



## CHAIRMAN'S REPORT

The 2005/2006 State Bar Year is off to an amazing start. One of the overriding benefits the section offers to its members and the Bar at-large is timely and interesting continuing education. The section wants its members to be well-versed and confident in the specialized areas of sports and entertainment law. Starting with the annual meeting, our members have at least three opportunities this year to participate in CLE events organized, sponsored or co-sponsored by the section for more than 17 hours of CLE credit which includes 2.25 hours of ethics.

The Section's annual meeting CLE, focusing on "Games People Play," was one of our Section's most highly attended annual meeting CLE events with more than 50 attorneys in attendance. There was an informative presentation by Casey Shilts, the Executive Vice President & General Counsel with Southwest Sports Group, on fan violence at sporting events. The remainder of the program focused on the video game industry and included a preview of a new video game to be released by Id Software, Inc. James Patterson, a Dallas based attorney, and Todd Hollenshead, CEO of Id Software, Inc., brought our group up-to-speed on the technology and legal issues faced by game development companies.

The Section's second annual telephone sports law seminar held in August was a true success and featured well-known Texas attorney Randal Hendricks who represents Houston Astros' pitcher Roger Clemens. Additionally, the panel included Michael D. Hunsinger, an attorney in Seattle, Washington, whose focus is representing college athletes and Cathy Nguyen, with the Law Firm of Coane and Choudhary, discussing athlete immigration issues.

Looking ahead is the Entertainment Law Institute. All the details on this event are found in this issue of the Journal. This is the 15th year for the Institute and as always the focus is music and film. Mike Tolleason, the ELI Program Chair, has secured world-renowned speakers. This year the Section will honor Mr. William Krasilovsky with the Entertainment & Sports Law Section 2005 Texas Star Award for Outstanding Contribution and Achievement in the Field of Entertainment Law. Many of us know Mr. Krasilovsky as the co-author of *This Business of Music*.

If three CLE events is just not enough education for you, be on the lookout for "10 Minute Mentor" segments that focus on entertainment and sports law practice areas. Two segments were taped in June and others are planned throughout the year. We will notify members when these segments are available for viewing.

I often receive phone calls and emails from members asking how they can become more involved with the Section. Here are two quick ways to get involved. First, the primary mode for communication with the Section is the section's listserve. If you are not a member of the listserve you are missing key information. You can join the listserve by sending an email to [eandslawsection@yahoo.com](mailto:eandslawsection@yahoo.com). The second way to become involved is by joining a committee. We currently have the following committees: Journal, Entertainment Law Institute, Annual Meeting, Legislative, Membership, Bylaws, and Website/listserve.

I want to hear from you this year. Tell me how the Section can help your practice grow in the areas of entertainment and sports law.

Wishing you much success with all your endeavors!

Tamera H. Bennett

### Check out the Section's Website!

Check it out at <http://stcl.edu/txeslj/index.htm>.

Thanks to Section Immediate Past Chair Yocel

Alonso and his helpers for finally getting our Section online. Should you have any comments or suggestions to improve the site please feel free to e-mail Yocel at [Yocelaw@aol.com](mailto:Yocelaw@aol.com) or the editor at [srjaimelaw@pdq.net](mailto:srjaimelaw@pdq.net) ...

## Student Writing Contest

The editors of the *Texas Entertainment and Sports Law Journal* ("Journal") are soliciting articles for the best article on a sports or entertainment law topic for the Fifth Annual Writing Contest for students currently enrolled in Texas law schools.

The winning student's article will be published in the *Journal*. In addition, the student may attend either the annual Texas entertainment law or sports law seminar without paying the registration fee.

This contest is designed to stimulate student interest in the rapidly developing field of sports and entertainment law and to enable law students to contribute to the published legal literature in these areas. All student articles will be considered for publication in the *Journal*. Although only one student article will be selected as the contest winner, we may choose to publish more than one student article to fulfill our mission of providing current practical and scholarly literature to Texas lawyers practicing sports or entertainment law.

All student articles should be submitted to the editor and conform to the following general guidelines. Student articles submitted for the writing contest must be received no later than January 1, 2006.

**Length:** no more than twenty-five typewritten, double-spaced pages, including any endnotes. Space limitations usually prevent us from publishing articles longer in length.

**Endnotes:** must be concise, placed at the end of the article, and in Harvard "Blue Book" or Texas Law Review "Green Book" form.

**Form:** typewritten, double-spaced on 8½" x 11" paper and submitted in triplicate with a diskette indicating its format.

We look forward to receiving articles from students. If you have any questions concerning the contest or any other matter concerning the *Journal*, please call Andrew T. Solomon, Professor of Law and Articles Editor, Texas Entertainment & Sports Law Journal, at 713-646-2905.

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## FOR THE LEGAL RECORD ...

Check out the still-developing Section Website at <http://stcl.edu/txeslj/index.htm>. For those of you who may have a problem accessing the website, try Googling "Texas Entertainment and Sports Law" and it should get you to the website. Should you have any comments or suggestions to improve the site please feel free to e-mail Yocel Alonso at [Yocelaw@aol.com](mailto:Yocelaw@aol.com) or Sylvester Jaime at [srjaimelaw@pdq.net](mailto:srjaimelaw@pdq.net) ...

The Section's Second Annual Telephone Law Seminar was a success! There were 29 participants in the seminar, which featured Randal A. Hendricks, Mike Hunsinger and Cathy Nguyen. Cathy Nguyen is a graduate of the University of Texas, and the Loyola University School of Law, who practices immigration law in Houston, Texas. Randal A. Hendricks is managing member of Hendricks Interests LLC, and a graduate of the University of Houston, receiving both Bachelor of Science and Doctor of Jurisprudence degrees with honors. Mr. Hendricks has represented professional athletes since 1970, is a veteran of many record setting contracts, labor negotiations and other important matters in the baseball industry and holds the best lifetime winning percentage in salary arbitration and collusion cases in Major League Baseball. Mike Hunsinger is a 1973 graduate of the University of Washington and a 1977 graduate of from University of Pennsylvania Law School. Mr. Hunsinger practices civil litigation in Seattle, Washington, and has represented many student athletes during their tenures as collegiate athletes. Mr. Hunsinger has been involved in several significant cases, including a lawsuit against the Pac-10 and the NCAA, which established the legal principle that student-athletes had standing to sue the NCAA for antitrust violations. The Section is honored to have such outstanding panelists and congratulations to the participants who were able to share in the seminar ...

*And the practice of law in the sports arena goes on ...*

Rick Neuheisel's lawsuit against the University of Washington has been resolved. Although the UW was required to pay the former Husky football coach \$500,000 in addition to letting him keep a \$1.5 million loan, Neuheisel may not have anticipated having to write a "settlement" check. The loan was classified as taxable income, and the \$500,000.00 plus interest of \$125,000.00 were also taxable. The settlement's total taxable sum was \$2,125,000.00, with taxes coming to \$680,000.00. UW associate athletic director, Paul King, explained that the UW accommodated the former coach by sending in the total amount due and required Neuheisel to reimburse the school for his \$180,000.00 share of the tax bill ...

The NCAA was thrown for a loss, when U.S. District Judge John Coughenour ruled that a lawsuit challenging the NCAA's scholarship limits, filed on behalf of walk-on football players, could go to trial. Former Washington football player Andy Carroll's case against the NCAA argues that the NCAA scholarship limit exploits walk-on players, who make up almost one-third of Division I-A rosters. Judge Coughenour rejected the NCAA's argument that as a "noncommercial operation" it is not subject to antitrust laws. Coughenour held that the plaintiffs had made a case that the NCAA has monopoly power over college football, and Carroll has the opportunity to demonstrate that the NCAA monopoly caused antitrust injury.

Carroll's lawsuit seeks to end the NCAA 85 scholarship limit which impacts football walk-ons. Before 1977, there were no limits on scholarships. From 1977 to 1992 scholarships were capped at 95; in 1992 scholarships were 92; 88 in 1993 and are set at 85 currently. Carroll argues that the reduction in expenses of limiting scholarships maximizes profitability at the expense of student-athletes in violation of antitrust laws and is more likely to affect poorer students who as walk-ons otherwise could not attend college at a I-A school ...

However, just when you want to blame the NCAA for all the evils involving collegiate sports, in steps Steve Spurrier and tosses the NCAA a pass. When the new football coach at the University of South Carolina stripped several players of their scholarships, the NCAA stepped in and is proposing that schools cannot revoke athletic scholarships for reasons other than academic shortcomings or breaches of codes of conduct. The NCAA board of directors will likely implement the proposal by August 2006 ...

Is "Big Brother" finally here? The National Association of Collegiate Directors of Athletics is reviewing the use of background checks for scholarship athletes. The NACDA is considering providing background checks to allow schools to research the histories of potential athletes. Matt Mitten, a law professor and director of the National Sports Law Institute of Marquette, suggests that such checks may withstand challenges of invasion of privacy and equal protection. "All a court would say is you have to have a rational or reasonable basis for doing this for athletes but not for the student body as a whole," Mitten is quoted as saying. "My sense is that a court would have no problem finding ... that student-athletes are much more high profile than a typical student." Stay tuned to see where the NCAA comes out on the subject...

Sylvester R. Jaime—Editor

## MUSIC PUBLISHING UPSIDE DOWN AND INSIDE OUT

On June 21, the United States Copyright Office presented a House subcommittee the 21<sup>st</sup> Century Music Licensing Reform Act, a draft of legislation that could change the face of the music publishing industry.

The Proposed Legislation would abolish the compulsory mechanical license. As the law operates currently, once a song is recorded and a commercial release has occurred, any third party can record ("cover") the song. So long as proper notice, documentation and royalties are paid pursuant to section 115 of the Copyright Act, a compulsory license is issued. Parties may also enter into a negotiated mechanical license if they desire. The Proposed Legislation allows for exclusive mechanical licenses and the denial of licenses. In layman's terms it means the music publisher can "just say no" to a request to record a song.

The Proposed Legislation would also convert ASCAP, BMI and SESAC into competing Music Rights Organizations (MRO). An MRO would be authorized (and required with respect to digital audio transmissions) to license the reproduction and distribution rights of any non-dramatic musical work for which it was authorized to license the public performance right. Currently the Harry Fox Agency (the largest agency in the US for granting mechanical licenses) does not acquire the right to grant performance licenses for its publisher/clients. For the Harry Fox Agency, or any other entity to become an MRO, the organization must have the right to grant performance licenses for non-dramatic works.

The legislation would also remove any double-license fees for digital audio transmissions. Digital audio transmissions include webcasting, streaming, downloads and other methods for delivering music in a digital format. It has been unclear if these methods of distribution invoke the issuance of mechanical or performance license or both. The Proposed Legislation would remove the quandary. Under the Proposed Legislation an MRO's grant of performance license for a work includes a non-exclusive right to distribute phonorecords of the work in conjunction with the public performance.

One issue that is clear .... back to school for all of us working in the music business.

We would like to take this opportunity to apologize for a misprint in the last issue of the Law Journal in which "Mr. Leni Dylan Battaglia" was identified as "Ms." We are sorry for any confusion or inconvenience caused by the misprint.

# Couture in the Courts: Intellectual Property Protection for Fashion Designs

by Valerie Alter

*"The author is a 2005 graduate of Stanford Law School, having worked in the United States Attorney's Office for the Northern District of California in the spring 2005. Ms. Alter is also a graduate of the University of North Carolina, having completed her studies with a B. A. in Political Science in May 2002. After graduating from Stanford, Ms. Alter clerked for the Honorable Sidney R. Thomas, 9th Circuit Court of Appeals. She has authored various articles, including "Building Rome in a Day: What Should We Expect From the RIAA," 26 Hastings Comm. & Ent. L.J. 155 (2003). Comments or questions may be directed to Ms. Alter at (310) 968-4151 [vea@stanfordalumni.org](mailto:vea@stanfordalumni.org)"*

*"Conversation? Wit? I am a doubter  
Manners? Charm? They're no way to impress  
So forget the inner me, observe the outer  
I am what I wear, and I how I dress."  
—Princess Amneris, Elton John's Aida*

## Introduction: A History of Knocking Off in the Fashion Industry

"Knockoffs, it is said, have been part of fashion ever since Eve saw Adam's fig leaf and designed one of her own."<sup>1</sup> Since at least the 1930s, U.S. designers have copied Parisian fashion lines because "few could afford the couture originals, which often cost at least \$1,000."<sup>2</sup> American designers were open about their copying the Parisians. In fact, most had an arrangement with Parisian designers whereby they paid a "caution," a promise to purchase a minimum number of garments, much like a service minimum in a restaurant.<sup>3</sup> The "caution" served to prevent American designers from viewing and then copying the Parisian designs without purchasing anything.

American designers also copied one another. Although as a general rule, American fashion was copied from *somewhere*, the origin of a particular copy determined its legitimacy in the eyes of the fashion world. A designer who sent "his stylists and designers to Paris for inspiration"<sup>4</sup> was considered an original, whereas one who copied from others on Seventh Avenue<sup>5</sup> was considered a copyist.<sup>6</sup> For purposes of clarity, this paper will employ that distinction, classifying those who create their own designs *and* those who copy Paris fashion directly as original designers. It will refer to those who knockoff other Seventh Avenue designers instead of traveling to Paris themselves as the copyists.

Those who copied directly from the Parisians believed that a proliferation of Seventh-Avenue copies was taking away from their profits. In an effort to take on the copyists, they formed the Fashion Originators Guild (the "Guild") in March of 1932. The Guild attempted to regulate knocking off by controlling retailers. It blacklisted those who sold merchandise copied from other Seventh Avenue designers.<sup>7</sup> The Guild was short-lived. On March 3, 1941, the United States Supreme Court, in *Fashion Originators Guild v. Federal Trade Commission*,<sup>8</sup> found that the Guild's behavior amounted to unfair competition in violation of U.S. antitrust laws, particularly the Sherman Act,<sup>9</sup> the Clayton Act,<sup>10</sup> and the Federal Trade Commission Act.<sup>11</sup>

Knocking off became even more common during and after World War II. Technological advances in mass-production techniques enabled copyists to knock off designs quickly and efficiently, making inexpensive reproductions widely available.<sup>12</sup> In the 1950s and 1960s, knockoffs were successful because, as Nicole Miller's CEO commented, "[n]obody cared where it came from. Nobody cared about a knockoff. A hot style would sell no matter who sold it."<sup>13</sup>

The fight over knockoffs continues to rage today because the two main disadvantages of purchasing a knockoff instead of an original—poor quality and delay—are less pronounced than they once were, giving buyers more reason to consider purchasing a less expensive copy instead of an original. First, knockoff houses have begun using better fabrics and manufacturing techniques.<sup>14</sup> Second, increased access to designs, as a result of the Internet and fashion magazines, has enabled copyists to get their wares to market without delay, often before the originals.<sup>15</sup> For example, knockoffs of a Versace rubberized dress hit U.S. stores almost immediately after being shown on the runways in Milan.<sup>16</sup>

Since copying is such a part of the U.S. fashion industry, presently and historically, what is all of the fuss about?<sup>17</sup> Right or wrong, it's about money. Original designers—those who design fashion items themselves or copy Paris fashion directly—bear overhead costs, even if those costs amount to nothing more than the expense of copying the Parisians. Original designers therefore must charge a higher price for their goods than those who sell Seventh Avenue knockoffs in order to recoup their costs.<sup>18</sup> As a result, designers lose billions of dollars a year to less expensive knockoffs. In 1994, the fashion industry grossed 71.8 billion dollars, but 19.6 billion, 27 percent, went to private labels, a fancy name for knockoffs.<sup>19</sup>

How can fashion designers protect themselves from knockoffs? This paper considers whether intellectual property doctrines—design patent, copyright, and trade dress—protect designers from copyists. It also examines whether Congress ought to provide *sui generis* protection to fashion designs, in the event that existing legal doctrines prove insufficient. Ultimately, it concludes that none of the intellectual property laws provide sufficient protection for fashion designs. The fashion industry will only receive complete protection for its work if Congress grants it.

Part I looks at design patent law and concludes that it does not protect designers against copying because fashion designs cannot meet the requirements of originality or nonobviousness. Fashion designs do not typically improve significantly on earlier designs nor do they require anything above the skills that a typical designer in the field possesses. Also, as a practical matter, it takes an average of two years—much longer than the lifespan of a fashion design—to obtain a design patent.<sup>20</sup>

Part II considers copyright protection for fashion designs. It determines that copyright cannot protect fashion designs from copyists, either. First, the extent to which fashion is recycled causes many designs to fail copyright's originality requirement. Second, designs may be considered useful articles, which cannot be granted copyright protection. Lastly, even those designs that are not considered useful may fail to merit copyright protection because their ideas have merged with their expression.

Part III examines whether trade dress protection prevents copyists from knocking off fashion designs. It concludes that trade dress will protect some fashion designs, not all, against knocking-off. First, many fashion designs will fail to merit trade dress protection because they are not typically source-identifiers. Second, even if they are source-identifiers, trade dress will not protect designs from copying because there is no consumer confusion as the point of sale, the traditional focus of trade dress. Lastly, Part III discusses the aesthetic functionality doctrine and notes that the doctrine's grounding in market foreclosure will keep it from applying to fashion designs.

Finally, Part IV considers whether Congress should grant *sui generis* protection to fashion designs because none of the intellectual property doctrines provides complete protection against knockoffs. It considers the fact that knockoffs are unfair in that they misappropriate the hard work of those who create their own designs and enable free-riding, but also discusses the arguments that granting *sui generis* protection to fashion designs would help only the wealthy. Ultimately, it concludes that Congress should consider further the economics of the fashion industry before granting *sui generis* protection.

## Part I: Design Patent Protection

The design patent doctrine is not a particularly promising way to protect fashion designs.<sup>21</sup> That said, it merits a brief discussion. To obtain a design patent, a design must be new, original, nonobvious, and ornamental.<sup>22</sup>

Courts have interpreted the originality requirement to mean two distinct things. First, originality means that the design originated with the prospective patentee.<sup>23</sup> Second, originality means that a design differs from previous designs and represents an improvement of those designs.<sup>24</sup> The second component of the originality requirement, improvement over previous designs, overlaps with the nonobviousness requirement.<sup>25</sup>

To meet the nonobviousness requirement, a design must be a product of invention, meaning that "the conception of the design must require some exceptional talent beyond the range of the ordinary designer familiar with the prior art."<sup>26</sup> It is not enough that a design is "new and pleasing enough to catch the trade"<sup>27</sup> or has a "uniqueness of appearance and an aesthetic appeal not found in any prior patent."<sup>28</sup> Public approval is irrelevant to a design's patentability because to hold otherwise would leave the fate of such patents to public caprice.<sup>29</sup>

*Continued on page 5*



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A design is ornamental if it has “an aesthetically pleasing appearance that is not dictated by function alone.”<sup>30</sup> Because design patents protect only ornamental designs, a claim of invalidity due to functionality is an affirmative defense to a charge of design patent infringement.<sup>31</sup> A design is functional as opposed to ornamental if “the particular design is essential to the use of the article.”<sup>32</sup> The more ways a designer can achieve the functional aspects of an article, the more likely it is that that a particular design is in fact ornamental.<sup>33</sup> The ornamental requirement serves to prevent design patents from protecting functional elements, straying from their intended purpose of promoting the decorative arts and encroaching on the domain of utility patents.<sup>34</sup> Patent law does not contain an analogue to trademark’s aesthetic functionality doctrine.

Obtaining a design patent for a fashion design is unlikely because most fashion designs fail the originality and nonobviousness requirements.<sup>35</sup> Fashion designs may fail the first part of the originality requirement, origination with the patentee, because most fashion designs are recycled from other sources.<sup>36</sup> For example, a dress influenced by Parisian designs fails because the dress was not independently conceived, but rather was an amalgamation—or a direct copy—of an existing design.

Fashion designs may also fail the second part of the originality requirement, improvement over earlier designs, and the test for nonobviousness, exceptional talent on the part of the designer, because most changes made to previous designs are rudimentary. The majority of fashion designs do not involve improvement over old designs but rather change color, shape, and size, none of which seem to involve any “exceptional talent.”<sup>37</sup> Generally, “it is apparent...that to ‘invent’ anything in the way of a new dress design...becomes almost impossible when one considers the enormous amount of fashion advertising, design service, magazines and the host of skilful and intelligent dressmakers.”<sup>38</sup> As Nautica’s president put it, “If you’re making industrial products, there’s a fixed utility to them. But people wear shirts in different ways. Who’s to say who invented it? They all have two sleeves and a collar.”<sup>39</sup>

If a design meets the originality and nonobviousness requirements, the ornamental requirement will not likely bar patent protection because most aspects of a fashion design are not essential to the use of the article. There are many ways to employ the functional aspects of an aesthetically pleasing design—the sleeves, pant legs, etc—without copying the ornamental portions. For example, a designer can make a fully functional black cocktail dress without using stitching, straps, and pleats that are identical to another design. As the ornamental requirement prevents granting protection to actually functional components but not to aesthetically functional ones, a purely aesthetic design will merit protection.

Design patent cannot protect most, if any fashion designs, because they do not meet the tests for originality and nonobviousness. Rather than invent a new, improved fashion design, “new” designs often present simple changes to old designs. Even if fashion designs were sufficiently inventive to merit protection, designers would not obtain patent protection until it was too late because an examiner’s search for prior art—part of every patent examination—may take up to two years.<sup>40</sup> The life of a fashion design, however, is not nearly that long.<sup>41</sup> Designers, therefore, would be best-served to look to other intellectual property doctrines, or to Congress for sui generis protection, in order to prevent knockoffs of their designs.

## Part II: Copyright Protection

The fashion industry and commentators alike look to copyright as the best source of intellectual property protection for fashion designs.<sup>42</sup> The current state of copyright law, however, suggests that to the extent that commentators wish to apply the current copyright statute to fashion designs, they overstate copyright’s applicability.

To merit copyright protection, a work must be original, expressive, and fixed in a tangible medium. In the copyright sense, originality means that the work was independently created and possessed “a modicum of creativity.”<sup>43</sup> A work is considered a copy if its author mechanically reproduced another work, or had another work in mind when she created her work.<sup>44</sup> Copyright protects only the expression of a particular idea, not the idea itself.<sup>45</sup> If the ideas embodied in a work cannot be used without copying the work’s expression of those ideas, the expression is said to have merged with the underlying ideas and is not protected by copyright.<sup>46</sup>

Copyright does not protect an article’s functional aspects, either. A useful article may only obtain copyright protection only to the extent that it “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.”<sup>47</sup> Useful, functional articles are not limited to “that which satisfies immediate bodily needs,” but the definition of a useful article is not all-encompassing.<sup>48</sup> Articles that are “useful” simply because they

have commercial value are not considered functional.<sup>49</sup> The distinction between functional and non-functional articles “ultimately should depend on the extent to which the work reflects artistic expression uninhibited by functional considerations.”<sup>50</sup> Even if a work is entirely dictated by artistic expression, copyright protection still does not extend to the “overall shape or configuration of a utilitarian article.”<sup>51</sup> Granting copyright protection to the overall designs of such utilitarian works would lead to unintended monopolies over useful articles.<sup>52</sup>

The originality requirement, the functionality bar, and the idea-expression distinction make it difficult for fashion designs to merit copyright protection. First, few fashion designs are actually original, meaning that their authors neither copied directly from another work nor had another work in mind at the time of creation. Fashion is notorious for recycling old trends. For example, Lacoste, which makes polo shirts adorned with an embroidered crocodile, was popular in the 1980s and has resurfaced again recently.<sup>53</sup> Although in the case of Lacoste, the original producer brought back its own old style, general trends resurface as well. As one commentator put it, “Why do you think they call it the Empire dress? It’s from the Napoleon Empire. It’s all been around before.”<sup>54</sup> Allan B. Schwartz, a notorious copycat,<sup>55</sup> stated, “The word ‘original’ does not exist in fashion. Everything starts from some sort of inspiration. If Calvin or Ralph or Burberry think they invented plaid, a slip dress or a bias cut, they need to get a couch. They are just reinventing it themselves.”<sup>56</sup> Others, with less of a stake in the knockoff industry than Schwartz, agree: designers “go through art books for reference. Everything is influenced. That is a designer’s genius, where he can take that influence and make it commercial.”<sup>57</sup>

Even if a fashion design is original, functionality may bar copyright protection.<sup>58</sup> The Copyright Office has refused to grant protection to fashion designs because they “ordinarily contain no artistic sculpture separable from their overall utilitarian shape.”<sup>59</sup> For example, in *Galiano v. Harrah’s Operating Co.*,<sup>60</sup> Judge Livaudais of the Eastern District of Louisiana held that the plaintiff’s designs for casino uniforms did not merit copyright protection because even though certain aspects of the designs—the pleats, collars, closures, etc—were not critical to the uniform’s function, they nonetheless “advance[d] the utilitarian purpose of the garment.”<sup>61</sup>

Although most articles of clothing have failed to merit copyright protection, some accessories and costumes have been held nonfunctional for copyright purposes. For example, in *Kieselstein-Cord v. Accessories By Pearl, Inc.*,<sup>62</sup> the Second Circuit found that copyright protected the design of a belt buckle. The design was conceptually separate from its utilitarian purpose—holding up one’s pants—because purchasers had used the buckles “as ornamentation for parts of the body other than the waist.”<sup>63</sup> Similarly, in *Animal Fair v. Amfesco*,<sup>64</sup> Judge MacLaughlin of the District of Minnesota found that functionality did not bar granting copyright to a slipper shaped like a bear paw. Judge MacLaughlin noted that “the particular combination of colors, the profile of the slipper, the stuffed aspect of the slipper, and the toes are all sculptural features which comprise the artistic design and which are wholly unrelated to function,”<sup>65</sup> even though they cover people’s feet and keep them warm.

