

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

Our 20th Anniversary year of 2008 is shaping up to be an exciting year for EASL as we build on our past achievements.

The return engagement of the highly successful “Popcorn and Ethics” program with Mark Solomon made for a sold-out Spring Meeting at the Yale Club. The discussion was brisk and the ethical dilemmas raised were substantive. Many thanks to Tracey Greco, Joyce Dollinger, and all who worked to focus our



Kenneth Swezey

attention (and CLE credits) on the difficult issues we confront in our practices in the entertainment, art and sports law fields.

April and May were busy months with EASL co-sponsoring many successful events. The 12th Annual Fordham Sports Law Symposium, co-sponsored with Fordham Law School, featured keynote speaker John K. Mara, CEO of the New York Giants. It once again proved to deliver a forum for informative discussion of the most current and important legal issues in sports, including the latest on sports merchandising and memorabilia, financing and structuring acquisitions of sports teams and stadiums, and amateurism and the NCAA. In addition,

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the Copyright Society of the U.S.A. and EASL co-sponsored an excellent panel of experts who talked about the cutting-edge developments in music licensing on the Internet and emerging trends. The successful and exciting events over the last few months are only the beginning. We will have many important CLE and non-CLE events to look forward to in the months to come.

One of NYBSA's and EASL's priorities is pro bono, and our Pro Bono Committee is hard at work under the guidance of its steering committee, comprised of Elissa Hecker, Monica Pa, Christine Pepe, and Carol Steinberg. One of our Section's pro bono initiatives that were announced at the Annual Meeting this year is a collaboration with the Intellectual Property Section's Pro Bono Committee. The first of these joint pro bono activities is the Volunteer Lawyers for the Arts Clinic on Wednesday, August 27th from 4:00 to 7:00 p.m. If you are interested in participating, please make the effort to do so and sched-

ule your commitment with Elissa Hecker at eheckeresq@yahoo.com. (For those of our members who may not carry their own professional liability insurance, we now have obtained coverage through our Section for your participation in EASL pro bono activities.) If you can't be a part of the VLA Pro Bono Clinic, we hope you'll step forward when the next pro bono event is announced.

Our Fall Meeting will be held in October, our third year in conjunction with the CMJ Music Marathon & Film Festival. This year's CMJ Music Business Law Seminar will run during the day on Friday, October 24th, and I hope you will all save the date in your calendars.

Hope all of you find some time to relax over the summer, because we've got quite an action-packed Fall planned for EASL!

Kenneth Swezey

You're a New York State Bar Association member. You recognize the value and relevance of NYSBA membership.



For that, we say **thank you.**

The NYSBA leadership and staff extend thanks to you and our more than 74,000 members — from every state in our nation and 109 countries — for your membership support in 2008.

Your commitment as members has made NYSBA the largest voluntary state bar association in the country. You keep us vibrant and help make us a strong, effective voice for the profession.

Bernice K. Leber
President

Patricia K. Bucklin
Executive Director



**The New York State Bar Association
Entertainment, Arts and Sports Law Section**



CMJ08
OCTOBER 21-25 NEW YORK CITY
MUSIC MARATHON & FILM FESTIVAL

3rd Annual Music Business Law Seminar

at CMJ Music Marathon 2008

Friday, October 24, 2008

New York University, New York City

The program returns to explore the nitty-gritty legalese and music biz basics in this unpredictable Internet age. From discussing the current major issues related to music royalties to licensing music to social networking sites as well as delving into legal ethics in digital and wireless environments, the Music Business Law Seminar at CMJ Music Marathon offers insight into a wide range of critical topics for lawyers, industry power players, artists, and fans alike.

Presented by:

**The Entertainment, Arts and Sports Law Section
of the New York State Bar Association and CMJ Music Marathon**

For more information, updates
and pre-registration, please go
to:

www.nysba.org/easl

or

www.cmj.com/marathon

Questions? Please contact:

Lori Nicoll at lnicoll@nysba.org or 518.487.5563

For more details, visit our website at [www.nysba.org /EASL](http://www.nysba.org/EASL)

Editor's Note

This issue should provide you with some good summer reading. The topics are timely, interesting and wide-ranging. I am pleased to continue a series devoted to the fashion industry and the issues surrounding the proposed Design Piracy Prohibition Act. In addition, articles within this *Journal* cover such subjects as orphan works, information regarding a new percent-for-art law, issues regarding unlicensed general vending in New York City, and our music publishing column. The Law Student Initiative winning paper concerns authorship and collaboration in Hip-Hop.



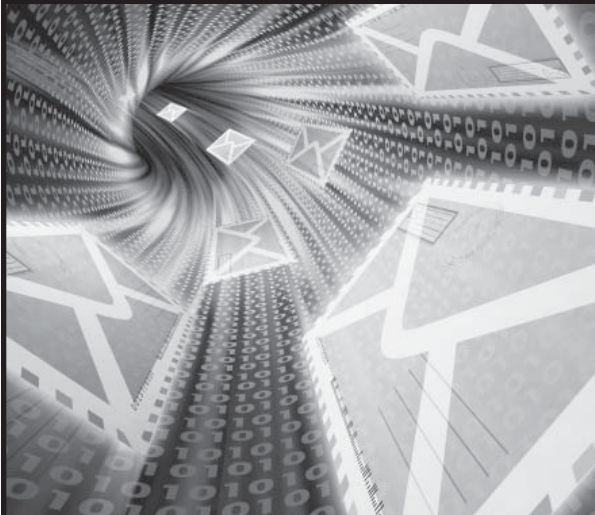
I hope you enjoy reading these pieces as much as I have, and that you have both a restful and productive summer.

THE NEXT *EASL JOURNAL* DEADLINE IS FRIDAY, SEPTEMBER 12, 2008.

Elissa D. Hecker of the Law Office of Elissa D. Hecker, located at 90 Quail Close, Irvington, NY 10533, practices in the fields of copyright, trademark and business law. Her clients encompass a large spectrum of the entertainment and corporate worlds. In addition to her private practice, Elissa is a Past Chair of the EASL Section. She is also Co-Chair and creator of EASL's Pro Bono Committee, and Editor of *Entertainment Litigation*. Elissa is member of the Board of Editors of the *NYSBA Journal* and a frequent author, lecturer and panelist, a member of the Copyright Society of the U.S.A (CSUSA) and a member of the Board of Editors for the *Journal of the CSUSA*. She is the recipient of the New York State Bar Association's 2005 Outstanding Young Lawyer Award. Elissa can be reached at (914) 478-0457 or via email at: EHeckerEsq@yahoo.com.

This issue also contains an interesting history of the recent case concerning Topps and James "Cool Papa" Bell, and an in-depth analysis of the Ninth Circuit Court of Appeals' new legal test for mixed-content websites. Finally, there is an informative article devoted to how the Workers' Compensation Law may apply to members of a person's entourage; an interesting explanation of Mexico's policies concerning taxation of athletes, artists and musicians; and a piece devoted to the litigious legacy of Dr. Albert C. Barnes.

Request for Articles



If you have written an article you would like considered for publication, or have an idea for one, please contact *Entertainment, Arts and Sports Law Journal* Editor:

Elissa D. Hecker, Esq.
90 Quail Close
Irvington, NY 10533
eheckeresq@yahoo.com

Articles should be submitted in electronic document format (pdfs are NOT acceptable), along with biographical information.

www.nysba.org/EASLJournal

Pro Bono Update

Our next clinic with VLA will take place on Wednesday, August 27th, from 4:00 to 7:00 p.m. (with 30-minute time slots). If you are interested in participating, please email the EASL Clinic coordinators directly (see below) with your contact information and time-slot preference. We will make our best attempts to accommodate your preferences.

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

Clinics

Elissa Hecker and Christine Pepe will be coordinating walk-in legal clinics among various organizations.

Elissa D. Hecker, echeckeresq@yahoo.com
Christine Pepe, cpepe@ascap.com

Litigations

Monica Pa will be coordinating pro bono litigations.

Monica Pa, monicapa@dwt.com

Speakers Bureau

Christine Pepe and Carol Steinberg will be collecting names of potential speakers, confirming their specialties and to what topics they can speak. They will also contact local schools, art schools and not-for-profit organizations to see if they are interested in speakers and if so, for what topics, then match appropriate speakers with the schools and organizations.

Christine Pepe, cpepe@ascap.com
Carol Steinberg, CS9@hpd.nyc.gov

Mentor Program

Elissa Hecker and Monica Pa will be coordinating the volunteer mentor/mentee program.

Elissa D. Hecker, echeckeresq@yahoo.com
Monica Pa, monicapa@dwt.com

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

A Pro Bono Opportunities Guide For Lawyers in New York State Now Online!



Looking to volunteer? This easy-to-use guide will help you find the right opportunity. You can search by county, by subject area, and by population served. A collaborative project of the Association of the Bar of the City of New York Fund, New York State Bar Association, Pro Bono Net, and Volunteers of Legal Service.

powered by **probono.net**



NEW YORK STATE
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You can find the Opportunities Guide on the Pro Bono Net Web site at www.probono.net/NY/volunteer, through the New York State Bar Association Web site at www.nysba.org/volunteer, through the Association of the Bar of the City of New York Web site at www.abcny.org/volunteer, and through the Volunteers of Legal Service Web site at www.volsprobono.org/volunteer.



VOLS
Volunteers of
Legal Service

The New York State Bar Association
Entertainment, Arts and Sports Law Section

Law Student Initiative Writing Contest

Congratulations to LSI winner

Jesse J. Fox of the Benjamin N. Cardozo School of Law for his article entitled:

“Authorship and Collaboration Issues in the Hip-Hop Industry,
as Exemplified by *Mills v. Cottrell*”

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

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

Requirements

- **Eligibility:** Open to all full-time and part-time J.D. candidates who are EASL Section members.
- **Form:** Include complete contact information; name, mailing address, law school, law school club/organization (if applicable), phone number and email address. There is no length requirement. Any notes must be

in *Bluebook* endnote form. An author’s blurb must also be included.

- **Deadline:** Submissions must be received by **Friday, September 12, 2008.**
- **Submissions:** Articles must be submitted via a Word email attachment to echeckerseq@yahoo.com or via mail to:

Elissa D. Hecker, Esq.
Editor, *EASL Journal*
90 Quail Close
Irvington, NY 10533

Topics

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

Judging

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

Winning submissions will be published in the *EASL Journal*. All winners will receive complimentary memberships to the EASL Section for the following year. In addition, the winning entrants will be featured in the *EASL Journal* and on our Web site, and all winners will be announced at the EASL Section Annual Meeting.

**Next *EASL Journal* Submission Deadline:
Friday, September 12, 2008**

The Phil Cowan Memorial/BMI Scholarship

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

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

The Competition

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

The paper should be twelve to fifteen pages in length, double-spaced and including footnotes, in *Bluebook* form. All papers should be submitted to designated faculty members of each respective law school. All law schools will screen the papers and submit the three best to EASL's Phil Cowan Memorial/BMI Scholarship Committee. The Committee will read the papers submitted and will select the Scholarship recipient(s).

Eligibility

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

Yearly Deadlines

November 15th: Law School Faculty liaison submits 3 best papers to the EASL/BMI Scholarship Committee

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

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

Prerogatives of EASL/BMI's Scholarship Committee

The Scholarship Committee is composed of the current Chair of EASL, all former EASL Chairs who are still active in the Section, all Section District Representatives, and any other interested member of the EASL Executive Committee. *Each winning paper will be published in the EASL Journal and will be made available to EASL members on the EASL Web site.* BMI reserves the right to post each winning paper on the BMI website, and to distribute copies of each winning paper

in all media. *The Scholarship Committee is willing to waive the right of first publication* so that students may simultaneously submit their papers to law journals or other school publications. 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 to award only one Scholarship or no Scholarship if it determines, in any given year that, respectively, only one paper, or no paper is sufficiently meritorious. All rights of dissemination of the papers by each of EASL and BMI are non-exclusive.

Payment of Monies

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

Donations

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

About BMI

BMI is an American performing-rights organization that represents approximately 350,000 songwriters, composers and music publishers in all genres of music. The non-profit company, founded in 1940, collects license fees on behalf of those American creators it represents, as well as thousands of creators from around the world who chose BMI for representation in the United States. The license fees BMI collects for the "public performances" of its repertoire of approximately 4.5 million compositions are then distributed as royalties to BMI-member writers, composers and copyright holders.

About the New York State Bar Association / EASL

The 74,000-member New York State Bar Association is the official statewide organization of lawyers in New York and the largest voluntary state bar association in the nation. Founded in 1876, NYSBA programs and activities have continuously served the public and improved the justice system for more than 125 years.

The more than 1,700 members of the Entertainment, Arts and Sports Law Section of the NYSBA represent varied interests, including headline stories, matters debated in Congress, and issues ruled upon by the courts today. The EASL Section provides substantive case law, forums for discussion, debate and information-sharing, pro bono opportunities, and access to unique resources including its popular publication, the *EASL Journal*.

NYSBA Guidelines for Obtaining MCLE Credit for Writing

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

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

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

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

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

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

**Get CLE Credit:
Write for the *EASL Journal!***

Orphan Works Relief—Pending Copyright Legislation

By Joel L. Hecker

The United States Constitution grants a limited monopoly to copyright owners to control the reproduction, distribution, display and public performance of their copyrighted works. Therefore, a user of copyrighted works runs the risk of copyright infringement if such use is without the consent of the copyright owner.

As a result, there is a whole body of work known as “Orphan Works,” which is not readily accessible to the public. The term “Orphan Works” is defined as a work that is protected by copyright but whose copyright owner cannot be identified and located.

Copyright Office Report

In 2004, Congress requested that the Copyright Office study this issue. In response, the Copyright Office held three days of public hearings across the country, received over 850 written comments, and met informally with various interested organizations to explore specific issues raised. It released its comprehensive Report on Orphan Works on January 31, 2006 consisting of over 200 pages including appendices (the “Copyright Office Report”).¹

The Copyright Office Report conclusions can be summarized as finding that the Orphan Works problem is real; it is elusive to qualify and describe comprehensively; some situations may be addressed by existing copyright law but many are not; and that legislation is necessary to provide a meaningful solution to the Orphan Works problem as we know it today.

The Copyright Office drafted a proposed bill that was attached to the Copyright Office Report.² The proposed bill engendered much discussion and opposition.

The Failed 2006 Orphan Works Legislation

Congress acted upon the conclusions and recommendations of the Copyright Office Report and in 2006 introduced Orphan Works legislation. Congressional hearings followed with all sides weighing in on what were considered as real and perceived problems, especially from the perspective of copyright creators. Since the problems stemming from the proposed bill as drafted were real and not readily surmountable within the existing legislative framework, the proposed bill never made it out of Committee.

The 2008 Orphan Works Legislation

With the benefit of hindsight, additional comments from interested parties, and discussions among Congress-

sional staff members and those with an interest in Orphan Works, in March 2008 a 19-page bill was filed in the Senate³ and a 20-page bill was filed in the House of Representatives.⁴ Both bills were substantially similar.⁵

Most of the changes from the 2006 bill relate to what are considered as improvements protecting photographers and other visual artists whose work constitute the bulk of the existing Orphan Works.

“The Copyright Office Report conclusions can be summarized as finding that the Orphan Works problem is real . . . and that legislation is necessary to provide a meaningful solution to the Orphan Works problem as we know it today.”

Overview

The overriding concept of both bills is that a potential user of an Orphan Work must identify the Work, conduct a good-faith diligent search for the copyright owner, and failing to find the owner, file a notice of use with the Copyright Office prior to using the Orphan Work. If the copyright owner surfaces and makes a claim, the user must negotiate in good faith to pay “reasonable compensation.” If the user complies with all of the statutory requests, the user’s maximum liability is such reasonable compensation.

Of course, if the diligent search uncovers the copyright owner, then the work is no longer an Orphan Work, and any use without the copyright owner’s consent would presumably constitute willful copyright infringement.

In addition, the bills clearly state that all existing defenses, including fair use, are not affected by the legislation. As a result, an otherwise permitted use would not fall within the pending legislation. This provision is likely to be retained in any final bill.

What Is a “Good-Faith Diligent Search?”

There is no specific definition in either bill of “good faith” or “diligent search,” although there are guidelines and procedures set forth. In the final analysis, it is left to the courts to determine compliance on a case-by-case basis. It is unlikely that any clearer definition will make it into any bill at this stage, given the difficulty of arriving at a definition acceptable to the interested parties.

Filing Requirements

The user must file a notice of use with the Copyright Office. The notice must certify that a good-faith diligent search was made, describe the work, contain a summary of the diligent search conducted, list all identifying information discovered during the search, list the name of the user and the description of the intended uses.

The Copyright Office is required to establish and maintain an archive to house these notices and make them available to the public. If the user does not file this notice before the use is made, the user is not eligible to receive the benefits of the limitations on liability. This section will probably undergo amendment as the Copyright Office weighs in on the obligations it will incur.

Reasonable Compensation

If the copyright owner makes a claim, the user must negotiate reasonable compensation for the use in good faith, and if an agreement is reached with the copyright owner, the user must make payment within a reasonable amount of time. If negotiations are not successful, then the user must make a reasonable offer or have a court determine the compensation. Failure to adhere to these requirements will result in the user not being eligible for the Orphan Works limitations on liability and remedies.

Non-Profit "Safe Harbor"

Non-profit educational institutions, museums, libraries and archives, and public broadcasters are exempt from any liability if the use is made without purpose of commercial advantage; is primarily for educational, religious or charitable purposes; and the user promptly ceases use of the Orphan Work after the copyright owner comes forward. In any event, the copyright owner is entitled to any proceeds the user received that are directly attributable to the infringing use.

Use Requirements

The actual use of the Orphan Work must include the copyright symbol or notice as prescribed by the Copyright Office.

Useful Articles

The House of Representatives bill and the current amended Senate bill both exclude useful articles such as mugs, key chains, and clothing from Orphan Work status.

Effective Date

The effective date for visual artwork is the earliest of the date the Copyright Office certifies independent image databases or January 1, 2013. (What constitutes an independent database and how many will be required are still

in contention.) For all other Orphan Works, the effective date would be January 1, 2009.

Databases

Databases are to be set up to facilitate the search for pictorial, graphic and sculptural works. They must, at least under the present language of the proposed bills, contain name and contact information for the author, and copyright owner if different, title of work, copy of visual imagery or a description sufficient to describe the work, mechanisms to allow search and identification by both text and image, as well as security measures to protect against unauthorized access or copying.

"[T]his of course is an election year, with the entire House and one-third of the Senate up for election—or re-election, as the case may be. There are not many effective working days left for the current Congress. . . . Therefore, . . . an Orphan Work bill may not become law this year."

Additional Study Directives

The bills direct the Copyright Office to study alternative remedies for small copyright claims and to report back to Congress. The bills also direct the Comptroller General to study the functions of the deposit requirement in copyright registration. These reports are due within two years.

Existing Laws

These bills are the result of extensive work by interested parties on all sides of the issues, and the perceived need to enact a comprehensive remedy to the Orphan Works problem. However, this of course is an election year, with the entire House and one-third of the Senate up for election—or re-election, as the case may be. There are not many effective working days left for the current Congress. Therefore, since both bills must be processed through Committee, then considered by the full House and Senate, and then reconciled at a conference into one law for submission to the President for his signature, an Orphan Work bill may not become law this year.

If one of these bills does become law, however modified or amended, it is all but certain that a new industry will be born—independent researchers who, for a fee, will undertake the required due diligent searches, and maintain the necessary private databases. Whether the cost of adhering to any final bill's requirements will outweigh the benefits of limiting or eliminating copyright infringement liability remains for another day.

Endnotes

1. The Copyright Office Comprehensive Report on Orphan Works is available at www.copyright.gov.
2. The Copyright Office's proposed bill appears on page 127 of the Copyright Office Report.
3. The House of Representatives Bill H.R. 5889, 110th Congress, 2d Session.
4. Senate Bill S. 2913, 110th Congress, 2d Session.
5. The Senate Bill is, as of the date of this article, in Committee with proposed amendments being considered. Therefore, although the structure of both the House and the Senate bills currently remain similar, important differences may very well appear in any final versions that reach the House or Senate for a full vote.

Joel L. Hecker, Of Counsel to Russo & Burke, 600 Third Avenue, New York, NY 10016, practices in every aspect of photography and visual arts law, including copyright, licensing, publishing contracts, privacy rights, litigation and other intellectual property issues. He acts as general counsel to the hundreds of professional photographers, stock-photo agencies, graphic artists and other photography and content-related businesses he represents nationwide and abroad. He has participated on legal panels and symposiums at the New York City Bar Association ("Who Owns This Image? Art, Access, and the Public Domain after *Bridge v. Corel*," April 2008 and "Current Developments in

Copyright Law 2007," May 2007); the New York State Bar Association's Entertainment, Arts and Sports Law Section ("Copyright and Trademark—Does DASTAR Spell Disaster for Artists' Rights?" October 2004); St. John's University School of Law in New York City ("Copyright Issues," October 2003); Case Western Reserve School of Law in Cleveland ("Contracting and the Rights of Photographers," Spring 2003); and The Copyright Society of the U.S.A. (various). He also lectures and writes extensively on issues of concern to these industries, including his monthly column "You And the Law" in *PhotoStockNotes*, his column "The Law" in *The Picture Professional Magazine*, and articles in the New York Bar Association *Journal*, and The New York State Bar Association's *Entertainment, Arts and Sports Law Journal*. He is Chair of the Copyright and Literary Property Committee of the New York City Bar Association, a member of the Entertainment, Arts and Sports Law Section of the New York State Bar Association, and a longtime member and past Trustee of the Copyright Society of the U.S.A. He can be reached at (212) 557-9600, fax (212) 557-9610, website www.RussoandBurke.com, or via email: HeckerEsq@aol.com. Specific references to his articles and lectures, including those below, may be located through internet search engines under the keywords: "Joel L. Hecker."

