. With the EASL membership consisting of almost 2,000 attorneys and the strong desire on the part of many members to volunteer their legal services, we really have the ability to make quite an impact as a Section! I look forward to your involvement in some of our upcoming programs:

More EASL/VLA Clinics Slated for Fall 2003 and Spring 2004

Last year, EASL announced a collaborative arrangement with Volunteer Lawyers for the Arts (VLA). VLA



**Leah Weitzen and Barry J. Reiss,
volunteer attorneys from EASL Section**

has been helping artists and arts organizations with their arts and entertainment related legal issues for nearly 30 years. EASL and VLA kicked off their collaboration on September 25, 2002, when members of the EASL Section volunteered to staff a VLA Clinic. The clinic provided an opportunity for VLA members to seek advice on their arts-related legal issues from EASL attorneys. EASL volunteers worked at the clinic from 4 p.m. to 7 p.m., and were matched with clients who were individual artists or arts organizations for 30-minute sessions.

The clinic was such a success that two more EASL clinics were scheduled for February 12 and May 14, 2003. Not only were a wide range of issues resolved, but EASL attorneys had a great time!



**(L to R)
Elisabeth Wolfe
Pro Bono Chair, EASL Section
Elissa D. Hecker
Vice-Chair, EASL Section**

EASL and VLA will continue their collaboration for the 2003/2004 year with three new clinics that will take place on September 17, 2003; February 18, 2004; and May 19, 2004.

All clinics will be held from 4 p.m. to 7 p.m. at VLA's offices, 1 East 53rd Street, 6th Floor. **To sign up for the EASL clinic, e-mail Elisabeth Wolfe at elkwolfe@aol.com. For more information about other VLA programs, please e-mail Heather Beggs at hbeggs@vlany.org.**

Special thanks to the following EASL volunteers who devoted their time to staff the clinics:

**Alan Barson
Tracey Batt
Josh Bressler
Lalita Brockington
Ayala Deutsch
Jim Ellis
Lisa Fantino
Jay Flemma
Andy Gurwitch
Julia Hanft
Alan Hartnick
Elissa D. Hecker
Dan Marotta
Nicole Berlin Marra
Dan Messeloff
Stella Osobo
Barry J. Reiss
Steve Rodner
Stan Rothenberg
David Sternbach**

Susannah Sweeney
Ken Swezey
Ken Tabachnick
Leah Weitzen
Mary Ann Zimmer

Linking Underprivileged Artists to Volunteer Attorneys via a Virtual Clinic

With the recent implementation of NYSBA's state-of-the-art Web site, EASL's Pro Bono and Web Committees are working to develop an Internet-based "virtual clinic," thereby potentially expanding the reach of VLA's current clinic program. Working closely with VLA, the IT Department of the NYSBA and NYSBA's Pro Bono Affairs Department, we hope to pilot a virtual clinic to qualifying New York State artists in late 2003. The virtual clinic would test the demand and utilization of an online legal clinic as well as determine whether the Internet can be a tool to provide access for other kinds of legal assistance. The aim of the project is to provide an opportunity for artists across the state to gain access to legal resources via the Web and for attorneys across the state to volunteer their services. **If you are interested in participating in this project, e-mail Elisabeth Wolfe at elkwolfe@aol.com.**

EASL to Help Ice Hockey in Harlem's "Emerging Leaders" Program

Ice Hockey in Harlem (IHH) is an innovative and unique not-for-profit, privately supported after-school education program, the goal of which is to empower youth in the Harlem community. IHH attracts inner-city youth to a sport that may otherwise not be accessible to them. Once enrolled, participants have opportunities for improved schooling, social services, access to mentor relationships and instruction in important life skills. Available to kids ages 4 through 17, IHH has successfully supported hundreds of children and their families since its inception in 1987. All services are offered to participants at no cost to their families or the agencies from which they are recruited.

EASL is working with IHH to recruit successful men and women who are interested in reaching out to IHH's teen "emerging leaders" (also known as their Bantam traveling team), and are willing to share their stories about overcoming life's obstacles, or talk with

them about a path to success. We are especially seeking minority women attorneys who are interested in attending one of the "girls' night" dinners, and who are willing to lead a discussion that parallels IHH's mission of helping young females succeed in a sport that is dominated by men. **If you are interested in working on this groundbreaking program, please e-mail Elisabeth Wolfe at elkwolfe@aol.com**



(L to R)
David Sternbach
New Technologies Co-Chair, EASL Section
Stella Osobo
volunteer attorney from EASL Section

IHH is also looking for volunteers to commit from six months to one year with adolescent participants in the IHH program. To date, the IHH mentoring program has been very successful. Some minority children have been able to experience the world of business, finance, law and medicine through their matches with mentors in these various professions. As a mentor, you will have the opportunity to experience the hopes, dreams and aspirations that IHH kids want to attain in life. Being a mentor might be the spark that will allow one of IHH's kids to go on to bigger and better things in life. **For more information on the IHH mentoring program, contact Caroline Baumis at (212) 722-0044.**

IHH awards one student each month with the IHH "Student Athlete of the Month"; every month an IHH teacher selects one student who has had excellent attendance and great classroom participation. With the help of generous donors and sponsors, IHH is able to offer our "Student Athletes" tickets to area sporting events. **If you are interested in helping IHH secure tickets as well as other fun donations for its shining athletes, or if you are interested in receiving more information about how to become involved, please contact Caroline Baumis at (212) 722-0044.**



(L to R)
Alan J. Hartnick
Copyright and Trademark Committee Chair,
EASL Section
Arnold A. Gurwitsch
Ninth District Representative, EASL Section
James Henry Ellis
Theater and Performing Arts Chair, EASL Section

EASL Co-Sponsoring Class with VLA

On Saturday, November 8, 2003, EASL will be co-sponsoring a class with VLA concerning Legal Aspects of Film Financing and Distribution, taught by Mark Litwak, a veteran entertainment attorney. This comprehensive seminar explores how independent films are financed and distributed. The topics of discussion will include: Financing via pre-sales, debt and limited partnerships; negotiating tactics; typical contract terms; cross-collateralization; and creative accounting. Particular attention will be paid to how producers and filmmakers can protect themselves by watering down warranties, getting added to the E & O policy, using lab access letters to retain possession of the negative and utilizing termination and arbitration clauses. The semi-



(L to R)
Stella Osobo
volunteer attorney from EASL Section
Aaron Hauser
Pro Bono Coordinator, VLA
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Vice-Chair, EASL Section
Elisabeth Wolfe, Pro Bono Chair, EASL Section

this search, please e-mail Elisabeth Wolfe at elk-wolfe@aol.com.

nar includes a handout with a distribution contract, articles, a self-defense checklist and other materials. Other topics include: Criteria for selecting a distributor; what is negotiable and what is not; compliance with state and federal laws when seeking investors; retaining an attorney or producer's representative; confirming arbitration awards in Superior Court; and enforcing judgments. (See page 78 for more information.)

We're Exploring!

The Pro Bono Committee is actively exploring additional entertainment, arts or sports related non-profit organizations based in New York State that could benefit from a collaborative relationship with EASL. If you are interested in helping us with

**The St. John's University School of Law
Entertainment & Sports Law Society
and the
Entertainment, Arts & Sports Law (EASL) Section
of the
New York State Bar Association**

**Present an Entertainment Law Symposium
on
Friday, October 17, 2003
at the
St. John's University School of Law
Manhattan Campus,
located at 101 Murray Street.**

Panel 1: A Midlife Crisis? The Effect of Termination of Copyright on the Music Industry
(two (2) Non-Transitional Practice CLE credits)

Panel 2: Ethics: Conflicts of Interest in the Entertainment Industry
(two (2) Ethics credits)

The entire program will run (including a drink and snack break) from 4:00 p.m. to 8:00 pm.

Stay tuned for more program information and registration details. Mailings, e-mails and updates on our website will be available shortly. This program is open to both New York State attorneys and law students.

Parks v. LaFace Records: A Symbol of Freedom Subverts Freedom of Speech

By Jonathan Bloom

On May 12, 2003, when the Sixth Circuit ruled in *Parks v. LaFace Records*,¹ that a jury should hear Rosa Parks' Lanham Act and right of publicity claims against the rap group OutKast for using her name as the title of one of their songs, the ironic result was that an icon of the civil rights movement had abridged the civil rights of black artists, specifically their right to free speech.

Reversing the District Court, the Court of Appeals held that although the song features the phrase "move to the back of the bus" no fewer than 10 times, reasonable persons could conclude that there was no relationship of any kind between Rosa Parks' name and the content of the song²—which does not mention Parks—and, accordingly, that the name "was appropriated solely because of the vastly increased marketing power of a product bearing the name of a national heroine of the civil rights movement."³ Hence, the court held, a trier of fact could find that the title "Rosa Parks" deceived the public as to the content of the song and created the false impression that Parks had approved the use of her name.⁴

In so ruling, the court—led astray by dicta in *Rogers v. Grimaldi*⁵—improperly treated the title as if it were a product label or an advertisement for the song, rather than as a creative element of an artistic work that enjoys full First Amendment protection. By inviting a jury to evaluate whether the title "Rosa Parks" is artistically relevant to the song to which it is attached (the *Rogers* test), the Sixth Circuit consigned to judicial second-guessing an artistic decision that the First Amendment properly insulates from Lanham Act and right of publicity claims. The fact that Rosa Parks is, as the court acknowledged, "an historical figure" who gained prominence as "a symbol of the civil rights movement"⁶ should have weighed heavily *against* permitting her to restrict the use of her name in connection with an artistic work. Instead, the court treated with unwarranted deference Parks' desire to disassociate herself from expression she regards as vulgar and offensive.

Even if the defendants ultimately prevail at trial, the damage will have been done. The chilling effect of permitting Parks to go to trial is itself a significant threat to the First Amendment rights of artists in all media to use the names and/or images of celebrities as elements of expressive works. Putting aside (as we must) the crudeness of the expression involved, *Parks* is a troubling example of judicial intrusion into creative expression at the behest of an offended celebrity.

Background

The Parties and the Claims

On December 1, 1955, in Montgomery, Alabama, Rosa Parks refused to move to the back of a public bus when asked to do so by a white passenger. This act of resistance led to a 381-day bus boycott and became a catalyst for the civil rights movement, which involved sit-ins, boycotts and demonstrations throughout the South.⁷ Parks eventually became not just a symbol of the civil rights movement, but, as the district court put it, "an international symbol of freedom, humanity, dignity and strength."⁸ Over the years, she has received numerous public accolades and awards, and has used her fame and notoriety to promote various civil and human rights causes, as well as television programs and books inspired by her life story.⁹ She also approved a collection of gospel recordings by various artists entitled *Verity Records Presents: A Tribute to Mrs. Rosa Parks*, which was released in 1995.¹⁰

The defendants in the case are the rap group OutKast; their record producers, LaFace Records; and LaFace's record distributors, Arista Records and BMG Entertainment. In September 1998, the defendants released the OutKast album *Aquemini*, featuring the song "Rosa Parks."¹¹ Parks is not mentioned by name, but the song features the following "hook," which is repeated 10 times:

Ah ha, hush that fuss
Everybody move to the back of the bus
Do you wanna bump and slump with us
We the type of people make the club get crunk¹²

Aquemini sold over 2 million copies, and "Rosa Parks" was a highly successful single. Both the album and the song were promoted in print advertisements and in a music video. Stickers were affixed to the front of the cassette and CD jewel case indicating that the album contained "The Hit Singles 'Rosa Parks' And 'Skew It On The Bar-B.'"¹³

Parks sued the defendants in Wayne County Circuit Court in Michigan, alleging that the unauthorized use of her name, *inter alia*, violated her right of publicity, defamed her character and interfered with an ongoing business relationship. The defendants removed the case to federal court, after which Parks filed an amended complaint, which included a false advertising claim under section 43(a) of the Lanham Act. Parks complained that she was offended by the use of her name in

association with a song that contains “profanity, racial slurs, and derogatory language directed at women.”¹⁴ The parties cross-moved for summary judgment.

The District Court Decision

The District Court denied Parks’ motion and granted the defendants’ motion in its entirety. Its opinion, by Judge Barbara K. Hackett, is worth reviewing at some length. First addressing Parks’ common-law right of publicity claim, the court noted that the right of publicity protects a celebrity’s commercial interest in her identity.¹⁵ The court emphasized that this right protects against the unauthorized commercial exploitation of that identity in “the *promotion of products*,”¹⁶ but that it “does not authorize a celebrity to prevent the use of her name in an expressive work protected by the First Amendment.”¹⁷ In this connection, the court, quoting *Hicks v. Casablanca Records*, noted: “[M]ore so than posters, bubble gum cards, or some other such ‘merchandise,’ books and movies are vehicles through which ideas and opinions are disseminated and, as such, have enjoyed certain constitutional protections, not generally accorded ‘merchandise.’”¹⁸

Since it too is a vehicle for the expression of ideas, music, no less than books and movies, also is protected by the First Amendment,¹⁹ as are the titles of artistic works that use the names of public figures and celebrities.²⁰ The reason for this, the court pointed out, was explained by the Second Circuit in *Rogers*, in which the court held that Ginger Rogers had no cause of action against the producers and distributors of the fictional motion picture *Ginger and Fred*:

Titles, like the artistic works they identify, are of a hybrid nature, combining artistic expression and commercial promotion. The title of a movie may be both an integral element of the filmmaker’s expression as well as a significant means of marketing the film to the public. The artistic and commercial elements of titles are inextricably intertwined. Film-makers and authors frequently rely on word-play, ambiguity, irony, and allusion in titling their works. Furthermore, their interest in freedom of artistic expression is shared by their audience. The subtleties of a title can enrich a reader’s or a viewer’s understanding of a work.²¹

In dicta, however, the *Rogers* court suggested an exception to First Amendment protection where the celebrity’s name is “wholly unrelated” to the content of the work.²² Put differently, the District Court noted that publicity rights do not bar the use of a celebrity’s name

in the title of an expressive work unless it is “simply a disguised commercial advertisement for the sale of goods or services.”²³ This was Parks’ claim: The song “Rosa Parks” is not “about” her or her civil rights efforts; rather, the title is “unrelated” to its content and was chosen “solely to attract attention.”²⁴

The court had no trouble rejecting these claims. It pointed out that Parks is “universally known” for her refusal to “move to the back of the bus,” and that the song makes reference to that act in its “hook” (refrain) some ten times.²⁵ Although the song is not about Parks in the biographical sense, the court found, its use of Rosa Parks’ name in connection with the “hook” is “metaphorical and symbolic.”²⁶ Hence, as a matter of law, this “obvious relationship” between the content of the song and its title rendered the right of publicity inapplicable, notwithstanding the fact that Parks may find the song “profane and vulgar.”²⁷ Given its finding of an “obvious” linkage between the title and the content of the work, the defendants’ use of Parks’ name was not “simply a disguised commercial advertisement” for a product.²⁸ Since the title itself is protected, the court held, so too is the advertising associated with it.²⁹

In response to Parks’ argument that the defendant’s choice of a title was actionable because using her name was unnecessary and was motivated solely by the desire to boost sales of the album, the court turned to perhaps the classic exposition of the First Amendment limits on right of publicity rights claims, the concurrence in *Guglielmi v. Spelling-Goldberg Prods.* Rejecting the argument raised by Rudolph Valentino’s nephew that the use of Valentino’s name in the title of the film entitled *Legend of Valentino: A Romantic Fiction* violated Valentino’s publicity rights because it was unnecessary, Chief Justice Bird wrote:

If this analysis were used to determine whether an expression is entitled to constitutional protection, grave harm would result. Courts would be required not merely to determine whether there is some minimal relationship between the expression and the celebrity, but to compel the author to justify the use of the celebrity’s identity. Only upon satisfying a court of the necessity of weaving the celebrity’s identity into a particular publication would the shadow of liability and censorship fade. Such a course would inevitably chill the exercise of free speech limiting not only the manner and form of expression but the interchange of ideas as well.³⁰

The District Court added that the use of a celebrity name in a manner the celebrity finds distasteful is precisely the sort of speech the First Amendment is necessary to protect.³¹

Turning to Parks' Lanham Act claim, the court noted that section 43(a) of the Lanham Act³² "ordinarily applies to commercial transactions involving ordinary goods and services, not expressive works in which First Amendment concerns are paramount."³³ As the Second Circuit explained in *Rogers*, the Lanham Act generally should be construed to apply to artistic works "only where the public interest in avoiding consumer confusion outweighs the public interest in free expression."³⁴ In cases involving the allegedly misleading use of a celebrity's name, *Rogers* suggested that the Lanham Act will not be appropriate, unless the title "has no artistic relevance to the underlying work whatsoever, or if it has some artistic relevance, unless the title explicitly misleads as to the source of the content of the work."³⁵

These exceptional circumstances were not present in this case. Rather, the court found the artistic relevance of the title "Rosa Parks" to the content of defendants' song to be obvious so as not to be open to reasonable debate.³⁶ By choosing the title "Rosa Parks," the defendants made no explicit representation that their work was endorsed by or affiliated with Rosa Parks.³⁷ Further, any likelihood of confusion with the Parks-endorsed *Tribute* album was dispelled as a matter of law by OutKast's name on the album cover. In any event, Parks' evidence of confusion as to the content of the song, in the form of a number of consumer affidavits, was outweighed by the First Amendment interest in artistic expression.³⁸ The court also dismissed as defective Parks' remaining state law claims.³⁹

The Sixth Circuit Decision

The Sixth Circuit unanimously reversed. In an opinion written by District Judge John D. Holschuh, sitting by designation, the court began with Parks' Lanham Act claim. It noted that the Lanham Act "permits celebrities to vindicate property rights in their identities against allegedly misleading commercial use by others."⁴⁰ In order for a celebrity to prevail on such a claim, he or she must show that the use of his or her name is likely to cause consumer confusion as to the "affiliation, connection, or association" between the celebrity and the defendant's goods or services or as to the celebrity's participation in the "origin, sponsorship, or approval" of the defendant's goods or services.⁴¹

As a threshold matter, the court found that as a result of her recognition as a symbol of the civil rights movement and her prior commercial activities, Parks has a property right in her name akin to that of a trademark holder, thus giving her the right to maintain a

false endorsement action under section 43(a).⁴² Turning then to the various possible approaches to balancing the public interest in avoiding confusion against the public interest in free expression, the court concluded that the "artistic relevance" approach adopted by the Second Circuit in *Rogers* (and, as discussed above, followed by the District Court) more appropriately accommodated First Amendment rights than a straight likelihood of confusion test or an "alternative avenues" test, pursuant to which a celebrity can prohibit the use of his or her name so long as there exist other ways for the artist to communicate the same idea.⁴³ The latter approach, the court observed, would "needlessly entangle courts in titling works of art."⁴⁴

Applying the "artistic relevance" test to "Rosa Parks," the court disagreed with the District Court's finding that the connection between the song and Rosa Parks was "obvious" and "not open to reasonable debate." When considered in the context of the song, the court opined, the phrase "move to the back of the bus" has nothing to do with Rosa Parks.⁴⁵ In this regard, the court cited the testimony of one of OutKast's members that "We (OutKast) never intended for the song to be about Rosa Parks or the civil rights movement. It was just symbolic, meaning that we comin' back out, so all you other MCs move to the back of the bus."⁴⁶ The song's lyrics, in the court's view, "contain absolutely nothing that could conceivably . . . be considered, explicitly or implicitly, a reference to courage, to sacrifice, to the civil rights movement or to any other quality with which Rosa Parks is identified."⁴⁷

As for the District Court's conclusion that the title is "metaphorical and symbolic," the Court of Appeals found "not even a hint" in the song of the qualities attached to Parks' name—"freedom, human dignity, and strength."⁴⁸ Indeed, the court added, reasonable people could find the song *antithetical* to the qualities identified with Parks.⁴⁹ Unlike *Rogers*, the court explained, where the title "Ginger and Fred" was obviously relevant to a film in which the lead characters had acquired the nicknames "Ginger" and "Fred," the OutKast song admittedly was not "about" Rosa Parks and did not even refer to her or the qualities for which she is known.⁵⁰ Hence, a reasonable person could find that the name was appropriated "solely because of the vastly increased marketing power of a product bearing the name of a national heroine of the civil rights movement."⁵¹

A more instructive case than *Rogers*, in the court's view, is *Seale v. Gramercy Pictures*.⁵² In *Seale*, the court held that the use of the name and likeness of former Black Panther Bobby Seale in connection with the movie *Panther*, a videotape of the movie, and a book

about the history of the Black Panthers and the making of the film was protected against Lanham Act and right of publicity claims because the use was related to the content of the works, which dramatized the history of the Black Panthers. However, the court found that the defendants' use of Seale's name and likeness on the cover of a soundtrack CD/cassette of songs by different artists presented a genuine issue of material fact regarding artistic relevance, because the songs had "no direct connection to [Seale] or the history of the Black Panther Party."⁵³

So, too, in this case, the Sixth Circuit concluded, there was a genuine issue of material fact regarding the artistic relevance of the title "Rosa Parks." The group's admission that the song is not strictly "about" Rosa Parks and that its lyrics instead had to do with taunting rivalry among rappers, coupled with the fact that the title "unquestionably enhanced the song's potential sale to the consuming public," gave rise to a genuine issue of material fact regarding whether the use of the name "Rosa Parks" was misleading about the content of the song and whether the title created the impression that Parks had approved or sponsored the use of her name in connection with the song.⁵⁴

With respect to Parks' right of publicity claim, the court noted that, whereas a section 43(a) plaintiff must show likelihood of confusion, a right of publicity plaintiff need show only a commercial right in his or her identity that has been commercially exploited by the defendant.⁵⁵ Because of the lesser burden on the plaintiff, right of publicity claims pose a greater threat to the First Amendment than to Lanham Act claims.⁵⁶ However, the court reversed the grant of summary judgment on the ground that Parks had raised a genuine issue of material fact as to whether the title was simply a disguised commercial advertisement for the sale of goods or services for the same reasons the court cited in reinstating her section 43(a) claim.⁵⁷

Accordingly, the court reversed and remanded for further proceedings.

Analysis

General Observations

The Court of Appeals held that Parks had raised a genuine issue of material fact regarding whether OutKast's use of her name was "a misrepresentation and false advertising or whether it was a legitimate use of a celebrity's name in some recognized form of artistic expression protected by the First Amendment."⁵⁸ Rigidly applying the "no artistic relevance" *dicta* in *Rogers* led the court to demand a relationship between the title and the content of the song *that made artistic sense to the court*. The court thus injected itself into a realm of

expressive choice that the First Amendment reserves exclusively to creators—running afoul, in effect, of its own admonition against "needlessly entangl[ing] courts in titling works of art."⁵⁹ The court instead should have drawn upon Justice Bird's concurrence in *Guglielmi* and adopted a rule that a title of an expressive work that is neither explicitly misleading nor confusingly similar to a title that has acquired secondary meaning⁶⁰ cannot be the subject of a Lanham Act or right of publicity claim.

Section 43(a) of the Lanham Act provides a cause of action against the appropriation of celebrity identity *in a manner that falsely implies endorsement or sponsorship in a manner likely to confuse consumers*. It also proscribes the use of any false or misleading description of goods or services in commercial advertising or promotion. It does *not* proscribe uses of a celebrity identity in constitutionally protected expressive works that the celebrity might find offensive. Although the Sixth Circuit acknowledged this distinction, its suspicion regarding OutKast's commercial motives in choosing the title, and its apparent hostility to the speech to which the group affixed Parks' name, led it to impose on the defendants a burden of persuasion that cannot be reconciled with the compelling First Amendment interest in artistic expression.

False Endorsement Claim

The proposition that the use of Rosa Parks' name in the title of a rap song implies that she endorsed the song is, on its face, no more reasonable than the proposition that Marilyn Monroe endorsed William De Kooning's 1954 painting "Marilyn Monroe"; that Michael Moore obtained Roger Smith's permission to call his 1989 film *Roger and Me*; or, in the realm of pop music, that songwriter Richard Moller (or the singer Dion) secured permission from the King and the Kennedy estates for the song "Abraham, Martin and John"; that Paul Simon got Joe DiMaggio's okay to feature his name (and nickname) prominently in "Mrs. Robinson";⁶¹ or that the Moody Blues licensed the right to use Timothy Leary's name prominently in "Legend of a Mind." Such "appropriations" of a celebrity name and/or likeness are understood to be vehicles for the expression of ideas by the artist—integral elements of commentary on contemporary culture and history—with no implication of approval of or endorsement by the celebrity of either the work or the artist. As the Supreme Court of California has observed:

Because celebrities take on public meaning, the appropriation of their likenesses may have important uses in uninhibited debate on public issues, particularly debate about culture and values. And because celebrities take on personal meaning to many individuals

in the society, the creative appropriation of celebrity images can be an important avenue of individual expression.⁶²

Making the same point in more specific terms, and in language equally applicable in principle to Parks, Chief Justice Bird observed in *Guglielmi*:

Valentino was a Hollywood star. His life and career are part of the cultural history of an era. As the title of respondents' film suggests, Valentino became a "legend," a symbol of the romantic screen idol and lover. His lingering persona is an apt topic for poetry or song, biography or fiction. Whether respondents' work constitutes a serious appraisal of Valentino's stature or mere fantasy is a judgment left to the reader or viewer, not the courts.⁶³

Consistent with the foregoing, the District Court correctly found that by choosing the title "Rosa Parks," the defendants had made "no explicit representation that their work was endorsed by or affiliated with" Parks.⁶⁴ The court properly discounted Parks' anecdotal affidavit evidence from consumers who allegedly were confused as to the source or content of OutKast's album because, as in *Rogers*, any such confusion (1) was not engendered by any explicitly misleading claim in the title and (2) was, in any event, so outweighed by the interest in artistic expression as to preclude application of the Lanham Act.⁶⁵

The Court of Appeals' search for what it regarded as a comprehensible link between the content of the song and the life and/or meaning of Rosa Parks—a link that, under *Rogers*, would provide a non-actionable rationale for the use of Parks' celebrity name—was rooted in the irksome dicta in *Rogers*, suggesting that a Lanham Act claim will lie against the title of an expressive work if it has "no artistic relevance to the underlying work whatsoever."⁶⁶ Yet the *Rogers* court did not offer a single example of such a work. It did cite "Bette Davis Eyes" and "Come Back to the Five and Dime, Jimmy Dean, Jimmy Dean,"⁶⁷ as examples of song titles that mention a celebrity *without* any express indication of endorsement. With respect to such titles, the court stated, the slight risk that some people might believe the celebrity had endorsed the work was outweighed by the danger of restricting artistic expression, because the title was artistically relevant to the work.⁶⁸

However, with respect to its posited categories of actionable works, the *Rogers* court did not even provide a hypothetical example of the category relevant to "Rosa Parks": A title that is not explicitly misleading,⁶⁹

but that has no artistic relevance to the underlying work. Indeed, it is hard to imagine a work for which the title was selected solely to exploit the cachet of a celebrity name. Certainly, "Rosa Parks," with its "move to the back of the bus" hook that gave rise in the songwriters' minds to an association with Rosa Parks, is not such a work. More to the point, neither *Rogers* nor the Sixth Circuit in *Parks* even attempted to explain how the lack of a perceived connection between title and work can give rise to consumer confusion regarding endorsement, by the named celebrity, as opposed to confusion as to what the artist was thinking.

The Sixth Circuit should have recognized that because expressive works such as books, movies and songs are not "merchandise"⁷⁰ or "products,"⁷¹ the titles of such works cannot give rise to an implied "false endorsement" claim under the Lanham Act unless the title is explicitly misleading as to the content and/or endorsement as in the case of non-fiction works, such as *Nimmer on Copyright* or *Jane Fonda's Workout Book*. In this regard, Justice Bird noted in *Guglielmi* that while Valentino's name was allegedly used to advertise the film bearing his name, such advertising *did not constitute use of his name to promote or endorse a collateral commercial product in an advertising capacity.*⁷² As the court stated in *Frosch v. Grosset & Dunlap, Inc.*,⁷³ granting summary judgment to the publisher of Norman Mailer's book *Marilyn*: "It is not for a court to pass on literary categories or literary judgment. It is enough that the book is a literary work and not simply a disguised commercial advertisement for the sale of goods or services."⁷⁴

It should not have mattered that the song is not a parody or satire, as was the case with the Aqua song "Barbie Girl" at issue in *Mattel, Inc. v. MCA Records, Inc.*⁷⁵ or the satirical baseball cards at issue in *Cardtoons, L.C. v. Major League Baseball Players Ass'n*,⁷⁶ which the court cited as examples of clearly protected uses of celebrity identities. The First Amendment is not limited to such critical modes of speech.⁷⁷ The writers of "Rosa Parks" may simply have relished associating themselves with the defiant and symbolic act for which Parks is famous. Perhaps that is what one group member meant when he testified that using Parks' name was "symbolic."⁷⁸ (As Southern rappers—the members of OutKast are from Atlanta—the group may have felt a greater claim to Parks' legacy than other rap groups.)

To be fair, the Sixth Circuit cannot be faulted for its skepticism as to the asserted connection between "Rosa Parks" and "move to the back of the bus" in OutKast's song. The court's quizzical reaction to the District Court's finding that the use of Parks' name was symbolic—"symbolic of what?"⁷⁹—is a fair one, but it is not the kind of question courts should be asking. Artists

“frequently rely on word-play, ambiguity, irony, and allusion in titling their works.”⁸⁰ Such “subtleties”⁸¹ may well enrich the audience’s appreciation of the work, but the charm and interest of the titles of pop songs also often lie in their inscrutability. Why is The Who song called “Baba O’Riley” and not “Teenage Wasteland”? (If it were named after a real Mr. O’Riley, could it seriously be maintained that he would have had a false endorsement claim against The Who?) If any number of psychedelic Sixties songs (for example, “Revolution No. 9” by the Beatles) had instead been titled “Timothy Leary” as a tribute to his influence, would he have had a viable claim if he found the association objectionable? Surely not. There simply is no basis, other than a misguided understanding of what constitutes commercial speech, for requiring artistic justification only for titles that incorporate a celebrity’s name.

Probing the depths of a creative process that may involve interpretively opaque free association or mere whim is not an appropriate judicial inquiry. The title of OutKast’s song should no more be scrutinized by a jury than that of, say, an abstract lithograph entitled “Paul Newman.” If, to play out the hypothetical, Newman sued and the artist explained that she was thinking of one of Newman’s films while creating the work, should a jury be free to reject that explanation as pretextual? The correct answer, I would suggest, is no. Whether the rationale for selecting the title makes sense to anyone other than the artist should be legally irrelevant. The result should not be different if the evidence showed that the artist thought that, as between “Paul Newman” and “Untitled No. 5,” the former was likely to attract more attention. First Amendment protection does not turn on the presence or absence of a profit motive.⁸²

The gravamen of Parks’ complaint was that there was no good reason other than exploitation to title the song “Rosa Parks,” and the Sixth Circuit, sympathetically, suggested that the title “Back of the Bus” would have been “obviously relevant to the content of the song” although it would have lacked the marketing power of association with a civil rights icon (and thus have been less attractive to the defendants).⁸³ This precise argument—that another title could have been chosen—was persuasively refuted by Justice Bird’s concurrence in *Guglielmi*, where, as the District Court pointed out, she deemed immaterial the claim that Valentino’s identity was incorporated in the film solely to increase the film’s value. Forcing the creators to justify such creative choices to a court “would inevitably chill the exercise of free speech—limiting not only the manner and form of expression but the interchange of ideas as well.”⁸⁴

The Sixth Circuit insisted that by suggesting that “Back of the Bus” would have been an appropriate title,

it was not applying the “alternative avenues” test (which it expressly rejected).⁸⁵ Yet the court’s disclaimer only makes sense if the title chosen—“Rosa Parks”—is devoid of meaning, such that the suggested alternative, (i.e., “Back of the Bus”) is not *another* means of expressing the same ideas but the *only* title of the two that expresses *any* ideas. For a court to devalue in this manner an artist’s choice of title is impermissible.

The Sixth Circuit’s reliance on *Seale* to support its implied endorsement analysis was misplaced. Putting aside the merits of the *Seale* court’s refusal to hold, as a matter of law, that Seale’s name and likeness could be used on the cover of the soundtrack recording for a movie in which Seale was featured, *Seale* did not involve the use of Seale’s name in the title of a song. That is to say, the link between the use of Seale’s name and a protected work of expression was not as close as in *Parks*. Had the defendants put Rosa Parks’ picture on their album cover, a harder case would have been presented. Even then, it would be questionable as to whether the likelihood of confusion regarding Parks’ endorsement should outweigh the defendants’ First Amendment rights. If the title itself is protected, why should an illustration of it be actionable? As the District Court found, the packaging of the OutKast album clearly identified the defendants as the source of the album, thus dispelling any possible confusion arising in connection with the *Tribute* album for which Parks had recently licensed the use of her name.⁸⁶ That would have been the case, even had Parks’ picture appeared on the cover of the OutKast album.

The problem with the “artistic relevance” test is that it mandates judicial scrutiny of a creative decision that cannot—regardless of how arbitrary and inscrutable it may appear—be understood as conveying endorsement of a product by the named celebrity. So long as the title is not explicitly misleading—which, the Sixth Circuit acknowledged, “Rosa Parks” is not⁸⁷—the better view is that the title of an artistic work that incorporates a celebrity name cannot, as a matter of law, be treated as a false or misleading commercial endorsement for purposes of the Lanham Act. The “artistic relevance” test is incompatible with the free speech rights of the creators of expressive works. Just as, under New York law, the news media properly are permitted to define what information is of public interest and hence newsworthy for purposes of libel law except in cases of clear abuse,⁸⁸ so an artist whose non-explicitly misleading use of a celebrity name in the title of a work is perceived to be gratuitous or commercially calculating rather than artistically meaningful should be held to account in the marketplace (including by critics), not in court.