With respect to costumes, in *National Theme Productions v. Jerry B. Beck, Inc.*,<sup>66</sup> Judge Thompson of the Northern District of California found that functionality did not bar granting copyright protection to three of plaintiff’s costume designs—a dragon, a puppy, and a tiger—because the costumes did “not advance their utilitarian purpose as clothing or accessories.”<sup>67</sup> For example, the tiger costume did not function as clothing because it did not sufficiently cover its wearer; one had to wear something under the costume to avoid indecent exposure.<sup>68</sup> The fact that the costumes served a function, masquerading, did not affect their copyrightability because they possessed “no utility that d[id] not derive from their appearance.”<sup>69</sup>

The accessory and costume cases suggest that the purpose of fashion items is to cover the body. The question, however, is where to draw the line between functional and aesthetic design components. If clothing’s only function is to cover the body, any burlap sack would suffice, and design elements that make clothing more flattering, or aesthetically appealing, could be considered “wholly unrelated to function.”<sup>70</sup> One may argue, therefore, that many clothing designs, such as slinky dresses or pants with decorative zippers, are unfairly denied copyright protection because their form—like the belt buckles, slippers, and costumes to which courts have granted protection—is separable from their function.

While there may be valid arguments that certain fashion designs are not functional, the idea-expression distinction still bars most fashion designs from receiving copyright protection. For example, in *Ethel Russell v. Trimfit Inc.*,<sup>71</sup> the plaintiff claimed that the defendant had infringed her copyright for toe socks, which are more or less gloves for feet. Judge Broderick of the Eastern

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District of Pennsylvania held that the plaintiff's socks did not merit copyright protection because the idea of socks with individual toe compartments merged with the expression thereof. Since there was no other way to make toe socks, granting copyright protection to the plaintiff's designs would have prevented others from making the item and created a monopoly.<sup>72</sup> This problem pervades the fashion industry: there is only one way to express the idea of a dress with one shoulder strap, black stiletto heels, or low rise jeans.

The only fashion designs that survive the idea-expression distinction—fabric designs and sweater designs—are not really fashion designs at all. Rather, they are closer to drawings or paintings, using the clothing as a canvas for expressing an idea. For example, in *Knitwaves, Inc. v. Lollytogs Ltd.*,<sup>73</sup> the Second Circuit found that the plaintiff's sweater designs merited copyright protection. The plaintiff had created two designs, one depicting falling leaves and the other depicting a squirrel, to express its ecology theme. The court, after noting the idea-expression distinction, found that the plaintiff's expression was protected.<sup>74</sup> Under this rubric, designers may claim protection for designs placed on articles of clothing, but not for the articles as a whole. For example, designers of rain boots covered with lady bugs may get protection for their particular expression of the ladybugs, but would not be able to prevent others from making ladybug rainboots wholesale.

Despite designers' high hopes, copyright, like design patent, cannot sufficiently protect designs from knockoffs. Designs, as functional ideas, are outside the purview of copyright. Designers would be better off looking to other doctrines for design protection. They could attempt to obtain trade dress protection, which raises problems of its own, or could look to Congress for sui generis protection.

### Part III: Trade Dress Protection

Of the three intellectual property doctrines, federal trademark and unfair competition law provides the most promising protection for fashion designs. Under federal law,<sup>75</sup> a trademark is defined as "a word, name, symbol, or device, or any combination thereof" used "to identify and distinguish... goods" and "to indicate the source of the goods."<sup>76</sup> Trademark protection is not limited to words and traditional symbols. On the contrary, "[s]ince human beings might use as a 'symbol' or 'device' almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive."<sup>77</sup> Trademark protection therefore extends to trade dress, "the image and overall appearance of a product."<sup>78</sup> Trademark protects registered trademarks<sup>79</sup> and unfair competition protects unregistered trademarks.<sup>80</sup> The law of unfair competition references trademark principles to determine whether or not an unregistered mark merits protection.<sup>81</sup> Because most trade dress is unregistered, this paper focuses on the law of unfair competition.<sup>82</sup>

The primary purpose of unfair competition law is to prevent consumer confusion in the marketplace, not to safeguard producers' economic interests.<sup>83</sup> It protects against commercial use of "any word, term, name, symbol, or device, or any combination thereof" that "is likely to cause confusion" with respect to the origin of the goods.<sup>84</sup> Therefore, to merit protection, trade dress—in the fashion cases, the product's design—must be distinctive, meaning that it identifies the product's source.<sup>85</sup>

To determine whether a product's trade dress serves to identify its origin in the minds of consumers, unfair competition looks to trademark law.<sup>86</sup> In *Abercrombie & Fitch Co. v. Hunting World, Inc.*,<sup>87</sup> Judge Friendly divided trademarks into five classes, "which roughly reflect[] their eligibility to trademark status:"<sup>88</sup> "(1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful."<sup>89</sup> On one end of the spectrum, generic marks are incapable of source identification and therefore cannot obtain trademark protection.<sup>90</sup> On the other end of the spectrum, suggestive, arbitrary, and fanciful marks are inherently distinctive, and may be trademarked without any showing of secondary meaning.<sup>91</sup> In the middle, descriptive marks may be given trademark protection only upon a showing of secondary meaning.<sup>92</sup> Secondary meaning exists when "in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself."<sup>93</sup>

Applying these standards to trade dress, the Supreme Court has held that a product's packaging may be protected without a showing of secondary meaning.<sup>94</sup> A product's design, however, may not be protected without a showing of secondary meaning.<sup>95</sup> Packaging and design are treated differently because "consumer predisposition to equate the feature with the source does not exist. Consumers are aware... that... even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing."<sup>96</sup>

Even if a product's design possesses sufficient secondary meaning to merit protection under Section 1125, the functionality doctrine may still present a bar. Trademark protection, or protection against unfair competition under

Section 1125, does not extend to a product's functional aspects. Under the traditional formulation, as explained in *Inwood Laboratories v. Ives Laboratories*,<sup>97</sup> a feature is functional if it "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article."<sup>98</sup> Traditional functionality has been further characterized to include those features necessary for effective competition, without which competitors would find themselves "at a significant non-reputation-related disadvantage."<sup>99</sup>

The functionality doctrine may also bar trademarking a product's aesthetic components. Aesthetic functionality was first articulated by the Ninth Circuit in *Pagliero v. Wallace China*.<sup>100</sup> *Pagliero*, in which the Ninth Circuit held that "important ingredient[s]" in the commercial success of the product<sup>101</sup> were functional, came under fire from other Circuits because it failed to consider market foreclosure. For example, in *Wallace International Silversmiths, Inc. v. Godinger Silver Art Co., Inc.*,<sup>102</sup> the Second Circuit noted that "[b]y allowing the copying of an exact design without any evidence of market foreclosure, the *Pagliero* test discourages both originators and later competitors from developing pleasing designs."<sup>103</sup> The Third, Fifth, and Sixth Circuits voiced similar concerns.<sup>104</sup> Even the Ninth Circuit has retreated from its decision in *Pagliero*. In *Vuitton et Fils, S.A. v. J. Young Enterprises, Inc.*,<sup>105</sup> the Ninth Circuit refused to find that "any feature of a product which contributes to the consumer appeal and saleability of the product is, as a matter of law, a functional element of that product."<sup>106</sup> Rather, the court tied its analysis to economics, and held that asking a defendant to come up with its own design, even though plaintiff's design was aesthetically appealing, did not hinder competition.<sup>107</sup>

Currently, the law recognizes that the aesthetic functionality doctrine may deny trademark protection to a product's aesthetically pleasing aspects, but not without a showing of market foreclosure. The Restatement (3rd) of Unfair Competition, cited approvingly by the Supreme Court in *Qualitex v. Jacobson Products Co.*,<sup>108</sup> sums up the current state of the aesthetic functionality doctrine:

When aesthetic considerations play an important role in the purchasing decisions of prospective consumers, a design feature that substantially contributes to the aesthetic appeal of a product may qualify as "functional." As with utilitarian design features, however, the fact that the design performs a function by contributing to the aesthetic value of the product does not in itself render the design ineligible for protection as a trademark.... A design is functional because of its aesthetic value only if it confers a significant benefit that cannot practically be duplicated by the use of alternative designs.<sup>109</sup>

Under the current definition, aesthetic components are treated no differently than other potentially functional components. The test for aesthetic functionality has effectively reverted to the traditional functionality test, as expressed in *Inwood Laboratories v. Ives Laboratories*.<sup>110</sup>

If trade dress possesses secondary meaning and protection is not barred by the functionality doctrine, its owner has a cause of action against another's use that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship."<sup>111</sup> Courts typically use the list of factors similar to those set forth in *Polaroid Corp. v. Polarad Electronics Corp.*<sup>112</sup> to determine whether purchasers would be confused as to the origin of the goods:

the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers.<sup>113</sup>

Some courts have temporally extended protection against confusion to include post-sale confusion of the public at large, not just point-of-sale consumer confusion. In *Ferrari S.P.A. Esercizio Fabbriche Automobili E Corse v. Roberts*,<sup>114</sup> the Sixth Circuit extended protection to post-sale confusion, noting that the "Lanham Act... intended to do more than protect consumers at the point of sale."<sup>115</sup> The rationale behind extending protection to post-sale confusion is that a large number of knockoffs in a market may render purchasers unable to distinguish between the fake and the real thing, leading to a distrust of the original product if the knockoff is of inferior quality. The public simply may lack the expertise to distinguish the original from the knockoff.<sup>116</sup> Seemingly unrelated to consumer confusion, courts have also noted that a proliferation of knockoffs would decrease the value of an original product because originals are not as scarce, nor as prestigious, as a result of the knockoffs.<sup>117</sup>

Fashion designs may encounter significant barriers to trade dress protection because of insufficient secondary meaning and a lack of consumer confusion. Beginning with secondary meaning, even famous fashion designs

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often fail to merit trade dress protection because they do not serve as indicators of source and therefore lack secondary meaning.<sup>118</sup> For example, in *Knitwaves, Inc. v. Lollytogs Ltd.*,<sup>119</sup> the Second Circuit denied protection to plaintiff's sweater designs, depicting various autumn scenes, because the sweaters' primary purpose was "aesthetic rather than source-identifying."<sup>120</sup> As a result, the designs did not "meet the first requirement of an action under § 43(a) of the Lanham Act—that they be used as a mark to identify or distinguish the source."<sup>121</sup> Under this analysis, many unique fashion designs, different from anything else on the market, will fail the secondary meaning requirement because consumers will not associate them with any particular producer.

Fashion designs may also have trouble obtaining secondary meaning as a practical matter. Although some courts have found secondary meaning despite a design's short market life,<sup>122</sup> many fashion designs will fall victim to infringement or die off before they have sufficient secondary meaning to merit protection.<sup>123</sup> The industry, recognizing the problem, suggests that designers harness new media and technology to publicize their products before competitors can release knockoffs.<sup>124</sup> This solution, however promising, may not be entirely viable for the fashion industry, considering that knockoffs may enter the market within days of the original.<sup>125</sup> Also, on a more normative level, basing a design's protection on the amount of media exposure its owner can generate may only protect designs of well-known powerful companies, leaving individual designers helpless. As a result, if we wish to protect to protect all fashion designs on equal footing, we should consider sui generis protection.

Even if they achieve secondary meaning, trade dress may not sufficiently protect fashion designs from copying. If courts examine confusion only at the point-of-sale, as opposed to post-sale confusion, as adopted by the Second and Sixth Circuits,<sup>126</sup> fashion designers will not be able to use trade dress protection to prevent knockoffs because most consumers who buy knockoff products are not confused at the time of sale. As Oscar de la Renta commented, "Today you deal with a consumer who is highly sophisticated. She knows that what I'm selling not only ha[s] a certain look, it also has a certain quality of manufacturing. That cannot be knocked off."<sup>127</sup> Similarly, a man who was selling fake Louis Vuitton bags commented, "Anyone who wants an original Vuitton is not going to buy my stuff. The real thing feels like butter; the others feel like straw."<sup>128</sup> The issue, however, has become murkier than it once was because the increased quality of knockoffs makes it much harder to distinguish the originals from the knockoffs.<sup>129</sup> For example, J. Tiras, a family-run handbag company, knocks off designer purses without using the designer's logos. The knockoffs are so good that J. Tiras ran an ad in the *New York Times* that read, "\$ 2,300 Judith Leiber, \$ 500 J. Tiras - which one?"<sup>130</sup>

Even if the originals and knockoffs are identical in terms of design and quality, proper labeling will save knockoffs from charges of point-of-sale confusion. For example, in *L.A. Gear v. Thom McAn Shoe Co.*,<sup>131</sup> the Federal Circuit found that proper labeling was enough to stave off a claim of trade dress infringement: "the conspicuous and permanent placement of the trademarks of [plaintiff] L.A. Gear as well as the copyist, and the sophistication of purchasers of fashion athletic shoes, clearly outweigh the similarities in the shoe design, insofar as consumer confusion as to source is avoided."<sup>132</sup>

Private supermarket labels provide an interesting parallel to the fashion industry. In the supermarket context, a retailer will sell a national brand, such as Tide, and also sell its own brand of detergent, in direct competition with Tide, at the same time. "The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purposes. At the same time, the retailer clearly marks its product with its private logo."<sup>133</sup> This practice is very similar to knockoffs in the fashion industry, where copyists make their clothing look as similar to the original as possible, to signify that it is a copy of the original, but label it as their own to prevent confusion.<sup>134</sup> House-brand cases have come down similarly to the Federal Circuit's decision in *L.A. Gear*. In *Conopco, Inc. v. May Department Stores Co.*, the Federal Circuit, applying the law of the Eighth Circuit, held that when a house brand is "clearly labeled and differentiated," it is not presumptively unlawful absent a showing of consumer confusion.<sup>135</sup>

If courts expand trade dress protection to prevent post-sale confusion, as the Second and Sixth Circuits have done, the fashion industry would have powerful protection against knockoffs because they create confusion in the post-sale context. Labeling, important in *L.A. Gear* and *Conopco*, protects against consumer confusion only when it is present and visible. What happens, however, when the labels, unlike the permanent ones in *L.A. Gear*, are removed after purchase? When worn, most fashion items, with the exception of currently trendy logo t-shirts, bare no indication of their origin, aside from their design.<sup>136</sup> Knockoffs and originals may look identical to the public, even though their wearers know which is which. For example, consider a person who buys a fake Burberry purse or jacket, complete with signature plaid. If the item rips and the person continues to wear it, the public may confuse the fake for the real thing

and view Burberry items as low quality. Under the reasoning of *Ferrari*, post-sale protection would prevent such a scenario.

Lastly, although a lack of secondary meaning and consumer confusion may prevent fashion designs from obtaining trade dress protection, aesthetic functionality does not create a similar bar because courts require a showing of market foreclosure before finding a design to be aesthetically functional.<sup>137</sup> Fashion designs that meet the test of secondary meaning, meriting trade dress protection in the first place, will most likely not be considered functional. True, there are fashion staples—the black cocktail dress, the tuxedo, the gray sweatpants—and granting them trade dress protection would prevent effective competition. Those staples, however, clearly lack secondary meaning and would not be protected in the first place. Consider a more complex design, such as a green, patterned, chiffon, full-length, Vera Wang gown with a pinched bust, skirt seam details, and a yellow ribbon around the waist.<sup>138</sup> Although the gown is very aesthetically pleasing, it is unlikely that an inability to copy this exact design would foreclose competitors from the market for evening gowns.<sup>139</sup> Even if the Vera Wang dress were to become trendy, other designers could still compete in the market by designing something different, but equally aesthetically appealing.

Presently, it is unclear whether fashion designs will be able to obtain sufficient secondary meaning to merit trade dress protection. It is equally unclear whether post-sale confusion will expand beyond the Second and Sixth Circuits. Trade dress protection for fashion designs, therefore, is largely up in the air. To guarantee protection for such designs, designers should urge Congress to enact sui generis protection.

## Part IV: Sui Generis Protection

Because intellectual property doctrines do not provide complete protection to fashion designs, the fashion industry has looked to other legal doctrines, with little success. In *Cheney v. Doris Silk*,<sup>140</sup> to protect its fabric designs, the plaintiff attempted to ride on the coat tails of *International News Service v. Associated Press*,<sup>141</sup> in which the Supreme Court held that the Associated Press (AP) had a cause of action against the International News Service for misappropriation, later known as the sweat of the brow doctrine.<sup>142</sup> The Second Circuit refused to extend the misappropriation doctrine to fabric designs because *International News Service* did not lay down a general misappropriation doctrine. It was limited to its subject matter, printed news.<sup>143</sup>

The industry has also taken practical measures to protect itself from copyists. As explained in the Introduction, it formed the Fashion Originators Guild in 1932, but the Guild was struck down by the Supreme Court for antitrust violations.<sup>144</sup> Despite these antitrust violations, the fashion houses are still working together in an effort to protect themselves from pirates.<sup>145</sup> At this point, it is unclear what exactly the industry is doing collectively to protect itself.

Individual designers have also taken protective measures. For example, Bill Blass protects himself from knockoffs by releasing his own. In 1994, he simultaneously released a \$1,900 dress and very similar \$150 dress.<sup>146</sup> Others simply attempt to beat knockoffs by staying ahead of the competition and coming up with better products.<sup>147</sup> The industry press suggests that a company should try to be as recognizable in its market as possible, and, as a last resort, when a little company falls victim to a big company's copying, the underdog should take to the press.<sup>148</sup> While individual actions may alleviate the knockoff problem slightly, they are not nearly as effective as concerted action or legal protection.

As a result, courts and commentators alike have suggested that designers lobby for sui generis protection, noting that there is something inherently unfair about allowing copyists to blatantly knock off others' designs. Judge Weinstein, dissenting in *Kieselstein-Cord*, noted that the lack of legal protection of product designs

enables the commercial pirates of the marketplace to appropriate for their own profit, without any cost to themselves, the works of talented designers who enrich our lives with their intuition and skill. The crass are rewarded, the artist who creates beauty is not. All of us are offended by the flagrant copying of another's work. This is regrettable, but it is not for this court to twist the law in order to achieve a result Congress has denied.<sup>149</sup>

Since the 1930s, courts have consistently recognized that the solution to design piracy lies on Capitol Hill.<sup>150</sup> The Copyright Office has also urged designers to seek congressional protection. In 1971, responding to public comment requesting greater copyright protection for fashion designs, the Copyright Office noted that "[g]arments are useful articles, and the designs of such garments are generally outside of the copyright law. Parties who wish to modify this position must address their concerns to the Congress, since establishment of such protection must have Congressional authorization."<sup>151</sup>

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Since 1904, there have been 88 bills introduced in Congress that would have granted sui generis protection to product designs.<sup>152</sup> These bills, as they would have applied to the fashion industry, have failed predominantly because Congress feared that they would have protected the fashion industry's snob appeal and profit at the expense of the less wealthy.<sup>153</sup>

## A. Protecting Snob Appeal

Knockoffs affect the social aspects of fashion design, primarily its ability to function as a status symbol. Mass-production of fashion designs beginning in the 1940s meant that "[f]ashion—that once-snooty uptown dame—[was] coaxed from the atelier down into the block party."<sup>154</sup> One may look at this process as a democratization of fashion, bringing flattering and appealing designs to all walks of American life.<sup>155</sup> The proliferation of fashion designs, great for the lower and middle class people who gained access to them, has given pause to fashion designers because it has led to more frequent knockoffs.<sup>156</sup> They worry that mass copying of their designs will take away their prestige.<sup>157</sup>

Clothing and the labels it bears have enormous power to identify a person's class. With respect to certain designers, "[t]he very fact that you knew about [them] meant you were part of an exclusive circle. You were a debutante. You attended an Ivy League school. You had a trust fund. You were a member of a restricted social club. You wintered in Palm Beach and summered on Nantucket."<sup>158</sup> The fashion industry has suggested that letting fashion out of its traditionally upper-crust circles will diminish a brand's prestige. "The most detrimental fallout is that [fashion] winds up being worn by people who pull the brand down.... The snob appeal gets quickly diluted."<sup>159</sup>

Outsiders have not taken well to the industry's attempt to keep its perceived prestige alive. As William D. Coston, who represented Wal-Mart in the *Samara* case noted, "If someone creates a new look, a new feel, a new jump and it's got the fashion industry excited, is that look reserved for people of a certain income level? Or can the middle-class and the lower-middle-class have an opportunity to look fashionable, too?"<sup>160</sup> Similarly, in opposing a bill that aimed to protect fashion designs, United States Representative Callaway opined in 1914 that the only purpose of the bill was to keep the "ordinary riffraff" away from fashion, the province of the elite.<sup>161</sup>

Despite the fashion industry's call for sui generis protection to safeguard its prestige and opponents' legitimate concerns about using the government to protect what is perceived as elitism, well-crafted sui generis protection for fashion designs will not likely affect access to fashion. First, designers have begun to realize that the lower and middle class markets can be very lucrative and have started designing lines that to cater to the budget-minded consumer. For example, well-known designer Isaac Mizrahi has created a line for Target, which claims to provide "luxury for every woman everywhere."<sup>162</sup> Also, it appears that brand names are taking styles' place as status symbols because brand names have exclusivity that styles do not. Consumers may purchase the same styles at Target that they would at Bergdorf Goodman,<sup>163</sup> but they cannot buy an original Hermes Birkin bag<sup>164</sup> at the former. Legislation crafted to protect specific designs while leaving general stylistic ideas in the public domain would not affect consumers' access to fashion.

## B. Protecting Industry Profits at the Expense of the Poor

Although designers consistently claim that they are losing money to copyists,<sup>165</sup> it is unclear whether they actually lose money as a result of knockoffs because "fashion isn't anything unless everyone is buying it."<sup>166</sup> This poses a bit of a catch-22: the industry will not make money unless its goods are seen as fashionable,<sup>167</sup> but its goods will not be seen as fashionable unless they are widespread.<sup>168</sup> Designer items are typically too expensive for most people and will not entice the average consumer unless a lower priced option is available. Knockoffs provide that lower priced option and enable a style to spread farther than it would have without them, potentially increasing demand for the original design and therefore designers' revenues.