NEW YORK STATE BAR ASSOCIATION

Save the Dates

NYSBA

Annual Meeting

January 26–31, 2009

**New York Marriott Marquis
New York City**

A New Percent for Art Law

By Gary M. Schuster

The city of Newburgh, New York recently enacted a percent for art law.¹ There are some 400 such laws in effect throughout the nation, some on the county level, and some on more local levels. Typically, these laws provide that one percent of the budget of public construction projects must be devoted to the installation of a work of public art at or near the site of such construction. The Newburgh law is notable for two features which are uncommon and rather creative.

“Typically, these [percent for art] laws provide that one percent of the budget of public construction projects must be devoted to the installation of a work of public art at or near the site of such construction.”

First, the universe of potential projects was expanded by covering projects which are undertaken by a private developer on land, part or all of which was directly conveyed, leased or licensed by the city to such developer. The inclusion of projects by private parties, because their land came from the city, is a significant change from more typical percent for art laws.

In Newburgh this is particularly significant, because over the years the city has acquired many properties through tax foreclosures. As these properties are sold to private owners and renovated, many will be subject to the percent for art law. Many will not be, as the law is not applicable to private residential dwellings not exceeding four units. Therefore, the law applies only where capital cost of the work to be done equals or exceeds \$250,000.

In addition, there are several major projects underway in Newburgh including converting an old school into

a courthouse, significantly expanding a SUNY satellite campus, and developing a long-vacant parcel of some 30 acres just yards from the Hudson River. These projects are expected to yield significant sums for public art. However, it will not be millions of dollars. The statute provides for a per-project cap of \$100,000.

The second notable twist on the usual percent for art law is that under the Newburgh statute, only 70 percent of the amount collected from a project is to be used for public art at that project. The remaining 30 percent goes into a general fund devoted to public art projects and will be used to finance public art projects elsewhere in the city. This will enable public art to be spread around the city regardless of where the capital projects are located. More particularly, it is the intention to bring the benefits of public art projects to blighted areas of the city even though the projects that generate the funds may be undertaken in more favored areas. The Newburgh Arts and Cultural Commission will make recommendations for such projects, subject to approval by the City Council.

Endnote

1. The full text of the statute and related materials may be found at www.newburgh-ny.com/arts/acc-percent.htm.

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The Art of Unlicensed General Vending: A Discussion of the New York City Administrative Code § 20-453

By Ryan Malkin

Summer in the city. Sidewalks are packed with vendors peddling everything from sunglasses to cell-phone cases, all with Department of Consumer Affairs licenses in plain view. Then there are “artists” adding tourists’ names to pre-printed images of Winnie-the-Pooh or Superman. Yet no Department of Consumer Affairs licenses hang from their necks. “Artists” are not required to obtain a vendors license. Rather, the artwork and the right to sell it on the street receive First Amendment protection. Yet what “art” should receive such protection? There is certainly a fine line. Are police officers walking their beats in a position to decide who is an artist and who is a vendor? After all, that is exactly what New York City’s Administrative Code asks NYPD officers to do.

Background

The New York City Administrative Code § 20-453 prohibits vendors from selling merchandise without obtaining a license from the New York City Department of Consumer Affairs. Violators of the Administrative Code can be prosecuted by a “fine of not less than \$250 nor more than \$1,000, or by imprisonment of no more than three months, or both.”¹ All vendors must also carry a license at all times and show it to police officers “upon demand.”²

Administrative Code § 20-453 provides the following:

It shall be unlawful for any individual to act as a general vendor without having first obtained a license . . . except that it shall be lawful for a general vendor who hawks, peddles, sells or offers to sell, at retail, only newspapers, periodicals, books, pamphlets or other similar written matter, but no other items required to be licensed by any other provision of this code, to vend such without obtaining a license therefor.

A general vendor is defined as “a person who hawks, peddles, sells, leases or offers to sell or lease, at retail, goods or services, including newspapers, periodicals, books, pamphlets or other similar written matter in a public space.”³ A public space is defined as

all publicly owned property between the property lines on a street as such property lines are shown on the City Record

including but not limited to a park, plaza, roadway, shoulder, tree space, sidewalk or parking space between such property lines. It shall also include, but not be limited to, publicly owned or leased land, buildings, piers, wharfs, stadiums and terminals.⁴

Currently, the Administrative Code restricts the number of general vendor licenses available to the number of licenses that were in effect on September 1, 1979.⁵ That number: 853.⁶ Naturally, there are exceptions. For example, honorably discharged members of the armed forces, war veterans or those who served overseas are exempt.⁷ As is clear from the statute, also exempt are those selling “newspapers, periodicals, pamphlets or other similar written matter.”⁸

With licenses restricted to 853, it is certainly difficult, if not impossible, for new vendors to obtain a license. “A 500 to 5,000 person waiting list makes . . . prospects of securing a license apparently nonexistent.”⁹ In fact, just “15 percent of the 853 licenses become available [each year] due to [a] previous holders’ failure to renew, [and that is] the only way in which a license becomes available.”¹⁰ Of course, the rationale behind the legislation in New York City is to allow for free movement on the sidewalks. Specifically:

the public health, safety and welfare are threatened by the unfettered use of city streets for commercial activity by unlicensed, and therefore, illegal general vendors. . . . The practice of selling their wares on the most congested streets of the City impedes the flow of pedestrian traffic, causing the overflow of traffic and, at worst, it creates the potential for tragedy.¹¹

Case Law

In 1994, the artist advocacy group Artists for the Creative Expression on the Sidewalks of New York commenced an action against the City of New York, specifically targeting the Administrative Code section requiring vendors to obtain a license before displaying and peddling artwork.¹² Appellants were a group of individual artists—painters, photographers, sculptors—who claimed to have been “arrested, threatened with arrest or harassed

by law enforcement for attempting to display and sell their creations” on the streets of New York without a general vendor license.¹³

To combat the First Amendment argument, the City suggested that the Administrative Code section did not restrict artists’ ability to display their work for all to see. Rather, “appellants [were] free to display their artwork publicly without a license, they simply [could] not sell it.”¹⁴ However, the court disagreed, stating that “the sale of protected materials is also protected.”¹⁵ The rationale? Artists, like a “speaker’s rights are not lost merely because compensation is received; a speaker is no less a speaker because he or she is paid to speak.”¹⁶ The court went on to state that artists would not have “engaged in the protected expressive activity” without compensation.¹⁷ The court implies, then, that displaying artwork on the streets has a commercial motive. In sum, artists would not display their work if compensation was not, hopefully, forthcoming.

The City’s other argument: Vendors have alternative channels for expression.¹⁸ The City argued that the artists could peddle their wares from “homes or seek permission to display it in restaurants and street fairs.”¹⁹ The court disagreed:

Displaying art on the street has a different expressive purpose than gallery or museum shows; it reaches people who might not choose to go into a gallery or museum . . . the public display of artwork is a form of communication between the artist and the public not possible in the enclosed, separated spaces of galleries and museums.²⁰

The court went on to distinguish painting, photography, prints and sculptures from jewelry makers, potters and silversmiths.²¹ The court even stated that “paintings, photographs, prints and sculptures . . . always communicate some idea or concept.”²² Therefore, the court stated that such works were worthy of First Amendment protection. The court held that requiring a license “constitutes an unconstitutional infringement on [the artists’] First Amendment rights.”²³ Furthermore, the City agreed not to enforce Administrative Code § 20-453 against “any person who hawks, peddles, sells, leases or offers to sell or lease, at retail, any paintings, photographs, prints and/or sculpture, either exclusively or in conjunction with newspapers, periodicals, books, pamphlets or other similar written matter, in a public space.”²⁴

In doing so, the court allowed for some “artists” to sell their wares without a license, while others did not receive automatic protection. Is selling a stock photograph of the Statue of Liberty any more art than a hand-crafted pot so beautiful you would not dare to use it? Of course,

that begs the question what is art. At least the *Bery* decision outlined specific mediums receiving protection, allowing police officers to have a clearer line as to who does not need a general vendor license. The problem, though, is that if the artwork does not fit nicely into one of these prescribed boxes, the police officers must then use their discretion to determine whether the item is or is not art. The court admits as such, stating that the distinction will “prove[] difficult at times.”²⁵

Then in 2006, the Second Circuit decided the case of *Mastrovincenzo v. City of New York*.²⁶ Here, the plaintiffs were “trained freelance artists” who displayed their “art” on hats and other clothing.²⁷ The plaintiffs’ hats and shirts were described as “graffiti style” that had a “highly stylized typography, iconography, and pictorial representation . . . [using] varying combinations of oil paints, spray paints, markers, and permanent paint pens.”²⁸ Like an artist applying paint to canvases, the plaintiffs argued that the hats and shirts were their canvases.²⁹ Presumably realizing that the law at the time did not protect their “art,” the plaintiffs even applied for general vendor licenses before hitting the streets without one.³⁰ However, in 2002, their applications were denied.³¹

In *Bery*, the court outlined very specific categories which trigger First Amendment protection: paintings, photographs, prints and sculptures.³² Hats and shirts with graffiti certainly did not fit nicely into one of those prescribed boxes. Rather, the plaintiffs’ goods fell within the category of “potentially expressive” goods.³³ Since the goods do not fit the specific *Bery* categories, the district court suggested a “case-by-case evaluation[] to determine whether the work is sufficiently expressive.”³⁴ Ultimately, the court was required to distinguish between what is “expressive merchandise” and what is merely a “commercial good[].”³⁵ Realizing that almost everything could, theoretically, have some expressive or communicative element, the court applied a test that was as “straightforward” as possible.³⁶ The court recognized that the real decision makers when it comes to unlicensed general vendor arrests are the police officers patrolling the streets. After all, “we live in the real world, with law enforcement decisions being made by policeman on the beat.”³⁷ However, no clear guidelines for use in the streets were handed down by the court.

To deal with the issue of whether the goods should be afforded First Amendment protection, the court outlined a test. First, the court stated that it must determine “whether the sale of plaintiffs’ goods is *presumptively* entitled to First Amendment protection, or more precisely, whether the expressive capacity of plaintiffs’ goods is such that we automatically apply First Amendment scrutiny to regulations that restrict their sale or dissemination.”³⁸

Once it is determined that an item possesses expressive elements, next is to “consider whether that item also has a common non-expressive purpose or utility.”³⁹ The court then stated that items having a non-expressive purpose, including clothing or other such products, are “likely to possess only marginally expressive content,” so the court should have greater “skepticism in designating such items as ‘expressive merchandise.’”⁴⁰ Quick not to rule out such items altogether, if an item has some “common non-expressive purpose, a court should then determine whether that non-expressive purpose is dominant or not.”⁴¹ Then, if an “object’s dominant purpose is expressive, the vendor of such an object has a stronger claim to protection under the First Amendment; conversely, where an object has a dominant non-expressive purpose, it will be classified as a ‘mere commercial good[,]’ the sale of which likely falls outside the scope of the First Amendment.”⁴²

Here, the court determined that the hats did have an “expressive or communicative element,” but also “non-expressive purposes—namely, shielding the eyes and head from the sun, calming and controlling unruly hair.”⁴³ Following its test, the court moved on to determine whether the clothing was dominantly expressive. The court said that the hats did have a “predominately expressive purpose.”⁴⁴ After all, the hats were decorated with words like “Boston,” “Unique” and “Uptown.”⁴⁵ The court stated that the “non-expressive uses [were] secondary to the items’ expressive or communicative characteristics.”⁴⁶ Some factors suggested for future determinations include “whether an artist’s stated ‘motivation for producing and selling [an] item’ is his desire to communicate ideas” and “whether a vendor (if different from the artist) purports, through the sale of goods, to be engaging in an act of self-expression rather than a mere commercial transaction.”⁴⁷ It should be noted, though, that one of the artists stated his hats were “both an important means of personal expression and [his] primary source of income.”⁴⁸ That said, this test and rationale does not truly assist the police officers in the streets the court was seeking to assist. How is a police officer to know that these particular hats had a “predominately expressive purpose?”⁴⁹

The court went on to consider whether the statute violated the plaintiffs’ First Amendment rights.⁵⁰ To do so, the court determined whether the statute was “content-based or content-neutral” and whether the statute could “withstand the corresponding First Amendment scrutiny.”⁵¹ Ultimately, the court held that the statute survived intermediate scrutiny as it was a valid “time, place or manner” restriction that, “while perhaps not the least speech-restrictive means available, is narrowly tailored and leaves regulated parties with ‘ample alternative channels’ of communication.”⁵²

With similar facts as *Mastrovincenzo*, the defendant in *People v. Jerome Armour*⁵³ was arrested for selling hats on the street without a vendor’s license. The defendant argued he did not need a license because his hats were “sculptured artwork.”⁵⁴ When the arresting officer took the stand, he testified he was indeed familiar with the artist exemption from the general vendor’s license requirement.⁵⁵ The arresting officer, however, determined that the hats should not be covered by the exemption.⁵⁶ Here, the First Department determined that

while some of the hats may have reflected stylistic variations and contained aesthetically pleasing patterns designed by defendant . . . they were not sufficiently linked to some “depiction of ideas, concepts and emotions” so as to be entitled to First Amendment protection and to qualify as “objects of art” exempt from the general vending licensing requirements.⁵⁷

This clearly indicates the difficulty police officers face on a day-to-day basis in applying the law as it exists today. *Mastrovincenzo* may provide lower courts with some direction, but this is only after an arrest has been made. The problem: The defendant in *Armour* could sell his hats right next to the “artist” in *Mastrovincenzo* and only one arrest should be made.

Recently, a defendant was arrested in Manhattan for selling four-by-four rectangular pieces of ceramic with various photos of Marilyn Monroe, sports arenas and the like embossed on the top.⁵⁸ Although the court refused to call them coasters, the items certainly looked like coasters. Nonetheless, the defendant moved to dismiss the complaint for facial insufficiency on First Amendment grounds.⁵⁹ In its determination, the court looked at whether the items have a “purpose that is exclusively expressive” and therefore afforded First Amendment protection.⁶⁰ The court stated that the tiles were not “readily suitable for use as coasters, or for any other practical commonplace purpose.”⁶¹

However, the items certainly appear mass-produced and not created by this specific defendant. Rather, when taking a walk down Canal Street, one will find several vendors selling these exact same goods. Are all of them “expressing” themselves or are they engaged in a purely commercial act? Nonetheless, the court dismissed the complaint for facial insufficiency.⁶² Despite the recent case law, we seem no closer to having a clear standard of determining what is and what is not art, or determining who should and should not be arrested for vending on the streets without a license. For now, police officers will continue to use their discretion, leaving it up to defendants to make arguments that they should receive such protection after the fact.

Endnotes

1. New York City Administrative Code § 20-472.
2. New York City Administrative Code § 20-461.
3. New York City Administrative Code § 20-452(b).
4. New York City Administrative Code § 20-452(d).
5. New York City Administrative Code § 20-459(a).
6. *Mastrovincenzo v. City of New York*, 453 F.3d 78, 83 (2d Cir. 2006).
7. New York State General Business Law § 32(1).
8. N.Y.C Administrative Code § 20-453.
9. *Bery v. City of New York*, 97 F.3d 689, 697 (2d Cir. 1996).
10. *Id.* at 697, citing Joint Appendix at 221.
11. New York City Local Law 40/1988 Sec. 1. *See also Mastrovincenzo v. City of New York*, Decision and Order, 03 Civ. 412 (S.D.N.Y, 2004).
12. *Bery v. City of New York*, 97 F.3d 689, 691 (1996).
13. *Id.* at 691.
14. *Id.*
15. *Id.* *See also Lakewood v. Plain Dealer Pub. Co.*, 486 U.S. 750, 756, n.5 & 768, 108 S. Ct 2138, 2143 n. 5 & 2150, 100 L.Ed.2d 771 (1988).
16. *Id.*, citing *Riley v. Nat'l Fed'n of Blind of North Carolina*, 487 U.S. 781, 801, 108 S. Ct. 2667, 2680, 101 L. Ed.2d 669 (1988).
17. *Id.*
18. *Id.* at 698.
19. *Id.*
20. *Id.*
21. *Id.*
22. *Id.*
23. *Id.*
24. *See Mastrovincenzo v. City of New York*, 435 F.3d 78, 86 (2d Cir, 2006), citing *Bery v. City of New York*, No 94 Civ. 4253 (MGC) (S.D.N.Y Oct 30, 1997).
25. *Id.*
26. *Mastrovincenzo v. City of New York*, 453 F.3d 78 (2d Cir. 2006).
27. *See Mastrovincenzo*, 313 F. Supp. 2d at 283.
28. *Id.*
29. *Id.*
30. *Id.*
31. *Id.*
32. *Id.*; *see also Bery* at 696.
33. *Id.*
34. *Id.*, citing *Mastrovincenzo v. City of New York*, 313 F. Supp. 2d at 289.
35. *Id.*
36. *Id.* at 95.
37. *Id.*
38. *Id.* at 93.
39. *Id.*
40. *Id.*
41. *Id.*
42. *Id.*, citing *Mastrovincenzo*, 313 F. Supp. 2d at 285.
43. *Id.* at 96.
44. *Id.*
45. *Id.*
46. *Id.*
47. *Id.* at 97–98.
48. *Id.*, citing Declaration of Kevin Santos at 21.
49. *Id.*
50. *Id.*
51. *Id.*
52. *Id.* at 100.
53. *People v. Jerome Armour*, 10 Misc. 3d 141A (1st Dep't 2006).
54. *Id.*
55. Trial record at 26.
56. *Id.*
57. *People v. Armour*, 10 Misc. 3d 141A (1st Dep't, 2006), citing *Bery* at 695.
58. *People v. Chen*, 2008 WL 795756 (2008).
59. *Id.*
60. *Id.*
61. *Id.*
62. *Id.*

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That Sync-ing Feeling

By Keith C. Hauprich and Dan Coleman

Keith C. Hauprich (KH): We've discussed in previous columns that there is an ebb and flow to the various music publishing revenue streams. That is, certain sources of income become far more important as our business evolves.

Dan Coleman (DC): In recent years, synchronization fees from film and TV uses have been increasingly coveted. A sync use implies several favorable components for the music publisher: (1) an upfront, directly negotiated payment for the license, (2) a future revenue stream from performing rights royalties related to the use, and last but certainly not least, (3) the publicity generated from the context.

KH: It seems to me we should point out that many music-based companies, including labels and publishers, are bulking up their A&R/Creative Services teams despite the morose forecast for our industry. Such additions have primarily served two purposes. The first, to pitch content for use by the film, television and video-game communities. The second, to discover and sign up and coming artists and composers whose sound and/or writing ability are "sync friendly."

I don't think that there are too many secrets to reveal about synchronization licenses in the U.S. Are there any challenges when these licenses are issued outside the U.S. or throughout the world including the U.S.?

DC: How publishers administer sync rights is a complex issue, because there is no consistent business practice that can be applied internationally.

The basic problem with defining synchronization rights globally is that they constitute a hybrid of rights under copyright that our domestic case law and business practices have evolved to recognize, but that are conceptualized differently in different territories. With the help of some wonderful independent publisher colleagues, I've been able to distinguish the salient differences in certain countries.

Halit Uman, the owner of Parisian music publishing company Halit Music, points out that French intellectual property law does not recognize a "synchronization right." Halit explains that, in the case of cinematic uses, the synchronization of music to the audiovisual imagery is considered a species of mechanical right that the French collective rights society (SACEM) has excluded from licensing. The effect is that publishers can negotiate directly with film producers.

All of my ex-U.S. colleagues pointed out that *commercial advertisements* are the one context where sync clear-

ances most closely resemble U.S.A. business practices: The license must be granted directly by the administrator of the copyright.

Geoff Paynter, of Gallo Music Publishers in South Africa, points out that if a show features prominent commercial sponsorship (such as an on-screen logo), it would fall outside the realm of a blanket license and require a direct synchronization agreement. This does not preclude a copyright owner from assigning the negotiating task to an agent, of course, and in some territories the agent may be a collective copyright society (e.g., CMRRA in Canada).

That said, in some territories (such as Australia) a TV network's own promos might not require a separate sync fee (it would be covered under the blanket license with APRA) whereas in many territories, the fact that it is an advertisement would qualify it for a separate fee. Outside of commercials, the treatment of sync rights is subject to territorial nuances. For example, it is customary in many territories for mechanicals to be paid on audiovisual products (such as DVDs) and sync "buyouts" are uncommon or prohibited.

There is also a right to receive a "broadcast mechanical" royalty (a.k.a. "mechanical performance," or "fixation fee") in many territories, in consideration of ephemeral "cart" copies containing copyrighted music used for broadcast purposes. The broadcast mechanical can be seen as offsetting the lack of a specific sync fee in certain cases.

One important area is the extent to which TV networks in many countries are the de facto *producer* of content (as opposed to merely the distributor). This distinction means that a broadcast network's sync use of a song as background music to a drama it produced would fall under its blanket license with the applicable society. If the drama were distributed in home-video format, then a separate mechanical would be paid.

KH: Far less complex but no less challenging are situations where a publisher owns, administers and/or controls less than 100 percent of the rights in and to a musical composition throughout the world. For example, one publisher may control the composition within the United States and Canada and another publisher may control the same composition throughout the world excluding the United States and Canada.

Rather than letting too many moving parts (or publishers) get in the way, there is a means to minimize the disruption of licensing caused by having multiple publishers.