The Confusion as to Content Claim

The court also erred in concluding that the title “Rosa Parks” was potentially actionable for misleading consumers as to the content of the song. The court failed to grasp the difference between, on the one hand, the descriptive labeling of a consumer product and, on the other, the title of a creative work, as to which the title cannot reasonably be regarded as a straightforward description of its content.

As the *Rogers* court observed:

Though consumers frequently look to the title of a work to determine what it is about, they do not regard titles of artistic works in the same way as the names of ordinary commercial products . . . [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 . . . require that authors select titles that unanimously describe what the work is about nor to preclude them from using titles that are only suggestive of some topics the work is not about.⁸⁹

Selecting a title for a creative work is a highly subjective process. For example, William Faulkner, commenting on his novel *Light in August* (1932), about racial hatred in the South, said that the title had “in a sense nothing to do with the book at all”; it came from his wife’s chance remark that the light in August in the South had a peculiar quality, and Faulkner liked the image.⁹⁰ The point is that titling an expressive work—a rap song no less than a novel—is an art, not a science, and audiences, knowing that, neither expect nor have the right to demand a discernible correlation between the title and the work itself. Consumers may well *expect* the title to be meaningful, but that expectation is not legally enforceable. That should be true even if the artist elects to use the name of a celebrity in the title, although it might strike consumers as odd and arbitrary.

Imposing a requirement that a title of an artistic work that incorporates the name of a celebrity be “about” the celebrity would cramp artistic freedom in a manner that the First Amendment does not tolerate and a reasonable construction of the Lanham Act does not demand.

The Right of Publicity Claim

The use of a celebrity identity marker is only an actionable misappropriation if it is used to advertise or promote a product or service.⁹¹ Although the plaintiff need not be shown that purchasers are likely to believe

that he or she endorses or sponsors the goods or services in question,⁹² the right of publicity only permits control over “the *commercial* use of his or her identity.”⁹³ The Sixth Circuit’s ruling on Parks’ right of publicity claim was wrong because, as the District Court correctly found, the use of Parks’ name as the title of an artistic work is not a commercial use.⁹⁴

To ensure that such censorship does not occur, “[o]nce the celebrity thrusts himself or herself forward into the limelight, the First Amendment dictates that the right to comment on, parody, lampoon, and make other expressive uses of the celebrity image must be given broad scope.”⁹⁵ As a Missouri appellate court recently explained:

To extend the right of publicity to allow a celebrity to control the use of his or her identity in a work of fiction would grant them the power to suppress ideas associated with that identity, placing off-limits a useful and expressive tool. This, in turn, would effectively revoke the poetic license of those engaged in the creative process.⁹⁶

The Sixth Circuit acknowledged that Parks has no right to prevent portrayals of herself that “may not be pleasing to her.”⁹⁷ Nevertheless, its wooden adherence to the *Rogers* dicta that use of a celebrity’s name in a title that is “wholly unrelated” to the work might be actionable⁹⁸ unjustifiably exposes to challenge uses of a celebrity’s name that the named celebrity finds objectionable. To be sure, in most cases the artistic relevance of the name, including in the title, will be plain and the claim, accordingly, thrown out prior to trial. But *Parks* exemplifies how relatively inaccessible or extreme forms of expression may not readily yield insights into their creative purpose. As noted above, moreover, while a jury may ultimately view the work differently than the appellate panel, the prospect of enduring protracted litigation in order to vindicate First Amendment rights may itself chill the exercise of such rights.⁹⁹

Conclusion

Rosa Parks may well view OutKast as having squandered her legacy, as well as having used her name in an inappropriate and offensive manner by naming its song “Rosa Parks.” Yet these gripes, however understandable, do not translate into valid legal claims. While it is entirely possible, even likely, that OutKast sought to capitalize on public recognition of Rosa Parks’ name, the law does not permit celebrities, whose identities have become integral to our popular culture, to capture the value of every for-profit use of those identities. If that were not the case, Andy Warhol would have owed

license fees to Elizabeth Taylor, as would Paul Simon to Joe DiMaggio.

Given the ease with which celebrities are created in our media-saturated culture, and their ubiquity, it has become increasingly important that courts restrict publicity rights and Lanham Act claims in a manner that prohibits true commercial exploitation while preserving artistic freedom.

Endnotes

1. *Parks v. LaFace Records*, No. 99-2495, 2003 WL 21058571 (6th Cir. May 12, 2003).
2. *Id.* at *12.
3. *Id.* at *13.
4. *Id.*
5. 875 F.2d 994 (2d Cir. 1989).
6. *Parks*, 2003 WL 21058571, *1.
7. *Parks v. LaFace Records*, 76 F. Supp. 2d 775, 777 (E.D. Mich. 1999).
8. *Parks*, 2003 WL 21058571, at *1.
9. *Id.*
10. *Id.*
11. *Id.* The sticker also contained a parental warning of “explicit content.”
12. *Parks*, 76 F. Supp. 2d at 778; *Parks*, 2003 WL 21058571, at *2.
13. *Parks*, 76 F. Supp. 2d at 778.
14. *Id.*
15. *Id.* at 779.
16. *Id.* (quoting *Carson v. Here’s Johnny Portable Toilets, Inc.*, 698 F.2d 831, 835 (6th Cir. 1983) (emphasis added in original)).
17. *Id.*
18. *Id.* (quoting *Hicks v. Casablanca Records*, 464 F. Supp. 426, 430 (S.D.N.Y. 1978)).
19. *Id.* at 780 (citing *Ward v. Rock Against Racism*, 491 U.S. 781, 790 (1989); *Hurley v. Irish-American Gay, Lesbian and Bisexual Group*, 515 U.S. 557, 569 (1995)).
20. *Id.*
21. *Id.* (quoting *Rogers*, 875 F.2d at 998).
22. *Parks*, 76 F. Supp. 2d at 780 (citing *Rogers*, 875 F.2d at 1004).
23. *Id.* (quoting *Frosch v. Grosset & Dunlap, Inc.*, 75 A.D.2d 768, 769, 427 N.Y.S.2d 828, 829 (1980)).
24. *Id.*
25. *Id.*
26. *Id.*
27. *Id.*
28. *Id.* at 781.
29. *Id.* (citing cases).
30. 25 Cal. 3d 860, 869, 160 Cal. Rptr. 352, 603 P.2d 454, 460 (1979) (Bird, C.J., concurring) (citation omitted) (quoted in *Parks*, 76 F. Supp. 2d at 781).
31. *Parks*, 76 F. Supp. 2d at 782.
32. 15 U.S.C. § 1125(a).
33. *Parks*, 76 F. Supp. 2d at 782.
34. *Rogers v. Grimaldi*, 875 F.2d at 999 (2d Cir. 1989) (quoted in *Parks*, 76 F. Supp. 2d at 782).
35. *Id.*
36. *Parks*, 76 F. Supp. 2d at 782.
37. *Id.* at 783.
38. *Id.*
39. These claims were unfair competition under Michigan Compiled Laws § 429.42, defamation, false light invasion of privacy, intentional infliction of emotional distress, intentional interference with business relations, unjust enrichment, negligence and conspiracy.
40. *Parks*, 2003 WL 21058571, at *5 (citing cases).
41. *Id.* (quoting 15 U.S.C. § 1125(a)).
42. *Id.* at *6.
43. *Id.* at *9.
44. *Id.*
45. *Id.* at *12.
46. *Id.*
47. *Id.* at *13.
48. *Id.*
49. *Id.*
50. *Id.* at *14.
51. *Id.*
52. 949 F. Supp. 331 (E.D. Pa. 1996).
53. *Parks*, 2003 WL 21058571, at *17 (quoting *Seale*, 949 F. Supp. at 337–38).
54. *Id.* at *12–13. The court went on to find that, should a trier of fact find that the title was artistically relevant, *Parks* would have no cause of action because, under the second prong of the *Rogers* test, the title was not explicitly misleading. *Id.* at *18.
55. *Id.*
56. *Id.* at *20.
57. *Id.* at *21. The court affirmed the grant of summary judgment with respect to *Parks*’ remaining claims.
58. *Id.* at *14.
59. *Id.* at *9.
60. Single literary titles are not eligible for trademark registration. See Comment: *Lanham Act Protection for Artistic Expression: Literary Titles and the Pursuit of Secondary Meaning*, 75 Tul. L. Rev. 1777, 1793 (2001). This rule derives from *In re Cooper*, 254 F.2d 611 (C.C.P.A. 1958), which affirmed a PTO decision that a book title is not registerable as a trademark because “the author . . . of a literary work has no property in [the title], which is merely a term of description which must be used in calling for the goods.” *Id.* at 613. Accordingly, single literary titles must have acquired secondary meaning in order to be protected under section 43(a). See Comment, *supra*, at 1795–96.
61. According to Paul Simon, a few years after “Mrs. Robinson” hit number 1 on the pop chart, he saw DiMaggio having dinner with friends in an Italian restaurant. Simon had heard a rumor that DiMaggio was upset with the song, which contains the lines: “Where have you gone, Joe DiMaggio? A nation turns its lonely eyes to you,” and had considered a lawsuit. With some trepidation, Simon went over and introduced himself as the composer of the song. DiMaggio asked him, “What I don’t understand is why you ask where I’ve gone. I just did a Mr. Coffee commercial, I’m a spokesman for the Bowery Savings Bank and I haven’t gone anywhere.” To which Simon replied that he did not mean the lines literally, that he “thought of him

- as an American hero" and that "genuine heroes were in short supply." Paul Simon, *The Silent Superstar*, New York Times, Mar. 9, 1999, at A23.
62. *Comedy III Prods., Inc. v. Saderup, Inc.*, 25 Cal. 4th 387, 397, 21 P.3d 797, 106 Cal. Rptr. 2d 126 (2001).
 63. 25 Cal. 3d at 869.
 64. *Parks v. LaFace Records*, 76 F. Supp. 2d at 783 (E.D. Mich. 1999).
 65. *Id.* (quoting *Rogers*, 875 F.2d at 1001).
 66. *Rogers*, 875 F.2d at 999. The court noted that the threshold for artistic relevance was "appropriately low." *Id.*
 67. *Id.*
 68. *Id.* at 1000.
 69. The court suggested that the titles *Nimmer on Copyright* or *Jane Fonda's Workout Book* might be explicitly misleading if the books were not produced by or with the approval of Nimmer and Fonda, respectively. *Rogers*, 875 F.2d at 999.
 70. See, e.g., *Hicks v. Casablanca Records*, 464 F. Supp 426, 430 (S.D.N.Y. 1978) ("books and movies are vehicles through which ideas and opinions are disseminated and, as such, have enjoyed certain constitutional protections, not generally accorded 'merchandise'"); *Guglielmi v. Spelling-Goldberg Prods.*, 25 Cal. 3d 860, 874 (1979) (commercial products, unlike motion pictures, "are not vehicles through which ideas and opinions are regularly disseminated").
 71. See *James v. Meow Media, Inc.*, 300 F.3d 683, 701 (6th Cir. 2002) (words and pictures contained in a board game are not "products" for purposes of a strict product liability action).
 72. *Guglielmi*, 25 Cal. 3d at 865 n.6 (emphasis added). See also *Lacoff v. Buena Vista Publ'g*, 183 Misc. 2d 600, 608-609, 705 N.Y.S.2d 183, 190 (Sup. Ct., N.Y. Co. 2000) ("advertising that promotes noncommercial speech, such as a book, is accorded the same constitutional protection as the speech it advertises. It is actionable only if it fails to accurately reflect the contents of the protected speech being promoted.>").
 73. 75 A.D.2d 768, 427 N.Y.S.2d 828 (1st Dep't 1980).
 74. 75 A.D.2d at 769, 427 N.Y.S.2d at 829.
 75. 296 F.3d 894 (9th Cir. 2002).
 76. 95 F.3d 959 (10th Cir. 1996).
 77. See, e.g., *Schad v. Borough of Mount Ephraim*, 452 U.S. 61, 65 (1981) (First Amendment protects "[e]ntertainment, as well as political and ideological speech"); *Winters v. New York*, 333 U.S. 507, 510 (1948) (noting that entertainment is no less protected by the First Amendment than the exposition of ideas).
 78. *Parks v. LaFace Records*, 2003 WL 21058571, at *13.
 79. *Id.*
 80. *Rogers v. Grimaldi*, 875 F.2d 994, 998 (2d Cir. 1989).
 81. *Id.*
 82. In *Ruffin-Steinback v. dePasse*, 267 F.3d 457, 462 (6th Cir. 2001), the Sixth Circuit affirmed the dismissal of right of publicity claims brought by friends and family members of the Motown group the Temptations, who argued that their identities were used "as colorful props to make [Temptations member] Otis Williams' life story more entertaining and appealing" in a television miniseries based on Williams' novel. See also, e.g., *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 502 (1952) (rejecting claim that motion pictures are not protected by the First Amendment because their production, distribution and exhibition is a large-scale business conducted for profit); *ETW Corp. v. Jireh Publ'g Inc.*, No. 00-3584, slip. op. at 14 (6th Cir. June 20, 2003) ("speech is protected even though it is carried in a form that is sold for profit."); *Guglielmi v. Spelling-Goldberg Prods.*, 25 Cal. 3d 860, 868 (Bird, C.J., concurring) ("The First Amendment is not limited to those who publish without charge. . . . The fact that respondents sought to profit from the production and exhibition of a film utilizing Valentino's name is not constitutionally significant."); *Winter v. DC Comics*, slip op. S108751 (Cal. June 2, 2003) (holding that evidence that defendants were trading on plaintiffs' likenesses and reputations to generate interest in comic book series and increase sales is irrelevant to whether the comic books are constitutionally protected); *Cardtoons, L.C. v. MLBPA*, 95 F.3d 959, 970 (10th Cir. 1996) ("The fact that expressive materials are sold neither renders the speech unprotected, nor alters the level of protection under the First Amendment."); *Lacoff v. Buena Vista Publ'g, Inc.*, 183 Misc. 2d 600, 608, 705 N.Y.S.2d 183, 190 (Sup. Ct., N.Y. Co. 2000) (noting, with respect to book *The Beardstown Ladies' Common-Sense Investment Guide*, that "[n]either the fact that it was sold for a profit, nor defendant publisher's economic motivation, is sufficient to turn the Book into commercial speech."). Cf. *Hoffman v. Capital Cities/ABC Inc.*, 255 F.3d 1180, 1186 (9th Cir. 2001) ("A printed article meant to draw attention to the for-profit magazine in which it appears . . . does not fall outside of the protection of the First Amendment because it may help to sell copies.").
 83. *Parks v. LaFace Records*, 2003 WL 21058571, at *12.
 84. 25 Cal. 3d at 869.
 85. *Parks*, 2003 WL 21058571, at *22 n.6.
 86. *Parks*, 76 F. Supp. 2d at 783-84.
 87. *Parks*, 2003 WL 21058571, at *18.
 88. See *Huggins v. Moore*, 94 N.Y.2d 296, 303, 726 N.E.2d 456, 460, 704 N.Y.S.2d 904, 908 (1999) ("Absent clear abuse, the courts will not second-guess editorial decisions as to what constitutes matter of genuine public concern"; such deference "applies equally to the determination whether any particular portion of the text is 'reasonably related' to the subject of public concern in the article"); *Gaeta v. New York News, Inc.*, 62 N.Y.2d 340, 349 (1984) ("Determining what editorial conduct is of legitimate public interest and concern is a function for editors."); See also *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 346 (1974) (rejecting application of actual malice standard to private-figure libel cases, as such a rule would "forc[e] state and federal judges to decide on an ad hoc basis which publications address issues of 'general and public interest' and which do not. . . . We doubt the wisdom of committing this task to the conscience of judges.").
 89. *Rogers v. Grimaldi*, 875 F.2d 994, 1000 (2d Cir. 1989).
 90. Andre Bernard, *Now All We Need Is a Title* 43 (1995).
 91. See *Doe v. TCI Cablevision*, No. ED 78785, 2002 WL 1610972 (Mo. App. E.D. July 23, 2002) ("using identity markers to falsely suggest a relationship between a person and product may constitute a violation of the plaintiff's right of publicity"); J. Thomas McCarthy, *The Rights of Publicity and Privacy* § 3.2 (2002) ("The unpermitted use of a person's identity to draw attention to a product or advertisement infringes the right of publicity.").
 92. See Restatement (Third) of Unfair Competition § 47, cmt. a; McCarthy, *supra* note 91, section 3.2.
 93. *Cardtoons, L.C. v. MLBPA*, 95 F.3d 959, 967 (citing 1 J. Thomas McCarthy, *The Rights of Publicity and Privacy* § 1.1[A][1] (1996)) (emphasis added).
 94. See *Parks v. LaFace Records*, 76 F. Supp. 2d 775, 779 ("The right of publicity . . . does not authorize a celebrity to prevent the use of her name in an expressive work protected by the First Amendment."); see also *Hoffman v. Capital Cities/ABC Inc.*, 255 F.3d 1180, 1185 (9th Cir. 2001) (holding that use of Dustin Hoffman's image in a magazine fashion feature was not use "in a traditional advertisement printed merely for the purpose of selling a particular product" and thus was not commercial speech); *Cardtoons*, 95 F.3d at 970 (holding that parody baseball trading cards are not commercial speech because they "do not merely advertise

another related product); *Comedy III Prods. v. Saderup, Inc.*, 25 Cal. 4th 387, 396 (2001) (holding that portraits of the Three Stooges on T-shirts are not commercial speech because they are expressive works, not an advertisement for or endorsement of a product); Restatement (Third) of Unfair Competition § 47 (1995) (use of identity “for purposes of trade” does not ordinarily include the use of a person’s identity in news reporting, commentary, entertainment, works of fiction or nonfiction, or in advertising that is incidental to such uses”).

95. *Comedy III*, 25 Cal. 4th at 403.
96. *TCI Cablevision*, 2002 WL 1610972, at *12.
97. *Parks*, 2003 WL 21058571, at *14.
98. See *Rogers v. Grimaldi*, 875 F.2d 994, 1004 (2d Cir. 1989). *Rogers* loosely relies here on “dicta” in the *Guglielmi* concurrence. I say “loosely relying” because the hypothetical example given in *Guglielmi* of a book in which the title is “wholly unrelated” to the named celebrity—*Rudolph Valentino’s Cookbook*, containing recipes that are not in any way related to Rudolph Valentino—is an example of an *explicitly misleading* title; it has no bearing on titles of expressive works that are concededly *not* explicitly misleading. *Rogers* suggests that the “wholly unrelated” test applies regardless of the type of work involved, a view that, this article contends, courts should not adopt.
99. See, e.g., *Winter*, *supra* note 82, at 10 (“[B]ecause unnecessarily protracted litigation would have a chilling effect upon the exercise of First Amendment rights, speedy resolution of cases involving free speech is desirable.” (quoting *Good Government Group of Seal Beach, Inc. v. Superior Court*, 22 Cal. 3d 672, 685 (1978))). In *Winter*, the Supreme Court of California, applying the “transformative” test it enunciated in *Comedy III* to distinguish commercially exploitative uses of celebrity likenesses from protected expressive uses, held that grotesque half-worm, half-human characters called the Autumn Brothers featured in the “Jonah Hex” comic book miniseries were “transformative” as a matter of law and, hence, were protected by the First Amendment against right of publicity claims brought by rock musicians Johnny and Edgar Winter. The Court erred, however, in failing to hold that the use of a celebrity identity in a traditionally protected expressive work such as a comic book (as opposed to on a T-shirt, as in *Comedy III*) cannot, as a matter of law, be the subject of a right of publicity claim *whether or not such use is transformative*. In a very similar case, the Missouri court in *TCI Cablevision*, *supra* note 91, properly rejected on First Amendment grounds the right of publicity claim brought by retired hockey player Tony Twist against a comic book publisher for using a fictional Mafioso character named after Twist in a series of *Spawn* comic books. Under *Winter*, by contrast, juries will be required to evaluate on a case-by-case basis the extent to which the defendants’ artistry involves something other than mere replication of the celebrity’s likeness (which was a no-brainer in that case). As in *Parks*, such an inherently non-justiciable question should be avoided, because there is no basis for finding the use of the celebrity identity in a First Amendment-protected work to be an implied endorsement of a product or service.

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Public Domain Material—No Credit Necessary

By Joel Hecker

The Supreme Court of the United States has recently ruled, in a matter of first impression, that section 43(a) of the Lanham Act¹ does not prevent the unaccredited copying of a work which is in the public domain. In an 8-0 decision written by Justice Scalia,² *Dastar Corp. v. Twentieth Century Fox Film Corp.*³ reversed the Ninth Circuit, which had affirmed judgment for the respondents on the Lanham Act claim.⁴

The case concerns the interrelationship between trademark and copyright law. It expands the protection given to intellectual property in the public domain, and, for those who are Supreme Court “watchers,” should be contrasted with the Court’s limiting public domain material when it upheld the copyright extension in *Eldred v. Ashcroft*.⁵

The Facts

In 1948, General Dwight D. Eisenhower completed his written account of the allied campaign in Europe, *Crusade in Europe*, which was published and registered with the copyright office by his publisher, Doubleday Corp. (“Doubleday”). Doubleday then granted exclusive television rights to an affiliate of Twentieth Century Fox Film Corp. (Fox) which in turn arranged for Time, Inc. (“Time”) to produce a television series based upon, and with the same name as, the book. Time assigned its copyright in the series to Fox. The series, consisting of 26 episodes of film footage from the United States, British and Canadian military sources and unidentified pool cameramen, as well as a sound track, was based on a narration of the book.

In 1975, Doubleday renewed the copyright of the book. Fox, however, failed to renew the copyright on the television series, which expired in 1977. As a result, the television series (but not the book) went into the public domain.

In 1988, Fox reacquired the television (and video) rights to the book. Its sub-licensees restored, repackaged and distributed the original television series on videotape.

In 1995, Dastar Corp. (“Dastar”) purchased tapes of the “original” version of the television series, which of course was by then in the public domain. Dastar edited it by substituting a new opening sequence and credit page, making other minor changes, creating new packaging for its series, and re-titling the series. Dastar also removed references to and images of the book and sold

the “new” video set as its own product, without making any reference to the original television services.

In 1998, suit was brought by Fox, SFM and New Line (the respondents), alleging infringement of Doubleday’s copyright in the book, and thus the respondents’ exclusive television rights in the book. The complaint was later amended to add claims that Dastar’s sale of its series without proper credit to the television series constituted reverse passing off in violation of section 43(a) of the Lanham Act.

The District Court granted summary judgment for the respondents on all counts. The Ninth Circuit affirmed on the Lanham Act claim, holding that Dastar copied substantially all of the original series, without attribution, which resulted in what the court called a bodily appropriation sufficient to establish a reverse passing off.

“The Supreme Court of the United States has recently ruled, in a matter of first impression, that section 43(a) of the Lanham Act does not prevent the unaccredited copying of a work which is in the public domain.”

The Circuit panel also reversed and remanded the copyright claims, holding that a triable issue existed as to who owns the copyright. That issue is still in litigation.

“Origin of the Goods” Under the Lanham Act

Since the gravamen of the claim was that Dastar made a false designation of origin, which was likely to cause confusion as to the origin of the goods, the Supreme Court decision analyzed the meaning of the phrase “origin of goods.” It concluded that the phrase, as used in the Lanham Act, refers to the producer of the tangible goods offered for sale, and not to the author of an idea, concept, or communication embodied in such goods.

It reached this conclusion by reference to the Copyright Act, which specifically addresses the issue. Under the Copyright Act, once a copyright has expired, the

material passes into the public domain, whereupon the right to copy the work, with or without attribution, passes to the public. The Court concluded that, to accept the respondents' interpretation, it would have to create a new right which would limit the public's right to copy and use expired copyrights by requiring attribution.

"In effect, the Court refused to create a new right where the claiming party had an existing one which it frittered away."

The Court went on to, in effect, ridicule respondents' position by describing the practical problems inherent in determining the proper attribution of non-copyrighted materials. It concluded: "We do not think the Lanham Act requires this search for the source of the Nile and all its tributaries."⁶

The Court raised another practical difficulty with respondents' position. It discussed the creation of liability for failing to give appropriate attribution on one hand, and the creation of liability for crediting a creator which might imply sponsorship or approval, on the other. The Court also looked to its previous decisions concerning trade dress, secondary meaning, and expired patented boat hulls, and concluded that respondents' position would be hard to reconcile with those decisions.

Conclusion

The Court pointed out that the creative talent behind the videos (as opposed to the respondent licensees) were not without protection, since the book copyright infringement claim was still being litigated. In addition, it said that a claim might be viable if the

advertising or promotion of the copying video series gave the impression that the latter product was quite different from the earlier one, under the "misrepresents the nature, characteristics [or] qualities" provision of the Lanham Act.⁷

The Court particularly noted that Fox's harm was self-inflicted. Had it renewed the copyright in the original series, it would have had, said the Court, an easy copyright infringement claim. In effect, the Court refused to create a new right where the claiming party had an existing one which it frittered away.

Endnotes

1. 15 U.S.C. § 1125 (a).
2. 539 U.S. __ (2003), Case No. 02-628, op. of June 2, 2003.
3. Justice Stephen G. Breyer did not participate in the case since his brother, Judge Charles R. Breyer, was sitting by designation as a member of the Circuit Court panel whose decision was being appealed.
4. 34 Fed. Appx. 312, 316 (2002).
5. 537 U.S. 186 (2003).
6. Slip op. at 12.
7. Slip op. at 14.

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Fan Violence: How to Prevent It, How to Punish It

By Dan Messeloff

The examples are often famous, but more often frightening:

1974: Two young fans run onto the field to join Hank Aaron on the base path after he hits his record-breaking 715th home run. In spite of the numerous death threats that Aaron has received, the two fans are friendly and offer Aaron congratulatory pats on the back.

1979: After disco records are blown up on the field between two games of a baseball doubleheader in Chicago on Disco Demolition Night, 7,000 fans rush the field, starting brawls and setting off bonfires, resulting in hundreds of arrests.

1993: A deranged fan stabs tennis star Monica Seles in the back with a kitchen knife between sets of a tennis match in Germany.

2000: A near-riot breaks out between baseball fans and players at Wrigley Field in Chicago after a fan steals the hat from a player on the Los Angeles Dodgers, the visiting team.

2002: A shirtless man and his son attack Kansas City Royals coach Tom Gamboa during a baseball game in Chicago, leaving Gamboa with permanent hearing damage.

2003: A drunken fan charges from the stands and tackles the first-base umpire during a baseball game between the Chicago White Sox and the Kansas City Royals.

Unfortunately, spectator sports are becoming increasingly “participatory.” What began with “Morganna, the Kissing Bandit” and the occasional fan running onto the field to slide into second base, has escalated to alarming levels. While fan violence in the United States has not yet approached the level of violence in Europe and Africa,¹ it has manifested itself at every level of sports, including youth, recreational, academic, amateur and professional sports, and in many forms, including fan-on-fan, fan-on-player/coach/official, and pre-, mid- and post-game riots.

At first, teams were more tolerant of fans who ran onto the field, providing the fans with the momentary publicity that they sought in exchange for additional, no-cost amusement for other spectators (remember George Costanza as “Body Suit Man” in an episode of “Seinfeld”). Although practically all sports teams have security policies and personnel to prevent or apprehend fans who run onto the field, many of these policies sim-

ply call for ejection from the park. Even where team policies reserve the right to prosecute, perpetrators are not always prosecuted. After more than a few recent incidents, however, most notably the 1993 attack against Monica Seles (which threatened her career and her life), and recent attacks at baseball games in Chicago, sports teams and venue managers have begun to realize that fan access to the field and to players poses a serious and dangerous security threat. With the increased occurrence and severity of recent attacks, players, teams, stadium operators and league officials are searching for ways to prevent future attacks, and to punish the perpetrators when those attacks occur.

“While fan violence in the United States has not yet approached the level of violence in Europe and Africa, it has manifested itself at every level of sports, including youth, recreational, academic, amateur and professional. . . .”

While the New York metropolitan area has not been the scene of any major incidents so far this year, New York is the largest sports market in the country. New York teams and the venues in which they play are forced to “lead the league” in security preparedness and in measures taken to prevent and punish spectators who threaten to interfere with the events, especially in light of heightened security needs in response to terrorist threats. Even in 1995, the need for increased security was brought to new levels when snowball-wielding New York Giants football fans at Giants Stadium knocked a San Diego Chargers coach unconscious and demonstrated that fans need not run onto the field in order to injure those individuals who are on it.

While the problem of fan violence may be approached from many different angles, this article will address what professional sports teams and venue managers can do to prevent fans from interfering with the game and threatening players, and what they can do to punish those fans that do interfere with the game.

Prevention

There are many ways to prevent fans from interfering with sporting events, including modified stadium designs that focus on crowd separation, wider concourses and even more “peaceful” colors in attempts to temper “fan exuberance.”² Apart from stadium recon-

struction or redesign, however, there are two simpler means to prevent fan interference with sporting events: First, increase security in the stands and on the field, and second, strictly regulate beer sales.

Security

On April 15, 2003, during the eighth inning of a baseball game between the Chicago White Sox and the Kansas City Royals in Chicago, first-base umpire Laz Diaz was assaulted by a fan who had run onto the field. Players and security personnel quickly subdued the fan, and Diaz suffered only minor injuries. As disturbing as the attack was, however, what is almost as troubling is that it was the fourth instance of a fan entering the field in that same game (the man who attacked Diaz claimed that all he wanted to do was “one-up the three fans who had previously run onto the field”).³ While all of the fans who had trespassed onto the field were arrested, the question nevertheless remains: How was the security in Chicago, where yet another serious incident had taken place the previous season, so lax, that four fans were permitted to interfere *during the same game*? More broadly, what can any team or venue do to prevent incidents like these from occurring?

“Apart from stadium reconstruction or redesign, however, there are two simpler means to prevent fan interference with sporting events: First, increase security in the stands and on the field, and second, strictly regulate beer sales.”

“It’s disturbing when you’ve got fans that are coming onto the field, tackling umpires and throwing things at players. You are kind of defenseless out there, so you don’t see it coming,” said San Diego Padres General Manager Kevin Towers, after a Padres player was hit by a cell phone thrown by a fan during a game. “It’s hard to prevent it if somebody decides to run on the field or throw something. If you have 35,000 people, it’s a little difficult to police everything.”⁴

To the contrary, some commentators have suggested that extreme measures be taken to protect against future incidents. “If it takes installing X-ray machines, install them. If it takes constructing a moat between the stands and field, as they’ve done in European soccer stadiums, then construct it. If it takes erecting a shock fence, as we saw in the *Rollerball* movie, then erect it,” wrote Jay Mariotti, a columnist for the *Chicago Sun-Times*.⁵

The best way to improve security at sporting events, however, is simply to increase security at sporting events. For example, posting more guards at the

edge of the field, as well as in the stands, will heighten security. With crowds at sporting events numbering upwards of 50,000 fans or more, these venues are terrorism targets, so a larger security force would be able to protect against fans interfering with the game or attacking players, along with more serious threats.

Sandy Alderson, Vice President of Baseball Operations for Major League Baseball (MLB), said that MLB, for one, is prepared to do everything in its power to protect fans and reduce the risk of fan violence. “We will spare no expenses,” Alderson said. “We will do whatever is necessary to maximize the consequences for those individuals who intrude on the field or assault or make any attempt to interact with umpires, players or coaches or fans in the stands.”⁶

“We owe it to all the players and umpires to do a better job,” said Kevin Hallinan, Senior Vice President of Security and Facility Management for MLB. “We have a responsibility to keep them safe on the field.”⁷ Hallinan said that the most recent incident, in which an umpire was attacked, was that the fan had gotten caught up in “a copycat situation,” after three fans had run onto the field in the previous two innings, to wild cheers from the crowd.⁸

“We’ve got to look at the access (to the field) of people coming down the aisles,” said Hallinan. “We’ve got to address what we call ‘ticket discipline.’ Anybody that gets that close to the field needs to be stopped, and a ticket needs to be shown. We’ve got to be more alert in that area.”⁹

In addition to posting security guards on and near the field, increased security is also required within the stands, to protect against fans from throwing items onto the field. One player, for example, was recently hit in the back of the head by a cell phone thrown by a fan, and decided afterward to press charges. “We are all going to be heckled in this game. That’s part of it. But it’s wrong to throw stuff,” said Carl Everett, outfielder for the Texas Rangers. “Luckily I was wearing a hat. If it wasn’t for the hat, I’d be cut back there.”¹⁰

Similarly, Seattle Mariners’ outfielder Ichiro Suzuki recently said that he has been hit by coins while in the outfield, and once collected 55 cents.¹¹

“There has always been a concern about projectiles coming from the stands,” said Bob DuPuy, Chief Operating Officer of MLB. “Whether it be a bottle, a battery, coins and now cell phones. It’s troublesome. There are a few fans who believe baseball is a fan participation sport. It is not.”