In more concrete terms, consider the effect of knockoffs on Lacoste polo shirts. In the 1980s, there were various Lacoste knockoffs on the market, but Lacoste sales did not decline. On the contrary, Lacoste was still "the original instant status symbol and very masculine,"<sup>169</sup> and it was more prestigious to have the original. Commentators made similar arguments in the wake of *Abercrombie & Fitch Stores v. American Eagle Outfitters*.<sup>170</sup> "If American Eagle has copied Abercrombie, that would make the Abercrombie brand even cooler and more prestigious because it's [the one that's] authentic."<sup>171</sup>

It is also unclear whether granting protection to fashion designs would actually increase prices, benefiting only the elite of the fashion industry. First, if knockoffs do in fact stimulate demand, then limiting them would likely require designers to lower prices in order to maintain their profit margins, increasing

access to those designs. Also, as explained above, designers are entering the market for economy fashion lines in greater numbers. Those fashion lines could take the place of knockoffs. Second, protection for fashion designs will not benefit only the elite because it is not always the Wal-Marts of the world, serving primarily the lower and middle classes, that are knocking off the couture houses. On the contrary, homespun, small-time designers also fall victim to design piracy. For example, in the furniture industry, "the company with the worst reputation for knocking off original products is Pottery Barn. People are allegedly so spooked by the company that its buyers have taken to hiding their nametags at trade shows just to get designers to talk to them."<sup>172</sup>

Economic arguments about the effects of granting sui generis protection to fashion designs cut both ways. From the designers' point of view, they may lose money when knockoffs are available because thrifty consumers will choose to purchase less expensive copies instead of originals. When knockoffs are not available, they may still lose money because their products will not achieve the same level of popularity and widespread recognition, meaning that fewer people will purchase them. From the price-wary consumers' perspective, on the other hand, when knockoffs are available, they may participate in fashion trends without spending a lot of money by purchasing knockoffs. When knockoffs are unavailable, they may still be able to partake of fashion trends if producers lower their prices to capture at least some of the market that the knockoffs covered or if designers cater particularly to the economy market. Because the economic arguments are equivocal, Congress should conduct further research into the economics of the fashion industry to determine whether granting sui generis protection to fashion designs is economically sound.

## Conclusion

Protection for fashion designs presents an interesting dilemma. Copycats are blatantly knocking off designs, which many, including judges, have admitted seems wrong, at least as a knee-jerk reaction. Despite this feeling, none of the intellectual property doctrines, even trade dress, provides sufficient protection. Designers must therefore look to Congress to protect their work. Their prayer for congressional aid, which has failed 88 times since 1904, is not an easy one. Nor should it be. The issue of protection for fashion designs raises thorny issues, both social and economic. Before going any further, designers and Congress alike, should examine the issues to determine whether protecting fashion designs would serve the industry and society at large. Would the best-sellers, the Calvin Klein and Ralph Lauren gowns, sell as well if there were no less-expensive imitations fueling their popularity? Would the less wealthy in our society still be able to dress stylishly and feel good about their clothing with protection for fashion designs, or would they have to wear glorified sweatpants? Is there a separate market for fashionable yet low price goods that would entice enough designers to enable lower income consumers to continue to dress stylishly? These, and similar questions, must be answered before going any further.

<sup>1</sup> Eric Wilson, *The Culture of Copycats*, *Women's Wear Daily*, November 2, 1999, available at 1999 WL 1197663. Knockoffs are copies of fashion designs that do not represent themselves as original product. In this way, they differ from counterfeit goods. Counterfeit goods are outside of the scope of this paper.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Wm. Filene's Sons Co. v. Fashion Originator's Guild of Am.*, 90 F.2d 556, 558 (1st Cir. 1937).

<sup>5</sup> Major American fashion houses were historically located on Seventh Avenue in New York City.

<sup>6</sup> It makes little sense that direct copiers are considered original whereas those who copy the copies—copiers once removed—are considered copyists. Both groups do the same thing: copy another's design.

<sup>7</sup> 90 F.2d at 557.

<sup>8</sup> 312 U.S. 457 (1941) (upholding a Federal Trade Commission decree that the Guild cease and desist from restraining retailers).

<sup>9</sup> 15 U.S.C.S. § 1 et seq. (2004). The Guild violated the Sherman Act because "it narrow[ed] the outlets to which garment and textile manufacturers can sell and the sources from which retailers can buy," an illegal restraint of trade. 312 U.S. at 465.

<sup>10</sup> 15 U.S.C.S. § 12 et seq. (2004). The Guild violated the Clayton Act because in preventing retailers from selling knockoff goods, its actions tended to create a monopoly. 312 U.S. at 464.

<sup>11</sup> 15 U.S.C.S. § 41 et seq. (2004). The Federal Trade Commission Act gave the Commission the power to suppress methods of unfair competition. The Guild's practices, as violations of the Sherman and Clayton Acts, constituted unfair competition.

<sup>12</sup> *Geri Hirshey*, *The Snooty Dame at the Block Party*, *N.Y. Times Magazine*, October 24, 1998, at 113.

<sup>13</sup> *Wilson*, *The Culture of Copycats*, supra note 2.

<sup>14</sup> *Teri Agins*, *Copy Shops: Fashion Knockoffs Hit Stores Before Originals As Designers Seethe*, *Wall St. J.*, August 8, 1994, available at 1994 WL-WJSJ 338357.

<sup>15</sup> *Kay Millonzi* and *William G. Passannante*, *Beware of the Pirates: How to Protect Intellectual Property, Risk Management*, August 1996, at 39.

<sup>16</sup> *Agins*, *Copy Shops*, supra note 14. *Runway* shows typically precede retail releases.

<sup>17</sup> As *Women's Wear Daily* noted, "global outcry against knockoff is particularly interesting considering how legitimized and encouraged the business of copying courtiers—line for line—was in the Fifties and Sixties." *Wilson*, *The Culture of Copycats*, supra note 2.

<sup>18</sup> *Peter Pan Fabrics, Inc. v. Acadia Co., Inc.*, 173 F. Supp. 292, 296 (S.D.N.Y. 1959) ("To recoup the costs that are an inherent part of this mode of operation, the plaintiffs must necessarily charge a price that is substantially higher than that of a converter of finished printed textiles who 'adopts' a successful design."); *Millinery Creators' Guild, Inc. v. Fed. Trade Comm'n*, 109 F.2d 175, 177 (2nd Cir. 1940) ("The creator who maintains a large staff of highly paid designers can recoup his investment only by selling the hats they design. He suffers a real loss when the design is copied as soon as it appears; the imitator in turn reaps a substantial gain by appropriating for himself the style innovations produced by the creator's investment.")

<sup>19</sup> Department stores often manufacture knockoffs under their own private labels and sell them alongside the designer goods. *Michael Harvey*, *James T. Rothe*, *Laurie A. Lucas*, *The "Trade Dress" Controversy: A Case of Strategic Cross-Brand Cannibalization*, *Journal of Marketing Theory & Practice*, Spring 1998, at 1.

<sup>20</sup> Hearing on H.R. 2696 Before the House Subcomm. on Courts and Intellectual Property, House Comm. on the Judiciary, 105th Cong. 1-2 (1997) (testimony of William T. Fryer), available at <http://commdocs.house.gov/committees/judiciary/hju57742.000/hju57742.0.HTM>.

<sup>21</sup> A search of recent design patent cases revealed few concerning fashion items at all. Of those cases that considered design patented fashion items, only two courts upheld the design patents after fully analyzing patentability. Both cases involved footwear. *Avia Group International, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557 (Fed. Cir. 1988) and *L.A. Gear, Inc. v. Thom McAn Shoe Company et al.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993). It appears that

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most litigation over design patents of fashion items occurred prior to 1960. See, e.g. H.W. Gossard Co. v. Neatform Co., 240 F.2d 948 (2nd Cir. 1987) (finding that a design for hosiery did not meet the nonobviousness requirement). A search of the patent register shows that design patents have not issued for typical fashion designs, such as new dress styles. Rather, patents have issued for quirkier items, such as a t-shirt with removable sleeves convertible to a hat. U.S. Pat. No. D 499857 (issued December 21, 2004).

<sup>22</sup> Avia Group International, 853 F.2d 1557 (Fed. Cir. 1988). The Patent Act states, “Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. §171 (2004). The definition of nonobviousness is incorporated from 35 U.S.C. §103 (“if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made”).

<sup>23</sup> Rains v. Cascade Industries, Inc., 402 F.2d 241, 247 (3rd Cir. 1968) (noting that “[o]riginality is also used to refer to the requirement of § 102(f) that no patent shall issue if the prospective patentee ‘did not himself invent the subject matter sought to be patented’”) (quoting 35 U.S.C. §102(f)). Courts have interpreted §102(f) to mean that an invention is not original when the prospective patentee derives or copies his work from another’s idea but claims it as his own. See e.g. Elmwood Liquid Products, Inc. v. Singleton Packing Corp., 328 F.Supp. 974, 987 (M.D. Fla. 1971) (invalidating a patent where “the subject matter disclosed and sought to be patented...was not independently conceived by the named patentee...but was derived by him from another”). In this sense, the originality requirement in design patent is similar to the originality requirement in copyright, which denies copyright to works where the author had another work in mind at the time of creation.

<sup>24</sup> Scoville Mfg. Co. v. Roto Broil Corp., 304 F. Supp. 834, 840 (E.D.N.Y. 1969) (noting that the plaintiff “s design failed the originality test because the ‘idea embodied therein was not a significant advance or improvement over previous knowledge on the subject’”).

<sup>25</sup> See Trojan Textile Corp. v. Crown Fabrics Corp., 143 F. Supp. 48, 50 (S.D.N.Y. 1956) (“In Patent Law, the term ‘original’ has special reference to the inventive genius in creating the design. The inventor must have created a design that is essentially different and superior to a design that might be created by a person skilled in the art.”).  
<sup>26</sup> Gold Seal Importers Morris White Fashion, 124 F.2d 141, 142 (2nd Cir. 1941). See also Avia Group International, Inc., 853 F.2d at 1564 (noting that a design fails the nonobviousness test when it “would have been obvious to one of ordinary skill in the art”).

<sup>27</sup> Neufeld-Furst & Co., Inc. v. Jayday Frocks Inc., 112 F.2d 715, 716 (2nd Cir. 1940).

<sup>28</sup> Gold Seal, 124 F.2d at 142.

<sup>29</sup> See, e.g. Belding Hemmingway v. Future Fashions, 143 F.2d 216, 217 (2nd Cir. 1944) (noting that if multiple designs were created in the same manner, “and if only one of them caught the public taste, are we to say that that design showed patentable invention and none of the others did? Such fugitive popularity as fashions in dress are apt to enjoy, are often the result of caprice; it is impossible for even the most adept students of the market to tell in advance which ones will succeed, or whether any one will. Surely in such a setting success is a poor test of aesthetic achievement.”). But see Spaulding v. Guardian Light Co., 267 F.2d 111 (7th Cir. 1959) (noting that “We have held, and it is the general rule, that in a close case commercial success may tip the scales in determining whether an improvement amounts to an invention”).

<sup>30</sup> Bonito Boats Inc. v. Thunder Craft Boats Inc., 489 U.S. 141, 148 (1989).

<sup>31</sup> L.A. Gear, Inc., 988 F.2d 1117, 1123 (Fed. Cir. 1993).

<sup>32</sup> Id.

<sup>33</sup> Id.

<sup>34</sup> See, e.g. Banjo Buddies, Inc. v. Renosky, 160 F. Supp. 2d 138, 146 (D. Maine 2001) (noting that “[o]ne reason for the nonfunctionality limitation is that when function dictates a design, protection would not promote the decorative arts, a purpose of the design patent statute”) (internal citations omitted).

<sup>35</sup> The courts that have considered design patents in the fashion industry tend to dispose of them on obviousness grounds. This section, therefore, focuses primarily on that aspect of design patent.

<sup>36</sup> For a more detailed discussion of the originality of fashion items, see nn. 53-56, *infra*, and accompanying text.

<sup>37</sup> See, e.g. Neufeld-Furst, 112 F.2d at 716 (finding that changing the size, shape, and folds of a purse did not meet the test for invention); Nat Lewis Purses, Inc. v. Carole Bags, Inc., 83 F.2d 475 (2nd Cir. 1936) (invalidating a design patent where “it was a very simple matter...for any ordinary designer to produce the patented design” because “no more was really involved than changing the size”). See also *In re Application of Niedringhaus*, 2 MacArth. 149, head notes (D.C. S. Ct. 1897) (quoting the Commissioner of copyright, who stated “a mere substitution of one color for another possesses no originality, and indicates no exercise of genius, and cannot, therefore, become the subject of a patent, neither can any blending or arrangement of colors, unless a new aesthetic effect is produced”).

<sup>38</sup> White v. Lombardy Dresses, Inc., 40 F. Supp. 216, 217 (S.D.N.Y. 1941).

<sup>39</sup> Michele Ingrassia, A question of Copycats, Newsday, July 18, 2000, at B06.

<sup>40</sup> It takes an average of two years to obtain a design patent, whereas the style life of a garment is usually around three months. Hearing on H.R. 2696, *supra*, note 20; Rocky Schmidt, Designer Law: Fashioning a Remedy for Design Piracy, 30 U.C.L.A. L. Rev. 861, 868 (1983).

<sup>41</sup> “The ‘style life’ of a garment—the period between the first order or a garment of a particular style and designing the last substantial reorder of it—is usually not more than three months.” Schmidt, Designer Law, *supra* note 40.  
<sup>42</sup> See also Cheney v. Doris Silk, 35 F. 2d 279 (2nd Cir. 1929) (noting that designs “have only a short life, for the most part no more than a single season of eight or nine months. It is in practice impossible, and it would be very onerous if it were not, to secure design patents upon all of these; it would also be impossible to know in advance which would sell well and patent only those”).

<sup>43</sup> See, e.g. Brenda A. Jacobs and Lisa A. Crosby, Knock It Off!, Bobbin, July 2000, at 97 (stating that “protection from copycats will often be available under the...copyright laws”); Anne Theodore Briggs, Hung Out to Dry: Clothing Design Protection Pitfalls in United States Law, 24 Hastings Comm. & Ent. L.J. 169 (2002); Peter K. Schalestock, Forms of Redress for Design Piracy: How Victims Can Use Existing Copyright Law, 21 Seattle Univ. L. R. 113 (1997); Jennifer Mencken, A Design for Copyright of Fashion, 1997 B.C. Intell. Prop. & Tech. F. 121201, at [http://www.bc.edu/bc\\_org/avp/law/stl/or/ipf/articles/content/1997121201.html](http://www.bc.edu/bc_org/avp/law/stl/or/ipf/articles/content/1997121201.html) (1997); Schmidt, Designer Law, *supra* note 40.

<sup>44</sup> Fest Publications v. Rural Tel. Serv. Co., 499 U.S. 340, 346 (1991).

<sup>45</sup> ABKCO Music, Inc. v. Harrisongs Music, Ltd., 944 F.2d 971 (2nd Cir. 1991).

<sup>46</sup> “In no case does copyright protection for an original work of authorship extend to any idea.” 17 U.S.C. §102 (2004). This doctrine is referred to as the idea-expression distinction. See also Baker v. Selden, 101 U.S. 99, 104 (1880).

<sup>47</sup> Rosenthal Jewelry Group v. Kalpakian, 446 F.2d 738, 740, 742 (9th Cir. 1971) (“A copyright, we have seen, bars use of the particular ‘expression’ of an idea in a copyrighted work but does not bar use of the ‘idea’ itself....When the ‘idea’ and its ‘expression’ are thus inseparable, copying the ‘expression’ will not be barred.”).  
<sup>48</sup> 17 U.S.C. §101 (2004).

<sup>49</sup> Bleistein v. Donaldson Lithographing, 188 U.S. 239, 249, 252 (1903).

<sup>50</sup> Id. In this sense, functionality for copyright purposes differs from functionality for trademark purposes, which considers a design’s commercial value as part of an aesthetic functionality analysis. See Part III, *infra*.

<sup>51</sup> Brandir International v. Cascade Pacific Lumber, 834 F.2d 1142, 1145 (2nd Cir. 1987) (finding that a design of a bike rack was dictated by functional concerns and therefore did not merit copyright protection).

<sup>52</sup> Esquire v. Ringer, 591 F.2d 796, 800 (D.C. Cir. 1978).

<sup>53</sup> Id. at 801.

<sup>54</sup> Paige Wiser, A stitch in time, Chi. Sun-Times, September 14, 2004, at 44.

<sup>55</sup> David Moin, Designers Wail: Knockoffs are at Their Worst, Women’s Wear Daily, October 6, 1993, available at 1993 WL 3319225. The fact that one designer copies from a work in the public domain, as the Empire dress undoubtedly is, does not prevent other designers from copying the same public domain work. On the contrary, even if a derivative of the Empire dress were to merit copyright protection, other designers could still freely copy the original from the public domain. One designer accused of knocking off a Donna Karan dress commented, “I got it from the European market—the same place she got hers. It’s the Chloe, but with a more open neckline. Mine is not Donna.” Id.

<sup>56</sup> Schwartz is famous for knocking off gowns worn at the Academy Awards.

<sup>57</sup> Wilson, The Culture of Copycats, *supra* note 1.

<sup>58</sup> Id.

<sup>59</sup> Most copyright litigation of fashion designs has centered around functionality.

<sup>60</sup> Copyright Office, Registrability of Costume Designs: Notice of Inquiry, 56 Fed. Reg. 20241 (May 2, 1991). See also Copyright Office, Registrability of Costume Designs: Policy Decision, 56 Fed. Reg. 56530 (November 5, 1991) (noting that “Garment designs (excluding separately identifiable pictorial representations of designs imposed upon the garment) will not be registered even if they contain ornamental features, or are intended to be used as historical or period dress”). One may not get around the ban on granting copyright to useful articles by copyrighting a drawing of the article: “It has long been recognized that the copyright owner secures no exclusive right in the article illustrated.” Adelman, 112 F. Supp. at 188.

<sup>61</sup> 2004 U.S. Dist. Lexis 8265 (E.D. La. 2004).

<sup>62</sup> Id. at 729.

<sup>63</sup> 632 F.2d 989 (2nd Cir. 1980).

<sup>64</sup> Id. at 993. The court seems to sanction the approach it warned against in the design patent context in Belding Hemmingway, 143 F.2d 216: it grounded its finding of conceptual separability on the fact that purchasers used the work for something other than its intended purpose, allowing consumer whims to influence copyrightability.

<sup>65</sup> 620 F. Supp. 175 (D. Minn. 1985), *Aff’d*

794 F.2d 678 (8th Cir. 1985).

<sup>66</sup> Id. at 187-88.

<sup>67</sup> 696 F. Supp. 1348 (S.D. Cal. 1988).

<sup>68</sup> Id. at 1354.

<sup>69</sup> Id. at 1350.

<sup>70</sup> Masquerade Novelty, Inc. v. Unique Indus. Inc., 912 F.2d 663, 670-71 (3rd Cir. 1990) (holding that nose masks were copyrightable). The fact that an article evokes a response from onlookers does not affect copyright protection,

either. “When hung on a wall, a painting may evoke a myriad of human emotions, but we would not say that the painting is not copyrightable because its artistic elements could not be separated from the emotional effect its creator hoped it would have on persons viewing it.” Id. at 671.

<sup>71</sup> 620 F. Supp. at 187-88.

<sup>72</sup> 428 F. Supp. 91 (E.D. Penn. 1977).

<sup>73</sup> Id. at 94-95.

<sup>74</sup> 71 F.3d 996 (2nd Cir. 1995).

<sup>75</sup> Id. at 1005. See also Peter Pan Fabrics, Inc. v. Brenda Fabrics, Inc., 169 F. Supp. 142, 144 (S.D.N.Y. 1959) (holding that a fabric design is “the proper subject of copyright” and holding that plaintiff’s particular design, which portrayed a near east theme, merited copyright protection).

<sup>76</sup> 15 U.S.C. §1051 et seq (2004).

<sup>77</sup> 15 U.S.C. §1127 (2004).

<sup>78</sup> Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. 159, 162 (1995).

<sup>79</sup> Ferrari v. Roberts, 944 F.2d 1235, 1239 (6th Cir. 1991) (quoting Allied Mktg. Group, Inc. v. CDL Mktg., Inc., 878 F.2d 806, 812 (5th Cir. 1989)).

<sup>80</sup> 15 U.S.C. §§1052, §1114 (2004).

<sup>81</sup> 15 U.S.C. §1125 (2004).

<sup>82</sup> Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1991) (“[I]t is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).”). Section 43(a) of the Lanham Act is codified at 15 U.S.C. §1125.

<sup>83</sup> A search on Lexis Nexis reveals only 232 granted or pending trade dress applications.

<sup>84</sup> “The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity. The Lanham Act, furthermore, does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller.” Traffix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2000) (finding that an expired utility patent is not an absolute bar to trade dress protection but presents a high bar for the party seeking trade dress protection).

<sup>85</sup> 15 U.S.C. §1125(a).

<sup>86</sup> “Nothing in § 43(a) explicitly requires a producer to show that its trade dress is distinctive, but courts have universally imposed that requirement, since without distinctiveness, the trade dress would not cause confusion as to the original, sponsorship, or approval of the goods.” Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 210 (2000) (internal quotations and ellipsis omitted).

<sup>87</sup> Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. at 768.

<sup>88</sup> 537 F.2d 4 (2nd Cir. 1976).

<sup>89</sup> Id. at 9.

<sup>90</sup> Id.

<sup>91</sup> 537 F.2d at 11.

<sup>92</sup> Id. at 10.

<sup>93</sup> Inwood Labs. v. Ives Labs., 456 U.S. 844, 851 n. 11 (1982).

<sup>94</sup> Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. at 776 (“[P]roof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where the trade dress at issue is inherently distinctive.”)

<sup>95</sup> Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. at 216.

<sup>96</sup> Id. at 213.

<sup>97</sup> 456 U.S. 844.

<sup>98</sup> Inwood Labs. v. Ives Labs., 456 U.S. at 851.

<sup>99</sup> Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. at 165. “In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.” 15 U.S.C. §1125(a)(3).

<sup>100</sup> 198 F.2d 339 (9th Cir. 1952).

<sup>101</sup> Id. at 343 (finding that a design for hotel china was functional because it was important to the china’s commercial success without considering evidence of market foreclosure).

<sup>102</sup> 916 F.2d 76 (2nd Cir. 1990).

<sup>103</sup> Id. at 80. See also Lesportsac, Inc. v. Kmart Corp., 754 F.2d 71, 78 (2nd Cir. 1984) (“if [consumers buy the look because they identify it as the LeSportsac’s product], the LeSportsac ‘look’ primarily serves a legitimate trademark purpose—identifying the source of the product—and should be eligible for protection even though it is also an ‘important ingredient’ in the product’s commercial success.”).

<sup>104</sup> See, e.g. Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417 (5th Cir. 1984) (“We think that too broad a view of functionality disserves the Lanham Act’s purpose of protecting product distinguishability. By restricting the doctrine of functionality, we preserve the ability of producers freely to select distinguishing designs and identifying marks. By linking functionality to a finding of competitive effect, however, we continue to promote free competition.”) (internal citations omitted); WSM, Inc. v. Tennessee Sales Co., 709 F.2d 1084 (6th Cir. 1983) (noting that the fact that “an item serves or performs a function does not mean, however, that it may not at the same time be capable of indicating sponsorship or origin where aspects of the item are nonfunctional” and therefore eligible for trademark protection); Keene Corp. v. Paralex Industries, Inc., 653 F.2d 822, 825 (3rd Cir. 1981) (“[I]t would be unfortunate were we to discourage use of a spark of originality which could transform an ordinary product into one of grace. The doctrine of aesthetic functionality need not be construed in such a manner for it to fulfill its important public policy function of protecting free competition.”).

<sup>105</sup> 644 F.2d 769 (9th Cir.1981).

<sup>106</sup> Id. at 773-75 (emphasis added).

<sup>107</sup> Id.

<sup>108</sup> 514 U.S. at 170.

<sup>109</sup> Restatement 3d of Unfair Competition, § 17 (1995).

<sup>110</sup> 456 U.S. at 844.

<sup>111</sup> 15 U.S.C. §1125(a)(1)(A).

<sup>112</sup> 287 F.2d 492 (2nd Cir. 1961).

<sup>113</sup> Id. at 495. See also AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 349 (9th Cir. 1979) (considering “(1) strength of the mark, (2) proximity of the goods, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) type of goods and the degree of care likely to be exercised by the purchaser, (7) defendant’s intent in selecting the mark, and (8) likelihood of expansion of the product lines”).