A publisher would be wise to include a version of the following provision within its agreement with the underlying copyright owner:

Notwithstanding anything contained herein, solely for purposes of any particular nonexclusive synchronization license for worldwide rights that is reasonably necessary for synchronization uses originating in the Territory (i.e., for a territory that is less than the world), "Territory" shall mean the world, except: that as to any and all residual or ancillary income incidental to such use beyond the overall so-called "synchronization fee" that is more readily divisible by country (e.g., public performances from broadcast of the applicable audiovisual work where such performances are paid by the various societies in each country of the world, mechanical royalties in connection with any soundtrack album release pursuant to individual licenses in each country of the world, etc.), (i) Publisher shall only be entitled to collect such ancillary or residual income earned in the Territory; and (ii) the underlying copyright owner and/or its third-party publisher/administrator shall only be entitled to collect such ancillary or residual income earned outside the Territory. Moreover, notwithstanding anything contained herein, Publisher acknowledges and agrees that the underlying copyright owner and/or its third-party publisher/administrator shall have rights, on a reciprocal basis on same terms as Publisher for synchronization uses originating outside the Territory.

DC: Along with territorial complexities come technological ones. Only a few years ago, a synchronization "buyout" meant all cinema, TV and home video. Lately, many prospective licensees hope to stay ahead of the curve by asking for synchronization in "all media now known or hereafter devised" right away, rather than risk having to return to the copyright licensor when they start implanting chips containing movies into consumers' brains (. . . *free with your purchase of a large cappuccino!*). Publishers can protect themselves by inserting what has come to be known as "linear-only" language:

Any and all media containing the use licensed by this agreement must embody the program substantially as generally released (which for this purpose shall be deemed to include so-called "direc-

tor's cut(s)," advertisements permitted herein, versions adapted for the visually or hearing impaired, or other similarly altered versions), and the viewer must not be invited to manipulate the images and/or audio program material in a non-linear progression. For the purpose of this agreement, the inclusion of expository material, so-called "chapter stops," or other addressable locator codes of any kind on the applicable storage device will not be deemed to constitute non-linear manipulation.

KH: As Internet-connected set-top boxes bring the Internet experience into our living rooms, mobile devices blur the line between platforms, and technology increases the capacity for content to be delivered quickly and without compromising quality, it would seem that our appetite for audiovisual entertainment is at an all-time high. Given such rate of consumption, the potential for growth and the inalienable link between films, television and videogames and music, synchronization income may some day rival the time-tested bottom-line drivers of mechanical income and public-performance income. Only time (and a really good auditor) will tell. . .

Keith C. Hauprich is the father of three beautiful daughters, Ashleigh, Mackenna and Amber. He also happens to be the Vice President, Business & Legal Affairs for Cherry Lane Music Publishing Company, Inc., one of the world's leading independent music publishers, where he serves as in-house counsel and is responsible for all legal matters.

Dan Coleman (Managing Partner of "A" Side Music, LLC) was born in New York City and educated at the University of Pennsylvania and The Julliard School. His original concert music has been commissioned, performed, and recorded by leading American symphonies and chamber ensembles. Dan has composed string arrangements for popular albums on the Geffen, A&M, and Atlantic record labels, including projects by Lisa Loeb and Calexico. In 2001, Dan served as an orchestrator for David Mamet's caper film *Heist*. In 1999, Dan entered the music publishing business as the administrator for R&B songwriter John Legend's nascent catalog. Currently Dan administers "A" Side's roster of musical luminaries, including Rock and Roll Hall of Fame inductee Ronnie Spector, leading jazz pianist Brad Mehldau, and many others. Dan enjoys commenting on music publishing and copyright matters, and has been invited as a guest speaker to Harvard, MIT, Johns Hopkins, and the University of Arizona Rogers School of Law.

Authorship and Collaboration Issues in the Hip-Hop Industry, as Exemplified by *Mills v. Cottrell*

By Jesse J. Fox

The reward of a successful collaboration is a thing that cannot be produced by either of the parties working alone.¹

Collaboration with other artists and creative personnel is a common way by which artists generate expressive works. Screenwriters often work together to deliver a successful screenplay, and composers and lyricists often join forces to produce that powerhouse eleven o'clock musical number that remains in one's head long after leaving the theater. However, nowhere are such collaborative efforts equally or perhaps more prominent than in the Hip-Hop industry. One need only look at Billboard's weekly list of "Hot R&B/Hip-Hop Songs" (see chart below) to observe such predominance, and it is worth noting that the songs on this list solely represent collaborations between the performers, which is only one side of the creative team involved in producing such tracks.

Billboard's Top Ten Hot R&B/Hip Hop Songs (for the Week of June 14, 2008)*

(Italics represent tracks where the performer is collaborating with another artist.)

Rank	Artist	Song
1.	<i>Lil Wayne Featuring Static Major</i>	<i>Lollipop</i>
2.	<i>Plies Featuring Ne-Yo</i>	<i>Bust It Baby Part 2</i>
3.	Keyshia Cole	Heaven Sent
4.	Chris Brown	Take You Down
5.	The Dream	I Luv Your Girl
6.	Ashanti	The Way That I Love You
7.	<i>Usher Featuring Young Jeezy</i>	<i>Love In This Club</i>
8.	Alicia Keys	Teenage Love Affair
9.	<i>Usher Featuring Beyonce & Lil Wayne</i>	<i>Love In This Club, Part 2</i>
10.	<i>Jordin Sparks Duet With Chris Brown</i>	<i>No Air</i>

*Billboard's list with the issue date of June 14, 2008, the most current list of the top ten R&B/Hip Hop songs as of the writing of this article. Five of the top ten R&B/Hip Hop songs feature collaborating artists.

What many novice artists—and unfortunately many well-seasoned artists—do not realize is that when they collaborate to produce a single, final work product, they may be jeopardizing their ownership in the copyright to the work or at the very least opening themselves up to expensive litigation. No case better illustrates this problematic nature of collaboration in Hip-Hop music than *Mills v. Cottrell*.² This article will briefly describe the leading case law in this area before applying such analysis to *Mills* in an attempt to fully illustrate and present, by way of example, some of the copyright ownership issues that arise. Additionally, the conclusion will pose ideas for how an author, particularly a Hip-Hop artist, can minimize legal drama by taking a more proactive stance toward preventing such authorship issues from arising.

Mills v. Cottrell

Plaintiff Idrs S. Mills is an aspiring musician and music producer,³ and defendant Tony Cottrell is a professional songwriter, recording artist, and producer who works under the stage name Hi-Tek.⁴ In 2000, after several years of not speaking, Mills and Cottrell ran into each other at a car wash, at which time Cottrell invited Mills to visit his studio, Teklab Studios.⁵ At the end of March 2001, Mills visited Teklab. During the visit, Cottrell and another defendant, Shannon Showes,⁶ were "mixing [Cottrell's] beat [with Shannon's] lyrics."⁷ After hearing this mix, Mills made changes to Showes' lyrics in her notepad; such changes allegedly included the addition of "two lines contained in the second verse, the outro, half the lyrical bridge and the 'hook.'"⁸ The song was then re-recorded by Cottrell, named "Round and Round," and recorded onto tapes for Mills and Showes.⁹ This version was allegedly complete except for the "final mix down."¹⁰

The track was eventually licensed to defendant Rawkus Entertainment, who released the track on the album "Hi-Teknology" without the consent or authorization of Mills on May 8, 2001.¹¹ To boot, Mills was not given authorship credit on the album.¹² On October 21, 2001, Mills filed for copyright protection of the track, claiming to be co-author of the entire text. Prior to serving his Third Amended Complaint in this case, Mills amended the copyright to show himself as an author of newly added material within a pre-existing work.¹³ In November 2001 and again in July 2002, two subsequent, remixed versions of the track were released on different albums; on one of these, the soundtrack to the motion picture "How High,"

Mills was given authorship credit.¹⁴ In 2002, Mills registered “Round and Round” with ASCAP, and he listed himself, Cottrell, and Showes as authors.¹⁵ However, Cottrell and Showes were and remain members of BMI, not ASCAP.¹⁶

Mills sued Cottrell, Showes, and the companies that distributed and published¹⁷ the track on July 19, 2004 for copyright infringement, *inter alia*, arising out of the purported creation by Mills, in whole or in part, of the composition.¹⁸ The distribution defendants claim there was no infringement; they allege that they were licensees of Showes and Cottrell. The publishing defendants, Showes and Cottrell, claim that Mills was neither the author nor a co-author of the track.¹⁹

“What many novice artists—and unfortunately many well-seasoned artists—do not realize is that when they collaborate to produce a single, final work product, they may be jeopardizing their ownership in the copyright to the work or at the very least opening themselves up to expensive litigation.”

There are several disputed facts that have a direct bearing upon the result of this case. First, Mills claims the work was completed prior to his arrival at Teklab, while Cottrell and Showes claim the track was a work in progress.²⁰ Second, Cottrell and Showes claim Mills said Showes could use any and all of his suggested lyric changes; Mills disagrees with this allegation.²¹ Finally, there is a dispute as to whether Mills intended for his contributions to be merged into the composition or whether he wanted his changes to remain independent from the composition.²² In deciding against summary judgment on the infringement issue for lack of clear evidence of the parties’ intent, the District Court posed three possibilities for the status of the composition for future proceedings: (1) the track can be considered a joint work with all three as co-authors, (2) the track can be a derivative work by Mills of the Showes/Cottrell composition, or (3) Mills could be merely an “overreaching contributor.”²³

Mills’ Joint Work Claim

Statute and Leading Case Law

In order to fully understand the nature of the claims and how the court may eventually decide the disputed issues in *Mills v. Cottrell*, one must consider the statute involving joint works. Under § 101 of the Copyright Act, a “joint work” is defined as “a work prepared by two or more authors with the intention that their contributions

be merged into inseparable or interdependent parts of a unitary whole.”²⁴ The terms “inseparable” and “interdependent” are not defined by the Act; however, the House Report claims a novel and a painting are examples of works with inseparable parts, and a motion picture, opera, and words and music are examples of works with interdependent parts.²⁵ For the sake of emphasis, “[t]he touchstone here is the intention, at the time the writing was done, that the parts be absorbed or combined into an integrated unit.”²⁶ All of this may seem rather straightforward. However, as Donald Passman writes, “But we lawyers wouldn’t have much to do if it were all that simple, so let me show you how we’ve managed to fuzz it up over the years.”²⁷

The seminal case, *Childress v. Taylor*, lays out the test in the Second Circuit for whether a contributor to a work is to be considered a joint author.²⁸ The *Childress* court declared that a co-authorship claimant bears the burden of establishing that *each* co-author (1) made independently copyrightable contributions to the work, and (2) fully intended to be co-authors. The first element—that the claimed co-author contributed copyrightable elements—is a contentious issue upon which the leading copyright scholars are divided. Professor Nimmer believed that one need only make a *de minimis* contribution to achieve joint authorship status.²⁹ In contrast, Professor Paul Goldstein believes that “[a] collaborative contribution will not produce a joint work, and a contributor will not obtain a co-ownership interest, unless the contribution represents original expression that could stand on its own as the subject matter of copyright.”³⁰ Ultimately, the majority of circuits, including the Second Circuit, sided with Goldstein, requiring separate copyrightable contribution. As discussed in *Childress*, the requirement of such contributions helps to eliminate bogus claims that would preoccupy the court by any individual who claims to have made a passing suggestion to a working author.³¹

In contrast, the Ninth Circuit uses a somewhat different test to determine joint authorship in absence of contract, as seen in *Aalmuhammed v. Lee*.³² There, the court focused more on the nature of what it means to be an author, and in so doing, constructed three elements for considering joint authorship. First, “an author ‘superintends’ the work by exercising control.”³³ Second, “putative co[-]authors make objective manifestations of a shared intent to be co[-]authors.”³⁴ Finally, “the audience appeal of the work turns on both contributions and ‘the share of each on its success cannot be appraised.’”³⁵ The *Aalmuhammed* court, focusing on the creative process, claimed that collaboration is essential to the progress intended by the Founding Fathers in the Copyright Clause of the United States Constitution.³⁶ The Ninth Circuit approach has not been without its critics, but the rule has nevertheless been followed in subsequent cases.³⁷

As to the second prong of the *Childress* test—that of intent—the significance varies depending upon the factual circumstances, but it is particularly important where one individual is the dominant author of the work.³⁸ In applying the *Childress* test, the Second Circuit looked at objective indications of the parties' intent in *Thomson v. Larson*.³⁹ First, the *Thomson* court considered whether or not the contributor was the allocated decision-making authority.⁴⁰ Second, the court examined how parties viewed themselves in relation to the work by considering billing or credit given to the respective parties.⁴¹ Finally, the court considered any and all written agreements with third parties into which an alleged co-author may have entered.⁴² These factors, objective manifestations of intent, were all considered in the court's deciding whether or not an individual was a co-author of a joint work.

Application to *Mills v. Cottrell*

Mills claims that he is a co-author with Showes and Cottrell of the work "Round and Round." Under the statute, co-authorship requires that the authors intended to merge their contributions into a finished, final product.⁴³ This case is within the jurisdiction of the Second Circuit, so one must apply the *Childress* test, which requires copyrightable contribution and full intent to be co-authors. In considering the first element—the contribution of copyrightable elements—the court could potentially decide one of two ways. Mills changed the lyrics in Showes' notepad, and these changes were allegedly alterations to "two lines in the second verse, the outro, half the lyrical bridge and the hook."⁴⁴ Unfortunately, the court's opinion does not specifically state what Mills' contributions are in relation to the whole work. However, one can presume that Mills will be defeated on the first prong if the court holds that the short-words-and-phrases exception applies to his contributions.⁴⁵ For example, a "hook" is defined by the American Heritage Dictionary as "a catch motif or refrain"⁴⁶ (with a "motif" being defined as "a short passage repeated in various parts of the composition"⁴⁷). Further, a "bridge" is defined as "a transitional passage connecting two parts of the song."⁴⁸ In conjunction with the alterations to the other lines and the closing ("outro"), it is quite likely that Mills' claim will not survive the short-phrases exception. Thus, his claim for co-authorship would be defeated under the copyrightability requirement element of the *Childress* test.

The *Childress* court did not reach the issue of whether the alleged co-author's contributions were copyrightable. There, defendant Taylor had contributed ideas and research which the District Court held to be not copyrightable.⁴⁹ Similarly, in *Thomson*, the court decided the case on the intent prong without having to decide whether Thomson's contributions to Larson's smash-hit musical "RENT"—namely plot developments, thematic elements, character details, and structural components—were

copyrightable elements. Finally, in *Erickson*, the Seventh Circuit, applying the *Childress* test, held that "[i]deas, refinements, and suggestions, standing alone, are not the subjects of copyright."⁵⁰ In that case, actors were involved in helping to develop the melodrama and improvisational scenes in a play. In the case at hand, Mills was passing through the Teklab Studio on one of his frequent visits,⁵¹ and he happened to observe Cottrell and Showes recording a track. He offered a few quick suggestions on how to improve the lyrics. As discussed above, these contributions were likely uncopyrightable.

However, even if the court were to find Mills' contributions to be copyrightable, the second requirement of intent to be co-authors would still need to be met. Mills would need to show that both Showes and Cottrell intended to create a joint work. In considering the intent of Cottrell to create a joint work, it is worth noting that Mills' visit to the studio, during which he observed Cottrell and Showes recording, was unscheduled.⁵² One would presume that if Cottrell had intended a joint work to be composed among the three of them that he would have invited Mills to join him with Showes in the studio. More importantly, Mills was given credit neither on the first nor the third commercial release of the track on the "Hi-Teknology" and "SoundBombing III" albums, respectively.⁵³ In discussing the intent element in *Childress*, the court held there was no evidence that Childress, the author of the play, ever contemplated crediting the play as written by both herself and the alleged co-author Taylor. However, one of the most damning actions of Cottrell and Showes is that they actually credited Mills on the second release of the track on the "How High" soundtrack. This effectively distinguishes *Childress* from the case at hand. Further, in being credited on the soundtrack, Mills receives equal billing with Cottrell and Showes. This distinguishes the *Mills* case from *Thomson*, where Larson refused to give Thomson equal billing for her contributions, but rather only permitted her to be billed as a dramaturg.⁵⁴ This is also distinguishable from *Aalmuhammed*, who was not given equal billing with the other authors, but rather was given the credit of Islamic Technical Consultant located near the bottom of the credit list for Spike Lee's film "Malcolm X."⁵⁵ Mills could have fodder for a strong argument should he choose to pursue this tack.

As to the other objective manifestation of intent discussed in *Thomson*—decision-making authority—Mills may have a more difficult time making his argument. In *Thomson*, Larson made it clear he had approval over all changes and that he had the final say as to whether or not to incorporate any proposed changes.⁵⁶ One would presume that Cottrell would be able to intervene and decline to incorporate contributions by electing not to record any changes proposed by Mills. Further, it is claimed that after Mills' alterations were incorporated into the track,

the composition was not yet complete, but rather it was complete “except for final mix down.”⁵⁷ The facts are incomplete as to whether the “final mix down” occurred after Showes and Mills left. However, the mixer or the individual running the studio, presumably Cottrell, often has a great deal of creative control and decision making in editing the final mix. The record, as presented, is void of any indication as to whether Mills had any say in this process. Perhaps more importantly, Showes and Cottrell were the ones exercising the decision making authority by entering into distribution deals with the various record companies, while Mills had no role in this.

On a side note, if a court were to find that a joint work was created, there would be no issue with Cottrell and Showes licensing the song to be included on the albums without Mills’ permission. Joint authors share an equal percentage of ownership in a joint work, and a co-owner could thus use or license the whole work with the sole obligation of accounting for profits to the other, uninvolved joint owner(s).⁵⁸ Therefore, the court would likely not fault Cottrell or Showes for entering into non-exclusive licenses with the distributors so long as they accounted for the profits due to Mills.

In conclusion, on the issue of joint works, the result will turn upon the copyrightability of Mills’ contributions and/or the intent of the authors to create a joint work. Mills’ intent seems to have been to create a joint work (or in the alternative a derivative work; *see below*). In registering with the Copyright Office, Mills listed himself as a co-author, albeit of the entire text.⁵⁹ Further, in registering the composition with ASCAP, he listed himself along with Showes and Cottrell as authors.⁶⁰ Secondly, manifestations of Cottrell’s intent generally tend to show that he did not intend to create a joint work, but further explanation is needed as to why he subsequently included credit for Mills’ contribution on the soundtrack to “How High.” Finally, the record is nearly devoid of any evidence of Showes’ intent.

Mills’ Derivative Work Claim

In the alternative, Mills claims he was the author of a derivative work based upon the Cottrell and Showes composition.⁶¹ Under Section 101 of the Copyright Act, a derivative work is defined as “a work based upon one or more preexisting works [that] may be recast, transformed, or adapted.”⁶² The right to prepare derivative works based upon the copyrighted work is one of the six exclusive rights under the Copyright Act.⁶³ The author’s alterations to the original work can only be copyrighted if the standard of originality is met.⁶⁴ Further, copyright ownership in the derivative work solely extends to the new, original elements added by the author.⁶⁵ The new elements of a derivative work are typically held to a higher standard of originality than for works not based

upon earlier, preexisting works.⁶⁶ However, the alternative approach to the originality requirement of derivative works adopted by some courts is that proposed by Nimmer: Any *distinguishable variation* of a prior work will constitute sufficient originality to support a copyright if such variation is the product of the author’s independent efforts and is more than merely trivial.⁶⁷

In the case at hand, it is questionable as to whether Mills created a derivative work to which he is the copyright owner. First, this presumes that his additions meet the requisite standard of originality, a higher standard than that attached to originality of an independently existing work. Given the questionable copyrightability of Mills’ contributions as discussed above, Mills will have a more difficult time proving that the changes he made and short phrases and words he added meet or surpass the originality threshold. If the court were to analyze the requisite originality from Nimmer’s perspective, originality would be reliant upon a distinguishable variation between the work before and after Mills supplied changes. Again, considering that Mills’ alterations were confined solely to a few lines of the lyrics, he may have difficulty demonstrating that his alterations warrant ownership in a derivative work based upon the Showes/Cottrell composition.

Additionally, Mills’ right to prepare a derivative work would have required a license or grant from Cottrell and Showes. As copyright owners of the original work upon which Mills’ alleged derivative work is based, they have the exclusive right to prepare derivative works. It is unclear where such a license would have implicitly been granted to Mills, as it is certain there was no written or oral agreement toward such ends. The only fact Mills could possibly use from the record provided is that Cottrell gave Mills a copy of the tape containing the recorded track with his changes.⁶⁸ At best, this could be presumed to be a manifestation of Cottrell’s acknowledgement of Mills’ ownership, or at the very least, involvement in the authorship of the track. However, the argument is stronger against Mills’ sole authorship. First, the actual act of creating the “derivative work” involved the collaborative effort and talent in the recording studio of all three of the individuals. Mills would be hard-pressed to claim that he was the *sole* author of the particular track in question given that all three were present and actively participating in the creation of the work. Finally, if anyone could be construed to have granted a license to use the others’ work, it would be Mills. It is alleged Mills stated that “[Showes] could use whichever of [the] suggested lyrics that she wanted” and that any changes she made to those lyrics “would be fine.”⁶⁹ In conclusion, Mills’ claim for sole authorship of a derivative work is likely even weaker than his claim for co-authorship of a joint work.

Conclusion

By now, it should be clear that when an artist collaborates with another individual, unless the parties' intent is made clear, copyright disputes will likely abound. While many co-authorship claims may be meritless, it remains to the benefit of the creative artist to minimize exposure to such resource- and time-draining disagreements. Many of these cases pose a simple solution: draft a contract between collaborators. As the Ninth Circuit's Judge Kleinfeld wrote, "[t]he best objective manifestation of a shared intent, of course, is a contract saying that the parties intend to be or not to be co-authors."⁷⁰ This is not to dissuade or belittle the importance of collaboration in the arts. It is important that artists have the liberty to draw upon other works. As the *Aalmuhammed* court stated, "[p]rogress would be retarded rather than promoted, if an author could not consult with others and adopt their useful suggestions without sacrificing sole ownership of the work."⁷¹

"[I]t should be clear that when an artist collaborates with another individual, unless the parties' intent is made clear, copyright disputes will likely abound."