White Sox owner Jerry Reinsdorf said that the number of fans causing trouble is minuscule compared to the millions attending games each season. “Having said that, the only acceptable number is zero,” Reinsdorf

said. "So we're doing everything we can in our power to make sure we don't have any more incidents. But as long as I've been coming to baseball games, there have been people who run on the field. Sometimes it was Morganna and it was funny. But we want to get it down to zero if we can."¹²

Remarkably, New York's own Yankee Stadium has become one of the safest parks in the nation, if only after having spent decades earning the nickname "the real Bronx Zoo." At Yankee Stadium, you must show a ticket at all times to gain entry into the park, and security guards at the top of every aisle in the lower level will not allow you into the stands unless you have a ticket that gives you the right to be there.¹³ Guards also stand, facing the crowd, at the bottom of every aisle in the lower deck. "If they see anyone who looks even remotely as if he or she doesn't belong, they intercept that person before they can get near the field," said one commentator.¹⁴

While the policy of limiting access to field-level seats has been in place for years in Yankee Stadium and elsewhere, it is by no means universal, and was only recently implemented in Chicago.¹⁵

Alcohol Sales

It goes without saying that alcohol consumption is a factor in many instances of fan violence. "I've said it time and time again, it comes down to two things . . . alcohol and anonymity. They're our two biggest problems with a lot of the violence in the stadiums," said Judge Seamus McCaffrey, who volunteers as judge and literally holds court during Philadelphia Eagles football games in order to punish unruly behavior.¹⁶

"When you have fans, alcohol and sports (together), you can never be sure what's going to happen," said Tom Branigan, Executive Protection Specialist for the Cincinnati Reds. "You can never totally prevent another attack, but only try to discourage other acts."¹⁷ The fan who attacked umpire Laz Diaz was said to be reeking of alcohol when he was apprehended.¹⁸

"We are working on alcohol management, and working on what we feel are the components causing some of these problems," said Kevin Hallinan of MLB. "For example, we will cut off beer sales as early as the third inning if we perceive a problem in a particular section."¹⁹

While the Chicago White Sox said that it had no immediate plans to change its beer policy, other teams have modified their policies with respect to beer sales and consumption in response to violence and other unlawful behavior, with inspiring results.²⁰

Yankee Stadium, for one, may serve yet again as a good example of the benefits of implementing a strict

beer sales policy. Home of the notorious "Bleacher Creatures," the Yankees tamed what were thought to be the unmanageable "Creatures" several years ago by eliminating beer sales in the bleacher section. "That meant if you wanted to have beer, you'd have to go underneath the stands and all the way to the grandstand area because there were no sales in your section," said Hallinan. The security guards at Yankee Stadium will also throw you out if you are highly intoxicated and behave in an obnoxious manner. "We think that helped make the bleachers a more pleasant place to be."²¹

"It goes without saying that alcohol consumption is a factor in many instances of fan violence. I've said it time and time again, it comes down to two things . . . alcohol and anonymity."

Punishment

Because we live in a society governed by laws, in which the right to punish individuals for breaking those laws is largely reserved to the government, the only real means of punishing fans who interfere with sporting events is to prosecute the criminals to the fullest extent of the law, and, where necessary, to increase "the fullest extent of the law" through legislation aimed at severely punishing perpetrators. Such legislation would signal to potential perpetrators that they would suffer more than mere ejection from the park if they run onto ballpark fields.

"This has become an issue that needs some serious attention," Royals Manager Allard Baird told the *New York Times* after one of the recent attacks. "There has to be more of a deterrent. A \$100 fine and a night in jail is not going to do it."

"This is not a White Sox problem, it's a problem at all facilities across the country that has to be addressed," said White Sox owner Jerry Reinsdorf. The most important response to such behavior, according to Reinsdorf and others, is a legal system that would ensure mandatory penalties for perpetrators, including significant fines and mandatory jail time, measures that "will cause people to think more than once before they do something like this."²²

Toward that end, Illinois State Senator Mattie Hunter is pursuing a bill in that state's legislature, mandating jail time and minimum fines for anyone who trespasses onto "the field, court or rink of a professional sports arena." The legislation calls for a mandatory 30-day jail sentence, a minimum \$1,000 fine and possible

alcohol and drug evaluation for anyone who trespasses onto the field of a sports venue.

“As an elected official, it is my job to protect the safety of citizens, and that includes umpires, coaches and players doing their jobs on the field of play,” said Senator Hunter. “It is my desire to ensure that professional sporting events offer a safe environment, and tougher punishments for unruly, disruptive fans who make a spectacle of themselves or commit violence by entering the field of play is a powerful first step.”²³

“The difficulty arises in establishing security while at the same time maintaining what can often be described as camaraderie between fans and players.”

Hunter’s efforts have been supported by officials at other levels of government in Illinois. A Chicago alderman proposed a city ordinance raising the fine from \$100 to \$1,000 for running onto the field during a pro sports event, and Senator Hunter has received the support of U.S. Congressman Bobby Rush.²⁴ “All across the country, there have been examples of abusive and unlawful behavior against athletes, both amateur and professional, players and referees,” said Representative Rush.

Bob DuPuy of MLB said that the MLB Commissioner’s office is embarking on a program to encourage state legislatures around the country to adopt laws calling for harsher penalties for trespassing onto the field during sporting events.²⁵ Other leagues stand to benefit from these new laws, and should join in the effort to alert legislators nationwide of this problem.

Conclusion

Fans feel like they are a part of any sporting event, and they should. Cheering, chatting with players, seeking autographs before the game, and participating in on-field promotions all help make attending sporting events enjoyable. The difficulty arises in establishing security while at the same time maintaining what can often be described as camaraderie between fans and players. A combination of increased security measures, both on the field and in the stands of all major sporting events, along with consistent enforcement of security policies and government prosecution of violations, would significantly reduce the risk of future violations, and would allow everyone involved to enjoy the game.

Endnotes

1. Nearly 500 spectators have been killed during on-field and in-stands incidents during European and African sporting events

in the last five years alone. In 1989, 94 people died as a result of the police’s attempt to prevent acts of violence, as they were crushed against a 10-foot-high steel fence that police had constructed to contain rowdy fans. See Clive Gammom, *Anger, Then Death*, *Sports Illustrated*, Apr. 24, 1989, at 24.

2. Rick Horrow, *Player and Fan Violence: Defining Their Excessive vs. Aggressive Line*, Dec. 10, 2002, available at <<http://cbs.sportsline.com/general/story/6004531>>.
3. Rob Dibble, *Stop the Fan-on-Field Madness*, Apr. 18, 2003, available at <<http://espn.go.com/talent/danpatrick/s/2003/0418/1540994.html>>.
4. Tom Krasovic, *Burroughs Target of Scatter-Brained, Scatter-Armed Fan*, *San Diego Union-Tribune*, Apr. 25, 2003.
5. Jay Mariotti, *Fans Flirting With Disaster; Death in On-Field Celebration Just a Matter of Time*, *Chicago Sun-Times*, Nov. 26, 2002, at 110.
6. Associated Press, *Everett Plans to Press Charges Against Fan*, Apr. 19, 2003, available at <<http://espn.go.com/mlb/news/2003/0419/1541458.html>>.
7. Jayson Stark, *Security Official Gets to Work on Solving the Problem*, Apr. 16, 2003, available at <http://espn.go.com/mlb/columns/stark_jayson/1539727.html>.
8. Stark, *supra* note 7.
9. Stark, *supra* note 7.
10. Associated Press, *supra* note 6.
11. Associated Press, *supra* note 6.
12. Associated Press, *supra* note 6.
13. Mike Celizic, *White Sox Must Ban Alcohol—Now*, Apr. 16, 2003, available at <<http://www.msnbc.com/news/901103.asp>>.
14. Celizic, *supra* note 13.
15. Associated Press, *supra* note 6.
16. Inside Edition, *Inside Edition Reports on Fans Getting Out of Control and Turning Violent at Professional Sporting Events*, available at <<http://www.insideedition.com/investigative/OutOfControlFans.htm>>.
17. T.J. Lasita, *Fanaticism Takes Hold of Spectators, Violence Often Follows*, *The Post of Ohio Univ.*, Oct. 23, 2002.
18. Larry Stone, *Common Denominator in Fan Violence is Alcohol*, *Seattle Times*, Apr. 19, 2003.
19. Dave George, *The Decline of Sportsmanship: Fanatics or Lunatics?*, *Palm Beach Post*, Dec. 24, 2002, at 1C.
20. Stone, *supra* note 18.
21. George, *supra* note 19.
22. Celizic, *supra* note 13.
23. Celizic, *supra* note 13.
24. Celizic, *supra* note 13. In a shocking move in the opposite direction, legislators in St. Paul, Minn., have passed a law that will allow a sports fan to enter the Metrodome while carrying a gun. Jill Burcum, *Gun Law Makes Some Officials Across the State Nervous*, *Minneapolis Star Tribune*, May 18, 2003.
25. Associated Press, *Security Plan in Place Long Before On-Field Attacks*, Apr. 25, 2003.

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Privacy or Piracy—Weighing the Interests of Internet Users with the Interests of Copyright Owners

By Julie Block

This article examines whether copyright owners should be permitted to require Internet service providers (ISPs) to reveal the names of their users who are illegally downloading music. Specifically, it focuses on the ongoing litigation between the Recording Industry Association of America (RIAA) and Verizon Internet Services (“Verizon”), as well as the Peer-to-Peer Piracy Prevention Act. The discussion focuses on whether the threat of piracy outweighs privacy rights on the Internet.

With the advent of Napster and other peer-to-peer music services that allow users to download music for free, the recording industry has suffered from diminishing record sales.¹ The recording industry claims that such Internet services promote “consumer piracy”² and cause them to lose millions of dollars in sales because potential customers download digital copies instead of buying albums.³ According to analyst Matt Bailey of Redshift Research, more than 2 million users, on average, were using the file-sharing network Kazaa, which surpasses the 1.57 million users of Napster at its peak in February 2001.⁴ Overall, “Kazaa has been downloaded more than 120 million times . . . [and] It is estimated that more than 2.6 billion files are copied every month.”⁵ According to a recent CNN/USA Today/Gallup Poll, approximately 17% of adults who use the Internet at home, work or school say they have downloaded music.⁶ Furthermore, millions use CD burners to illegally copy downloaded songs.⁷

The Motion Picture Association of America (MPAA) also claims that its member companies have suffered losses in the sales of DVDs, due to copyright infringement over the Internet.⁸ The MPAA estimates that “piracy,” or copyright infringement, costs the U.S. motion-picture industry more than \$2.5 billion a year.⁹

To combat this copyright infringement, the recording industry is tracing users of peer-to-peer networks back to their Internet addresses and tracking not only the items they have downloaded, but also the files they are storing for others to duplicate.¹⁰ While the recording industry can trace the copyright infringement back to the Internet address, it cannot identify the name and address of the individual, but only the ISP that the subscriber is using.¹¹ As such, the recording industry has begun to subpoena ISPs in federal court and request that they disclose the identity of copyright infringers.

On July 24, 2002, the RIAA subpoenaed Verizon, demanding that it disclose the identity of one of Verizon’s subscribers who was allegedly illegally downloading music.¹² This article focuses on that case and raises the issue of whether copyright outweighs the right to privacy.

Peer-to-Peer Networks

Peer-to-peer networks allow millions of Internet users to communicate with each other through file-sharing software programs, enabling users to share text, audio and video files stored on each other’s computers.¹³ While peer-to-peer file sharing has many lawful applications,¹⁴ the court in *A&M Records Inc. v. Napster Inc.* held that file sharing of copyrighted work on certain models of peer-to-peer networks infringes copyright. Under the Napster case, certain peer-to-peer services are liable for both contributory and vicarious copyright infringement occurring on their networks, and they will be held to be financially responsible for the harm caused to copyright owners.¹⁵

Many Internet users illegally download music because they assume that what they do online is anonymous and, therefore, they cannot be detected. In using these services, however, they inadvertently disclose their Internet addresses as they work and play online.¹⁶ “In a file-sharing system, users copy files directly from each others’ computer hard drives. In order to make these connections, they can’t conceal themselves behind a bogus Internet address. They have to disclose where they can be found.”¹⁷

The recording industry has a software program that allows it to comb the Internet for files being transmitted that include names of copyrighted works.¹⁸ While the RIAA has been able to identify that users are illegally downloading copyrighted music on particular ISPs, only the ISPs are able to identify the infringer.¹⁹ A copyright owner, however, has no recourse against a copyright infringer if it cannot identify the individual.²⁰ As such, the RIAA has begun demanding that Verizon release this information.

RIAA v. Verizon Internet Services

On July 24, 2002, the RIAA issued a subpoena to Verizon in federal court pursuant to 17 U.S.C. § 512(h) of the Digital Millennium Copyright Act (DMCA) of

1998.²¹ In issuing the subpoena, the RIAA demanded that Verizon turn over information regarding one of its subscribers, whom the RIAA believes downloads a large number of MP3 files.²² To enable Verizon to locate the computer where the infringement occurred, the information in the subpoena included the user's specified Internet Protocol (IP) address, the time and date when the songs were downloaded and a declaration that the information was "sought in good faith and would only be used in connection with 'protecting the rights' of RIAA members."²³ In addition to requesting that Verizon "remove or disable access to the infringing sound files,"²⁴ the RIAA requested the user's name, address and telephone number.²⁵

Verizon refused to comply with the subpoena, stating in an August 6, 2002, letter that it need not comply with the subpoena because "[n]o files of the customer are hosted, stored, or cached by Verizon."²⁶ Subsequently, on August 20, 2002, the RIAA requested that the court enter an order compelling Verizon to comply.²⁷ On January 21, 2003, the RIAA's motion to enforce its subpoena was granted.²⁸ Verizon filed an appeal in the U.S. Court of Appeals on January 30, 2003.²⁹ The District of Columbia Circuit Court of Appeals denied Verizon's request for a stay, saying that Verizon's "unlikelihood of success on the merits does not outweigh the clearly greater harm if the stay were granted."³⁰ The RIAA had until June 13, 2003, to file its brief. On June 20, 2003, several groups filed an amicus brief in support of the RIAA.³¹ Oral arguments are scheduled to commence on September 16, 2003.³²

RIAA's Copyright Argument

According to the RIAA, Verizon must comply with the subpoena. It bases its argument on the belief that the subpoena is permitted under the DMCA, does not violate the First Amendment and privacy rights of Internet users, and does not unfairly burden Verizon.

In arguing that Verizon must reveal the information of its users who illegally download copyrighted music, the RIAA asserts that it has a right to protect its members' copyrighted works. Accordingly, as copyright infringement causes irreparable injury to copyright holders, Internet users who illegally download copyrighted works engage in "blatant and massive copyright theft."³³

Copyright advocates who support more stringent enforcement of the copyright law argue that current copyright law provides a "right without a remedy,"³⁴ and thus must be modified to keep current with new technology. As such, Congress in 1998 enacted the DMCA, in order to provide copyright owners additional protection against increased infringements resulting from new technology. In passing the DMCA, Congress sought "to protect against unlawful piracy and promote

the development of electronic commerce and the availability of copyrighted material on the Internet."³⁵

The RIAA argues that it needs the Verizon user's information so that it can send cease and desist letters to those who are sharing copyrighted files over the Internet.³⁶ Accordingly, "the 1998 Digital Millennium Copyright Act allows content owners to file a subpoena with a court clerk and then forward it directly to the service provider—a powerful shortcut around the legal system."³⁷ Under section 512 of the DMCA, service providers are required to turn over information about copyright infringers.³⁸ "Section 512[h] of the DMCA allows a copyright owner to serve a subpoena on an Internet service provider seeking the identity of a user alleged to be infringing the owner's copyright, provided that the owner identifies the copyrighted work and supplies information enabling the provider to identify the infringing material."³⁹ As such, the DMCA "gives copyright holders the ability to identify an infringer so they can send a letter or make a phone call to get the infringer to stop, instead of necessarily filing a lawsuit (against the infringer)."⁴⁰

The RIAA claims that by obtaining the identity of the copyright infringer and sending a cease and desist letter to him, it will be able to deter further copyright violations and avoid unnecessary lawsuits. Cary Sherman, President of the RIAA, said: "If I were a kid or even an adult uploading 500 files and I got a letter from RIAA saying that we know you're doing this and you need to stop immediately, I would probably stop doing it . . . Under the ISP position, we can't send any such notice. We have to sue them first."⁴¹ In response to this argument, Verizon has said that there is no need for the RIAA to identify the subscribers in order to send a cease and desist letter, as Verizon has already notified the subscribers and reminded them of its own policy prohibiting copyright infringement.⁴²

The RIAA claims that Verizon wants the benefit of the DMCA's safe harbor provisions without the burdens of complying with the Act.⁴³ Under the DMCA, Internet service providers are protected from liability, provided that they work with copyright owners to shut down infringing Web sites that exist on their networks.⁴⁴ "The DMCA is designed primarily to limit the liability of Internet service providers for acts of copyright infringement by customers who are using the providers' systems or networks."⁴⁵ While the DMCA contains safe harbor provisions protecting them from liability, it does not protect ISPs from being subpoenaed.⁴⁶ "To qualify for a 'safe harbor,' the service provider must fulfill the conditions under the applicable subsection and the conditions of subsection (i), which includes the requirement that a service provider implement and inform its users of its policy to termi-

nate a subscriber's account in cases of repeat copyright infringement."⁴⁷ This safe harbor provision, however, "disappears at the moment the service provider loses its innocence, i.e., at the moment it becomes aware that a third party is using its system to infringe."⁴⁸ Thus, the RIAA contends that Verizon, through its refusal to comply with the subpoena, is not protected by the safe harbor provisions.

In response to Verizon's argument that it would violate its users' privacy rights to reveal their identities, the RIAA argues that the right of privacy does not apply where users violate the copyright law.⁴⁹ Matthew Oppenheim, RIAA Senior Vice President of Business and Legal Affairs said: "There is no right to anonymously commit crimes."⁵⁰ The RIAA argues that even Verizon does not dispute the fact that its users are violating the law by downloading and disseminating copyrighted works.⁵¹ The District Court agreed with Verizon, holding, "the First Amendment does not protect copyright infringement . . . Nor is this an instance where the anonymity of an Internet user merits free speech and privacy protections."⁵² Furthermore, it is argued that the law does not violate free speech rights because it is narrowly tailored to apply only to those who violate copyrights.⁵³

As such, the RIAA contends that Verizon is not interested in the privacy of its users. Rather, it does not want to spend the time and expense of responding to future subpoenas.⁵⁴ In arguing this, the RIAA points to an article stating that Verizon had offered to comply with only a limited number of subpoenas.⁵⁵ Furthermore, the RIAA points to Verizon's "Acceptable Use Policy," which, without mention of privacy concerns, allows it to release its user's identity, account information and e-mails in any civil investigation.⁵⁶ Finally, Verizon has in the past worked closely with law enforcement agencies to identify child pornography Web sites and those users who violated child pornography laws, and fully complied with subpoenas for matters involving child pornography, despite the privacy concerns of its subscribers.⁵⁷ As copyright infringement, like child pornography, is unlawful, Verizon should equally comply with subpoenas involving alleged copyright infringements.

The RIAA also claims that there is no reasonable expectation of privacy on the Internet, "especially where a person has opened up his or her computer to the world to break the law."⁵⁸ In *Smith v. Maryland*,⁵⁹ the U.S. Supreme Court held that there is no expectation of privacy in telephone call records.⁶⁰ That rule was extended to computers in *United States v. Kennedy*,⁶¹ where it was held that there is no expectation of privacy where the user has opened files on his home computer to anyone who wants to receive them.⁶²

While Verizon argues that the subpoena provision of the DMCA would place an unfair burden on it as an ISP, the RIAA considers compliance with the subpoena to be a "de minimis burden" that does not cause Verizon any irreparable harm.⁶³

The RIAA also disagrees with Verizon's argument that the DMCA violates Article III of the Constitution because it authorizes federal courts to issue subpoenas that are not connected to any pending case, as a potential copyright infringement action is a "controversy" in satisfaction of Article III.⁶⁴ Accordingly, courts routinely authorize subpoenas unrelated to pending cases, and federal courts have jurisdiction to do so.⁶⁵ For example, the requirements for getting a section 512(h) subpoena are the same type of procedural requirements that other courts have imposed for subpoenas on ISPs for the purpose of identifying anonymous message posters.⁶⁶

The RIAA also rejects Verizon's argument that it bring a "John Doe action" instead of using the DMCA subpoena power. In rejecting this argument, the RIAA states that "John Doe actions" can take months, whereas the DMCA enables copyright owners to obtain a subscriber's identity "expeditiously" (within a matter of days).⁶⁷ In the enactment of the DMCA, Congress "repeatedly made clear that it wanted this mechanism to operate swiftly in order to stop ongoing infringement."⁶⁸ The RIAA points to the legislative history of section 512(h), which describes the issuance of the subpoena as a "ministerial" act that must be "performed quickly for this provision to have its intended effect."⁶⁹

Furthermore, the RIAA claims that the provisions of the DMCA that allow it to obtain a Verizon user's identity are limited to prevent misuse by copyright holders. Under the DMCA, in order for a copyright owner to subpoena an ISP, it must:

Give a sworn statement to the Clerk of Court in writing and in person, and under penalty of perjury, that it honestly believes that the ISP customer is infringing its copyright. The statement must be provided in person to the Court—it cannot be filed electronically—and failure to adhere to any of the requirements above is grounds for denying the information subpoena. The DMCA explicitly states that information obtained using the subpoena provisions may only be used to enforce copyrights. The DMCA also clearly states that any person who misrepresents allegations of copyright infringement is liable for damages, including attorney's fees.⁷⁰

According to the RIAA, these safeguards prevent any potential misuse by copyright owners and adequately guard against First Amendment concerns.

Verizon's Privacy Argument

Verizon believes that it is justified in refusing the subpoena. According to the ISP, the subpoena would violate its users' First Amendment and privacy rights, constitutes an unconstitutional private search warrant and violates Article III of the Constitution. In addition, Verizon believes that it is merely acting as a passive conduit and thus does not fall within the subpoena provision. Further, Verizon claims that the DMCA is vague and overbroad and that the subpoena provision places upon it an unfair burden.

Verizon argues that requiring ISPs to reveal the identities of customers who download copyrighted material violates the users' right to privacy, which is protected by the First Amendment. The Supreme Court has held that the First Amendment guarantees the right to speak, listen and associate anonymously.⁷¹

Verizon claims that the DMCA provision that would require it to identify subscribers who download files violates the users' First Amendment rights, as it does not provide users with adequate protection of expressive speech and is substantially overbroad. In its Opposition to the Motion to Enforce the *Ex Parte* Subpoena, Verizon states:

A procedure that would give private parties unfettered authority to force disclosure of the identities of persons using the Internet, not tied to any infringing material residing on the service provider's system or network, raises substantial First Amendment concerns in light of the well-established freedom to engage in anonymous speech—a general principle that has been specifically applied to protect anonymous speech over the Internet.⁷²

Verizon claims that the overbreadth of the statute could lead to misuse by copyright holders and an invasion of the First Amendment rights. "The First Amendment rights of every Internet user in the country are made to dangle on the 'good faith' of anyone claiming to be the authorized representative of a copyright owner."⁷³ One fear is that cyberstalkers could abuse the statute by alleging that someone is a copyright infringer, and subsequently obtain that other user's personal information.⁷⁴ As such, Verizon claims it has standing to raise the First Amendment rights of its subscribers, given the broadness of the statute and the chilling effect that it would have on protected anonymous speech.⁷⁵

In arguing that the subpoena would violate the First Amendment, Verizon cites *McIntyre v. Ohio Elections Commission*,⁷⁶ in which the Court held that the right to speak anonymously "exemplifies the purpose behind the Bill of Rights, and of the First Amendment in particular."⁷⁷ Furthermore, the courts have applied the First Amendment principle to the Internet. In *Doe v. 2TheMart.com, Inc.*,⁷⁸ the court said that the constitutional rights of Internet users, including the right to speak anonymously, must be carefully safeguarded.⁷⁹ As a result, the courts have established strict standards to protect the identity of Internet users.⁸⁰

The Supreme Court has held that "[a]ny person or organization with a computer connected to the Internet can 'publish' information," and that expression and association on the Internet are fully protected by the First Amendment.⁸¹ Congress has also recognized the importance of the right to speak and associate anonymously on the Internet. According to Congress,⁸² the Internet "offer[s] a forum for a true diversity of political discourse, unique opportunities for cultural development, and myriad avenues for intellectual activity."⁸³

In August 2002, consumer advocates and civil liberties groups, such as the Electronic Frontier Foundation, the National Consumers League and the Utility Consumers' Action Network, argued in front of a federal judge that anonymous speech should receive strong protection, even in claims of copyright infringement.⁸⁴ Verizon, in support of this argument, notes that while "copyright law contains built-in First Amendment accommodations," such as the "idea/expression dichotomy" and the "fair use defense," section 512(h) provides no protection for expression.⁸⁵

In addition to arguing that the subpoena power of the DMCA violates users' First Amendment rights, Verizon argues that it violates their customers' due process rights as well. "The customer, after all, may never receive any notice of the demand for confidential information concerning his or her identity."⁸⁶ According to Verizon, the customer, without knowledge of the demand for information, has no opportunity to be heard and, once disclosure is ordered and his or her identity is made known, cannot challenge the subpoena, because it is moot.⁸⁷ "This lack of notice combined with the requirement of 'expeditious' compliance . . . leaves no avenue for the subscriber to defend his or her rights in a judicial forum."⁸⁸

According to Verizon, the DMCA subpoena constitutes an unconstitutional private search warrant, unless the allegedly infringing material is sitting on an ISP's network.⁸⁹ Verizon claims that the DMCA is unconstitutional because it allows copyright holders to engage in improper surveillance of Internet users.⁹⁰ Verizon attorney Andrew McBride argues that allowing such surveil-

lance empowers “private search warrants.”⁹¹ McBride premises his argument on the basis that the DMCA establishes a lesser standard of privacy protection for those who use the Internet than for those who are the objects of home searches, wiretapping and pen registers.⁹² While “the police ‘require the executive branch to assert [that a pen register] is relevant to an ongoing criminal investigation,’” McBride said, “the DMCA created a system with even lower privacy protections. It established a way for copyright holders to issue subpoenas merely by asserting that their copyrights have been violated.”⁹³

Interestingly, in arguing that the DMCA subpoena provision violates subscribers’ privacy rights, Verizon did not argue that the provision threatens their customers’ Fourth Amendment rights as well. The Fourth Amendment prohibits unreasonable searches and seizures.⁹⁴ The Supreme Court held in *Katz v. United States* that in order to constitute a search within the meaning of the Fourth Amendment, a person must “have exhibited an actual (subjective) expectation of privacy and . . . that the expectation be one that society is prepared to recognize as ‘reasonable.’”⁹⁵ As there is no reasonable expectation of privacy on the Internet and peer-to-peer services, it can, therefore, be argued that the Fourth Amendment does not apply in this instance.

Instead, Verizon argues that the subpoena process is unfair to users because it does not require judicial approval as required by Article III.⁹⁶ Under Article III of the Constitution, federal judicial power is limited to enumerated “case and controversies” to ensure that the judiciary is impartial.⁹⁷ “. . . [I]n the absence of such a case or controversy, a federal court is without authority to take any judicial action, except dismissal of the proceeding.”⁹⁸ Verizon claims that section 512(h) violates Article III because it authorizes the issuance of judicial process without any requirement that any elements of a legal cause of action even be alleged.⁹⁹ “. . . [A]t the time Section 512 (h) is invoked, there has been no judicial determination of copyright infringement.”¹⁰⁰ Verizon contends that such investigation into possible civil or criminal wrongdoings is considered a non-judicial function to be exercised by an administrative agency or a grand jury, and not by a court.¹⁰¹

Verizon argues that under the DMCA, it is not liable for copyright piracy and should not be required to provide the users’ identities because it is merely acting as a passive conduit.¹⁰² Verizon asserts that section 512 of the DMCA only applies to those ISPs that actually store downloaded material on their servers as opposed to those ISPs which merely act as conduits for subscribers to access peer-to-peer networks.¹⁰³ Eric Holder, an attorney representing Verizon, said, “Verizon

was a passive conduit at most . . . Congress made that distinction . . . that break between the material found on an individual computer and an Internet service provider’s network.”¹⁰⁴ Furthermore, Verizon claims that it is only responsible for infringing material that physically resides on its network, and not for files stored on the users’ personal computers.¹⁰⁵

In response to this argument, the RIAA asserts that all ISPs, regardless of whether or not they are a passive conduits, are subject to section 512(h). Further, the RIAA argues that section 512(h) authorizes subpoenas regardless of where the infringing material resides.¹⁰⁶

Verizon suggested that the RIAA be forced to commence a “John Doe” action in federal court against Verizon’s subscriber, and obtain a third-party subpoena against Verizon, which would allow it to inform its customer of the lawsuit.¹⁰⁷ Under a “John Doe” action, “a copyright owner must first sue a subscriber as an unidentified ‘John Doe’ and then issue a subpoena seeking the person’s name, address, and telephone number.”¹⁰⁸ Pursuant to Federal Rules of Civil Procedure 45, once the RIAA has shown the judge that its allegations of infringement have evidentiary support, ISPs such as Verizon will be required to make available those names.¹⁰⁹ According to Verizon, a “John Doe” action would provide procedural and substantive protections for a subscriber’s rights¹¹⁰ and Verizon would agree to comply.¹¹¹

Furthermore, Verizon argues that the DMCA is vague and overbroad. U.S. District Judge John Bates concurred with this argument. He stated that Congress “could have made this statute clearer,” and: “This statute is not organized as being consistent with the argument for either side.”¹¹² In addition to being broad, it has been argued that the courts need to revamp the DMCA, because when it was enacted in 1998 the Internet was only five years old, and peer-to-peer software such as Kazaa did not exist.¹¹³

Finally, Verizon argues that ISPs should not be held responsible for enforcing copyright laws and “ratting out on their own customers.”¹¹⁴ Requiring Verizon to supply the identities of all of its users who download copyrighted material would unfairly burden the company.¹¹⁵ According to Verizon, requiring it to identify all of its users who download files illegally would take a substantial amount of time and effort.¹¹⁶ Furthermore, Verizon fears that it will suffer a loss of business because subscribers will not want to use its service.¹¹⁷

Verizon attorneys criticize the RIAA’s power to subpoena ISPs, saying that not only could ISPs be asked to supply thousands of subscriber names, but that “there is no way [for us] to check if there is an infringement because the information is on the user’s hard drive.”¹¹⁸

As such, Verizon's attorneys claim that it does not want to be the "policeman" in this process,¹¹⁹ and that the RIAA has the capacity of automatically generating subpoena requests through the use of Internet robots, or "bots."¹²⁰ According to Verizon, "RIAA itself can contact Internet users it suspects of engaging in infringing activities through an electronic mail function that is part of the Kazaa software without involving Verizon at all."¹²¹

The Ruling

On January 21, 2003, Judge Bates ruled in favor of the RIAA, holding that Verizon had to give the name, address and phone number of anyone who allegedly used Verizon's Internet service to trade digital music over a peer-to-peer network.¹²² Judge Bates rejected Verizon's argument that section 512 of the DMCA did not apply because Verizon was merely acting as a passive conduit, and found that the DMCA did not distinguish between different ISPs.¹²³ The DMCA broadly defines a "service provider" to be "a provider of online services or network access, or the operator of facilities therefor."¹²⁴ Judge Bates, citing congressional intent, held that "the subpoena power in (h) applies to all Internet service providers within the scope of the DMCA, not just to those service providers storing information on a system or network at the direction of a user."¹²⁵ He concluded that Verizon was within the meaning of a "service provider" and thus, subject to the subpoena provisions of section 512(h).

Judge Bates rejected Verizon's argument that the DMCA's subpoena provision violates the First Amendment, reasoning that "the First Amendment does not protect copyright infringement."¹²⁶ In support of this, he cited cases in which the courts have "repeatedly rejected First Amendment challenges to injunctions from copyright infringement on the ground that First Amendment concerns are protected by and coextensive with the fair use doctrine."¹²⁷ Furthermore (h) of the DMCA contains various protections that guard against First Amendment concerns.¹²⁸ Judge Bates further concluded that the anonymity of an Internet user does not warrant free speech and privacy protections.¹²⁹

In holding that Verizon's subscribers' identities are not protected by the First Amendment, Judge Bates distinguished a subscriber's use of the Internet to engage in copyright infringement from using the Internet to express ideas. "This is not a case where Verizon's customer is anonymously using the Internet to distribute speeches of Lenin, Biblical passages, educational materials, or criticisms of the government—situations in which assertions of First Amendment rights more plausibly could be made."¹³⁰ As such, the purpose of the First Amendment is to protect those "'who support causes anonymously' and those who 'fear economic or official retaliation,' 'social ostracism,' or an unwanted

intrusion into 'privacy,'"¹³¹ and not those who seek to infringe copyright.