<sup>114</sup> 944 F.2d 1235 (6th Cir. 1991).

<sup>115</sup> Id. at 1244.

<sup>116</sup> See, e.g. Hermes Int’l v. Lederer de Paris Fifth Ave., Inc., 219 F.3d 104, 108 (2nd Cir. 2000) (“The creation of confusion in the post-sale context can be harmful in that if there are too many knockoffs in the market, sales of the originals may decline because the public is fearful that what they are purchasing may not be an original. Furthermore, the public may be deceived in the resale market if it requires expertise to distinguish between an original and a knockoff. Finally, the purchaser of an original is harmed by the widespread existence of knockoffs because the high value of originals, which derives in part from their scarcity, is lessened.”).

<sup>117</sup> Id. (noting that “post-sale confusion can occur when a manufacturer of knockoff goods offers consumers a cheap knockoff copy of the original manufacturer’s more expensive product, thus allowing a buyer to acquire the prestige of owning what appears to be the more expensive product”). Briefly, it seems strange that the court protected prestige independently of consumer confusion because such protection departs from trademark’s intended purposes.

<sup>118</sup> There is a similar line of cases dealing with trademarks, as opposed to trade dress and product designs. For example, in University of North Carolina at Chapel Hill v. Johnny T-shirt, Judge Bullock of the Middle District of North Carolina held that the defendant, an unauthorized college paraphernalia shop, could sell t-shirts bearing the University’s name because “the court is skeptical that those individuals who purchase unlicensed t-shirts bearing UNC-CH’s marks care one way or the other whether the University sponsors or endorses such products or whether the products are officially licensed.” 714 F. Supp. 167, 173 (M.D.N.C. 1989). Rather, people purchased the shirts to show their support of the University. See also Univ. of Pittsburgh v. Champion, 566 F. Supp. 711 (W.D. Pa. 1983) (finding that the defendant’s goods, university t-shirts and the like, did not suggest that they came from the University); Int’l Order of Job’s Daughters v. Lindenburg and Co., 633 F.2d 912, 918 (9th Cir. 1980) (noting that “it would be naïve to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name of emblem signifies”).

<sup>119</sup> 71 F.3d 996.

<sup>120</sup> Id. at 1006.

<sup>121</sup> Id. See also Banff Ltd. v. Express Inc., 921 F. Supp. 1065, 1071 (S.D.N.Y. 1996) (holding that because plaintiff’s “objective in the two sweater designs was primarily aesthetic, the designs were not primarily intended as source identifiers. Those sweater designs therefore fail to qualify for protection of trade dress inherent in product design”); Mulberry Thai Silks, Inc. v. K&K Neckwear, Inc., 897 F. Supp. 789, 797 (S.D.N.Y. 1995) (noting that the “point that plaintiff fails to recognize is that two designs may be sufficiently similar to be mistaken, one for the other, without either design being associated with any particular source”). It is interesting to note that the courts do not consider whether the designs actually acquired secondary meaning, choosing instead to focus on the designers’ purpose. The courts’ language suggests that cases of unintentional secondary meaning—where a product’s design is chosen predominantly for aesthetic purposes but subsequently serves to identify its source to consumers—would not receive protection because source-identification was not the designer’s primary purpose. Such a result, however, would be contrary to the Lanham Act’s intended goal: preventing consumer confusion. If consumers view a particular feature as indicative of source, it should be protected, subject to other legal limitations, regardless of the producers’ intent.

<sup>122</sup> See, e.g. L.A. Gear, Inc. v. Thom McAn Shoe Company et al., 988 F.2d 1117, 1128 (Fed. Cir. 1993) (upholding the lower court’s finding of secondary meaning despite the short amount of time for which the product had been on the market).

<sup>123</sup> See, e.g. Johnny Carson Apparel, Inc. v. Zeeman Mfg. Co., Inc., 1977 U.S. Dist. Lexis 12269, at \*9-10 (N.D. Ga. 1977) (“given the short life of a suit design and the speed with which piracy of design takes place, the court simply finds it impossible to credit any assertion that the general public would readily identify any suit exhibiting

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plaintiff's particular configuration of previously used design components as a Johnny Carson suit. Plaintiff may have invested a great deal of money in advertising the suit and in pointing out its supposedly distinctive design features, but much more is required to establish secondary meaning.”).

<sup>124</sup> Craig Mende, How the high court sliced the safety net against knockoffs, *Brandweek*, August 21, 2000, at 30.

<sup>125</sup> Agins, Copy Shops: Fashion Knockoffs Hit Stores Before Originals, supra note 14.

<sup>126</sup> See, *Hermes*, 219 F.3d 104 and Ferrari, 944 F.2d 1235, respectively.

<sup>127</sup> Wilson, The Culture of Copycats, supra note 1. Vera Wang, however, takes the opposing view: “I don’t know that most consumers know the difference, so therein lies the problem.” *Id.*

<sup>128</sup> Francis X. Clines, Tracking the Vituiton Counterfeiter, *N.Y. Times*, November 25, 1978, at 27.

<sup>129</sup> Agins, Copy Shops: Fashion Knockoffs Hit Stores Before Originals, supra note 14.

<sup>130</sup> Greg Hassell, They’ve Got the Look: David and Goliath With Purses, *Houston Chron.*, April 22, 1994, at Business 1.

<sup>131</sup> 988 F.2d 1117.

<sup>132</sup> *Id.* at 1134. Emphasis added. The Federal Circuit does not indicate whether its decision would have been different if the labeling was not permanent. See also *Societe Comptoir De L.*

*Inudstrie Contonier v. Alexander’s Department Stores, Inc.*, 299 F.2d 33, 36 (2nd Cir. 1962) (holding that the “Lanham Act does not prohibit a commercial rival’s truthfully denominating his goods a copy of a design in the public domain, though he uses the name of the designer to do so. Indeed it is difficult to see any other means that might be employed to inform the consuming public of the true origin of the design”).

<sup>133</sup> *Conopco, Inc. v. May Department Stores Co.*, 46 F.3d 1556, 1567 (Fed. Cir. 1994).

<sup>134</sup> Although clear labeling of knockoffs does not create confusion as to origin, it may create confusion as to quality because the “basis of imitation is that consumers generalize similarity between exterior physical features to infer similarity of product quality.” Colleen Collins-Dodd, Judith Lynne Zaichkowsky, National brand responses to brand imitation: retailers versus other manufacturers, 8 *Journal Of Product And Brand Management* 96 (1999).

<sup>135</sup> *Id.* at 1565.

<sup>136</sup> In *L.A. Gear*, the shoes themselves were permanently labeled with the defendant’s trademark. However, the case can be read to encompass a more broad acceptance of labeling as a way to avoid consumer confusion.

<sup>137</sup> But see *Abercrombie & Fitch Stores v. American Eagle Outfitters*, 280 F.3d 619 (6th Cir. 2002), in which the Sixth Circuit barred protection plaintiff Abercrombie’s clothing line based on a finding of aesthetic functionality. The Sixth Circuit upheld a grant of summary judgment to defendant American Eagle noting that that granting Abercrombie trade dress protection would have significantly foreclosed the market for clothing directed at college-aged people: “Were the law to grant Abercrombie protection of these features, the paucity of comparable alternative features that competitors could use to compete in the market for casual clothing would leave competitors at a significant non-reputational competitive disadvantage and would, therefore, prevent effective competition in the market.” This case appears to be an aberration of the law of aesthetic functionality. In disposing of a market disclosure issue on summary judgment, without much economic evidence, the Sixth Circuit seems to have reverted to a formulation of functionality that does not significantly heed market forces, like the Ninth Circuit’s decision in *Pagliero*.

<sup>138</sup> *Vera Wang Dress*, <http://www.verawang.com/dresses/fulllength/collectionimage.2004-12-02.6224182601>, Winter 2004 collection (last visited 12/29/04).

<sup>139</sup> Similar to antitrust law, the extent to which market foreclosure exists is a function of market definition. The more specific the market, say chiffon evening gowns as opposed to evening gowns in general, the more likely we are to find market foreclosure. See, e.g., *United States v. Microsoft Corp.*, 253 F.3d 34 (D.C. Cir. 2001), for an example of the importance of market definition.

<sup>140</sup> 35 F.2d 279 (2nd Cir. 1929).

<sup>141</sup> 248 U.S. 215 (1918).

<sup>142</sup> The misappropriation doctrine protected work that required a significant effort from its creator, even if it was not protected by intellectual property law. The doctrine was severely limited, if not eviscerated, in *Feist*, 499 U.S. 340.

<sup>143</sup> 35 F.2d at 280. See also *Fashion Originators Guild*, 312 U.S. at 468 (noting that the misappropriation doctrine could not have saved the Fashion Originators Guild from an antitrust violation).

<sup>144</sup> *Fashion Originators Guild*, 312 U.S. 457 (1941). The Millinery Creators’ Guild, an organization formed to protect hat designers, met a similar fate. *Millinery Creators’ Guild, Inc. v. Fed. Trade Comm’n*, 109 F.2d 175, 177 (2nd Cir. 1940).

<sup>145</sup> Vicki M. Young, Coping with Virtual Fakes, *Women’s Wear Daily*, April 16, 1999.

<sup>146</sup> Agins, Copy Shops: Fashion Knockoffs Hit Stores Before Originals, supra note 14.

<sup>147</sup> Carlye Adler, *Can you spot the knockoff?* Fsb : *Fortune Small Business*, April 2002 at 42-47.

<sup>148</sup> Jenny C. McCune, *Fending Off Copycats*, *Small Business Reports*, November 1993, at 28, 31, 36.

<sup>149</sup> 632 F.2d at 994.

<sup>150</sup> See, e.g., *Nat Lewis Purses, Inc.*, 83 F.2d at 476 (“True, the piracy of designs, especially in wearing apparel, has been often denounced as a serious evil and perhaps it is; perhaps new designs ought to be entitled to a limited copyright. Efforts have been made to induce Congress to change the law so as to give some such protection, without success so far; and until it does, new designs are open to all, unless their production demands some salient ability.”); *White v. Leonard Freycks, Inc.*, 120 F.2d 113, 114-15 (2nd Cir. 1941) (“What [designers] need is rather a statute which will protect them against the plagiarism of their designs; a more limited protection and for that reason easier to obtain if the law recognized copyright in the subject matter at all. Recourse to the courts, as the law now stands, is not likely to help them. Perhaps, if their grievance is as great as they say, Congress may yet be moved to help them; but short of that, no effective remedy seems open.”); *White v. Lombardy Dresses*, 40 F. Supp. at 218 (“There is a real necessity for some law that will equally protect those who like the plaintiff, spend a great deal of time and money in giving the public a new and attractive dress and those who, like the defendant, give another portion of the public, who seek a more economical dress, a garment of its own design. But this should not include, during a season, an intentional and deliberate copy of the other without proper consent.”).

<sup>151</sup> 56 Fed. Res. 56530.

<sup>152</sup> Memorandum of Points and Authorities in Support of Defendant’s Motion to Dismiss (Appendix A), *Esquire, Inc. v. Ringer*, 414 F. Supp. 939 (D.D.C. 1976), cited in *Schmidt, Designer Law*, supra note 41 at 865 and *Briggs, Hung Out to Dry*, supra note 42, at 205, provide a comprehensive list of bills proposed through 2002. S. 2502, 105th Cong. (1998); H.R. 2696, 105th Cong. (1997); H.R. 1790, 102d Cong. (1991); H.R. 3499, 101st Cong. (1989); H.R. 902, 101st Cong. (1989); H.R. 3017, 101st Cong. (1989); H.R. 379, 100th Cong. (1987); H.R. 1179, 100th Cong. (1987); S. 791, 100th Cong. (1987); H.R. 1900, 99th Cong. (1985); H.R. 2985, 98th Cong. (1983); H.R. 20, 97th Cong. (1981); H.R. 7270, 96th Cong. (1980); H.R. 4530, 96th Cong. (1979); H.R. 2706, 96th Cong. (1979); H.R. 2223, 94th Cong., 1st Sess. tit. II (1975); S. 22, 94th Cong., 1st Sess. tit. II (1975); S. 1361, 93d Cong., 1st Sess. (1973); S. 1774 91st Cong., 1st Sess. (1969); H.R. 4209, 91st Cong., 1st Sess. (1969); H.R. 3089, 91st Cong., 1st Sess. (1969); H.R. 7870, 90th Cong., 1st Sess. (1967); H.R. 6124, 90th Cong., 1st Sess. (1967); H.R. 3542, 90th Cong., 1st Sess. (1967); H.R. 2886, 90th Cong., 1st Sess. (1967); H.R. 3366, 89th Cong., 1st Sess. (1965); H.R. 450, 89th Cong., 1st Sess. (1965); S. 1237, 89th Cong., 1st Sess. (1965); H.R. 5523, 88th Cong., 1st Sess. (1963); H.R. 769, 88th Cong., 1st Sess. (1963); H.R. 323, 88th Cong., 1st Sess. (1963); S. 776, 88th Cong., 1st Sess. (1963); H.R. 6777, 87th Cong., 1st Sess. (1961); H.R. 6776, 87th Cong., 1st Sess. (1961); S. 1884, 87th Cong., 1st Sess. (1961); H.R. 9870, 86th Cong., 2d Sess. (1960); H.R. 9525, 86th Cong., 2d Sess. (1960); S. 2852, 86th Cong., 2d Sess. (1960); S. 2075, 86th Cong., 1st Sess. (1959); H.R. 8873, 85th Cong., 1st Sess. (1957); H.R. 2860, 80th Cong., 1st Sess. (1947); H.R. 5887, 79th Cong., 2d Sess. (1946); H.R. 3997, 77th Cong., 1st Sess. (1941); H.R. 9703, 76th Cong., 3d Sess. (1940); H.R. 6160, 76th Cong., 1st Sess. (1939); H.R. 4871, 76th Cong., 1st Sess. (1939); H.R. 926, 76th Cong., 1st Sess. (1939); S. 2240, 75th Cong., 1st Sess. (1937); H.R. 5275, 75th Cong., 1st Sess. (1937); H.R. 10632, 74th Cong., 2d Sess. (1936); S. 3208, 74th Cong., 1st Sess. (1935); S. 3047, 74th Cong., 1st Sess. (1935); H.R. 8099, 74th Cong., 1st Sess. (1935); H.R. 5859, 74th Cong., 1st Sess. (1935); S.J. Res. 120, 73d Cong., 2d Sess. (1934); S. 3166, 73d Cong., 2d Sess. (1934); H.R. 7359, 73d Cong., 2d Sess. (1934); H.R. 4115, 73d Cong., 1st Sess. (1933); S. 241, 73d Cong., 1st Sess. (1933); H.R. 14727, 72d Cong., 2d Sess. (1933); S. 5075, 72d Cong., 2d Sess. (1932); H.R. 12897, 72d Cong., 1st Sess. (1932); H.R. 12528, 72d Cong., 1st Sess. (1932); S. 2678, 72d Cong., 1st Sess. (1932); H.R. 138, 72d Cong., 1st Sess. (1931); H.R. 11852, 71st Cong., 2d Sess. (1930); H.R. 7495, 71st Cong., 2d Sess. (1929); H.R. 7243, 71st Cong., 2d Sess. (1929); S. 3768, 70th Cong., 1st Sess. (1928); H.R. 13453, 70th Cong., 1st Sess. (1928); H.R. 9358, 70th Cong., 1st Sess. (1928); H.R. 13117, 69th Cong., 1st Sess. (1926); H.R. 6249, 69th Cong., 1st Sess. (1925); H.R. 12306, 68th Cong., 2d Sess. (1925); H.R. 10351, 68th Cong., 2d Sess. (1924); H.R. 7539, 68th Cong., 1st Sess. (1924); S. 2601, 68th Cong., 1st Sess. (1924); H.R. 10028, 65th Cong., 2d Sess. (1918); H.R. 20842, 64th Cong., 2d Sess. (1917); S. 6925, 64th Cong., 1st Sess. (1916); H.R. 17290, 64th Cong., 1st Sess. (1916); H.R. 14666, 64th Cong., 1st Sess. (1916); H.R. 6458, 64th Cong., 1st Sess. (1915); S. 3950, 63d Cong., 2d Sess. (1914); H.R. 18223, 63d Cong., 2d Sess. (1914); H.R. 11321, 63d Cong., 2d Sess. (1914). No design protection bill has been proposed since 1998.

<sup>153</sup> For example, the Design Innovation & Technology Act of 1991, which would have granted patent-like protection to product designs for a ten-year period, raised precisely this issue. On one hand, the bill could have been economically beneficial, protecting U.S. companies from lesser quality foreign copies. On the other hand, the bill would have granted U.S. producers a monopoly over certain product designs, which would have raised the price for American consumers, serving only the corporate entities. As Congressman Paul E. Kanjorski (D-Pa), noted, “If manufacturers are granted design monopolies, they will have the power to dictate the price of repair parts, which as history has shown, strongly suggests we will see higher repair costs for automobiles and many other consumer products.” *Design Protection, A Good Idea but a Flawed Bill*, Comments of Congressman Paul E. Kanjorski, 138 Cong Rec E 1223, 102nd Cong. 2nd Sess. (May 4, 1992). It has also been argued that the

fashion industry itself, along with the concern for benefiting the wealthy at the expense of the poor, was instrumental in preventing design protection bills from passing. *Briggs, Hung Out to Dry*, supra note 42 at 207 (“Perhaps the largest obstacle to enacting clothing design legislation is the adamant opposition from a power segment from the very entity it aims to protect, the U.S. clothing industry. Opposition can be traced to two main factors: a resistance to change entrenched business methods that have evolved due to the history of design piracy in the U.S., and an inferiority complex about the ability of American design to compete with European design.”) (Internal citations omitted). While interesting, this argument ignores, without justification or mention, the multitudes of designers who create original designs and are strongly in favor of design protection. Also, it does not consider the fact that American courts, as the First Circuit did in *Wm. Filene’s Sons Co. Fashion Originator’s Guild of America*, 90 F. 2d 556 (1937), have treated original fashion designs and those copied directly from European designers as original American designs.

<sup>154</sup> Gerri Hirshey, *The Snooty Dame at the Block Party*, *N.Y. Times Magazine*, October 24, 1998, at 113.

<sup>155</sup> *Id.*

<sup>156</sup> “Indeed, as clothes no longer reflect class distinctions, manufacturers and retailers have felt increasing pressure to produce the newest looks now—a pressure that has opened the floodgate to copyists.” Ingrassia, *A Question of Copycats*, supra note 39.

<sup>157</sup> The increased quality of knockoffs also troubles fashion designers. They do not want to meet the same fate as the furniture industry, where some knockoffs have gotten so good that even interior designers cannot tell the originals from the copies. Sarah Robertson, *Faking It*, *Wall St. J.*, February 28, 2003 at W1.

<sup>158</sup> Suzanne C. Ryan, *Back on the Rack Preppy is in Again*, and Lilly Pulitzer’s Bright, Fun Clothes Are Riding the Wave of Retro Fashion to New Popularity, *Boston Globe*, January 11, 2001, at D1.

<sup>159</sup> Erin White, *Protecting the Real Plaid From a Sea of Fakes*, *Wall ST. J.*, May 7, 2003at B1. This argument was made as early as 1914. At congressional hearings for a design protection law proposed in 1914, a representative of the National Design Registration League stated, “[Pirates] take that popular design of high-priced goods and reproduce it in cheap material and put it on the market, the result being that the ladies going into their laundries see the clothing of their colored cooks and wash girls trimmed with the same pattern of lace they use on their expensive garments ... she will not wear the same style of lace and embroidery that is used by the servants in her household.” H.R. Comm. on Pat., Registration of Designs: Hearing on H.R. 11321, 63d Cong. 97 (May 27, 1914) (statement of E. W. Bradford, Esq., Representing the National Design Registration League, Washington D.C.), quoted in *Briggs, Hung Out to Dry*, supra note 42, at 204-205.

<sup>160</sup> Ingrassia, *A question of Copycats*, supra note 39.

<sup>161</sup> H.R. Comm. on Pat., Registration of Designs: Hearing on H.R. 11321, supra note 159, question of Rep. Calloway during the statement of E. W. Bradford, Esq., Representing the Natl. Design Registration League, Washington D.C. [http://target.com/isaac\\_group/index.html](http://target.com/isaac_group/index.html) (last visited 1/20/05).

<sup>162</sup> Bergdorf Goodman is one of the most expensive department stores in New York City. [http://www.bergsdorfgoodman.com/cm\\_nmnc-Google-CPC-trademark-bergsdorf%20goodman](http://www.bergsdorfgoodman.com/cm_nmnc-Google-CPC-trademark-bergsdorf%20goodman) (last visited 1/20/05).

<sup>163</sup> The Birkin bag retails for over \$5000. It caused a craze among celebrities, who were required to put themselves on a waiting list for a bag. Gina Bellafante, *A ‘Satire’ of a Classic Fails to Amuse The August House of Hermes*, *New York Times*, August 12, 2003, at B8.

<sup>164</sup> About 27% of the fashion industry’s revenue goes to knockoffs. Harvey et al, *The “Trade Dress” Controversy: A Case of Strategic Cross-Brand Cannibalization*, supra note 19. If these knockoffs did not exist, designers would receive what likely have received some of that income.

<sup>165</sup> Wilson, *The Culture of Copycats*, supra note 1 (quoting Allan B. Schwartz).

<sup>166</sup> Others argue to the contrary: “[T]he sales of the originals may decline because the public is fearful that what they are purchasing may not be an original....[T]he purchaser of an original is harmed by the widespread existence of knockoffs because the high value of originals, which derives in part from their scarcity, is lessened.”

*Hermes International*, 219 F.3d at 108.

<sup>167</sup> As Nicole Miller’s CEO put it, “If you do a cargo pant and somebody else does a cargo pant, it is that copying? That’s not a copy. That’s a trend.” *Id.* See also Ingrassia, supra note 39 (“If there are no knockoffs, there is no fashion industry.”).

<sup>168</sup> *A Zoo in Every Drawer*, *N.Y. Times*, May 10, 1981, §3 at 19.

<sup>169</sup> 280 F.3d 619 (6th Cir. 2002).

<sup>170</sup> Vicki M. Young, *Marketing Plan: Copying Success*, *Women’s Wear Daily*, June 14, 1999.

<sup>171</sup> Adler, *Can you spot the knockoff?*, supra note 147.

## SENATE BILL 846 PROTECTS SOUND RECORDINGS FROM CREDITORS

Unanimously passed during the Texas Legislature’s 79<sup>th</sup> Regular Session, Senate Bill 846 provides that certain sound recordings are not subject to claims of a recording distributor’s creditors.

Many independent artist and record labels provide their recording distributor with copies of their compact discs for warehousing and distribution purposes. The recording distributor, pursuant to a distribution agreement with the label, ships the compact discs to buyers and pays a certain royalty to the record labels for compact discs sold and not returned. The recording distributor typically is deemed to take the compact discs on consignment.

Prior to the passage of SB 846, in the event the recording distributor had any creditors, the creditor would attempt to attach a security interest in the inventory of the recording distributor. Thus, the record labels’ consigned product was suddenly subjected to a third party security interest. If the recording distributor locked its doors in bankruptcy proceedings, the record label was unable to retrieve their consigned compact discs.

Pursuant to SB 846 consignments of sound recordings to a recording distributor are not subject to a claim, lien, or security interest of a creditor of the recording distributor.