What does this mean for collaborators in the music industry and the Hip-Hop industry specifically? Such collaborations are prolific in this industry, and many rap artists have anecdotes detailing the great numbers of other artists passing through their recording studios, making suggestions, and giving advice to the artists, producers, and mixers. The moral from this story and the advice to be given to such an artist is to establish one's intentions clearly before accepting or incorporating anyone else's suggested changes into one's work. Furthermore, if possible, despite how impractical it might be, one should draft a contract specifying the terms and making clear one's intent. A simple memo that sketches out the terms and contains a provision stating that a full contractual agreement will be entered into at a later date may suffice. The final option is to make certain that anyone walking through one's studio has signed a pre-drafted waiver stating that any suggested changes may be incorporated into the final work without any competing claims of ownership or authorship by the suggestor.⁷² Regardless of how one's intent is made clear, such active, affirmative steps must be taken to avoid being in the unsavory position of Cottrell, Showes, and the other defendants involved in the case at hand. An order of dismissal was signed by Judge Castel in late May as a result of settlement. No additional details were available.

Endnotes

1. A statement by Harlan Ellison, an American writer of short stories, teleplays, and essays, who is coincidentally quite protective of his work. He has filed and won several copyright infringement lawsuits.
2. 2006 U.S. Dist LEXIS 90111 (S.D.N.Y. 2006), *reconsideration denied*, 2007 U.S. Dist LEXIS 50250 (S.D.N.Y. 2007).
3. *Mills*, U.S. Dist LEXIS 9011 at *2.
4. *Id.* at *5.
5. *Id.*
6. Ms. Showes' stage name is Jonnell; the track in question was released under this stage name. *Id.* at *3.
7. *Id.* at *5.
8. *Id.* at *6.
9. *Id.*
10. *Id.*
11. *Id.* at *6-*7.
12. *Id.* at *7.
13. *Id.*
14. *Id.* at *7-*8.
15. *Id.* at *8.
16. *Id.* at *9.
17. The "Distribution Defendants" are "Rawkus Entertainment, LLC; UMG Recordings, Inc.; Universal Studios LLC; and Priority records [sic], LLC." *Id.* at *3. The "Publishing Defendants" are "Hi-Tek Productions, DJ Hi-Tek Music, 513 Music, Shannon River Music, and Windswept Holdings LLC d/b/a/ Songs of Windswept Pacific." *Id.*
18. *Id.* at *2.
19. *Id.* at *3.
20. *Id.* at *9.
21. *Id.* at *9-*10.
22. *Id.* at *10.
23. *Id.* at *22.
24. 17 U.S.C. § 101 (2005).
25. H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. at 120 (1976), *as reprinted in* 1976 U.S.C.C.A.N. 5659, 5763.
26. *Id.*
27. DONALD S. PASSMAN, *ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS* 285 (Free Press, 6th Edition 2006).
28. 945 F.2d 500 (2d Cir. 1991). *Mills v. Cottrell* is pending in the Southern District of New York, so the Second-Circuit test would be controlling here. Nevertheless, it is also helpful to consider how the test has developed in other circuits, namely the Seventh and Ninth Circuits, here.
29. 1 NIMMER ON COPYRIGHT, § 6.07 at 6-20 (2007).
30. PAUL GOLDSTEIN, *COPYRIGHT: PRINCIPLES, LAW AND PRACTICE* § 4.2.1.2 AT 379 (1989).
31. *See Childress*, 945 F.2d at 507.
32. 202 F.3d 1227 (9th Cir. 2000).
33. *Id.* at 1234. Circuit Judge Kleinfeld calls such an author "the inventive master mind." *Id.*
34. *Id.*

35. *Id.*
36. *Id.* at 1235.
37. *See, e.g., Morrill v. The Smashing Pumpkins*, 157 F. Supp. 1120 (C.D. Ca. 2001).
38. *See Childress*, 945 F.2d at 508.
39. 147 F.3d 195 (2d Cir. 1998).
40. *Id.* at 202.
41. *Id.* at 203.
42. *Id.* at 204.
43. 17 U.S.C. § 101 (2005).
44. *See Mills*, US Dist LEXIS 9011 at *5.
45. *See* Copyright Office Circular No. 34. COPYRIGHT OFFICE COMPENDIUM II § 202.021 (stating that words and short phrases are not copyrightable).
46. AMERICAN HERITAGE DICTIONARY (4TH ED. 2000).
47. *Id.*
48. *Id.*
49. *See Childress*, 945 F.2d at 504.
50. *See Erickson v. Trinity Theatre, Inc.* 13 F.3d 1061, 1071 (7th Cir. 1994).
51. In the course of the few months since Mills had been invited to visit the studio, he had made roughly 20 to 30 *unscheduled* visits to Teklab Studios. *Mills*, US Dist LEXIS 9011 at *5.
52. *Id.*
53. *Id.* at *7-*8.
54. *See Thomson*, 147 F.3d at 203-204.
55. *See Aalmuhammed*, 202 F.3d 1227 at 1230.
56. *See Thomson*, 147 F.3d at 203.
57. *Mills*, US Dist LEXIS 9011 at *6.
58. *See, e.g., Sweet Music, Inc. v. Melrose Music Corp.*, 189 F. Supp. 655 (S.D. Cal. 1960).
59. *See Mills*, US Dist LEXIS 9011 at *7.
60. *Id.* at 9.
61. More specifically, Mills claims that he was the sole creator of a derivative work. In the liberal construing of the pleadings for a *pro se* plaintiff, Judge Kastel essentially constructed Mills' stronger argument: that he was the co-author of a joint work. *Id.* at *21-*22.
62. 17 U.S.C. § 101 (2005).
63. 17 U.S.C. § 106(2) (2005).
64. *See Lee v. A.R.T. Co.*, 125 F. 3d 580 (1997) (where defendant's mounting of plaintiff's cards onto tiles did not constitute a derivative work due to a lack in originality).
65. 17 U.S.C. § 103 (2005).
66. *See L. Batlin & Son v. Snyder*, 536 F. 2d 486 (2d Cir. 1976), *cert. denied*, 429 U.S. 857 (1976).
67. *Id.* (see dissenting opinion).
68. *See Mills*, US Dist LEXIS 9011 at *7.
69. *Id.* at *10.
70. *See Aalmuhammed*, 202 F.3d 1227 at 1235.
71. *Id.*
72. Query as to whether such waivers would be upheld in court in all or any circumstances. However, the waiver would at least provide some indication as to a party's intent and help to remedy the issue at hand.

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Topps Turns the Lights Out on Cool Papa Bell

By Richard J. Cohen and Joseph M. Hanna

James “Cool Papa” Bell (“Bell”), considered by many baseball historians to be the fastest man in professional baseball history, played, managed and coached in the Negro Leagues from 1922 to 1950. Bell was so fast that baseball icon Satchel Paige used to remark he could flip the light switch at his bedroom door and be under the covers before the light went out.

In 2006, Bell’s daughter, Connie Brooks (“Brooks”), thought that Topps Company, Inc. (“Topps”), the famed trading card company, was trying to pull a fast one on Bell’s estate. Brooks, in an attempt to protect the legacy of her late father, filed an action against Topps, complaining it had used Bell’s “name, likeness, signature, intellectual property rights and publicity rights” without authorization and had printed defamatory information about Bell. Following discovery, Topps filed a motion for summary judgment which was granted by Judge Denise Cote of the United States District Court for the Southern District of New York.¹

Background

After he was inducted into the National Baseball Hall of Fame, Bell granted the Hall permission to use his name and likeness on various products. In 1989, Bell contracted with Gartlan USA, Inc. to autograph cards that the company would sell, together with figurines in his likeness. Following his death in 1991, Brooks, as executrix of Bell’s estate, granted commercial licenses to several companies (including Rodrigues Studio, General Mills and Crown Crafts) to use Bell’s name and images of him. In both 1994 and 2001, Brooks licensed Bell’s name and images to sports memorabilia giant Upper Deck Company (“Upper Deck”) for use on baseball cards.

In 2001 and 2004, without authorization from Brooks, Topps released seven baseball cards depicting Bell. One of the baseball cards contained the following description of how Bell acquired the nickname “Cool Papa”: “Cool Papa, who once stole more than 175 bases in a 200-game season, earned his nickname after falling asleep right before a game” (“Nickname Statement”). Brooks asserted that the description on the Topps card was both false and derogatory. Topps offered evidence to the court that it took the description from the 1997 book *Players of Coopers-town: Baseball’s Hall of Fame*, which was written by a baseball historian and six baseball writers and editors.

Other cards which were released in 2004 featured the image of Bell that Brooks had licensed to Upper Deck in 2001. A 2004 Topps Signature Card included an image of Bell’s signature. All of the cards in a series were randomly

packaged and sold in sealed packs of cards except for one card that was sold individually on the Internet. Topps did not sell any of the cards after the year in which they were released.

“Bell was so fast that baseball icon Satchel Paige used to remark he could flip the light switch at his bedroom door and be under the covers before the light went out.”

Topps issued promotional materials for both of the card sets it released in 2001 and 2004. The promotional materials released for the 2004 Topps set contained footnotes that the court focused upon in its analysis of the facts. One footnote in the materials stated in small print that “[a]lthough *these players have agreed to provide these cards for Topps*, we cannot guarantee that all autographs . . . will be received in time for inclusion in this product.” (emphasis added) (“Player Agreement Footnote”). In the text, the same promotional materials state that “[t]his set delivers . . . Authentic Cut Signatures from celebrated Hall of Fame members” (“Autograph Statement”). The promotional materials show the picture of several autographed cards and the names of a few players. Bell’s name and signature do not appear on the promotional materials.

In 2004, a representative from Topps, Brian Koeberle (“Koeberle”), contacted Brooks by telephone to ask if she would license her father’s name and likeness for baseball cards to be published in 2005. When Koeberle placed this call, he did not mention, nor did Brooks know, that Topps had previously published seven cards depicting Bell. After several telephone conversations, Koeberle sent Brooks an unsolicited proposed license agreement. Under this draft, Topps would have paid Brooks \$5,000 for the non-exclusive rights to use Bell’s name and image on its trading cards for the year 2005. Koeberle stated in the cover letter that Brooks had agreed in the telephone call to this offer, but she had not done so. Brooks refused to sign the license agreement that Koeberle had sent her.

In early 2005, Brooks was informed by a friend that Topps might have sold a Bell baseball card. Brooks asked Topps about this. In February 2005, she received a letter from Phillip J. Carter (“Carter”), Director of Sports/Player Licensing at Topps, enclosing two of the 2004 cards which were sold and saying that Carter was still looking for other cards Topps may have published depicting Bell. Brooks called Carter and told him she wanted Topps to

stop engaging in any conduct relating to Bell, requested compensation for the two cards Topps had printed in 2004, and asked if Topps had printed any other Bell cards.

In mid-2005, Brooks was shown a 2001 card of her father by a friend. Brooks immediately contacted Carter, who asked questions about the card and said he knew nothing about it but would look into it. In response to further inquiries from Brooks, Carter said he was unable to find any information about the 2001 card or any other Bell card.

On June 26, 2005 Topps offered Brooks \$35,000 to sign a settlement agreement and release of liability ("Settlement Agreement"). She refused, and asked again for an accounting of all the Bell cards Topps had published. On December 27, 2005, Brooks wrote a letter to Carter demanding a retraction of the erroneous Nickname Statement, a luncheon in her father's honor, and full information about all of the Bell cards Topps had published. Topps' counterproposal was that it would publish a correction of the Nickname Statement and discuss publishing another Bell card on condition that Brooks sign the Settlement Agreement. In January 2006, Adam Zucker, Carter's successor, provided Brooks with a list of "all cards of Cool Papa Bell produced by Topps from 2001–2005." On March 27, 2006, Brooks filed suit against Topps.

Court's Legal Analysis

Brooks pressed three causes of action in her complaint, all of which became the subject of Topps' motion for summary judgment: (1) claims pursuant to § 43(a) of the Lanham Act; (2) a common law right of publicity claim; and (3) a New York unfair competition claim.²

I. Lanham Act and Unfair Competition Claims

Brooks brought claims of: (1) false endorsement under § 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A) ("false endorsement claim"); (2) false advertising under § 43(a)(1)(B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B) ("false advertising claim"); and (3) unfair competition under the New York common law ("common law unfair competition claim").

Brooks asserted that she had used Bell's name and likeness as unregistered marks and had a commercial interest in protecting them. With regard to the false endorsement claim, she alleged the Player Agreement Footnote and the Autograph Statement contained in the promotional materials for the 2004 Bell Topps card were likely to confuse consumers into believing that she or Bell endorsed the 2004 card.³

With respect to the false advertising claim, Brooks argued that the Autograph Statement and the Nickname Statement, which were printed on the 2001 cards, were false and damaging to Bell's name and image. She relied

on the same facts and legal theories in support of her common law unfair competition claim.

A. False Endorsement Under § 43(a)(1)(A)

A trademark is "any word, name, symbol, or device, or any combination thereof which is used or intended to be used by a person in commerce to identify and distinguish his or her goods from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."⁴ To succeed on a false endorsement claim under § 43(a)(1)(A), a plaintiff must prove that: (1) she has a right to use the mark; (2) the mark is "distinctive as to the source of the good or service at issue"; and (3) "there is a likelihood of confusion between the plaintiff's good or service and that of the defendant."⁵

The court identified all of the marks at issue. Brooks asserted that her claim was premised on her rights to the commercial usage of Bell's name and image.

For an unregistered mark to be protectable under § 43(a) the mark must either be "inherently distinctive, i.e., intrinsically capable of identifying its source," or have "acquired secondary meaning."⁶ Personal names and photographs are not inherently distinctive and, therefore, are "protected only if, through usage, they have acquired distinctiveness and secondary meaning."⁷ "Secondary meaning" is a term of art referencing a trademark's ability to identify the source of the product rather than the product itself.⁸ Secondary meaning can be shown through evidence that "the public is moved in any degree to buy an article because of its source."⁹ Factors that may be considered in determining whether a mark has developed secondary meaning include "(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark's use."¹⁰

The court noted that Brooks did not present evidence relating to four of the six factors. With respect to the fourth and sixth factors, she described several commercial licensing agreements and offered documentary evidence corroborating the existence of one of them, but did not provide evidence of any sales made to the public by the licensees. The court noted that although Brooks licensed Bell's name commercially on scattered occasions in 1993, 1994, 1996 and 2001, Brooks licensed the image of Bell at issue here on a single occasion.¹¹ The court held no reasonable juror could find that "the public is moved in any degree to buy an article" displaying Bell's name or image based on the belief that it implied endorsement by her estate, Brooks, or by any unknown source.¹²

The court ruled that, because Brooks failed to raise a question of fact that either of the purported marks functions as an indication of source or endorsement, Brooks' claim for false endorsement failed.

B. False Advertising Under § 43(a)(1)(B)

A claim under § 43(a)(1)(B) for false advertising requires evidence of: (1) standing, which requires both “a reasonable interest to be protected against the advertiser’s false or misleading claims” and “a reasonable basis for believing that this interest is likely to be damaged by the sales or misleading advertising,”¹³ and (2) a “commercial advertisement or promotion” by the defendant,¹⁴ that contains (3) false or misleading descriptions or representations of fact concerning the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities,¹⁵ that is, (4) material.¹⁶

Commercial advertising or promotion requires: (1) commercial speech, (2) made for the purpose of influencing consumers to buy defendant’s goods or services, and (3) although representations less formal than those made as part of a classic advertising campaign may suffice, they must be disseminated sufficiently to the relevant purchasing public.¹⁷

Commercial speech is “speech which does no more than propose a commercial transaction.”¹⁸ The commercial speech requirement is intended to ensure that the Lanham Act does not encroach upon First Amendment rights.¹⁹

Brooks argued that three statements printed by Topps constituted false advertising. The first statement cited by Brooks was the Nickname Statement, which appeared on the 2001 cards. The court granted summary judgment on the Nickname Statement since the Statement was not commercial speech, and therefore, did not constitute commercial advertising or promotion.

The second statement Brooks identified as constituting false advertising was the Player Agreement Footnote. The record contained undisputed evidence that the Player Agreement Footnote was actually false with respect to Bell. The court noted that consumer deception was therefore presumed.²⁰ Nonetheless, a plaintiff must “demonstrate that the false or misleading representation involved an inherent or material quality” of either the plaintiff’s or defendant’s product.²¹ In applying this standard, the Second Circuit has considered whether the false or misleading representation would be likely to influence consumer purchasing decisions.²²

The Player Agreement Footnote referred to Topps’ product, but the language that Brooks highlighted, taken in context, was not material as a matter of law. Brooks failed to present sufficient evidence that the statement in the footnote would have encouraged consumers to buy Topps’ product in the mistaken belief that Bell agreed to provide his signature to Topps. Not only did Bell’s name not appear on the 2004 promotional materials, but the

statement was a disclaimer rather than a statement of the product’s attributes. The court held Brooks had simply failed to show that a reasonable juror could have found the Player Agreement Footnote was material in the context of the false advertising claim.

The third and final statement at issue in the false advertising claim was the Autograph Statement. The court explained that the Autograph Statement was not literally false, and Brooks did not argue that the Bell signature on the 2004 card was not authentic. The court held a false advertising claim that was not premised on an explicitly false statement must be supported by extrinsic evidence, usually a consumer survey, showing consumers were deceived or confused by the defendant’s statement.²³ Brooks failed to present such evidence of customer confusion, therefore, the court granted summary judgment to Topps on the false advertising claim.

II. Common Law Unfair Competition

The parties agreed that New York common law unfair competition claims are analyzed in a manner similar to that used in Lanham Act claims.²⁴ Brooks failed to identify any additional theories of liability under state common law. The court granted Topps summary judgment on the common law unfair competition claim based upon the same analysis used to address Brooks’ federal claims.

III. Right of Publicity

In New York, the statute of limitations period for right of publicity claims, under § 51 of the New York Civil Rights Law, is one year. Under the single publication rule, the limitations period runs from the date of an offending item’s publication and “the dissemination of that same offending item thereafter does not give rise to a new cause of action, nor does it refresh the running of the statute of limitations.”²⁵

The first publication of the most recent baseball card at issue in this case occurred on November 1, 2004. Brooks filed her lawsuit more than one year later on March 27, 2006. Applying the single publication rule, the court held that her right of publicity claims were barred by the statute of limitations, and granted summary judgment to Defendant with respect to such claim.

Conclusion

As Brooks learned, intellectual property rights to a person’s name or likeness do not exist as a matter of right. Brooks’ failure to raise a question of fact regarding the function of the trademark and her inability to present sufficient evidence relating to the Autograph Statement and Player Agreement Footnote were key factors in the court turning the lights out on her false endorsement and false advertising claims.

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Endnotes

1. *Brooks ex rel. Estate of Bell v. The Topps Co., Inc.*, 2007 WL 4547585 (S.D.N.Y. 2007).
2. Brooks withdrew her defamation claim.
3. Brooks made this argument with respect to all of the cards, but the only card to which the promotional statements she cited refers is the 2004 card.
4. *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115-116 (2d Cir. 2006) (citing 15 U.S.C. § 1127).
5. *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 154 (2d Cir. 2007).
6. *Id.* at 116.
7. *Pirone v. MacMillan Inc.*, 894 F.2d 579, 583 (2d Cir. 1990) (name and photograph of Babe Ruth).
8. *ITC*, 482 F.3d at 167.
9. *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2d Cir. 1997).
10. *Id.*
11. Brooks licensed the image of Bell used on the 2004 Topps cards to Upper Deck. She licensed a different image of Bell to General Mills.
12. *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2d Cir. 1997).
13. *ITC*, 482 F.3d at 169 (2d Cir. 2007).
14. *Gmurzynska v. Hutton*, 335 F.3d 206, 210 (2d Cir. 2004).
15. *Société des Hôtels Meridien v. LaSalle Hotel Operating Partnership, L.P.*, 380 F.3d 126, 132 (2d Cir. 2004).
16. *Time Warner Cable, Inc., v. DIRECTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007).
17. *Gmurzynska*, 335 F.3d at 210.
18. *Id.*
19. *See Boule v. Hutton*, 328 F.3d 84, 91-92 (2d Cir. 2007).
20. *See Time Warner Cable*, 497 F.3d at 153.
21. *Id.* at 153.
22. *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 855 (2d Cir. 1997).
23. *Time Warner Cable*, 497 F.3d at 153.
24. *Louis Vuitton Malletier*, 454 F.3d at 119.
25. *Zoll v. Jordache Enterprises, Inc.*, No. 01 Civ. 1339 (CSH), 2002 WL 31873461 at *7 (Dec. 24, 2002).

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Fair Housing Council of San Fernando Valley v. Roommates.com: The Ninth Circuit Court of Appeals Announces a New Legal Test for Mixed-Content Websites

By Kelli L. Sager, Bruce E.H. Johnson, Thomas R. Burke and Ambika K. Doran

The Ninth Circuit Court of Appeals, sitting *en banc*, issued its widely anticipated decision in *Fair Housing Council of San Fernando Valley v. Roommates.com* on April 3, 2008, concerning the scope of immunity afforded by Section 230 of the Communications Decency Act (“CDA”) of 1996.¹ Although the court affirmed the outcome reached by a previous panel, the majority decision introduced a new test for determining whether a website is the “developer” of mixed content, and thereby outside the scope of the Section 230 immunity.² The court did so while reaffirming prior rulings that interpreted Section 230 as broadly immunizing website owners from liability based on content posted by third parties.³

The decision marks the first time that a full federal circuit court has interpreted Section 230 since Congress enacted the federal immunity in 1996. Website owners should take careful note of this decision, since under the Ninth Circuit’s test, if a website “materially contributes” to the allegedly illegal content, as opposed to providing “neutral” tools for communicating information, it may forfeit its immunity under Section 230.⁴ Applying this test, the court found that a housing website was not immune from claims under the federal Fair Housing Act and similar state laws that prohibit discriminatory housing practices.⁵

Defendant Roommates.com operated a website designed to match individuals who were seeking housing. The website required users to state their own sex and sexual orientation, as well as whether they lived with children, and also required users to describe their housing preferences in these three categories. The site allowed users to post their own content in an “additional comments” section. Profiles of users were then posted, based on the responses. Users of the service could search profiles of potential roommates, and would receive periodic e-mails informing them of available housing opportunities that matched their preferences.⁶ The Fair Housing Councils of San Fernando Valley and San Diego sued, claiming that Roommates.com was acting as a housing broker, and that its website violated federal and state fair housing laws by soliciting and distributing information based on protected categories—sex, sexual orientation, and family status.⁷

Roommate.com: A Service Provider or Content Provider?