Judge Bates also said that the courts are reluctant to interpret the constitutionality of copyright law. "The Supreme Court reiterated that 'we defer substantially to Congress' on copyright law, that 'we are not at liberty to second-guess congressional determinations and policy judgments' regarding copyright issues, and that 'it is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives.'"¹³²

Judge Bates also rejected Verizon's argument that the RIAA be forced to commence a "John Doe" action in federal court against Verizon's subscriber, and then obtain a third-party subpoena against Verizon.¹³³ In his holding, Judge Bates found that there was nothing in the DMCA or its history to show that Congress had intended that copyright owners utilize John Doe actions rather than employ the DMCA subpoena process.¹³⁴ Judge Bates held that John Doe actions would considerably burden copyright owners, and that the time and delay associated with filing John Doe actions and pursuing third-party subpoenas conflict with the DMCA, which requires "expeditious" issuance of and response to section 512(h) subpoenas.¹³⁵ Furthermore, Judge Bates found that Verizon's claim was disadvantageous because John Doe actions are less protective of the rights of ISPs and Internet users than the section 512(h) subpoena process under the DMCA.¹³⁶ Judge Bates held that: "Not only are John Doe actions more burdensome and less timely, but in several important ways they are less protective of the rights of service providers and Internet users than is the section 512(h) process."¹³⁷

Finally, Judge Bates found that the DMCA's subpoena would not be burdensome on Verizon.¹³⁸ On January 30, 2003, Verizon filed a motion in federal court to stay Judge Bates' holding and filed notice of its appeal with the U.S. Court of Appeals.¹³⁹ Verizon was denied stay because it has not suffered an irreparable harm from the subpoena.¹⁴⁰ In rejecting the stay, Judge Bates said:

Verizon's assertions to the contrary are refuted by the structure and language of the DMCA . . . Verizon has provided no sound reason why Congress would enable a copyright owner to obtain identifying information from a service provider storing the infringing material on its system, but would not enable a copyright owner to obtain identifying information from a service provider transmitting the material over its system.¹⁴¹

The Peer-to-Peer Piracy Prevention Act

In an effort to prevent copyright infringement through peer-to-peer networks, the Peer-to-Peer Piracy Prevention Act (H.R. 5211) was proposed by Representative Howard Berman (D-California). Under the Act, recording labels and motion picture studios would be indemnified from civil or criminal penalties when they deploy copyright piracy countermeasures on peer-to-peer networks.¹⁴²

In support of the Act, Representative Berman argues that copyright owners have a right to protect their work from piracy. "There is no question that the vast majority of (peer-to-peer) downloads constitute copyright infringement for which the works' creators and owners receive no compensation."¹⁴³ In response to criticism that the bill lets copyright owners hack into anyone's computer, Congressman Berman said that the bill "in no way allows a copyright owner to hack into anyone's computer . . . They are only allowed to enter or look into a P2P user's computer to the same extent that any other (peer-to-peer) user is able to do so."¹⁴⁴

Those who support the bill argue that the recording industry and consumers have an economic interest in preventing copyright infringement.

In order for record companies to continue releasing new music, market that music, develop new artists, and develop new formats, they must be able to have an expectation that they can recoup their investment. That expectation is now being challenged because piracy, by its nature, swoops in and steals that return.¹⁴⁵

Furthermore, the effects of copyright infringement impact the consumer in the form of increased prices for CDs.¹⁴⁶

The DMCA not only gives copyright owners the ability to subpoena ISPs, but also prohibits the circumvention of technological protection measures used by copyright owners.¹⁴⁷ To combat the transmission of digital computer files and technology set up to protect copyrighted material, the DMCA makes it illegal "to manufacture, import, distribute or provide products or services that are primarily designed or produced for the purpose of circumventing technological measures used by copyright owners to protect their works."¹⁴⁸

In addition, the DMCA enhances copyright law, through "paracopyright," providing legal protection for technological self-help measures used by copyright owners to protect their copyrighted works.¹⁴⁹ It is this that can be used to justify the recording industry's use of self-help measures to track infringers.

Under the proposed H.R. 5211, a copyright owner would be able to disable, interfere with, block, divert, or impair the availability of his or her copyrighted works on a public peer-to-peer network.¹⁵⁰ This power, however, is limited to five conditions:

- 1) The copyright owner may not "alter, delete, or otherwise impair the integrity of any computer file or data residing on the computer of a file trader" (subsection (a));
- 2) The owner must not impair the availability of files on targeted computers other than the works the copyright owner own[s] except as "reasonably necessary" (subsection (b) (1) (a));
- 3) the copyright owner may not cause "economic loss" to any person other than the targeted file trader (subsection (b) (1) (B));
- 4) the copyright owner may not cause "economic loss of more than \$50" to the targeted file trader (subsection (b) (1) (C)); and
- 5) the copyright owner must notify the Attorney General seven days before engaging in self-help (subsection (c)).¹⁵¹

Such limitations, however, may not prevent an abuse by copyright holders. For example, subsection (a), which prohibits the altering and deleting of files, may not prevent a copyright owner from cutting a DSL or phone line.¹⁵² Furthermore, the "as reasonably necessary" language of subsection (b)(1)(a) is vague and "invites a raft of excuses for why an individual's non-infringing files were impaired for self-help."¹⁵³ Further, subsections (b)(1)(B) and (b)(1)(C), which limit economic loss, do not limit any non-economic loss incurred by a user.¹⁵⁴

Critics of the bill argue that the self-help programs used by the recording industry and copyright owners to identify unlawful uses could be mistaken when they attempt to determine which files infringe copyright.¹⁵⁵ In one such case, Warner Brothers sent a notice to an ISP, mistakenly identifying as the infringing file a children's book report, and asking the ISP to disable access to a user.¹⁵⁶ Another criticism of these programs is that they punish individuals for making available copyrighted content, regardless of whether or not the content was legally obtained.¹⁵⁷ "Such punishment would extend copyright protection beyond what the law allows."¹⁵⁸

Furthermore, copyright owners might take advantage of their abilities to "attack" Internet users. Gigi B. Sohn, the president of Public Knowledge, a non-profit organization that seeks to ensure that citizens have access to an open Internet, believes that proposed bills such as H.R. 5211 could be abused. "Some of these attacks may affect actual infringers, while some almost

certainly will affect innocent parties, who have no idea why they (or others) cannot access their files or why their Internet service is not working." In addition, the bill could hinder technological advances. Sohn states:

Actions authorized by this bill could seriously tax these valuable networks by making them less efficient, more unstable, and subject to greater privacy control . . . It is not just the illegal activity that might be slowed by the kinds of self-help techniques authorized by this bill, but also every legitimate current and yet-to-be-developed business dependent upon the promise of P2P [peer-to-peer] technology.¹⁵⁹

Hilary Rosen, Chairman and CEO of the RIAA, acknowledges that peer-to-peer technology has great potential and that it is not the enemy, but believes that its misuse hurts copyright owners. "Peer-to-peer technology holds amazing promise for creators and consumers to experience entertainment and to communicate in ways never before available. It is the misuse of technology—employing it to deprive compensation to creators—that must be tackled."¹⁶⁰

Those who support the bill argue that it provides protection against copyright infringement. H.R. 5211

creates a new cause of action for an affected file trader when a copyright owner "knowingly and intentionally impairs . . . [a] particular computer file . . . and has no reasonable basis to believe that such [file] constitutes an infringement of copyright," and also causes over \$250 dollars in damages to the file trader.¹⁶¹

Conclusion

It is clear from the DMCA, *RIAA v. Verizon*, and the proposed Peer-to-Peer Piracy Prevention Act that both Congress and the courts have weighed the interests of copyright owners above the privacy interests of Internet users. Additionally, the Bush administration has sided with the recording industry by filing a Justice Department brief in support of the RIAA.¹⁶²

While copyright law affords owners the right to protect their works, it is questionable as to whether that right should be extended so that it infringes on one's free use of the Internet and one's right to privacy. As such, there are other less intrusive methods that can be used by the recording industry to deter Internet users from unlawfully downloading copyrighted works. Recently, the record labels have begun uploading "spoof" files on peer-to-peer networks, which contain

little or no music on them, in an effort to confuse downloaders.¹⁶³ "Spoofing seems like a legitimate technique for them to use. Hacking, however, seems to go too far."¹⁶⁴ Another method used by the recording industry is "interdiction," which creates an "online traffic jam" that blocks others on the network from accessing a copyrighted work for the purpose of copying it.¹⁶⁵

Furthermore, the recording industry can dissuade Internet users through education. For example, Music United for a Strong Internet Copyright (MUSIC), a coalition of artists and industry workers, has launched a nationwide campaign to inform Americans that downloading copyrighted music on the Internet without paying the owner of the copyright is theft.¹⁶⁶

Finally, the music industry can combat online copyright infringement by launching its own online competitive and affordable music subscription services. While the music labels have attempted to do that with the *Pressplay* and *MusicNet* subscription services, they have been largely unsuccessful due to limited music selection.¹⁶⁷ RIAA Senior Vice President Mitch Glazier supports these services "as instruments in the quest 'to get piracy down to tolerable levels.'" However, he and many others in the music industry attribute the failure of the subscription services to having to compete against free peer-to-peer services.¹⁶⁸

Endnotes

1. In *Napster*, the U.S. Court of Appeals for the Ninth Circuit upheld a district court finding that "Napster use harms the market for plaintiff's copyrighted musical compositions and sound recordings by reducing CD sales among college students." *A&M Records Inc. v. Napster Inc.*, 239 F.3d 1004, 1018 (9th Cir. 2001).
2. John Alexander Halderman, "Evaluating New Copy-Prevention Techniques for Audio CDs," presented at the 2002 ACM Workshop on Digital Rights Management on Nov. 18, 2002, at 1 ("The recording association blames piracy for most of the industry's \$400 million drop in sales from mid-2001 to mid-2002."). Susan Decker & Katherine Reynolds Lewis, *Verizon, Music Industry Argue Over Internet Privacy*, Bloomberg News, Oct. 4, 2002 ("Decker & Lewis").
3. Jonathan Krim, *A Story of Piracy and Privacy*, Washington Post, Sept. 5, 2002, at E01.
4. Mike Snider, *Cyber-turf law hinges on 'hack'*, USA Today, Sept. 26, 2002, at 7D.
5. *Piracy on Peer-to-Peer Networks: Hearing before Subcomm. on Courts, the Internet and Intellectual Property, House Comm. on the Judiciary* (Sept. 26, 2002) (statement of Hilary Rosen, Chairman and CEO of the Recording Industry Association of America (RIAA)) ("Rosen statement").
6. David Lieberman, *How dangerous are pirates? Music industry blames dying sales on copying*, USA Today, Apr. 5, 2002, at 1B.
7. *Id.*
8. <<http://www.mpaa.org/anti-piracy/>> (accessed Apr. 4, 2003).
9. Charles C. Mann, *Who Will Own Your Next Good Idea*, Atlantic Monthly, Sept. 1998, available at <<http://www.theatlantic.com/issues/98sep/copy.htm>> (accessed Apr. 3, 2002).

10. Jon Healey, *A New Tactic in the Piracy Battle; Peer-to-peer software makes it easier to unmask users who share copyrighted material*, L.A. Times, Feb. 17, 2003, at pt. 3, 1.
11. *Id.* (“Matching the Internet address to a specific home, dorm room or office cubicle takes a little more work, mainly because crucial information has to be extracted from the user’s Internet service provider.”).
12. *In re Verizon Internet Servs. Inc. (RIAA v. Verizon), Motion to enforce July 24, 2002, Subpoena issued by this court to Verizon Internet Services, Inc. and Memorandum in support thereof*, RIAA News archive, Sept. 8, 2002, <www.riaa.com> (“Motion to Enforce July 24, 2002, Subpoena”).
13. Gigi B. Sohn, “Intellectual Property Theft Online: Piracy of Intellectual Property on Peer-to-Peer Networks,” Capitol Hill Hearing Testimony, Sept. 26, 2002 (“Sohn testimony”):

[Peer-to-peer] software allows an Internet user to share files with other users of the software by permitting each user to review a list of available files maintained by other users. The software then attempts to identify other users of the software who are also online and who have requested files available to share. Once the requested file is located on another computer, the software allows the files to be transferred between the two computers.

Opposition of Verizon Internet Servs. to Motion to Enforce *Ex Parte* Subpoena Issued July 24, 2002, at 8, *RIAA v. Verizon* (Miscellaneous Action no. 1:02MS00323) (“Opposition of Verizon to *Ex Parte* Subpoena”).
14. *Id.* at 7.
15. *RIAA at CA State Senate Hearing on P2P File Sharing, hearing before Calif. Senate* (Mar. 27, 2003) (statement by Matthew J. Oppenheim, Senior Vice President, Business and Legal Affairs, RIAA, available at <http://www.riaa.com/PR_story.cfm?id=622> (accessed Apr. 6, 2003)) (“Oppenheim statement”).
16. Jon Healey, *Could Copyright Cops Be on Your E-Trail?*, L.A. Times, Mar. 4, 2003, at A41 (“For example, the mere act of visiting a Web site can reveal a person’s address.”).
17. *Id.*
18. Decker & Lewis, *supra* note 2.
19. *Motion to Enforce July 24, 2002, Subpoena, supra* note 12.
20. *RIAA v. Verizon, Motion to Enforce July 24, 2002, Subpoena*, no. 1:02MS00323, Aug. 20, 2002, available at <www.riaa.com>.
21. *Motion to Enforce July 24, 2002, Subpoena, supra* note 12.
22. *Privacy Rights trump piracy wrongs*, The Atlanta J. & Const., Oct. 9, 2002, at 20A. RIAA presented Verizon with a list of more than 600 files of songs allegedly downloaded by the user on one day. *In re Verizon Internet Servs., Inc.*, Subpoena Enforcement Matter, *RIAA v. Verizon*, 240 F. Supp. 2d 24, 28 (Jan. 21, 2003).
23. *In re Verizon Internet Servs., Inc.*, Subpoena Enforcement Matter, *RIAA v. Verizon*, 240 F. Supp. 2d 24, 28 (Jan. 21, 2003).
24. *Id.*
25. *Motion to Enforce July 24, 2002, Subpoena, supra* note 12, at 7.
26. *Id.* at 8.
27. *Id.* at 7.
28. Subpoena Enforcement Matter, *RIAA v. Verizon*, 240 F. Supp. 2d 24 (Jan. 21, 2003).
29. *RIAA v. Verizon Internet Services: It’s About Privacy—Not Piracy*, Verizon press kit, available at <www.verizon.com> (accessed Apr. 11, 2003).
30. Drew Clark, *PRIVACY: Court Requires Verizon To Divulge File-swapper’s Identity*, Nat’l Journal’s Tech. Daily, June 4, 2003.
31. *Numerous Groups Back Verizon In Appeal of RIAA DMCA Subpoena*, Washington Internet Daily, May 20, 2003, vol. 4, no. 97. In addition, 20 organizations including film studios, software and information industry, photographers, sports groups, artists, musicians and directors filed an amicus brief in support of the RIAA (June 20, 2003 RIAA Press Release). www.riaa.com.
32. *Id.*
33. RIAA’s Opposition to Verizon Internet Servs., Inc.’s Motion for a Stay Pending Appeal, *In re Verizon Internet Services Inc., RIAA v. Verizon*, RIAA News archive, Feb. 7, 2003 at 3, available at <www.riaa.com>.
34. Sohn testimony, *supra* note 13.
35. Subpoena Enforcement Matter, *RIAA v. Verizon*, 240 F. Supp. 2d 24, 34–35 (Jan. 21, 2003), citing *United States v. Elcom Ltd.*, 203 F. Supp. 2d 1111, 1125 (N.D. Cal. 2002) (citing S. Rep. No. 105-190, at 8).
36. *Id.* In addition, in June 2003 Verizon identified the names of 4 of its subscribers to the RIAA, which then sent cease and desist notices to the individuals.
37. Mike Snider, *File-sharing case could set tone for piracy battle*, USA Today, Feb. 13, 2002, at 9D.
38. *Doing right thing in copyright battle pits music industry against consumer*, Pittsburgh Post-Gazette, Feb. 13, 2003, at C-8.
39. Lewis R. Clayton, *Intellectual Property Litigation, ‘Eldred’: 20-Year Extension of Copyright Terms, Ongoing Debate*, Feb. 25, 2003, vol. 229, p. 3, col. 1. “To obtain such a subpoena, the copyright owner must have a ‘good faith belief that the use of the material in the manner complained of is not authorized by the copyright owner, its agent or the law.’ The copyright owner must also provide a . . . ‘statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.’ Finally, the copyright owner must submit a sworn declaration to the effect that the purpose for which the subpoena is sought is to obtain the identity of an alleged infringer and that such information will only be used for the purpose of protecting rights under the DMCA.” Jennifer Dolman, *Internet service provider forced to identify subscriber*, The Lawyer’s Weekly, Feb. 14, 2003, vol. 22, no. 38.
40. Snider, *supra* note 4, quoting Matthew Oppenheim.
41. Decker & Lewis, *supra* note 2.
42. Verizon Internet Servs. Inc.’s Brief in Support of Its Motion to Quash Feb. 4, 2003, Subpoena and Addressing Questions Propounded by the Courts on Mar. 7, 2003, at 3, *RIAA v. Verizon*, no. 1:03MS00040, Verizon press kit, available at <www.verizon.com> (“Verizon Brief to Quash Feb. 4, 2003, Subpoena”). See also Communications Daily, Feb. 13, 2003.
43. RIAA’s Opposition to Verizon Internet Servs., Inc.’s Motion for a Stay Pending Appeal, *RIAA v. Verizon*, no. 1:02MS00323 (JDB), at 20 (“Opposition to Verizon Motion for a Stay”).
44. Decker & Lewis, *supra* note 2.
45. Subpoena Enforcement Matter, *RIAA v. Verizon*, 240 F. Supp. 2d 24, 27 (Jan. 21, 2003).
46. *Id.*
47. *Id.*
48. Citing *ALS Scan v. Remarq Communities*, 239 F.3d 619, 625. *Motion to Enforce July 24, 2002 Subpoena, supra* note 12, at 6. *RIAA v. Verizon*, no. 1:02MS00323, Aug. 20, 2002, available at <www.riaa.com>.
49. Brooks Boliek, *Music biz pressures court to make Verizon provide ID*, The Hollywood Reporter, Oct. 7, 2002 (“You don’t have a First Amendment right to steal copyright works,” music industry attorney Donald Verrilli said.).

50. "RIAA Opposes Verizon's Request for Stay," available at <http://www.riaa.com/PR_story.cfm?id=613> (accessed Apr. 7, 2003).
51. *Backgrounder News Memo Debunking Myths Raised by Verizon in Court Dispute*, available at <<http://www.riaa.com/pdf/verizon%20background%20memo.pdf>> (accessed on Apr. 7, 2003) ("*Backgrounder News Memo*").
52. *Id.*
53. Amy Harmon, *U.S. Backs Record Labels in Pursuit of Music Sharer*, N.Y. Times, Apr. 21, 2003.
54. *Backgrounder News Memo*, *supra* note 51.
55. RIAA referred to a Jan. 30, 2003, article in the L.A. Times. *Id.*
56. *Id.*
57. Declaration of Scott E. Lebreo at 5, no. 1:03MS00040, *RIAA v. Verizon*, Verizon press kit, available at <www.verizon.com>.
58. Opposition to Verizon Motion for a Stay, *supra* note 43, at 10–11.
59. *Smith v. Maryland*, 442 U.S. 735 (1979).
60. Opposition to Verizon Motion for a Stay, *supra* note 43, at 11.
61. *United States v. Kennedy*, 81 F. Supp. 2d 1103, 1110 (D. Kan. 2000).
62. Opposition to Verizon Motion for a Stay, *supra* note 43, at 11.
63. *Id.* at 12.
64. Brief for Intervenor United States of America in Response to Defendant's "Brief in Support of its Motion to Quash Feb. 4, 2003, Subpoena and Addressing Questions Propounded by the Court On Mar. 7, 2003," at 10, no. 1:03MS00040, *RIAA v. Verizon*, available at <www.riaa.com> ("Brief for Intervenor United States of America").
65. Opposition to Verizon Motion for a Stay, *supra* note 43, at 11.
66. Citing *Doe v. 2TheMart.com Inc.*, 140 F. Supp. 2d 1088, 1095, Brief for Intervenor United States of America, *supra* note 64, n.6 at 10.
67. Opposition to Verizon Motion for a Stay, *supra* note 43, at 17.
68. *Id.* at 20.
69. Citing S. Rep. 105-109 at 51, *Motion to Enforce July 24, 2002 Subpoena*, *supra* note 12, Aug. 20, 2002, available at <www.riaa.com>.
70. According to the District Court, "These protections ensure that a service provider will not be forced to disclose its customers' identifying information without a reasonable showing that there has been a copyright infringement." *Backgrounder News Memo*, *supra* note 51.
71. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 19. *See also* Communications Daily, Feb. 13, 2003.
72. Opposition of Verizon to *Ex Parte* Subpoena, *supra* note 13, at 4. Verizon press kit, available at <www.verizon.com>.
73. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 2. *See also* Communications Daily, Feb. 13, 2003.
74. *Id.* at 27. *See also* Communications Daily, Feb. 13, 2003.
75. *Id.* at 23. *See also* Communications Daily, Feb. 13, 2003.
76. *McIntyre v. Ohio Elections Comm'n*, 514 U.S. 334, 357 (1995).
77. Opposition of Verizon to *Ex Parte* Subpoena, *supra* note 13, n.2 at 4. Verizon press kit, available at <www.verizon.com>.
78. *Doe v. 2TheMart.com, Inc.*, 140 F. Supp. 2d 1088, 1097.
79. Opposition of Verizon to *Ex Parte* Subpoena, *supra* note 13, n.3 at 4. Verizon press kit, available at <www.verizon.com>.
80. In *Columbia Ins. Co. v. Seescandy.com*, 185 F.R.D. 573, 578–79, the court held that a plaintiff who sought the identity of people whose Internet domain names allegedly infringed the plaintiff's trademarks had to "establish to the Court's satisfaction that plaintiff's suit against defendant could withstand a motion to dismiss." In *Dendrite Int'l v. Doe No.*, 775 A.2d 756, 760 (N.J. Super. Ct. App. Div. 2001) the court held that in order to require disclosure of the identity of a user who allegedly posted defamatory material on the Internet, the complaint must state a "prima facie cause of action." Opposition of Verizon to *Ex Parte* Subpoena, *supra* note 13, n.3 at 4. Verizon press kit, available at <www.verizon.com>.
81. Citing *Reno v. ACLU*, 521 U.S. 844, 870 (1997), Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 20.
82. 47 U.S.C. § 230(a)(3).
83. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 20.
84. According to Cindy Cohn, legal director for Electronic Frontier Foundation, the record labels "asked the court to throw a long history of protection of anonymous speech out the window as soon as someone suspects copyright infringement on a peer-to-peer system." Jon Healey, *Attempt to I.D. Verizon stirs backlash*, L.A. Times, Aug. 31, 2002.
85. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 24–25.
86. *Verizon Stresses Constitutional Violations in 2nd Subpoena Case*, Washington Internet Daily, vol. 4, no. 53, Mar. 19, 2003.
87. *Id.*
88. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 22. *See also* Communications Daily, Feb. 13, 2003.
89. *RIAA Issues New DMCA Subpoenas Seeking Identity of Verizon Users*, Washington Internet Daily, Mar. 11, 2003, vol. 4, no. 47.
90. Drew Clark, *COURTS: Verizon Attacks Constitutionality Of Digital Copyright Law*, Nat'l Journal's Tech. Daily, Feb. 13, 2003.
91. *Id.*
92. *Id.* "Pen registers [are] used to identify the telephone numbers dialed by suspects or the numbers of those who call suspects can be obtained without judicial review, and courts have upheld them on the grounds that they are less privacy invasive than searches or wiretaps." *Id.*
93. *Id.*
94. Randolph S. Sergeant, Note, *A Fourth Amendment Model For Computer Networks And Data Privacy*, 81 Va. L. Rev. 1181, 1184 (May 1995).
95. *Id.* at 1188, citing *United States v. Katz*, 389 U.S. 347 (1967).
96. Jonathan Krim, *Recording Firms Win Copyright Ruling*, Washington Post, Jan. 22, 2003, at E01.
97. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 4–5. *See also* Communications Daily, Feb. 13, 2003.
98. *See Ex parte McCardle*, 74 U.S. (7 Wall.) 506, 514 (1868). Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 4–5. *See also* Communications Daily, Feb. 13, 2003.
99. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 4. *See also* Communications Daily, Feb. 13, 2003.
100. *Id.* at 24.
101. *Id.* at 2.
102. Eric Holder, who represented Verizon, said, "Verizon was a passive conduit at most." "Congress made that distinction—that break between material found on an individual computer and an Internet service provider's network." *Id.*
103. Dolman, *supra* note 39.
104. Boliek, *supra* note 49.
105. *Motion to Enforce July 24, 2002 Subpoena*, *supra* note 12, at 15. *RIAA v. Verizon*, no. 1:02MS00323, Aug. 20, 2002, available at <www.riaa.com>.
106. *Id.* at 14–15.

107. Dolman, *supra* note 39.
108. Decker & Lewis, *supra* note 2.
109. Sohn testimony, *supra* note 13.
110. Dolman, *supra* note 39.
111. Krim, *supra* note 3.
112. Boliek, *supra* note 49.
113. Harmon, *supra* note 53.
114. Boliek, *supra* note 49.
115. *Id.*
116. The amount of time needed to identify each subscriber varies from 15 to 25 minutes. "If Verizon were asked to identify 1,000 subscribers, the process of identifying the subscriber could take Verizon more than 400 hours." Opposition of Verizon to *Ex Parte* Subpoena, *supra* note 13, at 9.
117. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 23. See also Communications Daily, Feb. 13, 2003.
118. Decker & Lewis, *supra* note 2.
119. Boliek, *supra* note 49.
120. Opposition of Verizon to *Ex Parte* Subpoena, *supra* note 13, at 9.
121. Verizon Brief to Quash Feb. 4, 2003, Subpoena, *supra* note 42, at 3. See also Communications Daily, Feb. 13, 2003.
122. Clark, *supra* note 90.
123. Dolman, *supra* note 39.
124. Motion to Enforce July 24, 2002 Subpoena, *supra* note 12. RIAA v. Verizon, no. 1:02MS00323, Aug. 20, 2002, available at <www.riaa.com>, citing § 512(k)(1)(B).
125. Subpoena Enforcement Matter, RIAA v. Verizon, 240 F. Supp. 2d 24, 26 (Jan. 21, 2003).
126. *Id.* at 53.
127. *Id.* at 54.
128. *Id.*
129. *Id.* at 55.
130. *Id.* at 56–57.
131. *Id.* at 57, citing Watchtower Bible & Tract Soc’y of N.Y. v. Village of Stratton, 122 S. Ct. 2080, 2089.
132. *Id.* at 42.
133. Dolman, *supra* note 39.
134. *Id.*
135. *Id.*
136. *Id.*
137. Backgrounder News Memo, *supra* note 51.
138. Judge Bates: "I don't see how the burden would be any less if it's forced into a deferent mechanism. . . . The burden on the ISP will not be any less," quoted in Boliek, *supra* note 49.
139. "Verizon Fights To Protect Consumer Privacy Rights: Company Seeks Stay of Judge's Order in Recording Industry Case," Verizon news release, Jan. 30, 2003, available at <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=78657> (accessed Apr. 7, 2003).
140. Stay Ruling Expected Soon in RIAA-Verizon DMCA Subpoena Fight, Audio Week, Feb. 17, 2003.
141. Krim, *supra* note 96.
142. Snider, *supra* note 4.
143. *Id.*
144. *Id.*
145. Oppenheim statement, *supra* note 15.
146. Stanley Besen, economist at Charles River Associates: "Suppose I know that people are going to copy Lotus 1-2-3. . . . So I sell it for \$500, knowing that four people will make copies of each program, whereas I might sell it for only \$100 if all five users purchased programs for themselves," quoted in C. Mann, *Who Will Own Your Next Good Idea*, Atlantic Monthly, Sept. 1998, available at <http://www.theatlantic.com/issues/98sep/copy.htm>.
147. David J. Moser, Music Copyright for the New Millennium 161 (ProMusic Press 2002).
148. *Id.* at 162.
149. Matthew Fagin, Frank Pasquale & Kim Weatherall, *Beyond Napster: Using Antitrust Law to Advance and Enhance Online Music Distribution*, 8 B.U. J. Sci. & Tech. L. 451, 476.
150. Sohn testimony, *supra* note 13.
151. *Id.*
152. *Id.*
153. *Id.*
154. *Id.*
155. *Id.*
156. *Id.* "For example, UUNet, an ISP, was sent a notice by Warner Brothers, owner of the copyright to the motion picture 'Harry Potter and the Sorcerer's Stone.' The notice asked UUNet to disable access to a user, identifying as the single infringing file a 1K file named 'harry potter book report.rtf.' The size and type of the file make it clear that the file was nothing more than a child's school book report on a Harry Potter book. The record includes other examples of similar inaccuracies." *Id.*
157. *Id.*
158. *Id.* For example, subsection (a) of the bill includes a safe harbor for self-help actions that impair the "unauthorized" distribution, display, performance or reproduction of a copyrighted work on a publicly accessible Peer-to-Peer network. But not all "unauthorized" uses of copyrighted works are illegal under the Copyright Act. *Id.*
159. *Id.*
160. Rosen statement, *supra* note 5.
161. Sohn testimony, *supra* note 13.
162. Harmon, *supra* note 53.
163. Snider, *supra* note 4.
164. *Id.*, quoting Stan Liebowitz, author of Re-Thinking the Network Economy.
165. Lawrence Iser & James Toma, *Battling digital piracy, recording industry has taken a multipronged response to illegally downloaded music*, Nat'l L.J., Jan. 20, 2003, vol. 25, no. 68, at C1.
166. Rosen statement, *supra* note 5.
167. Iser & Toma, *supra* note 165.
168. *Intellectual Property: Industries Find Common Ground On Copyright Protection*, Washington Internet Daily, Mar. 17, 2003.

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Sixth Circuit Opinion in *Rosa Parks v. LaFace Records* Demonstrates Limits of *Rogers v. Grimaldi* Protection

By Brian Geller

The Sixth Circuit's recent ruling in *Rosa Parks v. LaFace Records*¹ illustrates the possible limits of the First Amendment protection accorded under *Rogers v. Grimaldi*² to artists using a celebrity's name in the title of a song, book, or movie.

Civil rights icon Rosa Parks sued the rap duo OutKast and its record producers for using her name in the title of a song, "Rosa Parks."³ A lower court granted summary judgment in the rap group's favor,⁴ but the Sixth Circuit, applying the *Rogers* test, partially overturned the ruling and remanded the case.⁵ Its opinion represents further acceptance of the Second Circuit's *Rogers* test, already adopted by the Fifth Circuit, a Ninth Circuit panel and a Third Circuit district court.⁶ Yet the opinion also demonstrates that an artist naming a work after a celebrity cannot always seek refuge under *Rogers*.