The bill, which was authored by Senator Kyle Janek, sets for the definitions for art, sound recording and recording distributor. A sound recording for which compensation has been paid in full to the record label is not covered by the bill. ■



**TexasBarCLE**  
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#### Friday

6.5 hrs including 1.5 hr ethics

8:00 Registration

8:30 Welcoming Remarks  
Institute Director  
Mike Tolleson, Austin  
Mike Tolleson & Associates

#### COPYRIGHTS

8:45 **The Global Copyright Protection System with Emphasis on Music, Film and Literary Works.** A review of the international network of treaties and strategies for global protection of creative works of U.S. origin; effect of territorial differences on the commercial exploitation of music, motion pictures and literary works; current major issues and potential solutions. 1 hr

Lon Sobel, Santa Monica, CA  
Editor, "Entertainment Law Reporter"

9:45 **Copyright in the Digital World.** Recent business developments and legal issues resulting from convergence of digital technology and the music business; impact of MGM v. Grokster, and recent legislation. .75 hr

Susan Butler, New York, NY  
Legal & Music Publishing Editor, *Billboard* and *Entertainment Law Weekly*

10:30 Break

10:45 **The Global Royalty Collection System for Music Publishers and Owners of Sound Recordings.** A review of the international network of performing rights and mechanical licensing agencies; the role and use of

sub-publishers; strategies for collecting royalties from around the world; changes resulting from the formation of the European Union; new revenue streams in a digital world and how to collect them. 1 hr

Steve Winogradsky, N. Hollywood, CA  
President, The Winogradsky Company

11:45 Break for Lunch (Sponsored by BMI)

12:00 **Luncheon Award Presentation:** Honoring M. William Krasilovsky, recipient of the State Bar of Texas Entertainment & Sports Law Section 2005 Texas Star Award for Outstanding Contribution and Achievement in the field of Entertainment Law.

#### Family Law and Copyrights.

.5 hr / .25 ethics  
M. William Krasilovsky, New York, NY  
Law Offices of M. William Krasilovsky and John Gross

1:00 Break

#### ETHICS

1:15 **Ethics Issues for the Practicing Entertainment Lawyer.** A review of issues such as dual professions, advertising rules, compensation arrangements, and contingency fees. .75 hr ethics

Randal Johnston, Dallas  
Johnston-Tobey

#### ESTATE PLANNING

2:00 **Estate Planning and Administration for Copyright Owners.** A review of estate planning issues specific to copyrights; administration of songwriter

and artist estates; rights of heirs. 1 hr / .25 ethics

Paula Katz, New York, NY  
ASCAP

M. William Krasilovsky, New York, NY  
Law Offices of M. William Krasilovsky and John Gross

3:00 Break

#### TRADEMARKS and BRAND MANAGEMENT

3:15 **Global Protection Strategy for Entertainment Industry Trademarks and Servicemarks.** Practice tips for registering names and developing a global protection strategy for band names, company names, film titles, television programs, and domain names; product placement and trademark issues for film producers. .75 hr

Purvi J. Patel, Dallas  
Haynes and Boone

#### CONTRACTS

4:00 **Court Currents: A Practical Look at Recent Court Cases Impacting the Entertainment Industry.** A review of recent court decisions regarding key contract law issues as they pertain to film and music industry agreements. .75 hr / .25 ethics

Stan Swocher, Denver, CO  
Editor-in-Chief, *Entertainment Law & Finance*

4:45 Adjourn

#### Saturday

6.75 hrs .75 hr ethics

8:30 Announcements  
Institute Director  
Mike Tolleson, Austin  
Mike Tolleson & Associates

#### MUSIC

8:45 **Resolving Royalty Claims and Disputes in the Music Business.** Strategies and tactics for collecting past due royalties; handling statute of limitation defenses; review of claims theories and case studies. .75 hr / .25 ethics

Steven Ames Brown, San Francisco, CA  
Attorney at Law

9:30 **The Ever-Changing Record Business.** Negotiating artist agreements with major labels; a review of recording contract provisions dealing with new technology and business opportunities; issues facing independent record companies. 1 hr

Chris Castle, Sherman Oaks, CA  
Attorney at Law

Peter Gordon, Norwalk, CT  
Thirsty Ear Recordings, Inc.

10:30 Break

#### DIGITAL ENTERTAINMENT

10:45 **Coming at You: New Products, Problems and Processes Enabled and Accelerated by the Global Internet and Digital Convergence.** New challenges are being created for entertainment and copyright lawyers by new technology-based media and mobile devices. Copyright and business issues flow from blogs, podcasting, self-publishing, new-style roll-your-own Creative Commons licenses, and other recently emerging tools. A veteran information technology lawyer will address the changes entertainment industry clients and counsel should expect and suggestions for handling the results. .75 hr

Henry W. "Hank" Jones, III, Austin  
Law Office of Henry W. Jones, III  
Intersect Technology Consulting

11:30 Lunch on your own

#### THEATER

1:00 **Raising Money and Producing Theatre Way Off Broadway.** Legal and business issues facing independent producers and theatres in Texas; working with union contracts; music licensing; choice of entity. 1 hr

David Simon Sokolow, Austin  
Professor, School of Law  
The University of Texas at Austin

Moderator  
David Simon Sokolow, Austin  
Professor, School of Law  
The University of Texas at Austin

Ev Lunning, Jr., Austin  
Artistic Director, Mary Moody  
Northern Theatre  
St. Edwards University

Lisa Byrd, Austin  
Executive Director, ProArts Collective

#### MOTION PICTURES

2:00 **Movie Money.** Learn how to develop a money raising business plan; author of *Filmmakers and Financing: Business Plans for Independents* talks about developing strategies and guiding entrepreneurs in looking for and working with equity financing. .75 hr / .25 ethics

Louise Levison, Sherman Oaks, CA  
President, Business Strategies

2:45 Break

3:00 **How to Make a Killing with an Independent Film.** A case study of the Texas Chainsaw Massacre. Famous movie critic, Joe Bob Briggs, and the attorneys responsible for the recovery and financial success of the film talk about the business and legal history of this classic film industry horror story. 1 hr / .25 ethics

John "Joe Bob Briggs" Bloom,  
New York, NY  
Writer

Charles O. "Chuck" Grigson, Austin  
Law Offices of Charles O. Grigson

Robert J. Kuhn, Austin  
Kuhn, Doyle, & Kuhn

4:00 Adjourn

# FACULTY



**Mr. William K. Krasilovsky**, recipient of the Entertainment & Sports Law Section 2005 Texas Star Award for Outstanding Contribution and Achievement in the field of

Entertainment Law, will speak at lunch Friday on Family Law & Copyright Owners.

Mr. William Krasilovsky is co-author of the books, "THIS BUSINESS OF MUSIC," published by Billboard, the leading trade paper of the music industry. Both books have been recognized as leading reference texts by the American Library Association and ASCAP, as well as being sometimes referred to as the "bible" of the music business by working musicians and others involved in the industry.

Mr. Krasilovsky is an attorney specializing in music and entertainment matters. In addition to the estates of Lorenz Hart, Rachmaninoff, Duke Ellington, Buddy De Sylva, Ray Henderson and Fats Waller, he also represents or has represented classic industry figures such as Johnny Cash, Crystal Gale, Chuck Berry, Mary Wilson of The Supremes, Billy Taylor, Gian Carlo Menotti, Harry Connick, Jr., Barry Eastmond and Dick Hyman as well as numerous other composers, publishers, recording artists, producers, studios and record companies.

## 12th Anniversary Austin Film Festival 2005

Don't miss the 12th anniversary of the Austin Film Festival, October 20-27, in Austin Texas! Focusing on the art and commerce of film and television writing production, this year's Conference will feature several panelists nominated for Academy Awards, including: Paul Haggis, screenwriter of Million Dollar Baby, Terry George, director and co-writer, with Keir Pearson, of Hotel Rwanda, and James L. White, who wrote Ray.

**MIKE TOLLESON**, Program Chair, has a long standing practice in the music, motion picture, television and digital media industries. He represents individuals and companies in connection with their entertainment industry legal and business affairs. He is a former chairman of the Entertainment and Sports Law Section of the Texas Bar and the founder of the Entertainment Law Institute. For more information see [miketolleson.com](http://miketolleson.com).

**JOHN BLOOM**, journalist, actor, satirist, author and television personality, best known as his alter ego **JOE BOB BRIGGS**, intellectual redneck. John has won and been nominated for many literary awards including his third Na-

tional magazine Award nomination in 2005 for "They Came, They Sawed", a 30-year history of "The Texas Chainsaw Massacre."

**STEVEN AMES BROWN** specializes in enforcing the rights of performers and authors in the areas of music, film, rights of publicity, unfair competition and royalty collection. His client roster has included the estates of Fred Astaire, Judy Garland and Orson Welles, and actors and pop stars from the 50's and 60's. He is a frequent speaker and writer on the subject of royalty collections.

**SUSAN BUTLER** is the legal and music publishing editor for *Billboard* magazine and editor of the magazine's online newsletter *Entertainment Law Weekly*.

She also serves on the board of governors for The Recording Academy (the Grammy organization), New York Chapter. Prior to joining *Billboard* in August 2004, Butler practiced law in New York and California for 21 years, representing clients throughout the world in the entertainment and technology fields.

**LISA BYRD** is Executive Director of ProArts Collective, Austin's primary producer of African American theatre. ProArts hosts the annual African American Festival of Dance as well as other exhibits and events. It also offers technical and professional assistance to artists and smaller arts organizations. She has a masters degree in theatre history from Texas State University, and a masters certificate in audio engineering. Until recently she was production director for Ballet Austin.

**CHRIS CASTLE** is an LA-based attorney representing artists, record producers, major and independent record labels, music publishers, and music industry executives and technology companies.

**PETER GORDON** has more than 25 years experience providing marketing and programming innovations to the entertainment industry. In his role as CEO/President of both Thirsty Ear Communications, Inc. and Thirsty Ear Recordings, Inc., Peter has guided Thirsty Ear through co-ventures with three of the current four major music companies, and has forged new multi-media alliances with the leading companies of the broadcast and cable industries. Gordon is a founding board Member of the American Association of Independent Music (AAIM) and a Corporate Officer of the Organization.

**CHUCK GRIGSON** has been practicing law in Austin, Texas for over 30 years. He serendipitously became involved in entertainment law in April 1981 when he was appointed by a former employer, United States District Judge Jack Roberts, to be the Trustee for the Owners of "The Texas Chainsaw Massacre", at a time when the owners were battling among themselves after reclaiming rights to the film from persons of questionable character in New York.

**RANDAL JOHNSTON**, in addition to being a published poet, aspiring songwriter, passionate guitar player, and founding member of Blue Collar Crime, a Texas blues brotherhood composed of four lawyers and a guitar legend (who needs four lawyers), Randal has been recognized by *D Magazine* as one of the "Best Lawyers in Dallas" and *Texas Monthly* as a "Texas Super Lawyer." His practice is limited to litigation, specializing in professional liability and he is a frequent speaker on the subjects of ethics and malpractice.

**HANK JONES, aka Memphis Hank**, formerly with the firms of Arnold White & Durkee, and Fulbright & Jaworski, Hank specializes in the emerging legal issues resulting from the convergence of copyrightable content with new technology-based media. He is a frequent speaker on e-commerce, web publishing, open source strategies and the Internet.

**PAULA KATZ** is a 1987 graduate of New York University School of Law. She spent three years in private practice and joined ASCAP in 1990 as a staff attorney. In 1995, the Estates and Claims Department was formed to deal with ASCAP's members' legal issues with Ms. Katz as Director. She currently holds the position of Assistant Vice President of Legal Affairs.

**BOB KUHN**, after serving as Travis County Justice of the Peace in the late 60's, founded the firm of Kuhn, Doyle and Kuhn, which focuses on injury and death claims, elder law and criminal defense. Bob specializes in elder law, guardianship litigation, estate planning, will contests, and protection of nursing home residents. He has completed more than 30 marathons and several Ironman triathlons. In 1973, Bob became one of the first investors in and attorney for the original production of "The Texas Chainsaw Massacre."

**LOUISE LEVISON** is president and founder of Business Strategies, a consulting firm, which specializes in writing business plans for film, internet and other entertainment related companies, developing corporate strategies and guiding entrepreneurs in looking for and working with equity financing. She is author of "Filmmakers and Financing: Business Plans for Independents."

**EV LUNNING, JR.** has been an actor, a teacher, and an administrator at St. Edward's University in Austin, Texas, since 1990. He served as Theatre

Business Manager from 1992 until 1997. Currently, he serves as Artistic Director.

**PURVI J. PATEL** was voted a 2004 Texas "Superlawyer" and "Rising Star" and concentrates her practice with Haynes & Boone in the areas of counseling on the procurement, protection, enforcement and management of domestic and international trademark portfolios and in cases of domain name disputes, advertising clearance and false advertising issues, and the registration and enforcement of copyrights.

**LON SOBEL** is Editor of Entertainment Law Reporter and professor and director of UK Summer Abroad Program of Southwestern University School of Law.

**PROFESSOR DAVID SOKOLOV** teaches in the areas of contracts, corporations, and entertainment and art law at the University of Texas School of Law. Sokolow, a two-time winner of the Texas Exes Teaching Excellence Award, clerked for the Honorable Thomas Gibbs Gee of the US Fifth Circuit Court of Appeals, and worked for Paul, Weiss, Rifkind, Wharton & Garrison in New York before joining the Texas faculty in 1981.

**STAN SOOCHER** is Associate Professor, in the Department of Music & Entertainment Industry Studies at the University of Colorado at Denver. He is also an entertainment attorney and the long-time editor-in-chief of Entertainment Law & Finance. In addition, Stan is an award-winning journalist and author of the critically acclaimed book "They Fought the Law: Rock Music Goes to Court" ([www.theyfoughtthelaw.com](http://www.theyfoughtthelaw.com)).

**STEVE WINOGRADSKY** is the President of Winogradsky Company in North Hollywood, California which provides music business affairs and legal support for composers, songwriters, music publishers, recording artists and television, film, video and multimedia producers.



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# A Fiduciary Duty To Educate Someone Who Can't or Doesn't Want To Be Educated: A Fiduciary Duty Continuum In Big-Time College Sports.

By Richard Salgado

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## Introduction

A reporter asked then-Florida State football star<sup>1</sup> Deion Sanders if he wanted to be in college; Sanders replied, "No, but I have to be."<sup>2</sup> Such a sentiment appears increasingly common in the modern era of big-time college sports.<sup>3</sup> Despite recent twitches of improvement<sup>4</sup> and threatened NCAA sanctions,<sup>5</sup> graduation rates of the most prominent<sup>6</sup> collegiate athletes remain disturbingly low.<sup>7</sup> The graduation rate for African American basketball players at NCAA Division I schools is a paltry 38%.<sup>8</sup> In a recent period, a total of thirty-six NCAA Division I schools did not graduate any men's basketball players.<sup>9</sup> Additionally, academic fraud scandals often challenge the concept of the "student-athlete": A teaching assistant at the University of Minnesota admitted writing more than 400 papers for basketball players during a five year period<sup>10</sup>; a University of Georgia basketball coach taught "Coaching Principles and Strategies," a course that required student-athletes to answer rigorous questions such as "how many points is a three pointer worth?"<sup>11</sup>; former Ohio-State running back Maurice Clarett claimed, among other infractions, being placed in classes taught by hand-picked teachers who would pass him whether he attended their classes or not.<sup>12</sup> Among the minority of high profile athletes who actually graduate after four years of "college education," many receive degrees in unmarketable academic disciplines,<sup>13</sup> and still others remain functionally illiterate.<sup>14</sup> Clearly, concern abounds regarding the education student-athletes receive and whether those "students," after catching the last passes or grabbing the last rebounds of their collegiate careers, are adequately prepared for adult life.<sup>15</sup>

This concern has been addressed<sup>16</sup> by courts under theories of contract law and academic malpractice.<sup>17</sup> However, some commentators recently suggested that fiduciary duty analysis may be appropriate in the university context.<sup>18</sup> Given the language often cited to describe a fiduciary relationship,<sup>19</sup> such analysis appears particularly applicable in the student-athlete relationship.<sup>20</sup> Application of a fiduciary duty framework<sup>21</sup> reveals that the relationship between the *most* vulnerable student athletes and their university and coaches is indeed a fiduciary relationship of significant duty.<sup>22</sup> In fully evaluating that relationship and gauging the potential breach, however, it is beneficial to view the duties along a continuum: the fiduciary duty that would traditionally exist between school and student-athlete is undermined when the athlete is not legitimately interested in pursuing a college education. To quote the old adage, you can take a horse to water, but you can't make it drink. In such circumstances, when the education is treated as no more than a prerequisite that must be checked off along the student's road to athletic opportunity, the relationship logically shifts to that of employer-employee<sup>23</sup> and raises an alternate set of fiduciary duties that the university is unable to satisfy.<sup>24</sup>

Part II of this paper applies a fiduciary framework in establishing the characteristics of the relationship: II(a) discusses the characteristics of the university as the fiduciary, II(b) evaluates the student-athlete as the beneficiary, and II(c) discusses the nature of the relationship, arguing a high-magnitude fiduciary relationship of reliance and dominance. Part III of this paper discusses the difficulty in discerning whether to treat the relationship as that of a university and student, or employer and employee. Part IV(a) applies the framework to the potential breaches along the university-student side of the continuum, while IV(b) address the breaches in an employer-employee relationship and the university's inability to satisfy the accompanying duties. Part V offers a brief summary, suggesting that the only logical and effective solution for universities trying to satisfy their fiduciary duties is to limit admissions to only those students who genuinely want an education *and* possess the ability to pursue one.

## II. EXTREME CONTRAST: THE CHARACTERISTICS OF THE RELATIONSHIP

Not all fiduciary relationships between a student-athlete and university are equal. In addressing the many academic fraud scandals and low graduation rates, it is important to acknowledge that this problem is confined to the

marquee sports of men's football and basketball.<sup>25</sup> In those sports, where the competition and pressure to perform is greatest, academics suffer.<sup>26</sup> While acknowledging the many benefits and successes of NCAA programs and athletes in various regards,<sup>27</sup> this paper focuses exclusively on the *highest*-profile sports of football and basketball and the *most* vulnerable student-athletes<sup>28</sup> participating therein.<sup>29</sup>

## A. Characteristics of the University as a Fiduciary:

Many characteristics of the school in the sports context suggest a high magnitude of duty. Though lacking some of the formalities of traditional fiduciary contexts,<sup>30</sup> the relationship between an athletic program<sup>31</sup> and student is generally characterized by a clear, exacting hierarchy that invests considerable structure in the relationship. More significantly, the coach and other officials are endowed with a great deal of experience, sophistication, and power. Most major NCAA Division I football head coaches ascend to that position only after many years as assistant coaches in other Division I programs, as head coaches in lower-profile Division I-AA or Division II programs, or as high school coaches.<sup>32</sup> Most Division I coaches possess graduate degrees.<sup>33</sup> In big-time college sports, most assuredly, head coaches are experts at what they do.<sup>34</sup>

Along with the NCAA,<sup>35</sup> coaches enjoy a great deal of power over athletes. In addition to the obvious power in allocating playing time, determining starting lineups, positions played, and player rotations, college coaches and other associates of the program wield considerable control over many other aspects of an athlete's life. Using academic advisors as proxies, coaches might dictate an athlete's course schedule during the semester<sup>36</sup> and even his major.<sup>37</sup> Athletes are subject to mandatory drug testing and monitored for deviant behaviors in their dorms and locker rooms.<sup>38</sup> They are red-shirted without their consent or forced to gain or lose weight.<sup>39</sup> Some coaches insist that their athletes avoid political protest<sup>40</sup> and others organize mandatory leisure activities.<sup>41</sup> In short, coaches possess vast control over the lives of athletes on the field of play, in class, and away from school. Regular students attend scheduled classes but are otherwise free to set their own schedules; student-athletes are given a schedule to follow which accounts for most of their time. This extensive power and control denotes a higher magnitude of duty.

The compensation received by athletic programs, particularly head coaches, is substantial. Top NCAA Division I football coaches average well over \$2 million annually.<sup>42</sup> According to the NCAA, average coaching compensation rose eighty-nine percent from 1997 to 2003.<sup>43</sup> Coaches are also free to sign lucrative endorsement deals and shoe contracts.<sup>44</sup> Coaches' earnings, however, pale in comparison to the money college sports generate in the aggregate. The major football conferences are finishing an eight year contract worth nearly \$1 billion to televise the Bowl Championship Series.<sup>45</sup> The NCAA has signed a \$6.2 billion, eleven-year deal granting CBS the exclusive rights to broadcast the men's basketball tournament each March.<sup>46</sup> An estimated \$2.5 billion worth of college sports merchandise is sold annually.<sup>47</sup> In short, there is a great deal of money both generated and spent in compensation to coaches and other athletic administrators. In this regard, the compensation paid to coaches parallels the compensation paid to corporate executives.<sup>48</sup> Again, such compensation suggests a high magnitude of duty.<sup>49</sup>

## B. Characteristics of the Student-Athlete as Beneficiary:

Many athletes in basketball and football are as unsophisticated, vulnerable, and reliant as the coaches and other administrators are experienced, powerful, and well-compensated. While the fiduciary's characteristics<sup>50</sup> suggest a reasonably high magnitude of duty, it is the athletes' vulnerability and lack of sophistication that most strongly suggests heightened duties exist.

Courts are hesitant to declare college students a particularly vulnerable class,<sup>51</sup> but vulnerable student-athletes are different from other students:

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admissions standards are lowered and otherwise inadmissible students are welcomed to campus because of their athletic prowess.<sup>52</sup> While the NCAA imposes freshman eligibility requirements, those requirements are minimal, permitting athletic participation for a student who places in the bottom one percentile on standardized tests.<sup>53</sup> Many big-time collegiate athletes, sadly, are simply not on par intellectually with their student peers yet are thrust into the college environment because of their physical abilities, rendering them particularly vulnerable.

In addition to the intellectual and academic deficiencies, athlete vulnerability is heightened by the socio-economic profile of many Division I football and basketball players. Many college football players and the majority of basketball players are African-American.<sup>54</sup> Although black students constitute just 6.6% of all undergraduates at Division I institutions, they make up 46% of the Division I football teams and 60% of the Division I basketball teams.<sup>55</sup> One in nine male black students at Division I schools is a scholarship-athlete, compared to just one in fifty male white students.<sup>56</sup> Consequently, African-American student-athletes are often a distinct minority on university campuses. Further, many come from very poor backgrounds.<sup>57</sup> These factors produce a particularly vulnerable student-athlete uniquely reliant upon the program. After all, many student-athletes see sports as the only escape from a life of poverty.<sup>58</sup> Hoping their athletic ability holds the key to opportunity, 44% of black college athletes expect to play professionally.<sup>59</sup> Only one to two percent will<sup>60</sup> and whatever small chance they have is contingent on the support of the collegiate athletic program and coach.<sup>61</sup> Major league baseball develops talent in a minor league system, but collegiate athletics are the primary transmission conduit between high schools and the NFL and NBA.<sup>62</sup> A coach can revoke a scholarship, compel a red-shirt season, or limit playing time as he sees fit. As coaches acknowledge,<sup>63</sup> a student-athlete genuinely interested in pursuing his education relies upon retaining his scholarship to continue his studies; the student-athlete intent on reaching the professional level depends upon receiving playing time to showcase his ability. A student-athlete who genuinely wants an education but is significantly less prepared for college than his peers<sup>64</sup> is further reliant upon the program to guide him along the path to graduation in a marketable discipline. The student-athlete's reliance upon his coach and program is tremendous and foreseeable.

### C. The Characteristics of the Relationship:

The relationship between the program and the student-athlete is difficult to characterize, largely because not all student-athletes want or expect the same things.<sup>65</sup> However, certain core characteristics appear universal to the relationship.