The district court held that Roommates.com was immune from liability under Section 230 of the CDA,⁸ which states that “[n]o provider . . . of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”⁹ The immunity provided by the federal law thereby distinguishes “service providers” from “information content providers,” who are defined as those “responsible, in whole or in part, for the *creation or development* of [content].”¹⁰

“Website owners should take careful note of [the Fair Housing] decision, since under the Ninth Circuit’s test, if a website ‘materially contributes’ to the allegedly illegal content, as opposed to providing ‘neutral’ tools for communicating information, it may forfeit its immunity under Section 230.”

As the 9th Circuit noted, however:

A website operator can be both a service provider and a content provider: If it passively displays content that is created entirely by third parties, then it is only a service provider with respect to that content. But as to content that it creates itself, or is “responsible, in whole or in part” for creating or developing, the website is also a content provider. Thus, a website may be immune from liability for some of the content it displays to the public but be subject to liability for other content.¹¹

On this point, the *en banc* court focused on the statutory language defining “development,” reasoning that the term “refer[s] not merely to augmenting the content generally, but to *materially contributing* to its alleged unlawfulness. . . . [A] website helps to develop unlawful content, and thus falls within the exception to Section 230,

if it contributes *materially* to the alleged illegality of the conduct.”¹² The court contrasted this kind of “development” to circumstances where a website merely provides purely “neutral” tools for users (e.g., an individual using a search engine to search for “white roommate”).¹³ The court also made clear that immunity is not lost simply by asking questions, unless the questions are themselves illegal, or inevitably result in illegal responses.¹⁴ Finally, website operators who make minor edits to content, such as by correcting spelling or removing obscenity, clearly remain immune, whereas those who alter content to contribute to its illegality (e.g., removing words to create a defamatory impression), lose their immunity.¹⁵

Using its new test, the court found that the Roommates.com website was a content provider of both its questionnaire and filtered search results.¹⁶ It could “claim no immunity for posting them on its website.”¹⁷ However, the court found the website immune from content posted in the “additional comments” section of user profiles, and explicitly agreed with the Seventh Circuit decision in *Chicago Lawyers’ Comm. for Civil Rights Under Law, Inc. v. Craigslist, Inc.*,¹⁸ which found immune an online classified website despite user-submitted discriminatory housing advertisements.¹⁹ The Ninth Circuit reasoned that nothing in either case “induces anyone to post any particular listing or express a preference for discrimination.”²⁰

Erring on the Side of Immunity

Notably, the court emphasized that in close cases, courts should err on the side of finding Section 230 immunity, “lest we cut the heart out of section 230 by forcing websites to face death by ten thousand duck-bites, fighting off claims that they promoted or encouraged—or at least tacitly assented to—the illegality of third parties.”²¹ In finding Roommates.com immune for content posted in the “additional comments” section, and in stating the policies behind Section 230 generally, the court made clear that website operators remain free to edit third-party content, so long as they do not do so in a way that makes it unlawful. Thus, as the *en banc* decision states, the message behind the decision “is clear: If you don’t encourage illegal content, or design your website to require users to input illegal content, you will be immune.”²²

Batzel and Carafano Reaffirmed

Finally, the majority reconciled its holding with two prior Ninth Circuit decisions finding broad Section 230 immunity. In *Batzel v. Smith*,²³ the court had found that where a third party intended his allegedly defamatory e-mail to be posted on a listserv, the listserv’s editor was immune even though he made the decision to post the

e-mail on the site.²⁴ In *Fair Housing*, the *en banc* court reaffirmed *Batzel*, noting that there is “no meaningful difference between an editor starting with a default rule of publishing all submissions and then manually selecting material to be removed” and one of “publishing no submissions and manually selecting material to be published.”²⁵

Similarly, in discussing *Carafano v. Metrosplash.com, Inc.*,²⁶ where the court previously had found a matchmaking service immune from the activities of a third party in falsifying a profile, the *en banc* court found the language it had used was “unduly broad.”²⁷ Instead, the *Fair Housing* court held that *Carafano* was correctly decided because “[t]he allegedly libelous content there . . . was created and developed entirely by the malevolent user, without prompting or help from the website operator.” The court thus specifically “disavow[ed] any suggestion that *Carafano* holds an information content provider automatically immune so long as the content originated with another information content provider.”²⁸

In its decision, the court also signaled its growing skepticism of the need to protect the burgeoning Internet, something Congress sought to do in enacting Section 230 in 1996. While the court found the Internet important, it also found the medium is

no longer a fragile new means of communication that could easily be smothered in the cradle by overzealous enforcement of laws and regulations applicable to brick-and-mortar businesses. Rather, it has become a dominant—perhaps the preeminent—means through which commerce is conducted. And its vast reach into the lives of millions is exactly why we must be careful not to exceed the scope of the immunity provided by Congress and thus give online businesses an unfair advantage over their realworld counterparts, which must comply with laws of general applicability.²⁹

Conclusion

The Ninth Circuit’s new emphasis on discerning whether a website “materially contributes” to allegedly illegal content adds a new, but not unexpected, wrinkle to whether Section 230 immunity is available to content on a website. Increasingly, websites reflect a mix of content authored by the website and content prepared by third parties. For this reason, the potential implications of the *en banc* court’s ruling will be explored for many years to come.

Endnotes

1. *Fair Housing Council of San Fernando Valley v. Roommates.com, LLC*, 521 F.3d 1157 (9th Cir. 2008).
2. *Id.* at 1168.
3. *See generally id.*
4. *Id.* at 1168.
5. *Id.* at 1169–70.
6. *Id.* at 1161–62.
7. *Id.* at 1162.
8. *Id.*
9. 47 U.S.C. § 230(c)(7).
10. *Id.* § 230(f)(3) (emphasis added).
11. 521 F.3d at 1162–63.
12. *Id.* at 1167–68.
13. *Id.* at 1169.
14. *Id.*
15. *Id.*
16. *Id.* at 1164, 1169.
17. *Id.* at 1164.
18. No. 07-1101 (7th Cir. Mar. 14, 2008).
19. 521 F.3d at 1172–73.
20. *Id.* at 1172.
21. *Id.* at 1174.
22. *Id.* at 1175.
23. 333 F.3d 1018 (9th Cir. 2003).
24. *See generally id.*
25. 521 F.3d at 1170 n. 29.
26. 338 F.3d 1119 (9th Cir. 2003).
27. 521 F.3d at 1171.
28. *Id.* at 1171 n. 31.
29. *Id.* at 1164 n. 15.

Ms. Sager, Mr. Johnson, and Mr. Burke are partners and Ms. Doran an associate with Davis Wright Tremaine LLP. They co-authored an *amicus* brief on behalf of the media before the *en banc* proceeding.

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Fashionably Late: The Evolution of Intellectual Property Rights for Fashion Design in the United States

By Kristen Soehngen

This article complements Saryn Leibowitz's article entitled "Faux' Couture: The Prevalence of Counterfeit and Knockoff Fashion Designs and the Attempt to Regulate," which appeared in the Spring 2008 EASL Journal (Vol. 19, No. 2, p. 21).

While fashion design may be regarded as "art" in many circles, it is rarely categorized as intellectual property in the United States. The three types of federal intellectual property protection available—patent, trademark, and copyright—offer a safe harbor to several niches under the broad umbrella of fashion design, but most articles fall vulnerable to piracy inasmuch as they provide only limited coverage.¹ Although the idea of design protection under copyright law has long been debated by Congress, there was a lull in the contemplation of general design protection from 1992 until 1998, when the Vessel Hull Design Protection Act was passed.² While that law was only in favor of boat designers, it once again sparked a debate of a more general federal design protection law.³ From this controversy arose the Design Piracy Prohibition Act ("DPPA"), which would extend copyright protection to fashion designs.

This article follows the progression of intellectual property rights for fashion design from its inception to projections for the future, especially in terms of copyright. Part I will first discuss the pioneers who brought the need for protection of fashion to light by creating their own solutions. Then, an overview will be presented regarding the current state of patent, trademark and copyright law in relation to fashion designs.

Part II will give an in-depth discussion of the proposed DPPA which is currently before both the House and the Senate. Then, the opposing arguments to the bill will be fleshed out and possible alterations presented.

The discussion of the proposed American law will lead the article into Part III, which will discuss the intellectual property protection available to fashion designs in Europe. French, British and European Union laws will be explained and compared to the proposed DPPA. Furthermore, the United States' obligation as a signatory of the TRIPS Agreement will be discussed.

Part IV will wrap up the current status of design piracy, pinpointing the technological advances of our time as fashion design's strongest foe. Current lawsuits and newsworthy topics will also be highlighted.

I. History

Upon the advancement of American textile manufacturing in the late eighteenth and early nineteenth centuries, design piracy was sure to stake its claim in the fashion industry.⁴ While efforts were made toward the inclusion of fashion design in intellectual property laws, by 1932 it became clear that self-help would be necessary.⁵ Organizing as the Fashion Originators' Guild of America, a group of clothing manufacturers made a mutually beneficial promise with clothing retailers, pledging to just work with each other to ensure that only original designs would be utilized.⁶ "In order to ensure compliance, the Guild created a system of design registration, policed retailers, engaged in arbitration proceedings, and notified its membership of violations by means of a card index."⁷ Those retailers who did not comply with the Guild were branded onto a red card which symbolized a boycott, and the members who did business with the offenders were fined.⁸

"While fashion design may be regarded as 'art' in many circles, it is rarely categorized as intellectual property in the United States."

Within four years, the Guild controlled over 60 percent of the moderate to high-end women's fashion market; however, the success was short lived.⁹ Despite enduring several lawsuits brought by non-cooperating retailers, the operation ultimately fell to antitrust laws.¹⁰ Inasmuch as the Guild was on its way to monopolizing the women's fashion industry, the Supreme Court determined it was engaging in unfair trade practices which could not continue.¹¹ Subsequent to that decision, fashion designers have sought protection under patent, trademark and copyright, but have not enjoyed such comprehensive coverage since.

Utility and Design Patents

Patent law plays the smallest role in the protection of apparel.¹² "Fasteners like Velcro or zippers, high-performance textiles like Lycra or Kevlar, protective garments like hazmat gear or spacesuits, and even more whimsical items of apparel have all been the subject of utility patents."¹³ However, while clothing may easily be

considered functional, most fashion design is not sufficiently innovative and therefore will not satisfy the high standards of a utility patent.¹⁴ Moreover, functionality is not even the focus of a fashion designer's quest for protection. Rather it is the creativity of the designs that is vulnerable to piracy.

Nevertheless, some fashion designs may qualify for a design patent, which protects only the "non-functional, ornamental features and configurations" of an article of manufacture.¹⁵ In other words, even though the product is functional, the design itself cannot be a necessary element of its use.¹⁶ Foremost the ornamental feature must be new, original and nonobvious in order to be afforded the design patent protection.¹⁷ The courts review this standard from the viewpoint of a typical designer who works in the same field.¹⁸ Exposed to the same works of art, teachings and suggestions, certain choices and combinations would be obvious to those in the same discipline.¹⁹ For example, one who designs sneakers would be able to determine whether the individual elements of a particular sneaker were in existence prior to the design in question and whether as a designer of ordinary skill, they would have been led to produce that specific design.²⁰

On the one hand, design patents seek to advance the development of the "decorative arts," therefore encompassing the artistic nature of fashion design.²¹ For example, design patents have been extended to the ornamental design of functional objects like an athletic shoe or a watch face.²² Nevertheless, most fashion designs are "not distinctive enough to satisfy the Patent Office that . . . a significant advance in the art of design" has been made to warrant the protection.²³ Therefore, the nonobvious element is the most difficult to overcome.²⁴

Moreover, design patents are not practical for fashion design because "the process of applying for a design patent can take several years, which exceeds the life expectancy of the market for many designs."²⁵ It should be recognized that fashion design is in actuality a subdivision under the larger umbrella of clothing and accessories in general; taken as a "seasonally produced form of creative expression," fashion trends may come and go, but an individual garment is not meant to last for more than a few consecutive seasons.²⁶ In addition to the lengthy process, the preparation is expensive and it is quite likely that the application will be denied.²⁷ Therefore, while in theory design patents may seem suitable for fashion designs, in practice designers face the same obstacles as with utility patents.²⁸

Trademark

While trademark law has undeniably found a place in the fashion industry by covering the distinctive designs which serve to identify the source of an individual article, it does not provide general protection for fashion designs.²⁹ Nevertheless, trademarks have helped to preserve the goodwill developed by established fashion

houses like Ralph Lauren,³⁰ Louis Vuitton,³¹ and Coach.³² To be eligible for protection, a mark must be inherently distinctive or, in the alternative, have obtained secondary meaning.³³

Trademark infringement focuses on the owner's right to exclusive use of a mark as representative of itself, the product's maker.³⁴ The question is whether the symbol itself actually identifies the plaintiff and "whether the defendant's mark is likely to cause confusion."³⁵ In 2004, Louis Vuitton sued fellow handbag design firm Dooney & Bourke for trademark infringement and dilution in connection with its Monogram Multicolore handbags.³⁶ Dooney & Bourke did not directly copy the trademarked, legendary LV logo, Toile Monogram, or its newest Multicolore design, but instead captured the essence of Louis Vuitton's original multicolored monogram bags.³⁷ Notably in this case though, "Vuitton [did] not seek to protect the overall look of its handbags, that is, its trade dress, but rather the narrower trademark it has established in its colored pattern."³⁸ As the plaintiff's new design was based on its legendary mark, it "became famous almost instantly," and is undeniably inherently distinctive.³⁹

However, this case proved not to be an open and shut matter inasmuch as it grew into a four-year battle. In 2006, the Court of Appeals remanded the case to determine the likelihood of confusion under actual market conditions, rather than the side-by-side comparison on which the district court had based its decision.⁴⁰ Then, at the close of May 2008, it finally ended in summary judgment. However, as far as Vuitton was concerned, the fight was not yet over.⁴¹ The Court found in favor of the defendant Dooney & Bourke, declaring that its monogram bags did not infringe on the Multicolore design.⁴² Vuitton voiced its respectful disagreement and planned to appeal the decision.⁴³

Nevertheless, despite the outcome of the *Vuitton* case, trademark protection may still prove more beneficial to famous design houses whose logos are more likely to be copied than their lesser-known, new to the industry, colleagues.⁴⁴ For example, in 2007 Burberry filed a lawsuit in New York for trademark and trade dress infringement of its signature design, but was able to come to a settlement within weeks.⁴⁵ Furthermore, despite the inevitable surfacing of a knockoff, most famous designers already have a following that is willing to spring for the more expensive original, as opposed to those fashion designers who have not yet developed a dependable fan base.⁴⁶

Trade Dress

Contrary to the narrow standard of trademark infringement, trade dress violations are addressed on a more comprehensive scale. Essentially, trade dress is "the total image of a good as defined by its overall composition and design, including size, shape, color, texture, and graphics."⁴⁷ Trade dress protects a product's total appearance,⁴⁸ but it must still identify the source.⁴⁹ Therefore if

the primary purpose of the article is aesthetic, rather than indicative of source, trade dress will not apply.⁵⁰ “While trade dress can be registered as a trademark, trade dress infringement actions are generally brought under § 43(a) of the Lanham Act, which functions as an unfair competition law for unregistered goods.”⁵¹

Furthermore, as opposed to patent and copyright law, trade dress does not seek to encourage innovation and creativity.⁵² Rather it seeks to promote competition, hence if the garment’s primary purpose is merely aesthetic, it will not qualify.⁵³ Moreover, even if the trade dress identifies the designer and likelihood of confusion is proven, alleged infringers may assert the defense of aesthetic functionality by showing that protection of the design would limit the range of adequate options available to other designers in the same market.⁵⁴

The Supreme Court has made it clear that while trade dress has the ability to be inherently distinctive, as determined in *Two Pesos*, product-design trade dress cannot fall into that designation.⁵⁵ This determination was made in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, in which a children’s clothing designer and manufacturer brought a trade dress infringement suit against a retailer who sold knockoffs of the plaintiff’s designs.⁵⁶ The Court in that case found that “product designs are primarily the result of aesthetic or functional considerations and only point to their origin if they have developed ‘secondary meaning’ in the minds of their consumers.”⁵⁷ Moreover, consumers are most likely aware that a product design is foremost meant to catch their eye, although it may later serve to identify the source.⁵⁸

Declining to acknowledge the possibility of inherent distinctiveness in product design, the Court cited the stifling of competition as a likely repercussion, which would in turn hurt consumers.⁵⁹ Moreover, in the context of fashion design, it would even hinder emerging designers from developing their own persona in the industry due to the threat of lawsuits based upon alleged inherent distinctiveness.⁶⁰ Nevertheless, while that ruling does not advance the protection of fashion design, it does further the argument for an amendment to the copyright law.

Copyright

Fashion design currently falls within the “useful article” provision of the copyright law⁶¹ and therefore is eligible for copyright protection “only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”⁶² Therefore, in order to qualify for protection, the fashion design would have to pass the test for separability, whether physical or conceptual.⁶³

Prior to revision of the Copyright Act in 1976, the seminal case of *Mazer v. Stein* considered the problem of separating the copyrightable artistic attributes from

the uncopyrightable utilitarian functions of a product.⁶⁴ “Congress adopted the *Mazer* approach in the drafting of the 1976 Copyright Act and devised a ‘separability’ test for useful articles in which one looks at the item in question to determine whether ‘pictorial, graphic or sculptural’ parts of the work can be either physically or conceptually separated from the utilitarian, functional parts of the work.”⁶⁵ Physical separability can be understood through its plain meaning. That is, if a piece of the work can be physically severed and determined to be a free-standing work of art, it is eligible for copyright protection, but when placed in conjunction with the functional features, it is not.⁶⁶ For example, in *Mazer*, a statuette which doubled as a lamp base was copyrightable, inasmuch as it was considered a work of art when physically separated from the lamp.⁶⁷ In contrast, it has not been so simple to work with its counterpart, conceptual separability.

“On a razor’s edge of copyright law,” in its time, the Second Circuit in *Kisselstein-Cord* tackled the conceptual-separability doctrine in terms of the sculptured designs of jewel-encrusted belt buckles.⁶⁸ The court found that the aesthetic decorations which adorned the buckles were indeed conceptually separable from their underlying utility.⁶⁹ However, special circumstances in this case may have helped the court in its decision. The fact that the buckles may also be considered jewelry and that they were inducted into the permanent collection at the Metropolitan Museum of Art definitely weigh in favor of copyright protection as applied art.⁷⁰ Nevertheless, this factor does not necessarily sway the courts when it comes to clothing, of which the artistic and utilitarian elements are even more intertwined. On the other hand, the Ninth Circuit did find a swimsuit copyrightable that was incidentally donned as clothing in a photograph, but it was worn without consent from the designer who strictly created the article as a work of art.⁷¹

Shortly thereafter, the Second Circuit once again encountered conceptual separability in *Carol Barnhart, Inc. v. Economy Cover Corp.*, in which the court ultimately determined that plaintiff’s mannequins were not copyrightable inasmuch as the display forms were primarily utilitarian with no separable artistic elements.⁷² Had the mannequins been permanently dressed, as opposed to “display[ing] various articles of clothing on a temporary basis,” the Court may have found otherwise.⁷³ Nevertheless, the dissent presented a new separability test which revolves around the “ordinary reasonable observer.”⁷⁴ In the mind of that observer, the article must stimulate “a concept that is separate from the concept evoked by its utilitarian function” in order to be considered conceptually separable.⁷⁵ “The Second Circuit has never adopted this test, but some designers seeking copyright protection have reflected its underlying concepts in their argument that fashion is art.”⁷⁶

The last in a trio of conceptual separability cases in the 1980s, *Brandir Int’l, Inc. v. Cascade Pacific Lumber Co.*,

once again addressed the tricky doctrine.⁷⁷ Borrowing the test from Professor Denicola's article,⁷⁸ the Court declared that, "if design elements reflect a merger of aesthetic and functional considerations, the artistic aspects of a work cannot be said to be conceptually separable from the utilitarian elements. Conversely, where design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influences, conceptual separability exists."⁷⁹ However, even with the different proposed approaches, fashion design very rarely survives conceptual separability.⁸⁰

Historically speaking, it has long been held that "clothes, as useful articles, are not copyrightable."⁸¹ Nevertheless, designers have tested the boundaries of copyright in pursuit of protection for their artistic endeavors. A costume designer was actually successful in securing a copyright for his designs by referring to them as "soft sculptures"; however it was later declared invalid when challenged in court.⁸² On the other hand, the soft-sculpture argument was accepted and upheld when used for an animal nose mask, but only because its function was to evoke a human response.⁸³ Nevertheless, some fashion designers have found refuge in the fact that textile designs are subject to copyright protection as both a work of art and as a print.⁸⁴ Therefore, while an article of clothing itself is not copyrighted, the designs printed upon its fabric may well be protected.⁸⁵

Moreover, lace designs used to make wedding gowns⁸⁶ and puffy appliqué artwork on sweaters⁸⁷ have both been protected by copyright. However, limitations are still imposed because commonplace designs which are in the public domain, like ordinary polka dots and gingham checks, are not copyrightable.⁸⁸ On the other hand, "stripes, if complex enough, have been found to possess the modicum of creativity required for copyright protection."⁸⁹ Nevertheless, there are not enough loopholes in the system to adequately protect fashion design.