Facts and Procedural History

Rosa Parks is known for her 1955 refusal to yield her seat in a segregated bus to a white passenger and move to the back of the bus, an act of defiance credited with galvanizing the civil rights movement.⁷ Parks has used her celebrity status to promote various causes and has approved a 1995 collection of recordings entitled *Verity Records Presents: A Tribute to Mrs. Rosa Parks* ("Tribute album").⁸ In 1998, the musical group OutKast released the album *Aquemini*.⁹ The album's first single was entitled "Rosa Parks," described as a "hit single" by a sticker on the album.¹⁰ The song does not mention Parks, and it is not about her or the civil rights movement.¹¹ However the chorus, which is repeated ten times, includes the words "Ah, ha, hush that fuss. Everybody move to the back of the bus."¹²

Parks sued the defendants in a Michigan state court, alleging, *inter alia*, that this unauthorized use of her name in the title infringes her right to publicity, defames her, and interferes with an ongoing business relationship.¹³ After the defendants removed the case to the District Court for the Eastern District of Michigan, Parks added a false advertising claim under section 43(a) of the Lanham Act (the "Act").¹⁴

Applying *Rogers* and other precedent, the district court found that the First Amendment protected the defendants against Parks' right of publicity and Lanham Act claims.¹⁵ Specifically, the court found the right of publicity inapplicable because of the "obvious rela-

tionship" between the song's title and its contents.¹⁶ Parks is known for her refusal to move to the back of the bus, and "[t]he song at issue makes unmistakable reference to that symbolic act a total of ten times."¹⁷ Similarly, the court found that Lanham Act liability could not stand because of the "direct artistic relevance" between the song's title and its lyrics.¹⁸ The court also ruled against Parks on her other claims.¹⁹

Appeals Court Overturns

A Sixth Circuit panel²⁰ reversed and remanded the lower court's ruling on the Lanham Act and right of publicity claims, holding that a reasonable jury could conclude that the "Rosa Parks" title was irrelevant and unrelated to the underlying work.²¹ However, the court agreed that the plaintiff had no claim for defamation or intentional interference with a business relationship.²²

The Lanham Act Claim

Section 43(a) of the Act creates a civil cause of action against any person identifying his or her product in a way that would likely confuse consumers, cause them to make a mistake, or deceive them as to the association of the product's maker with another person or as to the product's origin, sponsorship or approval by another.²³ The law is worded broadly, the court noted, and its scope extends beyond disputes between producers of commercial products and their competitors.²⁴ It also permits celebrities to vindicate property rights in their identities against allegedly misleading commercial use by others.²⁵ To prevail on a section 43(a) false advertising claim, a celebrity must show that use of his or her name is "likely to cause confusion among consumers as to the 'affiliation, connection, or association' between the celebrity and the defendant's goods or services or as to the celebrity's participation in the 'origin, sponsorship or approval' of the defendant's goods or services."²⁶

The plaintiff claimed that the "Rosa Parks" title misleads consumers into believing that the song is about her or that she is affiliated with the song.²⁷ The risk of confusion, she argued, is heightened, because the authorized *Tribute* album is in the marketplace alongside the defendants' album featuring the "Rosa Parks" single.²⁸ OutKast responded that even if Parks demonstrates some likelihood of consumer confusion, the defendants' First Amendment rights of artistic expression trumps that concern.²⁹

First Amendment Defense—Rogers Adopted, Other Approaches Rejected

The panel's analysis began with the observation that music has long been a way that people express ideas and thus is "firmly ensconced" within the protections of the First Amendment.³⁰ It then evaluated the three tests that courts have adopted to balance First Amendment interests with the protections of the Lanham Act: (a) The "likelihood of confusion" test; (b) the "alternative avenues" test; and (c) the *Rogers v. Grimaldi* test.³¹

The "likelihood of confusion" test, as the court noted, is applied in "other, more traditional" trademark disputes.³² Courts analyze: 1) The strength of the plaintiff's mark; 2) the relatedness of the goods; 3) the similarity of the marks; 4) evidence of actual confusion; 5) the marketing channels used; 6) the likely degree of purchaser care; 7) the defendant's intent in selecting the mark; and 8) the likelihood of expansion in the product lines of the parties.³³ Based on that evidence, a court decides if the plaintiff has raised a genuine issue of material fact as to the likelihood of consumer confusion, paying no "special solicitude" to First Amendment concerns.³⁴ This approach, the panel noted, has been inferred from the Ninth Circuit case of *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*,³⁵ and also been "obliquely endorsed" by the Tenth Circuit.³⁶

The "alternative avenues" test offers a second approach, one urged on the court by Parks.³⁷ Under the approach, which has been endorsed by an Eighth Circuit panel, a title will not be protected from a false advertising claim "if there are sufficient alternative means for an artist to convey his or her idea."³⁸ The approach is derived from real property law.³⁹

The court found that neither the "likelihood of confusion" approach nor the "alternative avenues" test accorded sufficient weight to First Amendment interests.⁴⁰ The panel criticized the "likelihood of confusion" test for ignoring that an artwork is not just an ordinary commercial product, but is also "a means of communication."⁴¹ Rejecting the alternative avenues approach, the court pointed to the awkwardness of "analogizing property rights in land to property rights in words or ideas."⁴² In addition, the panel found that this test would "needlessly entangle" courts in the titling of artworks.⁴³

The court instead settled on the approach developed by the Second Circuit in *Rogers v. Grimaldi*.⁴⁴ Under this approach, a title will be protected "unless it has 'no artistic relevance' to the underlying work or, if there is artistic relevance, the title 'explicitly misleads as to the source or the content of the work.'"⁴⁵

The court appeared particularly impressed by a Ninth Circuit panel's recent use of the test in *Mattel, Inc.*

*v. MCA Records, Inc.*⁴⁶ In that case, the manufacturer of the well-known Barbie doll sued a band for its song "Barbie Girl," which contained lines that portrayed Barbie in a negative light.⁴⁷ Applying *Rogers*, the court concluded that the use of "Barbie" in the song title is relevant to the song's content, and thus upheld judgment against the plaintiffs on their Lanham Act claim.⁴⁸

The *Parks* court stated that the application of *Rogers* in *Mattel*, as well as in other circuits, persuaded it that *Rogers* best balances the defendants' and the public's interest in free expression against Parks' and the public's interest in Lanham Act enforcement.⁴⁹

Rogers Applied

The *Rogers* test has two steps. First, a court asks whether a title has no artistic relevance to the underlying work. If it has some relevance, however, the court will still inquire whether the title explicitly misleads as to the source or content of the work.⁵⁰

The First Prong—Artistic Relevance

Parks contended that a cursory review of the "Rosa Parks" title and the song's lyrics demonstrates that there is no artistic connection between them.⁵¹ The defendants responded that their use of Parks' name is "metaphorical" or "symbolic," and that "Parks' argument that the song is not 'about' her in a biographical sense is simply irrelevant."⁵² Siding with Parks and reversing the district court, the court concluded that the artistic relationship between the song's title and its content is not obvious and is open to reasonable debate.⁵³

First, the court found that although the phrase "move to the back of the bus" is repeatedly used in the song's chorus, it has nothing to do with Rosa Parks when "considered in the context of the lyrics."⁵⁴ The panel pointed to the defendants' own statements acknowledging that the song was not about Parks or the civil rights movement, but was instead about illustrating the inferiority of other performers.⁵⁵ OutKast could have titled the song "Back of the Bus," the court noted, but that title would not carry "the marketing power of an icon of the civil rights movement."⁵⁶

The purchaser of a song titled "Rosa Parks" has a right not to be misled about the song's content, the court added, and "[a] misleading title with no artistic relevance cannot be sufficiently justified by a free expression interest."⁵⁷ The court found that the use of such a title could be found to constitute a Lanham Act violation.⁵⁸

The court further rejected OutKast's contention that the use of Parks' name was symbolic or metaphorical and thus protected as a matter of law.⁵⁹ When an artist claims to have used a celebrity's name merely as a symbol for the song's lyrics, and an examination of the lyrics makes such use highly questionable, the artist's

sincerity can be legitimately questioned.⁶⁰ The court reasoned:

There is no doubt that Rosa Parks is a symbol. As the parties agree, she is “an international symbol of freedom, humanity, dignity and strength.” There is not even a hint, however, of any of these qualities in the song to which Defendants attached her name. In lyrics that are laced with profanity and in a “hook” or chorus that is pure egomania, many reasonable people could find that this is a song that is clearly *antithetical* to the qualities identified with Rosa Parks.⁶¹

The court cautioned that its conclusion did not imply that Parks must always be referred to in a flattering manner,⁶² and it noted that OutKast does not even claim to use Parks’ name for caricature, parody, or satire.⁶³ Rather, the court concluded that the case involves the use of her name as a song title when a factfinder might reasonably find that her name has no artistic relevance to the song’s content.⁶⁴

Rogers and Mattel—Key Distinctions Noted

The court devoted considerable length to elucidating the distinctions between the facts before it and those of *Rogers and Mattel*.⁶⁵ In both *Rogers* and the present case, the title of the artwork might have given a misleading impression.⁶⁶ Yet in *Rogers*, the title of the film, *Ginger and Fred*, was obviously relevant and truthful as to the film’s content, because the film was about the main characters known as “Ginger” and “Fred.”⁶⁷ However, the title “Rosa Parks” is not “clearly truthful” as to the song’s content, which even OutKast admits is not about Parks and does not refer to her or to qualities for which she is known.⁶⁸

In addition, the court found that the contrast between the real Fred Astaire and Ginger Rogers and the film’s fictional Fred and Ginger served the director’s purpose of satirizing contemporary television, and thus was “an integral element of the film and the [filmmaker’s] artistic expressions.”⁶⁹ By contrast, the court stated, OutKast’s lone explanation is that Parks’ name is symbolic, a defense the panel found unsatisfying.⁷⁰

The court found that the facts of *Mattel* also differ “remarkably” from the present case.⁷¹ In *Mattel*, the song title “Barbie Girl” conveys a message to consumers “about what they can expect to discover in the song itself. . . .”⁷² The lyrics confirm the title’s promise, poking fun at Barbie and the values that the band contends she represents.⁷³ By contrast, it cannot be said that the title “Rosa Parks” is clearly relevant to the song’s lyrics, nor has OutKast defended the song as a

parody or satire of Parks or some other form of artistic expression involving Parks herself.⁷⁴

The court found a closer analogy to the *Parks* facts in *Seale v. Gramercy Pictures*,⁷⁵ a suit brought by Black Panther Party (“Panther”) co-founder Bobby Seale. Seale sued the producers of a film called *Panther*, a combination of fiction and fact involving Seale and the Panthers, under the common-law right of publicity and Lanham Act section 43(a).⁷⁶ The court found that the First Amendment protected the movie and a related book against right of publicity claims.⁷⁷ The court extended this protection to the cover of the home video and of the book, which mentioned Seale’s name and had a photo of the actors portraying Seale and other Panther leaders.⁷⁸ It found that the cover for the book and the home video are “clearly related to the content of the book and the film. . . .”⁷⁹

However, the court took a different view of the use of Seale’s name and likeness on the movie soundtrack cover. It found that the soundtrack is “merely a collection of different songs performed by different musicians,” and those songs have no direct connection to Seale or to the Panthers.⁸⁰ Thus, the court found a genuine issue of material fact as to whether the use of Seale’s name and likeness on the soundtrack cover is clearly related to the film’s content and serves as an advertisement for the film, or whether it is merely a “disguised advertisement” to sell the soundtrack.⁸¹

The *Parks* court found that OutKast’s song presented a similar question: Whether the use of Parks’ name as a title and on the cover is artistically related to the song’s content, “or whether the use of the name Rosa Parks is nothing more than a misleading advertisement for the sale of the song.”⁸²

The Second Prong—Explicitly Misleading

The second part of the two-step *Rogers* inquiry considers whether even an artistically relevant title “explicitly misleads as to the source or the content of the work.”⁸³ As the Second Circuit noted in *Rogers*, titles with minimal artistic relevance to the work may include explicit statements about the work’s content that are seriously misleading. For example, if the characters in the disputed movie had published their memoirs under the title *The True Life Story of Ginger and Fred*, and if the filmmaker then used that fictitious book title as the title of the film, Lanham Act liability could attach to “such an explicitly misleading description of content.”⁸⁴

Applying that reasoning to the OutKast song, the court found that the “Rosa Parks” title makes no explicit statement that the work “is about that person in any direct sense.”⁸⁵ For instance, the song was not entitled “The True Life Story of Rosa Parks” or “Rosa Parks’ Favorite Rap.”⁸⁶ Thus, the court ruled, if a finder of fact

determines that the title is artistically relevant to the song's content, then the inquiry is at an end, because the title is not explicitly misleading, and judgment should be entered in favor of the defendants.⁸⁷ However, if the song fails the first prong of artistic relevance, this would constitute a violation of the Lanham Act and judgment should be entered in the plaintiff's favor.⁸⁸

Right to Publicity Claim

The court similarly applied *Rogers* to overturn a grant of summary judgment in the defendants' favor on Parks' claim that OutKast had violated her right of publicity, which protects the identity of a celebrity from exploitive commercial use.⁸⁹ Tracking the terms of her Lanham Act claim, Parks alleged that OutKast profited from her fame by using her name solely for a commercial purpose.⁹⁰ The rap group acknowledged using the title commercially, but argued that the choice was also artistic, and thus shielded by the First Amendment.⁹¹

The court stated that it recognizes the importance of a First Amendment defense to right of publicity actions⁹² and proceeded to again balance the interests: "Parks' property right in her own name versus the freedom of artistic expression."⁹³ Applying *Rogers*' similarly worded inquiry for right of publicity claims, the court found a genuine factual issue as to whether the song title is or is not "wholly unrelated" to the song's content.⁹⁴ A reasonable finder of fact, the court stated, "could find the title to be a 'disguised commercial advertisement' or adopted 'solely to attract attention' to the work."⁹⁵

Other Claims

The appeals court did uphold the district court's ruling to grant summary judgment to the defendants on Parks' claims for defamation and intentional interference with a business relationship.⁹⁶ Ruling against the defamation claim, the court reasoned that because the song makes no factual statements about Parks, she could not even show the first element of a defamation claim.⁹⁷

Parks also claimed that OutKast's song intentionally interfered with her business relationship with the producers of the *Tribute* album.⁹⁸ However, the panel stated that Parks did not show that any wrongful act hastened a contract breach or another breakdown of a business relationship,⁹⁹ or that it made production or promotion of the *Tribute* album more expensive or burdensome.¹⁰⁰

Conclusion

In one sense, the *Parks* ruling indicates heightened appreciation for the role of the First Amendment in cases involving the unauthorized use of celebrity names in the titles of artworks. As the court noted, the *Rogers*

test accords more weight to First Amendment values than its alternatives.¹⁰¹ Yet this ruling also demonstrates that the protection afforded by *Rogers* is not absolute.¹⁰² Although the case still generally shields artists who name a work after a celebrity in order to comment on that celebrity or the values with which the celebrity can be directly associated, an artist making a more glancing, indirect use of a celebrity's name may face liability.

Endnotes

1. No. 99-2495, 2003 U.S. App. LEXIS 8835, 2003 FED App. 0137P (6th Cir. May 12, 2003).
2. 875 F.2d 994 (2d Cir. 1989).
3. *Parks*, 2003 U.S. App. LEXIS 8835, at *1-*2.
4. *See Parks v. LaFace Records*, 76 F. Supp. 2d 775 (E.D. Mich. 1999).
5. *See Parks*, 2003 U.S. App. LEXIS 8835.
6. *See id.* at *23 (citing *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 664-65 (5th Cir. 2000); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 902 (9th Cir. 2002), *cert. denied*, 123 S. Ct. 993 (2003); *Seale v. Gramercy Pictures*, 949 F. Supp 331, 339 (E.D. Pa. 1996)).
7. *Parks*, 2003 U.S. App. LEXIS 8835, at *3-*4.
8. *Id.* at *4.
9. *Id.*
10. *Id.* The district court, though not the appeals court, also stated that the song and the album won "critical acclaim" and that the "Rosa Parks" single earned a Grammy nomination. *Parks*, 76 F. Supp. 2d at 778.
11. *Parks*, 2003 U.S. App. LEXIS 8835, at *5-*7.
12. *See id.* at *5, *35 (citing *Parks*, 76 F. Supp. 2d at 782). The appellate court, unlike the district court, reprinted the lyrics in full, perhaps to emphasize that the song was not about Parks. *See Parks*, 2003 U.S. App. LEXIS 8835, at *5-*7.
13. *Id.* at *7.
14. *Id.* at *7-*8. Parks also claimed state law unfair competition, intentional infliction of emotional distress, unjust enrichment, negligence and conspiracy claims. *See Parks*, 76 F. Supp. 2d at 784-85, 786-87, 788. The appellate court did not take up those claims, however. *See Parks*, 2003 U.S. App. LEXIS 8835.
15. *See Parks*, 76 F. Supp. 2d at 779-84.
16. *Id.* at 780.
17. *Id.*
18. *Id.* at 782. Further, the court found that the defendants made no explicit representation that the work was endorsed by or affiliated with Parks, that the prominent appearance of OutKast's name on its album removed any likelihood of consumer confusion between the defendants' album and the authorized *Tribute* album, and that even if there was some likelihood of confusion between the albums, that risk was outweighed by First Amendment interests. *Id.* at 783-84.
19. *Id.* at 784-88.
20. The decision was written by John D. Holschuh, U.S. District Judge for the Southern District of Ohio, sitting by designation. *Parks*, 2003 U.S. App. LEXIS 8835, at *1.
21. *See id.* at *33-*64.
22. *See id.* at *64-*69.
23. 15 U.S.C. § 1125(a), *cited in Parks*, 2003 U.S. App. LEXIS 8835, at *11.
24. 2003 U.S. App. LEXIS 8835, at *11, *13.

25. *Id.* at *13 (citing *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1110 (9th Cir. 1992)).
26. *Id.* at *14 (quoting 15 U.S.C. § 1125(a)(1)(A)).
27. *Id.* at *15–*16.
28. *Id.* at *16. As additional evidence, Parks pointed to the defendants’ admission that they used the “Rosa Parks” title to promote both the song and the *Aquemini* album. *Id.* She also supplied affidavits from consumers affirming that they either believed the OutKast song was about Parks or was connected to the *Tribute* album. *Id.*
29. *Id.* at *18–*19. The defendants also argued that Parks’ section 43(a) claim must fail because OutKast has made no trademark use of her name. *Id.* at *17. However, the court handily rejected this defense, finding that Parks clearly has a property interest in her name akin to that of a person holding a trademark, and that OutKast need not make a “trademark” use of Parks’ name in order to have a cause of action under section 43(a). *See id.* at *17–*18.
30. *Id.* at *19 (citing *Hurley v. Irish-American Gay, Lesbian & Bisexual Group of Boston*, 515 U.S. 557, 569 (1995)).
31. *See id.* at *20–*33.
32. *Id.* at *20.
33. *Id.* at *20–*21 (citing *Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982) (adopting the test from *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979))).
34. *Id.* at *21.
35. 109 F.3d 1394 (9th Cir. 1997).
36. *Parks*, 2003 U.S. App. LEXIS 8835, at *21–*22 (citing *Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 95 F.3d 959, 970 (10th Cir. 1996)).
37. *Id.* at *22.
38. *Id.* (citing *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987)).
39. *Id.* at *26–*27. The test is premised on the notion that, just as a real property owner can exclude a speaker from a shopping mall if other locations exist for the speaker to deliver his message, a celebrity may prohibit use of her name so long as alternative ways exist for the artist to communicate his or her idea. *Id.* (citing *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (citing *Lloyd Corp. v. Tanner*, 407 U.S. 551, 567 (1972))).
40. *Id.* at *23–*29.
41. *Id.* at *24.
42. *Id.* at *27 (citing *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 672 (5th Cir. 2000)).
43. *Id.* at *28. The panel worried that courts “would be asked to determine not just whether a title is reasonably ‘artistic’ but whether a title is ‘necessary’ to communicate the idea.” *Id.* at *28–29.
44. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989). Legendary dancer Ginger Rogers brought the suit against the makers of a film entitled *Ginger and Fred*. *Id.* at 996. The film tells the story of two fictional Italian cabaret performers, who, in their heyday, imitated Rogers and Fred Astaire and became known in Italy as “Ginger and Fred.” *Id.* at 996–97. The film focuses on the televised reunion of the two dancers, many years after their retirement. *Id.* at 997. The defendants described the film as the bittersweet story of these two fictional dancers and as a satire of contemporary television shows. *Id.*
45. *Parks*, 2003 U.S. App. LEXIS 8835, at *23 (citing *Rogers*, 875 F.2d at 999).
46. 296 F.3d 894 (9th Cir. 2002), *cert. denied*, 123 S. Ct. 993 (2003).
47. *See id.* at 899, 909.
48. *See id.* at 902. The *Mattel* court reasoned:

Under the first prong of *Rogers*, the use of Barbie in the song title clearly is relevant to the underlying work, namely, the song itself. . . . The song is about Barbie and the values Aqua claims she represents. The song title does not explicitly mislead as to the source of the work; it does not, explicitly or otherwise, suggest that it was produced by Mattel. The *only* indication that Mattel might be associated with the song is the use of Barbie in the title; if this were enough to satisfy this prong of the *Rogers* test, it would render *Rogers* a nullity.

Id. (emphasis in original).
49. *Parks*, 2003 U.S. App. LEXIS 8835, at *33.
50. *See id.* at *30 (citing *Rogers*, 875 F.2d at 999).
51. *Parks*, 2003 U.S. App. LEXIS 8835, at *33–*34.
52. *Id.* at *34.
53. *Id.* at *35.
54. *Id.* (emphasis in original).
55. *Id.* at *35–*36.
56. *Id.* at *36. The court added that suggesting that “Back of the Bus” would have been an appropriate title is not meant as an application of the “alternative avenues” test, but rather to show that such a title would clearly be artistically relevant under the first prong of *Rogers*. *Id.* at *37 n.6.
57. *Id.* at *37 (quoting *Rogers*, 875 F.2d at 999).
58. *Id.* at *37 –*38.
59. *See id.* *39–*42.
60. *See id.* at *39–*40.
61. *Id.* at *40–*41 (emphasis in original).
62. *Id.* at *42.
63. *Id.* at *43.
64. *Id.* The court later emphasized that it was not judging the quality of the defendants’ song, but that it had the responsibility to apply a legal standard of “artistic relevance” in resolving Parks’ rights to her name and OutKast’s First Amendment rights to create and market a song. *See id.* at *67–*68.
65. *See id.* at *43–*54.
66. *Id.* at *43 (citing *Rogers*, 875 F.2d at 1001).
67. *Id.* at *45 (citing *Rogers*, 875 F.2d at 1001).
68. *Id.*
69. *Id.* (quoting *Rogers*, 875 F.2d at 1001).
70. *See id.* at *45–*46.
71. *Id.* at *46.
72. *Id.* at *46–*47 (citing *Mattel v. MCA Records, Inc.*, 296 F.3d 894, 901 (9th Cir. 2002), *cert. denied*, 123 S. Ct. 993 (2003)).
73. *Id.* at *47 (citing *Mattel*, 296 F.3d at 901). Among the song’s verses: “I’m a Barbie girl, in my Barbie world/ Life in plastic it’s fantastic/ You can brush my hair, undress me everywhere. . . .” *Mattel*, 296 F.3d at 909. The chorus states: “I’m a blonde bimbo girl, in a fantasy world/ Dress me up, make it tight, I’m your dolly/ . . . Kiss me here, touch me there, hanky-panky. . . .” *Id.*
74. *Parks*, 2003 U.S. App. LEXIS 8835, at *47–*48.
75. 949 F. Supp. 331 (E.D. Pa. 1996).
76. *Id.* at 333–35.
77. *Id.* at 337.
78. *Id.*

79. *Id.*
80. *Id.* at 337.
81. *Id.* at 337–38 (citing *Rogers v. Grimaldi*, 875 F.2d 994, 1004–05 (2d Cir. 1989)). The *Seale* court made the same findings regarding Seale’s claim under section 43(a) of the Lanham Act, applying *Rogers* and finding a genuine issue of material fact regarding the purpose of using Seale’s name and likeness on the soundtrack cover. *Id.* at 340.
82. *Parks*, 2003 U.S. App. LEXIS 8835, at *54.
83. *Id.* (citing *Rogers*, 875 F.2d at 999).
84. *See Rogers*, 875 F.2d at 1000 (footnote omitted), *cited in Parks*, 2003 U.S. App. LEXIS 8835, at *55.
85. *Parks*, 2003 U.S. App. LEXIS 8835, at *56 (quoting *Rogers*, 875 F.2d at 1000).
86. *Id.*
87. *Id.* at *57.
88. *Id.* at *56–*57.
89. *Id.* at *57 (citing *Carson v. Here’s Johnny Portable Toilets, Inc.*, 698 F.2d 831, 835 (6th Cir. 1983)). The panel noted that the right of publicity is a matter of state law. *Id.* at *58 (citing *Landham v. Lewis Galoob Toys, Inc.*, 227 F.3d 619, 622 (6th Cir. 2000)). Michigan has indicated that it would recognize a right of publicity, and the parties did not question that *Parks* has a right of publicity. *Id.* (citing *Pallas v. Crowley, Milner & Co.*, 33 N.W.2d 911, 914 (Mich. 1948)).
90. *Id.* at *58.
91. *Id.*
92. *Id.* at *61–*62 (citing *Ruffin-Steinback v. dePasse*, 82 F. Supp. 2d 723 (E.D. Mich. 2000), *aff’d*, 267 F.3d 457 (6th Cir. 2001)).
93. *Id.* at *62.
94. *Id.* at *63–*64 (quoting *Rogers*, 875 F.2d at 1004–05).
95. *Id.* at *64 (quoting *Rogers*, 875 F.2d at 1004–05).
96. *See id.* at *64–*67.
97. *Id.* at *65 (citing *Milkovich v. Lorain Journal Co.*, 497 U.S. 1, 16–17, 19–20, (1990)). A defamation by implication claim was similarly rejected. *Id.* at *65–66.
98. *Id.* at *66.
99. *Id.* at *66–*67 (citing *Lakeshore Cmty. Hosp., Inc., v. Perry*, 538 N.W.2d 24, 27 (Mich. Ct. App. 1995)).
100. *Id.* at *67 (citing *Stormor v. Johnson*, 587 F. Supp. 275 (W.D. Mich. 1984)).
101. *See supra* text accompanying notes 32–49.
102. One authority’s discussion of *Rogers* notes the test’s complications:

[T]he difficulty with this case is the need for a court to make artistic judgments about whether the use of a person’s name in a title has some artistic relevance to content as opposed to giving a character the nickname of a famous person “just to exploit the publicity value of their real life counterparts.”

2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 10.31 (4th ed. 2003).

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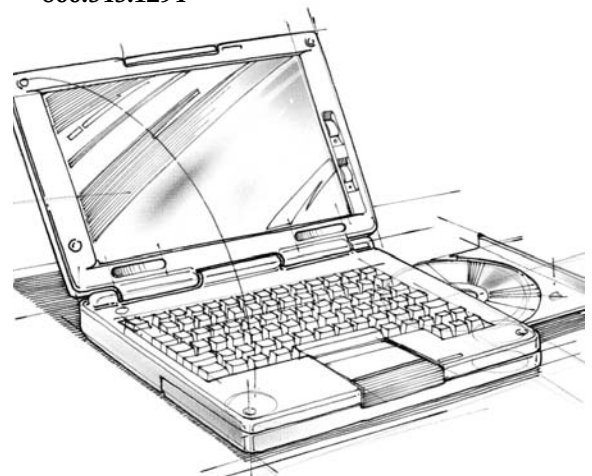
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In a Post-Napster World: The Music Industry's Ongoing Battle Against Illicit File Sharing

By Todd Gillman

Since the music industry united to successfully shut down Napster in 2001, a new wave of copycat peer-to-peer sites emerged to fill the free downloading frenzy. Faced again with another threat to their livelihood, the music labels quickly reassembled and filed suit, this time armed with new financial and ideological allies, the movie studios, who themselves had begun to feel the adverse effects of the file-sharing phenomena.¹ In a dramatic decision, the Central District Court of California held that two newer file-sharing services did not violate the copyrights of the music labels and movie studios, as compared to the finding in the Napster case, and thus these sites could not legally be forced to shut down. The labels and studios vowed to appeal this potentially devastating decision.

This article examines the various approaches taken by the music industry to combat the file-sharing dilemma. The industry has deployed a multi-faceted approach consisting of litigation (and the threat of litigation), infiltration of free sites and competition against such sites through partnerships with subscription services and the introduction of new CD technologies.²

Litigation

As noted in the introduction, the *MGM Studios* case represents a dramatic decision in favor of newer file-sharing services. Judge Stephen W. Wilson ruled that the new music-sharing sites were fundamentally different in character and substance from the previously outlawed Napster. Citing heavily to the *Napster* decision, the court noted that that ruling was based upon the premise that Napster was an integrated service which provided the "site and facilities" for direct infringement, thereby illustrating that it materially contributed to the infringement.³ In contrast, in *MGM Studios*, the court observed that Grokster and Streamcast (which issued the Morpheus platform) were decentralized in structure and format, and did not provide the "site and facilities" for direct infringement.⁴ Neither Grokster nor Streamcast facilitated the exchange of files between users in the manner in which Napster did, as these sites had no material involvement with the exchange.⁵ Should Grokster or Morpheus be forced to shut down, the exchange of files could continue freely, whereas if the same were true of Napster, the exchange of files would have been completely disabled. Additionally, the court noted that "[d]efendants distribute and support software, the users of which can and do choose to

employ it for both lawful and unlawful ends. Grokster and Streamcast are not significantly different from companies that sell home video recorders or copy machines, both of which can be and are used to infringe copyrights."⁶ Thus, absent evidence of active and substantial contribution to the infringement itself, the defendants could not be held liable. Attempting to downplay the court's ruling, the music and movie industry plaintiffs emphasized that the decision left open the option for them to attack individual file sharers, as such individuals are liable for direct copyright infringement, whereas the sites themselves could not be attacked, as they were found not to be vicariously liable.⁷

It should be noted that Judge Wilson's ruling was not applicable to Sharman Networks, the company that had offered the Kazaa peer-to-peer free file-sharing software. In fact, on January 10, 2003, Judge Wilson ruled that Sharman could be subjected to the court's personal jurisdiction in California, because Sharman utilized a U.S.-based public relations firm for generating advertising revenue and it distributed its software on a CNET server based in the United States, where the software was accessed by millions of U.S.-based users.⁸ At the present time, Sharman Networks has defaulted.

On May 28, 2003, the recording industry filed a new copyright infringement suit against Streamcast (the makers of the Morpheus software).⁹ This new suit involves a Web radio service never launched by Streamcast. The industry plaintiffs allege that Streamcast transferred thousands of CDs onto its digital database without permission from the copyright owners (the music labels).¹⁰ Michael Weiss, chief executive officer of Streamcast, characterized this latest suit as "frivolous," stating that "Morpheus has been ruled as a legal piece of software . . . [t]he company has been vindicated . . . no single entity should be able to control technological innovation or stifle it. We do believe we're going to prevail."¹¹

In another closely-watched and intriguing legal battle, U.S. District Court Judge John D. Bates recently ordered Verizon Communications, Inc. ("Verizon") to provide a group of music label plaintiffs with the name of an Internet subscriber who allegedly made recordings widely available online.¹² This ruling concerned a first-impression test of the subpoena power afforded by the Digital Millennium Copyright Act. Verizon refused to produce the name of its subscriber, arguing that the music files were technically not stored on Verizon's net-

work, but rather were stored on the hard drive of the individual's computer.¹³ Verizon also argued that enforcement of the subpoena would raise consumer privacy protection concerns.¹⁴ Rejecting Verizon's arguments, the court ruled in favor of the music labels. It noted that under the existing copyright laws, Verizon was responsible to identify the user.¹⁵ In response to Verizon's privacy argument, the court noted that the law provided "substantial protection" against unwarranted subpoenas requiring the copyright holder to make a sworn declaration that it seeks a user's identity solely for use in protecting its works.¹⁶ Verizon immediately appealed the decision,¹⁷ but on June 4, 2003, the U.S. Court of Appeals in Washington rejected Verizon's request to stay the ruling, and on June 5th Verizon gave the names of four of its customers to the RIAA. However, it must be noted that Verizon, while agreeing to turn over the names, will continue to challenge two rulings where an Internet provider can be forced to disclose users' identities without a judge's specific approval.¹⁸ Verizon argues that this process might lend itself to abuses that could result in the names of suspected copyright abusers being turned over without "good cause."¹⁹

On the heels of its victory in the Verizon decision, on April 3, 2003, the recording industry filed lawsuits against a number of college students who operated free file-sharing sites on their college servers. According to the recording industry, college campuses had become a "prime locus for on-line piracy."²⁰ Since the labels filed the suits, over a dozen internal campus Web sites devoted to illicit music sharing have been voluntarily disabled,²¹ illustrating the deterrent power of litigation. Further, feeling the pressure from the recording industry, several colleges have issued more stringent policies regarding student behavior.²² On May 2, 2003, within a month after the actions were first filed, the students settled with the recording industry, whereby they agreed to immediately disable the Web sites and pay between \$12,000 and \$17,500 respectively for their activities.²³

It remains to be seen whether the recording industry will continue upon this litigation path against individual users, as the file-sharing sites themselves appear to be insulated from liability. If this is the route taken, the labels will have to act with a high degree of prudence and selectivity in order to avoid alienating consumers *en masse*.²⁴ At a minimum, this tactic will likely produce a level of deterrence as potential songs-sharers will think twice before downloading music files for fear that "Big Brother" is watching . . . and waiting to attack.

Infiltration

The recording industry has unleashed new technologies aimed at thwarting downloading on free peer-

to-peer networks. The techniques of "spoofing" and "interdiction" have been employed.²⁵ Spoofing involves the creation of decoy files to hinder files sharers searching for particular songs, while interdiction creates an online traffic jam that blocks others on the network from accessing works offered for copying.²⁶ The record labels have also begun sending electronic messages, through an instant-message function available on the free sites, to users who allegedly distribute copyrighted songs.²⁷ The messages include a warning that "distributing or downloading copyrighted music on the Internet without permission from the copyright owner is ILLEGAL" and that those who do it "risk legal penalties." It tells users: "DON'T STEAL MUSIC."²⁸

"It is debatable whether the recording industry's tactics at infiltrating the file-sharing sites, through technology and legislation, will ultimately succeed."

The recording industry has also lobbied for legislation to control music piracy. For instance, Congressman Howard Berman, a California Democrat, plans to reintroduce his Peer-to-Peer Piracy Prevention Act, which would give copyright owners the right to launch technological attacks at the peer-to-peer networks.²⁹ Congressman Berman explains that the bill does not go so far as to allow copyright owners to send viruses through peer-to-peer networks, but does offer copyright holders a "limited safe harbor from liability" when they employ unspecified technological techniques through peer-to-peer networks.³⁰

It is debatable whether the recording industry's tactics at infiltrating the file-sharing sites, through technology and legislation, will ultimately succeed. Yet it is worth the time and money for it to investigate the possibilities. Again, these tactics can be seen within the context of the industry's multi-faceted approach to the threat.

Competition

As the recording industry continues to litigate against file sharers, it has also recognized that the digital age has arrived. In other words, the labels have realized that they must enter the computer age or face the consequence of being rendered obsolete. To compete within this new technological environment, they have partnered with several paid subscription sites and have introduced enhanced CD technology.

The recording industry has faced certain obstacles with its subscription sites. The most obvious is how to

compete with services that are free. Pressplay (previously owned by Sony Music Entertainment and Universal Music Group, Inc., now substantially owned by Roxio Inc. and known as Napster, LLC), has about 50,000 subscribers and MusicNet (owned by AOL Time Warner, Inc., The EMI Group, Bertelsmann BMG and Real Networks, Inc.) has about 10,000.³¹ Rhapsody, the largest fee-based service not run by the labels (it is operated by RealNetworks, Inc.) has about 50,000 subscribers.³² Compare these numbers to Kazaa, one of the surviving free peer-to-peer services, which was downloaded *three million times in just one week*.³³ The labels can battle the free sites by adding unique content to theirs. For instance, video clips, narratives, reviews and artwork have been proposed as added value to the legitimate sites. In addition, better filters and portals may encourage a switch by consumers who begin to get frustrated by the slow and inefficient technical aspects of the free sites.

“Clearly, the recording industry has been employing all of its available weapons and techniques in an effort to find a winning formula to compete with the free file-sharing sites and to lure consumers back to its products.”