Despite what initially appears to be a lack of traditional formality, the expectations of all parties are well defined. The student-athlete is expected to retain his eligibility, academic or otherwise,<sup>66</sup> and submit to all demands of the coaching staff. This expectation is contractual. If it is not met, the athlete does not play—because he is ineligible or because the coach benches him. The athlete's expectations for the program, however, are more wide-ranging—in part because coaches persuading players to attend their schools are notorious for “promising the world.”<sup>67</sup> As previously discussed, 44% of black athletes believe they will play at the professional level.<sup>68</sup> Despite the long odds, coaches often emphasize and encourage such dreams.<sup>69</sup> In a congressional hearing, former Nebraska football coach Tom Osborne noted that promising an athlete that he will be a starter, or play a certain position, even if false, violates no NCAA recruiting guidelines.<sup>70</sup> Often, a coach tailors his recruiting message to the specific athlete: a student who wants an education is promised one, even if he is at a severe academic disadvantage to his future classmates and will be required to give football precedent over studies. The disconnect between coaches' recruiting promises and the reality of expectations that turn them into athlete-students far more often than student-athletes is a frequent complaint among many student-athletes.<sup>71</sup>

Technically, the relationship between a student-athlete and program is voluntary—as attested to by the recruiting process in which athletes *choose*<sup>72</sup> where to attend. Further, student-athletes can quit and walk away at any time. However, various social and economic realities weigh into the equation and render the relationship considerably less voluntary than it initially appears. Many student-athletes perceive sports as their only legitimate option.<sup>73</sup> Consequently, while student-athletes can, in theory, walk away at any time, what they have to walk back to is not particularly enticing: a minimum-wage job, unemployment, or poverty are the most likely alternatives. Given humble origins and lack of other marketable skills, the only real option for many student-athletes is to continue in a program in the hope of enjoying whatever proverbial pot of gold has been promised—whether in the form of a professional contract or a four-year degree. Perhaps more importantly, NCAA regulations severely limit the ability of student-athletes to leave a particular program and join a different one offering greater opportunity.<sup>74</sup> A Division I athlete who transfers

to another program is required to sit out an entire year, losing that year of eligibility.<sup>75</sup> Given this lack of mobility, together with the other external socio-economic pressures, it is appropriate to characterize a student-athlete's *continuing* relationship with a program as less than wholly voluntary on the student's part.<sup>76</sup> Further underscoring the disproportionate power in the relationship, a program can cut a player from a team at its discretion,<sup>77</sup> is not subject to due process requirements,<sup>78</sup> and is liable to fulfill only the remainder of the scholarship for that particular academic year.<sup>79</sup>

Beyond these preliminary and universally applicable characteristics of the athlete-school relationship, the nature of the fiduciary relationship varies dramatically between students genuinely pursuing an education and students purely pursuing athletics. As seen in Section III, discerning the actual fiduciary role of the school in this regard—particularly which students are there for an education and which are there purely to play sports—is a difficult task.

### III. Educator-Student, or Employer-Employee? A Difficult Distinction

Contemplating the initial shift in the 1950s from purely need-based financial aid to a system awarding aid based on athletic talent, members of the NCAA<sup>80</sup> governing body expressed concern about preserving the amateur status of the athletes.<sup>81</sup> They feared that NCAA athletes would be identified as employees by state industrial commissions and courts.<sup>82</sup> In response, according to longtime NCAA head Wally Byers: “We crafted the term student athlete and soon it was embedded in all NCAA rules and interpretations as a mandated substitute for such words as players and athletes.”<sup>83</sup> Now, a half decade after its invention, the term “student-athlete” signifies the dichotomy a university faces in interpreting the duty it owes to the players: the duty of an educator, or the duty of an employer?

The student-athlete's own goals and intent notwithstanding,<sup>84</sup> defining a relationship is at least as much the responsibility of the fiduciary as of the beneficiary. Is the student-athlete attending the university to learn and acquire a degree, or to play sports? Granted, these interests are not necessarily mutually exclusive. All too often, however, the latter purpose—sports—is the controlling one and fully supplants academics. Consequently, the university and student need to clearly set out the core interests of the relationship and ascertain what duties the university owes. There are three principal junctures when the university—as well as the student—can establish and define the nature of the relationship: recruitment, the admissions process, and through the relative emphasis given to athletics and academics during the student-athlete's time in college. A closer examination of these three junctures reveals the ambiguity existing in this relationship.

In many ways, recruitment provides the opportunity for a university to establish its expectations for a student-athlete.<sup>85</sup> Inherent within these expectations, one would expect, are academic expectations. During the recruitment visit to campus, a university can fix itself in the mind of the recruit as not only a great place to play sports, but also a great place to earn a valuable education. Unfortunately, recruitment visits often fail to emphasize academics in lieu of athletics and other, less scholastic attributes.

In testimony before Congress, David Williams, the vice chancellor for Vanderbilt University, shared insightful comments regarding recruitment, questioning whether it explores the university's educational qualities and a recruit's desire for an education:<sup>86</sup>

Of course, if the prospect demands to see the biology labs or the library that will happen, but what if they don't ask those questions? How much time is spent with professors, academic support and tutoring, or seeing a classroom? We will certainly make sure that you see the weight room and hear how the strength coach will build you up. . . . All fine, but aren't you coming to college? Or maybe this is just about your athletic ability. We need to redesign our recruiting to more clearly focus on the educational aspect of college life.<sup>87</sup>

Instead of emphasizing academics, recruitment often emphasizes everything else: athletics, social aspects, and even illicit pursuits.<sup>88</sup> As Williams asserts, “a one or two hour period on education over a forty-eight hour visit is not enough time.”<sup>89</sup> Given the chance to make a first impression, the recruitment process instills non-academic concepts. In many ways, in fact, the recruitment resembles that by a potential employer, rather than potential educator. Consequently, student-athletes are less likely to develop a legitimate interest in attaining an education.<sup>90</sup>

The university's second opportunity to emphasize academics is during the admission process. By only admitting student-athletes who possess the requisite skills to succeed in college, a university can assert that academics are not peripheral to athletics. Again, however, schools fumble the proverbial

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ball at this important juncture. Many student-athletes enter school at a severe disadvantage in comparison to their non-athlete classmates.<sup>91</sup> Further, many of them have not demonstrated any desire to perform in an academic context.<sup>92</sup> Given the obvious admissions discrepancy, the apparent message for athletes is that they are at college for sports—not to learn.<sup>93</sup> By admitting athletes who fall far below the normal admissions standards, colleges endorse their lack of academic drive, and encourage the de-emphasis of academics. More significantly, this practice virtually guarantees schools that they will have student-athletes who either cannot do the academic work, or do not want to.<sup>94</sup> Compelling students who have no desire or ability to earn a college degree to attend classes in which they are unequipped to succeed, the current system imposes society's values on the unwitting athlete. The athlete must *pretend* to pursue an education in order to perform on the athletic stage.<sup>95</sup> The consequence of this attitude is the phenomenon exhibited by Deion Sanders and others: school is a charade they must participate in to play sports.<sup>96</sup>

Once a student-athlete is successfully recruited, the university has a third opportunity to emphasize academics and its primary role as an educator. Instead of emphasizing academics, however, athletics dominate the student-athlete's time. Universities assure minimum eligibility requirements are met<sup>97</sup> and, beyond that, the athlete's class performance is of minimal concern.<sup>98</sup> Players often struggle to focus on school given the importance placed on athletic performance.<sup>99</sup>

Many student-athletes attend the university purely to play sports and fuel the massive industry of big-time college athletics. In such instances, an employer-employee relationship is more relevant than an educator-student relationship. However, *some* students do genuinely want an education, and attend the university hoping to achieve one. As a consequence of this variance among the student-athletes, it is impossible to ascertain the magnitude of the breach in a single analysis. To be sure, universities do not owe the same duties to all student-athletes.<sup>100</sup> Instead, it is necessary to bifurcate the analysis, separately addressing the university's duty and breach of that duty in the educator-student context, and the university's duty and breach in the employer-employee context, depending on where the student-athlete falls along the continuum.<sup>101</sup>

#### IV. CONTRASTING DUTIES ALONG THE CONTINUUM: STUDENTS OR EMPLOYEES?

##### A. Trying but Failing: The Vulnerable Student-Athlete Who Genuinely Wants an Education

For student-athletes who truly want an education,<sup>102</sup> universities have something valuable to offer: a free education. A coach—committed to successfully recruiting the top athletes—recognizes this desire and adapts his pitch to promise a quality college education.<sup>103</sup> He boasts of progress in graduation rates and emphasizes his own "personal philosophy" that a student-athlete is a student first and an athlete second.<sup>104</sup> The coach might promise the student access to top flight academic advisement, tutors, and other tools necessary to succeed.<sup>105</sup> In some instances, the coach may even promise that academics will be the first priority and that the student will graduate.<sup>106</sup> When these promises are broken,<sup>107</sup> it potentially implicates breaches ranging from fraud and conflict of interest to lack of diligence and care.

Various statistical studies<sup>108</sup> suggest that the gain from attending a more selective college is offset by diminished academic performance.<sup>109</sup> In short, by recruiting athletes who lack the ability to succeed in a competitive college while enticing them with the promise of a valuable education, coaches are knowingly perpetrating a fraud against those students and damaging their future earning ability.<sup>110</sup> The student plays sports for four years—subjecting himself to the rigors and demands of a Division I program—in exchange for the promised degree that he cannot actually achieve. This is one of several breaches that occur in the relationship.

A coach's first priority is to win.<sup>111</sup> A major college coach's job security<sup>112</sup> is typically dependent upon his ability to develop and maintain a winning program; not his ability to guide student-athletes to graduation.<sup>113</sup> Consequently, the coach's goals and objectives do not readily conform to a student's goals to graduate and perform academically. This divergence in motives and goals produces a conflict of interest and potential breach. The coach, to win games by getting top recruits, promises an education. After the recruit is there, however, the coach sacrifices his promised education to win. There is a similar problem when schools and conferences, eager to capitalize on the popularity and profitability of marquee sports,<sup>114</sup> lengthen athletic seasons<sup>115</sup> and schedule pre-season and playoff games on school nights.<sup>116</sup> NCAA rules allow member schools to schedule midweek road games despite the players' conflicting classroom obligations.<sup>117</sup> In advancing their own interests of winning and

generating revenue, schools and coaches marginalize the student-athlete's academic performance.

According to various studies, football and men's basketball players dedicate between thirty-five and forty hours a week to their sport<sup>118</sup> while also carrying a full-time academic load.<sup>119</sup> Juggling classes and athletics is a difficult task for even the most capable student-athletes,<sup>120</sup> but is impossible for those students who begin college in the bottom-percentile of the entering class.<sup>121</sup> Coaches trying to win football games want longer practices, more frequent practices, and complete player dedication.<sup>122</sup> It comes with a price in terms of academic performance. Fully qualified student-athletes may be able to balance a commitment to athletics with academics;<sup>123</sup> the demands merely overwhelm already struggling marginal admits.

Coaches who recruit the athletes and shepherd them through the admissions process are aware of their academic deficiencies. Consequently, when those same coaches—who promised the student-athletes that they will have a legitimate opportunity to receive a college education and degree—impose athletic requirements seriously compromising that opportunity, they breach important promises out of self-interest. Further, early awareness of the student's academic deficiencies suggests a duty of greater care and diligence. Additionally, student-athletes who genuinely want an education are often steered away by eligibility-conscious advisers.<sup>124</sup> A former University of Georgia academic adviser for athletes, recalls how an athlete was always placed in "dummy" classes despite his efforts to take "real" ones: "There's nothing wrong with his mind, but the situation is magnified for athletes because there is so much money involved. There is too much control over who gets in and who takes what courses."<sup>125</sup>

To argue that a school owes a fiduciary duty to educate an unprepared student-athlete seems, at least facially, unreasonable.<sup>126</sup> However, closer examination reveals that often the only reason a student-athlete is at a school is because of the promises the coaching staff made. When those promises implicate the student's education and post-athletic prospects, a fiduciary duty exists. If a student-athlete woefully unprepared for college is denied admission, he can pursue other options: junior college or a less rigorous program where he has a better chance of success. He can even embark on a career without a college education. By instead admitting him and letting him fail, leaving without a degree four years later when his eligibility expires, the university renders the athlete significantly worse off than if he initially pursued other options.<sup>127</sup> While a university's general fiduciary duty to a student to prevent them from failing may be marginal if existent at all,<sup>128</sup> the student-athlete is significantly more vulnerable and reliant upon the university for his educational welfare than a typical college student.<sup>129</sup> Consequently, by recruiting and admitting students unprepared for the academic curriculum but who genuinely *want* the education, then placing further obstacles in their pathway to graduation,<sup>130</sup> schools breach their fiduciary duty as an educator to the student-athlete.

Relative to this breach, the simplest and most effective solution is to adhere to stricter admissions criteria.<sup>131</sup> The idea that everyone who wants an education should be able to attain one is a noble concept, but the cruel reality is that while student-athletes may be able to compete well on the field of play, they often lack the requisite abilities to compete academically.<sup>132</sup> Instead, most students who are admitted purely because of their athletic abilities actually "underperform," doing even more poorly academically than predicted by their high school grades and test scores.<sup>133</sup> In an attempt to prevent such problems, Ivy League schools adopted a technique called "banding" to ensure that athletic recruits have academic credentials that on average are not more than one standard deviation below that school's average for all students.<sup>134</sup>

Division I schools can adopt a system similar to "banding." Doing so would dramatically alter this analysis. Much of the fiduciary relationship is based on the vulnerability of the student-athletes and by admitting only the more prepared students, schools would lessen that factor.<sup>135</sup> Students would be more likely to perform academically, receive legitimate degrees in marketable majors, and a breach would not occur.<sup>136</sup> Ultimately, however, this is only possible when a student-athlete genuinely *wants* an education. When an athlete, further along the aforementioned continuum, is merely a willing participant in the charade of pretending to be a student so he can play sports, an entirely different analysis is appropriate.

##### B. Minimum Wage Employees: The Athlete Who Only Wants to Play Sports

If an athlete attends school purely to play sports, the value of the "education" is nominal.<sup>137</sup> More often than not, as attested to by sham classes such as those at the University of Georgia<sup>138</sup> and other instances of academic fraud,<sup>139</sup> there is a mutual understanding<sup>140</sup> between the student-athlete and the program regarding a student's real expectations.<sup>141</sup> In such instances,

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where the educational dynamic of college is purged, we are left with a legion of athletically gifted young men dedicating time and effort to propel a multi-billion dollar industry. In such instances, an employer-employee analysis is more relevant and appropriate.

As discussed in Part III, one of the principle motives in coining the term "student-athlete" was immunization against courts declaring students to be employees.<sup>142</sup> In the worker's compensation context, the NCAA has prevailed in this endeavor as courts refused to characterize the relationship between colleges and their student athletes as employer-employee.<sup>143</sup> Players argued that their scholarship constituted an employment agreement and because their injuries arose out of the course of their employment—playing football—they were entitled to benefits under the Worker's Compensation Act.<sup>144</sup> Courts rejected such claims, declining to view scholarships as employment contracts.<sup>145</sup> Further, some critics believe courts fundamentally refuse to professionalize amateur college athletics.<sup>146</sup> Nevertheless, it is possible to reach an employer-employee analysis via the avenue of fiduciary duty.<sup>147</sup>

While the duties owed in an employer-employee relationship are typically set forth in contracts,<sup>148</sup> fiduciary duty analysis is appropriate if the employer is disproportionately powerful, the employee disproportionately vulnerable, and exploitation occurs. Exploitation, in this regard, gives rise to breaches such as disloyalty, care, prudence, and even fraud.<sup>149</sup> A party expending effort to evade such an analysis<sup>150</sup> is futile if the relationship conforms to traditional notions in terms of structure and mutual expectations.<sup>151</sup> Removing the educational pretenses, the relationship is apparent: a school recruits an athlete and agrees to pay him in the form of scholarship—generally room and board, books, and tuition<sup>152</sup>—in exchange for athletic performance. As a direct result of this performance, the school reaps considerable financial rewards.<sup>153</sup> The Fair Labor Standards Act defines an employer as "any person acting directly or indirectly in the interest of an employer in relation to an employee."<sup>154</sup> "Employee" is defined as "any individual employed by an employer."<sup>155</sup> The Act also notes that "employ" means "to suffer or permit to work."<sup>156</sup> According to this broad definition, an employer-employee relationship is a logical conclusion.

Employers treating workers as non-employees to avoid compliance with mandatory labor standards is not new; such behavior is common in garment and agriculture industries.<sup>157</sup> In that context, it has been suggested that a fiduciary duty does indeed exist.<sup>158</sup> Vulnerability of some collegiate athletes is substantial, but it does not approach the vulnerability of a migrant farm worker or an oppressed sweat shop employee.<sup>159</sup> Nevertheless, certain themes present in those industries are analogous in the context of big-time college sports.

Economist Richard Sheehan has calculated the hourly wage of college football and basketball players.<sup>160</sup> Assuming a 1000 hour workload, the median wage at all big-time schools \$6.82 an hour.<sup>161</sup> At some schools such as University of Texas-El Paso,<sup>162</sup> the wage was \$3.51 an hour.<sup>163</sup> Compare this low wage to the amount of money sports generates<sup>164</sup> and wages paid to coaches and administrators<sup>165</sup> and the discrepancy is severe. These low wages are factoring in the suggested value of the education where the students actually graduate.<sup>166</sup> The compensation an athlete receives costs the university essentially nothing.<sup>167</sup> The university provides the opportunity to take classes that will be offered regardless of whether the student-athlete is there or not.<sup>168</sup> Such a system is somewhat akin to paying a migrant farm worker with a basket of the vegetation he has just picked from the field.<sup>169</sup>

While athletes might not receive financial compensation commiserate with the revenue their sports generate, schools will likely argue that they participate willingly. Athletes are aware of the terms of their participation, acquiesce to those terms, and no breach occurs. The breach, however, is a product of disproportionate bargaining power on the part of the university coupled with the athlete's unique vulnerability. As discussed, many athletes come from desperate socio-economic backgrounds and have few other marketable skills.<sup>170</sup> In this regard, such athletes are analogous to migrant farm workers otherwise unable to procure work.<sup>171</sup> They are more likely to accept whatever terms the school presents to them.<sup>172</sup> This creates a duty on the part of the more powerful party to not take advantage or exploit the more vulnerable party. While this inducement in the instance of migrant workers is not accompanied by a false hope that the job will directly lead to something greater,<sup>173</sup> such hope is routinely dangled in front of prospective athletes. Forty-four percent of African-American college athletes believe they will play professionally.<sup>174</sup> If this were a realistic possibility for most, colleges could persuasively argue that the monetary benefits given to the athletes in room and board are augmented by the opportunity to showcase their abilities and potentially earn millions professionally.<sup>175</sup> However, few athletes will play at that level.<sup>176</sup> The dream is ultimately false and increases the athlete's vulnerability and exploitation.<sup>177</sup> The schools use the athlete's ambition and lack of pragmatism to use him for what amounts to a low wage labor in a high revenue industry.

Other potential problems if an employer-employee analysis is applied to collegiate sports include what amounts to a strict, potentially problematic non-compete component of the scholarship agreement,<sup>178</sup> and the worker's compensation issues.<sup>179</sup> The NCAA wants to avoid an employer-employee relationship with good reason. The ideal solution for the NCAA would be for collegiate athletes to actually receive a legitimate education. In so doing, the student-athlete receives something of considerable worth that will enrich his life and he is relocated along the continuum.<sup>180</sup> The educator-student analysis becomes more appropriate and the employer-employee analysis is rendered moot. Otherwise, the university's response might be to engage in this employer-employee dance: pay a higher, more proportionate wage to the student athlete. In such a scenario, the athlete would be less exploited and the fiduciary breach could potentially be avoided. Despite the many advocates of this approach,<sup>181</sup> it poses a variety of problems for universities, including fund allocation difficulties triggered by Title IX,<sup>182</sup> and the risk of alienating the vast audience currently watching collegiate sports.<sup>183</sup> Universities likely have more to lose than gain under this approach. Bolstered by the NCAA's adamant<sup>184</sup> refusal to pay athletes,<sup>185</sup> the logical recourse to avoid breaching the fiduciary duty is to assure that the athletes actually *can* and *want* to achieve the one thing a university can truly offer: an education.

## V. Summary

In conclusion, it appears clear that a fiduciary duty likely exists between the most vulnerable student-athletes and the programs and coaches who recruit them. The nature of that relationship, however, is dependant upon where a student-athlete falls along a continuum. At one end of the continuum are those student-athletes who genuinely want to pursue their education and earn a four-year degree. Some of these students, despite their noble intentions, lack the ability to succeed at the major college level academically and are rendered worse off as a consequence of trying. At the other end of the continuum are student-athletes who attend class only because it is required for them to play sports. These athletes are interested not in receiving an education, but rather, in displaying and refining their athletic skills in the hope of earning millions of dollars in the NBA or NFL. It makes little sense to force an education upon those athletes, nor to impose a fiduciary duty upon schools to do so. In the absence of an education, however, schools are able to offer very little and—given the long odds against professional success for the athletes—run a high risk of exploiting those who are most vulnerable. By recruiting and admitting athletes who fall far below normal admissions standards, a university virtually guarantees the presence of student-athletes along this continuum—either wanting the education but unable to achieve it, or attending school purely to play sports—and triggers the heightened fiduciary duties discussed. It is only by reevaluating the admissions process and granting admission only to those students willing *and* able to attain a true education that schools can avoid a breach of their fiduciary duties.<sup>186</sup>

<sup>1</sup> And later NFL and Major League Baseball star.

<sup>2</sup> Shannon Brownlee, *The Myth of the Student-Athlete*, U.S. News & World Report, Jan. 8, 1990, at 50. See also, Rick Telander, *The Hundred Yard Lie: The Corruption of College Football and What We Can Do to Stop It* (1996).

<sup>3</sup> Specifically in the high profile sports of men's football and basketball. This sentiment is echoed by Michael Owenduff, the former president of New Mexico State University: "The only reason many of them are in college is to play ball. . . . There's no pressure . . . to keep [athletes] in school, any more than any other student." Alfred Dennis Mathewson, *The Eligibility Paradox*, 7 Vill. Sports & Ent. L.J. 83, 83 (2000).

<sup>4</sup> More student-athletes are graduating, but it still is a minority.

<sup>5</sup> Some proposals have suggested denying post-season participation to any institution that does not have at least a 50% graduation rate among its student-athletes, eliminating exceptions for athletes, reducing coaches salaries, and encouraging the NBA and NFL to develop minor leagues so athletes who don't want to attend college don't have to. Marc Jenkins, *The United Student-Athletes of America*, 5 Vand. J. Ent. L. & Prac. 39, 47 (2003). The NCAA has imposed regulations which will deny tournament privileges and take away scholarships from programs where the majority of players are not making satisfactory progress towards graduation. UCF/Lapchick Study of NCAA Division I Basketball Tournament Team Graduation Rates Reveal Ongoing Problems, Particularly for African-American Basketball Players, available at <http://www.ncasports.org/images/Release%20FINAL%202005%20NCAA%20Basketball%20Tournament%20Grad%20Rates%20Study.pdf>.

<sup>6</sup> In a recent appraisal, critics described the landscape of sports and their prominence on campus as follows: "The landscape is marked by two distinct features: The first is the essentially commercial enterprise associated with the two marquee sports. . . . at the roughly 100 largest institutions nationally. . . . The second feature . . . is everything else, including the other sports at these large universities and participation in all sports everywhere else." J. Douglas Toma and Michael E. Cross, *Contesting Values in Higher Education: The Playing Field of Intercollegiate Athletics*, 15 Higher Educ.: Handbook Theory & Res. 406, 407 (2000).

<sup>7</sup> Id. Only 41% of male NCAA Division I basketball players receive a diploma. Id.

<sup>8</sup> Id.

<sup>9</sup> Stanton Wheeler, *Rethinking Amateurism and the NCAA*, 15 Stan. L. & Pol'y Rev. 213 231 (2004).

<sup>10</sup> See Richard M. Southall, et. al., *The Board of Regents of the Univ. of Minn. v. Haskins: The University of Minnesota Men's Basketball Academic Fraud Scandal—A Case Study*, 13 J. Legal Aspects Sport 121 (2003).

<sup>11</sup> Associated Press, *Coach Gave Every Student an A*, March 4, 2004, available at <http://sports.espn.go.com/nba/news/story?id=1750279>. Not surprisingly, every student in the class received an 'A.' Id.

<sup>12</sup> Tom Friend and Ryan Hockensmith, *Clarett Claims Cash, Cars Among Benefits*, ESPN.com, available at <http://sports.espn.go.com/nba/news/story?id=1919059>.

<sup>13</sup> Otis B. Grant, *African American College Football Players and the Dilemma of Exploitation, Racism, and Education: A Socio-Economic Analysis of Sports Law*, 24 Whittier L. Rev. 645, 649 (2003).