II. Proposed Legislation

Upon an acknowledgement of the insufficient intellectual property protection for fashion design in the United States, the DPPA was originally introduced in the House of Representatives in March 2006. In 2007, the bill was once again presented to the House and also to the Senate. The nearly identical proposals are currently pending before the House Subcommittee on Courts, the Internet and Intellectual Property and the Senate Committee on the Judiciary.⁹⁰ While the House Subcommittee did meet on February 14, 2008 to hear testimony from designers on both sides of the debate, a decision has not yet been rendered.⁹¹ The stalemate has been attributed to the fight within the fashion industry between the Council of Fashion Designers of America ("CFDA"), a supporter of the bill and the American Apparel and Footwear Association ("AAFA"), an advocate against the DPPA.⁹² In the hopes that the CFDA and AAFA will reach com-

mon ground on the bill's language, the subcommittee is expected to give the organizations time to work out their differences before conducting a vote.⁹³

The DPPA would essentially extend the design protection afforded to vessel hulls, under Chapter 13 of Title 17 of the Copyright Act, to protect fashion designs as well.⁹⁴ Broadly written, Chapter 13 casts a substantial shadow, leaving room for future amendments.⁹⁵ Offering protection to "an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing or using public," fashion design can easily fit within the confines of Chapter 13.⁹⁶ The definition of "useful article" is presently restricted to a vessel hull but would be amended to include "an article of apparel."⁹⁷ "Apparel" would include: "an article of men's, women's, or children's clothing, including undergarments, outerwear, gloves, footwear, and headgear; handbags, purses, and tote bags; belts; and eyeglass frames."⁹⁸ "The bill would make clear that for purposes of Chapter 13, a fashion design is the appearance as a whole of an article of apparel, including its ornamentation."⁹⁹ Moreover, because the amendment would offer *sui generis* protection,¹⁰⁰ the fashion designs which qualify would no longer be subject to the fickle test for separability.¹⁰¹

For the most part, the current design protection for vessel hulls would be easily transferable to fashion design.¹⁰² However, the term of protection and time frame for registration would be altered to conform to the unique needs of the fashion industry.¹⁰³ Foremost, the term of protection would be reduced to only three years due to the fast paced nature of the trend cycle.¹⁰⁴ The time frame for registration would also be reduced to correspond with the term of protection. In an effort to give clear notice of protected fashion designs, it would be required that registration occurs within three months of becoming public¹⁰⁵ by way of exhibition, distribution or sale.¹⁰⁶ Furthermore, "for sale" would include "individual or public sale."¹⁰⁷ Contrary to ordinary copyright notice which is permissive, notice under Chapter 13 is mandatory.¹⁰⁸ Moreover, "[u]nlike copyright law, where protection arises at the moment of creation, an original design is not protected under Chapter 13 until it is made public or the registration of the design with the Copyright Office is published, whichever date is earlier."¹⁰⁹

Moreover, the bill also introduced a few amendments which would affect both fashion and vessel hull designs. In terms of infringement, § 1309 would be modified in a few ways:

First, an existing provision that it shall not be an act of infringement to make, import, sell, or distribute, any article embodying a design which was created without knowledge that the design was protected and was copied from such protected design would be amended to

provide that the alleged infringer must not have had “reasonable grounds to know that protection for the design is claimed.”¹¹⁰

Furthermore, the bill clarifies that infringement may occur when the infringing article is copied directly from a protected design or from an image.¹¹¹ The Senate bill goes a step further by adding that “[i]n the case of a fashion design, a design shall not be deemed to have been copied from a protected design if it is original and not closely and substantially similar in overall visual appearance to a protected design.”¹¹² Finally, a new subsection would be added, applying the secondary liability doctrines enumerated under Chapter 5 of the copyright law to the DPPA.¹¹³ As direct liability for publication would fall to First Amendment considerations, the aforementioned addition was formulated in an effort to combat the publication and sale of detailed photographs of new fashion designs, which currently fuel the knockoff industry.¹¹⁴

The DPPA also addresses damages to be awarded in compensation for infringement, increasing the limit put on damages in § 1323(a). The revision gives the court authority to increase damages to “\$250,000 or \$5 per copy.”¹¹⁵ Nevertheless, it remains that the damages are only to be considered as compensation, not as a penalty.¹¹⁶ Moreover, it should be noted that this amendment would actually exceed the maximum statutory damages allowed under the copyright law.¹¹⁷ However, the other current remedies remain the same. As an alternative to the compensatory damages in § 1323(a), the court may in some cases award to the plaintiff the infringer’s profits.¹¹⁸ Furthermore, reasonable attorneys fees may be awarded to the prevailing party¹¹⁹ and the court may order the destruction of all infringing materials.¹²⁰

The bill lastly encompasses § 1330, the savings clause, which presently ensures that Chapter 13 shall not “annul or limit . . . common law or other rights or remedies” or any trademark or unfair competition rights.¹²¹ The amendment adds that any existing copyright protection under other chapters of the law will not be affected.¹²²

Time for Change

“Unlike the proposed legislation of previous decades, there has been little industry opposition to the bill . . . , a circumstance that may result in part from a greater cultural emphasis on creativity rather than copying as an economic strategy.”¹²³ This positive shift seems to indicate that the United States may now be ready to move forward. Furthermore, the American fashion world has come a long way from the short-lived protection provided by the Fashion Originators’ Guild. The organization was shut down due to unfair competition concerns in 1941,¹²⁴ but technological advances have caused quite a stir in the industry since then.¹²⁵ Additionally, challenges to the development of American fashion design have also surfaced in the form of exponential “increases in . . .

distribution channels and the availability of cheap labor in emerging economies.”¹²⁶ Therefore, fashion designers now fall as victims to unfair competition as opposed to the perpetrators of such practices.

Opposition to the DPPA

Critics of the DPPA see protection of fashion design as unnecessary and fear that if enacted, the law would actually stifle creativity.¹²⁷ “Copying, they say, is the normal, time-tested business model of the industry, in which the very idea of what becomes fashionable relies on the mass dissemination of trends.”¹²⁸ Nevertheless, while that statement may be true, critics may also be missing the point. The DPPA would not prohibit original designs that are merely inspired by the trend of the moment; it would prohibit the production of direct copies, also known as design piracy.¹²⁹ “Design Piracy describes the increasingly prevalent practice of enterprises that seek to profit from the invention of others by producing copies of original designs under a different label.”¹³⁰ With the threat of substantial damages to be paid for the production of knockoffs or in some cases turning over their own profits to the plaintiff,¹³¹ potential infringers will think twice before copying a piece verbatim.¹³²

On the other hand, many critics actually cite weak intellectual property rules as a main factor in the success of the fashion industry, referred to as the piracy paradox.¹³³ It is claimed the “paradox stems from the basic dilemma that underpins the economics of fashion: for the industry to keep growing, customers must like this year’s designs, but they must also become dissatisfied with them, so that they’ll buy next year’s.”¹³⁴ Since copying puts new designs in the express lane to the mass market, opponents to the DPPA believe that the industry as a whole benefits from allowing design piracy.¹³⁵ However, it is difficult to grasp the notion that trends would come to a halt simply because fashion designs were afforded protection. On a different note, slowing the dissemination of trends may actually be beneficial to fashion; one prominent designer has even accused piracy of prematurely killing trends by moving them along at an excessive pace.¹³⁶ Evident in other creative fields, the trends themselves will always be vulnerable to copying, because that is the nature of fashion as an art form. For example, music is copyrightable, yet the trends continue to evolve.

Moreover, opponents question whether originality is actually possible to find in an article of clothing.¹³⁷ Nevertheless, they must acknowledge that the law would not afford copyright protection to apparel with a “shape, pattern, or configuration which has become standard, common, prevalent, or ordinary.”¹³⁸ Designers are not looking to copyright the white t-shirt.

One opponent cleverly refers to “knockoffs as being like gateway drugs: access to the lower-quality version makes buyers all the more interested in eventually getting the real stuff.”¹³⁹ Therefore, new followers are actually

spurred by targeting a consumer who may not initially purchase the higher-priced original, but will, after a taste of the luxury lifestyle. However, this theory not only encompasses knockoffs, but counterfeits too. Under current law, the difference between design piracy and counterfeiting is negligible,¹⁴⁰ yet the consequences are devastating because unless a trademark or trade dress is violated, the faux good is legal.¹⁴¹ But for the simple difference of their labels, they are both essentially undercutting the original designer.¹⁴² In fact, the DPPA may also serve the added benefit of curbing the massive counterfeiting market through its protection for handbags, purses and eyewear.¹⁴³ Therefore, in addition to protecting the holder of the copyright, the DPPA would also indirectly serve the public-policy considerations of combating counterfeiting.¹⁴⁴

Nevertheless, while many individuals may have offered their own theories for opposition, the AAFA has the strongest hold among critics in the bid for Congress' attention. Representing a large share of fashion companies and brands, its opinion has weight with lawmakers.¹⁴⁵ Unsatisfied with the proposed DPPA, the AAFA has cited its major concerns as the bill's inability to actually limit protection to original designs, the possibility of trade disruption, added costs due to litigation and copyright research, and potential suppression of production for legitimate companies.¹⁴⁶ However, even though the worries are understandable, they do not stand up to the substantial hardship fashion designers currently face.

Possible Adjustments to the DPPA

While the proposed law as it is would be quite strong, a few minor adjustments may be beneficial. Reconsideration of the bill is necessary to bring the disparate interests of the CFDA and the AAFA together. Noting the European models,¹⁴⁷ but also the current opposition toward the amendment in the United States, unregistered protection and an adjustment to the term should be considered.

Essentially, the DPPA would protect the design at the beginning of the fashion cycle when designers seek the approval of trendsetters who will test out their runway visions. "[T]he design is sold to 'trendsetters' in small quantities for large prices in order to guard against any potential resultant losses."¹⁴⁸ Hence, even though designers should definitely be protected during this time of risk, a three-year term may still be excessive. The seasonal nature of fashion design will always call for change.¹⁴⁹ Notably, runway shows take place roughly six months before the articles appear in stores.¹⁵⁰ Through this forum, a substantial number of designs are introduced to the public through first-hand viewings and shortly thereafter, photographs. Therefore, a one-year and six-month term should be sufficient to protect the original design during its initial debut.

In the alternative, a shorter unregistered term of protection should be made available to designers who only seek protection for the first phase of the cycle, while still affording a three-year term to designers who register their creations. For example, accessories designers may find more use for a three-year term than those in the clothing industry, as handbags, belts and glasses tend to transcend a single season. This scheme may also be appropriate inasmuch as designers would then be encouraged to register in order to license their designs for the remainder of the term, similar to what Parisian fashion houses did during the initial rise of design piracy.¹⁵¹

III. Compare: European IP Protection

Unlike the United States, Europe has already committed to the marriage of fashion and law. While France was once the front runner of intellectual property rights for fashion design, Britain has followed suit and in 2002 the European Union extended protection to the original designs of apparel and accessories.¹⁵² Moreover, the TRIPS Agreement was developed in an effort to synchronize intellectual property rights on both sides of the Atlantic.¹⁵³ The DPPA just might make the United States next to join the trend.

France

As Paris is known as the most prominent fashion capital of the world, it is no surprise that France holds the title for the strongest protection of fashion design.¹⁵⁴ In the wake of the industrialization of textile production, France fostered both the beginning of the modern fashion industry and the knockoff manufacturers who were in hot pursuit of its success.¹⁵⁵ The French couture community mounted a two-fold attack on design piracy by first securing intellectual property rights for their original fashion designs and then maintained control over their work by granting foreign and domestic licenses for their designs.¹⁵⁶ Furthermore, the designers were protective of their runway shows, charging American producers a "caution fee" and imposing rules upon the few wholesalers and retailers who were actually invited to attend.¹⁵⁷

At the point of creation, "French copyright-holders receive both patrimonial and moral rights" for their designs.¹⁵⁸ Under the former, designers are given the exclusive right to exploit their copyrighted work and to collect any financial benefits from that use.¹⁵⁹ The copyright holder retains this right for life, and it is passed onto his successors for 70 years upon his death.¹⁶⁰ The latter, moral rights, entitles the creator to demand that his design and name be eternally respected.¹⁶¹ Moreover, upon any partial or complete reproduction of a protected article,¹⁶² "[c]opyright infringers are subject to both civil suits for damages and criminal penalties, including up to three years in jail and a fine of 300,000 euros."¹⁶³ The most notable case in terms of French fashion law was a suit against American designer Ralph Lauren for his copying

of a gown designed by Yves Saint Laurent.¹⁶⁴ Upon filing of the lawsuit, Lauren's dresses were seized and impounded.¹⁶⁵ Although the case eventually settled, Lauren was initially fined and "ordered to advertise the court's decision in ten separate publications."¹⁶⁶

Britain

"Under the U.K. Copyright, Designs, and Patents Act of 1988, . . . clothing may qualify for a . . . limited term of protection as either an unregistered (three years) or registered (up to twenty-five years) design."¹⁶⁷ Upon either recordation or creation of a garment from the design, a recognized right is born.¹⁶⁸ Infringement of a design right is determined by whether or not the second article, even if still in pieces not yet assembled, is an exact copy or substantially different from the original.¹⁶⁹ The design right owner is entitled to all remedies generally available to other property right owners including damages and injunctions.¹⁷⁰

European Union

In 2002 the Community Design Regulation, a unified system of design protection, was developed by the European Union as a remedy for the disparate laws among its Members.¹⁷¹ The EU's purpose was to ease the conflicts of trade and to revive competition.¹⁷² Under the Regulation "[a]ll original designs now receive three years of automatic, unregistered protection."¹⁷³ This period begins to run from the moment of publication and protects solely against copycats.¹⁷⁴ The EU acknowledged that unregistered protection would be advantageous to those designs which have a "short market life," presumably encompassing fashion design.¹⁷⁵ This would explain the low registration rate of fashion designs, as pointed out by critics of the DPPA.¹⁷⁶

On the other hand, registered designs are afforded five years of protection, which can be renewed for up to 25 years.¹⁷⁷ Designs are eligible for registration if they are new, meaning "no identical design has been made available to the public" and if they convey a different overall impression than other previously published designs, referred to as "individual character."¹⁷⁸ In addition to protection against blatant copying, the Regulation also sets penalties for the infringement of registered designs even if the new design was a product of independent creation, if it does not exhibit a different overall impression.¹⁷⁹ Furthermore, the "[r]egistered designs are published bi-monthly in the 11 official languages of the EU in the Community Design bulletin," and compiled into a searchable database.¹⁸⁰

The proposed DPPA is similar to its European counterparts in respect to the fashion designs to be covered, as well as remedies afforded to the victims of infringement. However, there are three significant differences. Foremost, under the DPPA the term of protection is limited to only three years,¹⁸¹ which is considerably shorter than

the 25 years afforded registered designs under the EU and British law and even more so from the 70 year term available in France.¹⁸² Moreover, the term begins to run from either publication or registration,¹⁸³ not from creation as is possible in France and the U.K.¹⁸⁴ Lastly, protection for unregistered designs is unavailable, and registration must be accomplished no more than three months after publication.¹⁸⁵

TRIPS Agreement

The United States has yet to catch up with Europe in terms of copyright law, but as a member of the World Trade Organization, the U.S. has taken on some obligations as a signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement").¹⁸⁶ "The TRIPS Agreement seeks to harmonize international intellectual property rights by setting a minimum level of protection each signatory government must provide and by creating a structure of common international rules."¹⁸⁷ Therefore, while the Agreement sets the floor, members of the WTO are left to their own free will in determining the ceiling put on intellectual property rights in their respective countries.¹⁸⁸ At first glance, the U.S. appears to be in compliance with the minimum set by the TRIPS Agreement because protection is in fact available for textile design, although in a very limited manner.¹⁸⁹ For example, while a design printed upon fabric is protected, the design of the overall garment made with that fabric is not.¹⁹⁰ On the other hand, policy considerations encourage a reading of equal rights for all intellectual property, in which case the United States is lacking.¹⁹¹ Nevertheless, it is important to note that the TRIPS Agreement is sensitive to the uniquely "short life cycle" of fashion designs and insists that any constraints put on the process of acquiring protection must not impose unreasonable obligations upon the designer.¹⁹² This essentially highlights the inadequacy of protection currently available to fashion design in the United States, but would be in tune with the DPPA.

IV. Current Status of Design Piracy

Long ago, it was acknowledged that while the copying of designs may not be right, it was not the job of the courts to orchestrate that change, but instead an amendment to copyright law could properly fashion a remedy.¹⁹³ Along the way, fabric designs have been granted copyright protection, but not the garments themselves.¹⁹⁴ Upon the introduction of the DPPA in 2006, prominent figures of the fashion industry marched on Washington to show their support for a change in the nearly non-existent intellectual property protection of fashion design.¹⁹⁵ In anticipation of worthy arguments in its favor, the United States Copyright Office even worked with proponents of the DPPA on its legislative language.¹⁹⁶

While design piracy has been a nuisance to the industry for a while now, it is currently at the height of its

existence. "Technological advances to the means of textile and garment production, as well as increases in the number of distribution channels and the availability of cheap labor in emerging economies have created serious challenges to the growth of fashion design in America."¹⁹⁷ As was the case in *Wal-Mart*, national retailers are in business with suppliers who are able to duplicate apparel from photographs of the original.¹⁹⁸ The designer of children's clothing in that matter only became aware of the knockoffs when a client accused the designer of selling their garments to other retailers at a lower price.¹⁹⁹

Armed with "computer programs that approximate the design of a garment from a Web image without the need to pull apart the seams," factories are capable of producing finished samples within two weeks.²⁰⁰ The quick turnover enables knockoff manufacturers to put their garments out in the market before the originals even hit shelves.²⁰¹ Recently however, legendary design house Halston made a groundbreaking move circumventing the typical lag in time between the appearance of designs on the runway and their arrival in stores.²⁰² Within 24 hours after the show, two of the runway looks were made available for purchase through global online retailer Net-a-porter.²⁰³ Marking a major departure from the traditional fashion cycle, the Internet retailer hoped to send shockwaves through the copycat industry as well as empower designers.²⁰⁴ Moreover, the initiative was highly successful considering one of the Halston pieces sold out within only 45 minutes and the other in a few days.²⁰⁵ In fact, Halston has acknowledged the "modern trend of the quick consumer" and plans on expanding upon its experiment with Net-a-porter in upcoming seasons.²⁰⁶

Current Litigation

The infiltration of "fast fashion" chains in recent years has also brought incessant litigation. As of September 2007, more than 20 designers had filed suits against retailer Forever 21 alone.²⁰⁷ Among the women's wear companies are "Gwen Stefani's Harajuku Lovers, Diane von Furstenberg Studio, Anna Sui, Carole Hochman Design Group, Anthropologie and Bebe."²⁰⁸ In October, the first menswear firm filed suit against Forever 21 for allegedly copying "its designs, fabric patterns, prints and label designs" as a violation of trade dress.²⁰⁹ However, without the comprehensive protection of the DPPA, proving infringement by other means is a battle and the pending lawsuits do not seem to be curbing copycats. Diane von Furstenberg recently settled her suit with Forever 21 out of court.²¹⁰

Nevertheless, some designers have taken on a "if you can't beat them, join them" mentality and partnered with fast-fashion retailers like H&M to create their own reasonably priced lines.²¹¹

Conclusion

The United States has turned a blind eye to the plight of fashion designers for far too long.²¹² Understandably, Europe, home to most of the fashion capitals of the world, has been at the forefront of intellectual property protection for design. However, it is undeniable that American fashion houses have earned the right to be heard, boasting a market share of \$350 billion.²¹³

As admitted by the U.S. Copyright Office upon the first proposition of the DPPA, should Congress choose to act, the bill "provides a sound basis for balancing competing interests."²¹⁴ Most importantly, the limited term of protection would fulfill the needs of fashion designers, but without stifling the flow of trends.²¹⁵ Moreover, Senator Charles Schumer believes that the law could also serve as a deterrent, thereby holding lawsuits to a minimum.²¹⁶

However, the fight towards protection continues to be an uphill battle. The language of the bill is still being tweaked, and therefore the DPPA is left hanging in a formative stage. Moreover, a slight setback occurred on March, when the AAFA declined to join the CFDA in a compromise deal.²¹⁷ Without an agreement between the two organizations, congressional consideration of the bill is unlikely to occur this year.²¹⁸ Nevertheless, the CFDA has vowed to move forward with its efforts as a champion of the DPPA and will even include the recommendations of the AAFA in its proposed changes, hoping that Congress will recognize the CFDA's efforts to compromise.²¹⁹

The stage is now set for the new generation of intellectual property law in the United States, but the industry must ultimately wait on Congress to make the next move. In the words of fashion icon Heidi Klum, host of the ever-popular fashion design show *Project Runway*, "are you in, or are you out?"²²⁰

Endnotes

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8. Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 *VA. L. REV.* 1687, 1697 (2006).
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16. *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993) (Court found that defendant infringed plaintiff athletic shoe manufacturer's design patent for four shoe models whose primary purposes were ornamental and were nonobvious).
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26. Scafidi, *supra* note 4, at 122.
27. Raustiala & Sprigman, *supra* note 8.
28. Scafidi, *supra* note 4, at 122.
29. Hearing, *supra* note 1, at 4.
30. Briggs, *supra* note 24, at 195.
31. *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108 (2d Cir. 2006), *remanded to* 500 F. Supp. 2d 276 (S.D.N.Y. 2007).
32. *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 171 (2d Cir.1991).
33. *Louis Vuitton*, 454 F.3d at 116.
34. *McCarthy*, *supra* note 22, at § 8:1.
35. *Id.*
36. *Louis Vuitton*, 454 F.3d at 113.
37. *Id.* at 108.
38. *Louis Vuitton*, 454 F.3d. at 115.
39. *Id.* at 116.
40. *Id.* at 117.
41. Evan Clark, *Dooney & Bourke Wins Ruling In Bag Battle with Louis Vuitton*, WOMEN'S WEAR DAILY (June 4, 2008).
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48. *McCarthy*, *supra* note 22, at § 8.1.
49. *Knitwaves, Inc. v. Lollytogs LTD.*, 71 F.3d 996 (2d Cir. 1995).
50. *McCarthy*, *supra* note 22, at § 8.1.
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52. *McCarthy*, *supra* note 22, at § 8.1.
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55. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773 (1992); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 215–16 (2000).
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59. *Id.*
60. *Id.* at 214.
61. Briggs, *supra* note 24, at 169 (“Clothing is clearly a ‘useful article,’ whether one considers its function to be protecting its wearer from the elements, ensuring modesty, or symbolizing occupation, rank or status.”).
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The Dangers of the Entourage

By Kim Stuart Swidler

Your client, Sandra, is a moderately successful film star living in New York City. At home, on the set, or at events, she is accompanied by one or more members of her “entourage,” which consists of her chauffeur, Max, her personal assistant, Bill, and her child’s nanny, Kate.