Apple Computer Inc. (“Apple”) entered the digital music business with the launch of its new and ambitious online music service, the iTunes Music Store. It offers more than 200,000 songs for \$.99 a download, or approximately \$10 an album.³⁴ Instead of paying a monthly fee, as with Rhapsody and other subscription sites, users pay on a per-song basis and are able to listen to downloaded songs on an unlimited number of iPod digital music players, burn as many as ten compact discs with the same playlists and play the music on as many as three Apple Macintosh computers.³⁵ Apple’s service, which is currently available to Macintosh users, will be open to Microsoft Corp.’s Windows platform by the end of the year.³⁶ Steve Jobs, CEO of Apple, staged an intense lobbying effort with the five major labels in an effort to get them to back iTunes and allow their copyrighted songs to be a part of the service. This was Apple’s solution to a key problem encountered by the other subscription sites, as the labels have not authorized some of their big-name artists to be offered on those sites.³⁷ So far, iTunes has been quite a success; Apple estimates that in just the first month of service, approximately three million songs were sold.³⁸ In response to the “buzz” regarding the iTunes format, RealNetworks, Inc. recently announced its intention to

distribute its Rhapsody music service, which allows subscribers to download songs for \$.79 a track.³⁹

Another recent trend to compete with the file-sharing services is the release and promotion of higher-quality CDs, to lure the consumer away from the online market. The higher quality mediums have been both in the form of SACDs (super audio compact discs), which offer multi-channel capability (or “surround sound”) and DVD-audio. The strategy for the labels is to keep listeners, especially older and more affluent consumers, buying discs with enhanced sound and appeal.⁴⁰ These SACDs include baby-boomer classics from artists like the Eagles, the Police, Creedence Clearwater Revival and Pink Floyd.⁴¹ The labels have recently lowered the price of the higher quality SACDs to bring them closer to regular CD price levels. At the same time, hardware makers are lowering their prices on audio equipment capable of playing the SACD and DVD-audio formats, and they are planning to release audio equipment for cars and portable players.

Conclusion

Clearly, the recording industry has been employing all of its available weapons and techniques in an effort to find a winning formula to compete with the free file-sharing sites and to lure consumers back to its products. Although no one technique on its own appears to be dominating, perhaps the combination itself will help win the war in this post-Napster world.

Endnotes

1. See *Metro-Goldwyn-Mayer Studios, Inc. et al. v. Grokster et al.*, 2003 U.S. Dist. LEXIS 865 (C.D. Calif., Jan. 9, 2003) (“MGM Studios”).
2. The author credits Lawrence Iser and James Toma for the idea for this article, which expands upon and updates their earlier-published commentary, *Battling digital piracy—Recording industry has taken a multi-pronged response to illegally downloaded matter*, in the National Law Journal, vol. 25, no. 68, p. C1, Jan. 20, 2003.
3. *MGM Studios et al. v. Grokster et al.*, no. CV 01-08541-SVW (PJW) (C.D. Calif.) at 17.
4. *Id.* at 23.
5. *Id.* at 24.
6. *Id.* at 27.
7. See *Entertainment industry loses file-sharing case*, Wall St. J., May 2, 2003.
8. *MGM Studios et al. v. Grokster et al.*, 2003 U.S. Dist. LEXIS 865 (C.D. Calif., Jan. 9, 2003) at *4.
9. See *Play it again, RIAA: Sue Morpheus*, Wired News, June 9, 2003, available at <www.wired.com/news>.
10. *Id.*
11. See Rebecca Reid, *Morpheus faces new copyright suit*, IDG News Service, June 4, 2003, available at Yahoo! News, <www.story.new.yahoo.com>.
12. *In re Verizon Internet Services, Inc. Subpoena Enforcement Matter*, 2003 U.S. Dist. LEXIS 681 (D.C., Jan. 21, 2003).

13. *Id.* at *13-14.
14. *Id.* at *14.
15. *Id.* at *32.
16. *Id.* at *25-26.
17. On April 18, 2003, the U.S. Department of Justice filed a brief in support of Judge Bates' decision to enforce the subpoena. See *Bush admin. backs recording industry in Internet music case*, Wall St. J., Apr. 21, 2003.
18. *Id.*
19. *Id.*
20. See *Recording industry goes after students over music sharing*, N.Y. Times, Apr. 23, 2003.
21. *Id.*
22. *Id.* For example, Harvard University warned undergraduate students that they would lose their Internet access for a year if they illegally shared copyrighted material more than once. The United States Naval Academy punished 85 students who were found to have downloaded copyrighted movies and songs through the academy's Internet connections. *Id.*
23. See *Students settle file-sharing suit, each to pay recording industry*, Wall St. J., May 2, 2003.
24. See Lawrence Iser & James Toma, *Battling Digital Piracy—Recording Industry has taken a multipronged response to illegally downloaded matter*, Nat'l L.J., vol. 25, no. 68, Jan. 20, 2003, at 1.
25. *Id.* at 2.
26. *Id.*
27. See *Record labels send messages to warn music file sharers*, Wall St. J., Apr. 30, 2003.
28. *Id.*
29. See Iser & Toma, *supra* note 24, at 2.
30. *Id.*
31. See *Money-to-burn Rhapsody is music to consumers' ears*, USA Today, Feb. 25, 2003.
32. *Id.* Recently, RealNetworks purchased Listen.com, which controls Rhapsody. RealNetworks also remains the largest shareholder in MusicNet, which it founded with the labels. See *RealNetworks to acquire Listen.com, a music site*, N.Y. Times, Apr. 22, 2003.
33. See Betsey Streisand & Dan Gilgoff, *Singing the blues*, U.S. News & World Report, Feb. 10, 2003.
34. See Paui-Wing Tam, *Apple launches online store offering downloadable music*, N.Y. Times, May 2, 2003.
35. *Id.*
36. *Id.*
37. See *The Internet as jukebox—at a price*, N.Y. Times, Mar. 6, 2003.
38. See *Apple finds the future for online music sales*, N.Y. Times, May 29, 2003.
39. See David Bank, *RealNetworks is launching its own online-music network*, Wall St. J., May 28, 2003.
40. See Wilson Rothman, *Beyond the CD: A bid to burnish records' sheen*, N.Y. Times, Mar. 13, 2003.
41. *Id.* In fact, EMI Capitol scheduled a Mar. 24, 2003, SACD reissue of Pink Floyd's classic, "Dark Side of the Moon." *Id.*

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From Whom the Bell Tolls: It Tolls Not for Free

A Primer on Clearing Music for Use as Cellular Telephone Ring Tones

By Mark Avsec

You have probably heard Bach's "Tocatta and Fugue in D Minor" as a cellular telephone ring tone. The composition, of course, is in the public domain. However, have you heard Led Zeppelin's "Stairway To Heaven" or Joan Jett's "I Love Rock-n-Roll" as a ring tone? If not yet, you will.

Already the rage in Europe,¹ the "ring tone" industry is ramping up in the United States. The demand for pop music ring tones has created opportunities for start-up companies that desire to provide consumers with a wide range of content, for a wide assortment of cellular telephones.² The industry has also created new revenue streams for content providers, such as the music publishing companies and record companies whose musical intellectual property is featured in ring tones.³

Cellular telephones typically come preset with several ring tone styles permanently burned into chips. These ring tones may be titled "Bach Invention," "Bombs Away," "Boogie," "Charge," or "Classic," to name a few, and typically consist of generic noises or public domain compositions. While it is possible that a major telephone manufacturer could seek to utilize a contemporary musical composition as an imbedded ring tone preset, depending on the fame of the musical composition, such a license would probably be cost-prohibitive. The industry has, therefore, gravitated toward a downloadable, ephemeral-type ring tone that can be changed by the consumer on a daily basis, or even more frequently than that. The Internet is being used as the distribution mechanism for these "ephemeral-type" ring tones. Ring tone companies typically have a Web site at which a consumer can "demo" many songs that are available for a wide assortment of cellular telephones. Selecting and downloading a ring tone is a quick and painless process that currently costs, on average, \$1.00 to \$1.95 per ring tone.⁴ The ring tone can then be used by the consumer in perpetuity, although that is not the expectation. The expectation is that consumers, especially teens, will change ring tones frequently.

Ring tone providers must take care to obtain licenses for the content they distribute. While there have been no reported copyright infringement cases adjudicating the illegal use of musical compositions or sound recordings as ring tones, it is only a matter of time before such a case occurs.

The purpose of this article is to provide start-up ring tone providers and their advisors with a road map for clearing the musical intellectual property that they will need to legally launch and operate their businesses. Mistakes may be costly.⁵

The Legal Bases for Obtaining Licenses to Incorporate Music into Ring Tones

The Copyright Act provides the owner of a musical composition or sound recording with the exclusive right to incorporate that musical composition or sound recording, to distribute the ring tone and to publicly perform it.⁶ Downloadable, ephemeral-type ring tones are of two varieties: (1) The ring tone that incorporates a ring tone arrangement of a musical composition (ranging from a primitive, monophonic arrangement to a full-blown MIDI production), and (2) the type that incorporates the original "hit" sound recording of a musical composition. The latter not only requires a negotiated license from the proprietor of the musical composition, typically the administering music publisher, but also from the proprietor of the sound recording, typically the record company. Additionally, a license must be obtained from ASCAP, BMI, or SESAC to publicly perform the composition.⁷

The Musical Composition

A license must be obtained from the administering music publisher before a musical composition can be sold as a ring tone. This license is most analogous to a mechanical license, although the compulsory license provision of the Copyright Act does not apply to ring tone licenses.⁸ Thus, there is no standard rate and the music publisher does not have to grant the license. The scope of the license should permit the ring tone provider to "re-record" the musical composition (either simply or elaborately arranged), "demo" it on the ring tone company's Web site and distribute it to the consumer's cellular telephone. The task of obtaining separately negotiated licenses from thousands of administering music publishers for the privilege of selling thousands of songs as ring tones is transactionally a time-consuming, cumbersome and expensive process.

In addition, a public performance license must also be obtained from ASCAP, BMI, and SESAC. A public performance occurs each time the ring tone provider

demonstrates (for example, when a consumer samples) a ring tone on the ring tone company's Web site.⁹

A public performance may also occur while the ring tone is being distributed to the consumer's cellular telephone.¹⁰ In addition, depending on the situation, public performances may occur whenever a cellular telephone "rings" and plays the composition. ASCAP, BMI and SESAC would argue that if someone is at a public event, such as a professional basketball game, and his telephone rings, a public performance has occurred.¹¹ However, this is a moot point, as the license from ASCAP, BMI, and/or SESAC will contemplate all public performances associated with a musical composition for use as a ring tone: (1) The demonstrations on the company's Web site, (2) the distribution of the ring tone to the consumer vis-à-vis the Internet and (3) the continuous exploitation of the musical composition on the consumer's telephone each time the phone rings.

In sum, ring tone providers must obtain licenses from the administering music publishers for all of the musical compositions that they intend to sell as ring tones. In addition, the ring tone providers must obtain blanket licenses from ASCAP, BMI and/or SESAC to publicly perform the musical compositions.

The Original Sound Recording

In addition to obtaining licenses for musical compositions, if a ring tone provider also wants to sell the original hit recordings as downloadable ring tones, the ring tone company will have to obtain master use licenses from the various record companies.

Historically there has never been a public performance right associated with sound recordings.¹² Although this is changing with the Internet, as a practical matter, any license from a record company to use a sound recording as a ring tone ought to contemplate and include permission to publicly perform the ring tone, including performances over the company's Web site during the demonstration process, the delivery process and even each time the consumer's telephone rings.¹³

Potential Damages for Failure to Obtain Licenses

Selling musical compositions or sound recordings as ring tones without first obtaining the necessary licenses is a mistake. For example, a top-line cellular telephone manufacturer, without a license, distributed and sold millions of cellular telephones containing an embedded ring tone that incorporated a monophonic arrangement of a famous contemporary hit song. Not only did the manufacturer face copyright infringement allegations, but even worse, so did the manufacturer's best customer and partner, the phones' wireless service provider.¹⁴ Inasmuch as a grant of injunctive relief

could compel a manufacturer to recall millions of cellular telephones from the marketplace, cellular telephone manufacturers must be particularly careful that embedded "blues" or "rock" ring tones, for example, do not stray too far on the idea-expression continuum.¹⁵ The idea of a "rock" song is not protected.¹⁶ However, in attempting to capture the essence of the "rock" genre, if a ring tone programmer uses one songwriter's particular expression of "rock"—for example, the famous motif of Bob Seger's "Old Time Rock and Roll" that would constitute actionable infringement.¹⁷

"Selling musical compositions or sound recordings as ring tones without first obtaining the necessary licenses is a mistake."

Pursuant to the Copyright Act, an infringer is liable for either (1) the copyright owner's actual damages and any additional profits of the infringer,¹⁸ or (2) statutory damages. The purpose of an award of the copyright owner's actual damages is to compensate the owner for losses attributable to the infringement. A copyright owner's "actual damages" in an infringement case comprise the diminution in the market value of the work as a result of the infringement.¹⁹ Due to the inherent difficulty in determining the diminution in the market value of copyrighted works, courts have used other measures of compensatory damages, such as lost profits. In determining lost profits associated with the sale of a particular ring tone, the ring tone company's sales records will establish the number of sales of the subject ring tone; the number of sales multiplied by the standard royalty rate, for example, \$.10, would equal lost profits.

The ring tone company should not take solace in the fact that only a negligible amount of ring tones were sold of the allegedly infringed song (lost profits only amount to \$10.00). As an alternative to actual damages for copyright infringement, the publisher may elect to recover statutory damages at any time before final judgment is rendered. There are three levels of awards: A basic award, an increased measure and a decreased measure.²⁰ The determination of statutory damages within the applicable limits may turn upon such factors as "the expenses saved and profits reaped by the defendants in connection with the infringements, the revenues lost by the plaintiffs as a result of the defendants' conduct, and the infringers' state of mind—whether willful, knowing, or merely innocent."²¹

At present, the Copyright Act allows an award for knowing infringement in the range from \$750 to \$30,000. (For innocent infringement, the court may

reduce the applicable minimum to as little as \$200.) On the other hand, if the plaintiff sustains its burden of proving that the infringement was committed willfully, the court may increase the award of statutory damages to as much as \$150,000.

Moreover, pursuant to section 505 of the Copyright Act, at the court's discretion the prevailing party in a copyright infringement suit may be able to recover its attorneys' fees. Before *Fogerty v. Fantasy*,²² prevailing plaintiffs were granted attorneys' fees at a high rate. In *Fogerty*, the Supreme Court held that prevailing plaintiffs and prevailing defendants are to be treated alike in being considered for attorneys' fee awards under section 505 of the Copyright Act. In *Fogerty*, the Supreme Court intended to standardize the application of section 505 in all federal circuits. Before the ruling, some circuits applied section 505 according to a "dual" approach, routinely awarding attorneys' fees to prevailing plaintiffs, but requiring prevailing defendants to prove that an opponent's claims were frivolous or brought in bad faith before awarding fees to those defendants.²³ Other circuits applied section 505 in an "evenhanded" manner, purportedly making no distinction between the two sides in determining eligibility for attorneys' fee awards.²⁴ In *Fogerty*, the Supreme Court endorsed the even-handed approach.²⁵

In the June 2000 edition of the *UCLA Law Review*,²⁶ an empirical study by Jeffrey Edward Barnes tracked how attorneys' fees have been awarded both before and after *Fogerty*. As of 2000, *Fogerty* had not affected the granting of fee awards to prevailing plaintiffs. "From the pre- to the post-*Fogerty* populations, the rate at which prevailing plaintiffs received attorney's fees remained constant at 89 percent (85 out of 95 and 70 out of 79 motions were granted, respectively)."²⁷

The possibility of incurring statutory damages and paying the music publisher's attorneys' fees should serve as a disincentive to the rational ring tone company's chief executive officer to sell non-licensed ring tones.

The Harry Fox Agency, Inc.

To effectively compete, a ring tone company will want to have hundreds or even thousands of ring tones available for sale. As mentioned above, the task of obtaining licenses from such a large number of music publishers is, to be sure, a transactionally expensive process, especially if outside legal counsel is employed.

The Harry Fox Agency, Inc. ("Harry Fox") was created in 1927 as a mechanical license clearinghouse so that musical compositions could be efficiently licensed for use in sound recordings. A record label desiring to obtain a mechanical license simply submits a license request to Harry Fox. Harry Fox then processes the

license request, issues a mechanical license to the record label on behalf of the music publisher(s) it represents, collects the royalties from the record label, conducts royalty examinations of the label if necessary, retains a commission from the royalty payments collected from the record company for performing these duties and distributes the royalties to the administering music publisher which song has been licensed. The music publisher then pays its writer(s) and any co-publishers, for which HFA does not license and collect.

"To effectively compete, a ring tone company will want to have hundreds or even thousands of ring tones available for sale."

Since the ring tone license is more analogous to a mechanical license than a synchronization license, it was natural for Harry Fox to step in to try to make the ring tone licensing process more efficient with its Ring Tone Service Licensing Agreement (the "Harry Fox Agreement"). Every term in the Harry Fox Agreement, except for the fixation and royalty rate, is standard and not subject to negotiation. Unofficially, this author believes that a \$.10 per download royalty rate is the floor price that ring tone companies should expect to pay for a musical composition each time a ring tone is sold. In addition to a per download royalty rate, a ring tone company using Harry Fox to clear ring tone licenses should expect to pay Harry Fox an administrative fee in consideration of the administrative expenses associated with managing the music publisher opt-in and licensing process, described below. However, considering Harry Fox's unique ability to efficiently manage these processes, this administrative fee may be well worth the investment for companies expecting to obtain ring tone licenses for hundreds or even thousands of musical compositions.

After reviewing a ring tone company's proposal based on the Harry Fox Agreement, a music publisher can decide whether or not to opt in. Music publishers will not be obligated to have Harry Fox clear ring tone licenses on their behalf. If a music publisher does not opt in, a ring tone company will have to license that music publishing company's compositions directly. The names of music publishers that have opted in to each agreement (the "participating publishers") will be circulated to the respective ring tone providers as possible candidates for licensing.

Following the conclusion of the opt-in period, a ring tone company will submit to Harry Fox completed

license requests in electronic form, indicating which of those songs published by the participating publisher the ring tone company desires to license, together with the per-song royalty rate and fixation fee that the ring tone company is willing to pay. After processing, Harry Fox will respond to the ring tone company directly as to which music publishers agree to license at the company's offered royalty rate and which ones do not.

Even for those publishers that opt into ring tone licensing agreements, no licenses would yet exist. Harry Fox will have merely offered, on behalf of certain music publishers, to issue ring tone licenses for certain musical compositions at a specified royalty rate. Even though they may be parties to the Harry Fox Agreement, those ring tone companies that begin selling ring tones prematurely without actually applying for licenses are copyright infringers. The ring tone company must take affirmative action and *accept* the music publishers' offers to license on the stated terms. Once licenses are issued (upon the publishers' acceptance of the ring tone companies' proposed fixation and royalty rates), Harry Fox will collect monies from the ring tone companies for the licensed songs, conduct royalty examinations of the ring tone companies if necessary and distribute the royalties collected, after retaining its commission, to the music publishers which songs have been licensed.

Harry Fox's process will save ring tone companies from having to contact thousands of music publishers, and from the associated transactional expense of such an effort. The entire process would likely take four to six weeks from the time a ring tone company first contacts Harry Fox, so plan accordingly. Prudent ring tone providers will allow 90 days from the time they contact Harry Fox to the time that they expect licenses to issue. As discussed above, selling ring tones before licenses have actually been issued could expose ring tone companies to significant damages.

The "Standard" Ring Tone Licensing Agreement

A ring tone provider does not however, have to go through Harry Fox to license a musical composition as a ring tone. The ring tone company could negotiate with the music publisher directly. In either case, here are the sorts of provisions that should be included in any ring tone licensing agreement (where the license is for a musical composition only):

- Provisions permitting the ring tone provider with the non-exclusive right to create ring tone sound recordings of the music, but not any lyrics, of the musical composition in MIDI, WAV, or similar downloadable and transmittable digital data formats (the "Ring Tone Arrangements"); to repro-

duce the Ring Tone Arrangements onto the ring tone provider's computer server or servers solely for its internal business purposes and for subsequent distribution to consumer end-users; to distribute, deliver and transmit the Ring Tone Arrangements vis-à-vis the Internet or over a regional transmission network for transfer onto consumers' individual telecommunications devices solely for such consumers' personal use; and to promote and advertise the ring tone's service on its Web site only, using segments of the Ring Tone Arrangements not exceeding 30 seconds;

- A provision permitting the ring tone provider to license, on the same terms and conditions, other musical compositions published by the same music publisher, upon submitting a proposed list to the music publisher, subject to its approval;
- The agreement should not be assignable (the music publisher should control who licenses its musical compositions, for what particular use, and at what particular price—a music publisher does not want one ring tone provider to act as a sub-licensor to other ring tone providers or cellular telephone manufacturers);
- The royalty price (typically \$.10 per completed transmission, download or other delivery of a Ring Tone Arrangement);
- A most favored nations clause (optional, but usually demanded by music publishers),²⁸ for example, if at any time during the term the ring tone company pays any royalty for the same or equivalent rights as granted to any other publisher that is greater or more beneficial than the royalty paid to this music publisher, then the ring tone company should pay the higher royalty to this music publisher retroactively to the accounting period during which such higher royalty is accounted to the other publisher; and
- A provision confirming that the ring tone company will be solely responsible for securing and paying for any necessary public performance licenses required in connection with the ring tone service.

Conclusion

Inasmuch as the damages for infringement can be significant, it is absolutely paramount that the ring tone provider and its legal counsel make sure that all licenses have been procured before selling ring tones. Ring tone companies should allow 90 days for clearing licenses, perhaps more.

It appears that Harry Fox will provide an efficient process for clearing most ring tone licenses. A ring tone company should not sell a particular ring tone until it has a signed license agreement in its file. In addition to contacting Harry Fox or the various music publishers directly, ring tone companies must not forget to also contact ASCAP, BMI and SESAC, so that licenses are obtained to publicly perform as ring tones all of the songs licensed from the music publishers. Moreover, if ring tone companies desire to offer original hit sound recordings in addition to the songs, they must secure those rights directly from the record companies.

Finally, ring tone companies launching their businesses ought to consider procuring copyright infringement insurance in order to better insulate their businesses from the significant damages that could result from an inadvertent failure to clear a license.

Endnotes

1. *Labels Hope To Dial Up Wireless Windfall*, Billboard Magazine, Jan. 25, 2003.
2. "U.K.-based wireless-research company EMC forecasts that the number of mobile-phone subscribers in Western Europe will jump to 364 million in 2004 from the current 304 million. The number in Eastern Europe will leap to 76 million from 55 million during the same period and to 188.5 million from 148 million in North America. The Asia-Pacific region will surpass Western Europe as the largest single market next year, with more than 399 million cell-phone users there compared with the current 302 million." *Id.* at 86. "Information Media Group music analyst Simon Dyson says the total revenue generated from ring tones internationally could be as much as \$1.5 billion last year . . ." *Id.*
3. "To date, most ring tones have been covers of original music, and fees have been paid [to music publishers] for use of the composition only. Recently, more sophisticated polyphonic ring tones have emerged based on original sound recordings. These trigger an additional royalty stream, which the record companies can claim themselves or through such third parties as U.K.'s Phonographic Performance Ltd." *Id.*
4. "[T]he pricing varies from \$1.83 per ring tone from mobile operator Vodafone in Australia to \$1.55 from Orange in the U.K., 99 cents from Cingular Wireless in the U.S., and 33 cents via Telemig in Brazil." *Id.* One U.S. company, MidiRingTones, LLC, charges \$1.95 per ring tone (midiringtones.com).
5. The prevailing plaintiff generally may recover actual damages. Under some circumstances the court may award damage enhancements. The court may also award restitution. In addition, the plaintiff may choose, as an alternative to actual damages or profits, to recover statutory damages. See generally Roger D. Blair & Thomas F. Cotter, *An Economic Analysis of Damages Rules in Intellectual Property Law*, 39 Wm. & Mary L. Rev. 1585 (May 1998).
6. Pursuant to 17 U.S.C. § 106, the copyright proprietor has the exclusive right to license the reproduction of a musical composition in copies or phonorecords, to prepare or license the preparation of derivative works based on the musical composition, to license the recordings of phonorecords of the musical composition to be sold to the public and to license public performances of the musical composition, both for audio and visual use, in all territories throughout the world.
7. Because it would be impossible for a copyright proprietor to monitor and license each public performance of a musical composition, the copyright proprietors (music publisher and songwriter(s)) will affiliate with one of the public performance organizations, ASCAP, BMI, or SESAC, to monitor, license and collect these public performance monies.
8. The Copyright Act's compulsory license provision provides that "[w]hen phonorecords of a nondramatic musical work have been distributed to the public in the United States under the authority of the copyright owner, any other person may, by complying with the provisions of this section, obtain a compulsory license to make and distribute phonorecords of the work." 17 U.S.C. § 155(a)(1). 17 U.S.C. § 115 only applies to *phonorecords*, including compact discs and cassette tapes, which are intended for distribution to the public for private use. Thus, ring tones reproduced from a musical composition would not be subject to the provision. Accordingly, licenses to permit the reproduction of ring tones are not compulsory and would be freely negotiable.
9. This is because the ring tone is "streamed" to the consumer during the demonstration process, which is analogous to the broadcast of a television or radio public performance.
10. It is not clear that performance licenses are required for downloading music if no sound is heard during the downloading process.
11. Under current law, a public performance occurs when a consumer's telephone rings at a public basketball game. Depending on the situation, a public performance may also occur when a consumer's telephone rings in the privacy of his home. Under the public place clause, there are two ways to meet the definition of public. First, music performed at any place that is open to the public is publicly performed. 17 U.S.C. § 101. For example, when a song is played over a loudspeaker during a Knicks game, it is clearly a public performance because Madison Square Garden is open to the public. However, there is no public performance if a song is played in a private home during a holiday dinner. "No license is required by the Copyright Act, for example, to sing a copyrighted lyric in the shower." *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 155 (1975). Second, music performed "at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered" is publicly performed under 17 U.S.C. § 101. For example, a public performance occurs if a song is played during a Parent Teachers Organization meeting that is for some reason held in a private home. This is true because the people gathered are outside of the family and its social acquaintances, and a substantial number of persons could attend. See generally 4 Nimmer, *infra* note 19, section 8.14[C][1]. In addition, under the transmit clause, a transmission of a song is a public performance if it is transmitted to any place open to the public or any non-public place a substantial number of people other than family members and their social acquaintances are gathered. 17 U.S.C. § 101. For example, a radio station that transmits a song to a bar, Madison Square Garden, or a Parent Teachers Organization meeting held in a private home is still a public performance. Second, a public performance occurs if a song is transmitted to the public, whether the listeners receive it from different places or at different times. Thus, radio and television broadcasts are public performances, even if every listener is home alone. See *Remick & Co. v. Am. Auto. Accessories Co.*, 5 F.2d 411, 412 (6th Cir. 1925). Therefore, under current law a public performance occurs whether the ringing of the Knicks fan's telephone occurs when he is in the stands at Madison Square Garden, on a bus going home from work, or at home during a Parent Teachers Organization meeting.
12. The lack of a sound recording performance right in the United States is the result of an historical compromise, intense lobbying by the National Association of Radio Broadcasters and the real-

- ization that a performance over conventional, non-Internet radio would not diminish sales of sound recordings. In fact, such performances foster sales, as evidenced by the efforts that record companies and recording artists employ to receive radio airplay. However, with the birth of digital transmission technology, Congress did establish a sound recording performance right for digital transmissions. One reason for this is that if a pristine, digital copy is streamed to a consumer, the consumer's capture of that sound recording vis-à-vis digital audio tape or computer could satiate that consumer's desire to purchase the music.
13. Because there was no public performance right to collect monies from the typical exploiters of sound recordings vis-à-vis public performances, *i.e.*, the radio and television stations, the concert venues and dance halls, etc., public performance societies analogous to ASCAP, BMI, and SESAC never materialized to act as clearinghouses to license and collect those royalties for the sound recording proprietors. Accordingly, these rights must be secured from the copyright proprietors, *i.e.*, the record companies.
 14. A distributor and/or wireless service provider would have exposure under a contributory infringement theory if the copyright proprietor could establish that the distributor/wireless service provider had knowledge of the cellular telephone manufacturer's activities and materially contributed to those activities, for example, by somehow inducing those activities. Alternatively, the distributor/wireless service provider would have exposure under a vicarious infringement theory if the copyright proprietor could establish that the distributor/wireless service provider had the right and ability to supervise the cellular telephone manufacturer and had a financial interest in the activities. In either case, the distributor/wireless service provider could be subject to the same penalties, fees and damage award that the cellular telephone manufacturer is subject to.
 15. The idea/expression dichotomy was formulated in *Baker v. Selden*, 101 U.S. 99 (1879).
 16. A copyright in a work protects only the original expression contained in the work, and not the underlying ideas, as in any portion of a work determined to be an "idea" is uncopyrightable. *Id.* at 99.
 17. The most famous test, referred to as the "continuum of abstraction" or "inverted cone," for distinguishing between "idea" and "expression," was formulated by Judge Learned Hand in *Nichols v. Universal Pictures Corp.*, 45 F.2d 119 (2d Cir. 1930). The "expression" and "idea" components of an accused work will serve in determining the likelihood of success on the merits of a copyright suit alleging infringement. *See also Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1946) (providing the most instructive guide to proving copyright infringement).
 18. 17 U.S.C. § 504(a). The "not taken into account" clause of section 504(b) prevents a double recovery for not only the profits the copyright owner would have made on sales to purchasers, but also the profits the infringer actually did make on these sales.
 19. *See, e.g., In Design v. K-Mart Apparel Corp.*, 13 F.3d 559, 563 (2d Cir. 1994); *Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1579 (Fed. Cir. 1992). *See generally* 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 14.02, at 14-8 to 14-24 (2002).
 20. "In brief, willfulness warrants the increase, innocence the decrease, and all other cases are computed according to the standard measure. For ease of terminology, intermediate between willful and innocent conduct lies the domain of 'knowing infringement.'" 4 Nimmer & Nimmer, *supra* note 19, section 14.04[B], at 14-48.
 21. *Id.* (quoting *N.A.S. Import Corp. v. Chenson Enters., Inc.*, 968 F.2d 250, 252 (2d Cir. 1992)).
 22. *Fogerty v. Fantasy*, 510 U.S. 517 (1994).
 23. *See McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 323 (9th Cir. 1987). "Because section 505 is intended in part to encourage the assertion of colorable copyright claims, to deter infringement, and to make the plaintiff whole, fees are generally awarded to a prevailing plaintiff." *Id.* (citations omitted); *see also Diamond v. Am-Law Publ'g Corp.*, 745 F.2d 142, 148 (2d Cir. 1984) ("Fees to a prevailing defendant should not be awarded when the plaintiff's claim is colorable since such awards would diminish the intended incentive to bring such claims.").
 24. *See Lieb v. Topstone Indus., Inc.*, 788 F.2d 151, 154-56 (3d Cir. 1986); *see also Rosciszewski v. Arete Assocs., Inc.*, 1 F.3d 225, 233 (4th Cir. 1993) (rejecting a plaintiff's bad faith as a prerequisite for a prevailing defendant's fee award); *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 832 (11th Cir. 1982) (stating that the only prerequisites for fee awards are that they be granted to the prevailing party and that the award be reasonable); *Cohen v. Virginia Elec. & Power Co.*, 617 F. Supp. 619, 620-23 (E.D. Va. 1985) (commenting that the legislative history of section 505 did not suggest a congressional intent to treat prevailing plaintiffs and defendants differently under the statute), *aff'd*, 788 F.2d 247 (4th Cir. 1986).
 25. *See Fogerty*, 510 U.S. at 521.
 26. *See generally* Jeffrey Edward Barnes, *Attorney's Fee Awards In Federal Copyright Litigation After Fogerty v. Fantasy: Defendants Are Winning Fees More Often, But The New Standard Still Favors Prevailing Plaintiffs*, 47 U.C.L.A. L. Rev. 1381 (June 2000).
 27. *Id.* at 1390.
 28. A "most favored nations clause" assures that a music publisher will be paid a license fee for the use of a musical composition as a ring tone from the ring tone company that is no less favorable than the fee paid by the ring tone company for the use of any other musical composition as a ring tone.

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Do Proposed Database Laws Protect Information Rather Than Investment?

By Alan J. Hartnick

If databases are not protected by copyright (and most are not), and if they *should* be protected, then should they be protected by a paracopyright law, that is, a *sui generis* law?

A computer database is an automatic compilation capable of being manipulated and is retrievable by an appropriate search engine. LEXIS is an example of such a database. Subscribers to LEXIS access the system through a computer and may search for articles by author, subject, data, publication, key term or other criteria. Responding to a search command, the LEXIS search engine scans the database and informs the user of the number of articles meeting the search criteria.¹

Until 1991, directories, the databases of their time, were protected by copyright² as the reward for the hard work that went into compiling facts. The justification for protecting factual compilations was either “sweat of the brow” or “industrious collection.”³

“In addition to a copyright right, for noncopyrightable data, the E.U. has created a sui generis right, with a duration of 15 years. . . . [T]he U.S. cannot utilize the sui generis right, because we have no similar protection.”

In 1991 Justice O’Connor in *Feist* stated that “copyright rewards originality, not effort.”⁴ The industrious compilation of white page telephone listings in that case lacked originality. Justice O’Connor stated: “Others may copy the underlying facts, but not the precise words used to present them.” Further, copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the underlying facts.

What about the investment in databases? What about copycat duplicators? Could a subscriber make unauthorized derivative uses? Would protection of databases substantially harm the scientific and academic community? What about the public domain?