<sup>14</sup> See, for example, former Washington Redskins star defensive end Dexter Manley. Manley spent four years as a "student-athlete" at Oklahoma State University only to emerge, as he admitted years later, functionally illiterate. Louis Barbash, *Clean Up or Pay Up: Here's the Solution to the College Sports Mess*, Washington Monthly, July-August 1990.

<sup>15</sup> In a congressional hearing, Donald G. McPherson, the executive director of Sports Leadership Institute at Adelphi University, referenced this fact and referred to transition programs within professional sports as indicating that colleges are not sufficiently preparing athletes for coping with life. Prepared Statement of Donald G. McPherson, Hearing Before The Subcommittee on Commerce, Trade, and Consumer Protection, House of Representatives, 108th Congress (March 11, 2004) at 24.

<sup>16</sup> And rejected.

<sup>17</sup> See *Ross v. Creighton University*, 957 F.2d 410 (7th Cir. 1992); *Hendricks v. Clemson Univ.*, 529 S.E. 2d

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293 (S.C. Ct. App. 2000);

<sup>18</sup> See Brett G. Scharrfs and John W. Welch, An Analytic Framework for Understanding and Evaluating the Fiduciary Duties of Educators, 2005 BYU E.L.J. \_\_\_\_\_. See also, Kent Weeks and Rich Haglund, Fiduciary Duties of College and University Faculty and Administrators, 29 J.C. & U.L. 153 (2002); Michael L. Buckner, University Liability in Florida When Coaches Refer Student Athletes to Sports Agents, 73-APR Fla. B.J. 87 (1999).

<sup>19</sup> Fiduciary duty is "characterized by a unique degree of trust and confidence between the parties, one of whom has superior knowledge, skill, or expertise and is under a duty to represent the interests of another," Dunham v. Dunham, 528 A.2d 1123, 1133 (Conn. 1987).

<sup>20</sup> Case law supporting such a finding exists in Kleinknecht v. Gettysburg College, which held that a college owed a student-athlete a duty of care rising out of the special relationship formed when a student-athlete participates in a college-sponsored event in which the college recruited his participation. 989 F.2d 1360 (3rd Cir. 1993).

<sup>21</sup> Scharrfs and Welch, supra note 18.

<sup>22</sup> See discussion Sections II and III.

<sup>23</sup> After all, if the student isn't legitimately interested in being a "student," then it makes little sense to impose a fiduciary duty upon the school to force the athlete to receive an education that they do not want and even prefer not to receive. In such instances, it makes more sense to view the relationship purely as one of mutual opportunity—a business relationship—best analogized to that of an employer and employee.

<sup>24</sup> Despite many arguments to the contrary, and as will be discussed later in Section IV, paying collegiate athletes would likely undermine the very concept of collegiate athletics. Also, given the acknowledged divergence (some student-athletes genuinely want the education), such a practice would further erode the ability of a university to satisfy its fiduciary duties to less-vulnerable student-athletes and create an inequitable disparity in which some students play for education and others for money.

<sup>25</sup> Stepping outside that narrow sphere, the six-year graduation rate for all NCAA athletes is generally higher than that of non-athlete students. See Athlete Graduation Rate: On and Off the Field, U.S. News & World Rep., March 18, 2002, available at <http://www.usnews.com/usnews/edu/college/sports/rankings/graduate.htm>. The graduation rate among athletes at some schools, such as Long Island University (50% higher), is actually significantly higher than non-athletes. As seen by the NCAA's most recent data, the overall graduation rate for all Division I athletes is 62%, compared to 60% for all students. 2004 NCAA Graduation Rates Report, NCAA, available at [http://www.ncaa.org/grad\\_rates/2004/d1/index.html](http://www.ncaa.org/grad_rates/2004/d1/index.html).

<sup>26</sup> It is also in those sports that the money is the greatest, the success or failure most visible, and the athletes most vulnerable. See J. Douglas Toma and Michael E. Cross, Contesting Values in Higher Education: The Playing Field of Intercollegiate Athletics, 15 Higher Educ., Handbook Theory & Res. 406, 407 (2000).

<sup>27</sup> Outside the major, big-money sports (and even within, in some instances), it seems apparent that athletic participation is a valuable and worthwhile experience for students which serves to augment their academic experiences during the formative college years. I personally played NCAA Division III basketball for a university in California during my freshman year of college and considered it to be a valuable experience.

<sup>28</sup> Consequently, where the term student-athlete, student, or athlete is generally used, it refers specifically to this subclass of NCAA athletes rather than the collective group as a whole. Furthermore, since this paper is exclusively focused on male athletes, the pronouns "he" and "his" are used freely.

<sup>29</sup> Though a fiduciary relationship may indeed exist for all student-athletes, or even all students

<sup>30</sup> depending on context, it is in this more narrowly defined relationship that fiduciary duties are most pronounced and fruitful for this analysis. See generally Kent Weeks and Rich Haglund, Fiduciary Duties of College and University Faculty and Administrators, 29 J.C. & U.L. 153, 171 (2002).

<sup>31</sup> See, for example, the formalities inherent to brokers, corporate directors, and so forth.

<sup>32</sup> An athlete's experience is shaped by many different university officials during his collegiate career, ranging from coaches to administrators and professors. Rather than analyze each official individually, it makes better sense to interpret these various individuals as a single, collective fiduciary led by the head coach for the given sport and henceforth referred to as the "program" or "school." In so doing, it becomes apparent that the fiduciary characteristics of a program/school suggest a high magnitude of duty.

<sup>33</sup> See James Atigo, Guide to a Coaching Career 17-19 (2000). Head coach is not a position usually attained by a recent graduate. For example, newly-appointed BYU head football coach Bronco Medenhall is the second youngest NCAA Division I-A head coach in the country at age thirty-eight. Staff Profile, available at [http://www.byucougars.com/football/mendenhall\\_b.html](http://www.byucougars.com/football/mendenhall_b.html).

<sup>34</sup> Career Prospects: Coaching, available at [http://www3.ccp.s.virginia.edu/career\\_prospects/briefs/A-D/Coaches.shtml](http://www3.ccp.s.virginia.edu/career_prospects/briefs/A-D/Coaches.shtml). See also, Professional Development Series, American Football Coaches Association, available at <http://www.afca.org/lev1.cfm#85>.

<sup>35</sup> As are Athletic Directors and other administrators associated with big-time college sports.

<sup>36</sup> Many regulations over athletes are dictated directly by the NCAA, such as rules preventing the student-athlete from profiting from their athlete status, preventing transfer to other programs, and so forth. Further, a coach's control over an athlete is limited by the NCAA with regards to practice length, off-season workouts, and so forth. See NCAA Rules and Regulations, available at [NCAA.org](http://www.ncaa.org). However, some coaches still circumvent these rules via peer pressure from team leaders. Thus, "voluntary" workouts becomes mandatory, and so forth. See Sarah Lemons, "Voluntary" Practices: The Last Gasp of Big-Time College Football and the NCAA, 5 Vand. J. Ent. L. & Prac. 12 (2002).

<sup>37</sup> See Kent Weeks and Rich Haglund, Fiduciary Duties of College and University Faculty and Administrators, 29 J.C. & U.L. 153, 171 (2002).

<sup>38</sup> Robert Smith, later an NFL running back, was a pre-med student and star athlete at Ohio State University. To meet his pre-med requirements, Smith entered a laboratory course that conflicted with football practices twice a week. The coaches insisted that football take precedence and that he must drop the course. D. Stanley Eitzen, Slaves of Big Time College Sports, USA Today Magazine, September 1, 2001.

<sup>39</sup> Id.

<sup>40</sup> Id.

<sup>41</sup> Id. Some also, paternalistically, forbid them from associating with individuals or groups they feel will have a negative influence.

<sup>42</sup> The activities have been known to include tours of prison, church services, and six a.m. practices. Declaring an activity "voluntary," rather than "mandatory," is of little significance given the coach's discretion in allocating coveted playing time to the athletes. Sarah Lemons, "Voluntary" Practices: The Last Gasp of Big-Time College Football and the NCAA, 5 Vand. J. Ent. L. & Prac. 12 (2002).

<sup>43</sup> Thom Park, Are Football Coaches Overpaid?, American Football Monthly, August 2002, available at <http://www.americanfootballmonthly.com/Subaccess/Magazine/aug02/spotlight03.html>.

<sup>44</sup> Coaches' Salary Growth Outpacing Revenue Increases, College Athletic Clips, March 29, 2005, available at [http://www.collegeathleticclips.com/archives/cat\\_revenews.html](http://www.collegeathleticclips.com/archives/cat_revenews.html).

<sup>45</sup> For example, Duke basketball coach Mike Krzyzewski enjoys a \$6.6 million sneaker endorsement contract, which pays him \$375,000 annually with a \$1 million signing bonus for requiring Duke basketball players to wear Nike shoes. Thomas R. Hurst and J. Grief Pressley III, Payment of Student-Athletes: Legal and Practical Obstacles, 7 Vill. Sports & Ent. L. Forum 55, 56 (2000).

<sup>46</sup> D. Stanley Eitzen, Slaves of Big Time College Sports, USA Today Magazine, September 1, 2001.

<sup>47</sup> Id.

<sup>48</sup> Id.

<sup>49</sup> It is important to note, however, that the rationale behind this compensation is markedly different in terms of the fiduciary relationship. Whereas the compensation to an executive is in exchange for the executive maximizing profits on behalf of shareholders, or the compensation to a trustee is in exchange for them doing a comprehensive job protecting the beneficiary financial interests, there the coach is paid by the university in order to win games. Thus, the duty suggested by the high pay is that owed to the university to provide a winning program; it is not suggesting a greater duty to the athlete.

<sup>50</sup> See In re Estate of Maurice, 249 A.2d 334, 336 (Pa. 1969).

<sup>51</sup> The number of athletes that a given coach or program director is responsible for varies from program to program. The NCAA allows Division I men's basketball programs thirteen scholarships, and football programs are permitted to have eighty-five scholarship athletes. See College Sport Financial Aid, available at <http://www.athleticscholarships.net/sports-scholarship>.

<sup>52</sup> See, e.g., Andre v. Pace University, 655 N.Y.S.2d (N.Y. App. Div. 1996). The general tone is that collegestudents are independent adults.

<sup>53</sup> Even at Duke University, which prides itself on maintaining high academic standards for its athletes, the average SAT score is a full four hundred points lower for scholarship-athletes than for regular students. See J. Douglas Toma and Michael E. Cross, Contesting Values in Higher Education: The Playing Field of Intercollegiate Athletics, 15 Higher Educ., Handbook Theory & Res. 406, 407 (2000). At other, less-academically inclined schools, admissions standards yield even more to the pursuit of athletics.

<sup>54</sup> According to the NCAA's eligibility requirements which rely on a sliding scale that incorporates both GPA and standardized test scores, an athlete with a 2.8 high school GPA would need to score a combined 700—out of 1600 possible—on the SAT to be eligible; an athlete with a better but not spectacular GPA of 3.1 would need to score only 580 on the SAT. See NCAA Freshman Eligibility Standards: Quick Reference Sheet, available at [http://www1.ncaa.org/membership/membership\\_svcs/eligibility-recruiting/faqs/ie\\_quick\\_ref.pdf](http://www1.ncaa.org/membership/membership_svcs/eligibility-recruiting/faqs/ie_quick_ref.pdf). To provide a context for these numbers, the average SAT score for a college-bound high school senior is 1026, and the lowest score technically possible is 400. See Average Mean Scores, College Board, available at <http://www.collegeboard.com/student/testing/sat/scores/understanding/average.html>. A score of 700 would locate the student in the bottom six percentile, meaning 94% of all students scored better. Id. The student registering the aforementioned 580 combined score would place in the bottom one percentile. See SAT I Test Performance, Grid, available at [http://usfweb2.usf.edu/UGRADS/EANDT/sat\\_percentiles.htm](http://usfweb2.usf.edu/UGRADS/EANDT/sat_percentiles.htm).

<sup>55</sup> UCF/Lapchick Study of NCAA Division I Basketball Tournament Team Graduation Rates Reveal Ongoing Problems, Particularly for African-American Basketball Players, available at <http://www.ncasports.org/images/Release%20FINAL%202005%20NCAA%20Basketball%20Tournament%20Grad%20Rates%20Study.pdf>.

<sup>55</sup> Stanton Wheeler, Rethinking Amateurism and the NCAA, 15 Stan. L. & Pol'y Rev. 213 230-31 (2004).

<sup>56</sup> Id.

<sup>57</sup> See, e.g., Christopher M. Parent, Forward Progress? An Analysis of Whether Student-Athletes Should Be Paid, 3 Va. Sports and Ent. L.J. 226, 227 (2004). They are often significantly poorer than even other black college students. R. Sellers, et al., Life Experiences of African-American Student-Athletes in Revenue Producing Sports: A Descriptive Empirical Analysis, Academic Athletic Journal 21 (Fall 1991).

<sup>58</sup> Shannon Brownlee, The Myth of the Student-Athlete, U.S. News & World Report, Jan. 8, 1990, at 50.

<sup>59</sup> Id.

<sup>60</sup> Nearly 18,000 young men play Division I-A basketball and football each year; only 150 will actually reach the NBA or NFL. Id.

<sup>61</sup> Of course, in the NBA some athletes now go directly from high school to the professional level (e.g., Kobe Bryant, Kevin Garnett, and LeBron James), however they remain a slim minority. Further, the NFL has successfully defended its prohibition of that practice in litigation surrounding Maurice Clarett. See Robert A. McCormick, Open Letter to Maurice Clarett: Why You May Turn Professional Now, N.Y. Times, Aug. 17, 2003, §8, at 11.

<sup>62</sup> Stanton Wheeler, Rethinking Amateurism and the NCAA, 15 Stan. L. & Pol'y Rev. 213, 229 (2004). Recently, NBA Commissioner David Stern suggested including a provision in the NBA collective bargaining agreement that would require NBA prospects to be twenty years of age before declaring for the NBA draft. See ESPN.com News Services, Stern Wants Age Limit Raises to 20, ESPN.com, April 12, 2005, available at <http://sports.espn.go.com/nba/news/story?id=2035132>. Such a provision would further exacerbate the role of colleges as the minor-league system for the NBA.

<sup>63</sup> Id.

<sup>64</sup> e.g., a student-athlete in the bottom 1 % based on his SAT who is admitted because he is an athlete.

<sup>65</sup> Some genuinely want and expect an education, while others share Deion Sanders view, supra note 1, of the college education as an unwelcome but required prerequisite along the path to athletic opportunity.

<sup>66</sup> Including not accepting endorsements, under-the-table money from boosters, etc... Of course, as we've seen in many of the scandals, the program often participates in violating this eligibility requirement. Consequently, this expectation is perhaps best characterized as "not getting caught."

<sup>67</sup> See David Davis, Pay to Play?, Los Angeles Magazine 46 (May 2003).

<sup>68</sup> See supra note 52.

<sup>69</sup> Often promising athletes playing time and the opportunity to showcase their ability for professional scouts. See Davis, supra note 65.

<sup>70</sup> Statement of Tom Osborne, Hearing Before The Subcommittee on Commerce, Trade, and Consumer Protection, House of Representatives, 108th Congress (March 11, 2004) at 16. Osborne further asserted: "There is going to be a certain percentage that are going to cheat on their taxes ... that are going to cheat in recruiting. That's just the way it is." Id. Coaches have also been known to promise that they themselves will remain at a school, only to depart shortly after the athlete has begun to attend. See Davis, supra note 65. For example, Ramogi Huma was recruited by then-UCLA football coach Terry Donohue who promised "I'm going to be here for you." Donohue subsequently retired after Huma's freshman year. Id. Such actions are particularly discouraging for athletes who often come from single-parent households and choose a given program partly in search of dependable male authority figures. Id.

<sup>71</sup> See, e.g., The Will to Act Project: Student-Athlete Issues, The NCAA News, Sept. 16, 2002, available at <http://www.ncaa.org/news/2002/20020916/active/3919n07.html>.

<sup>72</sup> Based largely on the aforementioned promises by coaches recruiting them.

<sup>73</sup> This is true regardless of how the athlete views his education. Some athletes see sports as an escape by way of playing professionally, while others see it as affording them the college education which they hope can similarly open doors for them.

<sup>74</sup> If a student transfers to another school, he cannot participate in his sport for one year. See

NCAA Rules Handbook, 2004-05.

<sup>75</sup> Some critics consider this particularly unfair when comparing student-athletes to non-athlete students: "Suppose you accept a scholarship from Harvard to study under a Nobel laureate who then takes a position as Yale. Are you under any obligation to attend Harvard and not attempt to matriculate at Yale? This NCAA regulation, like many others, gives schools options and gives athletes nothing." Richard Sheehan, Keeping Score: The Economics of Big-Time Sports.

<sup>76</sup> Even if a student-athlete entered a program voluntarily, their continued participation once there seems at least implicitly and realistically mandatory. The constraint, of course, is not the same for coaches. Coaches can quit one school and immediately go to another without incurring any penalty. See, for example, coach Roy Williams departure from Kansas and subsequent hiring at North Carolina.

<sup>77</sup> See NCAA Rules Handbook, 2004-05.

<sup>78</sup> See NCAA v. Tarkanian, 488 U.S. 179 (1988).

<sup>79</sup> Athletic scholarships are renewed on a year-to-year basis. This has drawn the ire of some critics who call for the extension of full four-year, guaranteed scholarships to all athletes at the outset of their collegiate careers. See, e.g., Christopher M. Parent, Forward Progress? An Analysis of Whether Student-Athletes Should Be Paid, 3 Va. Sports and Ent. L.J. 226, 252 (2004).

<sup>80</sup> In discussing the origin of the concept of the student-athlete, some history provides illumination: In late 1905, President Theodore Roosevelt called for two White House conferences to encourage reforming football rules to benefit safety. The NCAA soon after was created to serve that function. At the time, "college" football was being overrun with non-student professionals brought in for the sake of gaining unfair advantage, resulting in an increase in injury. Marc Edelman, Reevaluating Amateurism Standards in Men's College Basketball, U. Mich. J.L. Reform 861, 862 (2002).

<sup>81</sup> Stanton Wheeler, Rethinking Amateurism and the NCAA, 15 Stan. L. & Pol'y Rev. 213, 215 (2004).

<sup>82</sup> Id.

<sup>83</sup> Walter Byers & Charles Hammer, Unsportsmanlike Conduct: Exploiting College Athletes 69 (1995).

<sup>84</sup> It is important to de-emphasize the internal attitudes and goals of the athlete since such an inquiry would require seeing into their thoughts and perceptions—a difficult task

—rather than relying on external indicators. Instead, it seems much more practical to rely on external indicators and, particularly, on promises made by coaches during recruitment, in ascertaining where an athlete falls along the continuum between pursuing an education and merely being in school to play sports.

<sup>85</sup> As we can see, however, this is an opportunity which schools fail to seize.

<sup>86</sup> Prepared statement of David Williams, Hearing Before The Subcommittee on Commerce, Trade, and Consumer Protection, House of Representatives, 108th Congress (March 11, 2004) at 30.

<sup>87</sup> Id.

<sup>88</sup> See, for example, the recent scandals at the University of Colorado in which recruiters used strippers and escorts, escalating to rape accusations, to entice recruits. NCAA May Clamp Down on Recruiting, CBS News.com, <http://www.cbsnews.com/stories/2004/02/18/national/main00863.shtml>. This of course, is in addition to other controversial perks such as flights on private jets and other perks from boosters and so forth who are trying to entice a particular recruit.

<sup>89</sup> Prepared statement of David Williams, Hearing Before The Subcommittee on Commerce, Trade, and Consumer Protection, House of Representatives, 108th Congress (March 11, 2004) at 30. Williams further states: I am sorry to state that most recruits will spend more time in the downtown club than they will on the educational aspects during their official visit. This must be changed. When undergraduates approach me about going to law school, I do not tell them to find some law students and go party with them. I strongly suggest that they talk to some law professors, talk to some lawyers, and by all means read something about the law and visit at least one of my law classes. Why do we purposely separate or downplay the educational part of college in the recruiting process? Are we scared it will chase the prospect away? Id.

<sup>90</sup> For a general discussion of what impacts the desire to learn, see Dan Subotnik, Goodbye to the SAT, LSAT? Hello to Equity by Lottery? Evaluating Lani Guinier's Plan for Ending Race Consciousness, 43 How. L.J. 141 (2000).

<sup>91</sup> See supra notes 50-54 and accompanying text.

<sup>92</sup> See Otis B. Grant, African American College Football Players and the Dilemma of Exploitation, Racism, and Education: A Socio-Economic Analysis of Sports Law, 24 Whittier L. Rev. 645, 649 (2003).

<sup>93</sup> See D. Stanley Eitzen, Slaves of Big Time College Sports, USA Today Magazine, September 1, 2001.

<sup>94</sup> A student who falls far below his peers academically will not likely succeed in college. Thus, either he will want to nevertheless, but cannot, or will simply choose not to try.

<sup>95</sup> Christopher M. Parent, Forward Progress? An Analysis of Whether Student-Athletes Should Be Paid, 3 Va. Sports and Ent. L.J. 226, 252 (2004).

<sup>96</sup> See supra Wheeler, note 87. For example, running back Ronnie Harmon majored in computer science at the University of Iowa, but took only one computer course in his three years of college. Another Iowa football player also majored in computer science, but in his senior year took only courses in billiards, bowling, and football; he followed up by getting a D in a summer school watercolor class. Transcripts of the members of the basketball team at Ohio University list credit for something called "International Studies 69B"—a course composed of a 14 day/10-game trip to Europe. Louis Barbash, Clean Up or Pay Up: Here's the Solution to the College Sports Mess, Washington Monthly, July-August 1990.

<sup>97</sup> Athletes are often assigned personal tutors and required to attend study hall. It is also in this context of maintaining eligibility that many of the academic fraud scandals previously discussed have arisen.

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<sup>98</sup> Courts have actually held that, contractually, a school is not required to make allowances for a student-athlete beyond assuring that they maintain the minimum 2.0 GPA.

<sup>99</sup> See Patricia A. Adler and Peter Adler, *Backboards and Blackboards* 101 (1991). One student-athlete reported: "I go to bed every night I be thinkin' 'bout basketball. That's what college athletics [sic] do to you. It take over your mind." Id. Adler & Adler describe the process by which athletics overtake over academics as "role engulfment." Id. at 219-31.

<sup>100</sup> There cannot be a fiduciary duty to force someone to accept and magnify something which they don't want. It could potentially be argued that the educator is in a parental role and should encourage what is best for the student-athlete. However, courts have generally declined to find that such a parentis relationship exists in the university context. However, a duty does exist where the student genuinely wants the education.

<sup>101</sup> Determining where along the continuum a student lands will ultimately be a fact call, lest a student claim later on that they in fact wanted an education that they never received. This obviously is a problematic determination. However, certain criteria is particularly relevant: the promises made by coaches both to the student and to the student's parent(s), how the program is portrayed during the recruitment and campus visits, and other external factors suggesting the student's real motivation and purpose. Ultimately, the university is in the best position to insure that the student-athlete genuinely wants an education. This can be accomplished during the recruitment and admission's process. By screening out those student-athletes who are instead interested in participating in an elaborate charade of quasi-professional athletics, the school can protect the integrity of its program. A potential concern of this approach is that universities may intentionally pursue those students not interested in pursuing an education, thus minimizing their fiduciary duties to educate and exacerbating an existing problem. However, as seen in IV(b), the fiduciary duties likely implicated in an employer-employee context are more difficult to satisfy and consequently provide a disincentive for this practice. Instead, the incentive will be for colleges to pursue those students most interested in genuinely being educated.

<sup>102</sup> Many student-athletes do genuinely want the education. Timothy Davis, *The Myth of the Superspade: The Persistence of Racism in College Athletics*, 22 *Fordham Urb. L.J.* 615, 664-65 (1995).

<sup>103</sup> Id. As opposed to emphasizing athletics and other benefits, as described in Williams statement.

<sup>104</sup> Id.