Max’s job is to drive Sandra and the rest of her entourage to various appointments and events for approximately 30 hours during the week.

Bill is a presently unemployed actor who is a friend of Sandra’s. In between acting classes and auditions, and for about 25 hours a week, he primarily answers phone calls and schedules appointments for Sandra.

Kate works 50 hours a week taking care of Sandra’s child.

Sandra regards each of these individuals as independent contractors, but her accountant cautioned her that, from an IRS standpoint, they are employees. So Sandra dutifully meets her employer obligations with respect to tax withholding and tax filings and believes that she has met her legal obligations.

One very unlucky day, Max gets whiplash in a fender bender, Bill breaks his leg while dodging the paparazzi, and Kate wrenches her back when as she is hit by a swing.

Sandra has homeowner’s insurance with a generous umbrella policy, and she believes that she will be protected. She is completely unaware, however, that she is about to experience something akin to a financial and emotional train wreck.

Soon after the day of the accidents, all three individuals quit, and Sandra is notified that they each have filed a Form C-3 from the NYS Workers’ Compensation Board (“Board”) requesting workers’ compensation benefits. Max, Bill and Kate each allege that, while in Sandra’s employment, they sustained severe physical and psychological injuries. All of them are looking for lost wages and medical payments.

Sandra contacts you to find out her exposure. She tells you that she never purchased workers’ compensation coverage for Max, Bill or Kate. Why should she have? After all, they really were not employees, were they? Anyway, does not her homeowner’s insurance policy cover any liability?

You initially need to determine if any of these three people would be deemed employees under the Workers’ Compensation Law (“WCL”). If so, the ramifications will be severe because Sandra will be liable for those individual’s medical and indemnity awards.

Moreover, pursuant to Section 50 of the WCL, Sandra was required to provide her employees with workers’ compensation coverage. Her failure to do so would subject her to penalties pursuant to WCL Section 26-a. Those fines now amount to \$1,000 for every 10 days that her first employee was hired. Furthermore, if Sandra failed to keep business records concerning their employment, she violated Section 131.1 of the WCL and would be subject to an additional fine of \$1,000 for every 10 days of noncompliance.

The Employer-Employee Relationship

In assessing your client’s liability, you should first determine if Sandra was correct in believing that Max, Bill and Kate were not employees, but instead were independent contractors. If she was correct, they would be exempt from workers’ compensation coverage, their claims would be disallowed, and Sandra would not be subject to any penalties.

It is well settled that the existence of an employer-employee relationship is a question of fact for the Board to resolve.¹ Although no one factor is dispositive, consideration is given to (1) the right to control the claimant’s work; (2) the method of payment; (3) the right to discharge; (4) the furnishing of equipment; and (5) the relative nature of the work.²

From what you know of Sandra, you are well aware that she exercised more than sufficient direction and control over Max, Bill and Kate. Moreover, Sandra told them when and where to go, controlled their hours of work and decided how much they would be paid by the hour. The equipment, including the car that Max drove, was owned by Sandra. Therefore, from an initial review of the workers’ compensation law, Max, Bill and Kate would be considered employees of Sandra.

The Domestic Worker

However, you further research the WCL and believe you may have found a possible loophole. Were either Bill, Max or Kate employed as a domestic worker? If so, Sandra might statutorily be exempt from the requirement to provide workers’ compensation coverage.

WCL Section 2(4) originally excluded or limited the coverage provided for domestic workers, or other workers such as casual employees and babysitters who provide services associated with the maintenance of an individual employer’s household. It wasn’t until 1946 that workers’ compensation coverage became mandatory for full-time domestics. The reasons for requiring such mandatory coverage included increased exposure to machine injuries

arising from the mechanization of home laundries and kitchens.

WCL Section 3(1)(12) requires that compensation be paid for injuries or death incurred by domestic workers employed by the same employer if they work a minimum of 40 hours per week. You must therefore determine if (1) the members of Sandra's entourage performed services that would be considered domestic work and (2) if they worked for Sandra for a minimum of 40 hours per week.

There is no specific statutory definition of a domestic worker contained in the WCL. However, in multiple Board Panel decisions, the Board has followed the direction of *The New York Workers' Compensation and Employer's Liability Manual* (January 2000 ed.), which generally describes domestic workers as "employees engaged exclusively in household or domestic work performed principally inside the residence," such as "a cook, housekeeper, laundry worker, maid, butler, companion, nurse and baby-sitter," or "outside the residence," such as a "private chauffeur and a gardener."³

As Sandra's private chauffeur, Max's duties would meet the established definition of a domestic worker. Moreover, because he only worked for Sandra 30 hours a week, he does not meet the criteria of WCL Section 3(1)(12). He is therefore not considered an employee and would not be entitled to workers' compensation benefits. Sandra is in the clear.

On the other hand, Bill would not be considered a domestic worker because he engaged in not household work, but instead household duties. Although he only worked 25 hours per week, the minimum hourly requirement does not apply. Sandra was required to maintain workers' compensation coverage for Bill.

Kate's duties as the caretaker for Sandra's child clearly meet the requirements of a domestic worker. However, she worked more 40 hours per week so she does not qualify for the domestic worker exemption. Sandra is therefore liable for her workers' compensation awards.

Homeowner's Insurance

Did Sandra's homeowner insurance provide her with any protection from liability? Could her policy cover her entourage's medical payments and lost wages? In *In re Goodrich Operating Trustfund*,⁴ the Board Panel determined that a domestic worker who is employed fewer than 40 hours per week would be covered by the liability portion of the employer's homeowner's insurance policy, but is excluded from coverage under the WCL. A domestic worker who is employed 40 or more hours per week is not covered by the liability portion of the homeowner's policy, but may be eligible for benefits under the WCL.⁵ As Max is a domestic who worked fewer than 40 hours per week, his accident would be covered by Sandra's homeowner policy. Bill and Kate, however, would not be covered.

Yet it is important to note that workers' compensation coverage is more advantageous than a homeowner's insurance policy. The homeowner's insurance coverage only covers liability up to the policy amount. The workers' compensation coverage may continue well past that sum.

Future Protection

How could Sandra have been protected from this catastrophe? The obvious answer is that she should have attained workers' compensation insurance. However, what if Max had not admitted that he worked fewer than 40 hours per week? A preventative measure is to memorialize the employment arrangement with a written agreement. As many alleged employers have learned, it would be unwise to automatically assume that an injured domestic worker will admit he worked less than the required amount of time. Max has the burden of proof, but a written agreement may negate the time and cost involved in attending perhaps numerous administrative hearings.

A smarter solution, however, would be to obtain the workers' compensation coverage regardless. Considering the hundreds of thousands of dollars that Sandra may now be liable for, the relatively small insurance premiums are worth it. Furthermore, the coverage is beneficial to both the employer and the employee. In exchange for obtaining coverage, employers become immune from employee lawsuits. In exchange for giving up their right to file suit, employees no longer have to establish employer negligence and are guaranteed benefits and relief for their job-related injuries.

Endnotes

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Mexico's Taxation of Income Earned in Mexican Territory by Artists and Athletes, Non-Residents of Mexico

By Ignacio Pinto-León

Generally, non-residents of Mexico—whether Mexican nationals or foreigners—are obliged to pay taxes for income earned in Mexican territory, as provided by Mexico's Income Tax Law (*Ley del Impuesto Sobre la Renta*, hereinafter "LISR").¹ The authority in charge of taxation matters at the federal level is the Tax Administration Office (*Servicio de Administración Tributaria*, hereinafter "SAT").

More specifically, individuals and corporations must pay taxes in Mexico for income earned in sports, public and artistic events.² Income earned in those instances is classified as "accidental income." In such cases, the source of income is considered to be within Mexican territory if the sport, public or artistic event, takes place—in whole or in part—in Mexico.³

Options for Tax Calculation: Over Gross Income or Over Net Income?

The LISR offers two options for taxation of non-resident earning income in sports, public or artistic events: either to apply a flat rate to the gross income, without taking any deduction,⁴ or to apply a higher tax rate to the net income, allowing for appropriate deductions.⁵

Opting for the flat rate over the gross income offers the advantage of neither requiring the taxpayer to name a legal representative in Mexico nor making any documentation available for review by the Mexican tax authorities.

The choice of applying a higher tax rate—more accurately, the highest rate available—to the net income has the advantage of deducting the expenses related to the sport, public or artistic event. It also requires, however, naming a legal representative in Mexico, and keeping the expense receipts available to the Mexican tax authorities for five years in case a tax audit is conducted.⁶ Furthermore, the taxpayer has to guarantee the payment of taxes by buying a bond.⁷

Deciding on whether to opt for the flat rate over gross income or the highest rate over net income will depend on the nature of the activities to be developed by the non-resident of Mexico. For instance, it will make more sense for a professional boxer participating in a bout in Mexico to opt for the first option, since he practically will have no significant expenses related to his activity within Mexico. On the other hand, a plastic artist mounting an exhibition of her work, consisting of 10 tons of plastic roll applied over the *Zócalo* Plaza in Mexico City, may well opt for the second option, due to the high expenses associated with her line of work.

Who Has to Make the Tax Payment to the SAT?

Whether the party making the payment to the athlete, public performer or artist is a resident of Mexico for tax purposes, or has a permanent establishment⁸ in its territory, is germane to the issue of who makes the payment of taxes in the case in study. In the first case, the party making the payment must withhold taxes; in the latter, the athlete, public performer or artist has to pay the taxes directly.

The party making the payment to the non-resident athlete, public performer or artist must withhold the tax for the earned income if one of two conditions is met:⁹ (1) the party making the payment is a resident of Mexico; or (2) being a non-resident of Mexico, the foreign paying party has a permanent establishment in Mexican territory.

In cases of withholding of taxes, the taxpayer will receive payment for his services minus the amount of taxes to be paid, and will request a receipt of tax withholding from the withholder agent. For these cases, the SAT has well-developed tools to collect the taxes from the withholder agent, since the latter lives in Mexico or has significant contacts with the country. If the agent fails to withhold the tax from the non-resident, the agent itself will be liable; if the withholder agent fails to pay the taxes, the athlete, public performer or artist taxpayer will remain liable too.

The second scenario listed in this section arises when the party making the payment is neither a Mexican resident nor has a permanent establishment within Mexican territory. In this situation, the fiscal obligation *remains* on the non-resident taxpayer—athlete, public performer or artist, who has to make the payment of taxes directly. The time frame for paying the taxes directly is extremely short: Income tax must be paid *the day after income is earned*.

It has to be noted that most—but not all—cases of accidental income by non-resident athletes, public performers and artists involve a Mexican resident as the organizer of the event and paying party, who therefore has to act as a tax withholder. In such cases, the task for the taxpayer is to calculate in advance how much money will be withheld, and what support documentation is to be requested from the withholder agent.

However, events organized or sanctioned in Mexico by foreign entities, such as professional sports associations based in the United States, that do not have a permanent establishment in the Latin American country, could fall in the second category, prompting the rule of direct tax payment by the athlete, public performer or artist. The

following section describes the mechanics to be followed in such cases.

How Can the Non-Resident Athlete, Public Performer or Artist Make Direct Payment of Taxes in Mexico?

As mentioned earlier, if the party making the payment to the athlete, public performer or artist is not a resident of Mexico or has a permanent establishment within its territory, the taxpayer then has to pay the taxes himself.¹⁰ The LISR requires the latter to calculate the amount due and pay it directly at the local office of the SAT where the event took place.¹¹ However, if the amount to be paid is significant, the local office may not have the requisite tools to receive payment.

As previously stated, the two options set by the LISR for non-residents of Mexico earning income in sports, public or artistic events in its territory are either to (1) apply a flat rate to the gross income, without taking any deduction, or (2) apply a higher tax rate to the net income, allowing for appropriate deductions; this latter option requires naming a legal representative in Mexico and providing a bond as guarantee of payment of the taxes.¹²

If the taxpayer opts for the second option—for naming a legal representative and giving a bond—the legal representative has to pay the income tax within the next month after the event took place.¹³

However, in most cases, the athletes, public performers or artists facing the situation will opt for the first option and will pay their taxes directly. In this case, it is of utmost importance to plan in advance and contact the SAT authorities of the place where the events are to occur, and discuss the options for payment. The rules of LISR were contemplated with taxpayers in mind who are residents, have a permanent establishment, or a fixed source of income, in Mexico. Paying taxes in Mexico as a registered taxpayer is easy; doing the same as a non-resident, without having a tax identification number or a bank account in this Latin American country, can be a true challenge.

In a case I worked recently, this intensive interaction with the SAT authorities involved meetings in the city where the event took place, e-mail and telephonic communication with SAT officers in Mexico City, coordination with banks in the United States and Mexico, and follow-up with SAT to obtain the proper tax receipts.

Addressing the tax issue in advance is fundamental: Remember that income taxes under the circumstances are due *one day after* earning the income.¹⁴ Depending on the amount of taxes to be paid, it could be necessary to obtain specific route numbers and bank data to make a wire transfer from the United States.

Effects of the Mexico-United States Tax Convention on the Facts

Mexico and the United States are signatories of a bilateral Tax Convention¹⁵ (hereinafter the “tax convention”) that apply to the hypotheses analyzed if the athlete, public performer or artist earning income in Mexico is a tax resident of the United States.

There are at least three relevant aspects of the tax convention to this case:

1. **The specific purpose of the tax convention is to avoid double taxation on taxpayers.**¹⁶ In the case analyzed in this article, it would be unfair to collect taxes twice on the same income: one in Mexico—by the SAT—and one more time in the United States—by the IRS. Generally, income tax paid by a U.S. resident in Mexico can be credited against his income tax in his country of residence.¹⁷ Income earned by U.S.-based athletes, entertainers and artists from their personal activities in Mexico can be taxed in the latter, and such payment can be credited in the United States.¹⁸
2. **Tax exemption for events funded by the host government.** Article 18(3) of the tax convention exempts athletes, public performers and artists from tax in the countries not of their residences if the sporting events for which they earn income are substantially supported by public funds of the host State or a political subdivision or local authority thereof.¹⁹ Each may, however, have to pay income tax in the country of their residence.
3. **No tax under \$3,000.** Income earned in Mexico by athlete, actor, musician or artist residents of the United States, not exceeding U.S.\$3,000 in a fiscal year, is exempt from taxation in Mexico.²⁰

Conclusion

Non-residents of Mexico are obliged to pay taxes for income earned in Mexican territory. Non-resident athletes, public performers and artists must pay taxes in Mexico for income earned within its territory. In these cases, the source of income is considered to be within Mexican territory if the sport, public or artistic event takes place—in whole or in part—in Mexico.

Athletes, public performers and artists can either apply a flat rate to the gross income, without taking any deduction, or to apply a higher tax rate to the net income, allowing for appropriate deductions.

If the party making the payment to the athlete, public performer or artist is a resident of Mexico for tax purposes or has a permanent establishment, it must withhold the income tax and pay it to the SAT.

If the party making the payment to the athlete, public performer or artist is *not* a resident of Mexico for tax purposes or has a permanent establishment in its territory, the athlete, public performer or artist has to pay his taxes directly.

If as in most cases, the athlete, public performer or artist facing the situation will pay his taxes directly, it is of utmost importance to plan in advance and contact the SAT authorities of the place where the event is to take place, and discuss the options for payment.

Addressing the tax issue in advance is fundamental: Remember that income tax under the circumstances is due *one day after* earning the income.

Mexico and the United States are signatories of a bilateral tax convention to avoid double taxation. Taxes paid in the country not of the residence of a taxpayer can generally be accredited against the income tax to be paid in the country of his residence.

The tax convention exempts athletes, public performers and artists from tax in the countries not of their residence if the sporting events for which they earn income are substantially supported by public funds of the host State or a political subdivision or local authority thereof.

Athletes, public performers and artists, non-residents of Mexico, are also exempt from taxation in that country if the income earned within its territory does not exceed U.S.\$3,000 in a fiscal year.

Endnotes

1. *Ley del Impuesto Sobre la Renta* (LISR) (Income Tax Law), as amended, art. 1.II, *Diario Oficial de la Federación* [D.O.], 1° de enero de 2002 (Mex.), available at <<http://www.diputados.gob.mx/LeyesBiblio/pdf/82.pdf>> (“[I]ndividuals and legal entities are obliged to pay income tax in the following cases: [. . .] Foreign residents, regarding income earned from sources within [Mexican] territory”); *id.* art. 179.
2. LISR art. 203.
3. *Id.* ¶ 1.
4. LISR art. 203 ¶ 4.
5. *Id.* ¶ 5.
6. LISR art. 203 ¶ 5.
7. *Id.*
8. LISR art. 2 (“[Permanent establishment is] any place of business through which the business of an enterprise is wholly or partly carried or personal services are provided”).
9. LISR art. 203 ¶ 5.
10. *Id.*
11. *Id.*
12. See text accompanying notes 5–8.
13. LISR art. 203 ¶ 5. Note that the relevant factor here is not the time when the income is earned, but the conclusion of the sports, artistic or public event.
14. LISR art. 203 ¶ 4. Coordination with SAT authorities is recommended to be able to pay the taxes within the time frame provided by the law.
15. Convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, available at <<http://www.intltaxlaw.com/treaties/mexico/1992treaty.htm#Convention>>.
16. Convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, preamble (“The Government of the United States of America and the Government of the United Mexican States, desiring to conclude a convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income”).
17. See *id.*
18. Convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income art. 18(1).
19. *Id.* art. 18(3).
20. Convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income art. 18(1).

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The Litigious Legacy of Dr. Barnes: What Is the Future of The Barnes Foundation?

By Karen Witczak

Following the Byzantine history of The Barnes Foundation is like trying to follow the legal maneuverings of characters in Charles Dickens' *Bleak House*. Both the unparalleled art collection of Dr. Barnes and the idiosyncratic nature of the man himself have inspired—or rather provoked—passion in the courts, newspapers, institutions, and the world. Is it the nature of or the art of the man that has caused such controversy? One suspects that, from beyond the grave, Dr. Barnes derived grim pleasure from the havoc that initially began with his death nearly 60 years ago. However, many would acknowledge that were he alive today, the most recent developments in the Barnes Foundation case would have caused him to despair.

Since 2002, the main question in the Barnes case has been whether or not to move the entire Barnes collection from Merion, Pennsylvania to Philadelphia in order to ensure its continuing financial and aesthetic health. While there are many politically powerful advocates for this move, groups such as the Friends of the Barnes Foundation maintain that the terms of Barnes' trust and fiduciary duty have already been breached and would be violated further if such a move were to occur.