In 1996, the European Union (E.U.) instituted a Database Directive,⁵ which protected databases in the E.U. Notwithstanding various bills introduced in Congress over a six-year period (but not in its last session),

U.S. databases remain unprotected. Is there harm, therefore, to U.S. databases?

E.U. Directive

In addition to a copyright right, for noncopyrightable data, the E.U. has created a *sui generis* right, with a duration of 15 years. A maker with a substantial investment can prevent the extraction or re-utilization of a substantial part of the contents of its database. The repeated and systematic use of insubstantial parts may be actionable.

There is a reciprocity requirement for the *sui generis* right for third parties. So far, the U.S. cannot utilize the *sui generis* right, because we have no similar protection. Yet such a requirement may not seriously deter U.S. database companies from operating in Europe. Europeans seem to have gone out of their way to recognize alternative grounds of protection available from unfair competition and copyright laws. These forms of protection remain available to all U.S. companies even if they are denied access to the *sui generis* database regime. Certainly, however, a counterpart U.S. bill would be better.

The Directive provides exclusive rights and, to some critics, bestows the strongest intellectual property right to those who contributed nothing more to the public good than investments in noncopyrightable compilation of information. Professor Reichman of Duke University Law School and a vocal opponent, opines:

The E.U. case law to date confirms the existence of all the hard problems that the literature has so far identified—the prevalence of sole-source providers; unreasonable restrictions on licensing; barriers to entry; and impediments to follow-on applications of data—without a scintilla of evidence that the Directive has satisfactorily resolved any of these problems.⁶

According to Professor Bernt Hugenholtz, the contours of the European Community database right remain difficult to draw, and shrouded in controversy. Perhaps investments in generating data (creating) and gathering data (obtaining) should be treated differently. He writes: “Granting exclusive intellectual property rights in novel data, which cannot be obtained from alternate sources almost by definition would lead to

unwanted monopolies, and unduly restrict the freedom of expression and information.”⁷

The Two House Bills

In the last five or six years, two bills (H.R. 354 and H.R. 1858)⁸ have been considered by various House and Senate subcommittees.

H.R. 354, the Judiciary version, concerns predatory acts, such as making available or extracting to make available all or a substantial part of a database maintained through substantial investment. There are many permitted acts, including “reasonable uses,” certain nonprofit education and scientific or research uses, among others. H.R. 354 is an exclusive right model. Liability derives from material harm to the market.

H.R. 1858 is an unfair competition or misappropriation bill, prohibiting duplicates of databases in competition. Again, there are many permitted acts and exclusions and enforcement is by the Federal Trade Commission. The bill began as a liability bill. The effort was to prohibit market-destructive conduct rather than an exclusive property right as such.

Such bills rely on the Commerce Clause. *Quaere*, since the Supreme Court has declared that one cannot copyright facts, would legislation to accomplish a form of protection for facts under the Commerce Clause be constitutional? Under the Commerce Clause, database protection legislation would (1) create a tort-based cause of action that prohibits only economically harmful conduct; (2) reach databases affecting interstate or foreign commerce; and (3) protect non-original data that, like trademarks, are not the subject of copyright. Be that as it may, the bills did not pass because of opposition by, among others, the consumer, science, research, university and library communities and the U.S. Chamber of Commerce. The list of supporters is also large, including Reed Elsevier, McGraw-Hill and the American Medical Association.

Since U.S. databases are generally unprotected by copyright, such supporting companies rely on self-help mechanisms, such as contractual and technological devices, to protect the compilation. The very depth of the database also provides some protection. Is this sufficient?

Outlook

Has protection in the E.U. harmed research? In the U.S., with no protection, has research been aided? There are no easy answers. Pursuant to article 16 of the Database Directive, the E.U. is examining the consequences of the *sui generis* right, particularly concerning competition policy.

It is hard to get a handle on harm. European databases, as a share of all databases, have increased from 22% to 34%, while North American databases have decreased from 69% to 60%.⁹ There has been a sprinkling of bad cases for databases, such as *Schoolhouse, Inc. v. Jeff Anderson*.¹⁰

“European databases, as a share of all databases, have increased from 22% to 34%, while North American databases have decreased from 69% to 60%.”

The opposition considers that any new legislation must have an anti-commons effect. Professor Reichman would favor a minimalist approach to ban only wholesale duplication so as to avoid market failure. He writes:

Another question of capital importance is the role that databases currently play in both basic and applied sciences. Pre-existing legal regimes have treated scientific data as a common resource available from the public domain, and the ethos of science has been premised on a commitment to the free and open exchange of data to support scientific hypotheses and published findings. The traditional and customary practice is accordingly for scientists to combine data from existing databases into new databases to be used as electronic information tools to solve hard new problems. Any proposed regulatory solution must take these practices into account and avoid disrupting the worldwide scientific networks that depend on the sharing of essential data.

From a related but still broader perspective, vast quantities of technical information have always been freely available from the public domain, as a basic input of the knowledge economy, where the technology-exporting countries’ comparative advantages are most deeply rooted. In other words, information is both an input and an output of the information economy. This economy has grown to its present magnitude under conditions in which entrepreneurs can only obtain exclusive rights in downstream aggregates of information that rise to the level of patentable

inventions or copyrightable works of authorship.¹¹

The advocates fear piracy. Even with Republicans in charge of both houses, I am not sure how the Democrats and Republicans will line up on this type of legislation. Neither the public domain advocates nor the Republicans who do not favor having the government enfranchise and legislate favored business models will like such legislation. David S. Korzenik of Miller and Korzenik opines that the legislated licensing franchise approach is really a very European thing to do, and there are some Republicans who may be troubled by the potential proliferation of litigation between data owners.

"If there is a new law, in order to avoid controversy, it will need to be narrowly drafted."

In an October 2, 2002, letter to the House leadership, Representative James Sensenbrenner, Chairman of the House Judiciary Committee, and Representative Billy Tauzin, Chairman of the House Energy and Commerce Committee, declared that there was insufficient time to complete database negotiations in 2002. The letter stated that "each of us believes that the other has made a good faith effort at contributing to the development of a compromise bill" and "progress has been made in furtherance of this end over the past two years." At this moment, the Senate is deferring to the House. Any proposed bill will need to start from scratch. The legislative calendar is often late and will depend on whether a new bill can be fitted in the legislative agenda. Please note that two House committees have jurisdiction of any proposed database protection law.

If there is a new law, in order to avoid controversy, it will need to be narrowly drafted. However, the opposition may be very spirited and again carry the day.

Endnotes

1. *N.Y. Times Co. v. Tasini*, 533 U.S. 483 (2001).
2. *Leon v. Pacific Tel. & Tel. Co.*, 91 F.2d 484 (9th Cir. 1937).
3. *Jeweler's Circular Publ'g Co. v. Keystone Publ'g Co.*, 281 F. 83 (2d Cir. 1922).
4. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340 (1991).
5. Directive 96/9/EC of Mar. 11, 1996, 1996 O.J. (L 77).
6. Reichman, *Database Protection in a Global Economy*, *Revue Internationale de Droit Economique*, 2002/2-3, 455, 481.
7. Hugenholtz, *Program Schedule, Event Data and Telephone Subscriber Listing, under the Database Directive*, 26 *AMI* (the Dutch journal of copyright law) 166 (2002).
8. U.S. House of Reps., House Comm. on the Judiciary, 104th Cong., 1st Sess., H.R. 354, *The Collections of Info. Antipiracy Act*, Jan. 19, 1999 ("H.R. 354"); U.S. House of Reps., House Comm. on Commerce, 106th Cong., 1st Sess., H.R. 1858, *Consumer and Investor Access to Info. Act of 1999*, May 19, 1999 ("H.R. 1858").
9. Williams, *State of Databases Today*, *Gale Directory of Databases*, 2002, tbl. 4, p. xxv.
10. *Schoolhouse Inc. v. Anderson*, 2002 U.S. App. LEXIS 63 (8th Cir. 2002). With a modicum of creativity, arrangement and selection, a database can gain protection under existing law. *Key Publications v. Chinatown Today*, 945 F.2d 509 (2d Cir. 1991) and *CCC Info. Servs. v. Maclean Hunter Market Reports*, 44 F.3d 61 (2d Cir. 1994).
11. Reichman, *supra* note 6, at 461-62.

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Understanding the Deal: Strategies for Drafting and Negotiating the Entertainment Related Contract

By Daniel M. Pomerantz

In the entertainment industry, although business people often make deals on a handshake, they look to lawyers to turn that handshake into reality. Many of the terms lawyers are expected to understand and negotiate will have a significant and long-lasting effect on the shape of the deal and on a client's interests. In this article I have analyzed some of the major sections of a contract between a publisher ("Publisher") and an author ("Author"). While this article relates primarily to book publishing, many of the concepts can be applied to other kinds of mass distribution of copyrighted works, including music, television and film.

"A Work is automatically considered a work for hire if the Work was created by an employee in the scope of his or her employment."

Essentially, the publishing contract is a simple concept: The Author gives up all or some portion of an interest in a copyrighted Work, and in exchange the Publisher gives payment in the form of cash, royalties or some combination of both. Giving life to these concepts requires an understanding of numerous and involved details. To make matters even more complicated, authors frequently have a deep emotional connection to the Work, which can create an interesting tension against the Publisher's more business-oriented outlook.

In the following sections, I will analyze the major aspects of a publishing contract, provision by provision, and discuss some of the effects, strategies and ideas behind each one. Please note that this article is not intended to be a complete "form" for drafting purposes. However, if used in conjunction with a good form, this article can help a lawyer more fully comprehend its provisions.

1. **The Work:** The goal of this section is to clearly identify what the Author will produce. For example, a simple provision might read: "The Author shall write a novel on the subject of X that will be approximately Y pages in length and in a format and style suitable for publication (the "Work"). If the parties desire additional detail,

the definition can refer to an attached exhibit consisting of an outline or treatment.

2. **Author's Obligations:** This section should set out basic dates and requirements to ensure that the Author performs his or her job adequately and on time. In order to provide adequate motivation for the Author to properly and timely complete the Work, these requirements should be a condition to receiving at least a portion of the payments or advances, and any section dealing with payment should specifically reference this "Author's Obligations" section.
3. **Approval:** This section creates the mechanism by which the Publisher may have approval rights over the Work. If the Author retains any kind of publishing rights, it will be important to provide that the Author may not publish or otherwise distribute any materials other than the final Work as approved by the Publisher. If the Publisher retains all publication rights, then it is essential that the Author be obligated and motivated to complete rewrites in the manner requested by the Publisher. The timing of payments to the Author can be conditioned on these obligations, as discussed above.
4. **Grant of Rights:** This section is truly the heart of any entertainment related document and can be drafted in a number of fascinating ways, the most common of which are "work for hire," "assignment" and "license." Frequently, authors who are not represented by counsel are particularly concerned that their works not be deemed "work for hire." However, the authors often lack a true understanding of what the work for hire doctrine means and how it relates to other similar legal mechanisms.

Frequently, authors of larger-scale projects, such as novels, are (understandably) protective of their work on a deeply emotional level and particularly concerned that their works not be deemed "made for hire."

The Work for Hire Doctrine: The "work for hire" doctrine provides that under certain circumstances, the Publisher, rather than the Author, will be considered the initial copyright holder, just as if the Publisher had actually authored the Work itself.¹ A Work is automati-

cally considered a *work for hire* if the Work was created by an employee in the scope of his or her employment. Therefore, if the Author is a regular employee of the Publisher this entire section will essentially be moot. However, if the Author is acting as an independent contractor, then the parties will have to specifically agree by contract that the work will be deemed “a work made for hire.” Not every kind of work can be deemed a *work for hire* and certain mechanical requirements may also apply.² In order to protect a *work for hire* arrangement against unexpected interference from some unforeseen aspect of copyright law, an agreement should provide as follows: “In the event that this work shall for any reason not be considered a ‘work for hire,’ Author shall exclusively assign all of Author’s rights, title and interest in the copyright to Publisher . . .”

A *work for hire* arrangement is common with regard to newspaper columns, comic strips, or other small-scale contributions to serial publications. *Work for hire* status is almost ubiquitous with regard to contributions to motion pictures, and is also common with regard to most sound recordings. The *work for hire* mechanism is most advantageous to the Publisher, because with a minimum amount of simple drafting, the Publisher can take title to the entire Work and all rights associated therewith.

When representing the Publisher, you may have to use alternate legal mechanisms that provide emotional comfort to the Author while still protecting the needs of your client. When representing the Author, you must ensure that the Publisher does not use some alternate legal mechanism to completely undermine the rights that your client thinks he or she has retained by avoiding the *work for hire* status.

Assignment: One alternative to the work for hire arrangement is an arrangement under which the Author *assigns* its entire copyright interest to the Publisher.³ Sometimes referred to as an “all rights” assignment, one might phrase such language as follows: “Author exclusively assigns all rights, title and interest to the copyright in the Work for use in any medium now existing or hereafter devised.” The effect of such an assignment is similar to a *work for hire* arrangement, because the Publisher will end up owning the entire copyright interest.⁴ Authors frequently do not understand that an *all rights assignment* can be effectively the same as a *work for hire* arrangement unless a conscientious lawyer takes the time to explain. From time to time I have even seen authors insist on including language stating, “This contract does not create a work for hire arrangement,” without realizing that this language does not change the nature of the assignment.

License: A license differs from *work for hire* and an *assignment* in that the Author retains the ownership of

the copyright and merely grants the Publisher a license to use the Work in the manner specified.⁵ However, the value of retaining the copyright ownership can be completely eviscerated if the Author grants an exclusive license that conveys every conceivable right that can exist under copyright, in perpetuity.⁶ The Author is left with copyright ownership in name only, and cannot use the Work or the copyright in the Work for any purpose. Like the concept of complete copyright assignment, authors frequently do not understand this term, unless a conscientious lawyer takes the time to explain.

“. . . authors often lack a true understanding of what the work for hire doctrine means and how it relates to other legal mechanisms.”

Although as a practical matter a license can provide the same rights as an assignment of copyright, industry-specific business concerns sometimes require that the Publisher holds the actual copyright in the Work. For example, the Publisher might choose to license the Work to a third party for some purpose (for instance, to publish the work in another country or create a derivative work, such as a motion picture). Some third-party publishers insist on having access to the copyright or at least on receiving a representation that the initial Publisher holds the copyright in question. If the Author retains the copyright, he or she will effectively have veto power over any third-party deal. The Author, in turn, could demand additional payment in exchange for allowing a third-party deal to proceed. This concern becomes moot if the Publisher can convince the third party to accept an assignment of rights under the license in lieu of copyright. As a lawyer for the Publisher, it is essential to raise this issue with your client and to confirm that any business concerns are adequately addressed before finalizing the initial agreement with the Author.

Partial or Non-Exclusive License/Assignment: The *all rights assignment* and the complete licensing of copyright are most common in industry practice. However, when parties have relatively equal bargaining power, a more creative arrangement might be appropriate. Under partial assignment or license arrangements, the Author assigns or licenses some of the rights associated with the copyright but retains others. For example, the Author might retain the right to create derivative works (for example, motion pictures based on the Work) or the right to translate the Work into foreign languages for international sale. Likewise, the parties can choose to enter into a non-exclusive license, pursuant to which

the Author retains the right to sell or assign the Work to more than one publisher at a time.

5. **Grant of Publicity Rights:** This section will be important if the Publisher or a third-party publisher wishes to use the Author's name or likeness in publicizing the Work.⁷ A typical grant of publicity rights might read as follows: "Author grants to Publisher the right to use Author's name, likeness and biographical information in connection with publicizing the Work in any medium now existing or hereafter devised and Author expressly waives any rights of privacy or publicity that Author may have at law or equity."
6. **Advance:** An advance is an initial payment to be deducted against future royalties. It can be effective to structure the payment so that a portion is delivered "up front" (upon the execution of the agreement) and the remainder is delivered upon "completion of the Work and subsequent revisions to Publisher's complete satisfaction." This section should specifically refer to the earlier section on "Author's Obligations," and should make all future payments conditioned upon the Author's successful completion of those obligations. However, as the timing of payments is ultimately a business question, a lawyer may have to defer to the terms of the business deal.
7. **Royalties:** The concept of a royalty is simple; the Author receives a percent of total sales. However, the actual drafting and negotiation of a royalty provision is one of the most complex and contentious aspects of entertainment law. Usually, royalties for income generated directly by the publisher will be treated separately from royalties on income that the publisher generates through a license to a third party. However, in either case a royalty is either "gross" or "net" and is usually backed by some form of audit right.

Net Royalties: It is most common in the publishing industry to structure a royalty provision as being "net" of any expenses incurred by the Publisher. It is easy to draft simple language that provides the Publisher with a great deal of leeway in defining "expenses." For example, "Author shall receive X percent of receipts net of any expenses incurred by Publisher in connection with the production, publicizing and sale of the Work on all copies sold of the Work (after refunds or credits for return of merchandise are deducted)." It is common, however, for the Author to require greater specificity when defining the word "net" in order to prevent abuse of this provision by the Publisher. Detailed net royalty provisions, when fully negotiated, can be quite com-

plex. A contract might include an entire schedule detailing every kind of expense that a Publisher is and is not allowed to deduct against "net" receipts.

"Inaccuracies in the Publisher's records could be considered breach of contract or even fraud."

Gross Royalties: If we were to structure this section as a gross payment, then the Author would receive a percent of total *gross* sales and the Publisher would not be allowed to deduct *any* expenses. Consequently, there would be no need to detail the Publisher's expenses, which is why gross royalty provisions tend to be much simpler than net royalty provisions. Under a gross arrangement the Publisher bears the entire risk of any investment incurred in marketing the Work.⁸ A gross royalty arrangement can be disadvantageous to the Author as well, because it creates a subtle disincentive for the Publisher to adequately market the Work (for example, the Publisher might try to avoid many necessary expenses).

Audit Rights: An Author commonly will require audit rights. This is simply a right for the Author (or the Author's accountant) to inspect the Publisher's books in order to confirm the amount of income received and expenses incurred by the Publisher. Though the drafting is simple, the obligation is not. The existence of audit rights creates an obligation for the Publisher to keep accurate and detailed records and to make those records open for inspection. Bookkeeping is an important responsibility, and the Publisher's accounting department should be made aware of it. Inaccuracies in the Publisher's records could be considered breach of contract or even fraud.

8. **Best Efforts:** Sometimes a Publisher will essentially keep the Work in a bottom drawer for years because some marketing expert has decided that the world is not ready to receive it. Meanwhile, the agreement prevents the Author from bringing the Work to any other publisher or even from self-publishing.⁹ If the Author's relationship with the Publisher is an exclusive one (as publishing arrangements usually are) the Author should require the Publisher to use its "best efforts" to market and sell the Work. A "best efforts" clause can prevent the Publisher from legally "sitting" on the Work. The Author who has sufficient leverage might even negotiate for the right to terminate the agreement if the Publisher does not produce results within a certain time.¹⁰

9. Additional Documentation: "Author agrees to execute any additional documentation necessary to give effect to the terms of this Agreement." The language in this section is simple but the effect can be powerful. For example, if the agreement involves an assignment of the entire copyright, the Publisher could demand, pursuant to this section, that the Author file a notice with the Library of Congress officially transferring the copyright to the Publisher as a matter of public record. An Author who is not represented by counsel and who has staunchly refused to enter into a *work for hire* arrangement in order to protect ownership of the Work might be surprised and dismayed to discover that he or she suddenly has to transfer the copyright over to the Publisher. It is the duty of the Author's counsel to explain how the various sections of the agreement interact to create this result, and to negotiate accordingly.

"Regardless of the respective leverage or outcome of negotiations, your understanding of the deal will benefit your clients, and more often than not, they will appreciate your contribution."

10. Author's Status: Sometimes this section is not included in publishing contracts, but it should be. The language of this section clarifies that the Author either is or is not a partner or employee of the Publisher. The Author's relationship to the Publisher is important for tax purposes and can have other consequences as well, such as an effect on the *work for hire* status.¹¹ However, even if the Author is an independent contractor, it may still be necessary for him or her to fill out certain tax forms, and for the Publisher to make certain reports to the IRS regarding the transaction.¹² The Publisher should check with appropriate tax experts to confirm. Throughout history, publishers have occasionally taken advantage of ambiguous employment arrangements to claim that an independently created work was actually a work made for hire.¹³ Thus, leaving ambiguity in this section could be slightly advantageous to the Publisher; however, such language could also create a similar, and dangerous, ambiguity regarding the Author's tax status. Unless the parties intentionally wish to create ambiguity and possibly future lawsuits, this section should be drafted as clearly as possible.

11. Representation: In this section the Author represents and warrants that the Work is not plagiarized or otherwise an infringement of third-party rights or a violation of law. One possible phrasing is as follows: "Author hereby represents and warrants that Author has full power and authority to enter into this Agreement and that the Work will not infringe upon the rights of any third party including, without limitation, rights in or relating to copyright, publicity, privacy, libel, defamation, slander and any other right, claim or cause of action relating to material included in the Work." This section is "backed up" by the following section on indemnification.

12. Indemnification: In this section the Author agrees to indemnify, defend and hold the Publisher harmless against any claims, liability or causes of action that result from a breach of the Author's representations, warranties or obligations hereunder. An indemnification gives true force and power to certain other sections of the agreement. For example, if the Author plagiarized the Work, such plagiarism would be a breach of the Author's representation that the Work will not "infringe on the rights of any third party." If the original author were to sue the Publisher for infringement of copyright, the Publisher could demand, pursuant to an appropriately drafted indemnification provision, that the Author pay for all costs involved in defending the lawsuit. The Publisher's lawyer should work to ensure that this section adequately protects the Publisher, while the Author's lawyer should make sure that the indemnification does not create an unacceptable liability risk for the Author. If the Author has sufficient leverage, his or her attorney might demand that the indemnification be mutual, in order to protect the Author against any breach by the Publisher.

13. The Agreement should also contain all the various standard provisions that make a contract complete, such as: Choice of Law, Entire Agreement and No Assignment. Depending on the relationship between the parties, a lawyer might consider drafting a clause that allows the client to terminate early and without penalty if the other party does fulfill its obligations in a timely manner. Confidentiality provisions might also be appropriate, depending on the nature of the project.

In the entertainment industry, as in most industries, an entire negotiation sometimes comes down to leverage. If a prestigious publisher has offered a new author that first "big break," the publisher might be able to

insist on all kinds of unfair terms in a “take it or leave it” fashion. If the Author cannot make sufficient progress in negotiations, he or she might have to choose between accepting an onerous contract and passing up an important opportunity. As a lawyer representing the Author, you would then explain the deal and allow your client to make this extremely difficult decision with eyes wide open. At a minimum you should try to insist that the Publisher not include any terms that will affect your client with regard to matters outside of the deal (for example, future works and sequels to the book), so that your client’s future career can grow without hindrance from an old and overbearing contract. When representing the Publisher against an established author, you may have no choice but to agree to the terms of a standard union contract or a contract that is even more restrictive. In such a situation you should still ensure that your client fully understands all the terms and economics of the deal, and attempt to negotiate any issues that are truly unacceptable. Regardless of the respective leverage or outcome of negotiations, your understanding of the deal will benefit your clients, and more often than not, they will appreciate your contribution.

Endnotes

1. See 17 U.S.C. § 101.
2. *Id.*
3. The concept of assignment is addressed in 17 U.S.C. § 101 and also in numerous cases and articles, including two recent articles in this very *Journal*: see Michael L. Baroni, *The Need for Paranoia in Drafting Entertainment Contracts*, 14 NYSBA Entm’t, Arts & Sports L.J. 65 (2003); see also Ross J. Charap & Faith Wu, *Who’s Right is it Anyway? Captain America Smashes Through to Preserve an Author’s Right to Terminate a Copyright Grant*, 14 NYSBA Entm’t, Arts & Sports L.J. 53 (2003).
4. One notable exception is that the Author, or the Author’s successor in interest, may terminate a copyright grant after 35 years. This termination right is not relevant to the immediate economics of most business deals, but becomes significant when a work gains enduring popularity. See 17 U.S.C. § 203.

5. The terms of a license are highly specific to each deal and must be carefully drafted to meet the requirements of both the Copyright Act and relevant caselaw. It is worth consulting several forms before deciding how to draft a particular license.
6. An exclusive license is treated as a transfer of copyright ownership under the Copyright Act. Therefore, the ancillary rights and mechanical requirements that apply to transfers of copyright ownership will also apply to the grant of an exclusive license. For example, a transfer of copyright ownership must be in writing and therefore the grant of an exclusive license must also be in writing. However, the grant of a non-exclusive license need not be. See I. Fred Koenigsberg, *Copyrights*, in *Understanding Basic Copyright Law* 103 (Practising Law Inst. 2001).
7. The concept of “publicity rights” is not a part of the Copyright Act, but stems from state statutory or common law, and in some states exists only as a form of “privacy right.” For more general detail on publicity rights see e.g., Restatement (Second) Of Torts § 652A-652I (1977).
8. For this reason, a gross royalty is usually a significantly smaller percentage than a net royalty.
9. Assuming the relevant grant of rights is an exclusive grant.
10. There is some debate as to whether a “best efforts” concept is implied into any exclusive contract; therefore a publisher who specifically wishes to “sit” on a work should explicitly draft that right into the agreement.
11. For example, a work prepared by an employee within the scope of his or her employment might be considered a *work for hire*, subject to the terms of 17 U.S.C. § 101.
12. For further background see Internal Revenue Service Publication 15A, *Employer’s Supplemental Tax Guide* (2002), available at <<http://www.irs.gov>>.
13. See e.g., *Marvel Characters Inc. v. Simon*, 2002 U.S. Dist. LEXIS 3260 at *29 (No. 00 Civ. 1393).

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The *Grokster* Decision:¹ It's a Bird! It's a Plane! It's Supernodes?!?!

By Jay Flemma

Just when everything seemed to be going swimmingly in the Recording Industry Association of America's (RIAA) epic battles against online music piracy through its victories in four major cases, *MP3.com*, *Napster*, *Aimster*, and *MP3Board*,³ it needs a lump of Kryptonite . . . and fast. File sharing is so widespread that the major labels are correct when they allege monumental financial losses due to the biggest drop in CD sales since the advent of the CD format. Additionally, they are embroiled in other major entanglements, such as high-profile royalty disputes with popular artists; the repeal of the work-for-hire provisions passed in the Satellite Home Viewer Improvement Act;⁴ proposed congressional investigations into unscrupulous business practices; and a constant dull roar of negative public opinion.

All these problems have kept the RIAA's damage control personnel working overtime. The RIAA's decision to sue four college students for creating local area networks for file sharing netted it settlements of a paltry few thousand dollars and an increase in the level of distaste from the Internet community. The roughly \$12,500 to \$17,500 obtained from each defendant probably only covered the RIAA's litigation expenses. Still, these few dollars seemed to further buoy the online file-sharing community to battle even more furiously.

The *Grokster* decision was an unexpected body blow to the music industry at the worst time. Napster (the original infringing service, pre-*Pressplay*) progeny Grokster and Morpheus were deemed not to be liable for contributory or vicarious infringement for the viral music swapping facilitated by their programs. The court's *imprimatur* on true peer-to-peer file sharing gravely threatens, and may ultimately destroy, the only ray of light the RIAA and music copyright owners had remaining in stemming the tidal wave of online piracy. By holding that defendant services Morpheus and Grokster could not be held either vicariously or contributorily liable for infringement, the court openly acknowledged that computer programmers may create programs that are intentionally designed to frustrate copyright protection, so long as they have no control over the file swapping *at the actual moment the infringement occurs*.⁵ While the decision may correctly apply the law, the negative policy repercussions may be so compelling as to warrant reversal, or at least reassessment of how the law was applied in this instance.

There is no doubt that file sharing of music is "cool." It is also, however, frequently theft—whether the victim is a fledgling musician eating ramen noodles and crashing on a friend's floor while on tour, or a giant faceless multinational conglomerate. While there is certainly a large quantity of music legally available on the Internet, the files shared over most online services are still overwhelmingly unauthorized. While free downloads are wildly successful, pay services are far from flourishing, and most have failed. After all, the public seems to ask, why pay for free music?

"The Grokster decision was an unexpected body blow to the music industry at the worst time."

The Court's Reasoning

The plaintiff record labels and music publishers alleged that the defendants Grokster, Streamcast (Morpheus) and Kazaa were liable for copyright infringement of their music copyrights because the defendants distribute software that enables users to exchange digital media throughout the Internet world via a peer-to-peer transfer network. The defendants' primary defense was that they merely provide software to users over whom they have no control. The court's central theme in absolving two defendants—Grokster and Morpheus—was that the nature of peer-to-peer file sharing over the Internet prevented those defendants from having any control over what the individual user was doing with the software. The decision did not affect the claims against the defendant Kazaa, who defaulted.⁶

Operation of the Systems

Although the case appears at first blush to mirror the facts of the *Napster* litigation, the court found a critical distinction in the structure and operation of Grokster and Morpheus, versus that of Napster. Unlike Napster, which featured a central server that connected users' computers, Grokster had no central server. Instead, Grokster's software employed a networking technology licensed from FastTrack, a third party. FastTrack enables peer-to-peer file sharing through the use of "supernodes."

A “node” is an endpoint on the Internet—typically a user’s computer. A supernode accumulates information from other nodes. When a user starts his software, his computer locates a supernode and accesses the network. Critically, the court found that:

Grokster software is preset with a list of “root supernodes,” each of which principally functions to connect users to the network by directing them to active supernodes. While Grokster may briefly have had some control over a root supernode . . . Grokster no longer operates such a supernode—and the FastTrack network currently occurs essentially independently of Defendant Grokster.⁷

According to the court, Morpheus is even more decentralized than Grokster, because it is based on the open source Gnutella peer-to-peer platform.⁸ A Morpheus user connects to the Gnutella network and makes contact with another user who is already connected. The connection occurs automatically after the user’s computer contacts one of the many publicly available directories of those currently connected to Gnutella. Instead of using supernodes, search requests through Gnutella pass directly from user to user until a match is found.⁹ Files are then transferred directly between the two users.

Saved by the Supernodes

After finding that the defendants’ end users were guilty of direct infringement, a pre-requisite to proving contributory or vicarious infringement, the court then defined and set forth the elements of contributory infringement. Citing *Napster*, the court stated, “one is liable for contributory infringement if ‘with knowledge of the infringing activity, [he/she] induces, causes or materially contributes to the infringing conduct of another.’”¹⁰ Delving deeper into judicial interpretation and relying heavily on the letter of the law rather than the policy considerations, the court set forth the elements as: 1) Actual knowledge (not merely constructive) of an infringement at a time during which the defendant materially contributed to the infringement and could use its knowledge to stop the infringement, and 2) personal conduct that encourages or assists the infringement.¹¹

In analyzing Grokster’s potential liability, the court admitted the following facts in the decision:

1. The *raison d’être* of Grokster and Morpheus was to facilitate the exchange of copyrighted material. Moreover, each knew that its users often exchange pirated media;¹²

2. Grokster and Morpheus may have intentionally structured their programs to avoid secondary liability;¹³
3. Both marketed themselves as “the next Napster”;¹⁴
4. In the case of Grokster, the software is preset with a list of “root supernodes” which connects users to the FastTrack network by directing them to active supernodes;¹⁵ and
5. Both defendants provided technical support for program operation and maintained discussion boards in which users searched for and discussed the propriety of exchanging copyrighted media.

Nevertheless, with regard to material contribution, the court held that even though liability “exists if the defendant engages in personal conduct that encourages or assists the infringement,”¹⁶ such liability is limited to instances where a defendant “has actual—not merely constructive—knowledge of the infringement at a time during which defendant materially contributes to that infringement.”¹⁷ The court then absolved Grokster and Morpheus of liability for contributory infringement, because they did not have specific knowledge of an infringement at a time when they both knew about the infringement and could have acted to stop it.¹⁸

In Grokster’s case, it did not operate a central server network for file sharing. Rather, it employed FastTrack technology licensed from another entity, *Sharman/Kazaa*, and its software’s root supernodes only connected to other supernodes that performed the actual searches for media files. Thus, the technical process of locating and connecting to another file sharer’s supernode occurred through FastTrack, not Grokster.¹⁹ Therefore, Grokster neither provided the site nor the facilities for infringement, since it had no control over the actions of the infringers and it could not prevent such actions.

In Morpheus’ case, the infringer would utilize Gnutella’s open source peer-to-peer platform, which was even more decentralized than Grokster’s. Morpheus’ users’ requests for files passed directly from user to user. Therefore, Morpheus, like Grokster, did not supply the site or facilities for infringement. Morpheus could not stop any infringements, even if it wanted to or was shut down.

Further, the defendants’ technical assistance, bulletin boards and other incidental services were deemed not to be substantial or material contributions to the alleged infringements, took place before or after the infringement occurred, were non-specific in nature and usually were related to use of another company’s soft-

ware. In the court's view, neither Grokster nor Morpheus gave any technical assistance that facilitated or contributed to the actual exchange of files.²⁰

Sony and Substantial Non-Infringing Uses

The court also ruled that both Grokster and Morpheus were absolved of liability for contributory infringement because there were substantial non-infringing uses for each, such as distributing movie trailers, free or non-copyrighted works and materials in the public domain.²¹ The "substantial non-infringing use doctrine" is attributed to the Supreme Court's decision in *Sony v. Universal*, where the manufacturer of the first videocassette recorders was absolved of liability for the users' copyright infringements.²² Although the machines were capable of infringement, their primary use was for time-shifting of television shows, a convenience and, therefore, a substantial non-infringing use.²³ Further, as a matter of policy, the number of infringing acts was limited because of the minimal number of possible copies that could be made at one time and the need for the copies to be physically transferred, rather than transferred by the Internet. Therefore, if infringement were to take place on the scale feared by the plaintiffs, it would require a great deal more effort and expense than merely clicking a mouse.