<sup>105</sup> Id. For further example of this problem: Gary Ruble, a former scholarship football player at the University of North Carolina, told a House subcommittee investigating college athletics that Carolina: "came to me and offered me, basically, the world. They came to me and said come to our school. Be a student athlete. We will guarantee that you graduate. We will promise you to be a star, et cetera, et cetera, et cetera." But once in Chapel Hill, Ruble found himself riding the bench. "You go in as an offensive lineman, which I was, at 240 pounds, and you go into a system where you have offensive linemen who are 285 and they are telling you that you are going to play. That's an impossibility." Ruble told the subcommittee. After three years, "my position coach called me to his office and stated that I should consider either transferring to another school or dropping out gracefully. I was no longer to be considered in their plans for our team," Ruble says. When he reported back to school anyway, he was told "I had no option of whether to stay or go. They were not allowing me to retain my scholarship. Louis Barbash, *Clean Up or Pay Up: Here's the Solution to the College Sports Mess*, Washington Monthly, July-August 1990.

<sup>106</sup> See Statement of Tom Osborne, Hearing Before The Subcommittee on Commerce, Trade, and Consumer Protection, House of Representatives, 108th Congress (March 11, 2004) at 16. See also, previous footnote.

<sup>107</sup> The student is forced to focus first on football to the detriment of academics, is at such an initial disadvantage to other students that whatever additional help he receives is inadequate, and graduation is unattainable

<sup>108</sup> See, e.g. L.D. Louny and D. Garman, *Affirmative Action in Higher Education*, 1991 *American Econ. Rev.* 83 (1991).

<sup>109</sup> Students attending the most selective colleges could have achieved higher earnings by attending a less selective college and maintaining a higher GPA. Robert W. Brown, *The Revenues Associated with Relaxing Admission Standards at Division I-A Colleges*, 28 *Applied Econ.* 807, 814 (1996).

<sup>110</sup> A two-year degree in a marketable program from a nearby junior college is likely more valuable in the job market than failing marks in comms or sociology courses with no culminating degree from a major university.

<sup>111</sup> There are, of course, exceptions to this. Many college coaches, particularly at less prominent programs, take great care to see that their players are prepared for life after basketball or football. Unfortunately, such coaches are in the minority. This is particularly true given the uncertainty and instability associated with big-time coaching.

<sup>112</sup> And consequently the welfare of his own family

<sup>113</sup> See, for example, the relative instability in the coaching ranks. Recently, Notre Dame football coach Tyrone Willingham was fired after posting a 21-15 record over three years. *Ad Cites Lack of On Field Progress*, ESPN.com, December 1, 2004, available at <http://sports.espn.go.com/ncf/news/story?id=1935138>.

<sup>114</sup> See, e.g., Ronald A. Smith, *Sports and Freedom: The Rise of Big-Time College Athletics* 4-13 (1990).

<sup>115</sup> The NCAA Division I Management Council has backed legislation that would allow Division I-A and I-AA schools to add a 12th football game starting with the 2006 season. See Associated Press, *Board Has Final Say on Season Expansion*, April 12, 2005, available at <http://sports.espn.go.com/ncf/news/story?id=2035538>.

<sup>116</sup> Stanton Wheeler, *Rethinking Amateurism and the NCAA*, 15 *Stan. L. & Pol'y Rev.* 213 231 (2004).

<sup>117</sup> Marc Edelman, *Reevaluating Amateurism Standards in Men's College Basketball*, U. Mich. J.L. Reform 861, 873 (2002). Furthermore, the NCAA tournament plays games on Thursdays and Fridays. Id. Most disturbingly, the NCAA over the past decade has shown increasing deference to a powerful core of non-academic minded coaches who advocate an elongated college basketball season at the expense of athletic obligations. Id.

<sup>118</sup> See Louis Barbash, *Clean Up or Pay Up: Here's the Solution to the College Sports Mess*, Washington Monthly, July-August 1990.

<sup>119</sup> Id. The NCAA mandates that student-athletes are enrolled as full-time students during the semester. See NCAA Rules Handbook, 2004-05.

<sup>120</sup> Id.

<sup>121</sup> See supra notes 50-55 and accompanying text.

<sup>122</sup> Given the importance of winning to their job security, it is hard to fault coaches for wanting this.

<sup>123</sup> See supra note 25.

<sup>124</sup> See Louis Barbash, *Clean Up or Pay Up: Here's the Solution to the College Sports Mess*, Washington Monthly, July-August 1990.

<sup>125</sup> Id. Fearing that the all-important eligibility will be compromised, programs often prefer that student-athletes spin their wheels by taking classes which make little or no progress towards graduation, but maintain the athlete's NCAA eligibility.

<sup>126</sup> After all, the student-athlete has had a lifetime to prepare, the argument might go.

<sup>127</sup> Robert W. Brown, *The Revenues Associated with Relaxing Admission Standards at Division I-A Colleges*, 28 *Applied Econ.* 807, 814 (1996).

<sup>128</sup> See Mass v. Corp. of Gonzaga Univ., 618 P.2d 106 (1980).

<sup>129</sup> See supra section II(b).

<sup>130</sup> Obstacles include the dominance of the football program over other aspects of their schooling, mandatory practices, lengthened seasons, and so forth.

<sup>131</sup> Other possible solutions would either undermine the football coach's ability to pursue success (minimizing practices) or fail to adequately address the student's core difficulties competing academically (more tutors, or academic advisement).

<sup>132</sup> See William Bowen & Sarah Levin, *Reclaiming the Game: College Sports and Educational Values* 200 (2003). Id.

<sup>133</sup> Stanton Wheeler, *Rethinking Amateurism and the NCAA*, 15 *Stan. L. & Pol'y Rev.* 213 231 (2004) (citing Bowen & Levin, supra note 133 at 267). In contrast, Division I coaches are bound only by the NCAA's minimum freshman eligibility requirements when recruiting. Those requirements, according to critics, only deny eligibility to athletes "whose academic preparedness borders on functional illiteracy." Allen L. Sack & Ellen J. Staurowsky, *College Athletes for Hire: The Evolution and Legacy of the NCAA's Amateur Myth* 99 (1998).

<sup>134</sup> Consequently, the analysis would likely be more similar to that seen in traditional college and student relationships. Granted, there is still a much more involved relationship, suggested still heightened duties, but the vulnerability of the student-athlete is a very significant portion of the analysis up to this point. Furthermore, high admissions standards would also mean that student

's would likely have a much higher chance of actually performing successfully in the classroom.

<sup>136</sup> There are still the other potential breaches, such as when athletics are given priority over academics. However, if the students are better prepared, they will better be able to balance the dueling interests.

<sup>137</sup> As previously discussed, in note 107, determining an athlete's goals and motivation is a difficult task indeed. For the purpose of this analysis, it is necessary to evaluate external evidence and statements, as well as promises made by coaches. Significantly, this analysis is meant to demonstrate the potential fiduciary duties and breaches arising from certain types of relationships. Before being applied by a court, it would be necessary to develop a more comprehensive evaluation system to determine where an athlete is along the continuum.

<sup>138</sup> Supra note 12 and accompanying text.

<sup>139</sup> Supra notes 11 and 13 and accompanying text.

<sup>140</sup> Iowa State football coach Jim Walden said: "Not more than 20% of the football players go to college for an education." D. Stanley Eitzen, *Slaves of Big Time College Sports*, USA Today Magazine, September 1, 2001.

<sup>141</sup> Whether to gain an education or merely play sports.

<sup>142</sup> See supra notes 87-91 and accompanying text.<sup>143</sup> Edward H. Whang, *Necessary Roughness: Imposing a Heightened Duty of Care on Colleges for Injuries of Student-Athletes*, 2 *Sports Law J.* 25, 37 (1995).

<sup>144</sup> Coleman v. W. Michigan Univ., 336 N.W.2d 224, 225 (Mich. Ct. App. 1983).

<sup>145</sup> Id.

<sup>146</sup> Whang, supra note 142.

<sup>147</sup> The previous court findings were based in contract law, they do not preempt fiduciary duty analysis.

<sup>148</sup> Thomas O. Wells, *Sale of Personal Goodwill: The Executive's Parachute*, 79-MAR Fla. B.J. 31 (2005).

<sup>149</sup> Depending, of course, on the nature of the promises made. If a particularly vulnerable athlete with little real prospect of playing professionally is convinced otherwise by a recruiter fully aware of the realities inherent to the situation, fraud could easily exist.

<sup>150</sup> Such as the coining and subsequent promotion of the term "student athlete" by the NCAA.

<sup>151</sup> See Bruce Goldstein, et. al., *Enforcing Labor Standards in the Modern American Sweatshop: Rediscovering the Statutory Definition of Employment*, 46 *UCLA L. Rev.* 983 (1999).

<sup>152</sup> D. Stanley Eitzen, *Slaves of Big Time College Sports*, USA Today Magazine, September 1, 2001.

<sup>153</sup> See supra notes 45-48 and accompanying discussion.

<sup>154</sup> 29 U.S.C.A. § 203 (1999).

<sup>155</sup> Id.

<sup>156</sup> Id. A business owner suffers or permits all work performed in his business. Work is performed in a business if integrated into the business. The business owner is then responsible for having neglected to exercise his power to prevent minimum-wage, overtime, and other violations in his business. "If the employer acquiesces in the practice or fails to exercise his power to hinder it," according to regulations, "he is himself suffering or permitting the helper to work and is, therefore, employing him, within the meaning of the Act." 29 C.F.R. §570.113(a)(1998).

<sup>157</sup> See Bruce Goldstein, et. al., *Enforcing Labor Standards in the Modern American Sweatshop: Rediscovering the Statutory Definition of Employment*, 46 *UCLA L. Rev.* 983 (1999).

<sup>158</sup> Id.

<sup>159</sup> Agricultural work is among the most dangerous occupations, with injuries and illness disabling farmworkers at a rate three times that of the general population. In California, the average death rate for farmworkers is five times that of workers in other industries. Approximately 300,000 farmworkers in the U.S. are poisoned by pesticides annually. Farmworkers are paid poverty wages in spite of these risks. Three out of four U.S. farmworkers earn less than \$10,000 annually, and three out of five families live below the federal poverty line. Living conditions are equally harsh as migrant housing commonly lacks plumbing and working appliances, and is often next to pesticide-treated fields. Farmworkers spend more than 30 percent of their income on this sub-standard housing. While the average farmworker in the U.S. earns \$7,500 per year, Archer Daniels Midland, the world leader in producing soy meal, corn, wheat, and cocoa, reaped \$1.7 billion in profits in 2003; its CEO, Allen G. Andreas, received over \$2.9 million in compensation. Dole, the world's largest producer of fresh fruit, vegetables and cut flowers generated \$4.8 billion in revenues in 2003. See Oxfam America, *Like Machines in the Fields: Workers Without Rights in American Agriculture* (2004).

<sup>160</sup> Richard Sheehan, *Keeping Score: The Economics of Big-Time Sports*. His calculations are taking into consideration the fact that student-athletes who acquire no legitimate education or degree have not benefited from the free tuition and have essentially played for only room and board

<sup>161</sup> Id.

<sup>162</sup> Which suffers from a particularly low graduation rate

<sup>163</sup> Id.

<sup>164</sup> See supra notes 45-48.

<sup>165</sup> See supra notes 42-44.

<sup>166</sup> In exclusively focusing upon those players who do not graduate, the wage would be closer to or even lower than the \$3.51 calculation at El Paso. Of course, the wage discrepancy is not independently determinative as to whether there is exploitation and a breach of fiduciary duty.

<sup>167</sup> Alfred Dennis Mathewson, *The Eligibility Paradox*, 7 *Vill. Sports & Ent. L.J.* 83, 84 (2000).

<sup>168</sup> Id. Such a conclusion, however, fails to take into account the opportunity cost that a university incurs if an athlete takes a seat which the university would sell to someone else. Given this problem, it may be more practical to evaluate the value of the scholarship in terms of its worth to the student, rather than its cost to the institution.

<sup>169</sup> See also, I.R.C. § 132(b)(1)-(2) (1999) (allowing employees to exclude from gross income value of fringe benefits which are offered for sale to customers in the ordinary course of the line of business of the employer and where the employer incurs no substantial additional cost (including foregone revenue) in providing such service to the employee). According to sportswriter Rick Telander, universities provide athletic scholarships in lieu of a stipend because a scholarship covers assets schools have in abundance: Dorms, bookstores, dining halls, classrooms, professors—what could be easier than sharing this operating material with its few more students? It is like a large fruit company paying its pickers with bushels of oranges gleaned from its own fields. It's money, to be sure, but it's cheap money. And, it ignores a basic premise: What if the fruit picker hates oranges? What if all he wants is cash? What if the football player has no interest in an education? What if all he wants is cash? Sorry, buddy, this is how we pay: in books, lectures, and midterms. Rick Telander, *The Hundred Yard Lie: The Corruption of College Football and What We Can Do to Stop It* 69-70 (1996).

<sup>170</sup> See supra section II(b).

<sup>171</sup> See supra note 165.

<sup>172</sup> D. Stanley Eitzen, *Slaves of Big Time College Sports*, USA Today Magazine, September 1, 2001.

<sup>173</sup> While workers may aspire for something greater once they've improved their English, or saved enough money, few would aspire to greater position and prosperity directly as a product of their migrant job. See Bruce Goldstein, et. al., *Enforcing Labor Standards in the Modern American Sweatshop: Rediscovering the Statutory Definition of Employment*, 46 *UCLA L. Rev.* 983 (1999). In short, they don't expect someone will see them performing the job and be so impressed that they'll offer them a better job.

<sup>174</sup> Shannon Brownlee, *The Myth of the Student-Athlete*, U.S. News & World Report, Jan. 8, 1990, at 50.

<sup>175</sup> As well as training and the chance to improve their skills. Indeed, it could be argued that for these athletes, sports is their skill—rather than traditional skills such as math, science, or English. However, this is a problematic assertion given the staggering odds against achieving professional success.

<sup>176</sup> "The dream in the head of so many youngsters that they will achieve fame and riches in professional sports is touching, but it is also overwhelmingly unrealistic," says Robert Atwell, president of the American Council on Education. Louis Barbash, *Clean Up or Pay Up: Here's the Solution to the College Sports Mess*, Washington Monthly, July-August 1990. The would-be pro faces odds as high as 400-1: of the 20,000 "students" who play college basketball, for example, only 50 will make it to the NBA. The other 19,950 won't. Id.

<sup>177</sup> Universities exploit the athletes by playing upon the dream of a professional career to induce participation despite the lack of other tangible benefits. Schools may argue that this is a conscious gamble taken by the athlete—to which the most logical response would be to point out once again the relative vulnerability of the athlete coupled with his belief he will play professionally.

<sup>178</sup> Division I athletes must sit out at least one year after transferring to a different program. See NCAA Rules Handbook, 2004-05

<sup>179</sup> See supra notes 150-51 and accompanying text.

<sup>180</sup> In addition to the dollar value of the education, a college degree will continue to pay over the life of the student-athlete, resulting in a significant aggregate amount.

<sup>181</sup> See, e.g., Marc Jenkins, *The United Student-Athletes of America*, 5 *Vand. J. Ent. L. & Prac.* 39, 47 (2003); Shannon Brownlee, *The Myth of the Student-Athlete*, U.S. News & World Report, Jan. 8, 1990; Louis Barbash, *Clean Up or Pay Up: Here's the Solution to the College Sports Mess*, Washington Monthly, July-August 1990; Stanton Wheeler, *Rethinking Amateurism and the NCAA*, 15 *Stan. L. & Pol'y Rev.* 213 231 (2004).

<sup>182</sup> Discussing the ramifications of paying college athletes exceeds the scope of this paper. However, there has been considerable speculation that paying athletes would significantly undermine the popularity and hence, profitability, of college sports. A recent ESPN poll showed that 70% of respondents opposed paying collegiate athletes and professionalizing the sport.

<sup>183</sup> And justified.

<sup>184</sup> NCAA President Myles Brand has repeatedly expressed his adamant belief that college sports must remain an amateur endeavor.

<sup>185</sup> This solution would likely produce a remarkably high number of would-be basketball players unable to pursue their skills at the next level. This, however, ultimately should fall upon the shoulders of the professional association to create minor league systems, similar to baseball, and not upon the shoulders of the NCAA.

## **RECENT CASES OF INTEREST**

Prepared by the South Texas College of Law Students  
South Texas College of Sports Law & Entertainment Society

### **California Domestic Partners Must Receive Identical Country Club Membership Benefits As Married Couples**

In *Koebke v. Bernardo Heights Country Club*, 115 P.3d 1212 (Cal. 2005), a lesbian couple who had registered under the California Domestic Partnership Act (Act) brought suit against Bernardo Heights Country Club (Country Club) for discrimination on the basis of sex, sexual orientation, and marital status. The California Supreme Court held that the country club's offering of certain family membership benefits to the spouse and children of married members while refusing to extend such benefits to a member's registered domestic partner constituted unlawful marital status discrimination under the Unruh Civil Rights Act, an Act designed to prohibit businesses (and other places of public accommodation) from treating married and unmarried couples unequally. The country club membership benefits at issue included free and unlimited golfing privileges when accompanied by a member and the club membership's survival in the spouse or child upon the member's death.

Although previous California courts had held otherwise, the California Supreme Court in *Koebke* held that marital status claims are cognizable under the Unruh Act. Further, for the purpose of such claims, domestic partners registered under the Domestic Partnership Act are the equivalent of spouses. As such, any business, in this instance a country club, that extends benefits to spouses that it denies to registered domestic partners engages in impermissible marital status discrimination. The Court reasoned that the Domestic Partnership Act uses the broadest terms possible to give registered domestic partners the same rights regarding nondiscrimination as those provided to spouses, and that it is clear from both the language and legislative intent of the Act that its chief goal was to equalize the status of married couples and registered domestic partners.

Interestingly, for the purpose of bringing marital status discrimination claims under the Unruh Act, *Koebke* specifically distinguished domestic partners who had registered under the Domestic Partnership Act from domestic partners who had not registered under the Act. The Court specifically noted that a California business may properly offer benefits to spouses and registered domestic partners that it does not offer to non-registered domestic partners as long as the distinction is supported by legitimate business reason, such as fostering a family friendly environment.

Of further interest, emphasizing that previous versions of California domestic partner laws placed spouses and registered domestic partners on equal footing only for very limited purposes, *Koebke* held that the Country Club's withholding of spousal benefits from registered domestic partners in the period before the Domestic Partnership Act's effective date — January 1, 2005 — did not constitute impermissible marital status discrimination under the Unruh Act. Nevertheless, after the effective date of the Domestic Partnership Act, the Country Club's membership benefit policy did constitute marital status discrimination.

Thus, as a result of the *Koebke* decision, any place of public accommodation that offers spousal benefits has two choices: extend spousal benefit policies to domestic partners who register under the Domestic Partnership Act or rescind spousal benefit policies altogether. It will be interesting to see whether California country clubs (and other places of public accommodation) will extend their spousal benefit policies, for either social or economic reasons, to registered domestic partners or rescind spousal benefits altogether.

By:      Elan Levy

### **Massachusetts Court of Appeals: Errant Golf Balls Create A Continuing Trespass**

A Massachusetts appellate court recently held that the continuing and frequent intrusion of golf balls from a private golf course onto a homeowner's property constituted a continuing trespass. *Amaral v. Cuppels*, 831 N.E.2d 915 (Mass. App. Ct. 2005). The court issued an injunction in favor of the homeowners, but did not award damages.

Middlebrook Country Club (Country Club) is a private golf club with 120 members who play approximately 40,000 rounds of golf per year. The plaintiffs were two homeowners who moved into a subdivision that was unrelated to, and developed independent of, Middlebrook Country Club. Before purchasing their homes, both homeowners were aware that their property was near the ninth hole of the golf course. Additionally, both plaintiffs play golf frequently and were not members of Middlebrook Country Club. After moving into their homes, both homeowners experienced repeated intrusions by errant golf balls and by golfers attempting to retrieve those errant golf balls.

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To ameliorate this problem, one of the homeowners replaced her existing barbed wire fence with a six-foot high chain link fence. This prevented the golfers from coming onto her property, but it did not stop the golf balls. In fact, on a “good” weekend, up to a dozen golf balls would trespass onto the homeowner’s property. In court, the homeowner displayed six buckets, each containing 300 golf balls that she had retrieved over a five year period. Additionally, five window screens and one large window had been broken by errant golf balls. Also, a golf ball hit and damaged the hood of a car that was parked on her property. One time, a golf ball struck her house so forcefully that it triggered the burglar alarm. No person had been hit with a golf ball, but the fear of it eventually happening made the homeowner prohibit her son from playing in the portion of the yard that was exposed to the golf course. She also refused to use her deck and made maintenance workers wear hard hats while landscaping her yard.

The second plaintiff-homeowner also experienced several annoyances from the nearby golf course. Before constructing her home next to Middlebrook Country Club, this plaintiff-homeowner re-situated the proposed plan for her home to try to avoid intruding golf balls. Since this house is better located on her lot, not as many golf balls have trespassed onto her property. However, one golf ball hit the master bedroom and another struck the plaintiff’s husband while he was working on the roof of the house. Golf balls also landed in her pool with such regularity that she refused to allow her children to use the swimming pool during the day.

Middlebrook Country Club attempted to resolve the problem without litigation. In fact, the Club paid for five broken window screens. Additionally, they made a few adjustments to the ninth hole by eliminating one tee box, installing signs instructing golfers to “aim left,” planting trees on the right side of the fairway, and growing longer rough (grass) in an effort to slow down errant shots. These changes reduced the number of golf balls entering the plaintiffs’ property, but did not solve the problem entirely. The homeowners and the country club also negotiated to install netting on the right side of the fairway, but these negotiations failed.

The plaintiff-homeowners brought this case seeking injunctive relief and damages. They argued that Middlebrook’s members were causing a nuisance and that the use and enjoyment of their land had suffered. The trial court rejected the nuisance claim and dismissed the complaint. However, the court of appeals focused upon the issue of whether the recurrent entry of golf balls onto the plaintiffs’ properties amounted to a “continuing trespass.”

The plaintiffs relied upon a “strikingly similar” previous Massachusetts case where the court found that errant golf balls constituted a continuing trespass. In that case, the plaintiff purchased a home adjacent to a golf course. The golf course was built before the plaintiff’s home. This plaintiff-homeowner averaged about 250 golf balls a year from errant golfers. Moreover, there were broken windows, near misses, and one direct hit on the plaintiff over a span of thirteen years. Even though the defendant-golf course constructed a twenty-four-foot high fence, the golf balls continued to trespass onto the homeowner’s property. The court ultimately held that the golf course’s invitees trespassed the plaintiff’s property by continuously hitting golf balls into the plaintiff’s back yard. When they were not effectively trespassing, they were a nuisance because they deprived the plaintiff of the exclusive right to enjoy the use of their property free from disturbance and annoyance.

Middlebrook Country Club’s main defense focused on whether the plaintiffs’ action should fail because the plaintiffs “came to the nuisance.” In other words, the plaintiffs’ complaint should fail because they were familiar with the game of golf and the risks of encroaching golf balls, given the proximity of their property to the golf course and their knowledge of the game. Despite this knowledge, the plaintiffs still purchased their homes and thereby “came to the nuisance.”

The court rejected this “coming to the nuisance” defense by explaining the distinction between nuisance and trespass. The court relied upon the Restatement of Torts which states that a “trespass is an invasion of the interest in the exclusive possession of land, as by entry upon it,” while a “nuisance is an interference with the interest in the private use and enjoyment of the land, and does not require interference with the possession.” Based on these definitions, the propulsion of golf balls onto the plaintiffs’ land constituted a continuing trespass and not a nuisance. Therefore, the court rejected the “coming to the nuisance” defense and also noted that no “coming to a trespass” defense existed. Since the golf course members’ errant shots required land beyond the course boundaries, the court noted that the golf course needed to acquire additional land, receive permission to use the plaintiffs’ land, or make other significant and effective adjustments to the design of the golf course. The court did not instruct how the golf course should reconstruct the hole adjacent to the plaintiffs’ property, but it did not believe that modifying the golf course was so burdensome as to relieve the defendant of the obligation to eliminate the continuing trespass of the golf balls. The court of appeals left the determination of the precise form of the injunction to the trial court.

By: Ryan Cooper

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