A series of developments in 2008 culminated in a decision in June by Montgomery County officials to not appeal Judge Stanley R. Ott's decision to deny new hearings on moving the Barnes Collection from Merion to Philadelphia.¹ Montgomery County Commissioner Chairman James R. Matthews stated that he believed they had "exhausted any real chance of overturning Judge Ott's decision."² Earlier in the spring, oral arguments were heard in the Montgomery County Orphan's Court on a petition to open Judge Ott's 2004 ruling that the Barnes Foundation could move the collection. The attorney for the Barnes Foundation, Ralph Wellington, stated that the case had been settled in 2004 and that the opponents of the move had no legal grounds on which to sue.³ Furthermore, Mr. Wellington noted that only the Attorney General's office had the authority to decide matters with regard to charitable institutions.⁴ Attorney General Lawrence Barth agreed with Mr. Wellington, and further addressed the arguments of the Friends of the Barnes and the Montgomery County Commissioners.⁵ In May, Judge Ott denied these latest attempts to keep the Barnes Collection in Merion.⁶

Despite this seemingly final setback, Evelyn Yaari of the Friends of the Barnes Foundation is attempting to find other ways to increase support for their opposition to the move. Ms. Yaari and her group want to have the building

which houses the art collection declared a historic site.⁷ Yet experts on historic preservation have stated that this effort, even if successful, will likely have no impact on keeping the art collection in place.⁸ The Friends of the Barnes are also planning to call upon Barnes donors for more support.⁹ Nevertheless, the general consensus is that, with Judge Ott's recent decision, clearing for the new site of "Barnes II" will take place by the end of 2008 and construction will begin, thus forcing the Friends of the Barnes to give up their heroic efforts.¹⁰

Once described by A. H. Shaw as the "de Medici of Merion"¹¹ in an article in the 22 September 1928 issue of *The New Yorker*, Albert C. Barnes rose from humble origins to become a wealthy man who managed to amass one of the most extraordinary collections of Impressionist and Modern art in the world. Barnes' father, John, was a butcher in a poor section of Philadelphia. He enlisted in the 82nd Pennsylvania Infantry during the end of the Civil War.¹² After losing an arm, he took a civil service position at the post office. Barnes' mother, Lydia, was instrumental in sowing the seeds of the young Barnes' appreciation of art. She ensured that he learned to paint and play musical instruments.¹³ By taking Barnes to African-American revival meetings, she also instilled in him a strong tendency towards the appreciation of this culture, which would later manifest itself in the African art he acquired for his collection.¹⁴ Lydia Barnes also made certain that Albert received the best education possible at the time; in addition to completing the rigorous curriculum at Philadelphia's Central High, he continued on to attain a degree from the University of Pennsylvania Medical School.¹⁵

After interning for one year at the State Hospital for the Insane at Warren in Northern Pennsylvania, Dr. Barnes chose instead to pursue the study of chemistry.¹⁶ In 1896, he traveled to Berlin, Germany, which at the time was one of the major centers for chemical research.¹⁷ He enrolled in the University of Heidelberg, and while there, met Herman Hille, who would become his future business partner.¹⁸

Dr. Barnes formed a partnership with Herman Hille after both of them had worked for H.K. Mulford and Company, a leading Philadelphia pharmaceutical manufacturing company.¹⁹ Hille developed a silver compound called Argyrol, which was administered to prevent blindness in infants.²⁰ While Hille was the brains behind the development of Argyrol, Barnes was the marketing genius who promoted the formula worldwide, thus amassing for both men a large fortune in a relatively short

amount of time.²¹ During this time, however, and despite their successes, the two business partners grew increasingly distant, a tense situation that gave rise to the first of many lawsuits which Barnes would file in his lifetime. In the first case, Barnes made allegations about Hille's lack of integrity, among other things, and after a series of contentious battles, the court ordered that the partnership be dissolved.²²

Barnes quickly resumed the day-to-day operations of the newly formed business, now known as A.C. Barnes Company.²³ In addition, he became involved in the lives of his employees and took a particular interest in various facets of their education. His early training as a painter, combined with his increasing restlessness once his business had become enormously successful again, led him down the somewhat didactic path which would result in both the education of his factory employees and the priceless art collection that exists today.

Barnes' friendships with the artist William J. Glackens, the philosopher William James, and the educator John Dewey were crucial factors in determining the direction in which both his company and his art collection gravitated.²⁴ Glackens provided the foundation for Dr. Barnes' growing aesthetic, and the latter stated in 1915 that "... the most valuable single educational factor to me has been my frequent association with a lifelong friend [Glackens] who combines greatness as an artist with a big man's mind."²⁵ William James and John Dewey also greatly influenced Barnes' philosophy regarding the importance of education.

Another profound influence on Barnes was the French dealer, Paul Guillaume, who enabled Barnes to acquire masterpieces from and by artists such as Renoir, Cezanne, Matisse, Picasso, and Soutine (whom Barnes is acknowledged to have discovered and promoted, much to the artist's chagrin).²⁶ Leo Stein and his sister Gertrude, both of whom were avid champions of the Cubists, especially Picasso, influenced Barnes' aesthetic, particularly with respect to the way he eventually organized his collection, which was modeled after Gertrude Stein's Salon-style hanging of the artworks. Leo and Barnes had a long, but stormy friendship which lasted decades.²⁷

After amassing his unparalleled collection of art, Dr. Barnes wished to use the art for educational purposes, especially to benefit those whom he deemed to be underprivileged. In 1922, he was granted a charter by the Commonwealth of Pennsylvania to establish the educational institution known as The Barnes Foundation. An indenture of trust providing an endowment of \$6 million was executed.²⁸ The charter provided for "... the advancement of education and the appreciation of the fine arts; and for this purpose to erect, found and maintain ... an art gallery and other necessary buildings for the exhibiting of works of ancient and modern art."²⁹ Today, the collection includes 181 Renoirs, 69 Cezannes,

59 Matisse's, 46 Picassos, 18 Rousseaus, 16 Modiglianis, as well as works by van Gogh, and some of the "Ashcan School" artists.³⁰

After Barnes' death in 1951, and perhaps because of Barnes' notoriously contentious relations with the Main Line Philadelphia establishment³¹ who refused to allow him into their cloistered circle despite Barnes' repeated attempts to enter, the Barnes Foundation was first taken to court by *The Philadelphia Inquirer* because of the Foundation's restrictive admissions policy, which allowed only certain visitors restricted entry a few days per week. According to the reporter from the newspaper, this policy violated the legal obligations of a tax-exempt, public institution to provide access to the general public to view the collection.³²

Further, after Barnes' death, control of the Foundation passed to his wife, Laura, who had created the neighboring Arboretum.³³ After her death in 1966, control of the Foundation passed to trustees appointed by Lincoln University (per the terms of Barnes' trust), an African-American institution in Pennsylvania.³⁴ One trustee, Violette de Mazia, was a close confidante of Dr. Barnes.³⁵ After her death in 1988, Lincoln University won the right to appoint the Foundation's trustees.³⁶

According to noted New York art dealer Richard Feigen, who was asked to be on the board of Lincoln University at the time, the situation took a turn for the worse. Richard H. Glanton, who allegedly forced his way onto the Barnes' Board (later becoming Chairman), took steps to deaccession \$15 million worth of paintings from the Barnes Collection, in direct violation of the trust indenture, which did not even allow for "paintings to be shifted from one place to another on the walls."³⁷ Fortunately, because of the press and publicity generated as a result of this blatant disregard for Dr. Barnes' wishes, Glanton was forced to drop his petition. Instead, despite much outcry from the art world, Glanton was able to tour some of the collection's paintings to the National Gallery in Washington, D.C. and the Musee d'Orsay in Paris, among others, thus earning an enormous amount of revenue for the faltering institution.³⁸ When the paintings returned home to Merion, Pennsylvania in November 1995, the number of visitors increased dramatically in the formerly quiet neighborhood, causing Glanton to initiate plans for a large parking lot to be constructed on the grounds of Mrs. Barnes' Arboretum, again in violation of Barnes' wishes. The residents of the area requested that the number of visitors be limited, and the commissioner responded to them. However, this action provoked a cry of racial discrimination from Glanton on the grounds that the plaintiffs were black and the defendants were white.³⁹ Glanton did not leave the Barnes Board quietly. He was finally ousted by the trustees, but not before flinging accusations in as many directions as possible in order to divert attention from him.

Dwindling endowment funds and mismanagement of those funds, combined with politics and bruised egos, continued to plague the health of The Barnes Foundation. According to Kimberley Camp, CEO of the Barnes, the “last of the endowment—\$900,000—went to pay for the . . . very expensive parking lot.”⁴⁰ Although there is a separate \$5,000,000 “building endowment” which is the money that remained after the Barnes collection tour, the funds are controlled by a Montgomery County Orphan’s Court judge.⁴¹ Camp has earned profits for the Foundation from subsidiary rights from reproductions, and in 2001, the court granted blanket approval to lend any of the more than 4,000 works in storage.⁴²

In 2002, when Barnes president Bernard C. Watson announced that the Foundation wanted to move, “art supporters pledged at least \$80,000,000 of the \$150,000,000 needed to relocate the collection.”⁴³ However, these supporters included Pew Charitable Trusts, Lenfest Foundation, the Philadelphia Museum of Art, and the Annenberg Foundation.⁴⁴ Ironically, these were the very organizations representing the same Philadelphia “establishment” with which Dr. Barnes was at war for nearly his entire life.⁴⁵ Even more significant were the strings attached to this proposed money—namely, that the paintings would be allowed to tour, be moved, or be loaned out, and that admission could be charged at whatever rate the Board decided upon. Furthermore, there would be a new Board and control of the Barnes would essentially pass from Lincoln University to the Pew Trusts and the Lenfest Foundation.⁴⁶

Proponents of the move have claimed that the Barnes collection would greatly enhance and be enhanced by Philadelphia’s “Museum Mile,” drawing a huge number of visitors from around the world. The increased revenue as a result of the move, which would allow approximately 250,000, or four times, the current number of guests per year, would offset operating expenses. The proposed new building would feature classrooms, special exhibit rooms, conservation laboratories, a gift shop, at least one restaurant, and a gallery space imitating the current Barnes galleries in Merion.⁴⁷ Perhaps more importantly, proponents claim that visitors from lower-income families might have better access to and might better benefit from the collection, which is in keeping with the terms of Barnes’ trust.

In 2004, Judge Ott stated in his ruling that he considered the Barnes move “the only viable alternative to save the Barnes from bankruptcy.”⁴⁸ Shortly after this decision was reached, the Friends of the Barnes Foundation was formed in order to “educate the public about the plan to move the art collection; promote strong opposition to the move; develop alternative plans that embrace a permanent home for an intact Barnes Foundation in Merion.”⁴⁹

Moreover, the Friends of the Barnes suggested the following possible solutions to the financial problems which face the Foundation: 1) initiate a permanent bus shuttle to transport visitors the five miles from central Philadelphia to the Foundation’s current location in suburban Merion; 2) increase admission to four days per week when Barnes Program students are not in attendance from June to August; 3) increase the number of visitors to 450 per day, not including schoolchildren, of which up to 100 or more could be admitted; and 4) increase the admission price from \$10 to \$12.⁵⁰

Autumn 2007 court petitions filed in Montgomery County asked Judge Ott to reconsider his 2004 decision to permit the move of the Barnes Foundation. Attorneys for the Friends of the Barnes stated that the county offered to buy the Foundation’s buildings and land in order to keep the collection in place, but Judge Ott did not agree to this.⁵¹ Another petition filed by the Friends of the Barnes asked for the removal of the Barnes Board of Trustees and furthermore, alleged a conspiracy on the part of the Board and sponsors of the move. The petition further stated that Judge Ott did not have all the facts at his disposal when he made his fateful 2004 decision. Specifically, the Friends alleged that there had been a 2002 state funding plan in place which would have allowed the Foundation to remain where it is.⁵²

Underlying the entire situation involving the pending move of the Barnes Foundation collection are issues related to fiduciary duty, *cy pres*, and the concept of charitable intent. Do the actions which have been taken with regard to the Barnes collection constitute a breach of fiduciary duty to Barnes and his legacy? Specifically, did the court’s decision to apply the doctrine of *cy pres* (which allows for modification of a trust’s terms when those terms are impossible or illegal, or when unforeseen changed circumstances mean that the original terms now “defeat or substantially impair the accomplishment of the purposes of the trust”⁵³), thereby allowing the collection’s paintings to tour in the 1990s, violate the terms of the Foundation’s bylaws? Some have advocated for the relaxation of fiduciary duty of obedience and a proportional decrease in public oversight as an alternative to *cy pres* and administrative deviation doctrines.⁵⁴

Even if every effort were made to replicate the idiosyncratic style in which the paintings in the Barnes collection have been displayed since Barnes first arranged them, moving the collection in its entirety would probably constitute yet another violation of Dr. Barnes’ wishes. For all the arguments against keeping the collection intact and in its present location in Merion, legally and ethically, this author believes that the terms of the Foundation and its eccentric creator should be honored. Other ways should be found to financially shore up the institution without putting the collection itself at risk, thereby allow-

ing a piece of history to continue apart from ubiquitous commercial museum blockbuster exhibitions. There must be a way to build on the efforts of the Friends of the Barnes and the Montgomery County Commissioners to rally passionate art lovers to this cause. The Barnes Collection, located in its present ideal setting as its founder intended, will likely fail to draw the very museum-goers it will need to survive once it is placed within the context of Philadelphia's overcrowded Museum Mile.

Endnotes

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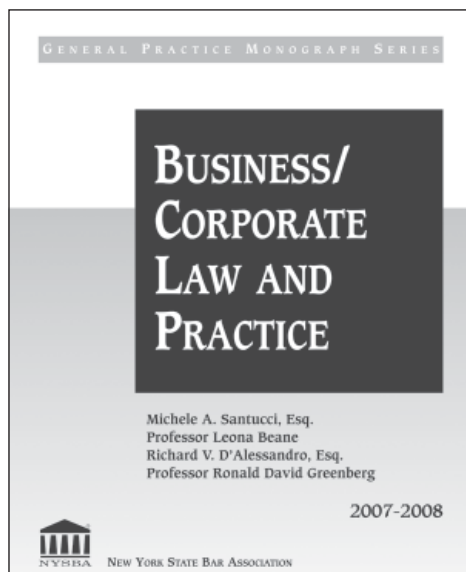
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Since 1969, Volunteer Lawyers for the Arts has been the leading provider of pro bono legal services, mediation, educational programs and publications, and advocacy to the arts community in New York and beyond. Through public advocacy, VLA frequently acts on issues vitally important to the arts community—freedom of expression and the First Amendment being an area of special expertise and concern. The first arts-related legal aid organization, VLA is the model for similar organizations around the world.

VLA's Brown Bag CLE Lunch Series

VLA's new **Brown Bag CLE Lunch Series** offers workshops (1.5 CLE credits available) allowing legal professionals to meet with a VLA staff attorney and discuss special legal issues concerning the arts and entertainment industry. These workshops are a great way to gain knowledge of recurring problems and issues in areas ranging from management agreements and licensing contracts, to film and television projects and nonprofit organization counseling. Attorneys are encouraged to bring lunch; VLA provides beverages and dessert! Only \$75 for VLA member attorneys; \$125 for VLA nonmember attorneys. For a list of Brown Bag Lunch workshops, and to register, please see the Brown Bag Lunch Quick Link at www.vlany.org.

***mediate*Art**

MediateArt provides low-cost alternative dispute resolution, contract negotiation, and negotiation counseling services to artists with conflicts that can be addressed outside of the traditional legal framework.

MediateArt offers an intensive two-day training program for attorneys, artists, arts administrators, and other professionals with an interest or background in the arts or in intellectual property, the completion of which is a prerequisite to volunteering through *MediateArt*. The program will cover basic mediation, negotiation, and facilitative leadership skills with a focus on the resolution of disputes without litigation. Participants will learn and practice effective mediation skills and will receive one-on-one feedback from experienced mediators.

The next *MediateArt* Training Program is being held in midtown Manhattan on Tuesday, November 11, 2008, and Wednesday, November 12, 2008, from 10am to 6pm both days.

Eighteen (18) CLE credits available (including Areas of Professional Practice, Skills, and Ethics). Only \$375 for attorneys on or before October 10, 2008; \$475 for attorneys after October 10, 2008.

To refer a client to mediation, to become a volunteer mediator, or to learn more about *MediateArt*, please contact Ben Brandow, Esq. at 212.319.2787 x16 or bbrandow@vlany.org.

VLA Fall Benefit 2008

Support VLA's mission of service to the arts community while enjoying a fun fall evening with our members and supporters. Food, beverages, and cocktails will be served. For date, time, location, and other event details, please see the Fall Benefit Quick Link at www.vlany.org. For ticket reservations (\$150 for members; \$175 for non-members) and inquiries, please contact Kelly Kocinski, Esq. at 212.319.2787 x18 or kkocinski@vlany.org.



VLA Legal and Business Bootcamp for Arts Professionals™

VLA Legal and Business Bootcamp for Arts Professionals™ is a comprehensive program about the legal and business issues that affect individual artists and individuals within organizations and cultural institutions. This program is for professionals within organizations, individual artists, and art students at all stages of professional development. Lawyers, other professionals who represent artists and arts organizations, and law students will also benefit from the course. For registration, Bootcamp locations and dates, and additional information, please see <http://www.vlany.org/bootcamp>.

The Edmond de Rothschild Nonprofit Assistance Program

VLA offers a comprehensive start-up package, including a Nonprofit Incorporation and Tax-Exempt Status Workshop, for incorporated nonprofits and for fledgling nonprofits seeking federal and state tax-exempt status. For workshop dates and more information, please see http://www.vlany.org/forms/nfp_registrationform.2008.pdf.

VLA's Ask The Music Lawyer™ Program

In 2007, VLA was awarded a two-year grant from the New York State Music Fund, established by the New York State Attorney General at Rockefeller Philanthropy Advisors to support VLA's Ask the Music Lawyer™ program. Please visit <http://www.askthemusiclawyer.org>.

Bimonthly Legal Clinic

The VLA Legal Clinic is a bimonthly forum for VLA members to meet privately with a volunteer attorney to discuss their arts-related legal issues. Held from 4 pm to 7 pm on the second and fourth Wednesdays of each month, the clinic is a rewarding opportunity for attorneys to volunteer without a large time commitment. If you are interested in volunteering, please contact Kate Nelson at 212.319.2787 x14 or knelson@vlany.org. The EASL and IP Sections will be co-sponsoring the August 27th clinic.

Career Development & Private Counseling

VLA's Executive Director and senior staff attorneys are available for private career counseling and to review your resumes in the context of charting your desired career path. By private appointment only. Please contact Alexei Auld, Esq. at 212.319.2787 x12.



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(For more information or to order, call toll-free, 1-800-582-2452, or click on "Recorded Programs" under "CLE" at www.nysba.org)

Twelfth Annual Sports Law Symposium (2008) (www.nysba.org/aveasl)

Presented by The Fordham University Sports Law Forum and our EASL Section, this spring 2008 program features three panel discussions on major substantive legal issues in sports: Financing and Structuring Acquisitions of Sports Teams and Stadiums • Sports Merchandising and Memorabilia • Amateurism and the NCAA. The keynote address is delivered by President and CEO of the New York Giants, John K. Mara. (5.5 total MCLE Credits; available in audio CD and audiocassette formats)

Entertainment, Arts & Sports Law Section Annual Meeting (2008) (www.nysba.org/aveasl)

This lively program from EASL's January 2008 annual meeting focuses on two current and highly interesting topics: 1) post mortem right of publicity: "return of the living dead," and 2) "real deals in virtual worlds": business affairs and legal issues in the new massively multi-user universes. (3.5 total MCLE Credits; available in DVD format)

Entertainment Law in Review (2007) (www.nysba.org/aveasl)

Recorded at EASL's spring 2007 meeting, the program covers recent court rulings impacting transactions and litigation in the entertainment industry. The program speaker, Stan Soocher, Editor-in-Chief of *Entertainment Law and Finance*, discusses court decisions on claims against entertainment attorneys, digital and Internet rights, film-distribution agreements, management agreements, music copyrights, music publishing, profit-participation and royalty claims, recording contracts, right of publicity, television-series trademarks and video games. (2.5 total MCLE Credits; available in audio CD and audiocassette formats)

Eleventh Annual Symposium on Current Legal Issues in Sports (2007) (www.nysba.org/aveasl)

Presented by The Fordham University Sports Law Forum and our EASL Section, this recording of the spring 2007 symposium features detailed discussion from high-profile panelists on several of the current and emerging legal issues in the world of sports: Sports Re-Broadcasting and Exclusivity Rights in the Changing Media Landscape • International Player Transfer Systems and Related Immigration Issues • Potential Criminal and Civil Liability for Athletes' Conduct During the Ordinary Course of Game Play • MLB's "Extra Innings Package." (6.0 total MCLE Credits; available in audio CD and audiocassette formats)

The Impact of Digital Technologies on the Entertainment Business (2007) (www.nysba.org/aveasl)

The 2007 Annual Meeting of the Section addresses two cutting-edge and highly publicized topics: "Digital Distribution of Audio and Video Content to Mobile Devices" and "YouTube and Myspace.com – Internet Socializing Communities or a Breeding ground for Litigation?" (4.0 total MCLE Credits; available in DVD and videocassette formats)

Practical Aspects of the LLC and LLP (2006) (www.nysba.org/avbuscorp)

From a spring 2006 program presented by the Section, LLCs and LLPs are explored in depth by Alan E. Weiner, a well regarded speaker on this topic. In addition to tax and practical issues related to forming such entities, Mr. Weiner discusses the multi-uses of the LLC, administrative issues, tax issues (simplified), the controversial New York State publication requirements, self-employment tax issues, and the use of the professional LLC or LLP. (2.5 total MCLE Credits; available in audio CD and audiocassette formats)

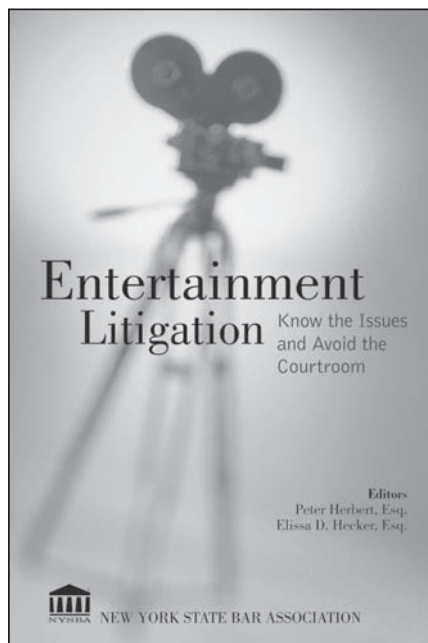
Entertainment, Arts & Sports Law Section Annual Meeting (2006) (www.nysba.org/aveasl)

An experienced, engaging and highly qualified faculty examines the legal issues arising with the increasingly popular and widespread activities of videogaming and cybergambling in today's society. (4.0 total MCLE Credits; available in DVD and videocassette formats)

* MCLE credit not available for "newly admitted" attorneys

From the NYSBA Bookstore

Entertainment Litigation



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

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

Contents

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

Key Benefits

- Keep up-to-date with recent changes representing clients in the entertainment field
- Understand the nature of artist-manager relations
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The *Journal* welcomes the submission of articles of timely interest to members of the Section. Articles should be submitted with biographical information either via e-mail or on a 3½" diskette or CD (preferably in Microsoft Word) along with a laser-printed original. Please submit articles to:

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