In *Grokster*, the court stated that:

Defendants distribute and support software, the users of which can and do choose to employ it for both lawful and unlawful ends. Grokster and Streamcast are not significantly different from companies that sell home video recorders or copy machines, both of which can be and are used to infringe copyrights. While Defendants, like Sony or Xerox, may know that their products will be used illegally . . . [a]bsent evidence of active and substantial contribution to the infringement itself, Defendants cannot be liable.²⁴

The court's treatment of the matter ends there, with no discussion of two critical issues. First, the court likens the defendants to Sony and Xerox, yet fails to address any potential difference between these companies. Sony and Xerox make products that copy in real time and are distributed minimally, whereas the defendants' technologies encourage and further copyright distribution on an unlimited, instantaneous and worldwide basis. *Sony* permitted home copying for personal use, not for worldwide transmission.²⁵

Second, while the court states, "Here it is undisputed that there are substantial non-infringing uses for

defendants' software—e.g., distributing movie trailers, free songs or other non-copyrighted works," such a premise is debatable.²⁶ Your author has yet to see evidence that the RIAA punted on such a critical issue. Moreover, the court offers no guidance for its interpretation of "substantial" in "substantial non-infringing use." One could argue that it is a question of fact and ripe for testimony.

Vicarious Liability

The court then turned to the issue of vicarious liability. According to Judge Wilson, liability for vicarious infringement attaches where a defendant has a right and ability to supervise the infringing activity and also has a direct financial interest in such activity.²⁷ Like *Napster*, the court held that the availability of infringing material acted as a draw for customers. Coupled with substantial advertising revenue for the defendants and a user base in the tens of millions, a significant portion of the defendants' revenue depended on infringement and, therefore, the defendants clearly derived a financial benefit.

However, even though the defendants clearly knew about the infringing acts and material and derived direct financial benefits due to the infringing actions, they were absolved of liability because they had no ability to police the exchanges of infringing content. As the "Defendants provide software that communicates across networks that are entirely outside Defendants [sic] control," the defendants escaped vicarious liability.²⁸

Analysis

Perhaps the most intriguing words of the decision are as follows:

The Court is not blind to the possibility that Defendants may have intentionally structured their businesses to avoid secondary liability for copyright infringement, while benefitting [sic] financially from the illicit draw of their wares. . . . [T]o justify a judicial remedy, however, Plaintiffs invite this Court to expand existing copyright law beyond its well-drawn boundaries.²⁹

The primary thrust behind the defendants' very creation and operation was to promote and profit from music piracy. The court may liken the defendants to companies that sell home video recorders, but the reversible error could lie in its interpretation of the word "home." When deciding *Sony*, the U.S. Supreme Court was analyzing a technology that made one copy at a time and had no capability for mass distribution.

Internet file sharing, on the other hand, involves infinite and instantaneous copying without boundaries—a world of difference in this case. Further, good faith is always an issue for consideration.

Seeing as how the decision rested upon the narrow interpretation of a great many copyright premises, it most certainly may be the purview of the Ninth Circuit to disagree, if it is so inclined. The court narrowly interpreted terms such as “at the time” and “technical assistance” (compare *Aimster* and *MP3Board*).³⁰ Interestingly, the only time the court took a broad interpretation of any issue was in its definitions of “home” and “substantial,” when discussing *Sony*. Finally, issues of fact may exist, particularly, whether the percentage of legally shared files versus illegally shared files amounts to a true substantial non-infringing use.

Indeed, a great many questions are left open by the decision. Does it not render the requirement of “site and facilities” to be toothless against savvy computer programmers and, in this instance, embolden further infringement? How does one quantify what is a “substantial” non-infringing use? Most importantly, does the decision actually frustrate the dual goals of copyright law by unfairly robbing music copyright holders of fair compensation in instances where software programmers hide behind a narrowly construed technical loophole? Certainly, Judge Wilson may hint at liability on the part of Sharman/Kazaa, but at the expense of preserving the rights of two clearly infringing services via a loophole, is not all commercially released music then devalued?

Potential Compromises

Neither the music copyright owners nor the cyberpunks share well in the sandbox. On the one hand, public reaction to the music industry’s “education by force and lawsuit” has caused a reactionary backlash. On the other, savvy programmers frustrate legitimate efforts by the industry to protect content by defying anti-circumvention laws. As quickly as the entertainment industry can encrypt media, hackers decrypt. Yet while the hackers rally around their mantra of “it cannot be stopped,” the entertainment industry fights back with new encryption, lawsuits and intense lobbying. The enactment of the DMCA was an attempt to try to break this circle of encryption and tilt the playing field back to the copyright owners, but university and college programmers claim that academic freedom is compromised if they are not allowed to freely perform research and write programs. Are some hackers frustrating anti-circumvention laws while hiding under the guise of academic freedom, or might the music industry’s lobbying efforts result in a chilling of research? Neither result is palatable.

The parties’ acrimony toward each other may ultimately result in legislative intervention. While Congress certainly has other urgent priorities at the moment, in recent hearings it has already sent a clear message to college administrators—fix the problem of on-campus file sharing, or we will fix it for you.³¹ In that event, it is difficult to imagine that any party would like the solution. I certainly imagine that Congress’ solution, seeking a fair compromise, would not be “free music for all.”

Nevertheless, technology cannot be ignored. Indeed, it has always been the engine which has driven copyright law. The opportunities provided by the Internet in terms of distribution are too extensive to be ignored. At least four potential compromises seem to offer a fair resolution to all parties. None of these solutions is perfect, but each at least may be a move in the right direction. First, some universities and colleges have proffered the idea of paying the major labels and music publishers a yearly record industry approved blanket fee.³² While this approach would not necessarily turn all on-campus file sharing into legal file sharing, much of the downloading would become legal, depending on the copyright owners that agree to the licensing scheme. Second, some advocate a marketplace rights-oriented solution where copyright owners would come together under a consent decree with a judicial rate-setting mechanism and collectively license their works. Third, some propose a tax on downloading software with the royalty collected paid to artists—a scheme similar to that under the Audio Home Recording Act of 1992.³³ Finally, some envision a compulsory statutory license in which rights holders are required to issue licenses for uses pursuant to legislatively established rate-setting mechanisms.

Conclusion

The court acknowledges that the defendants may have deliberately designed their programs to frustrate copyright law, promote piracy and avoid liability. There is no doubt that the defendants created the means to effectuate infringing activity. Without their services, most infringers could not find the files they want. The defendants also financially benefited from the attraction their programs created. Of course free downloads are wildly popular. People will take anything for free. The decision unfortunately gives undeserved credibility to the public feeling that stealing something intangible is acceptable. Moreover, if piracy cannot be controlled, legitimate services cannot compete. Free downloads are wildly popular, but with the exception of Apple Computer Inc.’s iTunes Music Store (iTunes), many pay services have foundered. Unfortunately, even iTunes is being abused by hackers who have invented programs called iSlurp and iLeech, which allow iTunes’ users to

transfer permanent copies of music for free to other users.

“If massive wasteful litigation and governmental intervention are averted, neither the infringing Napster service nor the myriad lost royalties in Internet sales shall have died in vain.”

Additionally, the decision rests upon the narrowest interpretation of several points of copyright law, except for *Sony* where it suddenly broadens the definitions of “home” and “substantial” without any further guidance or citation to authority.³⁴ As such, many open questions of law remain.

Nevertheless, the silver lining lies in the urgency with which the issue must now be addressed. The decision may accelerate compromise on both sides and lead to a solution giving each what it desires—the public can obtain greater access to music inexpensively and easily, while copyright owners can receive a fair recompense for distribution via the Internet. If massive wasteful litigation and governmental intervention are averted, neither the infringing Napster service nor the myriad lost royalties in Internet sales shall have died in vain.

Endnotes

1. *Metro Goldwyn Mayer Studios, Inc. v. Grokster, Ltd.*, CV 01-08541 (C.D. Calif., Apr. 25, 2003).
2. “It’s a Bird! It’s a Plane!” and “Kryptonite” are trademarks of D.C. Comics. My apologies for the bad pun.
3. Respectively, *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349 (S.D.N.Y. 2000); *A&M Records v. Napster, Inc.*, 114 F. Supp. 2d 896, (N.D. Cal. 2000); *aff’d*, 239 F.3d 1004, (9th Cir. 2001); *In Re Aimster Copyright Litigation*, 01-C-8933, (N.D. Ill., E. Div., Nov. 2002); *Arista Records, et al. v. MP3Board*, 00-CV-4660, (S.D.N.Y., Dec. 2002).
4. Act of Nov. 29, 1999, Pub. L. No. 106-113, app. I, 113 Stat. 1501; repealed at U.S. Copyright Office and S.R. as Work-for-hire Hearing Before the Subcomm. on Courts and Intellectual Property of the House Comm. on the Judiciary, 106th Cong. 34 (2000).
5. *See Grokster* at 1, et seq.
6. As of this writing, Kazaa, owned by a company on a remote Pacific island, had accepted a default judgment.
7. *Grokster*, at 21.
8. *Id.* at 23.
9. *Id.* at 23.
10. *Id.* at 10; citing *A&M Records, et al. v. Napster, Inc.*, 239 F.3d 1004, 1019 (9th Cir. 2001).
11. *See Grokster*, at 16.
12. *See id.* at 33.
13. *Id.*
14. *See id.* at 13.
15. *See id.* at 21. For some time, Grokster briefly had control over a root supernode; however, presently it no longer operates such a supernode.
16. *See id.* at 10.
17. *Id.*, citing *A&M Records v. Napster, Inc.*, 114 F. Supp. 2d 896, (N.D. Cal. 2000); *aff’d*, 239 F.3d 1004, 1020–22 (9th Cir. 2001).
18. *Id.*
19. *See id.* at 21.
20. *See id.* at 25.
21. *See id.* at 11.
22. 464 U.S. 417 (1984).
23. *See id.* at 427.
24. *See Grokster*, at 27.
25. *See Sony*, 464 U.S. at 417.
26. *See Grokster*, at 27.
27. *See id.* at 27, citing *A&M Records v. Napster, Inc.*, 114 F. Supp. 2d 896, (N.D. Cal. 2000); *aff’d*, 239 F.3d 1004, 1022 (9th Cir. 2001).
28. *See id.* at 32.
29. *See id.* at 33.
30. *See note 3 supra*.
31. Scott Carlson, *A President Tries to Settle the Controversy Over File Sharing*, Info. Tech., vol. 49, issue 37, p. A27.
32. *Id.* at A30.
33. Audio Home Recording Act of 1992.
34. *See Metro Goldwyn Mayer Studios, Inc. v. Grokster, Ltd.*, CV 01-08541 (C.D. Calif., Apr. 25, 2003), at 27.

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On the Brink of Change: An Examination of the Music Industry's Business Practices

By Brian Mencher

"The current royalty system is incredibly opaque and difficult to unravel and audit, and I think that clearly disadvantages artists."¹

—Michael Smellie, BMG Chief Operating Officer

Over the past few years, the combined parties that make up the music industry have faced one common obstacle, the prevention of online music piracy. Lawsuits were filed, lobbying efforts were made and innovative strategies were implemented to halt music thievery. The industry, however, has yet to recover from the impact of unlawful online music sharing. And now, as the music industry continues to battle online piracy, its internal business practices are being called into question by the most visible members of the industry—performing artists.

"In many cases, the cost of the audit exceeds the amount of underpayment due."

On July 23, 2002, the California Senate Judiciary Committee and the Select Committee on the Entertainment Industry began a series of hearings examining the music industry's accounting practices. Performing artists, along with the Recording Artists Coalition (RAC), alleged widespread accounts of royalty underpayments at the hands of the record labels. The performing artists' right to audit their record companies has been the sole means available to confirm royalty underpayments. Only the most successful performing artists, however, can afford an audit, since record labels insist on a highly restrictive auditing provision. In many cases, the cost of the audit exceeds the amount of underpayment due. Even if the label is found at fault, by contract, the performing artists are only entitled to the underpayment. These business practices have led to a fuller legislative examination of industry-wide standards, namely the accounting process and antiquated contractual provisions.²

This article will explore the record labels' auditing processes in light of their general business practices. The purpose of this article is twofold. First, it will identify the underlying reasons why audits are becoming commonplace in the music business. Second, the article

will examine the practical application of auditing. Ultimately, this article calls for changes in the general business practice of the music industry aimed at decreasing the need for audits, along with adoption of a more balanced auditing provision for times when one may be needed.

This article also introduces the arguments surrounding allegations of misleading accounting practices by the music industry. It examines the application and limitations of auditing a record label and correlates decisions to audit with the record labels' confusing accounting practices. Finally, it outlines potential legislative action and recently announced changes by two of the five major record labels and sets forth changes necessary to simplify the industry's accounting practices, while offering suggestions for a more balanced auditing provision.

Challenging the Labels' Business Practices

Over the course of three hearings before the California Senate Judiciary Committee and the Select Committee on the Entertainment Industry, numerous claims were made against the accounting practices of the music industry. Leading the debate, State Senator Kevin Murray found that "in almost every case," an independent audit verified record company underpayments.³ While some artist representatives claimed label accounting practices to be "intentionally fraudulent,"⁴ others, including Senator Murray, only found evidence of purposeful neglect. Regardless of the labels' intentions, substantiated accounts of royalty underpayments have been verified.⁵

A third argument surrounding allegations of misleading accounting practices credits the complexity of the music business, albeit purposefully complex, as contracts generally exceed 100 pages. That is, royalty underpayments occur due to confusing and antiquated recording contracts, and audit requests are sometimes made by performing artists because of the uncertainty created by these contractual provisions.

Royalty Calculations⁶

A standard recording contract usually provides a royalty percentage based on the suggested retail list price (SRLP) of the album, an estimated amount that the record label assumes retailers will charge. Thus, if a compact disc's SRLP is set at \$15 and the royalty percentage is 10%, the performing artist should receive a \$1.50 royalty per compact disc sold. This calculation, however, fails to account for a number of deductions and payment schemes required by the record labels.

Most recording contracts include a packaging deduction of 25% off the SRLP. For compact discs and other "new technologies," this percentage also reflects the money invested in developing such new technologies. In essence, the label only pays 10% on \$11.25. The standard contract also deducts a certain percentage for "free goods"; the amount claimed to be distributed as promotional items.

The royalty computation becomes further complicated by varying royalty rates for other parts of the world, royalty escalations for reaching certain sales plateaus and royalty reserves held by the record labels in case of returned goods. Well-known music lawyer Donald Passman asks, "Confused? I suspect that's the idea."⁷ Yet once the royalty rate is determined, the royalties earned are generally never the royalties paid. Royalties earned must first be applied toward advances, or the money paid to performing artists, and expenses made by the record label on such artists' behalf. By contract, these costs are recoupable.

Recoupable Expenses⁸

Before an artist receives royalty payments, the artist must earn enough money to cover the advance and expenses deemed recoupable. An advance can range from \$10,000 to in excess of \$1,000,000. Recording and video production costs, as well as touring support and marketing expenditures, including the controversial practice of paying for independent promotion, are all expenses recoupable by the record labels. The additional recoupment mechanism of cross-collateralization further clutters the royalty payment scheme. Cross-collateralization allows the record label to recoup the costs of prior albums based on royalty earnings of current and future albums.

Royalty Payments

This brief overview of royalty calculations and recoupable expenses illustrates the difficulties of determining correct royalty payments. While record labels are in no position to excuse underpayment due to the complexity of the system, these business practices, especially the contingencies of royalty reserves and cross-collateralization, make accurate payments difficult. That being said, the burden should be on the labels to make

accurate royalty payments. When they fail to fully compensate their performing artists, utilization of the artists' auditing right is the only way to rectify the underpayment.⁹

"Before an artist receives royalty payments, the artist must earn enough money to cover the advance and expenses deemed recoupable."

Exploring the Labels' Auditing Policies

"You don't really get to audit the record companies. It's an illusory thing at best."¹⁰

Record labels generally make royalty payments twice a year, that is, once the performing artist has recouped. Most accounting periods become final two to three years after the statement was sent to the artist. The artist usually must give 30 days' notice before the audit is to begin, which the label may postpone for up to two months. In addition, the cost involved in auditing a record label could easily exceed \$50,000—"a legal luxury only top-sellers [could] afford . . ."¹¹

Nonetheless, once the decision to audit is made, the recording contract still places numerous limitations on an artist's ability to carry it out. The following are examples of limitations placed in the auditing provision:

- The performing artist cannot hire an auditor on a contingency basis, and therefore the artist must pay the auditor the full costs of the audit, regardless of the findings;
- the performing artist cannot hire an auditor or the auditor's accounting firm if either is currently involved in an audit of the record label at issue;
- the auditor is limited to inspecting only certain accounting records, excluding manufacturing statements and other documentation that do not involve actual sales;
- the audit is limited to the labels' regular places of business during business hours;
- audits are limited to once every 12 months;
- an auditor is precluded from reviewing a statement more than once;
- if a royalty underpayment is proven, the record label is only liable for the amount owed; and
- even if a royalty underpayment is proven, the performing artist is still bound to the contract.

On the Brink of Change: A Comprehensive Explanation

The California Senate hearings have opened the labels' accounting and auditing practices to legislative and public scrutiny. The inquiry began as a review of the "auditing process and why artists are put into position[s] where they have to audit in order to be properly paid."¹² The auditing process examined above illustrated a label-friendly system. The inquiry into the auditing process, however, would likely have never been undertaken, except for the fact that numerous performing artists were claiming royalty underpayments and making auditing requests in the first place. Performing artists and their representatives, including the RAC, have argued that the complex and antiquated business practices of the music industry are partially to blame for the claims of underpayment and increase in audit requests.¹³

The royalty calculations and recoupable expenses discussed earlier illustrated the complex system under which the industry operates. Even the record labels admit that accounting disparities are the result of "contractual vagaries."¹⁴ If the labels cannot compute accurate royalty payments, then they should not expect the performing artists to do so. The confusion created by such accounting practices have led to questioning, and inevitably, requests to audit.

Now, as the record labels' accounting practices and auditing processes have come under public scrutiny, the threat of legislation is forcing the music industry to reexamine its business policies and practices. The performing artists are gaining momentum in their quest for "complete overhaul."¹⁵ Industry changes appear inescapable. What the changes are and how they will come about are the only questions that remain.

Restructuring a "Faulty System"¹⁶

Senator Murray, in spearheading legislative action in the California Senate, stated that combined changes to auditing practices and the royalty process would be "real reform."¹⁷

Potential Legislative Action

Although no specific reforms have been presented, Senator Murray and several performing artists have hinted at potential legislative action. Due to the lack of liability for royalty underpayments, many have called for stiff penalties against record labels that are found to have inaccurately compensated their artists.¹⁸ The penalty system would discourage purposeful or neglectful behavior by the record labels. Not only would the label have to pay the underpaid amount, but it would have to pay a penalty as well. No further details

have been offered regarding the application of such a penalty system.

Another proposed legislative action would be to make the practice of paying royalties a fiduciary duty.¹⁹ Hence, the record labels' failure to pay accurate royalties would amount to breach of the fiduciary duty. No other details about the application of the duty have been offered, however. Nevertheless, it appears that both would provide similar monetary results.

A third recommended option is to have the record labels' reform their own business practices, namely royalty accounting and auditing limitations.²⁰ Senator Murray suggested that accounting practices should be simplified and restrictions should be removed from the auditing provision. He added, "If all of the labels say they are going to remove all the restrictions on auditing, it doesn't make sense to produce a bill asking for the removal of restrictions."²¹ Two major record labels, Bertelsmann Music Group (BMG) and Universal Music Group (UMG), have heeded the California Senator's call to act by recently announcing reforms to their accounting and auditing procedures.

Self-Regulated Reforms²²

As the first to make changes to its accounting practices, BMG announced that it was reducing its standard recording contract from 100 to 12 pages. BMG also plans to eliminate packaging, new technology and free goods deductions. In addition, its royalty percentage will be based on the wholesale price, rather than the estimated SRLP. The reforms are not expected to affect royalty gains, as BMG will seek other artist revenue streams, such as concerts, merchandise, sponsorships and film deals. Senator Murray, although encouraged by the reforms, noted that "streamlining royalty accounting practices [was] just one necessary change."²³ He remained concerned, however, with BMG's interest in new revenue streams.

Two weeks after BMG's announcement, UMG hinted at its own business reforms through an internal e-mail sent from Senior Vice-President Global Royalties Marjorie Fieldman. In addition to doubling its auditing staff, UMG plans to waive key restrictions on the artists' auditing rights. It will remove the restrictions against contingency fees and simultaneous audits by one auditor. UMG will also allow auditors to review documentation, including its manufacturing records, outside of its regular place of business. These reforms, according to the e-mail, are expected to be available to all artists on the label, regardless of current contractual rights. Finally, UMG will establish workshops intended to educate its artists on the company's accounting practices.

Proposed Solutions

The proposed legislative actions, while not yet fully developed, focus solely on the auditing process of the record labels, whereas the record labels either proposed reforms to their accounting practices or auditing process, but not both. Senator Murray, who plans to introduce legislation this year, stated that “real reform” will only occur when changes are made to the entire royalty process.²⁴ Thus, comprehensive reforms are imperative, whether it be through legislative action or industry self-regulation. Such reforms should not be aimed to harm the labels’ productivity. Instead, they should attempt to fairly balance the parties’ interests.

Accounting Practices

The debate that took place over the past year has clearly labeled the music industry’s accounting practices as complex and antiquated. While reforms may not necessarily decrease the complexity of the business, they would modernize accounting practices. More modernized and logical business practices would ultimately simplify the system. BMG’s decisions to remove outdated deductions and base royalty payments on the wholesale price are steps in the right direction.

BMG, along with other labels, should also consider bringing clarity and fairness to their recoupment practices as well. The industry practice of recouping recording expenses, while claiming ownership to the master recordings is, as U.S. Senator Orrin Hatch remarked, “the only industry in which, after you pay off the mortgage, the bank still owns the house.”²⁵ Other recoupable expenses should be made clear and capped for each album produced.

If the labels see the need to make their practices more transparent, the above suggestions only go so far in clarifying the system. To truly reform accounting practices, the record labels should state royalty computations as monetary amounts.²⁶ Rather than base payments on percentages of percentages, the recording contract should have a provision stating the exact amount of money an artist will make per album sold. Due to the necessity of escalations and royalty reserves, however, some uncertainty in calculating royalty payments may still exist. Nevertheless, the performing artists could more easily identify these remaining uncertainties.

Auditing Procedures

Regardless of reforms to the accounting practices, some performing artists will still be unsure about the system. Others will have justified concerns over the accuracy of their royalty payments. In either case, retention of the auditing provision is crucial to keeping checks and balances on the record labels. If the provision is riddled with restrictions, however, carrying out an effective audit would be impractical. Although

UMG’s decision to remove many of the restrictions that cause concern from its auditing provision is also a step in the right direction, proposed legislative action suggests that UMG did not go far enough in making the auditing process a fair procedure.

“Any self-regulation by the record labels would have to be sincere and extensive in order to avoid legislative action.”

Even if limitations are removed from artists’ right to audit, the record labels are only liable for the amount of royalty underpayment. The artist must still pay the auditing fee, which could equal or exceed the amount of underpayment. Record labels should bear the burden of accuracy by including a fee shift provision into its auditing procedure. If an audit reveals a royalty underpayment, the record label should be obligated to pay the entire auditing fee, in addition to the underpayment.²⁷ Such a policy would encourage accurate payments, and perhaps may produce negligible overpayments. In cases where intentional fraud is proven, performing artists should have the right to terminate their contracts as well.

Conclusion

As record labels face mounting pressure from performing artists and the California legislature, the solutions offered in this article intend to restructure a “faulty system.” Legislative involvement appears certain, although remarks suggested that industry self-regulation would be encouraged. Any self-regulation by the record labels would have to be sincere and extensive in order to avoid legislative action. BMG’s interest in other revenue streams should raise concern. Legislation in California, however, would have a limited policing effect on the record labels, as California’s laws would only apply to business in-state, and since record labels do significant business throughout the country, other states would have to pass similar legislation. That will be the situation unless the federal government uses its commerce powers to enact uniform industry practices. In any case, this is just the beginning of inevitable industry reform.

Endnotes

1. Chuck Philips, *BMG to Roll Out Royalty Plan; The move could help ease the controversy over the industry’s accounting practice*, L.A. Times, Nov. 20, 2002, at pt. 3, p. 1.
2. Tamara Conniff, *Artists’ Reps Challenge Industry’s Accounting Practices During Seven-Hour Hearing*, L.A. Times, Aug. 3, 2002, at 4.

3. Phil Hardy, *Record Companies' accounting practices to be probed by joint Senate hearing in California*, Music & Copyright, Aug. 8, 2002.
4. See Conniff, *supra* note 2.
5. Tamara Conniff, *Artists sing protests songs*, The Hollywood Reporter, Sept. 25, 2002.
6. See generally Donald Passman, *All You Need to Know About the Music Business* (2000).
7. *Id.* at 173.
8. *Id.*
9. See Conniff, *supra* note 2. Many times the auditing right is used as leverage for settlement or renegotiation.
10. Jennifer Ordonez, *Pop stars flock to testify as California holds hearings on labels' bookkeeping practices that may cut artists' royalties*, Wall St. J., Sept. 25, 2002, at 55 (statement by Senator Kevin Murray).
11. See Conniff, *supra* note 2.
12. Tamara Conniff, *Hearing set to clear haze over royalties accounting*, The Hollywood Reporter, Sept. 24, 2002 (statement by Senator Kevin Murray).
13. See Ordonez, *supra* note 10.
14. *Id.*
15. Statement by Gregg Hessinger, Director of the American Federation of Television and Radio Artists (AFTRA).
16. Press release, Recording Artists Coalition, "Artists' Rights Advocacy Group Responds to BMG's Royalty Accounting Proposal" (Nov. 21, 2002).
17. Bill Holland, *Most Labels Mum on Royalty Reform*, Billboard, Dec. 14, 2002.
18. Chuck Philips, *Music Labels Urged to Revise Royalties*, L.A. Times, Dec. 3, 2002, at pt. 3, p. 1.
19. *Id.*
20. See Holland, *supra* note 17.
21. *Id.*
22. See press release, *supra* note 16; Holland, *supra* note 17.
23. *Id.*
24. See Holland, *supra* note 17.
25. Edna Gundersen, *Rights issue rocks the music world*, USA Today, Sept. 16, 2002, at 1D (quoting U.S. Senator Orrin Hatch).
26. Donald Passman, speech at the American Bar Association's Forum on the Entertainment and Sports Industries Annual Meeting (Oct. 19, 2001).
27. The interest groups should develop standards for auditing procedures to ensure uniform and fair audits.

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Facing the Music—The Evolving Role of Record Companies

By Valerie Kennedy

Record companies face an uncertain future in light of declining record sales and increasingly combative relationships with consumers over copyright infringement and technology issues. Earlier this year, the Recording Industry Association of America¹ (RIAA) brought a subpoena enforcement action² against Verizon Internet Services under section 512(h) of the Digital Millennium Copyright Act³ (DMCA). The action was initiated by the RIAA for the purpose of compelling Verizon to disclose the identity of a subscriber alleged to have illegally downloaded and distributed 600 copyrighted songs. Despite arguments by Verizon opposing the DMCA subpoena provision on constitutional grounds, including First Amendment privacy protections, the District Court upheld the RIAA's right to obtain the subscriber's identity. This past April, the RIAA continued its challenges against copyright infringement by suing four university students at Rensselaer Polytechnic Institute, Princeton University and Michigan Technological University for infringement violations stemming from the operation of Web sites on the campus networks at their respective schools that allowed free file sharing and downloading of music. The students settled out of court with the RIAA. Without question, these cases have issued a strong message to consumers about the continued strength of copyright law and legal ramifications of file sharing and the illegal downloading of music.

"It may take years for record companies to repair their relationship with consumers with respect to the purchase of music in traditional channels."

Yet the recent holding in the *Grokster*⁴ case indicates that the competitive balance that record companies once held in the marketplace as music content providers will continue to be compromised by the availability of software vendors to create, manufacture and distribute free file-sharing software to Internet users. Copyrighted music content has been the axis of the music business. As such, record companies have traditionally structured their promotional strategies and contractual relationships with artists in order to maximize revenues from the sales and licensing of master recordings in which companies have copyright interests. Companies attrib-

ute the downward trend in music sales to the erosion of their copyright interests by digital piracy, but the problem is much broader than that. The singular emphasis of record company music executives on linking their return on investment (ROI) in artists and music product to traditional retail sales is misguided in an increasingly segmented and entertainment-driven consumer marketplace. The integration of entertainment and advertising has become an influential force in consumer purchasing decisions. While it is important to maintain the integrity of companies' copyright interests in music, the industry must be willing to shift from a more retail driven business and contractual model, based on their traditional roles as music content providers, to a more integrated business model, incorporating their newer role in branding music artists and consumer products.

Cross-marketing deals, such as the high-profile Sony Music Entertainment ("Sony") and PepsiCo., Inc. ("Pepsi") alliance, demonstrate the expanded marketing influence of music product and music artists, such as Shakira and Britney Spears. Under the deal, Pepsi radio ads will preview songs by Sony acts and a series of Pepsi-sponsored television specials will feature Sony artists. In addition, co-branded point-of-purchase displays advertising Pepsi products and Sony CDs will be placed in non-traditional retail outlets. It may take years for record companies to repair their relationship with consumers with respect to the purchase of music in traditional channels. However, these consumers can contribute to companies' bottom lines through cross-marketing and revenue-sharing deals with corporate marketers and music artists featured in advertising campaigns aimed at non-traditional sales channels or promotional efforts, such as concert tours or television specials.

In particular, revenue-sharing, which was publicized most recently in the multimillion dollar recording contract between Robbie Williams and EMI Recording Music (EMI), provides a viable strategy for record companies seeking to benefit from the investment made by them in the promotion of music artists who prove to be influential in marketing and entertainment. Under his contract with EMI, Williams agreed to share a percentage of the profits generated by him from touring, publishing, merchandising and endorsements with EMI, in return for an advance estimated to be between \$75 million and \$125 million. Revenue-sharing agreements broaden the deal structure of the standard artist record-

ing agreement by making the ancillary revenues generated by artists from touring, merchandising and sponsorship a material deal term of contract negotiations. Historically, artists have only shared their revenue from these sources with their managers, whom they have relied upon for the development and identification of these opportunities. Yet, given the increasingly integral role that music tie-ins play in consumer advertising and the escalating amount of promotional dollars that it takes for a record company to “break in” an artist, it is tenable that companies would have an interest in minimizing their risk by linking their ROI in artists to broader revenue streams. While this would require companies to assume a larger role in the brand development and management of artists, the opportunity for recoupment and profit make revenue-sharing an appealing strategy for record companies scrambling for new strategies to offset their current difficulties.

“By shifting the focus from music retail sales to more integrated business opportunities with corporate allies and emerging artists, record companies can map a new financial future.”

Attorneys representing music clients have traditionally been relied upon by those clients to shop their “demo” recordings to record labels and to negotiate their recording contracts. However, as record companies begin to assume a more prominent role in identifying and managing business opportunities for new artists, and corporate marketers obtain value from linking their brands to music’s “next big thing,” it is inevitable that music attorneys will increasingly be placed in the position of negotiating ancillary revenue deals for clients in the context of recording agreement negotiations. More importantly, it is likely that these deals will, in fact, impact artist advances, royalty base-rate calculations, contract lengths and renewals, recording budgets and creative control issues. Furthermore, expertise in trademark issues may become a more integral factor in negotiating recording agreements with

revenue-sharing provisions, because artists will need more direction in how to control and protect their image and likeness in association with the ancillary opportunities that are the focus of those provisions.

Record companies have reached a critical crossroads. They can no longer maintain their value and profitability under their traditional business strategies. The essential role of record companies in the creation of music content and the corollary necessity of protecting companies’ copyright interests will continue to be an integral part of the music business. However, companies can reclaim their competitive balance in the marketplace against new technology and consumer apathy by identifying new strategic relationships and revenue opportunities. By shifting the focus from music retail sales to more integrated business opportunities with corporate allies and emerging artists, record companies can map a new financial future.

Endnotes

1. The Recording Industry Association of America (RIAA) is the trade association for the recording industry. The RIAA acts as the public policy and copyright enforcement arm for the record company industry. Association members include the five major record companies responsible for 90% of the music market in the United States: AOL Time Warner Inc.’s Warner Music, Bertelsmann AG’s BMG, EMI Recorded Music, Sony Corporation’s Sony Music Entertainment and Vivendi SA’s Universal Music Group.
2. *See In re Verizon Internet Services, Inc.*, Subpoena Enforcement Matter, 240 F. Supp. 2d 24 (D.D.C. 2003).
3. 17 U.S.C. § 512 (1998).
4. *MGM Studios v. Grokster, Ltd.*, 243 F. Supp. 2d 1073 (C.D. Cal. 2003).

Valerie Kennedy is an entertainment lawyer practicing in New York City. She is an honors graduate of Brown University and the University of North Carolina School of Law. She is also a former Capitol Hill staffer and lobbyist. Ms. Kennedy has a strong interest in law and business issues. In addition to advising clients on entertainment law-related matters, she provides entertainment clients counsel on new business and brand development. She may be reached via e-mail at valfken@aol.com.



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